

December 27, 2012

To All Concerned Parties

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### Notice Concerning Borrowing of Funds and Repayment of Loans

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) announces that the Investment Corporation concluded contracts concerning refinancing of a part of existing long-term borrowings that are due for repayment within one year (approximately 30.1 billion yen in total) (hereafter referred to as the “Refinancing”) at a meeting of its Board of Directors held today in order to finalize refinancing conditions at an early date.

#### I. Overview of refinancing

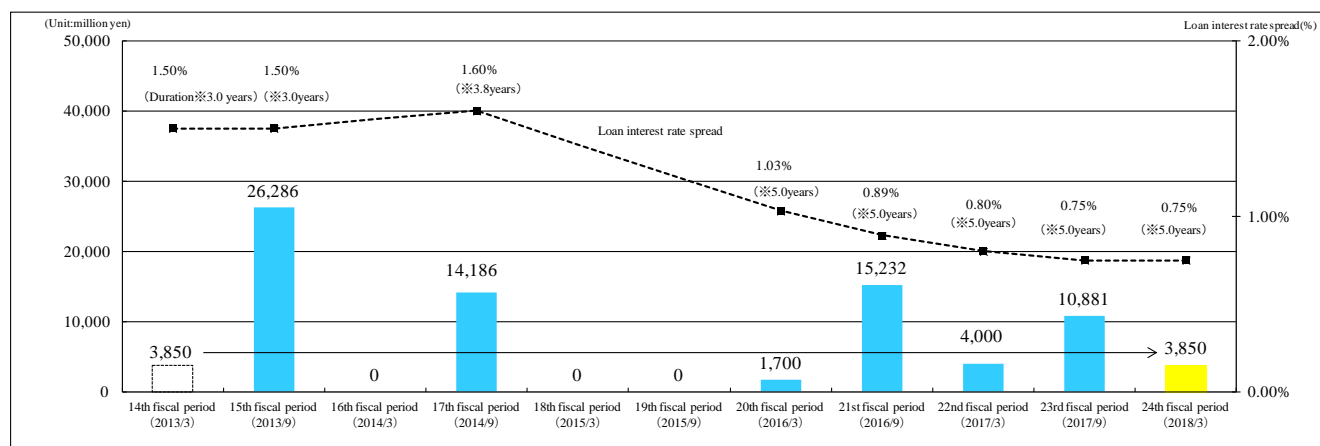
The Investment Corporation has made the decision to refinance debt of 3.85 billion yen which is due for repayment on March 25, 2013 (initial drawdown date: March 25, 2010; tenure: three years). The Investment Corporation concluded contracts concerning loans for the refinancing (tenure: five years), which is scheduled to be conducted on the repayment date, through the syndicated loans with six existing correspondent financial institutions, with The Bank of Tokyo-Mitsubishi UFJ, Ltd as the arranger and agent. The Investment Corporation’s balance of borrowing by lender before and after the Refinancing is outlined below.

##### (1) Change in balance of borrowings by lender

Lender	Before Refinancing	Refinancing			After Refinancing	
	Amount (million yen)	① Repayment amount (million yen)	② Balance of borrowing (million yen)	②-( Change (million yen)	Amount (million yen)	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent )	19,733	1,550	1,550	0	19,733	25.9%
Aozora Bank, Ltd	18,367	300	300	0	18,367	24.1%
Sumitomo Mitsui Banking Corporation	14,590	0	400	400	14,990	19.7%
Resona Bank, Limited	6,061	1,000	1,000	0	6,061	8.0%
Shinsei Bank, Limited	4,552	0	0	0	4,552	6.0%
Sumitomo Mitsui Trust Bank, Limited	4,194	1,000	0	-1,000	3,194	4.2%
The Musashino Bank, Ltd	2,019	0	0	0	2,019	2.7%
The Norinchukin Bank	1,970	0	0	0	1,970	2.6%
Mitsubishi UFJ Trust and Banking Corporation	1,769	0	200	200	1,969	2.6%
ORIX Bank Corporation	1,877	0	0	0	1,877	2.5%
HIGASHI-NIPPON BANK, LTD	500	0	400	400	900	1.2%
The Bank of Fukuoka, Ltd	500	0	0	0	500	0.7%
Total	76,136	3,850	3,850	0	76,136	100.0%

Note 1: Amounts are rounded down to the nearest million yen. Percentage figures are rounded off to one decimal place

## (2) Borrowings by repayment date



Note: Figures denote the weighted average for loan interest spreads and duration of borrowings in each fiscal period

