

September 4, 2012

To All Concerned Parties

REIT Issuer:
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Notice Concerning Completion of Disposition of Asset and Prepayment of Loans

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) announces that it has today completed disposition of asset (Image Kirigaoka) to be disposed as announced in the press release “Notice Concerning Disposition of Asset” dated August 20, 2012 and has today made a prepayment of loans associated with the disposition. Details are as follows.

I. Summary of Disposition of Asset

| Property Name | Disposition Price (Note1) | Buyer |
|-----------------|---------------------------|---------|
| Image Kirigaoka | JPY 360,000 thousand | (Note2) |

(Note1) Excludes sales expenses, fixed asset tax and city planning tax adjustments as well as consumption tax and local consumption tax.

(Note2) The buyer for the property is domestic business company, but the details are undisclosed as the request of the buyer.

(Note3) Amount is rounded down to the indicated unit; hereinafter the same.

For details on the above the disposition of asset, etc. please refer to the press release “Notice Concerning Disposition of Asset” dated August 20, 2012.

II. Prepayment of Loans

1. Date of prepayment: September 4, 2012
2. Total amount of prepaid loans: JPY 205 million
3. Summary of prepaid loans

(Unit: JPY mn, except where otherwise indicated)

| Lender | | | Balance of Borrowing Before the Prepayment | Amount of Prepayment | Balance of Borrowing After the Prepayment | Drawdown Date | Due Date of Repayment | Collateral | Most Recent Interest Rate (Planned Applicable Period of Interest Rate) | |
|------------------|---|--|--|----------------------|---|---------------|---|------------|--|---|
| Term Loan | A4 (Note 1) | The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation Resona Bank, Ltd. Sumitomo Mitsui Trust Bank, Limited The Musashino Bank, Ltd. The Norinchukin Bank | 7,130 | -76 | 7,053 | June 22, 2010 | June 22, 2013 | Secured | 1.68000% (August 23, 2012 to September 24, 2012) | |
| | | A5 (Note 2) | The Norinchukin Bank Mitsubishi UFJ Trust Banking Corporation Sumitomo Mitsui Banking Corporation Resona Bank, Ltd. Shinsei Bank, Limited Sumitomo Mitsui Trust Bank, Limited | 2,091 | -22 | 2,068 | June 22, 2011 | | June 22, 2014 | 0.88000% (August 23, 2012 to September 24, 2012) |
| | | | | 4,255 | -45 | 4,209 | | | June 22, 2016 | 1.08000% (August 23, 2012 to September 24, 2012) |
| A6 (Note 3) | The Bank of Tokyo-Mitsubishi UFJ, Ltd. Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation Shinsei Bank, Limited | 4,650 | -49 | 4,600 | June 22, 2012 | June 22, 2017 | 0.93000% (August 23, 2012 to September 24, 2012) | | | |
| Credit-Line Loan | A11 (Note 1) | Shinsei Bank, Limited | 958 | -10 | 948 | June 22, 2010 | June 22, 2013 | | 1.68000% (August 23, 2012 to September 24, 2012) | |

(Note 1) Please refer to the press release “Notice Concerning Borrowings and Repayment of Loans including Partial Prepayment” dated June 18, 2010, “Notice Concerning Completion of Disposition of Asset and Prepayment of Loans” dated March 11, 2011, March 16, 2011, March 22, 2011, March 19, 2012 and March 21, 2012, March 26, 2012 and March 27, 2012.

(Note 2) Please refer to the press release “Notice Concerning Borrowing of Funds and Repayment of Loans” dated June 20, 2011, “Notice Concerning Completion of Disposition of Asset and Prepayment of Loans” dated March 19, 2012, March 21, 2012, March 26, 2012 and March 27, 2012.

(Note 3) Please refer to the press release “Notice Concerning Borrowing of Funds and Repayment of Loans” dated June 20, 2012.

[For reference]

I. Outstanding loans

① Balance of Prepayment of Loans before and after the Disposition (interest-bearing debt ratio)

(Unit: JPY mn, except where otherwise indicated)

| | Before | After | Change |
|--|--------|--------|--------|
| Short-term borrowings (Note 1) (Note 4) | - | - | - |
| Long-term borrowings (Note 1) (Note 4) | 74,341 | 74,136 | -205 |
| (Long-term borrowings due within one year) (Note 2) (Note 4) | 30,223 | 30,136 | -86 |
| Total borrowings (Note 4) | 74,341 | 74,136 | -205 |
| Investment corporation bonds (Note 4) | - | - | - |
| Total interest-bearing debt (Note 4) | 74,341 | 74,136 | -205 |
| Interest-bearing debt ratio (Note 3) (Note 4) | 46.6% | 46.5% | -0.1% |

(Note 1) The periods for short-term borrowings are within one year and long-term borrowings are over one year.

(Note 2) Long-term borrowing due within one year represents the borrowing due within one year from September 4, 2012.

(Note 3) Interest-bearing debt ratio = Total interest-bearing debt / (Total interest-bearing debt + Unitholders' capital + Investment surplus + Previous period's ending balance of Negative goodwill) × 100.

(Note 4) Amounts are rounded down to the nearest million yen. Ratios are rounded off to one decimal place.

