

January 27, 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 77 Bank, Ltd.    | 2.0 billion yen | 0.06000%      | Unsecured & unguaranteed, Bullet repayment | January 31, 2017 | February 28, 2017 |
| Mizuho Bank, Ltd.    | 2.0 billion yen | 0.06000%      | Unsecured & unguaranteed, Bullet repayment | January 31, 2017 | February 28, 2017 |
| Shinkin Central Bank | 2.0 billion yen | 0.38880%      | Unsecured & unguaranteed, Bullet repayment | January 31, 2017 | January 29, 2027  |

### 2. Use of Funds

To apply the funds toward the repayment of short-term loans totaling ¥6.0 billion concluded on December 30, 2016.

### 3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

|                             | Before this Event | After this Event | Change |
|-----------------------------|-------------------|------------------|--------|
| Short-term debt             | 6.0               | 4.0              | (2.0)  |
| Long-term debt              | 141.0             | 143.0            | 2.0    |
| Total interest-bearing debt | 147.0             | 147.0            | —      |

|                                       |       |       |     |
|---------------------------------------|-------|-------|-----|
| Interest-bearing debt ratio           | 52.0% | 52.0% | —   |
| Long term interest-bearing debt ratio | 95.9% | 97.3% | 1.4 |

(\*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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