

July 24, 2015

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, Establishment of Interest Rate Swaps
 and Early Repayment of Existing Borrowing**

Sekisui House Reit, Inc. (“SHR”) announces that it decided today to conduct the borrowing of funds (the “Borrowing”), establishment of interest rate swaps and early repayment of an existing loan (the “Early Repayment”) for the purpose of promotion of long-term and fixed interest-bearing debt as well as for the purpose of diversification of lenders and repayment due date based on the financial strategy as described below.

I. Borrowing of Funds

1. Content of the Borrowing

<Fixed interest rate borrowing>

Category	Lender	Loan amount (mm yen)	Interest rate (Note 1)	Drawdown date	Borrowing method	Repayment due date (Note 4)	Repayment method (Note 5)	Security
Long term	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1,650	0.61760% (Note 2)	Jul. 31, 2015	Borrowing based on the individual loan agreements dated Jul. 24, 2015, with the lender shown to the left as the loaner	Nov. 30, 2020	Lump-sum payment at maturity	Unsecured Unguaranteed
		700	0.88470% (Note 2)			Nov. 30, 2022		
		750	1.00850% (Note 2)			Nov. 30, 2023		
	Development Bank of Japan, Inc.	650	0.88500% (Note 3)			Nov. 30, 2022		

(Note 1) Borrowing expenses, etc. payable to the lender are not included.

(Note 2) The first interest payment date shall be the last day of August 2015, and subsequent interest payment dates shall be the last day of every month and the principal repayment due 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. The first interest calculation period shall be from July 31, 2015 to the last day of August 2015.

(Note 3) The first interest payment date shall be the last day of November 2015, and subsequent interest payment dates shall be the last day of every May and November and the principal repayment due 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. The first interest calculation period shall be from July 31, 2015 to the last day of November 2015.

(Note 4) If the concerned date is not a business day, then the repayment due date 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 5) During the period from the Borrowing’s drawdown to the repayment due date, SHR may make early repayment of loans, in whole or in part, if SHR gives prior written notice and other certain terms and conditions are met.

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<Floating interest rate borrowing>

Category	Lender	Loan amount (mm yen)	Interest rate (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment due date (Note 8)	Repayment method (Note 9)	Security
Long term	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	5,350	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.375% (Note 6) (Note 7)	Jul. 31, 2015	Borrowing based on the individual loan agreements dated Jul. 24, 2015, with the lender shown to the left as the loaner	Nov. 30, 2020	Lump-sum payment at maturity	Unsecured Unguaranteed
	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 2)	1,650	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.50% (Note 6) (Note 7)			Nov. 30, 2022		
	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 3)	2,350	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.55% (Note 6) (Note 7)			Nov. 30, 2023		

(Note 1) The loan syndicate comprises Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, The Norinchukin Bank, and Mizuho Trust & Banking Co., Ltd.

(Note 2) The loan syndicate comprises Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited and Resona Bank, Limited.

(Note 3) The loan syndicate comprises Sumitomo Mitsui Banking Corporation, Mizuho Bank, Ltd., Sumitomo Mitsui Trust Bank, Limited, Resona Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation and Mizuho Trust & Banking Co., Ltd.

(Note 4) Borrowing expenses, etc. payable to the lender are not included.

(Note 5) The base rate applicable to the calculation period for the interest payable on an interest payment date shall be the one-month Japanese Yen TIBOR (Tokyo Interbank Offered Rate) published by JBA TIBOR Administration two business days prior to the interest payment date immediately preceding the respective interest payment date. The base rate is subject to review every interest payment date. However, in cases where there is no rate corresponding to the interest calculation period, the base rate shall be the base rate corresponding to the concerned period calculated based on the method provided in the contract.

For changes in the base rate, Japanese Bankers Association (JBA) Japanese Yen TIBOR, please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>).

(Note 6) The first interest payment date shall be the last day of August 2015, and subsequent interest payment dates shall be the last day of every month and the principal repayment due 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. The first interest calculation period shall be from July 31, 2015 to the last day of August 2015.

(Note 7) The interest rate payable has been converted into a fixed rate through an interest rate swap agreement. Please refer to "II. Establishment of Interest Rate Swaps" later in this document for details.

(Note 8) If the concerned date is not a business day, then the repayment due date 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 9) During the period from the Borrowing's drawdown to the repayment due date, SHR may make early repayment of loans, in whole or in part, if SHR gives prior written notice and other certain terms and conditions are met.

2. Reason for the Borrowing

The Borrowing is for use as repayment funds of existing borrowings.

3. Amount, Use and Scheduled Outlay of Funds to be Procured from the Borrowing
(1) Amount of funds to be procured

Total of 13,100 million yen

(2) Specific use of funds to be procured

Funds for early repayment of existing borrowing

(3) Scheduled outlay

July 31, 2015

II. Establishment of Interest Rate Swaps

1. Reason for Establishment

Interest rate swaps have 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 agreements concluded today stated in “2. Content of Establishment” below.

