日本賃貸住宅投資法人
Japan Rental Housing Investments Inc.

September 4, 2013

To All Concerned Parties

REIT Issuer:
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Notice Concerning Acquisition of Asset (Silent Partnership Equity Interest)

Japan Rental Housing Investment Inc. (hereafter referred to as the "Investment Corporation") hereby announces its decision today to acquire the following asset (silent partnership equity interest) (hereafter, the "Acquisition"). Details are provided below.

I. Overview of the Acquisition

(1) Asset scheduled to be acquired:	Equity interest in silent partnership investing in real estate beneficiary interest in trust
(2) Name of Property:	Silent partnership equity interest in G.K. JFN
(3) Real estate in trust:	Granpark Tenjin (Chuo-ku, Fukuoka-city, Fukuoka)
(4) Investment amount:	JPY 203,000,000 (approx. 15% of total silent partnership equity interest)
(5) Date of conclusion of sales contract:	September 4, 2013
(6) Date of acquisition:	September 5, 2013 (Scheduled)
(7) Acquisition funds:	Own funds

II. Reason for Acquisition

In order to distribute stable profits to investors over the long term, the Investment Corporation will aim for continued growth of the asset size and increase of the portfolio's quality by acquiring new properties in the Tokyo metropolitan area centering on the 23 wards of Tokyo as well as new regional top-class properties outside the Tokyo metropolitan area (Sapporo, Sendai, Nagoya, Osaka and Fukuoka).

Through the Acquisition, the Investment Corporation will secure first refusal rights (for details, please refer to "III. Details of the Property (1) Outline of the Silent Partnership") for the acquisition of the above real estate beneficiary interest in trust. The Investment Corporation will not be obliged to acquire any of the real estate in trust. Moreover, during the period of investment the Investment Corporation is scheduled to receive from the operator of the silent partnership dividends of profits from rental revenues, etc. from the tenants at the real estate in trust.

The real estate in trust is located in the central part of Fukuoka City (Tenjin) which is developing at a pace expected to

exceed a population of over 1,500,000 people (estimated population as of May 1, 2013), and it is a property that excels in both transportation and living convenience with a total of 341 units (56 1R units, 42 1K units, 14 1DK units, 80 1LDK units, 14 2K units, 126 2LDK units and 9 retail units). We believe high rental demand can be expected mainly from single persons and DINKs in the future. In addition, while enjoying the dividends of profits through investment in the silent partnership due to the Acquisition, if the property is acquired through the use of first refusal rights in the future, the Investment Corporation believes the Acquisition will contribute to profitability in the medium to long term and improvement of the quality of the portfolio.

III. Details of the Property

(1) Outline of the Silent Partnership

<table>
<tr><td>Name of operator</td><td>G.K. JFN</td></tr>
<tr><td>Silent partnership agreement valid for</td><td>10 years from September 4, 2013</td></tr>
<tr><td>Total amount of equity investment in silent partnership</td><td>JPY 1,353 million</td></tr>
<tr><td>Outline of the silent partnership agreement</td><td>Outline of the investment in the silent partnership

<table><tr><td colspan="2">G.K. JFN</td></tr><tr><td rowspan="2">Real estate beneficiary interest in trust, etc.
JPY 4,853 million
(Note 1)</td><td>Non-recourse loan
JPY 3,500 million</td></tr><tr><td>Equity investment in silent partnership, etc.
JPY 1,353 million (Note 2)</td></tr></table>
(Note 1) G.K. JFN is scheduled to acquire trust beneficiary interest in real estate in trust on September 6, 2013. Moreover, the trust has not been established for the real estate in trust as of today, and the trust is scheduled to be established upon the acquisition by the operator.
(Note 2) The Investment Corporation is scheduled to invest JPY 203 million (approx. 15%) of the equity investment in G.K. JFN, etc. Moreover, there are no relations of interests to be noted between the other investors of the silent partnership and the Investment Corporation or the Asset Management Company.
(Note 3) There is no relation of interest to be noted between G.K. JFN's asset manager and the Investment Corporation or the Asset Management Company.

