

September 30, 2013

To All Concerned Parties

REIT Issuer:
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Notice Concerning Borrowing of Funds

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

I. Borrowings of Funds

1. Reason for Borrowings

The Investment Corporation has decided to make new borrowings totaling 3.35 billion yen, 0.8 billion yen with loan period of approximately 1 year and 2.55 billion yen with loan period of approximately 4 years 5 months, from a combination of 3 existing correspondent financial institutions through a syndicated loan. The borrowings to be used as a part of fund to acquire “Renaissance 21 Hakata” to be proposed acquisition on October 4, 2013 and “Serenite Koshien” to be proposed acquisition on October 18, 2013 (hereinafter referred to as the “Real Estate”), amount of 4.05 billion yen (excluding acquisition related costs). The Bank of Tokyo-Mitsubishi UFJ, Ltd. will be the arranger and agent to raise funds to be used for acquiring. For details, please refer to the press release “Notice Concerning Acquisition of Asset” announced today.

2. Summary of Borrowings

Term Loan EH-1

(1) Lenders:	1 st Term Loan: The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2 nd Term Loan: The Bank of Tokyo-Mitsubishi UFJ, Ltd., The Higashi-Nippon Bank, Limited, Resona Bank, Ltd.,
(2) Drawdown date:	1 st Term Loan: October 4, 2013 2 nd Term Loan: October 18, 2013
(3) Amount of borrowing:	1 st Term Loan: JPY 800 million 2 nd Term Loan: JPY 2,550 million
(4) Interest rate:	1 st Term Loan: 1-month JBA Japanese Yen TIBOR+0.40% 2 nd Term Loan: 1-month JBA Japanese Yen TIBOR+0.70%
(5) Method:	Borrowings under Term Loan Agreement (EH-1) to be concluded with the lenders specified in (1) on September 30, 2013.
(6) Due date:	1 st Term Loan: September 22, 2014 (Approximately one year period) 2 nd Term Loan: March 23, 2018 (Approximately four years five months period)
(7) Repayment conditions:	Lump-sum repayment on the due date
(8) Collateral:	The first right of fixed pledge or fixed mortgage is established on the Real Estate. (This is addition to the Existing Term Loan E and Term Loan H.) In addition, primary fixed pledges or fixed mortgages are established on existing trust beneficiary interests in real estate and properties of collateral for Term Loan E and H (O-1-128 Alpha Tower Sapporo Minami4jo, O-4-120 Gala Place Shinjuku Gyoen, O-4-129 Spacia Shinjuku, O-7-087 willDo Okayamadaiku).

Interest payment dates for the Borrowings fall on the 22nd of each month starting on October 22, 2013 to the principal repayment date of the term loan. (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 September 30, 2013: 0.15000%). 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/en/tibor/>) for JPY TIBOR details.

II. 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).

[For reference]

I. Outstanding loans

(1) Status of the balance before and after Borrowings (interest-bearing debt ratio)

(Unit: JPY mn, except where otherwise indicated)

	Before	After	Change
Short-term borrowings (Note 1) (Note 4)	-	800	800
Long-term borrowings (Note 1) (Note 4)	75,942	78,492	2,550
(Long-term borrowings due within one year) (Note 2) (Note 4)	14,165	14,165	-
Total borrowings (Note 4)	75,942	79,292	3,350
Investment corporation bonds (Note 4)	-	-	-
Total interest-bearing debt (Note 4)	75,942	79,292	3,350
Interest-bearing debt ratio (Note 3) (Note 4)	47.4%	48.5%	1.1%

(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 October 18, 2013.

(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 June 24, 2013 (after refinancing (Note 1)) (A)	The Borrowings (B) – (A)	Balance as of October 18, 2013 (after the Borrowings) (B)
Total interest-bearing debt	JPY 75,942 million	JPY 3,350 million	JPY 79,292 million
LTV based on book value (Note 2)	47.4%	1.1%	48.5%
LTV based on appraisal value (Note 3)	51.9%	0.8%	52.7%

(Note1) For details regarding the refinancing on June 24, 2013, please refer to the "Notice Concerning Borrowing of Funds and Repayment of Loans" dated March 18, 2013.

(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 14th Fiscal Period. For the Real Estate, we use the appraisal value at the time of acquisition.

(3) Outstanding balance of borrowing by lender

Lender	As of September 30, 2013	Amount of the Borrowings (B) - (A)	As of October 18, 2013	
	Balance (JPY million) (A)		Balance (JPY million) (A)	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent)	19,701	2,200	21,901	27.6%
Aozora Bank, Ltd.	18,343	-	18,343	23.1%
Sumitomo Mitsui Banking Corporation	14,964	-	14,964	18.9%
Resona Bank, Limited	7,012	550	7,562	9.5%
Shinsei Bank, Limited	5,495	-	5,495	6.9%
Mitsubishi UFJ Trust and Banking Corporation	2,547	-	2,547	3.2%
The Norinchukin Bank	1,950	-	1,950	2.5%
ORIX Bank Corporation	1,877	-	1,877	2.4%
The Higashi-Nippon Bank, Limited	900	600	1,500	1.9%
The Bank of Fukuoka, Ltd.	1,337	-	1,337	1.7%
Sumitomo Mitsui Trust Bank, Limited	1,003	-	1,003	1.3%
The Musashino Bank, Ltd	808	-	808	1.0%
Total	75,942	3,350	79,292	100.0%

(4) Borrowings by repayment date

