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JRH News Release

Japan Rental Housing Investment Inc. ANNOUNCES TWELFTH FISCAL PERIOD RESULTS

Japan Rental Housing Investment Inc. (hereinafter “JRH”, Securities Code: 8986) today announced its financial results for the Twelfth Fiscal Period, commencing October 1, 2011 and ending March 31, 2012).

(Unit: yen; rounded down, %; rounded)

1. Performance for the Twelfth Fiscal Period (October 1, 2011 to March 31, 2012)

(1) Operating Results

	Operating Revenue		Operating Income		Ordinary Income		Net Income	
	Million yen	%*	Million yen	%*	Million yen	%*	Million yen	%*
Twelfth Fiscal Period	5,763	(2.3)	1,833	(-19.8)	1,006	(-30.5)	1,005	(-31.4)
Eleventh Fiscal Period	5,632	(-0.0)	2,287	(236.0)	1,447	(—)	1,465	(—)

	Net Income per Unit	Return on Unitholders'	Ordinary Income to	Ordinary Income to
	Yen	Equity (ROE) %	Total Assets %	Operating Revenues %
Twelfth Fiscal Period	755	1.2	0.6	17.5
Eleventh Fiscal Period	1,101	1.7	0.9	25.7

*Percentages indicate changes over the previous fiscal period

(2) Distributions

	Distribution per Unit	Total Distributions	Distribution in Excess of Earnings per Unit	Total Distributions in Excess of Earnings	Payout Ratio	Distribution Ratio to Net Assets
	Yen	Million yen	Yen	Yen	%	%
Twelfth Fiscal Period	1,263	1,680	0	0	167.1	1.9
Eleventh Fiscal Period	1,101	1,465	0	0	100.0	1.7

(Note) The distribution amount for the fiscal period ending March 2012 is done by the appropriation of 674 million Japanese yen from distribution reserves, and differ from net earnings.

(3) Financial Position

	Total Assets Million yen	Net Assets Million yen	Unitholders' Equity to Total Assets %	Net Assets per Unit %
Twelfth Fiscal Period	163,507	86,311	52.8	64,856
Eleventh Fiscal Period	163,975	86,770	52.9	65,202

(4) Cash Flow Position

	Cash Flows from Operating Activities Million yen	Cash Flows from Investing Activities Million yen	Cash Flows from Financing Activities %	Cash and Cash Equivalents at the End of the Period %
Twelfth Fiscal Period	4,750	-3,016	-1,363	11,069
Eleventh Fiscal Period	2,080	-4,395	-2,567	10,698

(yen; rounded down, %; rounded)

2. Forecast of Results for the Thirteenth Fiscal Period (April 1, 2012 to September 30, 2012)

	Operating Revenue		Operating Income		Ordinary Income		Net Income		Distribution per Unit	Distribution in Excess of Earnings per Unit
	Million yen	%*	Million yen	%*	Million yen	%*	Million yen	%*	Yen	Yen
Thirteenth Fiscal Period	5,726	(-0.6)	2,461	(34.2)	1,623	(61.3)	1,623	(61.4)	1,220	0

Reference: Estimated net income per unit for the fiscal period: 1,220yen

*Percentages indicate changes over the previous fiscal period

3. Other

(1) Changes in Accounting Policies, Changes in Accounting Estimates, and Retrospective Restatement

(i) Changes accompanying Amendments to Accounting Standards:	No
(ii) Changes other than (i):	No
(iii) Changes in Accounting Estimates:	No
(iv) Retrospective Restatement:	No

(2) Number of Investment Units Issued and Outstanding

- (i) The number of investment units issued and outstanding (including treasury investment units) was 1,330,800 units at the end of the Twelfth Fiscal Period and 1,330,800 units at the end of the Eleventh Fiscal Period.
- (ii) The number of treasury investment units was 0 units at the end of the Twelfth Fiscal Period and 0 units at the end of the Eleventh Fiscal Period.

※ Details of the status on implementation of audit procedures

This earnings summary does not fall under the purview of audit procedures as outlined under the Financial Instruments and Exchange Act. The disclosures made in this earnings summary are not complete as per the audit procedures outlined in the Financial Instruments and Exchange Act.

Descriptions with regard to future issues including the forecast of operating results are based on the current information held by JRH and certain assumptions deemed reasonable. The actual operating results may materially differ from the forecast for various reasons. The forecast is not intended to assure the amount of distributions to investors.

For details on the preconditions, please refer to the “Preconditions for Earnings Forecasts of the Thirteenth Fiscal Periods”.

