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To All Concerned Parties

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### **Notice Concerning Borrowing of Funds and Prepayment of Loans**

Japan Rental Housing Investments Inc. (hereinafter referred to as the “Investment Corporation”) hereby announces that it has today reached a decision regarding borrowing of funds (hereafter referred to as the “Borrowings”) and prepayment of loans. Details are provided below.

#### I. Borrowings

##### 1. Reason for Borrowings

The Investment Corporation has decided to make new borrowings totaling 4 billion yen with loan periods of five years from a combination of existing correspondent financial institutions as well as new financial institutions through a syndicated loan. The Bank of Tokyo-Mitsubishi UFJ, Ltd. will be the arranger and agent to raise funds of 1.24 billion yen to be used for acquiring West Park Hasekura (hereinafter referred to as the “Real Estate”) to be acquired on March 22, 2012 (Note 1) and 2.58 billion yen for the repayment of the 3<sup>rd</sup> New Property Loan (Note 2).

As a result of a prepayment of the 3<sup>rd</sup> New Property Loan, the total borrowings to be refinanced for the 13<sup>th</sup> Fiscal Period (ending September 30, 2012) are expected to decline from 11.81 billion yen to 9.23 billion yen.

(Note 1) For details, please refer to the press release “Notice Regarding New Property Acquisition” announced earlier today on March 6, 2011

(Note 2) This borrowing was made by the Prospect Reit Investment Corporation on June 28, 2007, and has been taken over by the Investment Corporation following the merger with Prospect Reit Investment Corporation on July 1, 2010.

## 2. Summary of Borrowings

### Term Loan G

- (1) Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Shinsei Bank, Ltd., The Bank of Fukuoka, Ltd.
- (2) Drawdown date: March 22, 2012
- (3) Amount of borrowing: JPY 4,000 million
- (4) Interest rate: 1-month JBA Japanese Yen TIBOR+0.80%
- (5) Method: Borrowings under Term Loan Agreement (G) to be concluded with the lender specified in (1) on March 6, 2012
- (6) Due date: March 22, 2017 (five year period)
- (7) Repayment conditions: Lump-sum repayment on the due date
- (8) Collateral: The first mortgages are established on the Real Estate. In addition, the first mortgages or pledges are established on a part of existing properties and trust beneficiary interest in real estate (0-2-123 Act Forme Asakusa, 0-4-102 Prospect Monzennakacho, 0-4-103 Prospect Ogikubo, 0-4-104 Exceria Ikebukuro West II, 0-4-108 Prospect Chuo-Rinkan, F-4-049 Prospect Nishi-Sugamo)

Interest payment dates for the aforementioned borrowings fall on the 22nd of each month (if not a business day, the next business day, and if the next business day falls under the next month, the business day immediately prior will be the interest payment date). JBA 1 month yen TIBOR rate of two business days prior to the interest payment dates will be used as the base rate to calculate the applicable interest rate for the calculation periods (1-month JBA Japanese Yen TIBOR rate as of today, March 6, 2012: 0.18000%). However, if the calculation period is less than 1 month, the interest will be calculated using the base rate applicable for the period and according to the proportionate method described in the contract.

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

## II. Prepayment of Loans

1. Date of prepayment: March 22, 2012
2. Total amount of prepaid loans: JPY 6,581 million
3. Summary of prepaid loans

Category	Lender	Outstanding Balance of Borrowing Before the Prepayment (Note 2) (JPY million)	Amount of Prepayment (JPY million)(Note 2)	Outstanding Balance of Borrowing After the Prepayment (JPY million)	Drawdown Date	Due Date of Repayment	Collateral	Most Recent Interest Rate (Planned Applicable Period of Interest Rate)
3rd New Property Loan (Note 1)	The Norinchukin Trust and Banking Co., Ltd.	2,581	2,581	0	June 28, 2007	July 31, 2011	Secured	1.28643% (February 1, 2012 to April 27, 2012)

(Note 1) For details regarding this loan, please refer to the June 26, 2007 press release by Prospect Reit Investment Corporation titled "Notice Regarding Borrowing of Funds and Change in Commitment Line," the August 24, 2007 release titled "Notice Regarding Existing Borrowings (Transfer of Loan Claims," and the February 26, 2010 release titled "Notice Regarding Prepayment of Loan."

