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To All Concerned Parties

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**Notice Concerning Revision of Earnings and Distribution Forecasts
for the Fiscal Period Ending September 30, 2012 (13th Fiscal Period)**

Japan Rental Housing Investments Inc. (hereinafter referred to as the “Investment Corporation”) had previously issued its earnings forecast for the 13th Fiscal Period (April 1, 2012 to September 30, 2012) on May 16, 2012. Following the decision at a meeting of the Board of Directors held earlier today to dispose of asset under management (hereafter, the “Disposition.” For details, refer to the release “Notice Concerning Disposition of Asset” dated August 20, 2012) and acquire asset under management (hereafter, the “Acquisition.” For details, refer to the release “Notice Concerning Acquisition of Asset” dated August 20, 2012) and in view of the earnings in the current Fiscal Period, the Investment Corporation is revising its earnings and distribution forecasts. Details are provided below. Since the expected losses and expenses arising from the Disposition are expected to be provided for by utilizing the reserves for distribution from gains on negative goodwill, the Disposition will thus not impact distributions.

1. Revision of earnings and distribution forecast for the Fiscal Period ending September 30, 2012 (13th Fiscal Period)

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit	Distribution in excess of earnings per unit
Previously announced forecast (A)	5,726 million yen	2,461 million yen	1,623 million yen	1,623 million yen	1,220 yen	0 yen
Revised forecast (B)	5,785 million yen	2,207 million yen	1,401 million yen	1,400 million yen	1,285 yen	0 yen
Difference (B-A)	59 million yen	-253 million yen	- 222 million	- 222 million	65 yen	0 yen
Percentage change	1.0%	-10.3%	- 13.7%	- 13.7%	5.3%	—

(Note 1) Number of total investment units issued: 1,330,800 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.

(Reference) Earnings forecast for the 13th Fiscal Period (ending September 30, 2012) not including the proposed Disposition.

	Operating revenues	Operating income	Ordinary income	Net income	Distribution per unit	Distribution in excess of earnings per unit
Previously announced forecast (A)	5,726 million yen	2,461 million yen	1,623 million yen	1,623 million yen	1,220 yen	0 yen
Revised forecast (B)	5,789 million yen	2,503 million yen	1,697 million yen	1,696 million yen	1,275 yen	0 yen
Difference (B-A)	62 million yen	42 million yen	73 million yen	73 million yen	55 yen	0 yen
Percentage change	1.1%	1.7%	4.5%	4.5%	4.5%	—

2. Reasons for revision of earnings and distribution forecasts

For the current fiscal period, income from rent and common benefit revenue is expected to trend largely in line with projections due to steady occupancy rates (96.4% in April, 95.8% in May, 96.3% in June, 96.6% in July). However, with other income (key money deposits, renewal fees, income from insurance benefits etc.) projected to increase 59 million yen from the initial forecast, operating revenues are also expected to increase by the same measure (59 million yen) to reach 5,785 million yen. However, under property-related and other expenses, repair costs covered by insurance and others are expected to increase by 16 million yen, and as a result revenues from the rental business (excluding losses from the Disposition of 305 million yen) are expected to increase 43 million yen (①) compared to the initial forecast.

Together with losses from the Disposition, expenses such as asset management fees paid to the Asset Manager or other sales expenses, as well as general administrative expenses, are also expected to decline by 13 million yen compared to the initial forecast (②). As a result, operating income is projected to decline 253 million yen from the initial forecast of 2,461 million yen to reach 2,207 million yen.

