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June 20, 2011

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 today decided on the refinancing of existing loans (hereafter referred to as the “Refinancing”). Details are as follows.

The display method for interest rates has been modified starting from this notice. As a result, going forward all notices regarding monthly interest rates on relevant borrowings will be presented in an abbreviated form.

I. Overview of refinancing

For the 11th Fiscal Period, the Investment Corporation has placed a heightened focus on lowering financial costs and lengthening the loan period for existing debt of approximately 13.8 billion yen that was due for payment on June 22, 2011.

Now, as a result of a syndicated loan, with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the arranger and agent, the Investment Corporation has achieved the objectives of lowering financial costs (down by 24 million yen as compared to the management projection at the start of the 11th Fiscal Period) and lengthening the loan period (five years for the 11,690 million yen debt, three years for the 2,198 million yen debt).

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As a part of this refinancing, the Investment Corporation has made new borrowings from multiple correspondent banks as listed below.

Details of borrowings/repayment of approximately 13.8 billion yen as part of this refinancing

Lender	Before refinancing		Difference		After refinancing		
	Category	Outstanding balance of borrowing (million yen)	Repayment amount (million yen)	New borrowing (million yen)	Category	Outstanding balance of borrowing (million yen)	Loan period
Resona Bank, Ltd.	Term Loan A3	753	0	+838	Term Loan A5 (Second)	1,592	5 years
Shinsei Bank, Limited		1,396	0	+103		1,500	
Sumitomo Mitsui Banking Corporation		753	0	0		753	
The Chuo Mitsui Trust and Banking Company, Limited		628	0	0		628	
The Norinchukin Bank		1,256	0	0	Term Loan A5 (First)	1,256	3 years
Mitsubishi UFJ Trust and Banking Corporation		942	0	0		942	
Sumitomo Trust and Banking Co., Ltd.		942	-942	0	—	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd	Term Loan B2	1,363	0	0	Term Loan B4	1,363	5 years
Sumitomo Mitsui Banking Corporation		0	0	+863		863	
ORIX Trust and Banking Corporation		0	0	+500		500	
Aozora Bank, Ltd.		1,363	-1,363	0	—	—	—
The Bank of Tokyo-Mitsubishi UFJ, Ltd	Term Loan C2	2,244	0	+1,544	Term Loan C4	3,789	5 years
Sumitomo Mitsui Banking Corporation		0	0	+700		700	
Aozora Bank, Ltd.		2,244	-2,244	0	—	—	—
Total		13,890	-4,550	+4,549	—	13,889	—

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

The interest spread for the 3-year period and 5-year period is 0.70% and 0.90% respectively. This suggests a significant decline from the figure at the time of the refinancing conducted in June and July 2010 (1.50% for the 3-year period and 1.75% for the 4-year period) and in June 2009 (1.25% for a two-year period; this refers to the loan which is due for repayment this fiscal period and is the subject of the latest refinancing) (see Figure 1: Trends in interest spread conditions).

As a result of this refinancing, the interest payment in the 11th Fiscal Period will decline an estimated 24 million yen as compared to the assumptions outlined in the management projections at the start of the fiscal period.

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Figure 1: Trends in interest spread conditions

Refinancing in June 2009 (due for repayment in June 2011)			Spread for debt refinanced in June/July 2010			Conditions for June 2011 refinancing		
Period	Amount (million yen)	Spread	Period	Amount (million yen)	Spread	Period	Amount (million yen)	Spread
2 year	13,890	1.25%	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		1.25%	Weighted average		1.57%	Weighted average		0.87%

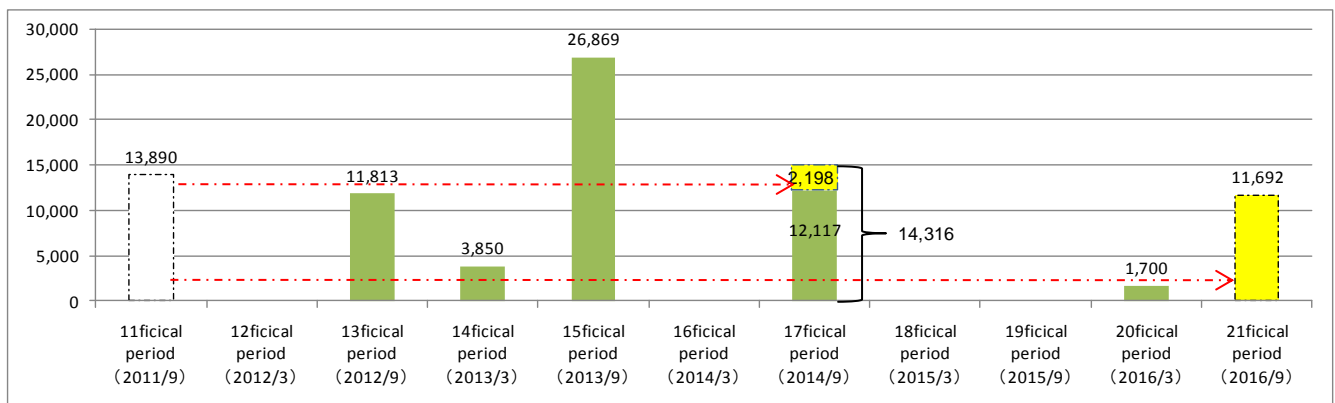
(Note 1) Based on 1-month JBA Japanese Yen TIBOR for debt refinanced in June/July 2010 and June 2011, 3-month JBA Japanese Yen TIBOR for debt refinanced in June 2009

