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September 15, 2011

To All Concerned Parties

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Notice Concerning Borrowing of Funds

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that today it decided to borrow funds (hereafter referred to as the “Borrowings”) as described below.

1. Reason for Borrowings

The Investment Corporation has decided to make new borrowings totaling 4 billion yen with loan periods of five years from multiple correspondent banks through a syndicated loan, with The Bank of Tokyo-Mitsubishi UFJ, Ltd. as the arranger and agent, to raise funds of 4.1 billion yen to be used for acquiring Joyce Court and Glana Ueno (hereinafter referred to as the “Real Estate”) to be acquired on September 20, 2011. Please refer to the press release “Notice Concerning the Acquisition of Property” announced by the Investment Corporation today for details.

This press release includes forward-looking statements about the Investment Corporation. These forward-looking statements express the current intentions of the Investment Corporation, some of which are based on assumptions and beliefs of the Investment Corporation. Accordingly, they are subject to known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Investment Corporation's actual actions, results, performance or financial position to be materially different from any future actions, results, performance or financial position expressed or implied by these forward-looking statements.

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2. Summary of Borrowings

Term Loan F

- (1) Lenders: The Bank of Tokyo-Mitsubishi UFJ, Ltd., Sumitomo Mitsui Banking Corporation, Resona Bank, Ltd., ORIX Trust and Banking Corporation
- (2) Drawdown date: September 20, 2011
- (3) Amount of borrowing: JPY 4,000 million
- (4) Interest rate: 1-month JBA Japanese Yen TIBOR+0.85%
- (5) Method: Borrowings under Term Loan Agreement (F) to be concluded with the lender specified in (1) on September 15, 2011
- (6) Due date: September 20, 2016
- (7) Repayment conditions: Lump-sum repayment on the due date
- (8) Collateral: The first mortgages are established on the Real Estate. In addition, the first mortgages or pledges are established on a part of properties and existing trust beneficiary interest in real estate (O-1-032 willDo Kita 24 jo, O-1-033 Flat Carerra, O-1-036 willDo Minami hiragishi, O-3-079 willDo Ishizuecho, O-3-080 willDo Sasaguchi and O-6-119 Gransys Esaka).

Interest payment dates for the aforementioned borrowings fall on the 22nd of each month (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 today, September 15, 2011: 0.18000%). 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/tibor/>) for JPY TIBOR details.

3. 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, 2011).

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Reference

1) Trends in interest spread of syndicated loan

The trends in interest spread of syndicated loan are outlined below.

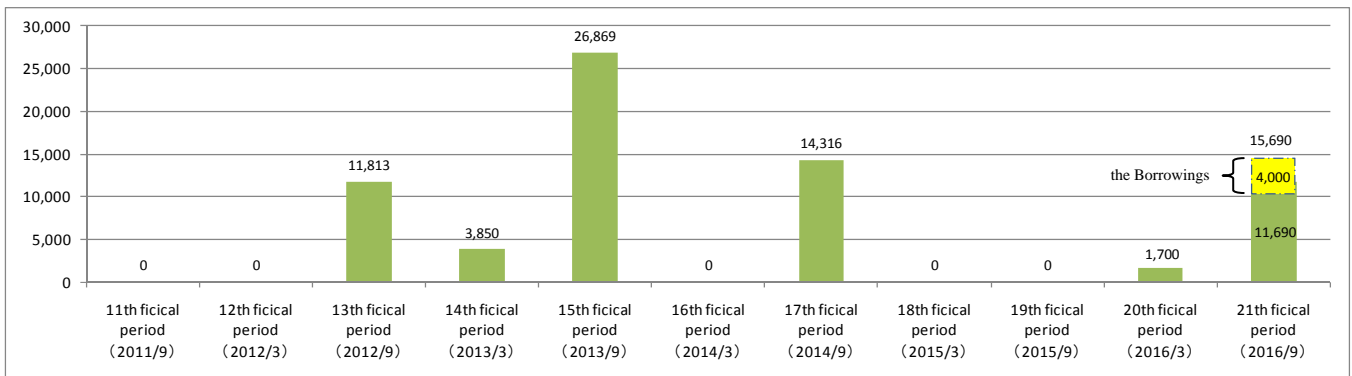
Conditions for debt refinanced in June/July 2010			Conditions for June 2011 refinancing			Conditions for the Borrowings		
Period	Amount (million yen)	Spread	Period	Amount (million yen)	Spread	Period	Amount (million yen)	Spread
3 years	29,378	1.50%	3 years	2,198	0.70%			
4 years	12,158	1.75%	5 years	11,690	0.90%	5 years	4,000	0.85%
Weighted average		1.57%	Weighted average		0.87%	Weighted average		0.85%

(Note 1) Based on 1-month JBA Japanese Yen TIBOR

(Note 2) Numbers have been rounded down to JPY million

2) Borrowings by repayment date

Please refer to the following table for the diversification of repayment periods. Furthermore, the average loan period of the overall Investment Corporation is expected to improve to 3.74 years from 3.67 years with the Borrowings (loan period of 5 years).



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3) Total interest-bearing debt, and LTV based on appraisal value and book value

The trends in total interest-bearing debt, and LTV based on appraisal value and book value since the merger with Prospect Reit Investment Corporation (PRI) are outlined below.

