

June 28, 2018

To All Concerned Parties

REIT Issuer: Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Ikuo Shoda, Executive Director
(Securities Code: 8986)
Asset Manager: Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
Inquiries: Seiji Kimoto, General Manager of Business Management Department
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Notice Concerning Decision by Daiwa Securities Group Inc. on Demand for Share Cash-Out to Shareholders of Asset Manager and Approval of Said Demand for Share Cash-Out by Asset Manager

Daiwa Securities Group Inc. (hereinafter referred to as the “Special Controlling Shareholder”), which holds approximately 98% of the total outstanding shares of Mi-Casa Asset Management Inc. (hereinafter referred to as the “Asset Manager”), the asset manager of Japan Rental Housing Investments Inc. (hereinafter referred to as the “Investment Corporation”), has decided to make a demand for share cash-out to the shareholders of the Asset Manager. The Asset Manager announces that, upon such demand, it had approved the said demand for share cash-out at its Board of Directors meeting held today. The details are as follows.

(Note) The Special Controlling Shareholder holds 30,419 shares out of the 31,019 outstanding shares of the Asset Manager and falls under the special controlling shareholder defined in the Article 179, Paragraph 1 of the Companies Act (Act No. 86 of 2005, as amended; the same applies hereinafter).

1. Background of Demand for Share Cash-Out

The Special Controlling Shareholder has decided to demand that MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation (hereinafter referred to as the “Shareholders Subject to Cash-Out”) sell the shares of the Asset Manager they hold respectively (a total of 600 shares; hereinafter referred to as the “Shares Subject to Cash-Out”) to the Special Controlling Shareholder (hereinafter referred to as the “Demand for Cash-Out”), pursuant to the Article 179, Paragraph 1 of the Companies Act. With the decision, the Special Controlling Shareholder today notified the Asset Manager of the Demand for Cash-Out.

With an aim to smoothly execute the merger of the Asset Manager and Daiwa Real Estate Asset Management Co. Ltd., a wholly owned subsidiary of the Special Controlling Shareholder, described in “Notice Concerning Execution Memorandum of Understanding Regarding Merger of Mi-Casa Asset Management Inc. (Asset Manager)” separately announced today, the Demand for Cash-Out will be conducted to make the Asset Manager a wholly owned subsidiary of the Special Controlling Shareholder prior to the merger.

The overview of the Special Controlling Shareholder and the details of the Demand for Cash-Out received today are as described in the attachment.

2. Consideration for Demand for Share Cash-Out

161,578 yen per share of Shares Subject to Cash-Out

This English language notice is a translation of the Japanese-language notice released on June 28, 2018 and was prepared solely for the convenience of and reference by, non-Japanese investors. It is not intended as an inducement or solicitation for investment.

3. Response of Asset Manager to Demand for Cash-Out

The Asset Manager has approved the Demand for Cash-Out based on the judgment that approving the Demand for Cash-Out is appropriate for the following reasons.

- The Demand for Cash-Out complies with the Companies Act and other related laws and regulations, and the legality has been confirmed.
- The consideration for the Demand for Cash-Out is within the range of the share value provided by a third-party institution independent of the Special Controlling Shareholder (using Discounted Cash Flow Method), adopting the middle price within the range, and is thus judged not prejudice to the interests of the Shareholders Subject to Cash-Out, who are the minority shareholders.

4. Schedule of the Share Transfer under the Demand for Cash-Out

The Special Controlling Shareholder is scheduled to acquire the Shares Subject to Cash-Out on August 1, 2018 through the Demand for Cash-Out. The schedule of the share transfer under the Demand for Cash-Out is as follows.

Date of Demand for Cash-Out by the Special Controlling Shareholder	June 28, 2018
Date of Meeting of Boards of Directors of the Asset Manager to Approve the Demand for Cash-Out	June 28, 2018
Closing date of the Share Transfer to the Special Controlling Shareholder	August 1, 2018 (scheduled)

(Reference Information) Composition of shareholders of the Asset Manager before and after the transfer of shares in line with the Demand for Cash-Out

Shareholders	Before Transfer		After Transfer	
	Number of Shares held	Ratio (%) (Note)	Number of Shares held	Ratio (%) (Note)
Daiwa Securities Group Inc.	30,419	98.1	31,019	100.0
MUFG Bank, Ltd.	300	1.0	-	-
Sumitomo Mitsui Banking Corporation	300	1.0	-	-
Total	31,019	100.0	31,019	100.0

(Note) Ratio is obtained by dividing the number of shares held by each shareholder by the total number of shares issued and outstanding, rounded to one decimal place.

