Japan Rental Housing Investments Inc.

English Translation
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To All Concerned Parties

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Notice Concerning Revision of Management Performance and Distribution Forecasts for the Tenth Fiscal Period Ending March 31, 2011

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided to revise its management performance forecasts and distribution forecasts for the tenth fiscal period ending March 31, 2011 (from October 1, 2010 to March 31, 2011), which had been previously announced in the press release, “Notice Concerning Revision of Management Performance and Distribution Forecasts for the Tenth Fiscal Period Ending March 31, 2011,” dated March 3, 2011. The Investment Corporation is planning an increase of 25 yen (+2.4%) in distributions per unit from the 1,050 yen announced on March 3, 2011, to make distributions per unit 1,075 yen. Details are provided below.

1. Details of Revision

	Operating Revenues (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Distribution per Unit (yen)	Distribution in Excess of Earnings per Unit (yen)
Last announced forecast (A)	5,657	627	-338	-339	1,050	0
Revised forecast (B)	5,632	680	-237	-2,785	1,075	0
Amount of change (B – A)	-24	53	101	-2,446	25	0
Percentage change (B – A) / (A)	-0.4%	8.5%	—	—	2.4%	—

(Note 1) Number of total investment units issued : 1,330,800 units
(Note 2) Percentages are rounded to the first decimal place
(Note 3) Operating revenues announced in the press release, “Notice Concerning Revision of Management Performance and Distribution Forecasts for the Tenth Fiscal Period Ending March 31, 2011” dated March 3, 2011, includes a net loss from the sale of assets of 1,688 million yen, comprised of capital gain on fixed assets of 35 million yen and capital loss on fixed assets of 1,723 million yen. However, in this press release, we have posted total amounts separately, i.e. capital gain on fixed assets of 35 million yen as part of operating revenues, and capital loss on fixed assets of 1,723 million yen as part of operating expenses.

Reference: Management forecasts for the tenth fiscal period (ending March 31, 2011) excluding impact from the transfer of assets and impairment loss, etc. (Note 1)

	Operating Revenues (million yen)	Operating Income (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Distribution per Unit (yen)	Distribution in Excess of Earnings per Unit (yen)
Last announced forecast (A)	5,631	2,310	1,397	1,397	1,050	0
Revised forecast (B)	5,607	2,379	1,495	1,430	1,075	0
Amount of change (B – A)	-24	69	98	33	25	0
Percentage change (B – A) / (A)	-0.4%	3.0%	7.0%	2.4%	2.4%	—

(Note 1) "Transfer of Assets" refers to transfer of assets as decided on February 23, 2011 and March 3, 2011 (for details, please refer to the "Notice Concerning Transfer of Asset", dated February 23, 2011 and March 3, 2011).

2. Reasons for Revision

(1) Impairment loss

The overall management performance of the Investment Corporation for the fiscal period ended March 31, 2011 (tenth fiscal period: October 1, 2010 to March 31, 2011) was slightly better than revised management forecasts announced on March 3, 2011 in terms of operating income, ordinary income and net income when excluding repair and maintenance expenses in relation to the Great East Japan Earthquake that occurred on March 11, 2011 and the processing of impairment loss for three owned properties as mentioned below. The Investment Corporation comprehensively considered the negative effects that an economic slowdown occurring as a result of the Great East Japan Earthquake may have on the luxury rental property market and carefully assessed the estimated recoverable amount of future cash flow and real estate appraisal values, among other things. As a result, it was judged that impairment loss processing for three premium-type properties would be appropriate. It is projected that implementation of this processing will result in an impairment loss of 2,483 million yen and a net loss for the fiscal period under review of 2,785 million yen. We are planning to prevent the said loss from impacting distributions by utilizing reserve for dividends which had originated from negative goodwill that was posted in the ninth fiscal period, just as was done for losses arising from the transfer of assets, etc. Moreover, in the event that impairment loss arises during the eleventh fiscal period and onwards, we are planning to prevent the said loss from impacting distributions by utilizing the outstanding balance of reserve for dividends until it runs out. (The outstanding balance of negative goodwill as of the end of the tenth fiscal period after part of it is applied to the impairment loss, which is the subject of this press release, is projected to be about 8 billion yen.)

Impairment Loss Properties

Property No.	Property Name	Type	Area (Note 1)	Asset Type	Impairment Loss (million yen) (Note 2)
P-4-002	c-MA1	Premium	Seven central wards of Tokyo	Trust beneficiary interests	295
P-4-004	c-MA3	Premium	Seven central wards of Tokyo	Real estate	669
P-4-006	n-OM1	Premium	Seven central wards of Tokyo	Trust beneficiary interests	1,518
Total					2,483

(Note 1) The seven wards of central Tokyo mean Chiyoda, Chuo, Minato, Shinjuku, Shibuya, Setagaya, and Meguro wards.
(Note 2) The amounts of impairment loss are rounded down to the nearest JPY million.

Also, with regards to premium-type properties (seven properties), the Investment Corporation sold three properties and processed impairment losses for three properties during the fiscal period under review. Therefore, the book value of premium-type properties (four properties) as of the end of the fiscal period under review decreased by 7.9 billion yen from the 14.6 billion yen posted as of the end of the previous fiscal period to result in a book value of 6.7 billion yen. As a result, the ratio of premium-type properties against all owned properties dropped by around half, from 9.5% at the end of the previous fiscal period to 4.5%, and we believe that we have been able to achieve to a certain extent the portfolio strategy of the Investment Corporation for the short-term, which is to “reduce the ratio of premium-type properties.”

(2) Allowance for repair construction expenditures from the Great East Japan Earthquake and impact on distributions
Regarding the impact of the Great East Japan Earthquake and the ensuing aftershocks on the Investment Corporation’s owned properties, it has been confirmed that there are no damages that would significantly impact management performance. An investigation on repair construction expenditures for all owned properties including ten properties that are located in the Tohoku region (nine properties in Sendai City of Miyagi Prefecture and one property in Morioka City of Iwate Prefecture) and, as a result, the Investment Corporation is projecting construction expenditures to total 71 million yen. Of this, 63 million yen will affect the profits and losses from the next fiscal period onwards as rental business expenses and, thus, the Investment Corporation will make an allowance for extraordinary loss (allowance for disaster loss) for that total amount during the fiscal period under review. Regarding the impact of the aforementioned allowance on the financial results of the fiscal period under review, we are projecting an increase in net income of 33 million yen to arrive at a net income of 1,430 million yen even after making the aforementioned allowance. This is due to the fact that we are projecting an increase of 69 million yen in operating income and 98 million yen in ordinary income since management performance is faring well, disregarding asset transfers and such. As a result, even after the allowance for disaster loss is made, distributions per unit for the fiscal period under review is forecast to increase compared to the revised forecast announced on March 3. Therefore, the Investment Corporation is planning an increase of 25 yen (+2.4%) in distributions per unit from the 1,050 yen announced on March 3, 2011, to make distributions per unit 1,075 yen.

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