

English Translation

The following is an English translation summary of the original Japanese press release and is being provided for informational purposes only.

March 15, 2017

To All Concerned Parties

REIT Issuer:  
Japan Rental Housing Investments Inc.  
6-16-12 Shinbashi, Minato-ku, Tokyo 105-0004  
Masaki Yamane, Executive Director  
(Securities Code: 8986)  
Asset Manager: Mi-Casa Asset Management Inc.  
Yutaka Higashino, President and Chief Executive Officer  
Inquiries: Shuji Nakamura, Chief Financial Officer  
Tel: +81-3-5425-5600

**Notice Concerning Revision of Earnings and Distribution Forecasts  
for the Fiscal Period Ending March 31, 2017 (22nd Fiscal Period)  
and the Fiscal Period Ending September 30, 2017 (23rd Fiscal Period)**

Japan Rental Housing Investments Inc. (the “Investment Corporation”) hereby announces that it has revised the earnings and distribution forecasts for the fiscal period ending March 2017 (22nd fiscal period: October 1, 2016 to March 31, 2017) and ending September 30, 2017 (23rd fiscal period: April 1, 2017 to September 30, 2017), originally announced on November 15, 2016. Details are provided below.

I. Revision of earnings and distribution forecast

Fiscal Period ending March 31, 2017 (From October 1, 2016 to March 31, 2017)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Unit	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previously Announced Forecast (A)	8,189 million yen	3,607 million yen	2,853 million yen	2,853 million yen	1,739 yen	1,740 yen	0 yen
Revised Forecast (B)	8,307 million yen	3,691 million yen	2,969 million yen	2,968 million yen	1,810 yen	1,880 yen	0 yen
Difference (B-A)	117 million yen	83 million yen	115 million yen	115 million yen	71 yen	140 yen	0 yen
Percentage Change	1.4%	2.3%	4.0%	4.0%	4.0%	8.0%	0%
(Reference) Results of the previous period (ended September 30, 2016)	8,133 million yen	3,600 million yen	2,735 million yen	2,735 million yen	1,667 yen	1,700 yen	0 yen

Fiscal Period ending September 30, 2017 (From April 1, 2017 to September 30, 2017)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Net Income per Unit	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previously Announced Forecast (A)	8,217 million yen	3,629 million yen	2,884 million yen	2,884 million yen	1,758 yen	1,800 yen	0 yen
Revised Forecast (B)	8,119 million yen	3,611 million yen	2,853 million yen	2,852 million yen	1,739 yen	1,780 yen	0 yen
Difference (B-A)	-97 million yen	-18 million yen	-31 million yen	-31 million yen	-19 yen	-20 yen	0 yen
Percentage Change	-1.2%	-0.5%	-1.1%	-1.1%	-1.1%	-1.1%	0%

(Note 1) Number of total investment units issued: 1,640,060 units

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(Note 2) The aforementioned figures are indicative of current forecasts based on the conditions described in “[Exhibit] Preconditions for Earnings Forecasts of the 22nd Fiscal Periods (October 1, 2016 to March 31, 2017) and the 23rd Fiscal Period (April 1, 2017 to September 30, 2017)”. Accordingly, there is a possibility of a change in the actual operating revenues, operating income, ordinary income, net income, and distribution per unit. We do not guarantee payment of the forecast cash distribution per unit.

(Note 3) The distribution amount for the fiscal period ending March 2017 includes 114 million yen from distribution reserves (70 yen per unit). The distribution amount for the fiscal period ending September 2017 includes planned reversal of reserve for temporary difference adjustment of 68 million yen (41 yen per unit). Thus, both differs from the amount of net income.

(Note 4) Amounts are rounded down to the nearest million yen. Percentages are rounded to the first decimal place; hereinafter the same.

## II. Reasons for the revision

### Fiscal Period ending March 31, 2017 (From October 1, 2016 to March 31, 2017)

The reason for the revision is that distribution per unit is expected to increase 5% or more due to (1) better performance of operating revenues because of the favorable occupancy (+JPY 64 million from the initial forecast), (2) decrease of operating expenses due to the lower repair, restoration and advertising expenses because of lower number of the tenant cancellations for 4 months of this fiscal period, and reduction of building maintenance fees which was introduced from the beginning of this fiscal period (-JPY 66 million from the initial forecast), and (3) prospects of the gain on sales of properties at JPY 53 million and loss on sales of properties at JPY 114 million (distribution reserves to be appropriated to the loss amount) from the dispositions of 5 properties announced today (For the details, please refer to the press release “Notice Concerning Disposition of Assets” dated today.)

### Fiscal Period ending September 30, 2017 (From April 1, 2017 to September 30, 2017)

The reason for the revision is that the net operating income is expected to reduce by JPY 33 million due to the dispositions of 5 properties compared to the initial forecast for the 23rd fiscal period announced on November 15, 2016.

