

April 23, 2018

Real Estate Investment Trust Securities Issuer
 Sekisui House Reit, Inc.
 Representative: Junichi Inoue, Executive Director
 (Securities Code: 3309)

Asset Management Company:
 Sekisui House Investment Advisors, Ltd.
 Representative: Junichi Inoue,
 President & Representative Director
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Real Estate Investment Trust Securities Issuer
 Sekisui House Residential Investment Corporation
 Representative: Osamu Minami, Executive Director
 (Securities Code: 8973)

Asset Management Company
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 Representative: Osamu Minami,
 President & Representative Director
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 TEL: +81-3-5770-8973 (main)

Notice Concerning Borrowing of Funds

Sekisui House Residential Investment Corporation (“SHI”) hereby announces that it today decided on the borrowing of funds (the “Borrowing”) as described below. SHI and Sekisui House Reit, Inc., (“SHR” and, collectively with SHI, the “Two Investment Corporations”) are scheduled to execute an absorption-type merger, with May 1, 2018 as the effective date, whereby SHR will be the surviving company and SHI will be the dissolving company in the merger (the “Investment Corporation Merger”), as described in the press release “Notice Concerning Conclusion of a Merger Agreement between Sekisui House Reit, Inc. and Sekisui House Residential Investment Corporation” released by the Two Investment Corporations on January 24, 2018. Therefore, the status of SHI in the contract related to the Borrowing is scheduled to be succeeded by SHR.

1. Content of the Borrowing

<Borrowing on a floating interest rate basis>

Category	Lender	Loan amount (million yen)	Interest rate (Note 2) (Note 3) (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment date (Note 6)	Repayment method (Note 7)	Security
Short term	Loan syndicate with MUFG Bank, Ltd. and Mizuho Bank, Ltd. as arrangers (Note 1)	8,000	Base rate (JBA 1-month Japanese Yen TIBOR) plus 0.18%	May 1, 2018	Borrowing based on the individual loan agreement to be concluded on April 26, 2018, with the lenders shown to the left	April 30, 2019	Lump-sum repayment at maturity	Unsecured Unguaranteed

(Note 1) The loan syndicate comprises MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation.

(Note 2) Borrowing expenses, etc. payable to the lenders 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, JBA Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>).

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- (Note 4) The first interest payment date shall be May 31, 2018, and subsequent interest payment dates shall be the last day 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.
- (Note 5) The first interest calculation period shall be from May 1, 2018 to May 31, 2018.
- (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, the borrower may make early repayment of loans, in whole or in part, if the borrower gives prior written notice and other certain terms and conditions are met.

2. Reason for the Borrowing

SHI will conduct the Borrowing to partly fund the acquisition of the trust beneficiary interests in real estate stated as Properties to be Acquired on May 1, 2018, which is the effective date of the Investment Corporation Merger (the "Properties for Acquisition"), in the press release "Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate and Leases (Prime Maison Shirokanedai Tower and Five Other Properties) and Sale and Cancellation of Leases (Esty Maison Machida and Eleven Other Properties)" released on January 24, 2018, as well as its related expenses. For details of the Properties for Acquisition, please refer to the above press release.

3. Amount, Use and Scheduled Outlay of Funds to be Procured from the Borrowing

(1) Amount of funds to be procured

8,000 million yen

(2) Specific use of funds to be procured

For use as part of funds for acquisition of the Properties for Acquisition, as well as related expenses

(3) Scheduled outlay

May 1, 2018

4. Status of Loans, Etc. After the Borrowing

(Unit: million yen)

	Before the Borrowing (Note 2)	After the Borrowing (Note 3)	Increase (Decrease)
Short-term loans (Note 1)	-	8,000	8,000
Long-term loans (Note 1)	174,432	174,432	-
(repayment due within one year)	14,882	14,882	-
Total loans	174,432	182,432	8,000
Investment corporation bonds	15,500	15,500	-
(redemption due within one year)	2,500	2,500	-
Total interest-bearing liabilities	189,932	197,932	8,000

- (Note 1) 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 the drawdown date.
- (Note 2) Before the Borrowing indicates the total amount of loans or investment corporation bonds of the Two Investment Corporations as of the date of this document.
- (Note 3) After the Borrowing indicates the sum of the figure indicated in (Note 2) above and the loan amount related to the Borrowing.

5. Future Outlook

There will be no impact on the forecasts of operating results for the fiscal period ending April 30, 2018 (October 1, 2017 to April 30, 2018) and merger consideration described in the press release "Notice Concerning Forecast of Operating Results for the Fiscal Period Ending April 30, 2018 (Final Fiscal Period) and Merger Consideration" released by SHI on January 24, 2018 and the forecasts of operating results and distributions for the fiscal period ending April 30, 2018 (November 1, 2017 to April 30, 2018) described in "Financial Report for the Fiscal Period Ended October 31, 2017" released by SHR on December 13, 2017 as the Borrowing will be executed on May 1, 2018.

In addition, there are no changes to the outlook of operating results and distributions for the fiscal periods ending October 31, 2018 (May 1, 2018 to October 31, 2018) and April 30, 2019 (November 1, 2018 to April 30, 2019) described in the press release "Notice Concerning the Forecast of Operating Results and Distributions Subsequent to the Merger of Sekisui House Reit, Inc. and Sekisui House Residential Investment Corporation for the Fiscal Periods Ending October 31, 2018 and April 30, 2019" released by the Two Investment Corporations on January 24, 2018 as SHI was scheduled to borrow 8,000 million yen.

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

Concerning the risks associated with the Borrowing, there is no change from the content of "Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities registration statement submitted by SHI on December 26, 2017.

*Addresses of the websites of the Two Investment Corporations

Sekisui House Reit, Inc.:

<http://www.sekisuihouse-reit.co.jp/en/>

Sekisui House Residential Investment Corporation:

<http://www.shi-reit.co.jp/eng/>