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

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Financial Results for the 21st Fiscal Period
(Ended September 2016)

November 15, 2016



株式会社ミカサ・アセット・マネジメント
Mi-Casa Asset Management Inc.

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I. Executive Summary for the 21st Fiscal Period

Executive Summary for the 21st Fiscal Period

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1. New Acquisitions

- Concluded a purchase and sale agreement for a property of JPY4.53 billion (acquired on October 3, 2016)
- Tower condominium with a high scarcity value located in Sapporo City (a family-type property developed as a condo-for-sale)
- Acquired solely with own funds

2. Operation

- Maintained high level of average occupancy rate at 98.1% (+0.6 points compared to forecast) (occupancy rate of 98.4% as of the end of 21st fiscal period)
- Maximization of income based on "Management Policy by Property"
  New contract: Rent increase 35.1% (+5.3% from the previous period) / rent decrease 46.6% (−3.6% from the previous period)
  Renewal: Rent increase 5.6% (+5.3% from the previous period)
- Occupancy rate of the 4,058 parking lots as of the end of 21st fiscal period: 92.8% (achieved highest-ever with total revenue of JPY299 million)

(Comparison of average occupancy rates for Apr.-Sep. period)
21st FP (2016): 98.1% ↓(-0.3%)
19th FP (2015): 98.4% ↑(+0.9%)
17th FP (2014): 97.5% ↑(+0.3%)
15th FP (2013): 97.2% –

3. Finance

- Out of JPY22.6 billion which was due in 21st fiscal period, JPY22.5 billion was refinanced with JPY5.5 billion yen from issuance of investment corporation bonds and JPY17 billion of bank borrowings (JPY100 million was repaid with cash on hand)
- All-in financing costs for the above: before refinancing 1.30%→after refinancing 0.63% (reduction of 0.67%)
- Average remaining borrowing period for the above: before refinancing 3.5 years→after refinancing 5.9 years (2.4 years longer)
- All-in financing costs: 21st FP result 1.47% (22nd FP forecast 1.34%, 23rd FP forecast 1.28%)

（Breakdown of financing in 21st FP）

Third Investment Corporation Bond	3,000 mn
Fourth Investment Corporation Bond	2,500
Investment corporation bonds – Total	5,500 mn
BTMU	6,470 mn
SMBC	3,470
Shinsei	2,242
Resona	2,318
DBJ	1,500
MUFG	500
Fukuoka	500
Bank borrowings – Total	17,000 mn

4. Strengthening IR

- Visited 74 companies including institutional investors (49 companies in Tokyo, 25 companies in other than Tokyo)
- Had interviews with overseas investors (11 companies) through participation in conferences, etc.
- Participated in presentation meetings for individual investors organized by ARES and securities companies (7 times)
- Held management briefing sessions for investors (Tokyo, Osaka, Nagoya and Fukuoka: 383 participants in total)

*Overseas investors accounting for 33% (ranked in the top 10 among all REITs)
(Conducted IR activities overseas for investors from Europe, U.S. and Asia (36 companies) in January 2016)

(Ratio of major unitholders as of September 30, 2016: Numbers in ○ indicate ranking))

①Japan Trustee Services Bank, Ltd.	16.9%
②The Master Trust Bank of Japan	10.9
③Trust & Custody Services Bank	9.2
④Nomura Bank (Luxembourg) S.A.	7.8
⑤Nomura Trust and Banking Company	5.0
⑥Daiwa Securities Group Inc.	3.3
⑦THE BANK OF NY	2.1
⑧STATE STREET BANK AND TRUST	1.6
⑨STATE STREET BANK AND TRUST	1.2
⑩SIX SIS	1.1

*Please refer to page 41 for details.

