![Nippon Accommodations Fund]

July 18, 2014

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   Kosei Murakami
 Contact CFO and Director   Satoshi Nohara
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Notification of Partial Early Repayment of Borrowing Funds

This is a notification that Nippon Accommodations Fund Inc. ("NAF") decided on a partial early repayment of its existing borrowings as shown below.

1. Details of Loans for Early Repayment

Lender	Loan Amount	Interest Rate	Loan Type & Repayment Method	Date of Loan	Date of Maturity
Sumitomo Mitsui Banking Corporation	5 billion yen	(*1)0.64636%	Unsecured & unguaranteed, Bullet repayment	November 30, 2010	November 30, 2015
Sumitomo Mitsui Trust Bank, Limited	3 billion yen	(*1)0.64636%	Unsecured & unguaranteed, Bullet repayment	November 30, 2010	November 30, 2015
Mitsubishi UFJ Trust and Banking Corporation	6 billion yen	(*2)0.45636%	Unsecured & unguaranteed, Bullet repayment	September 1, 2011	September 3, 2018

(*1) The interest rate is applied from June 30, 2014 to July 30, 2014.
     For further details of the loan, please refer to the "Notification of Borrowing Funds" dated November 26, 2010.
(*2) The interest rate is applied from July 1, 2014 to July 31, 2014.
     For further details of the loan, please refer to the "Notification of Borrowing Funds" dated August 30, 2011.

2. Outline of Early Repayment

Lender	Early Repayment Amount	Balance after Early Repayment	Repayment Date	Source of Funds
Sumitomo Mitsui Banking Corporation	1 billion yen	4 billion yen	July 31, 2014	Own Funds
Sumitomo Mitsui Trust Bank, Limited	1 billion yen	2 billion yen	July 31, 2014	Own Funds
Mitsubishi UFJ Trust and Banking Corporation	1 billion yen	5 billion yen	August 1, 2014	Own Funds

3. Status of Interest-bearing Debt After this Event (as of August 1, 2014)　　　　　(Unit: billion yen)

	Before this Event(*1)	After this Event	Change
Short-term debt	4.0	4.0	－
Long-term debt	138.5	135.5	(3.0)
Investment corporation bonds	17.0	17.0	－
Total interest-bearing debt	159.5	156.5	(3.0)

Interest-bearing debt ratio	55.9%	55.5%	(0.5)
Long term interest-bearing debt ratio	97.5%	97.4%	(0.0)

(*1) It is assumed that the entire amount of the short term debt totaling ¥4 billion with a date of maturity on July 31, 2014, as disclosed in the press release "Notification of Borrowing Funds" dated June 26, 2014, will be refinanced.

(*2) 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 (125,686,793 thousand yen) was used.

(*3) (long term interest bearing debt ratio) = (long term debt + investment corporation bonds) ÷ (interest bearing debt) X 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 May 28, 2014.

5. Outlook

The impact of the early repayment on NAF's financial results for the period ending August 31, 2014 (17th Period: March 1, 2014 to August 31, 2014) will be minimal, and there will be no change to the financial results forecast for the period.

- Japanese original document was distributed to press clubs within the Tokyo Stock Exchange (Kabuto Club) and the press club of the Ministry of Land, Infrastructure, Transport and Tourism and to the press club for construction publications of the Ministry of Land, Infrastructure, Transport and Tourism.
- NAF website: http://www.naf-r.jp/english/index.html

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