

English Translation

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

June 27, 2014

To All Concerned Parties

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**Notice Concerning Revision of Earnings and Distribution Forecasts  
for the Fiscal Period Ending September 30, 2014 (17th 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 2014 (17th fiscal period: April 1, 2014 to September 30, 2014), originally announced on May 9, 2014. Details are provided below.

1. Revision of earnings and distribution forecast for the Fiscal Period ending September 30, 2014 (17th Fiscal Period)

	Operating Revenues	Operating Income	Ordinary Income	Net Income	Distribution per Unit	Distribution in Excess of Earnings per Unit
Previously Announced Forecast (A)	6,892 million yen	3,094 million yen	2,338 million yen	2,338 million yen	1,585 yen	0 yen
Revised Forecast (B)	7,130 million yen	3,268 million yen	2,537 million yen	2,536 million yen	1,720 yen	0 yen
Difference (B-A)	238 million yen	174 million yen	198 million yen	198 million yen	135 yen	0 yen
Percentage Change	3.5%	5.6%	8.5%	8.5%	8.5%	—

(Note 1) Number of total investment units issued: 1,475,060 units

(Note 2) The aforementioned figures are indicative of current forecasts. 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) Amounts are rounded down to the nearest million yen. Percentages are rounded to the first decimal place; hereinafter the same.

2. Reasons for revision of earnings and distribution forecasts

The reason for the revision is that distribution per unit is expected to increase 5% or more due to the new acquisition of one property (Gran Casa Urasando) and disposition of one property (Dorme Yotsuya) announced on May 20, 2014, and new acquisition of one property (Pregio Miyakojima) announced on May 30 of the same year (for details, please refer to “Notice Concerning Acquisition and Disposition of Assets” and “Notice Concerning Acquisition of Asset” announced on the respective dates mentioned above). This is in addition to the new acquisition of one property (Forest Hill SendaiAoba) and disposition of one property (Dorme Takamine). (For details, please refer to the press release “Notice Concerning Acquisition and Disposition of Assets” dated today).

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Operating revenues are expected to increase 238 million yen in total to 7,130 million yen due to an increase of 116 million yen through the acquisition of three properties and disposition of two properties mentioned above (increase of 127 million yen through the acquisitions and decrease of 11 million yen through the dispositions), and capital gains of 121 million yen accompanied by disposition of the two properties.

As for operating income, increases are expected to stabilize at 174 million yen to 3,268 million yen despite the expected increase in operating revenues from the initial forecast. This is due to expected increases in depreciation (increase of 40 million yen) and property-related expenses (increase of 16 million yen), etc.

Net income is expected to increase 198 million yen compared with the initial forecast, and is expected to reach 2,536 million yen.

The total distribution amount is expected to increase by 199 million yen from the initial forecast to 2,537 million yen and distribution per investment unit is expected to increase by 135 yen (up by 8.5%) from the initial forecast of 1,585 yen to reach 1,720 yen.

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

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[Exhibit]

Preconditions for Earnings Forecasts of the 17th Fiscal Periods (April 1, 2014 to September 30, 2014)

Item	Preconditions
Dates	- 17th Fiscal Period (from April 1, 2014 to September 30, 2014) (183 days)
Portfolio Assets	- It is assumed that, aside from the portfolio assets the Investment Corporation owns as of the end of the 16th Fiscal Period (March 31, 2014) comprising 187 properties and silent partnership equity interest investing in real estate beneficiary interest in trust, the Investment Corporation disposed or to be disposed the following 2 properties and acquired or to be acquired the following 3 property. <Disposition of 2 Properties> May 21, 2014 Dorme Yotsuya July 2, 2014 (scheduled) Dorme Takamine <Acquisition of 3 Properties> May 26, 2014 Gran Casa Urasando June 5, 2014 Pregio Miyakojima July 1, 2014 (scheduled) Forest Hill SendaiAoba - The Investment Corporation assumes there will be no change in the portfolio assets through the end of September 2014. In practice, there may be fluctuations due to other property acquisitions or sale, etc.
Number of Investment Units	- The number of total investment units issued is 1,475,060 units as of the end of the 16th Fiscal Period (ended on March 31, 2014). - Afterward, It is assumed that there will be no change to this until the end of the 17th Fiscal Period.
Operating Revenue /Operating Expenses	- 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 reflect fluctuation factors of the expenses. - Maintenance fee is assumed to be approximately 430 million yen. - For the expenditures for repair of buildings, the amount required in the relevant fiscal period is estimated, and is assumed to be approximately 322 million yen. 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 approximately 404 million yen. - Depreciation is calculated using the straight line method, including incidental expenses and additional future capital expenditures, and is assumed to be approximately 1,358 million yen.
Non-operating Expenses	- Non-operating expenses are assumed to be approximately 778 million yen under the assumptions for the “interest-bearing debt” below, and are broken down as follows: (1) Interest expenses: 465 million yen (2) Finance-related costs: 304 million yen (3) Amortization of issuance costs of new units: 6 million yen (4) Other: 1 million yen
Interest-Bearing Debt	- It is assumed there will be will be no change through the end of the 17th Fiscal Period after adding 1,500 million yen borrowed on May 26, 2014 for the acquisition of Gran Casa Urasando and 2,750 million yen to be borrowed on July 1, 2014 for the acquisition of Forest Hill SendaiAoba to the balance of 92,789 million yen in interest-bearing debt as of the end of the 16th Fiscal Period (March 31, 2014).
Distribution per Unit	- 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. For the 16th Fiscal Period, the Investment Corporation utilized reserve for distributions in consideration of the dilution as a result of issuing new investment units. For the 17th Fiscal Period, there is no assumption regarding utilize of the reserve for distributions.
Distribution in Excess of Earnings per Unit	- At present, the Investment Corporation does not plan to make cash distribution in excess of earnings.
Other	- 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.