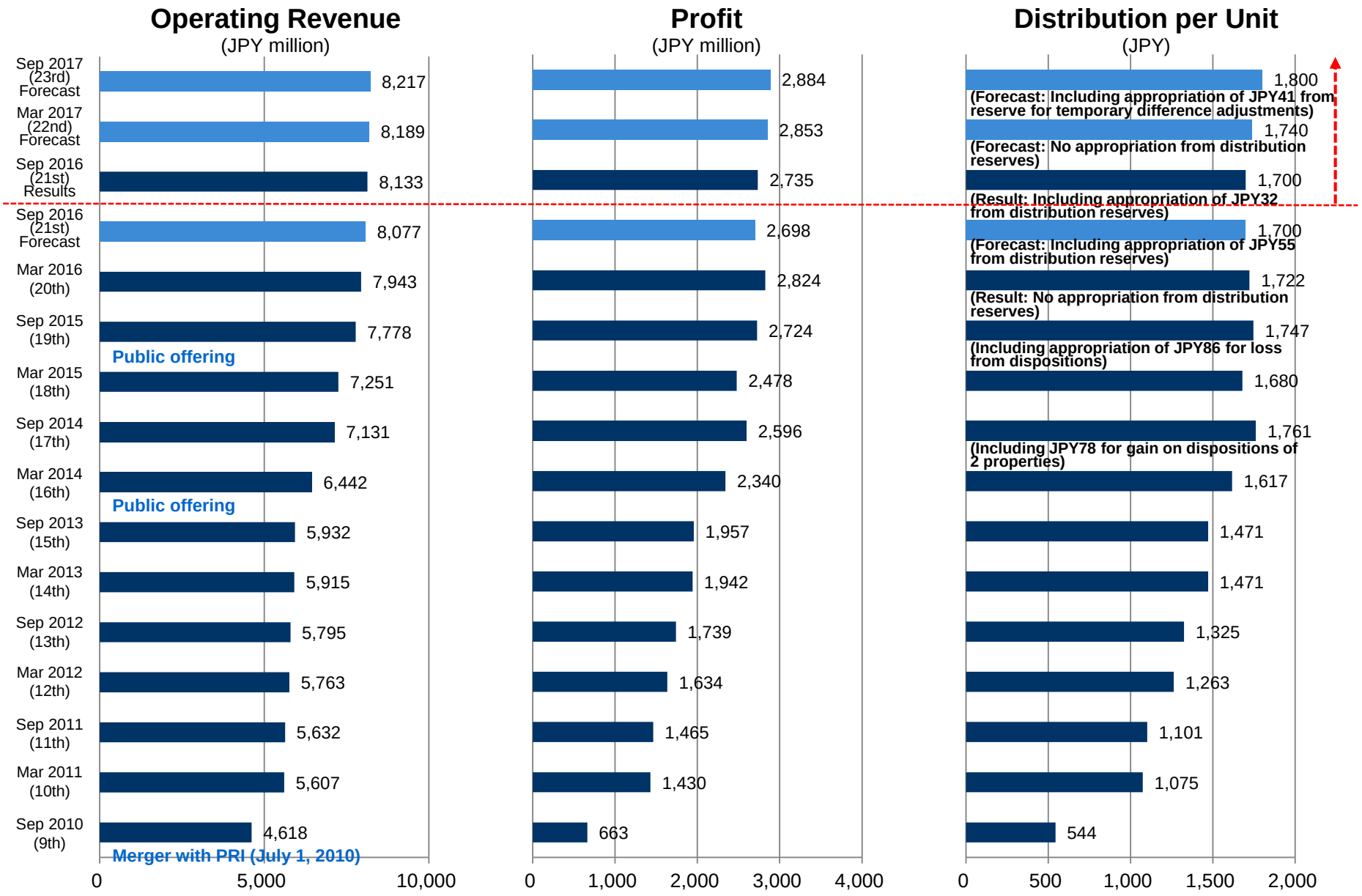
Comparison between the 20th and the 21st Fiscal Period

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	20th Fiscal Period	21st Fiscal Period [Changes from Previous Period]
1. Portfolio		
■ Asset Size:	JPY 220.2 bn	JPY 220.2 bn [-]
■ NOI Yield:	5.73% (193 properties based)	5.65% [-0.08P] ((201 properties based)
■ Appraisal Value:	JPY 236.8 bn	JPY 239.4 bn [+JPY 2.6 bn]
■ Unrealized Gain:	JPY 22.3 bn	JPY 25.7 bn [+JPY 3.3 bn]
(appraisal / book value:	110.4%)	112.0% [+1.6P])
2. Operations		
■ Number of Properties:	201	201 [-]
■ Net Rentable Area:	524 thousand sq meters	524 thousand sq meters [-]
■ Average Occupancy Rate:	98.2%	98.1% [-0.1P]
(March 2016:	99.0%)	98.4% [-0.6P])
■ Average Rent at the end of the Period:	JPY 97,668	JPY 97,494 [-JPY 174]
3. Finance		
■ Loan Balance:	JPY 117.2 bn	JPY 117.1 bn [-JPY0.1 bn]
■ Ratio of Long-Term Interest Bearing Debt:	71.0% (Note1)	81.1% [+10.1P](Note1)
■ Average Loan Period:	4.87 years	5.34 years [+0.47 years]
■ Average Remaining Loan Period:	2.53 years	3.16 years [+0.63 years]
■ Appraisal Value Based LTV:	49.5%	48.9% [-0.6P]
■ Total Assets Based LTV:	51.3%	51.2% [-0.1P]
■ Total Unitholders' Capital:	JPY 91.7 bn	JPY 91.7 bn [-]
■ Total Units in Issue:	1,640,060 units	1,640,060 units [-]
■ Credit Rating:	A Positive (JCR) A Stable (R&I)	A Positive (JCR) A Stable (R&I)