(Note 2) Figures have been rounded down to the nearest JPY million.

## III. Others

For risks pertaining to the repayment, etc. of the Borrowings, there are no important changes to the "Investment risks" mentioned in the most recent semiannual securities report (submitted on December 20, 2012).

Reference: Trends by category based on the March 6, 2012 decision on Borrowings

1) Trends in interest spread of syndicated loan

The trends in interest spread of syndicated loan are outlined below.

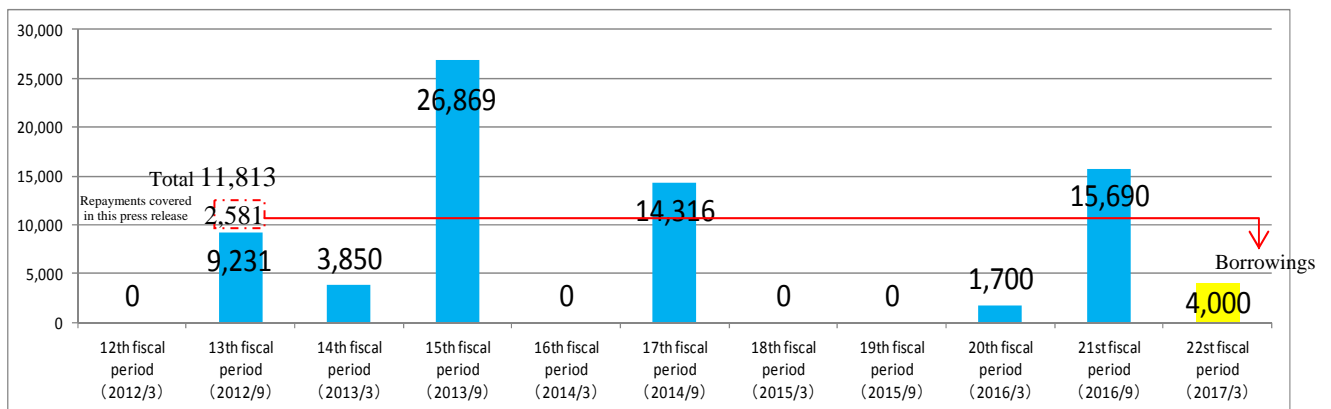
Conditions for debt refinanced in June/July 2010			Conditions for June 2011 refinancing			Conditions for the new borrowings on September 20, 2011			Conditions for the Borrowings		
Period	Amount (JPY million)	Spread	Period	Amount (JPY million)	Spread	Period	Amount (JPY million)	Spread	Period	Amount (JPY million)	Spread
3 years	29,378	1.50 %	3 years	2,198	0.70 %						
4 years	12,158	1.75 %	5 years	11,690	0.90 %						
Weighted average		1.57 %	Weighted average		0.87 %	Average		0.85 %	Average		0.80 %

(Note 1) Based on 1-month JBA Japanese Yen TIBOR

(Note 2) Numbers have been rounded down to JPY million

2) Borrowings by repayment date

Please refer to the following table for the diversification of repayment periods. Furthermore, the average loan period of the overall Investment Corporation is expected to increase from 3.74 years to 3.76 years with the Borrowings.



(Unit: JPY million)

### 3) Total interest-bearing debt, and LTV based on appraisal value and book value

The trends in total interest-bearing debt, and LTV based on appraisal value and book value since the merger with Prospect Reit Investment Corporation (PRI) are outlined below.

	July 2, 2010 (post-merger)	September 30, 2010 (end of Ninth Fiscal Period)	March 31, 2011 (end of Tenth Fiscal Period)	September 30, 2011 (end of Eleventh Fiscal Period)	March 22, 2012 (after Borrowings and repayment)
Total interest-bearing debt	JPY 75,656 million	JPY 72,225 million (Note 1)	JPY 70,241 million (Note 2)	JPY 74,239 million (Note 3)	JPY 75,658 million (Note 4)
LTV based on book value (Note 5)	45.8%	44.6%	44.0%	46.5%	47.0%
LTV based on appraisal value	53.9%	53.6%	52.8%	53.3%	53.3%

(Note 1) Decline as a result of loan prepayment of 3.4 billion yen following the sale of Hilltop Yokohama Negishi.

