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To All Concerned Parties

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### Notice Concerning Change of Property Management Company and Master Lease Company

Japan Rental Housing Investments Inc. (hereinafter referred to as the “Investment Corporation”) uses the services of 18 property management companies (hereinafter “PM Company”) across Japan for the management of 181 portfolio properties. The number of PM service providers increased by seven as a result of the merger with Prospect Reit Investment Corporation (hereinafter “PRI”) on July 1, 2010. However, since April 2011 the Investment Corporation has been undertaking measures aimed at restructuring the PM companies framework in order to achieve the early realization of PM cost cuts and business efficiencies. As part of these efforts, the Investment Corporation has made a change to PM vendors for the 30 properties listed below, and has decided to cut down the overall number of PM Companies to 12. For 45 of the 51 properties that were originally owned by the erstwhile PRI and became part of the portfolio after the merger, the Investment Corporation has decided to change the master lease company (hereinafter “ML Company”) to GK Japan Rental Housing (the change to the PM Company and ML Company hereinafter collectively referred to as “the change”).

#### 1. Overview of the change

The Investment Corporation has decided to consolidate the number of PM Companies for its portfolio properties from 18 to 12. For 45 of the 51 properties that became a part of the portfolio following the merger with PRI, the Investment Corporation has decided to change the ML Company to GK Japan Rental Housing, which has been conducting master leasing operations on portfolio properties since before the merger. For details, please refer to the Appendix.

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## 2. Reason for the change

### PM Company

The business of property management, which includes tenant management, leasing, repairs, and building maintenance and management, hinges in large part on the capability, experience and know-how of a PM Company. The Investment Corporation, in its selection of PM Companies for the management of portfolio properties, is also influenced significantly in its decision by the operational capability of candidate companies. This change was initiated with the purpose of conducting a comprehensive review of business vendors following the surge in vendor numbers as a result of the merger with PRI. The effort aims to achieve earnings expansion through greater business efficiencies and cuts to PM fees. As part of its PM Company selection process, the Investment Corporation invites proposals from a number of companies by leveraging the advantage of being an independent entity that is not tied to a particular group. The final selection is based on a comprehensive and diligent comparative evaluation that takes into account various aspects such as specific details, policy on business initiatives, and PM fee levels as outlined in the proposal.

### ML Company

For rental condominiums, which typically have a large number of end-user tenants, it is the general practice for the property rental and subleasing of units to be done through what is known as an ML Company (usually a PM company or SPC), which conducts the rental of all relevant units to end-user tenants. At the Investment Corporation, the SPC GK Japan Rental Housing was used as the ML Company for the 118 portfolio properties that were owned prior to the merger with PRI. This was done in order to buffer and protect the Corporation from the array of risks associated with earnings and rental deposits. The contract with the ML Company is signed by the Investment Corporation or the trust depositary company, based on which the former conducts subleasing of units to end-user tenants. The merger with PRI added 51 new properties to the portfolio. For 45 of these properties, where the PM Company was also functioning as the ML Company, the Investment Corporation has decided to change the ML Company to GK Japan Rental Housing with the purpose of avoiding the aforementioned risks.

For the remaining six properties, the Investment Corporation plans to change the ML Company in sequential order, with a final timeline of around end-September 2011.

## 3. Future projections

This change is expected to result in a decline in PM costs during the course of the Eleventh Fiscal Period (April 1, 2011 to September 30, 2011). However, the change is also likely to trigger one-time costs, and is thus not expected to impact management performance during the current fiscal period. The aforementioned one-time expenses will cease to occur in the Twelfth Fiscal Period (October 1, 2011 to March 31, 2012) and beyond, and this is expected to then result in PM cost decline of approximately 23 million yen per fiscal period.

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#### Appendix 1: Change to PM Company

Property number	Property name	PM COMPANY	
		Before change	After change
O-1-090	Sky Hills N15	Tokyu Community Co., Ltd.	TAKARA Inc.
O-1-091	Sky Hills Sakaemachi		
O-1-092	Domy Chitose		
O-1-093	Sky Hills Takadai I		
F-1-041	Palais d'or Maruyama		
O-4-095	Prospect Nihonbashi-Honcho	Meiho Properties	Shimizu Comprehensive Development Corporation
O-4-106	Prospect Musashi-Shinjo		
F-4-044	Prospect Nihonbashikoamicho		
F-4-059	Prospect Urawa-Tokiwa		
F-4-050	Prospect Machiya		
F-4-053	Prospect Onshi-Koen	Starts Amenity CORPORATION	Tokyu Livable, Inc.
O-4-103	Prospect Ogikubo		
O-4-108	Prospect Chuo-Rinkan	Tokyu Community Co., Ltd.	
F-4-049	Prospect Nishi-Sugamo	Cosmos Initia	
F-4-055	SK Residence	Takara Estate Service	
O-5-056	willDo Kachigawa		
O-5-057	Stagea Kogane		
F-5-023	willDo Temmicho		
F-5-032	Stellato City Sakurayama		
F-5-037	willDo Kurokawa		
O-6-113	Prospect Bishoen	Kondo Property	
O-6-116	Prospect Toyonaka Hattori	Tokyu Community Co., Ltd.	
O-6-117	Prospect Shimogamo ※		
O-6-118	Prospect Kawaramachi-Gojo ※		
F-6-062	Crown Heim Nishi-Tanabe ※		
F-6-063	Prospect Katsura ※	Bonheure Corporation	
O-9-019	Stars Uchiyama		
O-9-020	Uchiyama-Minami Kokura-ekimae Building		
F-9-027	Image Kirigaoka	Ken Real Estate Lease Ltd.	R.A. Asset Management Inc.
F-4-040	Sun Terrace Yoyogi Uehara		