(Note1) Interest-bearing debt that is due for repayment within one year is excluded from long-term interest bearing debt.
(Note2) Unit; rounded down, %; rounded

Key Figures Trend

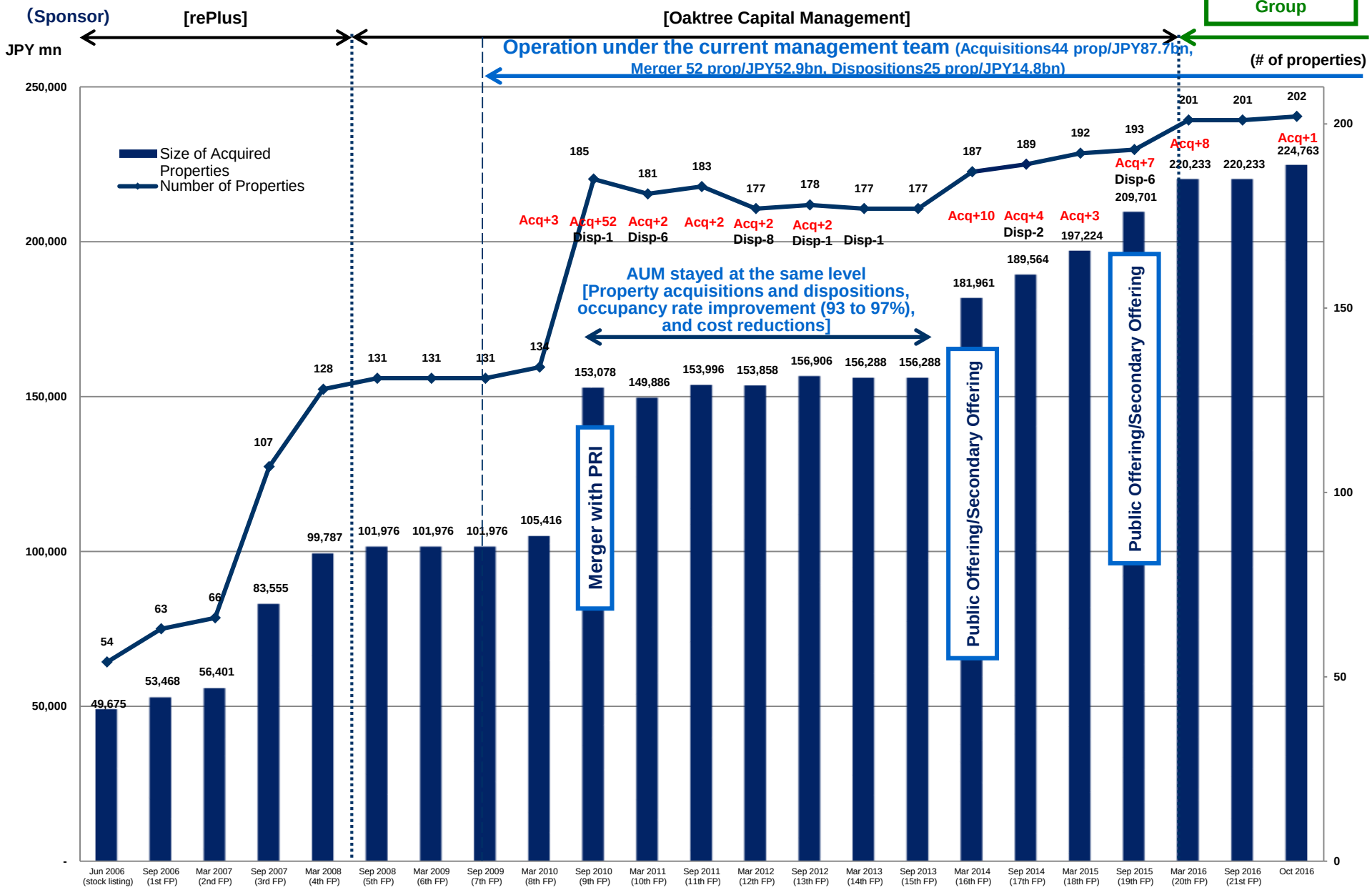


(Note) Figures on the 9th Fiscal Period do not include gains from negative goodwill. Performance figures on the 10th, 12th and 13th Fiscal Periods are real-term figures that exclude losses from property dispositions, etc. during the relevant period.

Portfolio Growth (Acquisition Price based)

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Daiwa Securities Group



Portfolio Overview (as of October 3, 2016)

JRH is a REIT specializing in residential properties and owns 202 properties (13,301 units) centering in Tokyo Metropolitan Area (52% of the portfolio) and in 5 major cities (Sapporo, Sendai, Nagoya, Osaka and Fukuoka) that are seen the population growth.

Total: 202 properties

Total asset: ¥224.7 bn
(based on the acquisition price)

Total unit: 13,301


Chijikoukanmae Towrer Residence (Sapporo, Hokkaido)