2. Content of Establishment

<Borrowing for which interest rate swap agreement has been concluded>

Category	Lender	Loan amount (mm yen)	Interest rate	Drawdown date	Borrowing method	Repayment due date	Repayment method	Security
Borrowing ①	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger	5,350	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.375%	Jul. 31, 2015	Borrowing based on the individual loan agreements dated Jul. 24, 2015, with the lender shown to the left as the loaner	Nov. 30, 2020	Lump-sum payment at maturity	Unsecured Unguaranteed
Borrowing ②		1,650	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.50%			Nov. 30, 2022		
Borrowing ③		2,350	Interest rate of base rate (JBA 1-month JPY TIBOR) plus 0.55%			Nov. 30, 2023		

<Interest rate swap agreement for borrowing ①>

① Counterparty	Nomura Securities Co., Ltd.
② Notional principal	5,350 million yen
③ Interest rate	Fixed interest rate payable 0.25260% Floating interest rate receivable JBA 1-month JPY TIBOR
④ Commencement date	July 31, 2015
⑤ Termination date	November 30, 2020
⑥ Interest payment date	The first interest payment date shall be the last day of August 2015, and subsequent interest payment dates shall be the last day of every month and the termination 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 borrowing ① at 0.62760%.

<Interest rate swap agreement for borrowing ②>

① Counterparty	Nomura Securities Co., Ltd.
② Notional principal	1,650 million yen
③ Interest rate	Fixed interest rate payable 0.39470% Floating interest rate receivable JBA 1-month JPY TIBOR
④ Commencement date	July 31, 2015
⑤ Termination date	November 30, 2022
⑥ Interest payment date	The first interest payment date shall be the last day of August 2015, and subsequent interest payment dates shall be the last day of every month and the termination 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 borrowing ② at 0.89470%.

<Interest rate swap agreement for borrowing ③>

① Counterparty	Mitsubishi UFJ Trust and Banking Corporation
② Notional principal	2,350 million yen
③ Interest rate	Fixed interest rate payable 0.46850% Floating interest rate receivable JBA 1-month JPY TIBOR
④ Commencement date	July 31, 2015
⑤ Termination date	November 30, 2023
⑥ Interest payment date	The first interest payment date shall be the last day of August 2015, and subsequent interest payment dates shall be the last day of every month and the termination 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 borrowing ③ at 1.01850%.

II. Early Repayment of Existing Borrowing
1. Content of the Early Repayment

Category	Lender	Initial loan amount (mm yen)	Initial drawdown date	Balance of loan as of today (mm yen)	Balance after repayment (mm yen)	Scheduled repayment date
Short term	Loan syndicate with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as arranger (Note 1)	16,600	May 19, 2015	13,100	—	July 31, 2015

(Note 1) The loan syndicate comprises The Bank of Tokyo-Mitsubishi UFJ, Ltd. and Sumitomo Mitsui Banking Corporation.

(Note 2) For details of the borrowing, please refer to the “Notice Concerning Borrowing of Funds” dated May 15, 2015, “Notice Concerning Partial Early Repayment of Borrowing” dated June 10, 2015 and “Notice Concerning Partial Early Repayment of Borrowing” dated July 14, 2015.

2. Funds for Repayment

The borrowing of 13,100 million yen based on the individual loan agreements dated concluded as of today as described in above “I. Borrowing of Funds” will be used for the Early Repayment.

IV. Status of Loans, Etc. After the Borrowing and the Early Repayment

(Unit: million yen)

	Before the Borrowing and Early Repayment	After the Borrowing and Early Repayment	Increase (Decrease)
Short-term loans (Note)	13,100	—	(13,100)
Long-term loans (Note)	55,000	68,100	13,100
Total loans	68,100	68,100	—
Investment corporation bonds	—	—	—
Total interest-bearing liabilities	68,100	68,100	—

(Note) Short-term loans refer to loans due for repayment in a period of one year or less, and long-term loans refer to loans due for repayment in a period of more than one year.

V. Future Outlook

There are no changes to the forecast of management status and distribution as the Borrowing, establishment of interest rate swaps and the Early Repayment are already incorporated in the management status and distribution forecast for the fiscal period ending October 2015 (May 1, 2015 – October 31, 2015) and the fiscal period ending April 2016 (November 1, 2015 – April 30, 2016) announced on June 15, 2015.