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

The loan period for the existing debt was two years. As a result of this refinancing, the loan period for a part of this refinanced debt has been lengthened to five years (for 11,690 million yen) and three years (2,198 million yen), respectively. This has contributed to lengthening of the loan period as well as spreading out of the repayment deadlines (see Figure 2: Borrowings by repayment date).

The average loan period, which was 3.1 years previously, has improved to 3.7 years as a result of the latest refinancing. Similarly, the ratio of long-term interest bearing debt has also improved from 80.2% to 86.9%.

Figure 2: Borrowings by repayment date



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As part of this refinancing, some part of the debt will be repaid using cash on hand, resulting in a decline of 1 million yen in the overall interest-bearing debt. 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)	June 22, 2011 (this refinancing)
Total interest-bearing debt	75,656 million yen	72,225 million yen (Note 1)	70,241 million yen (Note 2)	70,239 million yen (Note 3)
LTV based on book value (Note 4)	45.8%	44.6%	44.0%	44.0%
LTV based on appraisal value	53.9%	53.6%	52.8%	52.8%

(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) Refer to “Borrowings of Fund” and “Repayment of Borrowings” sections below

(Note 4) 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. Ratio of interest-bearing debt rounded off to one decimal place

(Note 5) Numbers have been rounded down to JPY million

[For reference 1]

Status of borrowings after the aforementioned refinancing by the Investment Corporation

	Before	After	Change
Short-term borrowings (Note 1) (Note 3)	-	-	-
Long-term borrowings (Note 1) (Note 3)	70,241	70,239	-1
(Long-term borrowings due within one year) (Note 2) (Note 3)	13,890	9,231	-4,658
Total borrowings (Note 3)	70,241	70,239	-1
Investment Corporation bonds (Note 3)	-	-	-
Total interest-bearing debt (Note 3)	70,241	70,239	-1
Interest-bearing debt ratio (%) (Note 4)	44.0	44.0	-0.0

(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 by June 22, 2012

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

(Note 4) Interest-bearing debt ratio= Interest bearing debt / (Interest-bearing debt + Unitholders’ capital +Investment surplus + Negative goodwill from the previous fiscal period) ×100. Ratio of interest-bearing debt rounded off to one decimal place.

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[For reference 2]

Post-refinancing outstanding balance of borrowing by lender

Lender	Before refinancing		Difference	After refinancing		Change in share (composition)
	Amount (million yen)	Share	Amount (million yen)	Amount (million yen)	Share	
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent)	13,748	19.6%	1,544	15,293	21.8%	2.2%
Aozora Bank, Ltd.	22,140	31.5%	-3,608	18,532	26.4%	-5.1%
Sumitomo Mitsui Banking Corporation	10,960	15.6%	1,563	12,523	17.8%	2.2%
Resona Bank, Ltd.	3,702	5.3%	838	4,541	6.5%	1.2%
The Norinchukin Bank	4,307	6.1%	0	4,307	6.1%	0.0%
The Chuo Mitsui Trust and Banking Co.,Ltd.	2,855	4.1%	0	2,855	4.1%	0.0%
The Norinchukin Trust & Bankig Co.,Ltd.	2,581	3.7%	0	2,581	3.7%	0.0%
Shinsei Bank, Limited	2,385	3.4%	103	2,489	3.5%	0.1%
The Musashino Bank,Ltd.	2,093	3.0%	0	2,093	3.0%	0.0%
Mitsubishi UFJ Trust and Banking Corporation	1,840	2.6%	0	1,840	2.6%	0.0%
Sumitomo Trust and Banking Co., Ltd.	2,407	3.4%	-942	1,465	2.1%	-1.3%
ORIX Trust and Banking Corporation	398	0.6%	500	898	1.3%	0.7%
Mitsui Sumitomo Insurance Co., Ltd.	818	1.2%	0	818	1.2%	0.0%
Total	70,241	100.0%	-1	70,239	100.0%	0.0%