Granpark Tenjin (Fukuoka, Fukuoka)


Forest Hill SendaiAoba (Sendai, Miyagi)

Studio rental apartment ● Family rental apartment


The Residence Honmoku Yokohama Bayside (Yokohama, Kanagawa)


willDo Kiyosumi (Koto-ku, Tokyo)


TK Flats Shibuya (Shibuya-ku, Tokyo)


Gran Casa Minami Aoyama (Minato-ku, Tokyo)


Prospect Glarsa Hiroo (Shibuya-ku, Tokyo)


Storia Jingumae (Shibuya-ku, Tokyo)


Colonnade Kasuga (Bunkyo-ku, Tokyo)


Prospect Shinonomebashi (Koto-ku, Tokyo)


Joyce Court (Ota-ku, Tokyo)


Prospect Kiyosumi-Teien (Koto-ku, Tokyo)


Gran Casa Shinjuku Gyoen (Shinjuku-ku, Tokyo)


Gala Place Shinjuku Gyoen (Shinjuku-ku, Tokyo)


Libest Nishi-chiba (Chiba, Chiba)


Park Terrace Ebisu (Shibuya-ku,Tokyo)


Gran Casa Ginza East (Chuo-ku, Tokyo)


willDo Todoroki (Setagaya-ku, Tokyo)


Serenite Honmachi Grande (Osaka, Osaka)


Gransys Tenmabashi (Osaka, Osaka)


Serenite ShinOsaka Nibankan (Osaka, Osaka)


Serenite Koshien (Nishinomiya, Hyogo)

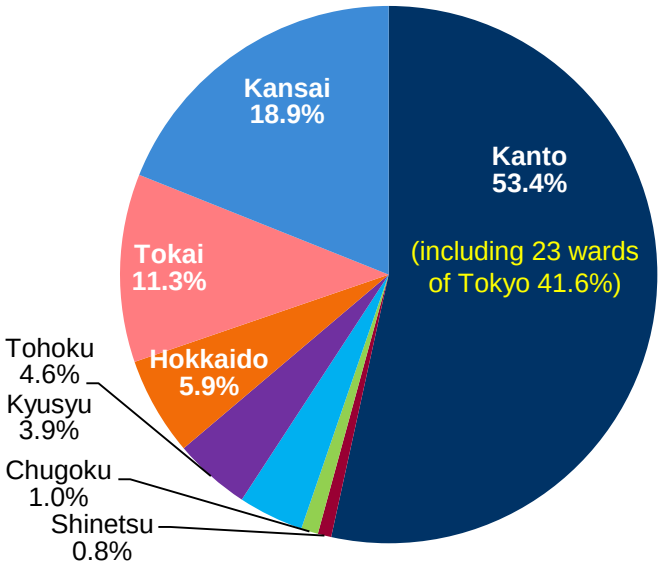

willDo Hamasaki dori (Kobe, Hyogo)


