

February 25, 2019

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

Sekisui House Reit, Inc. (“SHR”) hereby announces that it has decided today to undertake a new loan (the “Borrowing”) as described below.

1. Terms of the Borrowing

<Fixed Interest Rate Borrowing>

Category	Lenders (Note 1)	Loan Amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment date (Note 6)	Repayment method (Note 7)	Security
Long term	MUFG Bank, Ltd.	300	To be determined	February 28, 2019	Borrowing based on individual loan agreement, dated February 26, 2019. The lenders under the loan agreement are as indicated to the left of this table.	August 30, 2024	Lump-sum repayment at maturity	Unsecured and Unguaranteed
	Development Bank of Japan Inc.	376						
	MUFG Bank, Ltd.	450				February 26, 2027		
	Development Bank of Japan Inc.	565						
Total		1,691	-	-	-	-	-	-

(Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation are arrangers of the Borrowing.

(Note 2) The borrowing expenses and other charge payable to the lenders are not included.

(Note 3) The first interest payment date will be the last day of August 2019. Subsequent interest payment dates will be the last day of February and August of each year and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 4) This first interest calculation period is from February 28, 2019 to the last day of August 2019.

(Note 5) Interest rate will be announced once determined.

(Note 6) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 7) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the loans (in whole or in part) in the period between the drawdown date and the repayment date.

<Floating Interest Rate Borrowing>

Category	Lenders (Note 1)	Loan Amount (mm yen)	Interest rate (Note 2) (Note 3) (Note 4) (Note 5)	Drawdown date	Borrowing method	Repayment date (Note 6)	Repayment method (Note 7)	Security				
Short term	MUFG Bank, Ltd.	2,600	Base rate (JBA 1- month Japanese Yen TIBOR) plus 0.170%	February 28, 2019	Borrowing based on individual loan agreement, dated February 26, 2019. The lenders under the loan agreement are as indicated to the left of this table.	February 28, 2020	Lump-sum repayment at maturity	Unsecured and Unguaranteed				
	Mizuho Bank, Ltd.	1,900										
	Sumitomo Mitsui Banking Corporation	2,000										
Long term	Mizuho Bank, Ltd.	2,459	Base rate (JBA 1- month Japanese Yen TIBOR) plus 0.240%							August 30, 2024		
	Sumitomo Mitsui Banking Corporation	260										
	Mizuho Trust & Banking Co., Ltd.	900										
	Mizuho Bank, Ltd.	1,332	Base rate (JBA 1- month Japanese Yen TIBOR) plus 0.365%							February 26, 2027		
	Sumitomo Mitsui Banking Corporation	390										
	Mizuho Trust & Banking Co., Ltd.	1,350										
Total		13,191	-	-	-	-	-					

(Note 1) MUFG Bank, Ltd., Mizuho Bank, Ltd. and Sumitomo Mitsui Banking Corporation are arrangers of the Borrowing.

(Note 2) The borrowing expenses and other charge payable to the lenders are not included.

(Note 3) 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 the Japanese Bankers Association (JBA) TIBOR Administration two business days immediately prior to the relevant interest payment date. The base rate is subject to review every interest payment date. Where no rate that corresponds to the interest calculation period exists, the base rate shall be that which corresponds to the concerned period calculated based on the method provided for in the relevant loan agreement. For changes in the base rate (being the Japanese Yen TIBOR published by JBA), please check the website of JBA TIBOR Administration (<http://www.jbatibor.or.jp/english/rate/>). In addition, interest rate swap agreement will be executed to long term borrowings in order to effectively fix the interest rate of debt finance. There will be an announcement regarding the interest rate fixed on the basis of the interest rate swap agreement to be arranged, once such details have been determined.

(Note 4) The first interest payment date will be the last day of March 2019. Subsequent interest payment dates will be the last day of every month and the principal repayment date. Where the relevant date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls into the next calendar month) the immediately preceding business day.

(Note 5) The first interest calculation period is from February 28, 2019 to the last day of March 2019.

(Note 6) Where the repayment date is not a business day, such date will be the immediately following business day or (if the immediately following business day falls in the next calendar month) the immediately preceding business day.

(Note 7) SHR may, by giving prior written notice and if certain other terms and conditions are met, make early repayment of the loans (in whole or in part), in the period between the drawdown date and the repayment date.

2. Purpose of the Borrowing

The Borrowing is for use as repayment funds of the existing borrowings (12,382 million yen) which shall be due for repayment on February 28, 2019 (“Existing Borrowings”) and the existing investment corporation bond (2,500 million yen) which shall be due for redemption on the same day (“Existing Bond”) (Note 1). For details of the Existing Borrowings, please refer to “Notice Concerning Debt Financing” (Japanese only) announced by Sekisui House Residential Investment Corporation (“SHI”) (Note 2) on July 30, 2012, “Notice Concerning Debt Financing” announced by SHI on February 5, 2013 and “Notice Concerning Borrowing of Funds” announced by SHI on February 21, 2018. In addition to it, please refer to “Notice Concerning Issuance of Investment Corporation Bonds” announced by SHI on February 18, 2014 for details of the Existing Bond.

(Note 1) SHR was planning to issue green bond in February 2019 for use as repayment funds of the Existing Borrowings and the Existing Bond, however, SHR decided to postpone the issuance due to the current rate environment. For details of the green bond, please refer to “Notice Concerning the Submission of Amendment of Shelf Registration Statement for Green Bond Issuance” announced on December 14, 2018.

(Note 2) SHR executed an absorption-type merger, with May 1, 2018 as the effective date, whereby SHR was the surviving company and SHI was the dissolving company in the merger. Therefore, the debt obligation of SHI related to the Existing Borrowings and the Existing Bond was succeeded by SHR.

3. Amount, Use and Scheduled Outlay of Funds to be Procured from the Borrowing

(1) Amount of funds to be procured

14,882 million yen

(2) Specific use of funds to be procured

Funds for repayment of the Existing Borrowings (12,382 million yen) and for redemption of the Existing Bond (2,500 million yen).

(3) Scheduled outlay

February 28, 2019

4. Status of Loans, etc. after the Borrowing

(Unit: million yen)

	Before the Borrowing	After the Borrowing	Increase (Decrease)
Short-term loans (Note)	17,000	23,500	6,500
Long-term loans (Note)	182,432	178,432	(4,000)
(repayment due within one year)	33,174	20,792	(12,382)
Total loans	199,432	201,932	2,500
Investment corporation bonds	15,500	13,000	(2,500)
(redemption due within one year)	4,500	2,000	(2,500)
Total interest-bearing liabilities	214,932	214,932	—

(Note) Short-term loans refer to loans due for repayment within a period of one year or less from the relevant drawdown date, and long-term loans refer to loans due for repayment within a period of more than one year from the relevant drawdown date.

5. Future Outlook

There are no changes to the forecast of operating results and distribution for fiscal periods ending April 30, 2019 and October 31, 2019 stated in the “Notice Concerning Revisions to the Forecast of Operating Results and Distributions for the Fiscal Periods Ending April 30, 2019 and October 31, 2019” announced on January 29, 2019 by SHR.

6. Other Matters Necessary for Investors’ Appropriate Understanding/Judgment of Relevant Information

With regard to risks associated with the Borrowing, there is no change from the contents of “Part 1. Fund Information; Section 1. Status of Fund; 3. Investment Risks” of the securities report submitted on January 28, 2019.

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

Disclaimer: This translation is for informational purposes only. If there is any discrepancy between the Japanese version and the English translation, the Japanese version shall prevail.