The Calculation period:
The calculation periods are every quarter. The quarters are January 1 to the end of March, April 1 to the end of June, July 1 to the end of September and October 1 to the end of December. However, the first calculation period will be from the date of first execution of equity investment to the end of December 2013, and in addition, in case of termination of the silent partnership agreement, the termination date will be the last day of the calculation period.
Distribution of profits and losses:
Profits or losses from the silent partnership will be attributed to the silent partnership equity interest holders according to their equity interest. If losses are generated in the silent partnership, the operator may deduct the amount attributable to the silent partnership equity interest holders from the investment amount of the silent partnership equity interest holders. However, even if the total amount of loss attributable to the silent partnership equity interest holders exceeds the total investment amount, the silent partnership equity interest holders will only bear losses within the amount of investment. The first fiscal year of the silent partnership shall be from the first investment payment date to June 30, 2014 and the successive fiscal years shall be from July 1 to the end of June of the next year. However, the operator may modify the fiscal year as appropriate at their discretion.</td></tr>
</table>

<table>
<tr>
<td>Outline of preferential acquisition rights</td>
<td>Outline of first refusal rights granted through acquisition of silent partnership equity interests
<table>
<tr><td>Description of first refusal rights</td><td>First refusal rights for trust beneficiary interest in real estate in trust or real estate in trust (see (2) below), scheduled to be acquired by the operator on September 6, 2013, for the price indicated in “First refusal rights price terms” below. However, conditions other than the price must also be agreed to.</td></tr>
<tr><td>Exercise period of first refusal rights</td><td>From September 6, 2013 to March 31, 2015.
However, the transfer execution date must be during the period of March 6, 2014 to June 30, 2015.</td></tr>
<tr><td>First refusal rights price terms</td><td>JPY 4,698,000,000 (not including consumption tax and regional consumption tax)</td></tr>
</table>
</td>
</tr>
</table>

(2) Overview of Real Estate in Trust

The overview of the real estate in trust concerning the trust beneficiary interest in real estate which is the operating asset of the silent partnership in which the Investment Corporation is scheduled to acquire equity interest is as follows. Furthermore, as indicated in "II. Reasons for Acquisition" above, though the Investment Corporation will be granted first refusal rights for the trust beneficiary interest, there is no guarantee the Investment Corporation will execute its first refusal rights and acquire the trust beneficiary interest.

Granpark Tenjin

Category of property	Trust beneficiary interest	Scheduled acquisition date	September 6, 2013
Trust company (Plan)	Mitsubishi UFJ Trust and Banking Corporation	Trust agreement period (Plan)	From: September 6, 2013 To: end of September, 2023

Unique Features of the Property

The property is located a seven-minute walk from Tenjin Station on a Fukuoka City Subway line. It is a condominium with a steel-reinforced concrete and partially steel structure and is mainly composed of 1LDK to 2LDK units. There is a mix of mid to high-rise office and retail buildings, hotels, apartment complexes, etc. in the surrounding area, and since it is within walking distance of the center of Tenjin district, Kyushu's largest downtown area where there is a high concentration of commercial facilities such as department and fashion stores, it is a property targeting a wide range of tenants centering on single persons and DINKs who emphasize living convenience.

Overview of the Property

Location (Note 1)	(Residential indication) 1-8-26, Maizuru, Chuo-ku, Fukuoka-city, Fukuoka			
	(Lot number) 1-141-1, Maizuru, Chuo-ku, Fukuoka-city, Fukuoka			
Land	Type of ownership	Proprietary ownership	Use Area (Note 2)	Commercial district
	Land area (Note 1)	3,634.72 m^2	FAR / Building coverage ratio (Note 3)	400%, 500% / 80%, 80%
Building	Type of ownership	Proprietary ownership	Use (Note 1)	Condominium, Store, Parking
	Floor space (Note 1)	15,052.59 m^2	Completion date (Note 1)	February 2, 2005
	Type of structure (Note 1)	SRC, 15-story building with concrete roof S, 1-story building with galvanized sheet iron roof		
Number of leasable units by type	341 units (1R: 56 units, 1K: 42 units, 1DK: 14 units, 1LDK: 80 units, 2K: 14 units, 2LDK: 126 units, Retail: 9 units)			

