

TRANSLATION

March 29, 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 interests scheduled to be acquired on April 1, 2016.

(Note) For details concerning the domestic real estate trust beneficiary interests the Investment Corporation is scheduled to acquire on April 1, 2016, please refer to the press release titled “Notice Concerning Acquisition of Trust Beneficiary Interests in Domestic Real Estate (Prime Maison SHIBUYA and 3 Other Properties)” dated March 25, 2016 issued by the Investment Corporation.

(2) Description of the Borrowings

<Individual loan contract (loan period: approximately 7 years and 11 months / Tranche A (Borrowing with floating interest rate)>

(i) Lenders: Mizuho Bank, Ltd., Aozora Bank, Ltd., The Norinchukin Bank, Mizuho Trust & Banking Co., Ltd., Sumitomo Mitsui Banking Corporation, Sumitomo Mitsui Trust Bank, Limited, The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Yamaguchi Bank, Ltd., Resona Bank, Limited.

(ii) Loan amount: 4,750,000,000 yen

(iii) Interest rate, etc.: Floating interest rate (base rate + 0.425%)

(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.

(iv) Scheduled drawdown date: April 1, 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 (March 2016 / 7 years and 11 months / Tranche A) dated March 29, 2016 entered into with the lenders stated in (i) above, assigning Mizuho Bank, Ltd. as individual agent.

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- (vi) Interest payment date: The first interest payment shall be due on April 30, 2016, and subsequent interest payments shall be due on the last day of every month thereafter until the final interest payment on February 29, 2024 (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 29, 2024
- (ix) Security: Unsecured and unguaranteed

<Individual loan contract (loan period: approximately 7 years and 11 months / Tranche B (Borrowing with fixed interest rate)>

- (i) Lenders: The Senshu Ikeda Bank, Ltd., The Shizuoka Bank, Ltd., The 77 Bank, Ltd., Shinkin Central Bank, Development Bank of Japan Inc., The Hiroshima Bank, Ltd., The Bank of Fukuoka, Ltd., Mitsubishi UFJ Trust and Banking Corporation
- (ii) Loan amount: 1,750,000,000 yen
- (iii) Interest rate, etc.: TBD (fixed interest rate)
(Note) The interest rate will be announced when determined.
- (iv) Scheduled drawdown date: April 1, 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 (March 2016 / 7 years and 11 months / Tranche B) dated March 29, 2016 entered into with the lenders stated in (i) above, assigning Mizuho Bank, Ltd. as individual agent.
- (vi) Interest payment date: The first interest payment shall be due on May 31, 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 February 29, 2024 (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 29, 2024
- (ix) Security: Unsecured and unguaranteed

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

- Amount to be procured: 6.5 billion yen
- Specific use of funds: For a portion of the acquisition funds and acquisition-related expenses of domestic real estate trust beneficiary interests scheduled to be acquired on April 1, 2016
- Schedule of expenditure: April 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	7,200	7,200	-
Current portion of long-term loans (to be repaid within one year or less)	12,300	12,300	-
Long-term loans	69,709	76,209	6,500
Investment corporation bonds	14,500	14,500	-
Total interest-bearing debt	103,709	110,209	6,500
Interest-bearing debt ratio (Note 2)	53.8%	55.3%	1.5 points

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 1) Each of the amount and the percentage in the “After the Borrowings” column is the estimated figure as of April 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/>