

January 27, 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	3.0 billion yen	0.16000%	Unsecured & unguaranteed, Bullet repayment	January 29, 2016	February 29, 2016
The 77 Bank, Ltd.	2.0 billion yen	0.16000%	Unsecured & unguaranteed, Bullet repayment	January 29, 2016	February 29, 2016

2. Use of Funds

To apply the funds toward the repayment of short-term loan of ¥5 billion concluded on December 30, 2015.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	5.0	5.0	—
Long-term debt	135.5	135.5	—
Investment corporation bonds	7.0	7.0	—
Total interest-bearing debt	147.5	147.5	—

Interest-bearing debt ratio	52.1%	52.1%	—
Long term interest-bearing debt ratio	96.6%	96.6%	—

(*1) The early repayment of ¥2 billion which is to be executed on January 29, 2016 is reflected, which was notified in "The Notification of Early Repayment of Borrowing Funds" dated January 22, 2016.

(*2) 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.

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

(*4) 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.

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

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