Property Appraisal Summary (Note 4)		**Tenants Details** (Note 5)	
Appraiser	Japan Real Estate Institute	Number of tenants (Note 6)	1
Date of appraisal	August 20, 2013	Leasable area (Note 7)	14,299.21 square meters
Appraisal value	JPY 4,830,000 thousand	Leased area	12,929.40 square meters
Value calculated using the direct capitalization method	JPY 4,880,000 thousand	Monthly rent (Note 8)	JPY 28,453 thousand
Gross operating revenue	JPY 365,486 thousand	Lease deposits and guarantee Deposits	JPY 32,771 thousand
Gross operating expenses	JPY 93,598thousand	Occupancy ratio (unit base)	90.0%
Net operating income (NOI)	JPY 271,888 thousand	Occupancy ratio (area base) (Note 9)	90.4%
Lump-sum investment return	JPY 193 thousand	**Engineering Report Summary** (Note 10)	
Capital expenditure	JPY 3,828 thousand		
Net cash flow (NCF)	JPY 268,253 thousand	Engineering report company	ERI SOLUTION CO., LTD.
Overall capitalization rate	5.5%	Date of research	August 14, 2013
Value indicated by DCF Method	JPY 4,780,000 thousand	Priority repairs	-
Discount rate	5.3%	Near-future repairs (within a year)	JPY 27,990 thousand
Terminal capitalization rate	5.7%	Far-future repairs (2-12 year timeline)	JPY 88,030 thousand
Value indicated by cost Approach	JPY 4,450,000 thousand	Probable maximum loss (PML)	4.6%
Collateral (Note 11)	None		

Special Note:

・The trust has not been established for the real estate in trust as of today, and the trust is scheduled to be established upon the acquisition by the operator.

・In the engineering report, there is mention of a defect in the application procedure for building expansion concerning the roof of the bicycle parking lot, but removal, etc. of the roof is scheduled to be performed at the expense of the seller after quickly notifying and confirming with tenants. In addition, if the Investment Corporation acquires the property in the future, it shall acquire it after confirming that the construction has been completed.

(Note 1) Figures and information in the columns "Location (lot number)," "Land area," "Floor space," "Type of structure," "Use" and "Completion date" are as per the registry of the property. In the column "Type of structure," "SRC" indicates "steel reinforced-concrete," "RC" indicates "reinforced-concrete" and "S" indicates "steel."
(Note 2) Figures and information in the column "Area classification" is from the zoning type indicated by Article 8-1-1 of the City Planning Law.
(Note 3) Figures and information in the column "FAR/Building coverage ratio," FAR uses the ratio of the floor area of the building versus the land area as stipulated in Article 52 of the Building Standards Law, and the figures designated for use and area in city planning. The building coverage ratio uses the building area versus the land area as stipulated in Article 53 of the Building Standards Law, and the figures designated for use and area in city planning.
(Note 4) Figures and information in the column "Property Appraisal Summary" are as per the report by the appraisal firm with respect to the real estate in trust based on the Act on Real Estate Appraisal (Law No. 152 of 1963, including revisions thereafter) and Real Estate Appraisal Standards. Furthermore, for details of items, please refer to "(Reference Material I) Property Appraisal Summary of Real Estate in Trust" below. Net earnings (NCF) = Net earnings from rentals (NOI) + one-time asset management gains – capital expenditure. The numbers are rounded off to the nearest thousand yen and ratios are rounded off to the first decimal place.
(Note 5) Figures and information in the column "Tenants details" are based on the information as of August 20, 2013 of the real estate in trust based on materials provided by the operator.
(Note 6) Figures and information in the column "Number of tenants" are entered as one tenant when Investment Corporation retains a master lease agreement with the Master Lease Company.
(Note 7) Leasable area is the area that can be leased in the building of the real estate in trust as of August 20, 2013. The areas that are leased in association with the main purpose of lessees, including warehouses, parking facilities, the building manager's office, signs, automatic vending machines and antennas, and the areas that the lessor leases to maintain the building (including areas with respect to which the lessor grants temporary use under loan-for-use agreements) are excluded. Moreover, the leasable area is the area enclosed by the center line of the wall, and includes areas for the meter boxes and pipe space allocated to each residential unit.
(Note 8) Monthly rent (rent, common service fees and parking fees) in the column "Monthly rent" are based on information as of August 20, 2013 concerning the properties to be acquired. The numbers are rounded off to the nearest thousand yen.
(Note 9) Figures in the column "Occupancy ratio (area base)" are calculated from the "Leased area" number divided by the "Leasable area" number and shown as a percentage rounded off to the first decimal place.
(Note 10) Figures in the column "Engineering report summary" are rounded off to the nearest thousand yen, and ratios are rounded off to the first decimal place. The figures for the earthquake PML was received from Tokyo Marine & Nichido Risk Consulting Co., Ltd. in July 2013.
(Note 11) A right of pledge is scheduled to set with the operator as the pledger and the non-recourse lenders as the pledgees concerning the trust beneficiary interest in real estate in trust

