

October 7, 2013

To All Concerned Parties

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Notice Concerning Borrowing of Funds and Repayment of Loans

Japan Rental Housing Investments Inc. (the “Investment Corporation”) hereby announces that today it decided to borrow (the “Borrowing”) and prepay (the “Prepayment”) funds. Details are provided below.

I. Borrowings

1. Reason for the Borrowing

The Investment Corporation has decided to undertake new borrowings to appropriate to funds for partial prepayment of loans (approximately 585 million yen) of Term Loan A5 (2nd Term Loan) (balance of borrowings: 4,166 million yen) which will be due for repayment on June 22, 2016. For details on the prepayment, please refer to “II. Summary of the Prepayment” on the next page.

2. Summary of the Borrowing

<Term Loan A5-2>

(i) Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd
(ii) Amount of borrowing	585 million yen
(iii) Interest rate	1-month JBA Japanese Yen TIBOR+0.40%
(iv) Drawdown date	October 22, 2013
(v) Method	Borrowings based on Term Loan Agreement for A5-2 signed on October 7, 2013, with the lenders mentioned above in (i)
(vi) Due date	June 22, 2014
(vii) Repayment conditions	Lump-sum repayment on the due date
(viii) Collateral	It will be incorporated as a secured claims of part of real estate and trust beneficiary interests in real estate ^(Note 1) that are owned by the Investment Corporation and the first right of fixed pledge or fixed mortgage is established. In addition, it will be incorporated as secured claims of properties of joint collateral ^(Note 2) that the first right of fixed pledge or fixed mortgage is established for Term Loan A5, A6, A7, B4, BC1, BC 2 and C4.

(Note1): Properties for which fixed mortgages or fixed pledges are established

Property Number	Property name	Property Number	Property name	Property Number	Property name
O-1-001	Satella Kita 34-jo	O-4-076	College Square Kiba	F-4-007	Iruma-ekimae Building No.II
O-1-004	Satella Nagayama	O-4-077	College Square Kinshicho	F-4-008	Sereno Omiya
O-4-005	willDo Koshigaya	O-4-078	College Square Waseda	F-4-009	Suzuran-kan
O-4-006	Joyful Sayama	O-4-125	Gran Casa Roppongi	F-4-010	Bonheur Tokiwa
O-4-007	Lumiere Hachioji	O-4-127	Storia Jingumae	F-4-011	Profit Link Takenotsuka
O-4-008	willDo Kiyosumi	O-5-013	willDo Kanayama masaki	F-4-013	Dream Heights
O-4-009	Turkey's Denen-Chofu No.2	O-6-014	willDo Ichioka	F-4-014	Green Hills Asukayama
O-4-010	willDo Honchiba	O-6-015	willDo Ebie	F-4-015	Oji Heights
O-4-011	willDo Yokohama Minami	O-6-016	willDo Imafuku nishi	F-4-016	Sakagami Royal Heights No.II
O-4-012	Site Pia	O-6-017	Maison Flora	F-4-017	willDo Todoroki
O-4-039	Toshin Shoto Mansion	O-6-018	Wind Four Minami-Honmachi	F-4-018	Chez Moi Sakuragaoka
O-4-069	College Square Kitaikebukuro	O-9-053	willDo Nakasu	F-4-019	Libest Nishi-chiba
O-4-070	College Square Tobu Nerima	F-2-001	Royal Garden Shinrin Koen	F-4-020	Corinne Tsudanuma
O-4-071	College Square Akatsuka	F-2-002	Green Park Komatsujima	F-4-022	Chigasaki Daikan Plaza
O-4-072	College Square Higashikurume	F-2-003	Dia Palace Izumizaki	F-5-023	willDo Temmacho
O-4-073	College Square WasedaII	F-2-004	willDo Takasago	F-5-024	Grace Mansion Fuji
O-4-074	College Square Myogadani	F-4-005	Johanna Mansion	F-6-026	willDo Nishi akashi
O-4-075	College Square Shinkoiwa	F-4-006	Iruma-ekimae Building		

(Note2): Joint mortgage properties (fixed pledges or fixed mortgages) for Term Loans A5, A5-2, A6, A7, B4, BC1, BC2 and C4.

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

Interest payment dates for the aforementioned borrowings fall on the 22nd of each month. JBA 1 month Japanese 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, October 7, 2013: 0.14909%). 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/en/tibor/>) for JBA Japanese Yen TIBOR details.

II. Summary of the Prepayment

<Term Loan A5(2nd Term Loan) >

Lender	Sumitomo Mitsui Banking Corporation, Resona Bank, Limited, Shinsei Bank, Limited, Sumitomo Mitsui Trust Bank, Limited
Amount of borrowings	4,166 million yen
Interest rate	1-month JBA Japanese Yen TIBOR +0.90%
Drawdown date	June 22, 2011
Due date	June 22, 2016
Planning prepayment date	October 22, 2013
Amount of repayment	585 million yen (Of the above lenders, Sumitomo Mitsui Trust Bank, Limited)

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

III. Status of borrowings before and after the Borrowings

(Unit: Million yen)

	Before the Borrowings	After the Borrowings	Difference
Short-term borrowings (Note1)	800	1,385	585
Long-term borrowings (Note1)	78,492	78,492	(585)
(Long-term borrowings due within one year) (Note2)	14,165	14,165	-
Total borrowings	79,292	79,292	(0)
Investment Corporation bonds	-	-	-
Total interest-bearing debt	79,292	79,292	(0)
Interest-bearing debt ratio (%) (Note3)	48.5%	48.5%	0.0%

(Note1) The periods for short-term borrowings are within one year and long-term borrowings are over one year.

(Note2) "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.

(Note3) 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.

(Note4) Amounts are rounded down to the nearest million yen. Percentage figures are rounded off to one decimal place.

(Note5) Calculation includes the borrowings as announced in the press release "Notice Concerning Borrowing of Funds" dated September 30, 2013.

IV. Other

As 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 June 20, 2013).

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