## (3) Status of borrowings before and after the Refinancing

All borrowings are long-term debt (however, this also includes borrowings that are due for repayment within one year)

(Unit : million yen)

	Before Refinancing	After Refinancing	Difference
Short-term borrowings (Note 1) (Note 3)	-	-	-
Long-term borrowings (Note 1) (Note 3)	76,136	76,136	-
(Long-term borrowings due within one year) (Note 2) (Note 3)	30,136	26,286	-3,850
Total borrowings (Note 3)	76,136	76,136	-
Investment Corporation bonds (Note 3)	-	-	-
Total interest-bearing debt (Note 3)	76,136	76,136	-
Interest-bearing debt ratio (%) (Note 4)	47.4%	47.4%	-

(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 the date of the Borrowings (i.e. by March 24, 2014).

(Note 3) Amounts are rounded down to the nearest million yen

(Note 4) Interest-bearing debt ratio = Total interest-bearing debt / (Total interest-bearing debt + Unitholders' capital + Investment surplus + Negative goodwill from the previous fiscal period) × 100. The interest-bearing debt ratio is rounded off to the first decimal place.

As a result of the Refinancing, the average duration of overall borrowings made by the Investment Corporation will be extended to 4.1 years after the Refinancing as compared to 4.0 years prior to the Refinancing. It will also result in an increase in the long-term interest bearing debt ratio, from 60.4% to 65.5% (not including long-term borrowings due within one year).

## II. Borrowings of Funds

### 1. Reason for Borrowings

The Investment Corporation has made the decision to borrow 3,850 million yen from existing correspondent financial institutions, with The Bank of Tokyo-Mitsubishi UFJ, Ltd as the arranger and agent, with the objective of raising funds for refinancing existing debt that is close to repayment.

### 2. Summary of Borrowings

#### Term Loan D2

(i)	Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd, Resona Bank, Limited, Sumitomo Mitsui Banking Corporation, HIGASHI-NIPPON BANK,LTD, Aozora Bank, Ltd, Mitsubishi UFJ Trust and Banking Corporation
(ii)	Amount of borrowings	3,850 million yen
(iii)	Interest rate	1-month JBA Japanese Yen TIBOR+0.75%
(iv)	Drawdown date	March 25, 2013
(v)	Method	Borrowings based on Term Loan Agreement for D2 signed on December 27, 2012, with the lenders mentioned above in (i)
(vi)	Due date	March 23, 2018
(vii)	Repayment conditions	Lump-sum repayment on the due date
(viii)	Collateral	The first right of fixed pledge or fixed mortgage is established on a part of <sup>(Note 1)</sup> existing trust beneficiary interests in real estate and properties.

(Note 1): Properties for which fixed mortgages or fixed pledges are established

Property number	Property name	Property number	Property name
O-4-089	Lexington Square Shinjuku Gyoen	O-6-085	Student Heights Kujo
O-5-088	willDo Takabata	O-7-068	willDo Okayama-eki Nishiguchi
O-6-028	willDo Shin-Osaka s I	F-4-035	Greenhills Roka
O-6-030	willDo Fukae Minami	F-4-039	The Palms Yoyogi Uehara Cosmo Terrace
O-6-058	willDo Tsurumi morokuchi	F-4-040	Sun Terrace Yoyogi Uehara
O-6-064	willDo Matsuyamachi		

Interest payment dates for the aforementioned borrowings fall on the 22nd of each month. JBA 1 month yen TIBOR rate of two business days prior to the latest interest payment date will be used as the base rate to calculate the applicable interest rate for the current calculation period (1-month JBA Japanese Yen TIBOR rate as of today, December 27, 2012: 0.18000%). If the calculation period is less than 1 month, the accrued interest will be calculated using the base rate applicable and according to the method described in the contract.

Please refer to the JBA website (<http://www.zenginkyo.or.jp/tibor/>) for JPY TIBOR details.

### III. Repayment of Loans

#### Term Loan D

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd, Resona Bank Limited, Sumitomo Mitsui Trust Bank, Limited, Aozora Bank, Ltd
Drawdown date	March 25, 2010
Amount of borrowings	3,850 million yen
Due date	March 25, 2013
Amount of repayment	3,850 million yen
Repayment conditions	Lump-sum repayment on the due date

### IV. Others

As for risks pertaining to the repayment, etc. of the abovementioned borrowings, there are no important changes to the “Investment risks” mentioned in the most recent semiannual report (submitted on December 20, 2012).

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