

September 18, 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 Manager: 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 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”) Details are provided below.

I Borrowings of Funds

1. Reason for Borrowings

The Investment Corporation has decided to make new borrowings totaling 2.0 billion yen with loan periods of five years from a combination of existing correspondent financial institutions as well as new financial institution through a syndicated loan. The Bank of Tokyo-Mitsubishi UFJ, Ltd. will be the arranger and agent to raise funds of 2.5 billion yen to be used for acquiring “SPACIA SHINJUKU” (hereinafter referred to as the “Real Estate”) to be proposed acquisition on September 21, 2012. For details, please refer to the press release “Notice Concerning Acquisition of Asset” announced earlier today on September 18, 2012.

2. Summary of Borrowings

Term Loan H

- | | |
|---------------------------|---|
| (1) Lenders: | The Bank of Tokyo-Mitsubishi UFJ, Ltd., Resona Bank, Ltd.,
The Higashi-Nippon Bank, Limited |
| (2) Drawdown date: | September 21, 2012 |
| (3) Amount of borrowing: | JPY 2,000 million |
| (4) Interest rate: | 1-month JBA Japanese Yen TIBOR+0.75% |
| (5) Method: | Borrowings under Term Loan Agreement (H) to be concluded with the lender specified in (1) on September 18, 2012 |
| (6) Due date: | September 21, 2017 (five year period) |
| (7) Repayment conditions: | Lump-sum repayment on the due date |
| (8) Collateral: | The first fixed mortgages are established on the Real Estate. In addition, the first fixed mortgages are established on a part of property (O-1-128 Alpha Tower Sapporo Minami4jo). |

Interest payment dates for the Borrowings fall on the 22nd of each month starting on October 22, 2012 to the principal repayment date of the term loan. (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 18, 2012: 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.

II. 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, 2012).

[For reference]

I. Outstanding loans

① Status of the balance before and after Borrowings (interest-bearing debt ratio)

(Unit: JPY mn, except where otherwise indicated)

	Before	After	Change
Short-term borrowings (Note 1) (Note 4)	-	-	-
Long-term borrowings (Note 1) (Note 4)	74,136	76,136	2,000
(Long-term borrowings due within one year) (Note 2) (Note 4)	30,136	30,136	-
Total borrowings (Note 4)	74,136	76,136	2,000
Investment corporation bonds (Note 4)	-	-	-
Total interest-bearing debt (Note 4)	74,136	76,136	2,000
Interest-bearing debt ratio (Note 3) (Note 4)	46.5%	47.2%	0.7%

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

(Note 2) Long-term borrowing due within one year represents the borrowing due within one year from September 18, 2012.

(Note 3) Interest-bearing debt ratio = Total interest-bearing debt / (Total interest-bearing debt + Unitholders' capital + Investment surplus + Previous period's ending balance of Negative goodwill) × 100.

(Note 4) Amounts are rounded down to the nearest million yen. Ratios are rounded off to one decimal place.

② Trends in interest-bearing debt

	Balance as of March 31, 2012 (end of the 12 th Fiscal Period)	Balance as of September 4, 2012 (after prepayment of loans with the disposition (Note 1)) ①	Borrowings ②-①	Balance as of September 21, 2012 (after borrowings) ②
Total interest-bearing debt	JPY 74,342 million	JPY 74,136 million	JPY 2,000 million	JPY 76,136 million
LTV based on book value (Note 2)	46.6%	46.5%	0.7%	47.2%
LTV based on appraisal value (Note 3)	52.9%	52.4%	0.3%	52.7%

(Note 1) For details regarding the prepayment of loans associated with the disposition, please refer to the "Notice Concerning Completion of Disposition of Asset and Prepayment of Loans" dated September 4, 2012.

(Note 2) LTV based on book value: Interest-bearing debt ratio = Total interest-bearing debt / (Total interest-bearing debt + Unitholders' capital + Investment surplus + Previous period's ending balance of Negative goodwill) × 100.

