

July 10, 2020

To All Concerned Parties

Issuer of Real Estate Investment Trust Securities:  
Nippon Accommodations Fund Inc.  
Takashi Ikeda, Executive Director  
(TSE Code: 3226)  
Investment Trust Management Company:  
Mitsui Fudosan Accommodations Fund  
Management Co., Ltd.  
Tateyuki Ikura, President and CEO  
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## Notification Concerning Issuance of Investment Corporation Bonds (Green Bonds) and Early Repayment of Borrowing Funds

Nippon Accommodations Fund Inc. ("NAF") hereby provides notice of its decision today to issue investment corporation bonds (the "Green Bonds") based on a comprehensive resolution to issue investment corporation bonds adopted at the Board of Directors' meeting held on July 10, 2019, as follows.

In addition, this is a notification that NAF decided to make early repayment of some of its existing loans as shown below.

### 1. Summary of investment corporation bonds

	5-year bonds	10-year bonds
(1) Name	Nippon Accommodations Fund 3rd Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (green bonds)	Nippon Accommodations Fund 4th Unsecured Investment Corporation Bonds (with special pari passu conditions among specified investment corporation bonds) (green bonds)
(2) Total amount to be issued	2.0 billion yen	2.0 billion yen
(3) Form of certificates	The Act on Book-Entry Transfer of Corporate Bonds and Shares applies to the Green Bonds, so investment corporation bond certificates will not be issued for the Green Bonds.	
(4) Payment amount	100 yen per 100 yen par value of investment corporation bonds	
(5) Redemption amount	100 yen per 100 yen par value of investment corporation bonds	
(6) Interest rate	0.260% per annum	0.520% per annum
(7) Unit price	100 million yen	
(8) Method of offering	Public offering	
(9) Subscription date	July 10, 2020 (Friday)	
(10) Payment date	July 16, 2020 (Thursday)	
(11) Security and collateral	No secured mortgage or guarantee is applicable to the Green Bonds, and no assets are specifically reserved as collateral for the Green Bonds.	
(12) Method and date of redemption	The entire amount will be redeemed on July 16, 2025.	The entire amount will be redeemed on July 16, 2030.
	The Green Bonds may be repurchased and cancelled at any time after the date of payment unless specified to the contrary by the relevant transfer agent.	
(13) Interest payment dates	Last day of each of January and July each year	
(14) Financial covenant	Negative pledge applies	
(15) Rating	AA- (Rating and Investment Information, Inc.)	
(16) Fiscal agent, issuing agent, and paying agent	Sumitomo Mitsui Trust Bank, Limited	Sumitomo Mitsui Banking Corporation
(17) Underwriting securities companies	SMBC Nikko Securities Inc. Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. Mizuho Securities Co., Ltd.	

## 2. Reason for issuance

NAF decided to issue the Green Bonds with the aim of strengthening the funding base by expanding the group of investors interested in ESG investment and financing, along with promoting initiatives for sustainability even further.

The Green Bonds will be issued as green bonds based on the green finance framework that NAF has formulated as announced in "Notification Concerning Submission of Revised Shelf Registration Statement for Issuance of Green Bonds" dated June 18, 2020.

For eligibility of the green finance framework, NAF has been assigned "Green 1 (F)," the highest evaluation grade in the JCR Green Finance Framework Evaluation by Japan Credit Rating Agency, Ltd. (JCR).

(Note) For the green finance framework, please refer to "Notification Concerning Submission of Revised Shelf Registration Statement for Issuance of Green Bonds" dated June 18, 2020.

## 3. Amount, use and expected dates of expenditure of capital to be procured

### (1) Amount of capital to be procured (estimated amount net of costs and expenses)

3,965 million yen

### (2) Specific use of funds and expected dates of expenditure

NAF plans to apply all of the proceeds from the Green Bonds to fund the repayment of the loans (including the loans from subsequent refinancing) that were required for acquisition of Park Cube Meguro Tower, an eligible green asset under the green finance framework, in the form of full/partial early repayment of existing loans as shown below.

## 4. Details of loans for early repayment

Lender	Loan Amount	Interest Rate	Loan Type & Repayment Method	Date of Loan	Date of Maturity
The Norinchukin Bank	2.0 billion yen	0.11909%	Unsecured & unguaranteed, Bullet repayment	June 15, 2020	September 15, 2020
MUFG Bank, Ltd.	4.0 billion yen	0.72750%	Unsecured & unguaranteed, Bullet repayment	March 15, 2013	September 15, 2020

## 5. Outline of early repayment

Lender	Early Repayment Amount	Balance After Early Repayment	Date of Early Repayment
The Norinchukin Bank	2.0 billion yen	—	July 31, 2020
MUFG Bank, Ltd.	2.0 billion yen	2.0 billion yen	July 31, 2020

## 6. Investors that have declared investment in the Green Bonds

Of the investors that have declared investment in the Green Bonds to date, the names of those investors that have consented to disclosure of their names are listed (in order of the Japanese syllabary).

THE AWAJI SHINKIN BANK  
YOKOHAMA MINATOMIRAI21 CORPORATION  
THE ECHIZEN SHINKIN BANK  
Credit Guarantee Corporation of Osaka  
North Pacific Bank,LTD.  
The Kita Osaka Shinkin Bank

KIRYU SHINKIN BANK  
Daitokyo Shinyokumiai Credit Cooperative  
HANDA SHINKIN BANK  
FUJINOMIYA SHINKIN BANK  
Sumitomo Mitsui Trust Asset Management Co., Ltd.  
Mitsubishi UFJ Trust and Banking Corporation

7. Status of interest-bearing debt after these events (as at July 31, 2020)

(Unit: billion yen)

	Before these Events	After these Events	Change
Short-term debt	5.0	3.0	(2.0)
Long-term debt	151.5	149.5	(2.0)
Total debt	156.5	152.5	(4.0)
Investment corporation bonds	—	4.0	4.0
Total interest-bearing debt	156.5	156.5	—

Interest-bearing debt ratio	53.6%	53.6%	—
Long-term interest-bearing debt ratio	96.8%	98.1%	1.3

(\*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.

8. Others

Regarding the risks associated with issuance and redemption of the Green Bonds, etc., there is no important change to the "Investment risks" description in the latest securities report submitted on May 29, 2020.

9. Outlook

Though break-funding costs will be incurred upon early repayment, the impact of this early repayment on NAF's financial results for the period ending August 31, 2020 (29th Period: March 1, 2020 to August 31, 2020) and the period ending February 28, 2021 (30th Period: September 1, 2020 to February 28, 2021) will be minimal, and there will be no change to the financial results forecast for the periods.

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

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