Preconditions for Earnings Forecasts of the Thirteenth Fiscal Periods (April 1, 2012 to September 30, 2012)

Item	Preconditions						
Dates	Thirteenth Fiscal Period: April 1, 2012 to September 30, 2012						
Portfolio Assets	It is assumed that there will be no change from the current portfolio (177 properties) as of the end of the 12th Fiscal Period (ending March 31, 2012) until the end of the 13th Fiscal Period.						
Number of Investment Units	The number of total investment units issued is 1,330,800 units as of the end of the 12 th Fiscal Period (ending March 31, 2012). It is assumed that there will be no change to this until the end of the 13 th Fiscal Period.						
Operating Revenue /Operating Expenses	<ul style="list-style-type: none"> • Operating revenues and operating income are based on the aforementioned operating assets. • Among rental property-related expenses, which are the principal operating expenses, those other than depreciation are calculated based on historical data, while taking into consideration variable expenses based on documents provided by previous holders. • It is assumed that management fees will be approximately 371 million yen during the 13th fiscal period. • Repair expenses are calculated based on estimates as necessary for the various operating periods, and we forecast total related expenses of approximately 307 million yen. However, actual expenses could differ significantly from the estimated amounts due to various reasons, including the possibility of the occurrence of unforeseeable repair expenses. • Regarding taxes and public dues, the forecast figure is approximately 365 million yen. • Depreciation is calculated based on the straight-line method including associated costs and expected future capital expenditures. It is assumed that depreciation for the 13th fiscal period will be approximately 1,080 million yen. 						
Non-operating Expenses	<p>It is assumed that non-operating expenses will be approximately 843 million yen, including the following:</p> <table style="margin-left: 40px; border: none;"> <tr> <td>(1) Interest payments</td> <td style="text-align: right;">555 million yen</td> </tr> <tr> <td>(2) Finance-related expenses</td> <td style="text-align: right;">277 million yen</td> </tr> <tr> <td>(3) Other expenses</td> <td style="text-align: right;">10 million yen</td> </tr> </table>	(1) Interest payments	555 million yen	(2) Finance-related expenses	277 million yen	(3) Other expenses	10 million yen
(1) Interest payments	555 million yen						
(2) Finance-related expenses	277 million yen						
(3) Other expenses	10 million yen						
Interest-Bearing Debt	The total interest-bearing debt stood at 74,342 million yen at the end of the 12th Fiscal Period. It is assumed that this figure will remain unchanged until the end of the 13th Fiscal Period.						
Distribution per Unit	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. For the 12 th Fiscal Period, losses and expenses arising from the disposition of assets were distributed by utilizing the dividend reserves established from gains on negative goodwill incurred in the 9 th Fiscal Period. There is no assumption regarding utilize of the dividend reserves established from gains on negative goodwill for the 13 th Fiscal Period.						
Distribution in Excess of Earnings per Unit	Not planned at this point						
Other	<ul style="list-style-type: none"> • The performance forecasts are based on the assumption that revisions impacting the forecast figures above will not be made to laws and ordinances, the tax system, accounting standards, listing rules, rules of the Investment Trusts Association, Japan, etc. • The performance forecasts are also based on the assumption that there will be no unexpected material change in general economic trends, real estate market conditions, etc. 						

1. Financial Statements

(1) Balance Sheets

(Thousand yen)

	Eleventh Fiscal Period (as of September 30, 2011)	Twelfth Fiscal Period (as of March 31, 2012)
Assets:		
Current assets:		
Cash and bank deposits	6,213,605	6,647,084
Cash and bank deposits in trust	4,484,825	4,422,301
Accounts receivables	133,120	124,809
Prepaid expenses	462,349	426,220
Consumption tax receivable	37,630	—
Other current assets	10,832	1,825
Allowance for doubtful accounts	-67,037	-45,162
Total current assets	11,275,326	11,577,077
Non-current assets:		
Property and equipment:		
Buildings	9,382,017	11,879,343
Accumulated depreciation	-790,340	-863,943
Buildings, net	8,591,677	11,015,399
Structures	35,765	49,724
Accumulated depreciation	-6,661	-6,705
Structures, net	29,104	43,018
Machinery and equipment	14,376	39,504
Accumulated depreciation	-2,741	-6,577
Machinery and equipment, net	11,635	32,927
Tools, furniture and fixtures	22,424	27,209
Accumulated depreciation	-8,633	-10,655
Tools, furniture and fixtures, net	13,790	16,553
Land	5,339,047	7,966,267
Buildings in trust	73,880,580	71,172,981
Accumulated depreciation	-6,407,490	-7,073,089
Buildings in trust, net	67,473,089	64,099,891
Structures in trust	265,735	269,993
Accumulated depreciation	-44,092	-50,647
Structures in trust, net	221,643	219,345
Machinery and equipment in trust	473,791	450,515
Accumulated depreciation	-63,693	-72,005
Machinery and equipment in trust, net	410,097	378,510
Tools, furniture and fixtures in trust	168,590	186,844
Accumulated depreciation	-43,495	-58,208
Tools, furniture and fixtures in trust, net	125,094	128,635
Land in trust	68,960,842	66,688,712
Construction in progress in trust	2,205	-
Net property and equipment	151,178,227	150,589,263

