

TRANSLATION

January 26 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 January 29, 2016.

(Note) For details concerning the domestic real estate trust beneficiary interest the Investment Corporation is scheduled to acquire on January 29, 2016, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interest in Domestic Real Estate (Prime Maison YOKOHAMA NIHON-ODORI)” issued separately today.

(2) Description of the Borrowings

<Individual loan contract (loan period: approximately 7 years and 7 months / Tranche A (Borrowing with floating interest rate)>

- |       |                          |  |
|-------|--------------------------|--|
| (i)   | Lenders:                 | Mizuho Bank, Ltd. (individual agent), Mizuho Trust & Banking Co., Ltd.,<br>Sumitomo Mitsui Banking Corporation   |
| (ii)  | Loan amount:             | 1,900,000,000 yen  |
| (iii) | Interest rate, etc.:     | Floating interest rate (base rate + 0.400%)<br>(Note1) 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 the drawdown date and the immediately preceding interest payment date of each interest payment date.<br>(Note2) The interest rate applicable to the above borrowing will be fixed in effect at 0.68030% 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. |
| (iv)  | Scheduled drawdown date: | January 29, 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 (January 2016 / 7 years and 7 months / Tranche A) dated January 26, 2016 entered into with the lenders stated in (i) above.  |
| (vi)  | Interest payment date:   | The first interest payment shall be due on February 29, 2016, and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on August 31, 2023 (or the business day immediately preceding the concerned date if any concerned date is not a business day).  |

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Sekisui House SI Residential Investment Corporation

- (vii) Principal repayment method: Lump-sum repayment on principal repayment date  
(viii) Principal repayment date: August 31, 2023  
(ix) Security: Unsecured and unguaranteed

<Individual loan contract (loan period: approximately 7 years and 7 months / Tranche B (Borrowing with fixed interest rate)>

- (i) Lenders: Mizuho Bank, Ltd. (individual agent), Development Bank of Japan Inc.  
(ii) Loan amount: 2,200,000,000 yen  
(iii) Interest rate, etc.: TBD (fixed interest rate)  
(Note) The interest rate will be announced when determined.  
(iv) Scheduled drawdown date: January 29, 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 (January 2016 / 7 years and 7 months / Tranche B) dated January 26, 2016 entered into with the lenders stated in (i) above.  
(vi) Interest payment date: The first interest payment shall be due on February 29, 2016, 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, 2023 (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, 2023  
(ix) Security: Unsecured and unguaranteed

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

- Amount to be procured: 4.1 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 January 29, 2016
- Schedule of expenditure: January 29, 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	1,200	-
Current portion of long-term loans (to be repaid within one year or less)	2,800	2,800	-
Long-term loans	75,109	79,209	4,100
Investment corporation bonds	14,500	14,500	-
Total interest-bearing debt	93,609	97,709	4,100
Interest-bearing debt ratio (Note 2)	51.3%	52.4%	1.1 points

(Note 1) Each of the amount and the percentage in the “After the Borrowings” column is the estimated figure as of January 29, 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.

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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### 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 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/>