

May 16, 2012

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 Management Company:
Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
Inquiries: Tetsu Kasuga, Chief Financial Officer
Tel: +81-3-5425-5600

Notice Concerning Changes to Asset Management Guidelines

Mi-Casa Asset Management, Inc., the asset management company of Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) resolved at its board of directors meeting held today to change the Asset Management Guidelines. Details are as follows.

These changes are subject to approval of amendments to the Articles of Incorporation for the Investment Corporation at its general shareholders’ meeting scheduled to be held on May 24, 2012 (for details regarding the agenda concerning amendments to the articles of incorporation, please refer to the April 16, 2012 press release titled “Notice Concerning Amendment to the Articles of Incorporation and Appointment of Directors” issued by the Investment Corporation).

1. Overview of Changes to Asset Management Guidelines

Article 10.3 of the current Articles of Incorporation outlines the different investment categories of rental housing for the Investment Corporation. In conjunction with the management decision to remove Premium Type properties from its investment policy and streamline focus to Studio type and the Family type alone, the Investment Corporation seeks to make key relevant changes to asset management guidelines as follows (proposed amendments are highlighted with an underline).

(1) Rental housing categories (key users)

	Current Articles of Incorporation	Draft Amendments
Studio type	Sole residents such as <u>students or single people</u>	Single-person or <u>DINKS (Double Income No Kids)</u> households
Family Type	<u>Those households with children that prefer rental housing or those that are unable to purchase a condominium due to income or savings restraints, those that need to lease homes for a time period due to commuting preferences, or those that require to lease homes as a result of a change in their company’s housing policy.</u>	Households with children <u>etc.</u>
<u>Premium Type</u>	<u>Households with relatively high income levels, DINKS (Double Income No Kids) households, senior management personnel of overseas companies, and specialist professionals with high incomes.</u>	<u>(Remove)</u>

(2) Investment ratio according to rental housing categories

Investment ratio based on acquisition price

Rental apartment category	Current Articles of Incorporation	Draft Amendments
Studio type	<u>40-70%</u>	<u>50-80%</u>
Family type	20-50%	20-50%
<u>Premium type</u>	<u>Less than 20%</u>	<u>(Remove)</u>

Investment ratio based on number of units

Rental apartment category	Current Articles of Incorporation	Draft Amendments
Studio type	<u>50-90%</u>	<u>55-85%</u>
Family type	15-45%	15-45%
<u>Premium type</u>	<u>Less than 10%</u>	<u>(Remove)</u>

(3) Investment ratio according to target investment areas

Investment ratio based on acquisition price

Target areas	Current Articles of Incorporation	Draft Amendments
7 core wards of Tokyo	10- <u>30%</u>	10- <u>50%</u>
3 main metropolitan areas	50-80%	50-80%
Other major cities	0-25%	0-25%

Investment ratio based on number of units

Target areas	Current Articles of Incorporation	Draft Amendments
7 core wards of Tokyo	<u>Less than 20%</u>	<u>Less than 30%</u>
3 main metropolitan areas	50-90%	50-90%
Other major cities	0-40%	0-40%

2. Background of the decision to remove Premium type category

Since its inception, the Investment Corporation has been investing in the Premium type category of apartments with a view towards upside potential during periods of an economic uptrend, given that this category comprises relatively high rent level apartments located in the heart of the city. As of February 2011, the portfolio included seven premium properties (with a total acquisition price of JPY 14.4 billion). However, the Lehman Shock and ensuing macroeconomic slump have triggered a sharp decline in earnings from this category, mainly due to the drop in rent levels and lackluster occupancy rates. Thus, following the management decision that Premium type properties are unsuitable investments for the Investment Corporation given its aim to achieve stable distributions over the longer term, three of the seven properties were sold in March 2011. In addition, the Investment Corporation also posted impairment losses on the remaining three of four properties.

As a result of these developments, (1) as of end-March 2012 the four Premium type properties declined to account for 2.3% of the overall portfolio in terms of number of properties and 4.4% (JPY 6.69 billion) in terms of book value. Thus it is felt that there is diminishing need to manage it as a separate investment category. Also, (2) in accordance with the Investment Corporation's policy there will be no new investment in Premium type properties going forward. Management has therefore decided to remove Premium type as an investment category. Moreover it has been decided, following studies based on individual characteristics of each property, to reclassify the remaining four properties as Studio type properties.

The Investment Corporation has submitted an Extraordinary Report to the Kanto Finance Bureau.

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