

August 20, 2012

To All Concerned Parties

REIT Issuer:
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Notice Concerning Disposition of Asset

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided at a meeting of its Board of Directors held earlier today to dispose of the following asset under management (hereafter, the “Disposition”). Details are provided below.

1. Basic Policy

In order to implement stable distributions of profits on the long-term to all our unitholders by means of raising profitability, the Investment Corporation is aiming to improve the quality of the portfolio and continuously expand the asset scale through our management policy of (1) “Acquire new properties in the Tokyo metropolitan area, particularly in Tokyo’s 23 wards,” and (2) “disposition of primarily some small-sized properties located in areas other than the Tokyo metropolitan area and acquire new properties of the highest quality in the area.”

2. Reason for Disposition

Based on the aforementioned management policy (2), the Investment Corporation decided, taking a comprehensive view of factors such as asset size, building age, asset management efficiency, NOI yield patterns, future outlook on profitability, as well as the sustained costs involved on holding the said property, to dispose of three properties located in Kitakyushu City. This resulted in the disposition of two of the three identified properties during the previous fiscal term (12th Fiscal Period). Earlier today, the Investment Corporation reached a decision to dispose the third property, keeping the same factors in mind. The disposition is expected to result in related losses and expenses (approximately 308 million yen), but there is no resultant impact on distributions due to the appropriation of distribution reserves (outstanding balance of approximately 7.3 billion yen as of the end of the 12th Fiscal Period) arising from gains on negative goodwill.

Furthermore, earlier today the Investment Corporation decided, based on management policy (2) outlined above, to acquire Alpha Tower Sapporo Minami 4-jo, which is located in the main Sapporo City. For details regarding the property acquisition, please refer to the press release “Notice Concerning Acquisition of Asset.”

3. List of asset for Disposition

Property No.	Property Name	Location	Book Value (as of the end of March 2012) (A) (thousands of yen)	NOI in the 12th Fiscal Period (①) (Note 2) (thousands of yen)	Book value NOI yield (%) / (① × 2 ÷ (A))	Disposition Price (Planned) (B) (thousands of yen)	Difference between Disposition Price (Planned) and Book Value (B) - (A) (thousands of yen)	Appraisal Value (as of the end of March 2012) (C) (thousands of yen)	Difference between the Disposition Price (Planned) and Appraisal Value (B) - (C) (thousands of yen)
F-9-027	Image Kirigaoka	Kyushu	656,278	14,599	4.4%	360,000	-296,278	349,000	11

(Note 1) Disposition Price (Planned) excludes sales expenses, fixed asset tax and city planning tax adjustments as well as consumption tax and local consumption tax; hereinafter the same.

(Note 2) Amounts are rounded down to the indicated unit; hereinafter the same.

4. Details regarding asset for Disposition

F-9-027 Image Kirigaoka

Asset to be Disposition		Trust beneficiary interests in real estate
Location		2-9-25, Takabo, Kokura-kita-ku, Kitakyushu-shi, Fukuoka
Land	Type of Ownership	Proprietary ownership
	Land Area	1,898.31 m ²
	Area Classification	Type 2 residential district
	FAR / Building Coverage Ratio	200% / 60%
Building	Type of Ownership	Proprietary ownership
	Use	Apartment complex, stores
	Type of Structure/No. of floors	S · RC, 13-story building with flat roof
	Floor Space	3,789.22 m ²
	Completion Date	July 7, 1992
Book Value (as of the end of March 2012)		JPY 656,278 thousand
Disposition Price		JPY 360,000 thousand (excluding national and local consumption tax)
Disposition Price – Book Value		JPY -296,278 thousand
Appraisal Value (as of the end of March 2012)		JPY 349,000 thousand
Appraiser		Daiwa Real Estate Appraisal Co., Ltd.
Tenant Profile		
	Number of Tenants	1
	Total Rental Revenue	JPY 24,845 thousand (rental business revenue during the Fiscal Period ending March 31, 2012)
	Lease Deposits and Guarantee Deposits	JPY 862 thousand (as of end-June 2012)
	Total Leasable Area	3,590.43 m ²
	Total Leased Area	3,512.38 m ² (as of end-June 2012)

5. Profile of Buyer

The buyer (planned) for the property is domestic business company, but the details including name are undisclosed as per the request of the buyer (planned).

