

August 6, 2008

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities
 1-1, Nihonbashi-Muromachi 2-chome, Chuo-ku, Tokyo 103-0022
 Nippon Accommodations Fund Inc.
 Representative Executive Director Nobuyuki Nakai
 (Code number 3226)

Investment Trust Management Company
 Mitsui Fudosan Accommodations Fund Management Co., Ltd.
 Representative President and CEO Nobuyuki Nakai
 Contact CFO and Director Morio Shibata
 (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. Use of Funds

Allocated to repay existing debt

2.Details of Loans

| Lender | Loan amount | Interest rate | Loan type & Repayment method | Date of Loan | Date of Maturity |
|--|--------------|---------------|--|---------------|------------------|
| Mitsubishi UFJ Trust and Banking Corporation | 1billion yen | 0.78167% | Unsecured & unguaranteed, Bullet repayment | July 28, 2008 | July 31, 2008 |

This English language notice is a translation of the Japanese language notice dated July 24, 2008 and was prepared solely for the convenience of, and reference by, overseas investors. NAF makes no warranties as to its accuracy or completeness.

<Attached documents>

- Status of interest-bearing debt after this event

Reference data

<Status of interest-bearing debt after this event>

(Unit: billion yen)

| | Before this event | After this event | Change |
|------------------------------|-------------------|------------------|--------|
| Short-term debt | 29.0 | 29.0 | — |
| Long-term debt | 42.0 | 42.0 | — |
| Investment corporation bonds | 10.0 | 10.0 | — |
| Total interest-bearing debt | 81.0 | 81.0 | — |

| | | | |
|---------------------------------------|-------|-------|---|
| Interest-bearing debt ratio | 57.1% | 57.1% | — |
| Long term interest-bearing debt ratio | 64.2% | 64.2% | — |

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

$(\text{interest bearing debt ratio}) = (\text{interest bearing debt}) \div (\text{interest bearing debt} + \text{unitholder's capital}) \times 100$

The unitholder's capital as of today (60,978,700,000 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.