

February 26, 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” dated February 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 | Loan amount (mm yen) | Interest rate | Drawdown date | Borrowing method | Repayment date | Repayment method | Security |
|-----------|-----------------|-------------------------|---------------|-------------------|---|-----------------|--------------------------------|----------------------------|
| Long-term | MUFG Bank, Ltd. | 2,500 | 0.280% | February 28, 2020 | Borrowing based on individual loan agreement, dated February 21, 2020. The lender under the loan agreement is as indicated to the left of this table. | August 29, 2025 | Lump-sum repayment at maturity | Unsecured and Unguaranteed |
| | | 1,542 | 0.475% | | | August 31, 2028 | | |
| Total | | 4,042 | — | — | — | — | — | — |

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 February 21, 2020 stated in “(2) Content of Interest Rate Swap” below.

(2) Content of Interest Rate Swap

a. Interest rate swap agreement (Contract period: 5 years and 6 months)

| | |
|----------------------------|--|
| (i) Counterparty | Sumitomo Mitsui Trust Bank, Limited |
| (ii) Notional principal | 1,405million yen |
| (iii) Interest rate | Fixed interest rate payable 0.29150% Floating interest rate receivable JBA 3-month JPY TIBOR plus 0.240% |
| (iv) Commencement date | February 28, 2020 |
| (v) Termination date | August 29, 2025 |
| (vi) Interest payment date | The first interest payment date shall be the last day of May 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 0.29150%. 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 | Loan amount (mm yen) | Interest rate | Drawdown date | Borrowing method | Repayment date | Repayment method | Security |
|-----------|-------------------------------------|----------------------|--|-------------------|---|-----------------|--------------------------------|----------------------------|
| Long-term | Mizuho Bank, Ltd. | 605 | Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.240% | February 28, 2020 | Borrowing based on individual loan agreement, dated February 21, 2020. The lenders under the loan agreement are as indicated to the left of this table. | August 29, 2025 | Lump-sum repayment at maturity | Unsecured and Unguaranteed |
| | Sumitomo Mitsui Banking Corporation | 800 | | | | | | |
| Total | | 1,405 | — | — | — | — | — | — |

b. Interest rate swap agreement (Contract period: 8 years and 6 months)

| | |
|----------------------------|--|
| (i) Counterparty | Nomura Securities Co., Ltd. |
| (ii) Notional principal | 1,945 million yen |
| (iii) Interest rate | Fixed interest rate payable 0.49500% Floating interest rate receivable JBA 3-month JPY TIBOR plus 0.380% |
| (iv) Commencement date | February 28, 2020 |
| (v) Termination date | August 31, 2028 |
| (vi) Interest payment date | The first interest payment date shall be the last day of May 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 0.49500%. 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 | Loan amount (mm yen) | Interest rate | Drawdown date | Borrowing method | Repayment date | Repayment method | Security |
|-----------|-------------------------------------|----------------------|--|-------------------|---|-----------------|--------------------------------|----------------------------|
| Long-term | Mizuho Bank, Ltd. | 400 | Base rate (JBA 3-month Japanese Yen TIBOR) plus 0.380% | February 28, 2020 | Borrowing based on individual loan agreement, dated February 21, 2020. The lenders under the loan agreement are as indicated to the left of this table. | August 31, 2028 | Lump-sum repayment at maturity | Unsecured and Unguaranteed |
| | Sumitomo Mitsui Banking Corporation | 545 | | | | | | |
| | Mizuho Trust & Banking Co., Ltd. | 500 | | | | | | |
| | Resona Bank, Limited. | 500 | | | | | | |
| Total | | 1,945 | — | — | — | — | — | — |

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 January 27, 2020.

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