

September 1, 2017

To All Concerned Parties

REIT Issuer: Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Masaki Yamane, Executive Director
(Securities Code: 8986)
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Notice Concerning Issuance of Investment Corporation Bonds

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided to issue investment corporation bonds (hereafter “Investment Corporation Bonds”), based on the general resolution on bond issuance at the Investment Corporation’s Board of Directors’ Meeting held on May 13, 2016. Details are provided below.

I. Outline of the Investment Corporation Bonds

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| (1) Name of the Investment Corporation Bonds | : | Sixth Unsecured Investment Corporation Bond of Japan Rental Housing Investments Inc.
(with special pari passu conditions among specified investment corporate bonds) |
| (2) Total amount to be paid in | : | JRY 3 billion |
| (3) Form of bond certificate | : | Under the Act on Book-Entry of Company Bonds, Shares, etc., bond certificates for the Investment Corporation Bonds will not be issued. |
| (4) Issue price | : | 100% of the denomination of each Investment Corporation Bond |
| (5) Redemption price | : | 100% of the denomination of each Investment Corporation Bond |
| (6) Interest rate | : | 0.730% per annum |
| (7) Denomination of each Investment Corporation Bond | : | JPY 100 million |
| (8) Offering method | : | Public offering |
| (9) Offering period | : | September 1, 2017 (Friday) |
| (10) Payment date | : | September 21, 2017 (Thursday) |
| (11) Collateral/Security | : | No security or guarantee is applicable to, and no assets are specifically reserved as collateral for, the Investment Corporation Bonds. |
| (12) Method and date of redemption | : | All of the Investment Corporation Bonds will be redeemed on September 21, 2027. Redemption by purchase of the Investment Corporation Bonds can be made any time starting the day after the payment date, unless specified otherwise by the transfer agency described hereafter (16). |
| (13) Interest payment date | : | March 21, 2018 is the first payment day and after that, March 21 and September 21 of each year (If the interest payment date is a bank holiday, then the bank business day preceding it shall be deemed as the interest payment date) |
| (14) Financial covenants | : | A negative pledge clause is attached. |
| (15) Rating | : | A + (Japan Credit Rating Agency, Ltd.) |
| (16) Transfer Agency | : | Japan Securities Depository Center, Inc. |
| (17) Financial agent, issuing agent, and paying agent | : | The Bank of Tokyo-Mitsubishi UFJ, Ltd. |
| (18) Underwriter | : | Daiwa Securities Co., Ltd., SMBC Nikko Securities, Inc. and Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. |

II. Reason for Issuance

To allocate the funds from issuance of the Investment Corporation Bonds for the repayment of existing bank loans.

III. Total Amount to be Procured, Use of Funds and Scheduled Expenditure Date

(1) Amount to be procured (approximate net amount to be obtained Amounts are rounded down to the nearest million yen)
JPY 2,974 million

(2) Particulars of use of funds and the scheduled expenditure date

Scheduled to allocate for a part of the funds for prepayment of long-term borrowings of JPY 7,570 million which will be due on March 23, 2018 (scheduled repayment date: October 2, 2017). The Investment Corporation will announce the details after the resolution of its Board of Directors to be held on September 15, 2017.

	Amount of borrowing (JPY million)	Drawdown date	Duration	Interest rate	Lenders
Term Loan D2	3,850	March 25, 2013	5.0 yrs	1-month JBA Japanese Yen TIBOR+0.75%	The Bank of Tokyo-Mitsubishi UFJ, Ltd, Resona Bank, Limited, Sumitomo Mitsui Banking Corporation, The Higashi-Nippon Bank, Limited, Aozora Bank, Ltd., Mitsubishi UFJ Trust and Banking Corporation
Term Loan EH1 (2nd)	2,550	October 18, 2013	4.4 yrs	1-month JBA Japanese Yen TIBOR+0.70%	The Bank of Tokyo-Mitsubishi UFJ, Ltd, The Higashi-Nippon Bank, Limited, Resona Bank, Limited
Term Loan T (1st)	1,170	March 22, 2016	2.0 yrs	1-month JBA Japanese Yen TIBOR+0.35%	The Norinchukin Bank
Total	7,570				

IV. Status of Interest-Bearing Debt after the Issuance of Investment Corporation Bonds

(Unit: JPY million)

	Before the issuance of the Investment Corporation Bonds (as of September 1, 2017)	After the issuance of the Investment Corporation Bonds and the repayment (prospective balance)		Difference
		as of September 21, 2017	as of October 2, 2017	
Short-term borrowings (Note 1)	0	0	0	—
Long-term borrowings (Note 1)	106,357	106,357	103,357	-3,000
(Long-term borrowings due within one year) (Note 2)	24,031	24,031	19,031	-5,000
Total borrowings	106,357	106,357	103,357	-3,000
Investment Corporation bonds	10,800	13,800	13,800	+3,000
Total interest-bearing debt	117,157	120,157	117,157	—
Interest-bearing debt ratio (%) (Note 3)	51.2%	52.5%	51.2%	—

(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 each date.

(Note 3) Interest-bearing debt ratio before the issuance of the Investment Corporation Bonds is calculated by dividing the balance of interest-bearing debt before the issuance of the Investment Corporation Bonds (JPY 120.1 billion), and interest-bearing debt ratio after the issuance of the Investment Corporation Bonds and the repayment is calculated by dividing the balance of interest-bearing debt, each as of September 21, 2017 (JPY 120.1 billion), and as of October 2, 2017 (JPY 117.1 billion) by the amount recorded as the total asset on the balance sheet as of the end of the 22nd Fiscal Period (Fiscal Period ended on March 31, 2017) (JPY 228.9 billion) and multiplying by 100.

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



V. Other Mandatory Items for Investors to Appropriately Understand/Judge the Concerned Information

As for risks regarding issuance, redemption, etc. of the Investment Corporation Bonds, there are no material changes from the “Investment risks” mentioned in the semiannual securities report for the 22nd Fiscal Period (submitted on June 19, 2017).

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