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

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II. Borrowings of Funds

1. Reason for Borrowings

The Investment Corporation has made the decision to borrow 13,889 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 A5

(i)	Lender	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Norinchukin Bank, The Chuo Mitsui Trust and Banking Company, Limited, Shinsei Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation
(ii)	Amount of borrowings	6,673 million yen
(iii)	Interest rate	1-month JBA Japanese Yen TIBOR+0.70% (for loan that is due for repayment on June 22, 2014) 1-month JBA Japanese Yen TIBOR+0.90% (for loan that is due for repayment on June 22, 2016)
(iv)	Drawdown date	June 22, 2011
(v)	Method	Borrowings under Term Loan Agreement (A5) to be concluded with the lender specified in (i) on June 20, 2011
(vi)	Due date (borrowing)	June 22, 2014 (2,198 million yen) June 22, 2016 (4,474 million yen)
(vii)	Repayment conditions	Lump-sum repayment on the due date
(viii)	Collateral	First ^(Note 1) and second ^(Note 2) pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties. In addition, junior pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties ^(Note 5) of joint collateral for Term Loan A5, B4 and C4.

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

Property number	Property name	Property number	Property name
O-1-001	Satella Kita 34-jo	F-2-002	Green Park Komatsujima
O-1-002	Carrera 2.9	F-2-003	Dia Palace Izumizaki
O-1-003	Sapporo Hills	F-2-004	willDo Takasago
O-1-004	Satella Nagayama	F-4-005	Johanna Mansion
O-4-005	willDo Koshigaya	F-4-006	Iruma-ekimae Building
O-4-006	Joyful Sayama	F-4-007	Iruma-ekimae Building No. II
O-4-007	Lumiere Hachioji	F-4-008	Sereno Omiya
O-4-008	willDo Kiyosumi	F-4-009	Suzuran-kan
O-4-009	Turkey's Denen-Chofu No.2	F-4-010	Bonheur Tokiwa
O-4-010	willDo Honchiba	F-4-011	Profit Link Takenotsuka
O-4-011	willDo Yokohama Minami	F-4-013	Dream Heights
O-4-012	Site Pia	F-4-014	Green Hills Asukayama
O-4-039	Toshin Shoto Mansion	F-4-015	Oji Heights
O-5-013	willDo Kanayama masaki	F-4-016	Sakagami Royal Heights No. II
O-6-014	willDo Ichioka	F-4-017	willDo Todoroki
O-6-015	willDo Ebie	F-4-018	Chez Moi Sakuragaoka
O-6-016	willDo Imafuku nishi	F-4-019	Libest Nishi-chiba
O-6-017	Maison Flora	F-4-020	Corinne Tsudanuma
O-6-018	Wind for Minami-Honmachi	F-4-022	Chigasaki Daikan Plaza
O-9-019	Stars Uchiyama	F-5-023	willDo Temmacho
O-9-020	Uchiyama-Minami Kokura-ekimae Building	F-5-024	Grace Mansion Fuji

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O-9-021	willDo Tojin-machi	F-6-026	willDo Nishi akashi
O-9-022	Stream Line Ohori	F-9-027	Image Kirigaoka
O-9-053	willDo Nakasu	P-4-002	c-MA1
F-2-001	Royal Garden Shinrin Koen	P-4-004	c-MA3

(Note 2) Properties for which second pledges are established

Property number	Property name	Property number	Property name
O-4-069	College Square Kitaikebukuro	O-4-075	College Square Shinkoiwa
O-4-070	College Square Tobu Nerima	O-4-076	College Square Kiba
O-4-071	College Square Akatsuka	O-4-077	College Square Kinshicho
O-4-072	College Square Higashikurume	O-4-078	College Square Waseda
O-4-073	College Square Waseda II	P-4-007	Storia Jingumae
O-4-074	College Square Myogadani		

(2) Term Loan B4

(i)	Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, ORIX Trust and Banking Corporation
(ii)	Amount of borrowings	2,726 million yen
(iii)	Interest rate	1-month JBA Japanese Yen TIBOR+0.90%
(iv)	Drawdown date	June 22, 2011
(v)	Method	Borrowings under Term Loan Agreement (B4) to be concluded with the lender specified in (i) on June 20, 2011
(vi)	Due date (borrowing)	June 22, 2016
(vii)	Repayment conditions	Lump-sum repayment on the due date
(viii)	Collateral	First ^(Note 3) and second (O-5-066 willDo Higashibetsuin, O-5-086. willDo Daikancho, O-6-067 willDo Shin Osaka) pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties. In addition, junior pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties ^(Note 5) of joint collateral for Term Loan A5, B4 and C4.

