

English Translation

The following is an English translation summary of the original Japanese press release and is being provided for informational purposes only.

September 15, 2017

To All Concerned Parties

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**Notice Concerning Revision of Earnings and Distribution Forecasts
for the Fiscal Period Ending September 30, 2017 (23rd Fiscal Period)
and the Fiscal Period Ending March 31, 2018 (24th Fiscal Period)**

Japan Rental Housing Investments Inc. (the "Investment Corporation") hereby announces that it has revised the earnings and distribution forecasts for the fiscal period ending September 30, 2017 (23rd fiscal period: April 1, 2017 to September 30, 2017) and ending March 31, 2018 (24th fiscal period: October 1, 2017 to March 31, 2018), originally announced on May 15, 2017. Details are provided below.

I. Revision of earnings and distribution forecast

Fiscal Period ending September 30, 2017 (From April 1, 2017 to September 30, 2017)

| | Operating Revenues | Operating Income | Ordinary Income | Net Income | Net Income per Unit | Distribution per Unit | Distribution in Excess of Earnings per Unit |
|---|--------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|---|
| Previously Announced Forecast (A) | 8,200 million yen | 3,651 million yen | 2,919 million yen | 2,918 million yen | 1,779 yen | 1,820 yen | 0 yen |
| Revised Forecast (B) | 8,669 million yen | 4,077 million yen | 3,372 million yen | 3,371 million yen | 2,055 yen | 1,920 yen | 0 yen |
| Difference (B-A) | 468 million yen | 425 million yen | 453 million yen | 453 million yen | 276 yen | 100 yen | 0 yen |
| Percentage Change | 5.7% | 11.6% | 15.5% | 15.5% | 15.5% | 5.5% | 0% |
| (Reference) Results of the previous period (ended March 31, 2017) | 8,318 million yen | 3,742 million yen | 3,025 million yen | 3,024 million yen | 1,844 yen | 1,901 yen | 0 yen |

Fiscal Period ending March 31, 2018 (From October 1, 2017 to March 31, 2018)

| | Operating Revenues | Operating Income | Ordinary Income | Net Income | Net Income per Unit | Distribution per Unit | Distribution in Excess of Earnings per Unit |
|-----------------------------------|--------------------|-------------------|-------------------|-------------------|---------------------|-----------------------|---|
| Previously Announced Forecast (A) | 8,244 million yen | 3,695 million yen | 2,982 million yen | 2,981 million yen | 1,818 yen | 1,860 yen | 0 yen |
| Revised Forecast (B) | 8,162 million yen | 3,665 million yen | 2,972 million yen | 2,972 million yen | 1,812 yen | 1,871 yen | 0 yen |
| Difference (B-A) | -81 million yen | -29 million yen | -9 million yen | -9 million yen | -6 yen | 11 yen | 0 yen |
| Percentage Change | -1.0% | -0.8% | -0.3% | -0.3% | -0.3% | 0.6% | 0% |

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(Note 1) Number of total investment units issued: 1,640,060 units

(Note 2) The aforementioned figures are indicative of current forecasts based on the conditions described in “[Exhibit] Preconditions for Earnings Forecasts of the 23rd Fiscal Periods (April 1, 2017 to September 30, 2017) and the 24th Fiscal Period (October 1, 2017 to March 31, 2018)”. 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) The distribution amount for the fiscal period ending September 2017 includes planned reversal of reserve for temporary difference adjustment of 67 million yen. The distribution amount for the fiscal period ending March 2018 includes planned reversal of distribution reserve of 29 million yen and of reserve for temporary difference adjustment of 67 million yen. Thus, both differs from the amount of net income.

(Note 4) Amounts are rounded down to the nearest million yen. Percentages are rounded to the first decimal place; hereinafter the same.

The net income of 3,371 million yen in the revised forecasts for the fiscal period ending September 30, 2017 (23rd fiscal period) includes the estimate capital gain of Abreast ShinOsaka excluding expenses of 382 million yen. The Investment Corporation plans to distribute 92 million yen of the amount in the 23rd fiscal period and to record the remaining 290 million yen as distribution reserves, taking into consideration the leveling of distributions and the impact of the disposition to the distributions of the fiscal period ending March 31, 2018 (24th fiscal period) and onward. The distribution reserves are scheduled to be reversed at an equal amount (29 million yen in each fiscal period) over five years (10 fiscal periods) starting from the fiscal period ending March 31, 2018 (24th fiscal period) and to be added into distributions. For the details on the disposition of the asset, please refer to the press release “Notice Concerning Disposition of Asset” separately announced today.

II. Reasons for the revision

Fiscal Period ending September 30, 2017 (From April 1, 2017 to September 30, 2017)

The reason for the revision is that distribution per unit is expected to increase 5% or more compared to the earnings forecasts based on preconditions for earnings forecasts of the fiscal period ending September 30, 2017 announced on May 15, 2017, due to (1) the estimate capital gain of the asset at 382 million yen (2) better performance of net operating income (+47 million yen) because of the increase in income from renewal fees and other factors.

Fiscal Period ending March 31, 2018 (From October 1, 2017 to March 31, 2018)

The reason for the revision is that the disposition of the asset and changes in terms of interest-bearing debt (including refinancing of bank borrowings, issuance of investment corporation bonds and early repayment of bank borrowings) announced up to date are to be implemented after the earnings forecast for the fiscal period ending March 31, 2018 was announced on May 15, 2017. There is no other change in preconditions for the forecast.

