

February 16, 2017

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 Nobumi Tobari
 (Code Number 3226)
 Investment Trust Management Company
 Mitsui Fudosan Accommodations Fund Management Co., Ltd.
 President and CEO Tateyuki Ikura
 Contact CFO and Director Satoshi Nohara
 (TEL. 03-3246-3677)

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 |
|---------------------------|-----------------|---------------|--|-------------------|-------------------|
| The Bank of Fukuoka, Ltd. | 2.0 billion yen | 0.43500% | Unsecured & unguaranteed, Bullet repayment | February 20, 2017 | February 26, 2027 |

2. Use of Funds

To apply the funds toward the repayment of long-term loan ¥2.0 billion concluded on August 19, 2011.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

| | Before this Event | After this Event | Change |
|-----------------------------|-------------------|------------------|--------|
| Short-term debt | 4.0 | 4.0 | — |
| Long-term debt | 143.0 | 143.0 | — |
| Total interest-bearing debt | 147.0 | 147.0 | — |

| | | | |
|---------------------------------------|-------|-------|---|
| Interest-bearing debt ratio | 52.0% | 52.0% | — |
| Long term interest-bearing debt ratio | 97.3% | 97.3% | — |

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

$$(\text{interest bearing debt ratio}) = (\text{interest bearing debt}) \div (\text{interest bearing debt} + \text{unitholders' capital}) \times 100$$

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

(*2) $(\text{long term interest bearing debt ratio}) = (\text{long term debt} + \text{investment corporation bonds}) \div (\text{interest bearing debt}) \times 100$

(*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 November 28, 2016.

- NAF website: <http://www.naf-r.jp/english/>

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