(Thousand yen)

	Eleventh Fiscal Period (as of September 30, 2011)	Twelfth Fiscal Period (as of March 31, 2012)
Intangible assets:		
Right of using water facilities	127	121
Leasehold for land in trust	546,283	546,283
Right of using water facilities in trust	528	502
Trademark rights	1,195	1,121
Total intangible assets	548,135	548,029
Investments and other assets:		
Guaranteed securities deposited	9,195	9,250
Lease deposits	1,227	950
Long-term prepaid expenses	664,279	609,112
Reserve fund for repair	275,187	158,548
Total investments and other assets	949,890	777,862
Total non-current assets	152,676,253	151,915,155
Deferred assets:		
Issuance costs of new units	24,034	14,974
Total deferred assets	24,034	14,974
Total assets	163,975,613	163,507,207
Liabilities:		
Current liabilities:		
Accounts payable	428,640	246,232
Current portion of long-term loans	11,813,674	12,782,449
Other accounts payable	39,816	33,912
Accrued expenses	338,073	310,638
Income taxes payable	570	567
Consumption tax payable	—	48,584
Rents received in advance	673,864	694,866
Allowance for disaster loss	3,820	-
Other current liabilities	18,034	20,527
Total current liabilities	13,316,494	14,137,778
Long-term liabilities:		
Long-term loans	62,426,243	61,559,888
Leasehold and security deposits received	109,249	184,769
Leasehold and security deposits received in trust	1,352,992	1,313,470
Total long-term liabilities	63,888,485	63,058,129
Total liabilities	77,204,980	77,195,907

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

(Thousand yen)

	Eleventh Fiscal Period (as of September 30, 2011)	Twelfth Fiscal Period (as of March 31, 2012)
Net assets:		
Unitholders' equity:		
Unitholders' capital	70,557,688	70,557,688
Surplus:		
Capital surplus	6,682,398	6,682,398
Reserves for distributions	8,064,383	8,064,383
Retained earnings	1,466,164	1,006,830
Total surplus	16,212,945	15,753,612
Total unitholders' equity	86,770,633	86,311,300
Total net assets	86,770,633	86,311,300
Total liabilities and net assets	163,975,613	163,507,207

(2) Statements of Income

	(Thousand yen)	
	Eleventh Fiscal Period (From April 1,2011 to September 30,2011)	Twelfth Fiscal Period (From October 1,2011 to March 31,2012)
Operating revenues:		
Rental revenues	5,632,687	5,758,152
Gain on sales of properties	—	5,737
Total operating revenues	5,632,687	5,763,889
Operating expenses:		
Rental expenses	2,610,238	2,606,252
Losses from sales of properties	—	660,400
Asset management fees	413,700	408,500
Directors' remuneration	10,800	10,800
Asset custody fees	16,982	10,408
Administrative service fees	38,608	35,205
Audit fees	14,800	15,800
Provision for doubtful accounts	16,517	—
Bad debt expenses	897	1,453
Other operating expenses	222,572	181,519
Total operating expenses	3,345,117	3,930,338
Operating income	2,287,569	1,833,550
Non-operating income:		
Interest income	708	761
Miscellaneous income	27,714	31,149
Total non-operating income	28,422	31,910
Non-operating expenses:		
Interest expenses	584,460	586,472
Finance-related expenses	271,931	260,902
Amortization of issuance costs of new units	9,059	9,059
Other non-operating expenses	3,381	2,544
Total non-operating expenses	868,833	858,978
Ordinary income	1,447,158	1,006,482
Income before income taxes	1,447,158	1,006,482
Income taxes – current	605	605
Income taxes – refund	-19,195	—
Total income taxes	-18,590	605
Net income	1,465,748	1,005,877
Retained earnings at beginning of period	415	953
Unappropriated retained earnings	1,466,164	1,006,830

