

November 28, 2017

Real Estate Investment Trust Securities Issuer
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Notice Concerning Borrowing of Funds and Establishment of Interest Rate Swaps

Sekisui House Reit, Inc. (“SHR”) announces that it decided today to conduct the borrowing of funds (the “Borrowing”), and establishment of interest rate swaps for the purpose of promotion of long-term and fixed interest-bearing debt as well as for the purpose of diversification of lenders and repayment due date based on the financial strategy as described below.

I. Borrowing of Funds

1. Content of the Borrowing

<Fixed Interest Rate Borrowing>

Category	Lender	Loan amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4)	Drawdown date	Borrowing method	Repayment date (Note 5)	Repayment method (Note 6)	Security
Long term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	0.32000%	Nov. 30, 2017	Borrowing based on the individual loan agreement, dated Nov. 28, 2017, with the lenders shown to the left as the loaner	July 13, 2022	Lump-sum repayment at maturity	Unsecured Unguaranteed
	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	1,200	0.35341%					
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	750	0.34000%					
	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	1,200	0.42622%					
						May 31, 2023		

(Note 1) The loan syndicate comprises Mitsubishi UFJ Trust and Banking Corporation and Development Bank of Japan Inc.

(Note 2) Borrowing expenses, etc. payable to the lender are not included.

(Note 3) The first interest payment date shall be the last day of May 2018, and subsequent interest payment dates shall be the last days of May and November of each year and the principal repayment date. However, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day

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immediately preceding the concerned date.

(Note 4) The first interest calculation period shall be from November 30, 2017 to the last day of May 2018.

(Note 5) If the concerned date is not a business day, then the repayment date shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

(Note 6) During the period from the Borrowing's drawdown to the repayment date, SHR may make early repayment of loans, in whole or in part, if SHR gives prior written notice and other certain terms and conditions are met.

<Floating Interest Rate Borrowing>

Category	Lender	Loan amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment date (Note 6)	Repayment method (Note 7)	Security
Long term	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	5,050	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.21%	Nov. 30, 2017	Borrowing based on the individual loan agreement dated Nov. 28, 2017, with the lender shown to the left as the loaner	July 13, 2022	Lump-sum repayment at maturity	Unsecured Unguaranteed
	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	5,050	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.26%			May 31, 2023		

(Note 1) The loan syndicate comprises Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, The Norinchukin Bank and Mizuho Trust & Banking Co., Ltd.

(Note 2) Borrowing expenses, etc. payable to the lender are not included.

(Note 3) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the one-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration two business days prior to the interest payment date immediately preceding the respective interest payment date. The base rate is subject to review every interest payment date. However, in cases where there is no rate corresponding to the interest calculation period, the base rate shall be the base rate corresponding to the concerned period calculated based on the method provided in the contract. For changes in the base rate, Japanese Bankers Association (JBA) Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>).

(Note 4) The first interest payment date shall be the last day of December 2017, and subsequent interest payment dates shall be the last days of every month and the principal repayment date. However, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date. The first interest calculation period shall be from November 30, 2017 to the last day of December 2017.

(Note 5) The interest rate payable has been converted into a fixed rate through an interest rate swap agreement. Please refer to "II. Establishment of Interest Rate Swaps" later in this document for details.

(Note 6) If the concerned date is not a business day, then the repayment date shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date.

(Note 7) During the period from the Borrowing's drawdown to the repayment date, SHR may make early repayment of loans, in whole or in part, if SHR gives prior written notice and other certain terms and conditions are met.

2. Reason for the Borrowing

The Borrowing is for use as repayment funds of the existing borrowing (the "Existing Borrowing") which shall be due for repayment on November 30, 2017.

3. Amount, Use and Scheduled Outlay of Funds to be Procured from the Borrowing
(1) Amount of funds to be procured

14,000 million yen

(2) Specific use of funds to be procured

Funds for repayment of the Existing Borrowing (14,000 million yen) which shall be due for repayment on November 30, 2017. For the details of the Existing Borrowing, please refer to the “Notice Concerning Borrowing of Funds and Establishment of Interest Rate Swaps” dated December 3, 2014.