	July 2, 2010 (post-merger)	September 30, 2010 (end of Ninth Fiscal Period)	March 31, 2011 (end of Tenth Fiscal Period)	June 22, 2011 (after refinancing)	September 20, 2011 (after Borrowings)
Total interest-bearing debt	75,656 million yen	72,225 million yen (Note 1)	70,241 million yen (Note 2)	70,239 million yen (Note 3)	74,239 million yen (Note 4)
LTV based on book value (Note 5)	45.8%	44.6%	44.0%	44.0%	45.3%
LTV based on appraisal value	53.9%	53.6%	52.8%	52.8%	54.0%

(Note 1) Decline as a result of loan prepayment of 3.4 billion yen following the sale of Hilltop Yokohama Negishi.

(Note 2) Net decline resulting from loan prepayment of 3.6 billion yen following the sale of 6 properties in the 10th Fiscal Period, and borrowings of 1.7 billion yen due to the purchase of two new properties.

(Note 3) Please refer to the press release “Notice Concerning Borrowing of Funds and Repayment of Loans” announced by the Investment Corporation on June 20, 2011.

(Note 4) Refer to “2. Summary of Borrowings” section above.

(Note 5) LTV based on book value: Interest-bearing debt ratio = Interest bearing debt / (Interest-bearing debt + Unitholders’ capital + Investment surplus + Negative goodwill from the previous fiscal period) × 100.

(Note 6) Numbers have been rounded down to JPY million. Ratios are rounded off to one decimal place.

4) Status of borrowings after the Borrowings by the Investment Corporation

(million yen)

	(Reference)As of July 2,2010 (Note 5)	Before	After	Change
Short-term borrowings (Note 1) (Note 3)	-	-	-	-
Long-term borrowings (Note 1) (Note 3)	75,656	70,239	74,239	4,000
(Long-term borrowings due within one year) (Note 2) (Note 3)	16,853	11,813	11,813	0
Total borrowings (Note 3)	75,656	70,239	74,239	4,000
Investment Corporation bonds (Note 3)	-	-	-	-
Total interest-bearing debt (Note 3)	75,656	70,239	74,239	4,000
Interest-bearing debt ratio (%) (Note 4)	45.8	44.0	45.3	1.4

(Note 1) The periods for short-term borrowings are within one year and long-term borrowings are over one year.

(Note 2) “Long-term borrowings due within one year” refers to long-term debt that is due for repayment by September 20, 2012.

(Note 3) Amounts are rounded down to the nearest million yen.

(Note 4) Interest-bearing debt ratio = Interest bearing debt / (Interest-bearing debt + Unitholders’ capital + Investment surplus + Negative goodwill from the previous fiscal period) × 100. Ratios of interest-bearing debt are rounded off to one decimal place.

(Note 5) Shows status of borrowings right after the merger with Prospect Reit Investment Corporation on July 1, 2010.

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5) Post-Borrowings outstanding balance of borrowing by lender

Lender	1) (Reference) As of July 2, 2010		2) Before Borrowings		Difference	3) After Borrowings		3)-1) Change in share (composition) (P)	3)-2) Change in share (composition) (P)
	Amount (million yen)	Share	Amount (million yen)	Share		Amount (million yen)	Share		
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent)	13,167	17.4%	15,293	21.8%	1,000	16,293	21.9%	4.5	0.2
Aozora Bank, Ltd.	23,225	30.7%	18,532	26.4%	0	18,532	25.0%	-5.7	-1.4
Sumitomo Mitsui Banking	11,626	15.4%	12,523	17.8%	1,000	13,523	18.2%	2.8	0.4
Resona Bank, Ltd.	4,423	5.8%	4,541	6.5%	1,000	5,541	7.5%	1.6	1.0
The Norinchukin Bank	5,443	7.2%	4,307	6.1%	0	4,307	5.8%	-1.4	-0.3
The Chuo Mitsui Trust and Banking Co.,Ltd.	3,191	4.2%	2,855	4.1%	0	2,855	3.8%	-0.4	-0.2
The Norinchukin Trust & Banking Co.,Ltd.	2,581	3.4%	2,581	3.7%	0	2,581	3.5%	0.1	-0.2
Shinsei Bank, Limited	3,050	4.0%	2,489	3.5%	0	2,489	3.4%	-0.7	-0.2
The Musashino Bank, Ltd.	2,522	3.3%	2,093	3.0%	0	2,093	2.8%	-0.5	-0.2
ORIX Trust and Banking	0	0.0%	898	1.3%	1,000	1,898	2.6%	2.6	1.3
Mitsubishi UFJ Trust and Banking Corporation	2,161	2.9%	1,840	2.6%	0	1,840	2.5%	-0.4	-0.1
Sumitomo Trust and Banking Co., Ltd.	2,942	3.9%	1,465	2.1%	0	1,465	2.0%	-1.9	-0.1
Mitsui Sumitomo Insurance Co., Ltd.	900	1.2%	818	1.2%	0	818	1.1%	-0.1	-0.1
NTT Finance Corporation	419	0.6%	0	0.0%	0	0	0.0%	-0.6	0.0
Total	75,656	100.0%	70,239	100.0%	4,000	74,239	100.0%	0.0	0.0

(Note1) Shows status of borrowings right after the merger with Prospect Reit Investment Corporation on July 1, 2010.

(Note2) Amounts are rounded down to the nearest million yen. Percentage figures are rounded off to one decimal place.

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

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