Japan Rental Housing Investments Inc.

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

February 20, 2013

To All Concerned Parties

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Notice Concerning Disposition of Asset

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

1. Reason for the Disposition

The Investment Corporation decided the Disposition of a small-sized asset, Gran Casa Motoazabu (former Premium Type, total of 4 leasable units, 335 million yen of book value), to promote greater asset management efficiency.

At the fiscal period ended in March, 2011 (10th fiscal period), the Investment Corporation made a judgmental decision that investment on the Premium Type is unsuitable to aim stable distributions over the longer term, and disposed 3 properties and booked impairment losses on 3 properties out of 7 Premium Type properties, that influenced by economic fluctuation. In addition, the Investment Corporation revised the Asset Management Guidelines based on the revision of the Articles of Incorporation for the Investment Corporation, and removed Premium Type from its investment policy. (Please refer to the press release "Notice Concerning Changes to Asset Management Guidelines" in May 16, 2012.)

The Disposition is expected to result in related losses and expenses (approximately 15 million yen), but there is no impact on distributions due to the appropriation of distribution reserves (outstanding balance of approximately 7 billion yen as of the end of the 13th fiscal period) arising from gains on negative goodwill.

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2. List of asset for Disposition

Property No.	Property Name	Location	Book Value (as of the end of September, 2012) (A) thousands of yen)	Book value NOI yield (%) (Note3)	Planned Disposition Price (B) (thousands of yen)	Difference between Planned Disposition Price and Book Value (B) - (A) (thousands of yen)	Appraisal Value (as of the end of September, 2012) (C) thousands of yen)	Difference between Planned Disposition Price and Appraisal Value (B) - (C) (thousands of yen)
O-4-124	Gran Casa Motoazabu	Minato-ku, Tokyo	335,044	4.76%	335,000	−44	332,000	3,000

(Note1) Planned Disposition Price excludes sales expenses, fixed asset tax and city planning tax adjustments, and consumption tax and local consumption tax; hereinafter the same.
(Note2) Amounts are rounded down to the indicated unit; hereinafter the same.
(Note3) Book value NOI yield is calculated as actual NOI of 13th fiscal period plus planned NOI of 14th fiscal period divided by book value.

3. Details regarding asset for Disposition

O-4-124 Gran Casa Motoazabu

Asset to be Disposed		Trust beneficiary interests in real estate
Location		3-13-15, Moto-azabu, Minato-ku, Tokyo
Land	Type of Ownership	Proprietary ownership
	Land Area	280.56 square meters
	Area Classification	Category 1 medium-to-high-rise exclusive residential districts
	FAR / Building Coverage Ratio	300% / 60%
Building	Type of Ownership	Proprietary ownership
	Use	Apartment complex, stores
	Type of Structure/No. of floors	RC-S, 1-floor basement, 3-story building with flat roof and galvanized sheet-ironed roof
	Floor Space	453.48 square meters
	Completion Date	April 30, 1985
Book Value (as of the end of September, 2012)		335,044 thousand yen
Disposition Price		335,000 thousand yen (excluding national and local consumption tax)
Disposition Price - Book Value		-44 thousand yen
Appraisal Value (as of the end of September, 2012)		332,000 thousand yen
Appraiser		Japan Real Estate Institute
Tenant Profile		
	Number of Tenants	1
	Total Rental Revenue	11,402 thousand yen (rental business revenue during the fiscal period ended September, 2012)
	Lease Deposits and Guarantee Deposits	2,960 thousand yen (as of the end of January, 2013)
	Total Leasable Area	420.20 square meters
	Total Leased Area	420.20 square meters (as of the end of January, 2013)

4. Profile of Buyer

The planned buyer (the "Buyer") for the property is domestic industrial corporation, but the details including name are undisclosed as per the request of the Buyer.

There are no capitals, personnel, business relationships required to mention between the Investment Corporation or the asset manager and the Buyer, nor are the company an affiliated party of either the Investment Corporation or the asset manager. Furthermore, the Buyer 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.

5. Profile of Brokerage

Company name	Nomura Real Estate Development Co., Ltd.
Head office location	1-26-2, NishiShinjuku, Shinjuku-ku, Tokyo
Representative	Kamezo Nakai
Core business	Real estate business
Paid-in capital	2 billion yen (as of April 1, 2012)
Date of establishment	April 15, 1957
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.

6. Settlement Method

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

7. 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.

8. Schedule of Disposition

Concluded date of disposition Signing date of the transaction agreement	Payment date Delivery date
February 20, 2013	March 7, 2013

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9. Forecasts

The impact from the Disposition on the accounts for the fiscal period ending March, 2013 (from October 1, 2012 to March 31, 2013) is nominal, and the forecast of the fiscal results on 14th fiscal period has not been changed.

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

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(Reference Material)

Overview of Portfolio after the Disposition

<Number of Properties, etc.>

	Prior to the Disposition	Disposition of 1 property (-)	After the Disposition
Number of owned properties	178	1	177
Total number of leasable units	9,928	4	9,924
Total leasable floor area	386,921.07 square meters	420.20 square meters	386,500.87 square meters
Average age of buildings (Note)	11.4	27.8	11.3

(Note) Indicates weighted average of age of properties as of today in accordance with acquisition price

<Asset Size, etc.>

	Prior to the Disposition	Disposition of 1 property (-)	After the Disposition
Asset size (a) (Note1)	156.9 billion yen	0.6 billion yen	156.2 billion yen
Total appraisal value (b) (Note2)	145.3 billion yen	0.3 billion yen	145.0 billion yen
Ratio (a) / (b) x 100%	108.0%	186.2%	107.8%
Asset scale per property (Note1)	0.881 billion yen	0.618 billion yen	0.882 billion yen
Acquisition Price NOI yield (Note3)	5.61%	2.58%	5.63%

(Note1) Asset scale based on acquisition price.
(Note2) Appraisal values are as of the end of September, 2012.
(Note3) Acquisition price NOI yield is calculated as actual NOI of 13th fiscal period plus planned NOI of 14th fiscal period divided by book value.

<Amount and Rate of Investment by Type (Based on Acquisition Price)>

	Prior to the Disposition	Disposition of 1 property (-)	After the Disposition
Studio	100.2 billion yen (63.9%)	0.6 billion yen	99.6 billion yen (63.7%)
Family	56.6 billion yen (36.1%)	-	56.6 billion yen (36.3%)

(Note) 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

<Amount and Rate of Investment by Region (Based on Acquisition Price)>

	Prior to the Disposition	Disposition of 1 property (-)	After the Disposition
The seven wards of central Tokyo (Note1)	39.4 billion yen (25.1%)	0.6 billion yen	38.7 billion yen (24.8%)
Three major metropolitan areas (Note2)	98.0 billion yen (62.5%)	-	98.0 billion yen (62.8%)
Other major cities (Note3)	19.4 billion yen (12.4%)	-	19.4 billion yen (12.4%)

(Reference)

The 23 wards of central Tokyo total	81.3 billion yen (51.8%)	0.6 billion yen	80.7 billion yen (51.7%)
Tokyo metropolitan area total	101.7 billion yen (64.9%)	0.6 billion yen	101.1 billion yen (64.7%)

(Note1) The seven central wards of Tokyo; Chiyoda, Chuo, Minato, Shinjuku, Shibuya, Setagaya, and Meguro wards
(Note2) The three major metropolitan areas; Kanto metropolitan area excluding the seven central wards of Tokyo, Chukyo metropolitan area, and Kinki metropolitan area
(Note3) The other major cities; Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Hiroshima, and Kitakyushu/Fukuoka metropolitan areas and cities with a population of 300,000 or more