

August 27, 2018

To All Concerned Parties

REIT Issuer: Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Ikuo Shoda, Executive Director
(Securities Code: 8986)
Asset Manager: Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
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Notice Concerning Conclusion of Merger Agreement of
Mi-Casa Asset Management Inc. (Asset Manager)

Mi-Casa Asset Management Inc. (hereinafter referred to as “MAM”), the asset manager of Japan Rental Housing Investments Inc. (hereinafter referred to as “JRH”), announces that it concluded a merger agreement as follows after resolution at MAM’s Board of Directors held today regarding the merger (hereinafter referred to as the “Merger”) with Daiwa Real Estate Asset Management Co., Ltd. (hereinafter referred to as “DR,” DR after the Merger shall be referred to as the “New Merged Company”), the asset manager of Daiwa Office Investment Corporation, Daiwa Residential Private Investment Corporation (hereinafter referred to as “DRP”) and others, as announced in “Notice Concerning Execution of Memorandum of Understanding Regarding Merger of Mi-Casa Asset Management Inc. (Asset Manager)” dated June 28, 2018 (hereinafter referred to as the “Press Release Concerning Conclusion of Basic Agreement”). For the purpose of the Merger, etc., please refer to the Press Release Concerning Conclusion of Basic Agreement.

1 . Overview of the Merger

(1) Post-Merger Status (Status of New Merged Company)

(1) Name	Daiwa Real Estate Asset Management Co. Ltd.
(2) Location	6-2-1 Ginza Chuo-ku Tokyo, Japan
(3) Name and Title of Representative	Akira Yamanouchi, Executive Director
(4) Main Business	Investment Management
(5) Capital	200 million yen
(6) Fiscal Year Ended	March
(7) Net Asset Value	To be determined
(8) Total Asset Value	To be determined

(2) Schedule

Execution Date of the Memorandum of Understanding	June 28, 2018
Date of Demand for Share Cash-Out	June 28, 2018

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(Note 1)	
Closing of the Share Transfer (Note 1)	August 1, 2018
Date of Meeting of Boards of Directors to Approve the Merger Agreement	August 27, 2018
Execution Date of the Merger Agreement	August 27, 2018
Date of General Meeting of Shareholders (Note 2)	September 14, 2018 (scheduled)
Effective Date of the Merger	October 1, 2018 (scheduled)
Date of Registration of the Merger	Early October, 2018 (scheduled)
Date of the Report to the Prime Minister	Early October, 2018 (scheduled)

(Note 1) As of announcement of “Press Release Concerning Conclusion of Basic Agreement”, out of the 31,019 outstanding shares of MAM, Daiwa Securities Group Inc. (hereinafter referred to as “DSGI”) holds 30,419 shares (98.1%), and MUFG Bank, Ltd. and Sumitomo Mitsui Banking Corporation hold 300 shares (1.0%) each. However, in order to execute the merger smoothly, DSGI made MAM a wholly owned subsidiary through a demand for share cash-out on August 1, 2018, prior to the Merger.

(Note 2) To be held by MAM only. (DR will not hold a shareholders’ meeting regarding the approval of the merger agreement since it satisfies requirements for a short-form merger defined in Article 796, Paragraph 2 of the Companies Act.)

2. Amendment to the Organization of New Merged Company

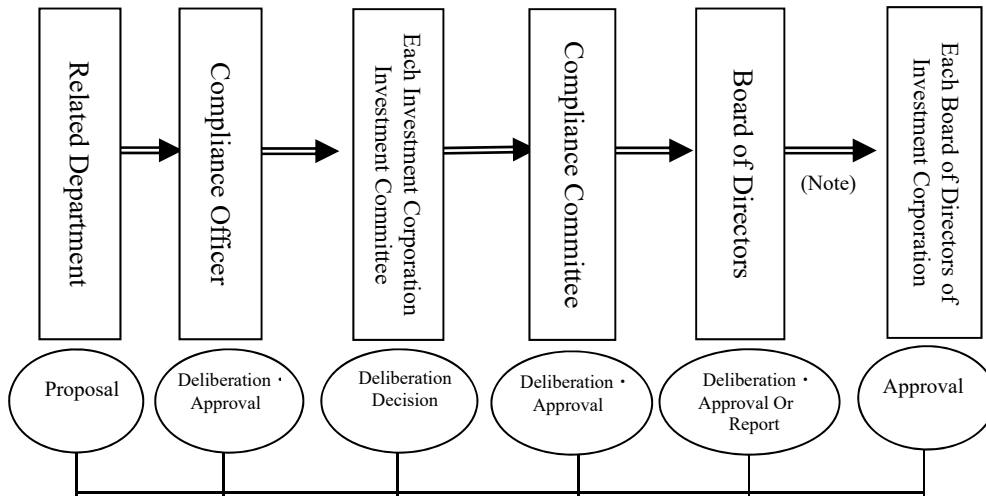
As for the organization of the New Merged Company, a new department tasked with heading JHR’s asset management and operation business is planned to be established within the Acquisition and Asset Management Division to accomplish smooth succession and execution of JRH’s asset management operations and to succeed the existing asset management functions of JRH within MAM’s Asset Management Division. Details of the organization of the New Merged Company and divided duties of each department are scheduled to be announced once finalized by the effective date of the merger.