(3) Scheduled outlay

November 30, 2017

II. Establishment of Interest Rate Swaps
1. Reason for Establishment

Interest rate swaps have been established in order to hedge the risk of interest rate fluctuations by converting the interest rate payable into a fixed rate for the floating interest rate borrowing based on the individual loan agreement concluded today stated in “2. Content of Establishment” below.

2. Content of Establishment

<Borrowing for which interest rate swap agreement has been concluded>

Category	Lender	Loan amount (mm yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Borrowing ①	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger	5,050	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.21%	Nov. 30, 2017	Borrowing based on the individual loan agreement dated Nov. 28, 2017, with the lenders shown to the left as the loaner	July 13, 2022	Lump-sum repayment at maturity	Unsecured Unguaranteed
Borrowing ②		5,050	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.26%			May 31, 2023		

<Interest rate swap agreement for Borrowing ①>

① Counterparty	Mizuho Bank, Ltd.
② Notional principal	5,050 million yen
③ Interest rate	Fixed interest rate payable 0.34800% Floating interest rate receivable JBA 1-month JPY TIBOR plus 0.21%
④ Commencement date	November 30, 2017
⑤ Termination date	July 13, 2022
⑥ Interest payment date	The first interest payment date shall be the last day of December 2017, and subsequent interest payment dates shall be the last days of every month and the termination date (however, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date).

(Note) Conclusion of the interest rate swap agreement will, in effect, fix the interest rate for Borrowing ① at 0.34800%. The floating interest rate receivable under the interest rate swap agreement stated above will not be less than 0% because the agreement is subject to a floor rate.

<Interest rate swap agreement for Borrowing ②>

① Counterparty	Mizuho Bank, Ltd.
② Notional principal	5,050 million yen
③ Interest rate	Fixed interest rate payable 0.41800%

	Floating interest rate receivable JBA 1-month JPY TIBOR plus 0.26%
④ Commencement date	November 30, 2017
⑤ Termination date	May 31, 2023
⑥ Interest payment date	The first interest payment date shall be the last day of December 2017, and subsequent interest payment dates shall be the last day of every month and the termination date (however, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date).

(Note) Conclusion of the interest rate swap agreement will, in effect, fix the interest rate for Borrowing ② at 0.41800%. The floating interest rate receivable under the interest rate swap agreement stated above will not be less than 0% because the agreement is subject to a floor rate.

III. Status of Loans, etc. after the Borrowing and the Repayment of the Existing Borrowing

(Unit: million yen)

	Before the Borrowing and the Repayment of the Existing Borrowing	After the Borrowing and the Repayment of the Existing Borrowing	Increase (Decrease)
Short-term loans (Note)	—	—	—
Long-term loans (Note)	79,400	79,400	—
(repayment due within one year)	14,000	—	(14,000)
Total loans	79,400	79,400	—
Investment corporation bonds	5,000	5,000	—
Total interest-bearing liabilities	84,400	84,400	—

(Note) Short-term loans refer to loans due for repayment in a period of one year or less from drawdown date, and long-term loans refer to loans due for repayment in a period of more than one year from drawdown date.

IV. Future Outlook

There are no changes to the forecast of management status and distribution as the Borrowing, etc. are already incorporated in the management status and distribution forecast for the fiscal period ending October 2017 (May 1, 2017 – October 31, 2017) and the fiscal period ending April 2018 (November 1, 2017 – April 30, 2018) announced on June 13, 2017.

V. Other Matters Necessary for Investors' Appropriate Understanding/Judgment of Concerned Information

Concerning the risks associated with the Borrowing, etc., there is no change from the content of "Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities report submitted on July 28, 2017.

*Sekisui House Reit, Inc. website: <http://www.sekisuihouse-reit.co.jp/en/>