

March 18, 2013

To All Concerned Parties

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**Notice Concerning Revision of Earnings and Distribution Forecasts**  
**for the Fiscal Period Ending March 31, 2013 (14<sup>th</sup> Fiscal Period)**

Japan Rental Housing Investments Inc. (the “Investment Corporation”) had announced its earnings forecast for the 14<sup>th</sup> Fiscal Period (October 1, 2012 to March 31, 2013) on November 16, 2012. Following the decision at a meeting of the Board of Directors held today and in view of the earnings in the current Fiscal Period, the Investment Corporation is revising its earnings and distribution forecasts. Details are provided below.

1. Revision of earnings and distribution forecast for the Fiscal Period ending March 31, 2013 (14<sup>th</sup> Fiscal Period)

|                                   | Operating Revenues | Operating Income  | Ordinary Income   | Net Income        | Distribution per Unit | Distribution in Excess of Earnings per Unit |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|-----------------------|---|
| Previously Announced Forecast (A) | 5,872 million yen  | 2,596 million yen | 1,797 million yen | 1,796 million yen | 1,350 yen             | 0 yen                                       |
| Revised Forecast (B)              | 5,901 million yen  | 2,717 million yen | 1,915 million yen | 1,914 million yen | 1,450 yen             | 0 yen                                       |
| Difference (B-A)                  | 28 million yen     | 120 million yen   | 118 million yen   | 118 million yen   | 100 yen               | 0 yen                                       |
| Percentage Change                 | 0.5%               | 4.7%              | 6.6%              | 6.6%              | 7.4%                  | —   |

(Note 1) Number of total investment units issued: 1,330,800 units

(Note 2) The aforementioned figures are indicative of current forecasts. Accordingly, there is a possibility of a change in the actual operating revenues, operating income, ordinary income, net income, and distribution per unit. We do not guarantee payment of the forecast cash distribution per unit.

(Note 3) Amounts are rounded down to the nearest million yen. Percentages are rounded to the first decimal place; hereinafter the same.

## 2. Reasons for revision of earnings and distribution forecasts

For the current fiscal period, operating revenues are expected to increase 28 million yen to reach 5,901 million yen, based on steady occupancy rates (5 months average at 97.1%, from October 2012 to February 2013).

Operating income is expected to increase 120 million yen from the initial forecast of 2,596 million yen to reach 2,717 million yen even after the losses from disposition of property, based on decrease of the rental expenses by 105 million yen in addition to the increase of operating revenues, mentioned above. Decrease of the rental expenses by 105 million yen is from decrease of restoration, repair and advertising expense, resulted from smaller numbers of tenant cancellations than planned in 5 months – from October 2012 to February 2013.

Non-operating profits and losses are expected to decrease by 2 million yen compared to the initial forecast based on written-off of outstanding balance of long-term prepaid expense due to prepayment of borrowing accompanied by the disposition of asset.

As a result of the aforementioned factors, ordinary income is expected to increase by 118 million yen from the initial forecast to reach 1,915 million yen, and net income to increase by 118 million yen to 1,914 million yen.

The total distribution amount is expected to increase by 133 million yen from the initial forecast to reach 1,929 million yen as a result of the appropriation of distribution reserves from gains on negative goodwill (approximately 7 billion yen after distribution for the 13<sup>th</sup> Fiscal Period) against the losses and expenses of around 15 million yen related to the latest disposition. As a result, distribution per investment unit is expected to increase by 100 yen (up by 7.4%) from the initial forecast of 1,350 yen issued on November 16, 2012 to reach 1,450 yen.

Following the appropriation for losses from the Disposition, the balance of distribution reserves is expected to reach approximately 7 billion yen.

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

Reference: Factors for the difference between the initial forecast for the 14<sup>th</sup> Fiscal Period (announced on 16 November, 2012) and the revision (announced on March 18, 2013)