Lietocourt Marunouchi (Nagoya, Aichi)

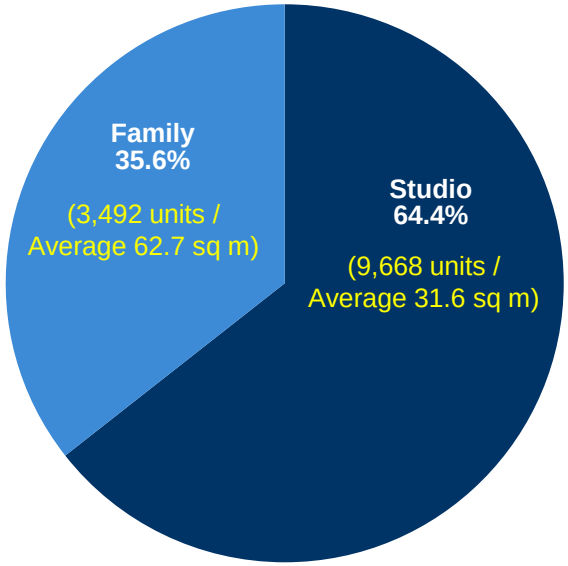

Gran Casa Kamimaezu (Nagoya, Aichi)

Portfolio (as of September 30, 2016)

<Geographical Allocation>

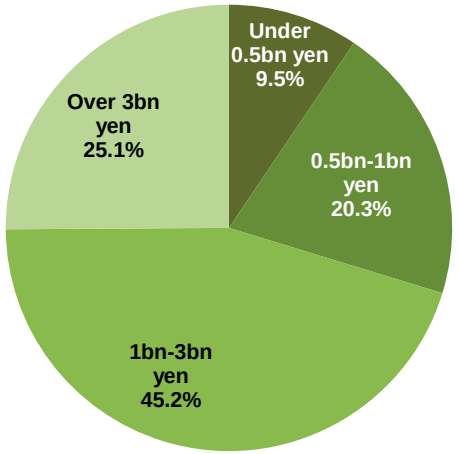


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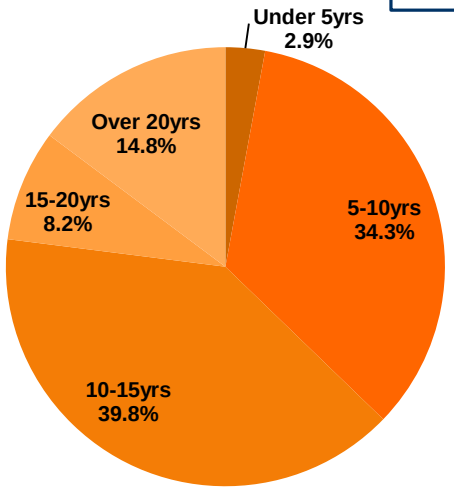
Average size JPY1,095 mn



JPY 1 bn or more per property in general for the new acquisitions

<Age>

Average age 13.1 yrs



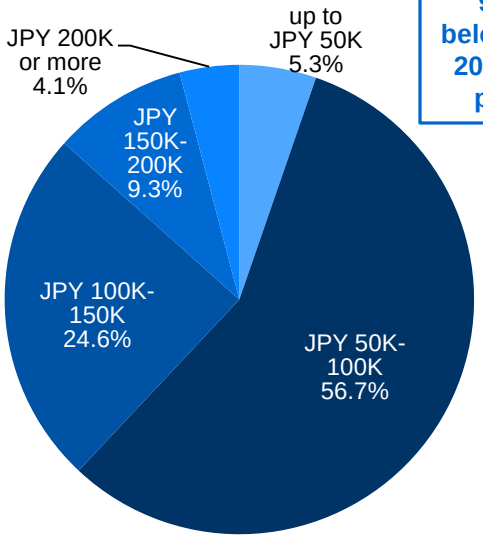
Building age less than 10 years in general for the new acquisitions

(Note) Each percentage is calculated based on the acquisition price (rounded off to one decimal place)