(Note 2) Net decline resulting from loan prepayment of 3.6 billion yen following the sale of 6 properties in the 10th Fiscal Period and borrowings of 1.7 billion yen due to the purchase of two new properties.

(Note 3) Increase owing to borrowings of 4 billion yen for the purpose of refinancing and acquisition of two new properties during the Eleventh Fiscal Period.

(Note 4) The figures indicates the amount based on the Investment Corporation's decisions as of today after the proposed Borrowings and loan prepayment (this excludes the scheduled loan repayment amount that will result from the transfer of asset as outlined in the March 2, 2012 release titled "Notice Concerning Transfer of Assets." The appraisal value used for computing the appraisal value-based LTV figure refers to the sum of portfolio value on the current date and the value of the concerned real estate. For portfolio properties held as of the end of the 11<sup>th</sup> Fiscal Period we use the appraisal value as of the end of the Fiscal Period. For properties purchased in the 12<sup>th</sup> Fiscal Period we use the appraisal value at the time of purchase. Assuming that the scheduled loan repayment that accompanies the aforementioned transfer is executed as per schedule, this is expected to result in total interest-bearing debt of 74,342 million yen, book-value based LTV of 46.6%, and appraisal value-based LTV of 53.0%.

(Note 5) LTV based on book value: Interest-bearing debt ratio = Interest bearing debt / (Interest-bearing debt + Unitholders' capital + Investment surplus + Negative goodwill from the previous fiscal period) × 100.

(Note 6) Numbers have been rounded down to JPY million. Ratios are rounded off to one decimal place.

### 4) Status of loans following the Borrowings and repayment of loans

(Unit: JPY million)

	Before	After	Change
Short-term borrowings (Note 1) (Note 3)	-	-	-
Long-term borrowings (Note 1) (Note 3)	74,239	75,658	1,418
(Long-term borrowings due within one year) (Note 2) (Note 3)	11,813	9,231	- 2,581
Total borrowings (Note 3)	74,239	75,658	1,418
Investment corporation bonds (Note 3)	-	-	-
Total interest-bearing debt (Note 3)	74,239	75,658	1,418
Interest-bearing debt ratio (%) (Note 4)	46.5	47.0	0.5

(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.

(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.

## 5) Post-Borrowings and Prepayment of loans outstanding balance of borrowing by lender

Lender	Before Borrowings and Prepayment of loans		Difference	After Borrowings and Prepayment of loans	
	Outstanding balance (JPY million)	Share	Amount (JPY million)	Outstanding balance (JPY million)	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent )	16,293	21.9%	2,000	18,293	24.2%
Aozora Bank, Ltd.	18,532	25.0%	0	18,532	24.5%
Sumitomo Mitsui Banking Corporation	13,523	18.2%	0	13,523	17.9%
Resona Bank, Limited	5,541	7.5%	0	5,541	7.3%
The Norinchukin Bank	4,307	5.8%	0	4,307	5.7%
Shinsei Bank, Limited	2,489	3.4%	1,500	3,989	5.3%
The Chuo Mitsui Trust and Banking Co., Ltd.	2,855	3.8%	0	2,855	3.8%
The Musashino Bank, Ltd	2,093	2.8%	0	2,093	2.8%
ORIX Bank Corporation	1,898	2.6%	0	1,898	2.5%
Mitsubishi UFJ Trust and Banking Corporation	1,840	2.5%	0	1,840	2.4%
The Sumitomo Trust and Banking Co., Ltd.	1,465	2.0%	0	1,465	1.9%
Mitsui Sumitomo Insurance Co., Ltd.	818	1.1%	0	818	1.1%
The Bank of Fukuoka, Ltd.	0	0.0%	500	500	0.7%
The Norinchukin Trust & Banking Co.,Ltd.	2,581	3.5%	- 2,581	0	0.0%
Total	74,239	100.0%	1,418	75,658	100.0%

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

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

This press release includes forward-looking statements about the Investment Corporation. These forward-looking statements express the current intentions of the Investment Corporation, some of which are based on assumptions and beliefs of the Investment Corporation. Accordingly, they are subject to known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Investment Corporation's actual actions, results, performance or financial position to be materially different from any future actions, results, performance or financial position expressed or implied by these forward-looking statements.