

TRANSLATION

August 28, 2017

Real Estate Investment Trust Securities Issuer
Sekisui House Residential Investment Corporation
3-1-31 Minami-Aoyama, Minato-ku, Tokyo
Representative: Osamu Minami, Executive Director
(Securities Code: 8973)

Asset Management Company
Sekisui House Asset Management, Ltd.
3-1-31 Minami-Aoyama, Minato-ku, Tokyo
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Notice Concerning Borrowing of Funds

Sekisui House Residential Investment Corporation (the “Investment Corporation”) hereby announces that it today reached an agreement with lenders for the borrowing of funds (the “Borrowing”) as described below.

1. Borrowing of Funds

(1) Reason for the Borrowing

The Investment Corporation shall use the borrowed funds as part of funds for repayment of existing loan totaling 2,705 million yen due on August 31, 2017 (please refer to the press release titled "Notice Concerning Borrowings of Funds" dated July 30, 2012 (*Japanese only*) for details of the existing loan).

Moreover, the difference between the existing loan (total 2,705 million yen) and the loan amount related to the Borrowing (total 2,528 million yen) amounting to 177 million yen is scheduled to be repaid by using cash on hand. (The Borrowing and the repayment of the existing loan are hereinafter referred to as the “Refinancing.”)

(2) Description of the Borrowing

<Individual loan contract (August 2017 / 8 years) >

- | | |
|-----------------------------------|--|
| (i) Lenders: | Mizuho Bank, Ltd., The Norinchukin Bank |
| (ii) Loan amount: | 2,528,000,000 yen |
| (iii) Interest rate, etc.: | TBD (fixed interest rate)
(Note) The interest rate will be announced when determined. |
| (iv) Scheduled drawdown date: | August 31, 2017 |
| (v) Borrowing method: | The Investment Corporation shall borrow funds based on the basic agreement dated July 27, 2010 (as amended) entered into with the lenders stated in (i) above and other parties, and the individual loan contract (August 2017 / 8 years) dated August 28, 2017 entered into with the lenders stated in (i) above, assigning Mizuho Bank, Ltd. as an individual agent. |
| (vi) Interest payment date: | The first interest payment shall be due on November 30, 2017, and subsequent interest payments shall be due on the last day of every February, May, August, and November of every year thereafter until the final interest payment on August 29, 2025 (or the business day immediately preceding the concerned date if any concerned date is not a business day). |
| (vii) Principal repayment method: | Lump-sum repayment on principal repayment date |
| (viii) Principal repayment date: | August 29, 2025 |
| (ix) Security: | Unsecured and unguaranteed |

This translation is for informational purpose only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.

(3) Amount to be Procured, Specific Use of Funds and Schedule of Expenditure

- Amount to be procured: 2,528 million yen
- Specific use of funds: Part of funds for repayment of existing loan totaling 2,705 million yen due on August 31, 2017
- Schedule of expenditure: August 31, 2017

2. Status of Interest-Bearing Debt Before and After the Refinancing

(Unit: million yen)

	Before the Refinancing	After the Refinancing	Increase (Decrease)
Short-term loans	-	-	-
Current portion of long-term loans (to be repaid within one year or less)	7,305	4,600	(2,705)
Long-term loans	83,904	86,432	2,528
Investment corporation bonds	10,500	10,500	-
Current portion of Investment corporation bonds (to be redemption within one year or less)	4,000	4,000	-
Total interest-bearing debt	105,709	105,532	(177)
Ratio of Interest-bearing debt to total assets (LTV) (estimate) (Note 2)	50.3%	50.3%	-

(Note 1) Each of the amount and the percentage in the above are the estimated figure as of August 31, 2017 based on the assumption that the Investment Corporation will obtain no new borrowings, etc. by such date.

(Note 2) The LTV (estimate) is calculated by using the following formula, and is rounded to the nearest first decimal place.

LTV (estimate) (%) = (Total amount of interest-bearing debt / Total assets (estimate)) x 100

(Note 3) Amounts are rounded down to the nearest specified unit.

3. Others

Concerning the risks associated with the Borrowing, etc., there is no change from the “Investment Risks” stated in the semi-annual securities report (*Japanese only*) submitted on June 28, 2017 that would have a material adverse effect on the Investment Corporation.

*Sekisui House Residential Investment Corporation website: <http://www.shi-reit.co.jp/eng/>