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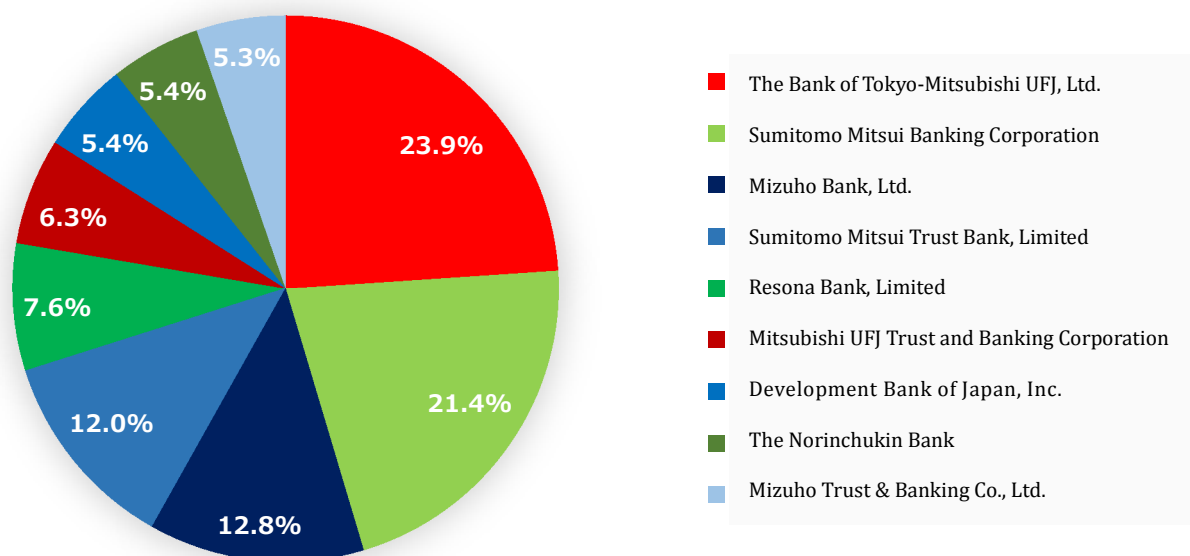
VI. Other Matters Necessary for Investors' Appropriate Understanding/Judgment of Concerned Information

Concerning the risks associated with borrowings, etc., there is no change from the content of "Part 2. Fund Information; Section 1. Status of Fund; 3. Investment Risks" of the securities registration statement submitted on April 24, 2015.

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

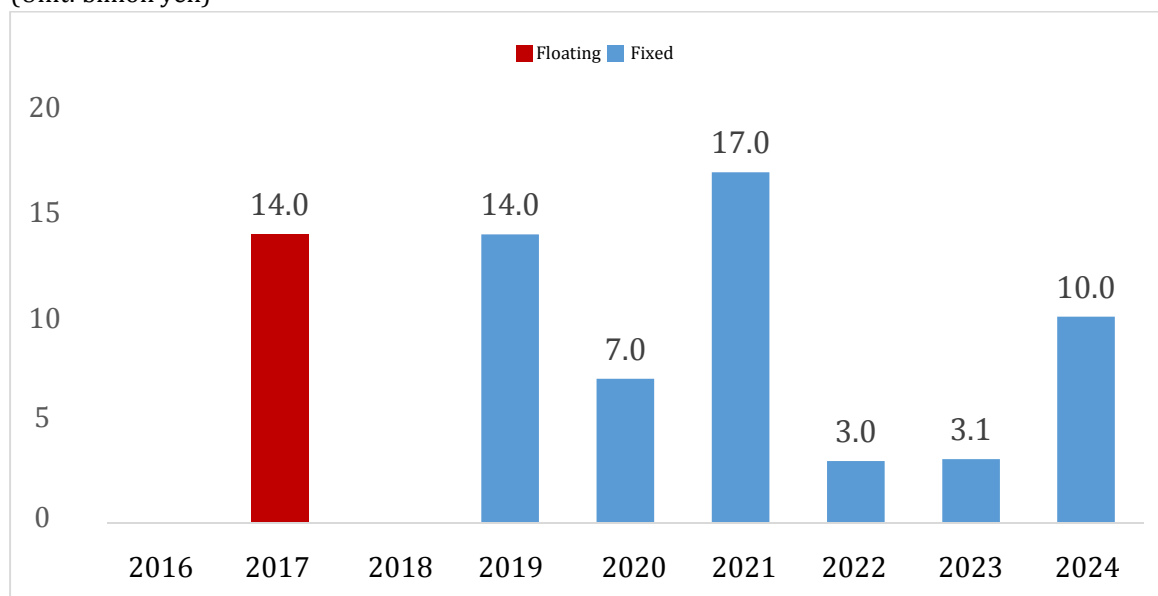
Reference Information

<Diversification Status of Lenders (as of July 31, 2015 (scheduled))>



<Diversification Status of Repayment Dates (as of July 31, 2015 (scheduled))>

(Unit: billion yen)



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