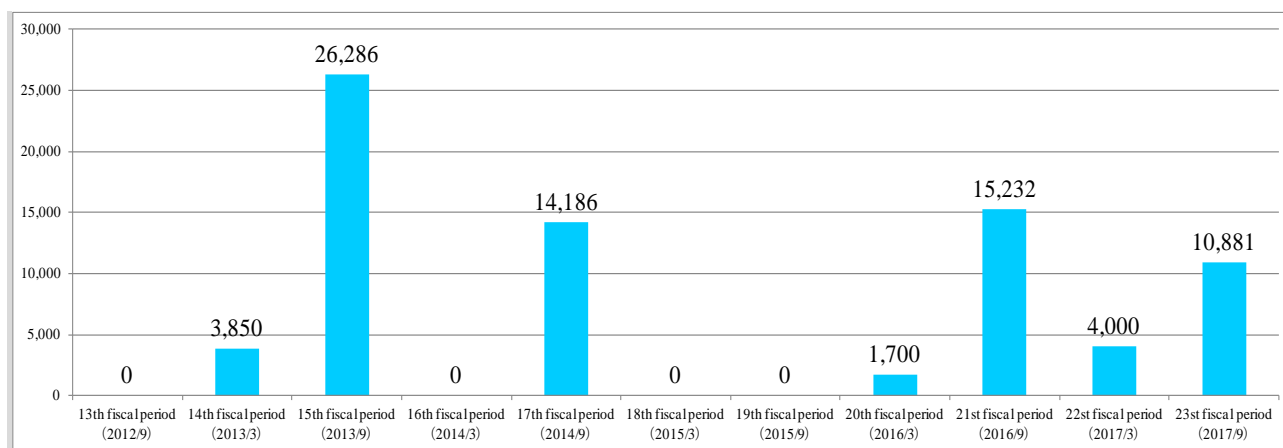
(Note 3) For calculating LTV based on appraisal value, we use term-end appraisal value for portfolio properties that were owned by the Investment Corporation as of the end of the 12th Fiscal Period. For properties acquired during the 13th Fiscal Period, we use the appraisal value at the time of acquisition.

③ Outstanding balance of borrowing by lender

Lender	June 22, 2010 (Reference) Balance before merger with PRI (JPYmn) (Note 1)	July 2, 2010 (Reference) Balance after merger with PRI (JPYmn) (Note 1)	As of September 4, 2012	Amount of borrowings ②－①	As of September 21, 2012	
			Balance (JPYmn) ①		Balance (JPYmn) ②	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd (agent)	10,238	13,167	18,733	1,000	19,733	25.9%
Aozora Bank, Ltd.	8,868	23,225	18,367	0	18,367	24.1%
Sumitomo Mitsui Banking Corporation	4,323	11,626	14,590	0	14,590	19.2%
Resona Bank, Limited	4,423	4,423	5,561	500	6,061	8.0%
Shinsei Bank, Limited	3,050	3,050	4,552	0	4,552	6.0%
Sumitomo Mitsui Trust Bank, Limited	5,293	6,133	4,194	0	4,194	5.5%
The Musashino Bank, Ltd	1,682	2,522	2,019	0	2,019	2.7%
The Norinchukin Bank	5,443	5,443	1,970	0	1,970	2.6%
ORIX Bank Corporation	0	0	1,877	0	1,877	2.5%
Mitsubishi UFJ Trust and Banking Corporation	2,161	2,161	1,769	0	1,769	2.3%
The Bank of Fukuoka, Ltd.	0	0	500	0	500	0.7%
The Higashi-Nippon Bank, Limited	0	0	0	500	500	0.7%
Others (3 companies)	900	3,901	0	0	0	0.0%
Total	46,385	75,656	74,136	2,000	76,136	100.0%

(Note 1) Amounts are rounded down to the nearest million yen.

④ Borrowings by repayment date



(Unit: JPYmn)

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