

June 7, 2016

To All Concerned Parties

REIT Issuer:
Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
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(Securities Code: 8986)
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Notice Concerning Issuance of Investment Corporation Bonds

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided to issue investment corporation bonds, based on the general resolution on bond issuance at the Investment Corporation’s Board of Directors’ Meeting held on May 13, 2016. Details are provided below.

1. Outline of the Investment Corporation Bonds

- (1) Name of the Investment Corporation Bonds : Third Unsecured Investment Corporation Bond of Japan Rental Housing Investments Inc. (with special pari passu conditions among specified investment corporate bonds) (hereafter referred to as the “Third Investment Corporation Bond”)

Fourth Unsecured Investment Corporation Bond of Japan Rental Housing Investments Inc. (with special pari passu conditions among specified investment corporate bonds) (hereafter referred to as the “Fourth Investment Corporation Bond”)

Hereafter, the Third Investment Corporation Bond and Fourth Investment Corporation Bond will collectively be referred to as the “Investment Corporation Bonds.” There will be no particular mention as to which bond, if the item is common to both the Third Investment Corporation Bond and Fourth Investment Corporation Bond.

- (2) Total amount to be paid in : Total amount: JPY 5.5 billion
Breakdown
Third Investment Corporation Bond: JPY 3.0 billion
Fourth Investment Corporation Bond: JPY 2.5 billion
- (3) Form of bond certificate : Under the Act on Book-Entry of Company Bonds, Shares, etc., bond certificates for the Investment Corporation Bonds will not be issued.
- (4) Issue price : 100% of the denomination of each Investment Corporation Bond
- (5) Redemption price : 100% of the denomination of each Investment Corporation Bond
- (6) Interest rate : Third Investment Corporation Bond: 0.280% per annum
Fourth Investment Corporation Bond: 0.720% per annum
- (7) Denomination of each Investment Corporation Bond : JPY 100 million
- (8) Offering method : Public offering
- (9) Offering period : June 7, 2016 (Tuesday)
- (10) Payment date : June 15, 2016 (Wednesday)
- (11) Collateral/Security : No security or guarantee is applicable to, and no assets are specifically reserved as collateral for, the Investment Corporation Bonds.
- (12) Method and date of redemption : Third Investment Corporation Bond
June 15, 2021.
Fourth Investment Corporation Bond.
June 15, 2026.

Redemption by purchase of the Investment Corporation Bonds can be made any time starting the day after the payment date, unless specified otherwise by the transfer agency described (16) below.

- (13) Interest payment date : The first payment date will be December 15, 2016 and thereafter on June 15 and December 15 of each year (If the interest payment date is a bank holiday, then the bank business day preceding it shall be deemed as the interest payment date)

- (14) Financial covenants : A negative pledge clause is attached.
- (15) Rating : A (Japan Credit Rating Agency, Ltd.)
- (16) Transfer Agency : Japan Securities Depository Center, Inc.
- (17) Financial agent, issuing agent, and paying agent : The Bank of Tokyo-Mitsubishi UFJ, Ltd.
- (18) Underwriter : Daiwa Securities Co., Ltd., SMBC Nikko Securities, Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd.

2. Reason for Issuance

To allocate the funds from issuance of the Investment Corporation Bonds for the repayment of existing bank loans.

3. Total Amount to be Procured, Use of Funds and Scheduled Expenditure Date

- (1) Amount to be procured (Approximate net amount to be obtained. Amount is rounded down to the nearest million yen)
JPY 5,454 million

- (2) Particulars of use of funds and the scheduled expenditure date

Among the approximate net amount to be obtained of JPY 5,454 million, JPY 1.6 billion is scheduled to be allocated for a part of the funds for repayment of long-term borrowings of JPY 10.6 billion which will be due on June 22, 2016 (scheduled repayment date: June 22, 2016). The balance is scheduled to be allocated for a part of the funds for prepayment of the long-term borrowings of JPY 4.0 billion to be matured on September 20, 2016, (scheduled prepayment date: June 30, 2016; cash on hand will be allocated to cover the difference of JPY 46 million from the total repayment amount of JPY 5.5 billion).

4. Status of Interest-Bearing Debt after the Issuance of Investment Corporation Bonds

(Unit: JPY million)

	Before the issuance of the Investment Corporation Bonds (as of June 7, 2016)	After the issuance of the Investment Corporation Bonds and after the repayment and prepayment (prospective balance)		Difference
		as of June 22, 2016	as of June 30, 2016	
Short-term borrowings (Note 1)	8,000	8,000	8,000	-
Long-term borrowings (Note 1)	105,535	103,935	100,035	-5,500
(Long-term borrowings due within one year) (Note 2)	25,952	24,352	20,452	-5,500
Total borrowings	113,535	111,935	108,035	-5,500
Investment Corporation bonds	3,700	9,200	9,200	5,500
Total interest-bearing debt	117,235	121,135	117,235	-
Interest-bearing debt ratio (%) (Note 3)	51.3%	53.0%	51.3%	-

(Note 1) The periods for short-term borrowings are within one year and long-term borrowings are over one year.

(Note 2) "Long-term borrowings due within one year" refers to long-term debt that is due for repayment within one year from each date.

(Note 3) Interest-bearing debt ratio before the issuance of the Investment Corporation Bonds is calculated by dividing the balance of interest-bearing debt before the issuance of the Investment Corporation Bonds (JPY 117.2 billion), and interest-bearing debt ratio after the issuance of the Investment Corporation Bonds and the repayment and prepayment are calculated by dividing the balance of interest-bearing debt, each as of June 22, 2016 (JPY 121.1 billion), and as of June 30, 2016 (JPY 1,172 billion) by the amount recorded as the total asset on the balance sheet as of the end of the 20th Fiscal Period (JPY 228.7 billion) and multiplying by 100, respectively.

(Note 4) Amounts are rounded down to the nearest million yen. Ratios are rounded off to one decimal place.

5. Other Mandatory Items for Investors to Appropriately Understand/Judge the Concerned Information

As for risks regarding issuance, redemption, etc. of the Investment Corporation Bonds, there are no material changes from the "Investment risks" mentioned in the semiannual securities report for the 19th Fiscal Period (submitted on December 18, 2015) and the amendment report submitted on June 3, 2016 for the semiannual securities report for the 19th Fiscal Period.

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