

August 30, 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
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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
The Chiba Bank, Ltd.	1.0 billion yen	0.32250%	Unsecured & unguaranteed, Bullet repayment	September 3, 2018	September 3, 2025
SUMITOMO LIFE INSURANCE COMPANY	1.0 billion yen	0.66000%	Unsecured & unguaranteed, Bullet repayment	September 3, 2018	September 3, 2030

2. Use of Funds

To apply the funds toward the purchase and related incidental expenses of "Park Cube Nishi Shinjuku" for which the planned date of handover is September 3, 2018 as announced in the "Notification Concerning Acquisition of Domestic Real Estate Properties (Park Cube Shin Itabashi and another property)" dated March 13, 2018.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	7.0	7.0	—
Long-term debt	140.5	142.5	2.0
Total interest-bearing debt	147.5	149.5	2.0

Interest-bearing debt ratio	52.1%	52.4%	0.3
Long term interest-bearing debt ratio	95.3%	95.3%	0.1

(*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 May 31, 2018.

- The 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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