

October 10, 2018

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities
4-1, Nihonbashi 1-chome, Chuo-Ku, Tokyo 103-0027
Nippon Accommodations Fund Inc.
Executive Director

Takashi Ikeda
(Code Number 3226)

Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President and CEO
Contact CFO and Director
(TEL. 03-3246-3677)

Tateyuki Ikura
Tetsuji Kawakami

Notification of Borrowing Funds

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided to borrow funds as shown below.

1. Details of Loans

Lender	Loan Amount	Interest Rate	Loan Type & Repayment Method	Date of Loan	Date of Maturity
Shinkin Central Bank	4.0 billion yen	0.08472%	Unsecured & unguaranteed, Bullet repayment	October 12, 2018	November 30, 2018

2. Use of Funds

To apply the funds toward the repayment of long-term loan ¥3.0 billion concluded on October 12, 2012 and part of the purchase and related incidental expenses of "Park Axis Kanayama WEST," which was acquired on September 27, 2018 as announced in the "Notification Concerning Acquisition and Sale of Domestic Real Estate Properties (Acquisition: Park Axis Kanayama WEST, Sale: Park Cube Ikebukuro Kanamecho)" dated September 27, 2018 (*1).

(*1) As NAF acquired "Park Axis Kanayama WEST" by using its own funds on September 27, 2018, the abovementioned loan will be executed in order to cover the decreased amount in own funds. The abovementioned loan is, in effect, to be applied toward the purchase and related incidental expenses of real estate.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	7.0	11.0	4.0
Long-term debt	142.5	139.5	(3.0)
Total interest-bearing debt	149.5	150.5	1.0

Interest-bearing debt ratio	52.4%	52.6%	0.2
Long term interest-bearing debt ratio	95.3%	92.7%	(2.6)

(*1) The following formula was used to calculate the interest-bearing debt ratio.

(interest bearing debt ratio) = (interest bearing debt) ÷ (interest bearing debt + unitholders' capital) X 100

The unitholders' capital as of today (135,603,623 thousand yen) was used.

(*2) (long term interest bearing debt ratio) = (long term debt + investment corporation bonds) ÷ (interest bearing debt) X 100

(*3) All calculations of ratios were rounded to one decimal place.

4. Others

Regarding the loan repayment risk, there is no important change to the “Investment risks” description in the latest securities report submitted on May 31, 2018.

- Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club) and the press club of the Ministry of Land, Infrastructure, Transport and Tourism and to the press club for construction publications of the Ministry of Land, Infrastructure, Transport and Tourism.
- NAF website: <https://www.naf-r.jp/english/>

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