(Note 3) Properties for which first pledges are established

Property number	Property name	Property number	Property name
O-1-023	willDo Minami 12 jo	F-4-028	Winbell Chorus Hiratsuka No.13
O-4-024	VISTA Supreme	F-4-029	Libest Higashi Nakayama
O-4-025	Joy Oyamadai	F-5-032	Stellato City Sakurayama
O-4-031	willDo Otsuka	F-6-033	La Vita Nipponbashi
O-5-026	Excelsior Sakae	P-4-006	n-OM1
O-5-041	willDo Taiko dori		

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Term Loan C4

(i)	Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation
(ii)	Amount of borrowings	4,489 million yen
(iii)	Interest rate	1-month JBA Japanese Yen TIBOR+0.90%
(iv)	Drawdown date	June 22, 2011
(v)	Method	Borrowings under Term Loan Agreement (C4) to be concluded with the lender specified in (i) on June 20, 2011
(vi)	Due date (borrowing)	June 22, 2016
(vii)	Repayment conditions	Lump-sum repayment on the due date
(viii)	Collateral	First ^(Note 4) and second (O-4-062. willDo Minami Urawa, F-4-038 Colonnade Kasuga) pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties. In addition, junior pledges or mortgages are established on a part of existing trust beneficiary interests in real estate and properties ^(Note 5) of joint collateral for Term Loan A5, B4 and C4.

(Note 4) Properties for which first mortgages or pledges are established

Property number	Property name	Property number	Property name
O-1-034	s13w9 h+	O-6-047	willDo Tenmabashi
O-1-035	s9w12 h+	O-6-048	willDo Sakaisuji honmachi
O-2-037	willDo Nishishitadai cho	O-6-049	willDo Tanimachi
O-2-054	willDo Kamisugi 3chome	O-6-050	willDo Nanba w II
O-4-038	willDo Niiza	O-6-051	willDo Nanba w I
O-4-055	Harmony Kamikitazawa	O-6-052	Zekubenten
O-5-027	willDo Hibino	O-6-059	willDo Hamasaki dori
O-5-040	willDo Chiyoda	O-6-060	willDo Minamimori-machi
O-5-042	willDo Kanayama	O-9-061	willDo Gofuku-machi
O-5-043	willDo Kanayama sawashita	F-3-034	Ark Heim Niigata
O-5-056	willDo Kachigawa	F-4-031	MGA Kanamachi
O-5-057	Stagea Kogane	F-5-037	willDo Kurokawa
O-6-046	willDo Tsukamoto		

(Note 5) Properties posted as joint collateral for Term Loan A5, B4 and C4 (Properties for which mortgages or pledges are established)

Property number	Property name	Property number	Property name
O-2-065	Grand Mason Shichifuku	O-6-044	willDo Dainichi
O-5-063	willDo Inaei	O-6-083	willDo Sannomiya East
O-5-081	willDo Matsubara	O-6-084	willDo Kamishinryo w I
O-5-082	willDo Yokkaichi Unomori	F-4-036	Lofty Hirai
O-6-029	Grand Mer Higashi Yodogawa		

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, June 20, 2011: 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.

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III. Repayment of Loans

Term Loan A3

Lender	Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., The Norinchukin Bank, The Chuo Mitsui Trust and Banking Co., Ltd., Shinsei Bank, Limited, Mitsubishi UFJ Trust and Banking Corporation, The Sumitomo Trust and Banking Co., Ltd.
Drawdown date	June 22, 2009
Amount of borrowings	6,673 million yen
Due date	June 22, 2011
Amount of repayment	6,673 million yen
Repayment conditions	Lump-sum repayment on the due date

Term Loan B2

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd.
Drawdown date	June 22, 2009
Amount of borrowings	2,727 million yen
Due date	June 22, 2011
Amount of repayment	2,727 million yen
Repayment conditions	Lump-sum repayment on the due date

Term Loan C2

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd.
Drawdown date	2009 June 22
Amount of borrowings	4,489 million yen
Due date	June 22, 2011
Amount of repayment	4,489 million yen
Repayment conditions	Lump-sum repayment on the due date

(Note) The Investment Corporation plans to pay the difference (1 million yen) between the new borrowings mentioned under “I. Borrowings of Funds” and the abovementioned amount using cash on hand.

3. 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 securities report (submitted on June 20, 2011).

- URL: <http://www.jrhi.co.jp/>