

August 9, 2017

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

Takashi Ikeda
(Code Number 3226)

Investment Trust Management Company
Mitsui Fudosan Accommodations Fund Management Co., Ltd.
President and CEO
Contact CFO and Director
(TEL. 03-3246-3677)

Tateyuki Ikura
Satoshi Nohara

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
Sumitomo Mitsui Trust Bank, Limited	1.0 billion yen	0.04333%	Unsecured & unguaranteed, Bullet repayment	August 14, 2017	August 31, 2017
Sumitomo Mitsui Trust Bank, Limited	1.5 billion yen	0.06833%(*1)	Unsecured & unguaranteed, Bullet repayment	August 14, 2017	August 31, 2023
Sumitomo Mitsui Trust Bank, Limited	1.0 billion yen	0.10833%(*2)	Unsecured & unguaranteed, Bullet repayment	August 14, 2017	August 31, 2027

(*1) The interest rate will be applied from August 14, 2017 to August 30, 2017. The interest rate applicable on and after August 31, 2017 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) + 0.05%.

(*2) The interest rate will be applied from August 14, 2017 to August 30, 2017. The interest rate applicable on and after August 31, 2017 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) + 0.09%.

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 long-term loan of ¥3.5 billion concluded on August 12, 2011.

3. Status of Interest-bearing Debt After this Event

(Unit: billion yen)

	Before this Event	After this Event	Change
Short-term debt	5.0	6.0	1.0
Long-term debt	143.0	142.0	(1.0)
Total interest-bearing debt	148.0	148.0	—

Interest-bearing debt ratio	52.2%	52.2%	—
Long term interest-bearing debt ratio	96.6%	95.9%	(0.7)

(*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.

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 31, 2017.

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

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