

July 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
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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	0.06182%	Unsecured & unguaranteed, Bullet repayment	July 29, 2016	August 31, 2016
The Daishi Bank, Ltd.	1.0 billion yen	0.09000%	Unsecured & unguaranteed, Bullet repayment	July 29, 2016	July 30, 2021
Sumitomo Mitsui Banking Corporation	1.5 billion yen	(*)0.16682%	Unsecured & unguaranteed, Bullet repayment	July 29, 2016	July 31, 2029

(*) The interest rate will be applied from July 29, 2016 to August 30, 2016. The interest rate applicable on and after August 31, 2016 shall be calculated based on the one-month JBA Japanese Yen TIBOR released two business days prior to the last day of each calendar month (if such date is not a business day, the business day immediately preceding the concerned date) + 0.135%. Please refer to the JBA TIBOR Administration's website (<http://www.jbatibor.or.jp/english/>) for the one-month JBA Japanese Yen TIBOR.

2. Use of Funds

To apply the funds toward the repayment of short-term loans totaling ¥4.5 billion concluded on June 30, 2016.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	9.5	7.0	(2.5)
Long-term debt	139.5	142.0	2.5
Total interest-bearing debt	149	149	—

Interest-bearing debt ratio	52.4%	52.4%	—
Long term interest-bearing debt ratio	93.6%	95.3%	1.7

(*1) The following formula was used to calculate the interest-bearing debt ratio.

(interest bearing debt ratio) = (interest bearing debt) ÷ (interest bearing debt + unitholders' capital) X 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 May 27, 2016.

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

Please note that this English translation of the Japanese original document is provided solely for information purposes. In the event of any discrepancy between the Japanese original and this English translation, the Japanese original shall prevail.