

April 5, 2016

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
Shinsei Bank, Limited	3.5 billion yen	0.09803%	Unsecured & unguaranteed, Bullet repayment	April 7, 2016	April 28, 2016

2. Use of Funds

To apply the funds toward the purchase and related incidental expenses of "Dormy Nishi Ogikubo," which was acquired on March 30, 2016 as announced in the "Notification Concerning Acquisition of Domestic Real Estate Property" dated March 30, 2016 (*1), and the purchase and related incidental expenses of "Park Axis Magome Residence" and "Park Axis Higashi Ueno," for which the planned date of handover is April 7, 2016 as announced in the "Notification Concerning Acquisition of Domestic Real Estate Properties" dated March 23, 2016.

(*1) As NAF acquired "Dormy Nishi Ogikubo" by using its own funds on March 30, 2016, the abovementioned loan will be executed in order to cover the decreased amount in own funds due to the concerned utilization on April 7, 2016. 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	5.0	8.5	3.5
Long-term debt	135.5	135.5	—
Investment corporation bonds	7.0	7.0	—
Total interest-bearing debt	147.5	151.0	3.5
Interest-bearing debt ratio	52.1%	52.7%	0.6
Long-term interest-bearing debt ratio	96.6%	94.4%	(2.2)

(*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 27, 2015.

- * 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's website: <http://www.naf-r.jp/english/>

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