(3) Statements of Changes in Net Assets

	(Thousand yen)	
	Eleventh Fiscal Period (From April 1,2011 to September 30,2011)	Twelfth Fiscal Period (From October 1,2011 to March 31,2012)
Unitholders' equity		
Unitholders' capital		
Balance at the beginning of the period	70,557,688	70,557,688
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of the period	70,557,688	70,557,688
Surplus		
Capital surplus		
Balance at the beginning of the period	6,682,398	6,682,398
Changes of items during the period		
Total changes of items during the period	—	—
Balance at end of the period	6,682,398	6,682,398
Reserves for distribution		
Balance at the beginning of the period	12,279,909	8,064,383
Changes of items during the period		
Reversal of reserve for distribution	-4,215,526	—
Total changes of items during the period	-4,215,526	—
Balance at end of the period	8,064,383	8,064,383
Unappropriated retained earnings (accumulated deficit)		
Balance at the beginning of the period	-2,784,501	1,466,164
Total changes of items during the period		
Reverse of reserve for distribution	4,215,526	—
Cash dividends paid	-1,430,610	-1,465,210
Net income	1,465,748	1,005,877
Total changes of items during the period	4,250,665	-459,333
Balance at end of the period	1,466,164	1,006,830
Total surplus		
Balance at the beginning of the period	16,177,806	16,212,945
Changes of items during the period		
Reverse of distribution deposits	—	—
Cash dividends paid	-1,430,610	-1,465,210
Net income	1,465,748	1,005,877
Total changes of items during the period	35,138	-459,333
Balance at end of the period	16,212,945	15,753,612

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	(Thousand yen)	
	Eleventh Fiscal Period (From April 1,2011 to September 30,2011)	Twelfth Fiscal Period (From October 1,2011 to March 31,2012)
Total unitholders' equity		
Balance at the beginning of the period	86,735,494	86,770,633
Changes of items during the period		
Cash dividends paid	-1,430,610	-1,465,210
Net income	1,465,748	1,005,877
Total changes of items during the period	35,138	-459,333
Balance at end of the period	86,770,633	86,311,300
Total net assets		
Balance at the beginning of the period	86,735,494	86,770,633
Changes of items during the period		
Cash dividends paid	-1,430,610	-1,465,210
Net income	1,465,748	1,005,877
Total changes of items during the period	35,138	-459,333
Balance at end of the period	86,770,633	86,311,300

(4) Statements of Cash Flows

	(Thousand yen)	
	Eleventh Fiscal Period (From April 1,2011 to September 30,2011)	Twelfth Fiscal Period (From October 1,2011 to March 31,2012)
Cash flows from operating activities:		
Income before income taxes	1,447,158	1,006,482
Depreciation	1,049,936	1,086,939
Amortization of long-term prepaid expenses	232,478	236,199
Amortization of issuance costs of new units	9,059	9,059
Interest income	-708	-761
Interest expenses	584,460	586,472
Increase (Decrease) in allowance for doubtful accounts	-8,803	-21,874
Increase (Decrease) in allowance for disaster losses	-60,167	-3,820
Decrease (Increase) in accounts receivables	24,258	8,311
Decrease (Increase) in prepaid expenses	-20,510	2,095
Increase (Decrease) in accounts payable	12,783	-74,128
Increase (Decrease) in other accounts payable	-1,035	-3,724
Increase (Decrease) in accrued expenses	18,721	5,468
Increase (Decrease) in rents received in advance	35,321	21,002
Decrease from sales of property and equipment	—	1,032,023
Decrease from sales of property and equipment in trust	—	1,503,138
Long-term prepaid expenses paid	-652,640	-147,000
Other – net	-22,318	93,721
Sub-total	2,647,994	5,339,606
Interest received	708	761
Interest paid	-586,708	-589,241
Income taxes paid	-606	-608
Corporation tax refund	19,195	—
Net cash provided by operating activities	2,080,583	4,750,518
Cash flows from investing activities :		
Purchase of property and equipment	-4,274,157	-2,702,194
Purchase of property and equipment in trust	-166,186	-350,305
Net increase (decrease) in leasehold and security deposits received	57,303	75,520
Net increase (decrease) in leasehold and security deposits received in trust	-22,104	-39,521
Other – net	10,000	277
Net cash used in investing activities	-4,395,145	-3,016,223
Cash flows from financing activities:		
Proceeds from long-term loans	17,889,359	4,000,000
Repayments of long-term loans	-13,890,472	-3,897,579

	(Thousand yen)	
	Eleventh Fiscal Period (From April 1,2011 to September 30,2011)	Twelfth Fiscal Period (From October 1,2011 to March 31,2012)
Dividends paid	-1,430,893	-1,465,760
Net cash provided by (used in) financing activities	2,567,992	-1,363,340
Net increase (decrease) in cash and cash equivalents	253,431	370,954
Cash and cash equivalents at beginning of period	10,444,999	10,698,431
Cash and cash equivalents at end of period	10,698,431	11,069,385

This document contains translations of selected information described in the captioned report (Most recent financial statements).

This English language document was provided solely for the convenience of and reference by non-Japanese investors, and it neither corresponds to the original Japanese report nor is intended to constitute a disclosure document.

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