

September 16, 2014

To All Concerned Parties

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Notice Concerning Borrowing of Funds and Repayment of Loans

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that today it decided to execute contracts concerning refinancing (hereafter referred to as the “Refinancing”).

I. Borrowings

1. Reason for the Borrowing

The Investment Corporation has decided to undertake new borrowings to appropriate to funds for repayment of loans totaling 2.3 billion yen which will be due for repayment on September 22, 2014. For details on the repayment, please refer to “II. Summary of the Repayment.”

2. Summary of the Refinancing

The Investment Corporation has decided to make new borrowings totaling 2.3 billion yen (loan period of approximately 5 years) through a syndicated loan from the Bank of Tokyo-Mitsubishi UFJ, Ltd, the arranger and agent, and Development Bank of Japan Inc.

Term Loan N

(1) Lender	1st Term Loan: The Bank of Tokyo-Mitsubishi UFJ, Ltd. 2nd Term Loan: Development Bank of Japan Inc.
(2) Amount of borrowing	Total Amount: JPY 2,300 million 1st Term Loan: JPY 1,300 million 2nd Term Loan: JPY 1,000 million
(3) Drawdown date	September 22, 2014
(4) Due date	September 30, 2019
(5) Interest payment dates	On the 22nd of each month. (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) (Note1)
(6) Interest rate	1st Term Loan: 1-month JBA Japanese Yen TIBOR+0.60% 2nd Term Loan: To be determined (Fixed interest rate) (Note2)
(7) Method	Borrowings under individual loan agreements (Term Loan Agreement N) to be concluded with the lenders specified in (1) on September 16, 2014.
(8) Repayment conditions	Lump-sum repayment on the due date
(9) Collateral	Unsecured and unguaranteed

(Note1) 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. Please refer to the JBA website (<http://www.zenginkyo.or.jp/en/tibor/>) for JPY TIBOR details.

(Note2) The agent will decide 2 business days prior to the drawdown date. The Investment Corporation will announce as soon as it has been decided.

II. Summary of the Repayment

Term Loan EH (1st Term Loan)

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount of borrowings	JPY 800 million
Interest rate	1-month JBA Japanese Yen TIBOR +0.40%
Drawdown date	October 4, 2013
Due date	September 22, 2014
Repayment conditions	Lump-sum repayment on the due date

Term Loan K

Lender	The Bank of Tokyo-Mitsubishi UFJ, Ltd.
Amount of borrowings	JPY 1,500 million
Interest rate	1-month JBA Japanese Yen TIBOR +0.50%
Drawdown date	May 26, 2014
Due date	September 22, 2014
Repayment conditions	Lump-sum repayment on the due date

III. Outstanding Balance of Borrowing by Lender

Lender	Before the Refinancing	The Refinancing	After the Refinancing	
	Balance (JPY million)	Balance (JPY million)	Balance (JPY million)	Share (%)
The Bank of Tokyo-Mitsubishi UFJ, Ltd	29,503	-1,000	28,503	28.8
Sumitomo Mitsui Banking Corporation	17,463	-	17,463	17.6
Aozora Bank, Ltd.	15,142	-	15,142	15.3
Resona Bank, Limited	9,062	-	9,062	9.2
Shinsei Bank, Limited	8,495	-	8,495	8.6
Mitsubishi UFJ Trust and Banking Corporation	4,464	-	4,464	4.5
The Bank of Fukuoka, Ltd.	3,337	-	3,337	3.4
ORIX Bank Corporation	3,147	-	3,147	3.2
The Higashi-Nippon Bank, Limited	2,270	-	2,270	2.3
The Norinchukin Bank	1,950	-	1,950	2.0
The Hyakugo Bank, Ltd.	1,000	-	1,000	1.0
The Hiroshima Bank, Ltd.	1,000	-	1,000	1.0
Development Bank of Japan Inc.	-	1,000	1,000	1.0
The Kagawa Bank, Ltd.	700	-	700	0.7
The Ashikaga Bank, Ltd.	500	-	500	0.5
The Senshu Ikeda Bank, Ltd.	500	-	500	0.5
The Nomura Trust and Banking Co., Ltd.	500	-	500	0.5
Total	99,039	-	99,039	100.0

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

IV. Status of borrowings before and after the Refinancing

	Before the Refinancing (JPY million)	After the Refinancing (JPY million)	Difference (JPY million)
Short-term borrowings (Note 1)	2,300	-	-2,300
Long-term borrowings (Note 1)	96,739	99,039	2,300
(Long-term borrowings due within one year) (Note 2)	11,352	11,352	-
Total borrowings	99,039	99,039	-
Investment Corporation bonds	-	-	-
Total interest-bearing debt	99,039	99,039	-
Interest-bearing debt ratio (Note 3)	50.1%	50.1%	-

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

(Note 2) "Long-term borrowings due within one year" refers to long-term debt that is due for repayment within one year from the date of the Borrowings.

(Note 3) Interest-bearing debt ratio is calculated by dividing the balance of interest-bearing debt after the Refinancing by the amount arrived by adding the acquisition prices of Gran Casa Urasando (acquired on May 26, 2014), Forest Hill SendaiAoba (acquired on July 1, 2014) and Gran Casa Ginza East (acquired on September 1, 2014) to the total asset amount posted on the balance sheet as of the end of the 16th Fiscal Period and then multiplying the amount by 100. Therefore, it is different from the total asset LTV (=interest-bearing debt/total asset).

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

V. Forecasts

There is minimal impact from the Refinancing on asset management conditions for the fiscal period ending September 2014 (April 1, 2014 to September 30, 2014), and we have thus left our forecasts unchanged.

VI. Other

As for risks pertaining to the refinances, etc., there are no important changes to the “Investment risks” mentioned in the most recent semiannual securities report (submitted on June 27, 2014).

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