Monthly Rent per Unit

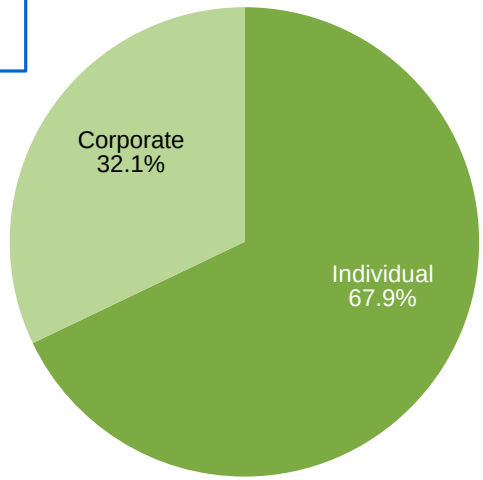
(Note1, 2)

95.9% are below than JPY 200 thousand per month



Lessee Type

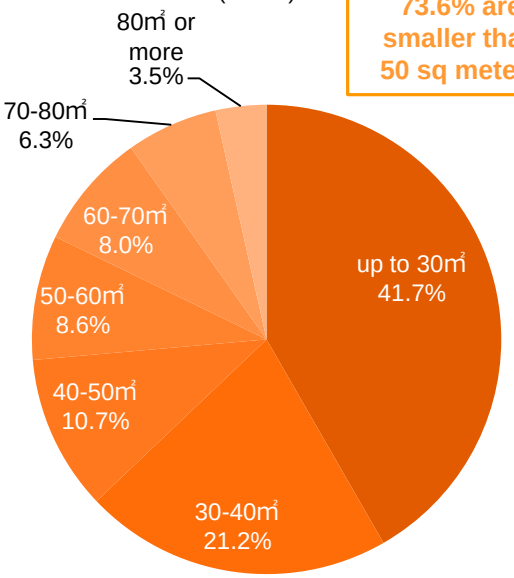
(Note 1, 3)



Unit Size

(Note 1)

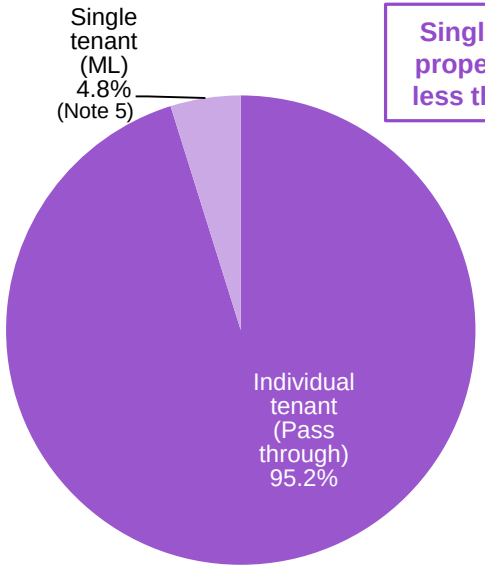
73.6% are smaller than 50 sq meters



Lease Type

(Note 4)

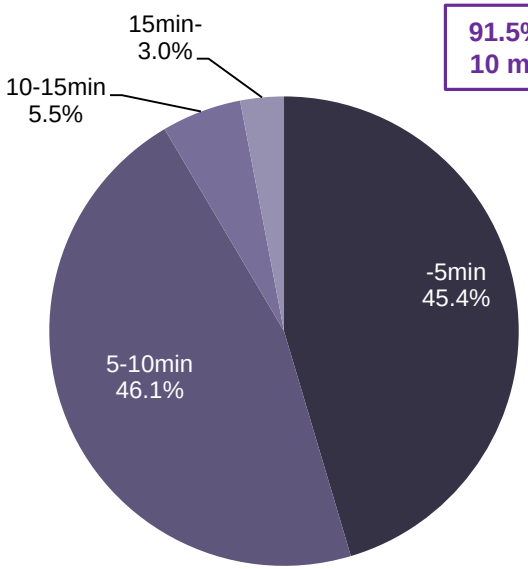
Single tenant properties are less than 4.8%



