

July 22, 2015

To All Concerned Parties

REIT Issuer:
Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Toshiya Kuroda, Executive Director
(Securities Code: 8986)
Asset Manager: Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
Inquiries: Shuji Nakamura, Chief Financial Officer
Tel: +81-3-5425-5600

Notice Concerning Issuance of Investment Corporation Bonds

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided to issue investment corporation bonds (hereafter “Investment Corporation Bonds”), based on the general resolution on bond issuance at the Investment Corporation’s Board of Directors’ Meeting held on December 19, 2014. Details are provided below.

1. Outline of the Investment Corporation Bonds

- | | | |
|---|---|--|
| (1) Name of the Investment Corporation Bonds | : | Second Unsecured Investment Corporation Bond of Japan Rental Housing Investments Inc.
(with special pari passu conditions among specified investment corporate bonds) |
| (2) Total amount to be paid in | : | JPY 1.7 billion |
| (3) Form of bond certificate | : | Under the Act on Book-Entry of Company Bonds, Shares, etc., bond certificates for the Investment Corporation Bonds will not be issued. |
| (4) Issue price | : | 100% of the denomination of each Investment Corporation Bond |
| (5) Redemption price | : | 100% of the denomination of each Investment Corporation Bond |
| (6) Interest rate | : | 0.72% per annum |
| (7) Denomination of each Investment Corporation Bond | : | JPY 100 million |
| (8) Offering method | : | Public offering |
| (9) Offering period | : | July 22, 2015 (Wednesday) |
| (10) Payment date | : | July 28, 2015 (Tuesday) |
| (11) Collateral/Security | : | No security or guarantee is applicable to, and no assets are specifically reserved as collateral for, the Investment Corporation Bonds. |
| (12) Method and date of redemption | : | All of the Investment Corporation Bonds will be redeemed on July 28, 2020. Redemption by purchase of the Investment Corporation Bonds can be made any time starting the day after the payment date, unless specified otherwise by the transfer agency. |
| (13) Interest payment date | : | January 31 and July 31 of each year (If the interest payment date is a bank holiday, then the bank business day preceding it shall be deemed as the interest payment date) |
| (14) Financial covenants | : | A negative pledge clause is attached. |
| (15) Rating | : | A (Japan Credit Rating Agency, Ltd.) |
| (16) Financial agent, issuing agent, and paying agent | : | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| (17) Underwriter | : | SMBC Nikko Securities, Inc., Daiwa Securities Co., Ltd. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |

2. Reason for Issuance

To allocate the funds from issuance of the Investment Corporation Bonds for the repayment of existing loans.

3. Total Amount to be Procured, Use of Funds and Scheduled Expenditure Date

(1) Amount to be procured (approximate net amount to be obtained)

JPY 1,683 million

(2) Particulars of use of funds and the scheduled expenditure date

Scheduled to allocate the funds for part of the funds for prepayment of short-term borrowings of JPY 1.7 billion (due date: March 25, 2016) on August 11, 2015 (cash on hand will be allocated to cover the difference of JPY 17 million from the total repayment amount of JPY 1.7 billion).

4. Status of Interest-Bearing Debt after the Issuance of Investment Corporation Bonds

(Unit: JPY million)

	Before the issuance of investment corporation bonds (as of July 22, 2015)	After the issuance of investment corporation bonds and the prepayment (Note 4) (as of August 11, 2015)	Difference
Short-term borrowings (Note 1)	1,200	1,200	-
Long-term borrowings (Note 1)	106,035	104,335	-1,700
(Long-term borrowings due within one year) (Note 2)	14,673	12,973	-1,700
Total borrowings	107,235	105,535	-1,700
Investment Corporation bonds	2,000	3,700	1,700
Total interest-bearing debt	109,235	109,235	-
Interest-bearing debt ratio (%) (Note 3)	49.5%	49.5%	-

(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 each date.

(Note 3) Interest-bearing debt ratio before the issuance of investment corporation bonds is calculated by dividing the balance of interest-bearing debt before the issuance of investment corporation bonds (JPY 109.2 billion), and interest-bearing debt ratio after the issuance of investment corporation bonds and the prepayment is calculated by dividing the balance of interest-bearing debt after the issuance of investment corporation bonds and the prepayment (JPY 109.2 billion), by the amount composed of the total asset on the balance sheet as of the end of the 18th Fiscal Period (JPY 205.0 billion), the amount of borrowings as of June 1, 2015 (JPY 3.2 billion), the amount of the proceeds from the issuance of new investment units described in the press release "Notice Concerning Determination of Price for Issuance of New Investment Units and Secondary Offering of Investment Units" dated on May 20, 2015 (JPY 12.1 billion), deducting the balance (JPY 3 million) between the repayment amount described in the press release "Notice Concerning Borrowing of Funds and Repayment of Loans" dated on March 17, 2015 and the borrowing amount, respectively and then multiplying the amount by 100. Therefore, it is different from the total asset LTV (=interest-bearing debt/total asset).

(Note 4) Amounts indicated are the amounts after conducting the prepayment on August 11, 2015 with procured funds from issuing investment corporation bonds, etc.

(Note 5) Amounts are rounded down to the nearest million yen. Ratios are rounded off to one decimal place.

5. Other Mandatory Items for Investors to Appropriately Understand/Judge the Concerned Information

As for risks regarding issuance, redemption, etc. of the Investment Corporation Bonds, there are no material changes from the “Investment risks” mentioned in the semiannual securities report for the 18th Fiscal Period (submitted on June 19, 2015).

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