

April 17, 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 |
|-------------------|-----------------|---------------|--|----------------|------------------|
| Mizuho Bank, Ltd. | 1.0 billion yen | 0.07675% | Unsecured & unguaranteed, Bullet repayment | April 19, 2018 | May 31, 2018 |

2. Use of Funds

To apply the funds toward the repayment of long-term loan ¥1.0 billion concluded on April 19, 2011.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

| | Before this Event | After this Event | Change |
|-----------------------------|-------------------|------------------|--------|
| Short-term debt | 6.0 | 7.0 | 1.0 |
| Long-term debt | 142.5 | 141.5 | (1.0) |
| Total interest-bearing debt | 148.5 | 148.5 | — |

| | | | |
|---------------------------------------|-------|-------|-------|
| Interest-bearing debt ratio | 52.3% | 52.3% | — |
| Long term interest-bearing debt ratio | 96.0% | 95.3% | (0.7) |

(*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) (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 November 30, 2017.

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

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