\*URL: <http://www.jrhi.co.jp/en/>

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[Exhibit]

Preconditions for Earnings Forecasts of the 22nd Fiscal Periods (October 1, 2016 to March 31, 2017) and the 23rd Fiscal Period (April 1, 2017 to September 30, 2017)

Item	Preconditions
Dates	<ul style="list-style-type: none"> <li>- 22nd fiscal period (from October 1, 2016 to March 31, 2017) (182 days)</li> <li>- 23rd fiscal period (from April 1, 2017 to September 30, 2017) (183 days)</li> </ul>
Portfolio Assets	<ul style="list-style-type: none"> <li>- It is assumed that the Investment Corporation will dispose 5 properties listed below from the currently owning 202 properties. <ul style="list-style-type: none"> <li>&lt;Disposition of 5 Properties (scheduled)&gt;</li> <li>March 21, 2017 willDo ShinOsaka sI</li> <li>March 22, 2017 Wind Four MinamiHommachi</li> <li>March 23, 2017 willDo Kamishinjo wI</li> <li>March 24, 2017 Flat Carerra, Grand Mer HigashiYodogawa</li> </ul> </li> <li>- The Investment Corporation assumes there will be no change in the portfolio assets through the end of September 2017. In practice, there may be fluctuations due to other property acquisitions or sale, etc.</li> </ul>
Number of Investment Units	<ul style="list-style-type: none"> <li>- The number of total investment units issued is 1,640,060 units as of today.</li> <li>- Afterward, It is assumed that there will be no change to this until the end of the 23rd Fiscal Period.</li> </ul>
Operating Revenue /Operating Expenses	<ul style="list-style-type: none"> <li>- Operating revenues and operating expenses are calculated under the above assumptions for portfolio assets.</li> <li>- Of the property-related expenses, which are major operating expenses, expenses other than depreciation are calculated based on past results at owned properties as well as materials provided by previous owners and reflecting fluctuation factors of the expenses.</li> <li>- Management fee is assumed to be JPY 437 million for the 22nd fiscal period and JPY 404 million for the 23rd fiscal period.</li> <li>- For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be JPY 391 million for the 22nd fiscal period and JPY 404 million for the 23rd fiscal period. Please note, however, the actual expenditures for repair could differ significantly from the estimated amount due to unexpected expenditures for repair possibly arising and other factors.</li> <li>- Taxes are assumed to be JPY 504 million for the 22nd fiscal period and JPY 516 million for the 23rd fiscal period.</li> <li>- Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditure, and is assumed to be JPY 1,776 million for the 22nd fiscal period and JPY 1,769 million for the 23rd fiscal period.</li> </ul>
Non-operating Expenses	<ul style="list-style-type: none"> <li>- Non-operating expenses are assumed to be JPY 785 million for the 22nd fiscal period and JPY 766 million for the 23rd fiscal period : <ol style="list-style-type: none"> <li>(1) Interest expenses: JPY 496 million for the 22nd fiscal period and JPY 502 million for the 23rd fiscal period</li> <li>(2) Finance-related costs: JPY 276 million for the 22nd fiscal period and JPY 253 million for the 23rd fiscal period</li> <li>(3) Amortization of issuance costs of new units: JPY 3 million for the 22nd fiscal period and JPY 2 million for the 23rd fiscal period</li> <li>(4) Amortization of investment corporation bond issuance expenses: JPY 6 million for the 22nd fiscal period and JPY 6 million for the 23rd fiscal period</li> <li>(5) Other: JPY 1 million for the 22nd fiscal period and JPY 1 million for the 23rd fiscal period</li> </ol> </li> </ul>
Interest-Bearing Debt	<ul style="list-style-type: none"> <li>- Current balance of interest-bearing debt, JPY 117,132 million, remains same until the end of the 23rd fiscal period.</li> <li>- Interest-bearing debt ratio is expected to be around 51.2% at the end of the 22nd and 23rd fiscal periods respectively.</li> <li>- The interest-bearing debt ratio in the forecast is calculated using the following formula. Interest-bearing debt ratio = (Total interest-bearing debt / Total asset) x 100</li> </ul>
Distribution per Unit	<ul style="list-style-type: none"> <li>- Distribution per unit is based on the assumption that distribution will comply with the monetary distribution policy stipulated in the Articles of Incorporation of the Investment Corporation. In addition, as a principle, it is calculated with the assumption that all of the net income in each business period will be distributed.</li> <li>- Regarding distributions for the 22nd fiscal period, a total of 3,083 million yen (1,880 yen of distribution per unit), which is the sum of net income of 2,968 million yen (1,810 yen per unit) and the planned reversal of distribution reserve of 114 million yen (70 yen per unit), is assumed to be distributed.</li> <li>- Regarding distributions for the 23rd fiscal period, a total of 2,919 million yen (1,780 yen of distribution</li> </ul>



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	<p>per unit), which is the sum of net income of 2,852 million yen (1,739 yen per unit) and the planned reversal of reserve for temporary difference adjustment of 67 million yen (41 yen per unit), is assumed to be distributed.</p> <ul style="list-style-type: none"><li>- The planned amount of reversal of reserve for temporary difference adjustment is calculated assuming that the entire amount of balance (6,711 million yen) after distribution payment for the 22nd fiscal period (23rd fiscal period) is changed to reserve for temporary difference adjustment.</li><li>- Distributions per unit may change due to various factors including change of rental revenue alongside transfer of assets under management, transfer of tenants, etc. and unforeseen repairs.</li><li>- Net income per unit and distributions per unit for each business period are calculated using the expected number of investment units issued and outstanding in each period based on the above numbers of investment units issued and outstanding.</li></ul>
Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"><li>- At present, the Investment Corporation does not plan to make cash distribution in excess of earnings.</li></ul>
Other	<ul style="list-style-type: none"><li>- The forecast is based on the assumption that no revisions impacting the forecast figures above will be made to laws and regulations, the tax system, accounting standards, the listing rules, or the rules of the Investment Trusts Association, Japan, etc.</li><li>- It is also assumed there will be no unexpected material change in general economic trends, the real estate market conditions, etc.</li></ul>