

TRANSLATION

February 23, 2017

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

Asset Management Company
Sekisui House SI Asset Management, Ltd.
3-1-31 Minami-Aoyama, Minato-ku, Tokyo
Representative: Osamu Minami, President
Inquiries: Yoshiya Sasaki, General Manager
IR & Financial Affairs Department
TEL: +81-3-5770-8973 (main)

Notice Concerning Borrowing of Funds

Sekisui House SI 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 is using the borrowed funds as funds for refinancing the existing loans totaling 9.5 billion yen due on February 28, 2017 (please refer to press releases titled "Notice Concerning Debt Financing" dated February 28, 2012 (*Japanese only*), March 5, 2012 (*Japanese only*) and February 25, 2013 for details of the existing loans.) (the "Refinancing").

(2) Description of the Borrowing

<Individual loan contract (February 2017 / 9 years, 8 years and 3 years and 6 months) >

-Tranche A (loan period: 9 years / Borrowing with fixed interest rate)-

- | | | |
|--------|-----------------------------|---|
| (i) | Lenders: | Mizuho Bank, Ltd., Aozora Bank, Ltd., Development Bank of Japan Inc., The Bank of Fukuoka, Ltd., Mitsubishi UFJ Trust and Banking Corporation, The Yamaguchi Bank, Ltd. |
| (ii) | Loan amount: | 4,000,000,000 yen |
| (iii) | Interest rate, etc.: | TBD (fixed interest rate)
(Note) The interest rate will be announced when determined. |
| (iv) | Scheduled drawdown date: | February 28, 2017 |
| (v) | Borrowing method: | The Investment Corporation borrows the fund 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 2017 / 9 years, 8 years and 3 years and 6 months) dated February 23, 2017 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent. |
| (vi) | Interest payment date: | The first interest payment shall be due on May 31, 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 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 |

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.

積水ハウス・SI レジデンシャル投資法人

Sekisui House SI Residential Investment Corporation

-Tranche B (loan period: 9 years / Borrowing with fixed interest rate)-

- | | | |
|--------|-----------------------------|---|
| (i) | Lender: | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| (ii) | Loan amount: | 1,500,000,000 yen |
| (iii) | Interest rate, etc.: | TBD (fixed interest rate)
(Note) The interest rate will be announced when determined. |
| (iv) | Scheduled drawdown date: | February 28, 2017 |
| (v) | Borrowing method: | The Investment Corporation borrows the fund 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 2017 / 9 years, 8 years and 3 years and 6 months) dated February 23, 2017 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent. |
| (vi) | Interest payment date: | The first interest payment shall be due on May 31, 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 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) | Lenders: | Mizuho Bank, Ltd., Shinkin Central Bank, Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited. |
| (ii) | Loan amount: | 1,800,000,000 yen |
| (iii) | Interest rate, etc.: | TBD (fixed interest rate)
(Note) The interest rate will be announced when determined. |
| (iv) | Scheduled drawdown date: | February 28, 2017 |
| (v) | Borrowing method: | The Investment Corporation borrows the fund 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 2017 / 9 years, 8 years and 3 years and 6 months) dated February 23, 2017 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent. |
| (vi) | Interest payment date: | The first interest payment shall be due on May 31, 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 February 28, 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: | February 28, 2025 |
| (ix) | Security: | Unsecured and unguaranteed |

積水ハウス・SI レジデンシャル投資法人

Sekisui House SI Residential Investment Corporation

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

- | | | |
|--------|-----------------------------|---|
| (i) | Lender: | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| (ii) | Loan amount: | 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, 2017 |
| (v) | Borrowing method: | The Investment Corporation borrows the fund 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 2017 / 9 years, 8 years and 3 years and 6 months) dated February 23, 2017 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent. |
| (vi) | Interest payment date: | The first interest payment shall be due on May 31, 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 February 28, 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: | February 28, 2025 |
| (ix) | Security: | Unsecured and unguaranteed |

-Tranche E (loan period: 3 years and 6 months / Borrowing with fixed interest rate)-

- | | | |
|--------|-----------------------------|---|
| (i) | Lender: | Sumitomo Mitsui 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, 2017 |
| (v) | Borrowing method: | The Investment Corporation borrows the fund 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 2017 / 9 years, 8 years and 3 years and 6 months) dated February 23, 2017 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent. |
| (vi) | Interest payment date: | The first interest payment shall be due on May 31, 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 31, 2020 (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 31, 2020 |
| (ix) | Security: | Unsecured and unguaranteed |

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

- Amount to be procured: 9.5 billion yen
- Specific use of funds: Funds for refinancing the existing loans totaling 9.5 billion yen
- Schedule of expenditure: February 28, 2017

積水ハウス・SI レジデンシャル投資法人

Sekisui House SI Residential Investment Corporation

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	1,200	1,200	-
Current portion of long-term loans (to be repaid within one year or less)	14,305	4,805	(9,500)
Long-term loans	76,904	86,404	9,500
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	106,909	106,909	-
Ratio of Interest-bearing debt to total assets (LTV) (estimate) (Note 2)	50.6%	50.6%	-

(Note 1) Each of the amount and the percentage in the above are the estimated figure as of February 28, 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.

$LTV \text{ (estimate) (\%)} = (\text{Total amount of interest-bearing debt} / \text{Total assets (estimate)}) \times 100$

(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, 2016 that would have a material adverse effect on the Investment Corporation.

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