There are no capital, personnel, business relationships required to mention between the Investment Corporation or the asset manager and the said company, nor is the company an affiliated party of either the Investment Corporation or the asset manager. Furthermore, the said company is neither classified as an interested party, etc. under the Enforcement Order for Act on Investment Trusts and Investment Corporation, nor defined as an interested party, etc. under the internal rules on dealings with interested parties of the asset manager.

6. Profile of Brokerage

Company name	Kyushu-REP Corporation
Head office location	4-10-10Watanabe Dori, Chuo-ku, Fukuoka
Representative	Mitsunori Shirasuna
Core business	Real-estate securitization business, brokerage business, rentals and real estate management
Paid-in capital	JPY 10 million
Date of establishment	May 21, 2010
Relationship between the company and the Investment Corporation or the asset manager	The broker is neither classified as an interested party, etc. under Enforcement Order for Act on Investment Trusts and Investment Corporation, nor defined as an interested party, etc. under the internal rules on dealings with interested parties of the asset manager.
Brokerage fees	(Note)

(Note) Undisclosed as per the request of the counterparty

7. Settlement Method

The Investment Corporation will receive the deposit soon after the signing of the disposition agreement, with the remainder of the settlement to be conducted when the transaction is executed.

8. Use of Disposition Proceeds

The proceeds that the Investment Corporation will receive from the disposition will be allocated for the partial repayment of borrowings in order to release collateral and for other purposes. At the same time, they will serve as funds for properties that are scheduled to be newly acquired in continuation.

9. Schedule of Disposition

Scheduled date of disposition	Payment date
Signing date of disposition agreement	Delivery date
August 20, 2012	September 4, 2012

10. Forecasts

For details on the projected impact of the disposition on management performance for the fiscal period ending September 30, 2012(April 1, 2012 to September 30, 2012), please refer to the press release “Notice Concerning Revision of Earnings and Distribution Forecasts for the Fiscal Period Ending September 30, 2012 (13th Fiscal Period)” dated August 20, 2012.

(Reference Material)

Portfolio by Type and Category after Property Acquisition and Disposition

(Differences following the disposition and acquisition indicated within parentheses. Unit: Number of residential units)

	Studio apartments	Family apartments	Total by area
Seven central wards of Tokyo	737	368	1,105
Three major metropolitan areas	4,489	2,008	6,497
Other major cities	1,844 (+100)	390 (-65)	2,234 (+35)
Type Total	7,070 (+100)	2,766 (-65)	9,836 (+35)

(Note 1) The seven central wards of Tokyo mean Chiyoda, Chuo, Minato, Shinjuku, Shibuya, Setagaya, and Meguro wards.

(Note 2) The three major metropolitan areas mean Kanto metropolitan area excluding the seven central wards of Tokyo, Chukyo metropolitan area, and Kinki metropolitan area.

(Note 3) The other major cities mean Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Hiroshima, and Kitakyushu/Fukuoka metropolitan areas and cities with a population of 300,000 or more.

(Note 4) On May 24, 2012, the Investment Corporation decided to remove Premium type properties from its investment policy and streamline focus to Studio type and the Family type alone

Situation of the Portfolio after Property Acquisition and Disposition

Asset scale (Acquisition price)	JPY 154.3 billion
Number of owned properties	177
Total number of leasable units	9,836

For details regarding the details of the portfolio after property disposition and acquisition, please refer to the additional material of the press release “Notice Concerning Acquisition of Asset” dated August 20, 2012.

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