

TRANSLATION

February 21, 2018

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.
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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 funds for redemption of the Investment Corporation Bond totaling 4.0 billion yen due on February 28, 2018 (for details, please refer to the press release titled "Notice Concerning Issuance of Investment Corporation Bonds" dated February 22, 2013. The same applies hereafter.) and repayment of the existing loan totaling 2.1 billion yen due on February 28, 2018 (for details, please refer to the press release titled "Notice Concerning Debt Financing" dated February 25, 2013. The same applies hereafter.).

(2) Description of the Borrowing

<Individual loan contract (February 2018 / 1 year and 8 years) >

-Tranche A (loan period: 1 year / Borrowing with floating rate)-

- (i) Lenders: Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- (ii) Loan amount: 4,000,000,000 yen
- (iii) Interest rate, etc.: TBD (floating interest rate) (base rate + 0.180%)

(Note) The interest rate will be announced when determined. The base rate applicable to the interest rate calculation period for each interest payment date will be the 1-month Japanese Yen TIBOR announced by JBA TIBOR Administration (JBATA) on the date two business days prior to the interest payment date immediately before each interest payment date (or, prior to the drawdown date for the first interest payment date). The relevant base rate will be available on the website of JBATA (<http://www.jbatibor.or.jp/english/>). Moreover, the subsequent floating interest rates on this borrowing will be disclosed on the website of the Investment Corporation.

- (iv) Scheduled drawdown date: February 27, 2018
- (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 (February 2018 / 1 year and 8 years) dated February 21, 2018 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 March 30, 2018, and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on February 28, 2019 (or the business day immediately preceding the concerned date if any concerned date is not a

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business day).

- (vii) Principal repayment method: Lump-sum repayment on principal repayment date
- (viii) Principal repayment date: February 28, 2019
- (ix) Security: Unsecured and unguaranteed

-Tranche B (loan period: 8 years / Borrowing with fixed interest rate)-

- (i) Lenders: Mizuho Bank, Ltd., The 77 Bank, Ltd, The Hiroshima Bank Ltd., Mitsubishi UFJ Trust and Banking Corporation
- (ii) Loan amount: 1,600,000,000 yen
- (iii) Interest rate, etc.: TBD (fixed interest rate)
(Note) The interest rate will be announced when determined.
- (iv) Scheduled drawdown date: February 28, 2018
- (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 (February 2018 / 1 year and 8 years) dated February 21, 2018 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as an individual agent.
- (vi) Interest payment date: The first interest payment shall be due on May 31, 2018, 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 February 27, 2026 (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: February 27, 2026
- (ix) Security: Unsecured and unguaranteed

-Tranche C (loan period: 8 years / Borrowing with fixed interest rate)-

- (i) Lender: The Bank of Tokyo-Mitsubishi UFJ Ltd.
- (ii) Loan amount: 500,000,000 yen
- (iii) Interest rate, etc.: TBD (fixed interest rate)
(Note) The interest rate will be announced when determined.
- (iv) Scheduled drawdown date: February 28, 2018
- (v) Borrowing method: The Investment Corporation shall borrow funds based on the basic agreement dated July 27, 2010 (as amended) entered into with the lender stated in (i) above and other parties, and the individual loan contract (February 2018 / 1 year and 8 years) dated February 21, 2018 entered into with the lender stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as an individual agent.
- (vi) Interest payment date: The first interest payment shall be due on May 31, 2018, 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 February 27, 2026 (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: February 27, 2026
- (ix) Security: Unsecured and unguaranteed

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

- Amount to be procured: 6.1 billion yen
- Specific use of funds: Funds for redemption of the investment corporation bond totaling 4.0 billion yen due on February 28, 2018 as redemption date and repayment of the existing loan totaling 2.1 billion yen due on February 28, 2018 as repayment date
- Schedule of expenditure: February 28, 2018

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

(Unit: million yen)

	Before the Borrowing	After the Borrowing	Increase (Decrease)
Short-term loans	-	-	-
Current portion of long-term loans (to be repaid within one year or less)	12,982	10,882	(2,100)
Long-term loans	78,050	84,150	6,100
Investment corporation bonds	8,000	8,000	-
Current portion of Investment corporation bonds (to be redeemed within one year or less)	6,500	2,500	(4,000)
Total interest-bearing debt	105,532	105,532	-
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 based on the assumption that the Investment Corporation will obtain no new borrowings, etc. other than the Borrowing.

(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 December 26, 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/>