

August 27, 2020

Real Estate Investment Trust Securities Issuer
 Sekisui House Reit, Inc.
 Representative: Junichi Inoue, Executive Director
 (Securities Code: 3309)

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Notice Concerning Borrowing of Funds (Determination of Interest Rate) and
Establishment of Interest Rate Swap

Sekisui House Reit, Inc. (“SHR”) announces today that, concerning the borrowing of funds (the “Borrowings”) announced in the press release “Notice Concerning Borrowing of Funds and Early Repayment of Existing Borrowings” dated August 21, 2020, the interest rate of the fixed interest rate borrowing indicated to as “To be determined” in that press release has been determined, and SHR has established interest rate swap for long-term borrowing with floating interest rate in that press release as described below.

1. Borrowing of Funds (Determination of Interest Rate)

Fixed Interest Rate Borrowing

Category	Lender	Borrowing amount (mm yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	MUFG Bank, Ltd.	400	0.287%	August 31, 2020	Borrowing based on individual loan agreement, dated August 21, 2020. The lender under the loan agreement is as indicated to the left of this table.	February 28, 2025	Lump-sum repayment at maturity	Unsecured and Unguaranteed
		1,370	0.450%			August 31, 2027		
Total		1,770	—	—	—	—	—	—

2. Establishment of Interest Rate Swap

(1) Reason for Establishment

Interest rate swap has been established in order to hedge the risk of interest rate fluctuations by converting the interest rate payable into a fixed rate for the floating interest rate borrowing based on the individual loan agreement concluded on August 21, 2020 stated in “(2) Content of Interest Rate Swap” below.

(2) Content of Interest Rate Swap

a. Interest rate swap agreement (Contract period: 4 years and 6 months)

(i) Counterparty	Nomura Securities Co., Ltd.
(ii) Notional principal	4,000million yen
(iii) Interest rate	Fixed interest rate payable 0.297% Floating interest rate receivable JBA 3-month JPY TIBOR plus 0.190%
(iv) Commencement date	August 31, 2020
(v) Termination date	February 28, 2025
(vi) Interest payment date	The first interest payment date shall be the last day of November 2020, and subsequent interest payment dates shall be the last days of every three months and the principal repayment date (however, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date).

(Note) Conclusion of the interest rate swap agreement will, in effect, fix the interest rate for the below borrowing at 0.297%. The floating interest rate receivable under the interest rate swap agreement stated above will not be less than 0% because the agreement is subject to a floor rate.

<Hedge target>

Category	Lender	Borrowing amount (mm yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Mizuho Bank, Ltd.	300	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.190%	August 31, 2020	Borrowing based on individual loan agreement, dated August 21, 2020. The lenders under the loan agreement are as indicated to the left of this table.	February 28, 2025	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Sumitomo Mitsui Banking Corporation	500						
	Sumitomo Mitsui Trust Bank, Limited	2,500						
	Resona Bank, Limited.	500						
	The Bank of Fukuoka, Ltd.	200						
Total		4,000	—	—	—	—	—	—

b. Interest rate swap agreement (Contract period: 7 years)

(i) Counterparty	Nomura Securities Co., Ltd.
(ii) Notional principal	6,030 million yen
(iii) Interest rate	Fixed interest rate payable 0.466% Floating interest rate receivable JBA 3-month JPY TIBOR plus 0.315%
(iv) Commencement date	August 31, 2020
(v) Termination date	August 31, 2027
(vi) Interest payment date	The first interest payment date shall be the last day of November 2020, and subsequent interest payment dates shall be the last days of every three months and the principal repayment date (however, if the concerned date is not a business day, then it shall be the next business day, and if that next business day falls into the next calendar month, then it shall be the business day immediately preceding the concerned date).

(Note) Conclusion of the interest rate swap agreement will, in effect, fix the interest rate for the below borrowing at 0.466%. The floating interest rate receivable under the interest rate swap agreement stated above will not be less than 0% because the agreement is subject to a floor rate.

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Category	Lender	Borrowing amount (mm yen)	Interest rate	Drawdown date	Borrowing method	Repayment date	Repayment method	Security
Long-term	Mizuho Bank, Ltd.	990	Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.315%	August 31, 2020	Borrowing based on individual loan agreement, dated August 21, 2020. The lenders under the loan agreement are as indicated to the left of this table.	August 31, 2027	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Sumitomo Mitsui Banking Corporation	1,840						
	Sumitomo Mitsui Trust Bank, Limited	600						
	Mizuho Trust & Banking Co., Ltd.	700						
	Resona Bank, Limited.	500						
	The Norinchukin Bank	400						
	Shinkin Central Bank	200						
	The Senshu Ikeda Bank, Ltd.	200						
	The 77 Bank, Ltd.	400						
	The Yamaguchi Bank, Ltd.	200						
Total		6,030	—	—	—	—	—	—

3. Other Matters Necessary for Investors' Appropriate Understanding/Judgment of Relevant Information

With regard to risks associated with the determination of interest rate and establishment of interest rate swap of the Borrowings, neither of them will result in any change from the contents of "Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities report submitted on July 27, 2020.

*Sekisui House Reit, Inc. website: <https://sekisuihouse-reit.co.jp/en/>