5. Other

There is no impact from the Demand for Cash-Out on the management policy and performance of the Investment Corporation.

End

(Attachment) ” The overview of the Special Controlling Shareholder and the details of the Demand for Cash-Out”

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

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Attachment: The overview of the Special Controlling Shareholder and the details of the Demand for Cash-Out

1. The overview of the Special Controlling Shareholder

(1) Name	Daiwa Securities Group Inc.	
(2) Location	1-9-1 Marunouchi, Chiyoda-ku, Tokyo	
(3) Name and title of representative	Seiji Nakata, President and CEO	
(4) Main businesses	Holds, manages and controls shares of companies engaged in such businesses as the financial instruments and exchange business	
(5) Paid-in capital	JPY 247.3 billion (as of end of March 2018)	
(6) Date of establishment	December 27, 1943	
(7) Major shareholders and shareholding ratios	(as of end of March 2018)	
	Name of Shareholder	Shareholding Ratio
	The Master Trust Bank of Japan, Ltd. (Trust account)	5.33%
	Japan Trustee Services Bank, Ltd. (Trust account)	5.20%
	Barclays Securities Japan Limited	2.11%
Top 3 shareholders are mentioned.		
(8) Relationships between the Special Controlling Shareholder and the Investment Corporation or the Asset Manager		
Capital relationship	Daiwa Securities Group Inc. holds 55,014 investment units of the Investment Corporation (holding ratio of 3.3%, rounded to one decimal place) and 30,419 shares of the Asset Manager (holding ratio of 98.1%, rounded to one decimal place).	
Personnel relationship	Eiji Sato and Keiichi Ishikawa, Directors (part-time) of the Asset Manager, and Hideharu Kasuga, Auditor (Part-time) of the same, concurrently serve as officers and employees of Daiwa Securities Group Inc. Furthermore, the Asset Manager has received three employees seconded from Daiwa Securities Group Inc.	
Business relationship	Daiwa Securities Group Inc. has leased rooms at 11 properties among the assets held by the Investment Corporation and has paid 10,905 thousand yen of rent, etc. for the 6 months fiscal period ended March 31, 2018 (24th fiscal period) to the Investment Corporation.	
Related Parties	Daiwa Securities Group Inc. is a parent company of the Asset Manager and is classified as an affiliate party of the Asset Manager. In addition, it is classified as an interested party, etc. defined in Act on Investment Trusts and Investment Corporations (Act No. 198 of 1951, as amended) and as a specified associated corporation of the Investment Corporation defined in the Financial Instruments and Exchange Act (Act No. 25 of 1948, as amended).	

2. The details of the Demand for Cash-Out

- (1) When choosing not to make a demand for share cash-out to a wholly owned subsidiary of the special controlling shareholder, to that effect and the name of such wholly owned subsidiary of the special controlling shareholder (Article 179-2, Paragraph 1, Item 1 of the Companies Act)

Not applicable.

- (2) Matters related to the amount and allotment of money to be delivered to the shareholders subject to cash-out as the consideration for the shares subject to cash-out (Article 179-2, Paragraph 1, Items 2 and 3 of the Companies Act)

The Special Controlling Shareholder will pay 161,578 yen per share of the Shares Subject to Cash-Out to the Shareholders Subject to Cash-Out as the consideration for the Shares Subject to Cash-Out (hereinafter referred to as the “Cash-Out Consideration”).

- (3) Matters related to demand for stock acquisition rights cash-out (Article 179-2, Paragraph 1, Item 4 of the Companies Act)

Not applicable.

- (4) The date when the special controlling shareholder acquires the shares subject to cash-out (Article 179-2, Paragraph 1, Item 5 of the Companies Act)

August 1, 2018

- (5) The means to secure funds for payment of cash-out value (Article 179-2, Paragraph 1, Item 6 of the Companies Act, Article 33-5, Paragraph 1, Item 1 of the Ordinance for Enforcement of the Companies Act)

The Special Controlling Shareholder has bank deposits more than equivalent to the amount of funds to pay for the Cash-Out Consideration and will pay the Cash-Out Consideration with cash or deposits it holds.

- (6) Other transaction terms concerning the demand for share cash-out (Article 179-2, Paragraph 1, Item 6 of the Companies Act, and Article 33-5, Paragraph 1, Item 2 of the Ordinance for Enforcement of the Companies Act)

The Special Controlling Shareholder will pay the Cash-Out Consideration through a bank transfer to the bank accounts designated by the Shareholders Subject to Cash-Out within a reasonable period after the acquisition date of the Shares Subject to Cash-Out.

End