3. Amendment to Process of Investment Decision-making of the New Merged Company

As for JRH’s decision-making flow at MAM before the Merger, the agenda was submitted to the investment committee after obtaining approval of the compliance committee. However, after the Merger, DR’s current decision-making flow on investment management will be adopted and the agenda will be submitted to the compliance committee after being submitted to the investment committee as described below.

(DR’s current decision-making flow concerning asset management)

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*Returned to the department that made the proposal when approval is not obtained as a result of examination and deliberation

(Note) Approval of the Board of Directors of each investment corporation is required when conducting transactions such as acquisition, disposition and leasing of real estate or securities with interested parties, etc. under the Investment Trusts Act (hereinafter referred to as “Transactions with Interested Parties, etc. under the Investment Trusts Act”) excluding certain cases.

In addition, since JRH and DPR both invest in residential properties, we will execute a measure to prevent conflicts of interest, a “Rotation Rule,” as described in the Press Release Concerning Conclusion of Basic Agreement as well as secure independence in decision-making through deliberation at different investment committees.

4. Amendment to Rules on Compliance / Interested Parties, etc.

As for the rules on compliance / interested parties, etc. of the New Merged Company, the rules of DR before the Merger will be adopted.

Therefore, when it comes to rules on compliance, we will make utmost efforts to comply with laws and regulations, etc. and to fulfill the duties of conscious management and loyalty as a party entrusted with the compliance rules, etc. of the New Merged Company. Matters concerning compliance will be controlled by the compliance officer and matters concerning compliance and compliance structure will be deliberated and resolved at the compliance committee. The status of progress in compliance will also be reported at the compliance committee which is held once a month in principle and by the Board of Directors of the New Merged Company.

In addition, the rules on interested parties, etc. are stipulated in the rules for preventing conflicts of interest. In principle, when conducting Transactions with Interested Parties, etc. under the Investment Trusts Act for investment corporations, consent of the said investment corporation needs to be obtained in advance based on the approval of the Board of Directors of the said investment corporation.

Furthermore, the structure to prevent conflicts of interest is as announced in the Press Release Concerning Conclusion of Basic Agreement and there are no significant changes from the content of the rotation rule announced in the Press Release Concerning Conclusion of Basic Agreement.

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5. Outline of Merging Parties (as of August 27, 2018)

	Surviving Corporation under the Merger	Absorbed Corporation under the Merger
(1) Name	Daiwa Real Estate Asset Management Co., Ltd. (DR)	Mi-Casa Asset Management Inc. (MAM)
(2) Location	6-2-1 Ginza Chuo-ku Tokyo, Japan	6-16-12 Shinbashi Minato-ku Tokyo, Japan
(3) Name and Title of Representative	Akira Yamanouchi, Executive Director	Yutaka Higashino, President & CEO
(4) Main Business	Investment Management business, administration business for organizational operation of Investment Corporation, etc.	Investment Management business, administration business for organizational operation of Investment Corporation, etc.
(5) Capital	200 million yen	400 million yen
(6) Date Established	October 21, 2004	February 25, 2005
(7) Major Unitholders and Ratio of Units Held	Daiwa Securities Group Inc. (DSGI) 100.0%	Daiwa Securities Group Inc. (DSGI) 100.0%
(8) Relationship between JRH or MAM and DR		
Capital relationship	MAM and DR are group companies held by DSGI as the parent company. There are no capital ties between JRH or MAM and DR.	
Personnel relationship	There is no concurrent post of officers and employees between JRH or MAM and DR. Mikita Komatsu and Naoya Otani, Directors (part-time) of DR, Morimasa Matsuda and Shinji Kiso, Auditor (part-time) of the same, Eiji Sato and Keiichi Ishikawa, Directors (part-time) of MAM, and Hideharu Kasuga, Auditor (part-time) of the same, concurrently serve as officers and employees of DSGI, the parent company of both DR and MAM.	
Business relationship	N/A	
Related Parties	Both parent company of DR and MAM is DSGI, and DR and MAM are mutually related parties.	
(9) Business Results for Last Fiscal Period		
Fiscal Period	2018/3	2018/3
Total Asset Amount	3,790 million yen	1,790 million yen
Net Asset Amount	2,684 million yen	1,585 million yen
Sales Amount	3,906 million yen	1,174 million yen
Operating Income	2,464 million yen	453 million yen
Ordinary Income	2,479 million yen	461 million yen
Net Income	1,716 million yen	286 million yen

* DSGI acquired additional MAM shares through a demand for share cash-out scheduled on August 1, 2018 resulting the ratio of holding shares of DSGI to 100%.

6. Outlook

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For these transactions, necessary filings and any other actions shall be taken in accordance with the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, and other applicable laws and rules. Among the items currently undecided, those requiring disclosure will be disclosed as soon as decided.

- End -

* Website URL of the Investment Corporation: <http://www.jrhi.co.jp/>