

May 8, 2015

To All Concerned Parties

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Notice Concerning Forecasts of Operating Results and Distributions for the Fiscal Periods Ending September 30, 2015 (19th Fiscal Period) and March 31, 2016 (20th Fiscal Period)

Japan Rental Housing Investments Inc. (hereinafter referred to as the “Investment Corporation”) hereby announces the following earnings and distribution forecasts for the 19th Fiscal Period ending September 30, 2015 (from April 1, 2015 to September 30, 2015) and the 20th Fiscal Period ending March 31, 2016 (from October 1, 2015 to March 31, 2016). The Investment Corporation plans to utilize its existing distribution reserve (see Note 3 below) for a portion of distribution payments for the 19th and 20th Fiscal Periods and we hereby announces forecasts for two fiscal periods including the 20th Fiscal Period.

Forecasts for the 19th Fiscal Period Ending September 30, 2015 and 20th Fiscal Period Ending March 31, 2016

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding distributions in excess of earnings)	Distribution in Excess of Earnings per Unit
19th Fiscal Period (ending September, 2015)	7,602 million yen	3,361 million yen	2,536 million yen	2,535 million yen	1,700 yen	0 yen
20th Fiscal Period (ending March, 2016)	7,761 million yen	3,471 million yen	2,615 million yen	2,614 million yen	1,700 yen	0 yen

Notes

- The aforementioned figures are indicative of current forecasts calculated on the basis of “Preconditions and Assumptions for the Earnings Forecasts for the 19th Fiscal Period (April 1, 2015 to September 30, 2015) and 20th Fiscal Period (October 1, 2015 to March 31, 2016)” in the Attachment. Accordingly, there is a possibility of a change in the actual operating revenues, operating income, ordinary income, net income, and distribution per unit due to various factors such as acquisitions or disposals, changes in real estate markets etc. We do not guarantee payment of the forecast cash distribution per unit.
- Assumed number of total investment units to be issued and outstanding as of the end of the fiscal period ending September 2015 (19th Fiscal Period): 1,640,060 units
Assumed number of total investment units to be issued and outstanding as of the end of the fiscal period ending March 2016 (20th Fiscal Period): 1,640,060 units
- “Distribution per Unit” includes the planned drawdown from our distribution reserve and is different from net income per unit. The planned drawdown from our distribution reserve per unit in each fiscal period is as follows:
Fiscal period ending September 2015 (19th Fiscal Period) 154 yen (total of 252 million yen)
Fiscal period ending March 2016 (20th Fiscal Period) 106 yen (total of 173 million yen)
- Figures are rounded down to the nearest whole number.
- The Investment Corporation may revise the forecasts above if such forecasts will deviate materially from its anticipated forecasts.

Note: This English language notice is a translation of the Japanese-language notice released on May 8, 2015 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. We caution readers to undertake investment decisions based on their own investigation and responsibility. This translation of the original Japanese-language notice is provided for informational purposes only, and no warranties or assurances are given regarding the accuracy or completeness of this English translation. Readers are advised to read the original Japanese-language notice. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail in all respects.



(Reference) Earnings and Distributions reported in the May 8, 2015 financial results for the 18th fiscal period ended March 31, 2015 (from October 1, 2014 to March 31, 2015)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit (excluding distributions in excess of earnings)	Distribution in Excess of Earnings per Unit
18th Period (ended March, 2015)	7,251 million yen	3,249 million yen	2,478 million yen	2,478 million yen	1,680 yen	0 yen

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

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«Attachment»

Preconditions and Assumptions for the Earnings Forecasts for the 19th Fiscal Period (April 1, 2015 to September 30, 2015) and 20th Fiscal Period (October 1, 2015 to March 31, 2016)

