

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

TRANSLATION

February 25, 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 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 “Borrowings”) as described below.

1. Borrowing of Funds

(1) Reason for the Borrowings

The Investment Corporation is using the borrowed funds for a portion of the acquisition funds and acquisition-related expenses of domestic real estate trust beneficiary interest scheduled to be acquired on March 1, 2016.

(Note) For details concerning the domestic real estate trust beneficiary interest the Investment Corporation is scheduled to acquire on March 1, 2016, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate (KOBÉ Women’s Student Housing)” issued separately today.

(2) Description of the Borrowings

<Individual loan contract (loan period: approximately 6 months)>

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|-------|----------------------|---|
| (i) | Lenders: | Mizuho Bank, Ltd. (individual agent), Sumitomo Mitsui Banking Corporation, The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| (ii) | Loan amount: | 6,000,000,000 yen |
| (iii) | Interest rate, etc.: | Floating interest rate (base rate + 0.175%) |

(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/>). Moreover, the subsequent floating interest rates on this borrowing will be disclosed on the website of the Investment Corporation.

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|------|--------------------------|--|
| (iv) | Scheduled drawdown date: | March 1, 2016 |
| (v) | Borrowing method: | 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 2016 / 6 months) dated February 25, 2016 entered into with the lenders stated in (i) above. |
| (vi) | Interest payment date: | The first interest payment shall be due on March 31, 2016, and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on August 31, 2016 (or the business day immediately preceding the concerned date if any concerned date is not a business day). |

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- (vii) Principal repayment method: Lump-sum repayment on principal repayment date
- (viii) Principal repayment date: August 31, 2016
- (ix) Security: Unsecured and unguaranteed

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

- Amount to be procured: 6 billion yen
- Specific use of funds: For a portion of the acquisition funds and acquisition-related expenses of domestic real estate trust beneficiary interest scheduled to be acquired on March 1, 2016
- Schedule of expenditure: March 1, 2016

2. Status of Interest-Bearing Debt after the Borrowings

(Unit: million yen)

	Before the Borrowings	After the Borrowings (Note 1)	Increase (Decrease)
Short-term loans	1,200	7,200	6,000
Current portion of long-term loans (to be repaid within one year or less)	12,300	12,300	-
Long-term loans	69,709	69,709	-
Investment corporation bonds	14,500	14,500	-
Total interest-bearing debt	97,709	103,709	6,000
Interest-bearing debt ratio (Note 2)	52.4%	53.8%	1.4 points

(Note 1) Each of the amount and the percentage in the “After the Borrowings” column is the estimated figure as of March 1, 2016 based on the assumption that the Investment Corporation will obtain no new borrowings, etc. by such date.

(Note 2) In this document, the interest-bearing debt ratio is calculated by using the formula: “interest-bearing debt ratio” = “interest-bearing debt” / (“interest-bearing debt” + “unitholders’ capital”) × 100, and rounded to the first decimal place. The unitholders’ capital used in this calculation is 88,925,149,945 yen, which is the amount as of the date of this document.

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

3. Others

Concerning the risks associated with the Borrowings, etc., there is no change from the “Investment Risks” stated in the semi-annual securities report (*Japanese only*) submitted on December 18, 2015 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/>

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