

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

TRANSLATION

August 26, 2014

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 “Borrowing”) as described below.

1. Borrowing of Funds

(1) Reason for the Borrowing

The Investment Corporation is using the borrowed funds as part of funds for refinancing the existing loans totaling 12.809 billion yen due on August 29, 2014 (“the Refinancing”).

(2) Description of the Borrowing

<Individual loan contract (loan period: approximately 8 years)>

- |                                   |  |
|-----------------------------------|--|
| (i) Lenders:                      | Mizuho Bank, Ltd. (individual agent), Sumitomo Mitsui Banking Corporation and The Bank of Tokyo-Mitsubishi UFJ, Ltd.   |
| (ii) Loan amount:                 | 5,400,000,000 yen  |
| (iii) Interest rate, etc.:        | Floating interest rate (base rate + 0.50%) (Notes 1 and 2)   |
| (iv) Scheduled drawdown date:     | August 29, 2014  |
| (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 (August 2014 / 8 years) dated August 26, 2014 entered into with the lenders stated in (i) above.                       |
| (vi) Interest payment dates:      | The first interest payment shall be due on September 30, 2014 and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on August 31, 2022 (or the immediately preceding business date if such date is not a business day). |
| (vii) Principal repayment method: | Lump-sum repayment on principal repayment date   |
| (viii) Principal repayment date:  | August 31, 2022  |
| (ix) Security:                    | Unsecured and unguaranteed   |

(Note 1) The interest rate will be announced when determined. The base rate will be the 1-month Japanese Yen TIBOR announced by JBA TIBOR Administration (JBATA) on the date two business days prior to each interest payment date.

(Note 2) The interest rate applicable to the above borrowing will be fixed in effect at 0.96475% until the principal repayment date of the Borrowing based on the interest rate swap contract signed today. For details on the interest rate swap contract, please refer to the press release titled “Notice Concerning Interest Rate Swap Contract” separately issued today.

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<Individual loan contract (loan period: approximately 7 years)>

- (i) Lenders: Mizuho Bank, Ltd. (individual agent) and Sumitomo Mitsui Banking Corporation
- (ii) Loan amount: 4,400,000,000 yen
- (iii) Interest rate, etc.: Floating interest rate (base rate + 0.45%) (Notes 1 and 2)
- (iv) Scheduled drawdown date: August 29, 2014
- (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 (August 2014 / 7 years) dated August 26, 2014 entered into with the lenders stated in (i) above.
- (vi) Interest payment dates: The first interest payment shall be due on September 30, 2014 and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on August 31, 2021 (or the immediately preceding business date if such date is not a business day).
- (vii) Principal repayment method: Lump-sum repayment on principal repayment date
- (viii) Principal repayment date: August 31, 2021
- (ix) Security: Unsecured and unguaranteed

(Note 1) The interest rate will be announced when determined. The base rate will be the 1-month Japanese Yen TIBOR announced by JBA TIBOR Administration (JBATA) on the date two business days prior to each interest payment date.

(Note 2) The interest rate applicable to the above borrowing will be fixed in effect at 0.83600% until the principal repayment date of the Borrowing based on the interest rate swap contract signed today. For details on the interest rate swap contract, please refer to the press release titled "Notice Concerning Interest Rate Swap Contract" separately issued today.

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

- Amount to be procured : Total amount of 9.8 billion yen (Note)
- Specific use of funds : Funds for refinancing the existing loans totaling 12.809 billion yen
- Schedule of expenditure : August 29, 2014

(Note) The difference of 3.009 billion yen between the existing loans totaling 12.809 billion yen and the total amount of 9.8 billion yen borrowed in respect of the Borrowing is planned to be covered by funds procured through the issuance of investment corporation bonds indicated in the press release titled "Notice Concerning Issuance of Investment Corporation Bonds" announced on August 8, 2014, and cash on hand. Furthermore, the investment corporation bonds stated above will be issued on the same date as the Borrowing.

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

The status of increase and decrease in interest-bearing debt before and after the Refinancing including the issuance of the investment corporation bonds stated above is as follows:

(Unit: million yen)

	Before the Refinancing	After the Refinancing (Note 1)	Increase (Decrease)
Short-term loans	12,000	8,700	(3,300)
Current portion of long-term loans (to be repaid within one year or less)	16,159	6,650	(9,509)
Long-term loans	52,809	62,609	9,800
Investment corporation bonds	11,500	14,500	3,000
Total interest-bearing debt	92,468	92,459	(9)
Interest-bearing debt ratio (Note 2)	53.9%	53.9%	(0 point)

(Note 1) Each amount and the percentage in the "After the Refinancing" column are the estimated figures as of August 29, 2014 based on the assumption that the Investment Corporation will obtain no new borrowings, etc. by that date.

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.

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(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 79,059,711,205 yen, which is the amount as of the date of this document.

(Note 3) Money 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 submitted on June 26, 2014 that would have a material negative impact on the Investment Corporation.

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