Note 1 Properties marked with ※ indicate changes that were implemented on April 1, 2011. For all others the change was implemented on June 1, 2011

Note 2 The PM Company after the change are not classified as interested parties, etc. under the Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations, nor are they defined as interested parties, etc. under the internal rule on dealings with interested parties of the Asset Management Company to whom the Investment Corporation entrusts its asset management.

#### Appendix 2: Change to ML Company

Property number	Property name	ML COMPANY	
		Before change	After change
O-1-090	Sky Hills N15	Tokyu Community Co., Ltd.	GK Japan Rental Housing
O-1-091	Sky Hills Sakaemachi		
O-1-092	Domy Chitose		
O-1-093	Sky Hills Takadai I		
O-2-094	Living Stage Higashi-Sendai		
O-4-095	Prospect Nihonbashi-Honcho	Meiho Properties	
O-4-097	Roppongi Rise House	Haseko Livenet, Inc.	
O-4-098	TK Flats Shibuya	Tokyu Livable, Inc.	
O-4-100	Prospect KALON Minowa	Haseko Livenet, Inc.	

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## Appendix 2: Change to ML Company

Property number	Property name	ML COMPANY	
		Before change	After change
O-4-101	Prospect Shinonomebashi	Tokyu Livable, Inc.	GK Japan Rental Housing
O-4-102	Prospect Monzennakacho	Haseko Livenet, Inc.	
O-4-103	Prospect Ogikubo	Starts Amenity CORPORATION	
O-4-104	Exceria Ikebukuro West II	Haseko Livenet, Inc.	
O-4-106	Prospect Musashi-Shinjo	Meiho Properties	
O-4-107	Fragrance Kawasaki	Tokyu Livable, Inc.	
O-4-108	Prospect Chuo-Rinkan	Starts Amenity CORPORATION	
O-5-109	Dome Takamine	Haseko Livenet, Inc.	
O-5-110	Dome Yotsuya		
O-6-111	Abreast Shin-Osaka		
O-6-112	Abreast Sakuragawa	Kondo Property	
O-6-113	Prospect Bishoen		
O-6-114	Prospect Nakanoshima	Haseko Livenet, Inc.	
O-6-116	Prospect Toyonaka Hattori	Kondo Property	
O-6-117	Prospect Shimogamo ※	Tokyu Community Co., Ltd.	
O-6-118	Prospect Kawaramachi-Gojo ※		
F-1-041	Palais d'or Maruyama		
F-2-042	Living Stage Minami-Sendai	Meiho Properties	
F-2-043	Takasagoseki Nibankan		
F-4-044	Prospect Nihonbashikoamicho		
F-4-046	Prospect Dogenzaka	Tokyu Livable, Inc.	
F-4-047	Prospect Glarsa Hiroo	R.A. Asset Management Inc.	
F-4-048	Prospect Hatsudai	Haseko Livenet, Inc.	
F-4-049	Prospect Nishi-Sugamo	Tokyu Community Co., Ltd.	
F-4-050	Prospect Machiya	Meiho Properties	
F-4-052	Prospect Morishita	Haseko Livenet, Inc.	
F-4-053	Prospect Onshi-Koen	Meiho Properties	
F-4-054	BELNOS 34	Tokyu Livable, Inc.	
F-4-055	SK Residence	Cosmos Initia	
F-4-057	Deim-Hashimoto	Haseko Livenet, Inc.	
F-4-058	Prospect Kawasaki		
F-4-059	Prospect Urawa-Tokiwa	Meiho Properties	
F-5-060	U House Daikan-Cho	Haseko Livenet, Inc.	
F-5-061	U House Gokiso		
F-6-062	Crown Heim Nishi-Tanabe※	Tokyu Community Co., Ltd.	
F-6-063	Prospect Katsura ※		

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