Item	Preconditions and Assumptions
Period	<ul style="list-style-type: none"> 19th Fiscal Period (from April 1, 2015 to September 30, 2015) (183 days) 20th Fiscal Period (from October 1, 2015 to March 31, 2016) (183 days)
Portfolio	<ul style="list-style-type: none"> It is assumed that the Investment Corporation owns 192 properties (the “Current Properties”) and will acquire the 7 properties below (the “Anticipated Properties”). Purchase and sale agreements for the Anticipated Properties consisting of real estate properties and trust beneficiary rights have already been executed, and the transfer date will be June 1, 2015. <ul style="list-style-type: none"> Gran Casa Kita3jo Gran Casa ShinKoiwa Gran Casa Ryogoku Ichibankan Gran Casa Ryogoku Nibankan Serenite Honmachi Grande Gransys Tenmabashi DayGran Tsurumi After the acquisition of the Anticipated Properties, it is assumed that there will be no change of the portfolio until the end of the 20th Fiscal Period, but it is possible that the Investment Corporation may make other acquisitions or dispositions. With regard to the interest that the Investment Corporation owns in a TK operated by G.K. JFT as of the date of this press release, the settlement date of the fund subsequent to the acquisition of the Anticipated Properties is undetermined, and as such is not included in the preconditions and assumptions.
Number of Units Issued	<ul style="list-style-type: none"> It is assumed that the total number of investment units issued will be 1,640,060 investment units. At the Board of Directors’ meeting held on May 8, 2015, a decision was made to offer 165,000 new investment units in addition to the currently existing 1,475,060 investment units. The number of new investment units above is a total of (a) units offered in connection with the Japanese offering and sold to underwriters in Japan and (b) units offered in connection with the international offering and sold to international underwriters. Afterward, it is assumed that there will be no change through the end of March 2016.
Operating Revenue/Operating Expenses	<ul style="list-style-type: none"> Operating revenues and operating expenses are calculated under the above assumptions for the portfolio assets. Of the property-related expenses, which are major operating expenses, expenses other than depreciation are calculated based partially on the actual expense information from our own properties as well as information provided by previous owners, and reflect factors that contribute to the fluctuation of expenses. Maintenance fees are assumed to be approximately 424 million yen for the 19th Fiscal Period and 430 million yen for the 20th Fiscal Period. For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated to be approximately 387 million yen in the 19th Fiscal Period and approximately 363 million yen in the 20th Fiscal Period. However, the actual expenditures for repair could differ significantly from the estimated amount due to unexpected expenditures for repair possibly arising due to unforeseeable events. Taxes and public dues are assumed to be approximately 444 million yen for the 19th Fiscal Period and approximately 444 million yen for the 20th Fiscal Period. Depreciation is calculated using the straight-line method, including incidental expenses and additional future capital expenditures, and is assumed to be approximately 1,570 million yen for the 19th Fiscal Period and 1,610 million yen for the 20th Fiscal Period.
Non-operating Expenses	<ul style="list-style-type: none"> Non-operating expenses are assumed to be approximately 903 million yen for 19th Fiscal Period and 860 million yen for 20th Fiscal Period, and are broken down as follows: <ul style="list-style-type: none"> (1) Interest payment 522 million yen in 19th Period, 525 million yen in 20th Period (2) Finance-related costs 323 million yen in 19th Period, 321 million yen in 20th Period (3) Amortization of

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	<p>issuance costs of new units 9 million yen in 19th Period, 9 million yen in 20th Period (4) Sale costs of units 44 million in 19th Period, 0 yen in 20th Period (5) Other 3 million yen in 19th Period, 3 million yen in 20th Period Furthermore, expenses related to the offering of new investment units are planned to be amortized over 36 months by using the straight-line method.</p>
Interest-Bearing Debt	<ul style="list-style-type: none"> The amount of the current outstanding interest-bearing debt is 106,039 million yen, and it is assumed that with respect to the existing loan of 11,352 million yen which will be due on June 22, 2015, 11,349 million will be refinanced and 3 million yen will be repaid using cash on hand. It is assumed that 2 billion yen in bank loans will be funded on June 1, 2015 to acquire a portion of Anticipated Acquisitions. The actual loan amount may differ subject to a unit price of new investment units to be issued.
Distribution per Unit (Note)	<ul style="list-style-type: none"> Distribution per unit is calculated according to the regulations and policies for distribution of the Investment Corporation. As a general rule, the total net profit for each fiscal period will be distributed. It is assumed that distribution for the fiscal period ending September 30, 2015 (the 19th Fiscal Period) will utilize the net profit of 2,535 million yen for that period in addition to the 252 million yen drawn down from the distribution reserve, for a total distribution of 2,788 million yen (1,700 yen per unit). It is assumed that distribution for the fiscal period ending March 31, 2016 (the 20th Fiscal Period) will utilize the net profit of 2,614 million yen for that period in addition to 173 million yen from the distribution reserve, for a total distribution of 2,788 million yen (1,700 yen per unit). Distribution per unit may differ from the forecast due to various factors, including changes in operating assets, changes in rent income due to the fluctuating number of tenants, and unforeseen repairs. The net profit per unit and distribution per unit in each fiscal period are calculated using the number of units issued at the end of each period, as listed above.
Distribution in Excess of Earnings per Unit	<ul style="list-style-type: none"> At present, the Investment Corporation does not plan to make a cash distribution in excess of earnings.
Others	<ul style="list-style-type: none"> It is assumed that there will be no revision to legislation, tax regulations, accounting principles, securities exchange regulations or the rules of the Investment Trusts Association, Japan that could affect the above forecasts. It is also assumed that there will not be any irregular, material change in general economic trends or real estate market conditions.

(Note) The Investment Corporation, through its July 1, 2010 merger with Prospect Reit Investment Corporation, recorded a distribution reserve (extraordinary gain on negative goodwill) of 12.3 billion yen. This made it possible for the Investment Corporation to adopt flexible financing strategies, to utilize these gains against other fees, to dispose of properties and offset losses on the transfer of properties, to write-off financial and other fees, to compensate for diluted investment unit value due to capital increase during that period, to avoid any effect to the distribution per unit and to secure operational flexibility.

The Investment Corporation has a distribution reserve (extraordinary gain on negative goodwill) of 7 billion yen as of March 31, 2015, and may use that reserve as its Board of Directors consider appropriate. Accordingly, the Investment Corporation plans to use a portion of the distribution reserve in the 19th and 20th Fiscal Periods to partially offset any temporary reduction in distributions per unit that may otherwise have been necessary, such as dilution of unit value from issuance of new units, with a view to maintain the future profitability of the portfolio regardless of such temporary reductions.

However, the Investment Corporation's policies on distribution, including those above for the utilization of distribution reserve, are based on current plans for monetary distribution, and these forecasts do not guarantee any actual distribution amount.

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