

積水ハウス・SI レジデンシャル投資法人  
Sekisui House SI Residential Investment Corporation

TRANSLATION

December 2, 2016

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.  
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Notice Concerning Partial Repayment (Early Repayment) of Loan

Sekisui House SI Residential Investment Corporation (the "Investment Corporation") hereby announces that it decided today to conduct early repayment of part of the existing loan (the "Repayment") as described below.

1. Partial Repayment of Existing Loan

(1) Description of the Repayment

- (i) Amount to be repaid: 1,800,000,000 yen  
(Note) For details of the existing loan to be repaid, please refer to the "(2) Description of the Existing Loan to be Repaid" written below.
- (ii) Scheduled repayment date: December 9, 2016
- (iii) Source for repayment: Cash on hand

(2) Description of the Existing Loan to be Repaid

The description of the existing loans to be repaid is as detailed below. The initial amount of the loan was total of 4.5 billion yen, for which partial early repayment (1.5 billion yen) (Note 1) has been implemented as of September 30, 2016. The Repayment is being made for a part of the remaining 3 billion yen.

Furthermore, while break funding costs (Note 2) will arise with the Repayment, the decision to implement the Repayment was made under the judgement, resulting from considering the reduction of interest burdens through the Repayment, that more borrowing costs (Note 3) can be eliminated than the break funding costs that will arise.

(Note 1) For details of the early repayment on September 30, 2016, please refer to the press release titled "Notice Concerning Partial Repayment (Early Repayment) of Loan" dated September 21, 2016.

(Note 2) "Break funding costs" arises when early repayment of an existing borrowing is being made and the reinvestment interest rate is smaller than the base rate, and is calculated by multiplying the difference between the base rate and reinvestment interest rate by the principal amount of early repayment, prorated (365 days a year) based on the number of actual days until the next interest payment date from the day following the date of early repayment.

(Note 3) "Borrowing costs" refer to the sum of interest expenses and borrowing related expenses.

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<Individual loan contract (August 2016 / 1 year, 8 years and 9 years) >

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

- (i) Lenders: Mizuho Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- (ii) Loan amount: 3,000,000,000 yen  
(The remaining amount after the Repayment : 1,200,000,000 yen)
- (iii) Interest rate, etc. : 0.20500% (Floating interest rate) (from November 30, 2016 to December 30, 2016)
- (iv) Drawdown date: August 31, 2016
- (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 (August 2016 / 1 year, 8 years and 9 years) dated August 26, 2016 entered into with the lenders stated in (i) above and other parties, assigning Mizuho Bank, Ltd. as individual agent.
- (vi) Principal repayment method: Lump-sum repayment on principal repayment date
- (vii) Principal repayment date: August 31, 2017
- (viii) Security: Unsecured and unguaranteed

### 2. Status of Interest-bearing Debt after the Repayment

(Unit: million yen)

	Before the Repayment (Note 1)	After the Repayment (Note 1)	Increase (Decrease)
Short-term loans	3,000	1,200	(1,800)
Current portion of long-term loans (to be repaid within one year or less)	12,205	12,205	-
Long-term loans	79,004	79,004	-
Investment corporation bonds	14,500	14,500	-
Total interest-bearing debt	108,709	106,909	(1,800)
Ratio of Interest-bearing debt to total assets (LTV) (estimate) (Note 2)	51.0%	50.6%	(0.4 points)

(Note 1) Each of the amount and the percentage in the above is the estimated figure as of December 9, 2016 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.  

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

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

### 3. Future Outlook

The Repayment will have minimal impact on the management status forecast for the 23rd fiscal period ending March 2017 (October 1, 2016 to March 31, 2017) and the 24th fiscal period ending September 2017 (April 1, 2017 to September 30, 2017) which the Investment Corporation announced on November 15, 2016, and no revision is made to the forecast.

### 4. Others

Concerning the risks associated with the Repayment, etc., there is no change from the "Investment Risks" stated in the securities registration statement (*Japanese only*) submitted on October 7, 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/>

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.