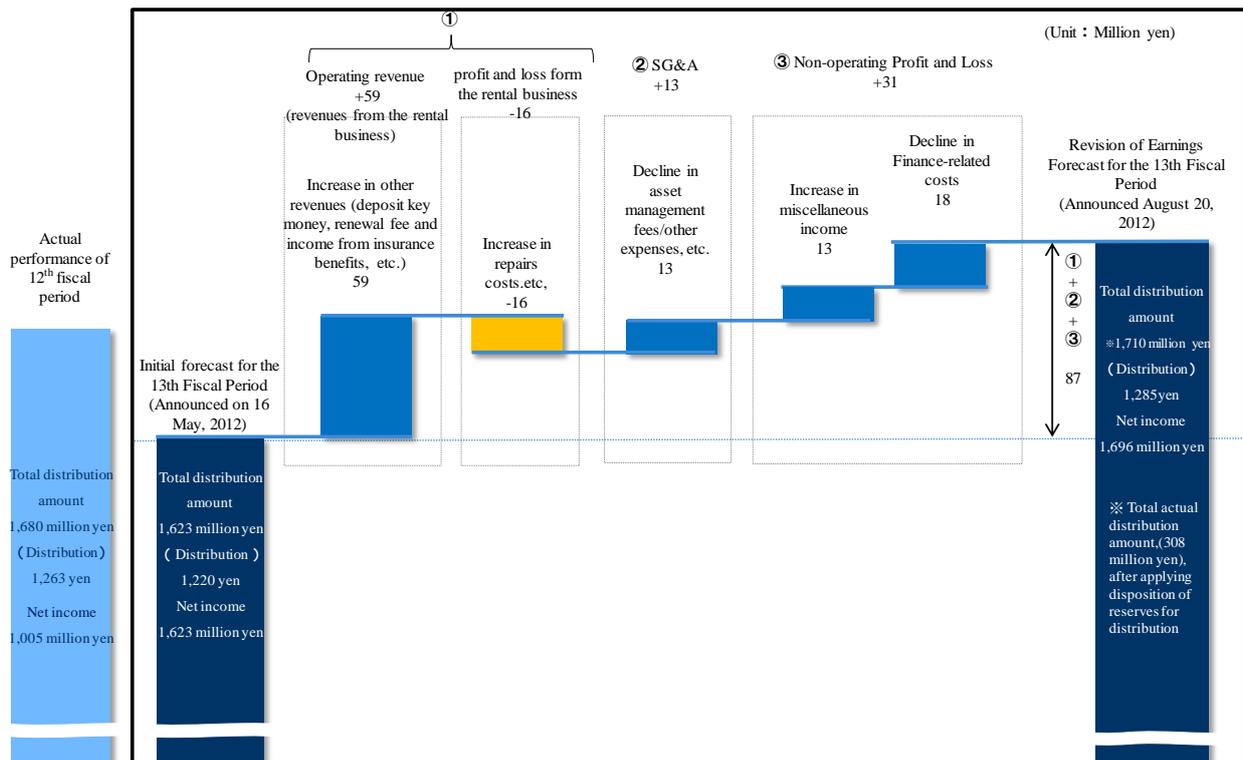
Under ordinary income and net income, non-operating income is expected to improve by a total of 31 million yen (③) compared to the initial forecast. This projected growth is attributable to a decline in consumption taxes following the Acquisition and Disposition, and projected decline in legal and other related expenses stemming from the refinancing conducted during the current fiscal period (for details, refer to the press release Notice Concerning Borrowing of Funds and Repayment of Loans dated June 20, 2012).

As a result of the aforementioned factors, ordinary income is expected to decline 222 million yen from the initial forecast to reach 1,401 million yen, and net income to decline 222 million yen to 1,400 million yen.

The total distribution amount is expected to increase 87 million yen from the initial forecast (total of ①+②+③ above) to reach approximately 1,710 million yen as a result of the appropriation of distribution reserves from gains on negative goodwill (around 7.3 billion yen after distribution for the 12th Fiscal Period) against the losses and expenses of around 308 million yen related to the latest Disposition. As a result, distribution per investment unit is expected to increase by 65 yen (up 5.3%) from the initial forecast of 1,220 yen issued on May 16, 2012 to reach 1,285 yen.

Following the appropriation for losses from the Disposition, the balance of distribution reserves is expected to reach approximately 7 billion yen.

Reference: Factors for the difference between initial forecast for the 13th Fiscal Period (16 May, 2012) and the revision (August 20, 2012)



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