② Trends in interest-bearing debt

| | Balance as of March 31, 2012 (end of the 12 th Fiscal Period) | Balance as of June 22, 2012 (after refinancing for 13 th fiscal period) (Note 1) | Change (amount of prepayment of loans and LTV) | Balance as of September 4, 2012 (after prepayment of loans) |
|---------------------------------------|--|---|--|---|
| Total interest-bearing debt | JPY 74,342 million | JPY 74,341 million | JPY -205 million | JPY 74,136 million |
| LTV based on book value (Note 2) | 46.6% | 46.6% | -0.1% | 46.5% |
| LTV based on appraisal value (Note 3) | 52.9% | 52.9% | -0.5% | 52.4% |

(Note1) For details regarding refinancing for 13th fiscal period, refer to the "Notice Concerning Borrowing of Funds and Repayment of Loans" dated June 20, 2012.

(Note2) LTV based on book value: Interest-bearing debt ratio = Total interest-bearing debt / (Total interest-bearing debt + Unitholders' capital + Investment surplus + Previous period's ending balance of Negative goodwill) × 100.

(Note3) For calculating LTV based on appraisal value, we use term-end appraisal value for portfolio properties that were owned by the Investment Corporation as of the end of the 12th Fiscal Period. For properties acquired during the 13th Fiscal Period, we use the appraisal value at the time of acquisition.

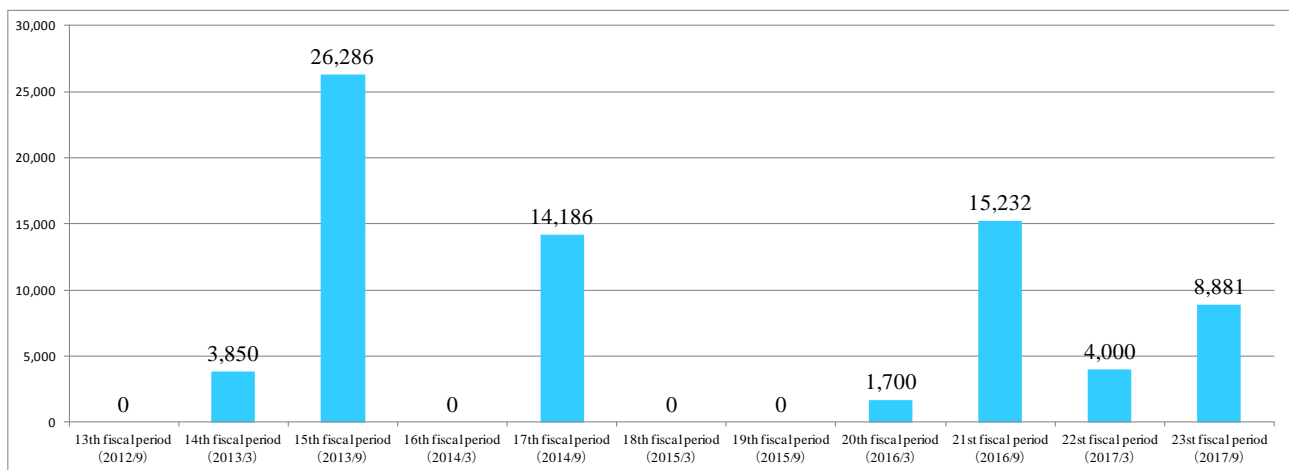


③ Outstanding balance of borrowings by lender

| Lender | June 22,2010 (Reference) Balance before merger with PRI (JPYmn) (Note 1) | July 2,2010 (Reference) Balance after merger with PRI (JPYmn) (Note 1) | As of June 22,2012 | Amount of prepayment | As of September 4, 2012 | |
|---|---|---|-------------------------|-------------------------|-------------------------|---------------|
| | | | Balance (JPYmn) ① | ②-① | Balance (JPYmn) ② | Share |
| The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent) | 10,238 | 13,167 | 18,768 | -34 | 18,733 | 25.3% |
| Aozora Bank, Ltd. | 8,868 | 23,225 | 18,394 | -26 | 18,367 | 24.8% |
| Sumitomo Mitsui Banking Corporation | 4,323 | 11,626 | 14,616 | -26 | 14,590 | 19.7% |
| Resona Bank, Limited | 4,423 | 4,423 | 5,589 | -27 | 5,561 | 7.5% |
| Shinsei Bank, Limited | 3,050 | 3,050 | 4,585 | -33 | 4,552 | 6.1% |
| Sumitomo Mitsui Trust Bank, Limited | 5,293 | 6,133 | 4,207 | -12 | 4,194 | 5.7% |
| The Musashino Bank, Ltd | 1,682 | 2,522 | 2,032 | -12 | 2,019 | 2.7% |
| The Norinchukin Bank | 5,443 | 5,443 | 1,991 | -21 | 1,970 | 2.7% |
| ORIX Bank Corporation | 0 | 0 | 1,877 | 0 | 1,877 | 2.5% |
| Mitsubishi UFJ Trust and Banking Corporation | 2,161 | 2,161 | 1,778 | -9 | 1,769 | 2.4% |
| The Bank of Fukuoka, Ltd. | 0 | 0 | 500 | 0 | 500 | 0.7% |
| Others (3 companies) | 900 | 3,901 | 0 | - | 0 | 0.0% |
| Total | 46,385 | 75,656 | 74,341 | -205 | 74,136 | 100.0% |

(Note 1) Amounts are rounded down to the nearest million yen.

④ Borrowings by repayment date



(Unit: JPYmn)