(3) Outline of Operator of Silent Partnership

Name		G.K. JFN
Location		2-6-5, Nihonbashi, Chuo-ku, Tokyo
Representative		Representative employee: general incorporated association JSL Operational executor: Shingo Kaminaga
Main Business		1. Transaction, ownership, leasing, management of real estate, and brokerage of such 2. Ownership and transaction of trust beneficiary interest 3. All business incidental to the above
Paid-in Capital		JPY 300,000
Date of Establishment		July 29, 2013
Relation with the Investment Corporation and Asset Management Company		
	Capital relationship	There is no capital relationship to be noted between the Investment Corporation or the Asset Management Company and the operator. Moreover, there is no capital relationship to be noted between related parties or associated companies of the Investment Corporation or the Asset Management Company and related parties or associated companies of the operator.
	Personnel relationship	There is no personnel relationship to be noted between the Investment Corporation or the Asset Management Company and the operator. Moreover, there is no personnel relationship to be noted between related parties or associated companies of the Investment Corporation or the Asset Management Company and related parties or associated companies of the operator.
	Business relationship	There is no business relationship to be noted between the Investment Corporation or the Asset Management Company and the operator. Moreover, there is no business relationship to be noted between related parties or associated companies of the Investment Corporation or the Asset Management Company and related parties or associated companies of the operator.
	Applicability to related parties	The operator does not fall under the category of related party of the Investment Corporation or the Asset Management Company. Moreover, the related parties or associated companies of the operator do not fall under the category of related party of the related parties or associated companies of the Investment Corporation or the Asset Management Company.

IV. Transaction with Interested Parties, etc.

None

V. Profile of Brokerage

None

VI. Date of Acquisition

September 4, 2013 Determination of acquisition and conclusion of silent partnership agreement

September 5, 2013 Equity investment in silent partnership (scheduled)

September 6, 2013 Transfer of real estate trust beneficiary interest to the operator of the silent partnership (scheduled)

VII. Forecasts

There is minimal impact from this acquisition on asset management conditions for the fiscal period ending September 30, 2013 (April 1, 2013 to September 30, 2013), and we have thus left our forecasts unchanged.

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

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Japan Rental Housing Investments Inc.

【Reference Material】

I. Property Appraisal Summary of Real Estate in Trust

Property Name			Granpark Tenjin
Appraisal Value		(JPY)	4,830,000,000
Appraiser		-	Japan Real Estate Institute
Date of Appraisal		-	August 20, 2013
Value indicated by income approach		(JPY)	4,880,000,000
Value indicated by the Direct Capitalization Method		(JPY)	4,880,000,000
(1) Total Operating Income (a-b)		(JPY)	365,486,000
a	Rental revenues including common service fees	(JPY)	337,091,000
a	Parking fees	(JPY)	33,984,000
a	Other revenues	(JPY)	21,130,000
b	Losses from vacancies	(JPY)	26,353,000
b	Bad debt losses	(JPY)	366,000
(2) Total Operating Expenses		(JPY)	93,598,000
Operation costs		(JPY)	11,950,000
Utilities		(JPY)	9,750,000
Repairs and maintenance expense		(JPY)	22,027,000
Property management fees		(JPY)	6,905,000
Tenant promotion fees, etc.		(JPY)	16,646,000
Taxes and public dues		(JPY)	23,888,000
Nonlife insurance		(JPY)	1,183,000
Other expenses		(JPY)	1,249,000
(3) Net Operating Income (NOI): (1) - (2)		(JPY)	271,888,000
(4) Lump-sum Investment Return		(JPY)	193,000
(5) Capital Expenditure		(JPY)	3,828,000
(6) Net Cash Flow (NCF) : (3) + (4) – (5)		(JPY)	268,253,000
(7) Capitalization Rate		(%)	5.5
Value Indicated by DCF Method		(JPY)	4,780,000,000
Discount Rate		(%)	5.3
Terminal Capitalization Rate		(%)	5.7
Value indicated by cost approach *Figures less than a thousand have been rounded off		(JPY)	4,450,000,000
Land value		(JPY)	1,750,000,000
Building value		(JPY)	2,700,000,000

II. Exterior of Real Estate in Trust



(Real estate in trust photographed from the north side)



(Real estate in trust photographed from the south side)



III. Location Map of Real Estate in Trust