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

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[Exhibit]

Preconditions for Earnings Forecasts of the 23rd Fiscal Periods ((April 1, 2017 to September 30, 2017) and the 24th Fiscal Period (October 1, 2017 to March 31, 2018))

| Item | Preconditions |
|---------------------------------------|--|
| Dates | <ul style="list-style-type: none"> - 23rd fiscal period (from April 1, 2017 to September 30, 2017) (183 days) - 24th fiscal period (from October 1, 2017 to March 31, 2018) (182 days) |
| Portfolio Assets | <ul style="list-style-type: none"> - It is assumed that the Investment Corporation will dispose 1 property listed below from the currently owning 200 properties. <Disposition of 1 Property (scheduled)> September 28, 2017 Abreast ShinOsaka - The Investment Corporation assumes there will be no change in the portfolio assets through the end of March 2018. In practice, there may be fluctuations due to other property acquisitions or sale, etc. |
| Number of Investment Units | <ul style="list-style-type: none"> - The number of total investment units issued is 1,640,060 units as of today. - Afterward, it is assumed that there will be no change to this until the end of the 24th Fiscal Period. |
| Operating Revenue /Operating Expenses | <ul style="list-style-type: none"> - Operating revenues and operating expenses are calculated under the above assumptions for portfolio assets. - Of the property-related expenses, which are major operating expenses, expenses other than depreciation are calculated based on past results at owned properties as well as materials provided by previous owners and reflecting fluctuation factors of the expenses. - Management fee is assumed to be JPY 436 million for the 23rd fiscal period and JPY 389 million for the 24th fiscal period. - For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be JPY 438 million for the 23rd fiscal period and JPY 409 million for the 24th fiscal period. Please note, however, the actual expenditures for repair could differ significantly from the estimated amount due to unexpected expenditures for repair possibly arising and other factors. - Taxes are assumed to be JPY 516 million for the 23rd fiscal period and JPY 512 million for the 24th fiscal period. - Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditure, and is assumed to be JPY 1,795 million for the 23rd fiscal period and JPY 1,797 million for the 24th fiscal period. |
| Non-operating Expenses | <ul style="list-style-type: none"> - Non-operating expenses are assumed to be JPY 749 million for the 23rd fiscal period and JPY 703 million for the 24th fiscal period : <ol style="list-style-type: none"> (1) Interest expenses: JPY 495 million for the 23rd fiscal period and JPY 472 million for the 24th fiscal period (2) Finance-related costs: JPY 242 million for the 23rd fiscal period and JPY 217 million for the 24th fiscal period (3) Amortization of issuance costs of new units: JPY 2 million for the 23rd fiscal period and JPY 2 million for the 24th fiscal period (4) Amortization of investment corporation bond issuance expenses: JPY 7 million for the 23rd fiscal period and JPY 9 million for the 24th fiscal period (5) Other: JPY 1 million for the 23rd fiscal period and JPY 1 million for the 24th fiscal period |
| Interest-Bearing Debt | <ul style="list-style-type: none"> - Current balance of interest-bearing debt is JPY 117,157 million and it is assumed that the Investment Corporation will implement the issuance of investment corporation bonds of JPY 3,000 million on September 21, 2017, early repayment of long-term borrowings of JPY 3,000 million issuance on October 2, 2017 by the funds from the bond issuance and early repayment of long-term borrowings of JPY 1,570 million on October 13, 2017 by the funds obtained from the disposition of Abreast ShinOsaka on September 28, 2017. - Interest-bearing debt ratio is expected to be around 51.7% and 50.7% at the end of the 23rd and 24th fiscal periods respectively. - The interest-bearing debt ratio in the forecast is calculated using the following formula. Interest-bearing debt ratio = (Total interest-bearing debt / Total asset) x 100 |
| Distribution per Unit | <ul style="list-style-type: none"> - Distribution per unit is based on the assumption that distribution will comply with the monetary distribution policy stipulated in the Articles of Incorporation of the Investment Corporation. In addition, as a principle, it is calculated with the assumption that all of the net income in each business period will be distributed. - Regarding distributions for the 23rd fiscal period, a total of JPY 3,148 million (JPY 1,920 of distribution per unit), which is the amount arrived by subtracting planned distribution reserves of JPY 290 million (JPY 176 per unit) from net income of JPY 3,371 million (JPY 2,055 per unit) and adding the planned reversal of reserve for temporary difference adjustment of JPY 67 million (JPY 41 per |



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| | <p>unit), is assumed to be distributed.</p> <ul style="list-style-type: none">- Regarding distributions for the 24th fiscal period, a total of JPY 3,068 million (JPY 1,871 of distribution per unit), which is the sum of net income of JPY 2,972 million (JPY 1,812 per unit), planned reversal of distribution reserve of JPY 29 million (JPY 17 per unit) and the planned reversal of reserve for temporary difference adjustment of JPY 67 million (JPY 41 per unit), is assumed to be distributed.- Distributions per unit may change due to various factors including change of rental revenue alongside transfer of assets under management, transfer of tenants, etc. and unforeseen repairs.- Net income per unit and distributions per unit for each business period are calculated using the expected number of investment units issued and outstanding in each period based on the above numbers of investment units issued and outstanding. |
| Distribution in Excess of Earnings per Unit | <ul style="list-style-type: none">- At present, the Investment Corporation does not plan to make cash distribution in excess of earnings. |
| Other | <ul style="list-style-type: none">- The forecast is based on the assumption that no revisions impacting the forecast figures above will be made to laws and regulations, the tax system, accounting standards, the listing rules, or the rules of the Investment Trusts Association, Japan, etc.- It is also assumed there will be no unexpected material change in general economic trends, the real estate market conditions, etc. |