

December 26, 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

(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
Shinkin Central Bank	3 billion yen	0.20182%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	January 30, 2015
The 77 Bank, Ltd.	2 billion yen	0.20182%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	January 30, 2015
The Norinchukin Bank	1 billion yen	0.20182%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	January 30, 2015
The Daishi Bank, Ltd.	1 billion yen	0.40062%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	June 30, 2021
The Norinchukin Bank	2 billion yen	0.43250%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	December 30, 2021
TAIYO LIFE INSURANCE COMPANY	2 billion yen	0.64750%	Unsecured & unguaranteed, Bullet repayment	December 30, 2014	December 30, 2024

2. Use of Funds

To apply the funds toward the repayment of short-term loans totaling ¥11 billion concluded on November 28, 2014.

3. Status of interest-bearing debt after this event

(Unit: billion yen)

	Before this event	After this event	Change
Short-term debt	11.0	6.0	(5.0)
Long-term debt	138.5	143.5	5.0
Investment corporation bonds	7.0	7.0	—
Total interest-bearing debt	156.5	156.5	—

Interest-bearing debt ratio	55.5%	55.5%	—
Long term interest-bearing debt ratio	93.0%	96.2%	3.2

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

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

The unitholders' capital as of today (125,686,793 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 November 27, 2014.

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

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