Waling Distance from Stations

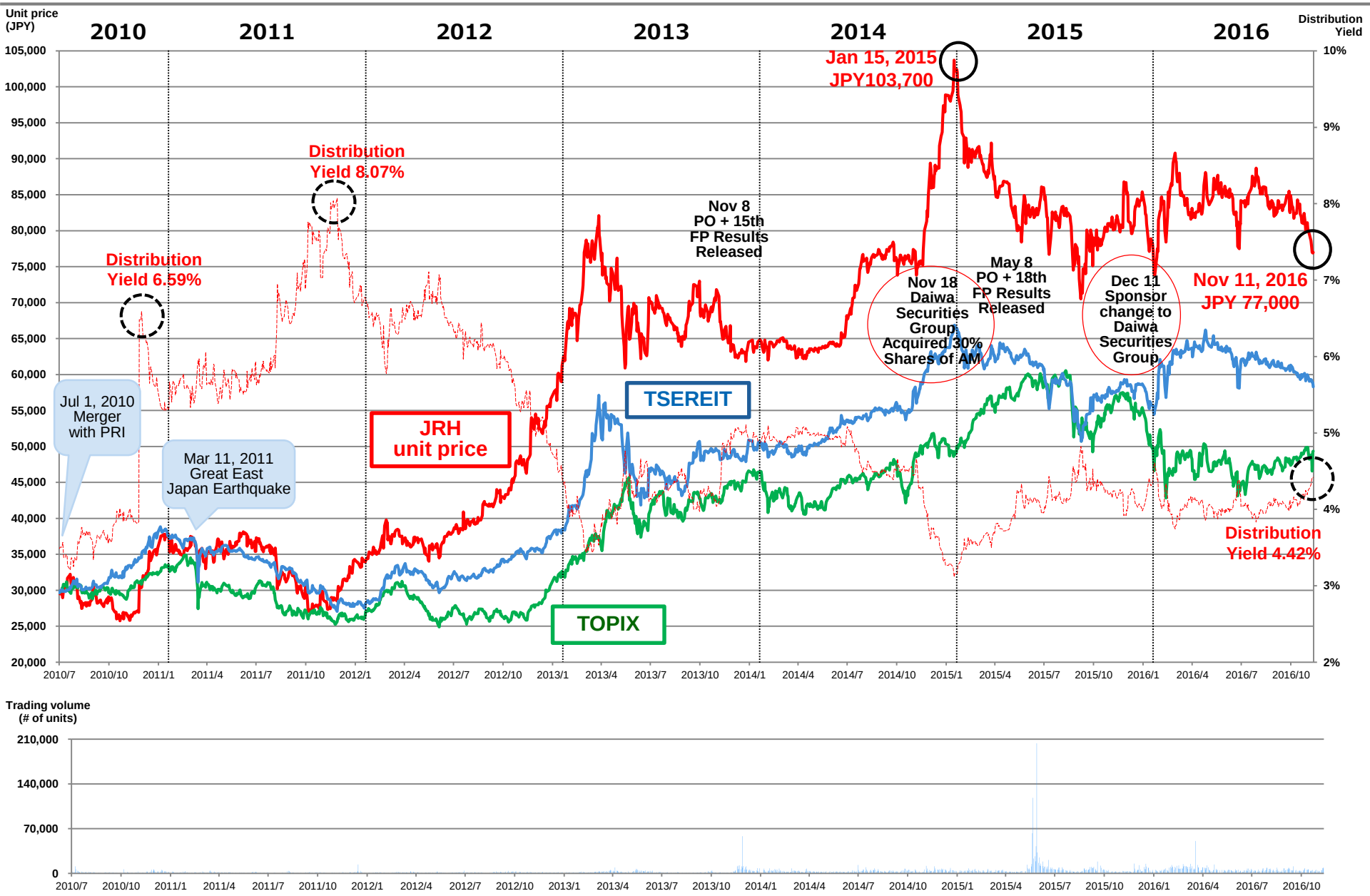
(Note 4)

91.5% are within 10 minutes walk



(Note1) Calculation excludes subleased properties and non-residential units (i.e. office, retail).
(Note 2) Calculation based on the total amount of monthly rent and common area fee as of September 30, 2016. For the vacant units, calculation based on the total amount of the asking rent and common area fee.
(Note 3) Calculation excludes the vacant units as of September 30, 2016.
(Note 4) Calculation based on the acquisition price.
(Note 5) 10 properties, 2.9% out of 4.8% are leased by Mainichicomnet Co., Ltd.

JRH Unit Price/Distribution Yield/Trading Volume



(Note) TOPIX,TSEREIT: Indexed based on JRH's investment unit price as of July 1, 2010

Source: Bloomberg

II. Overview of Financial Results for the 21st Fiscal Period

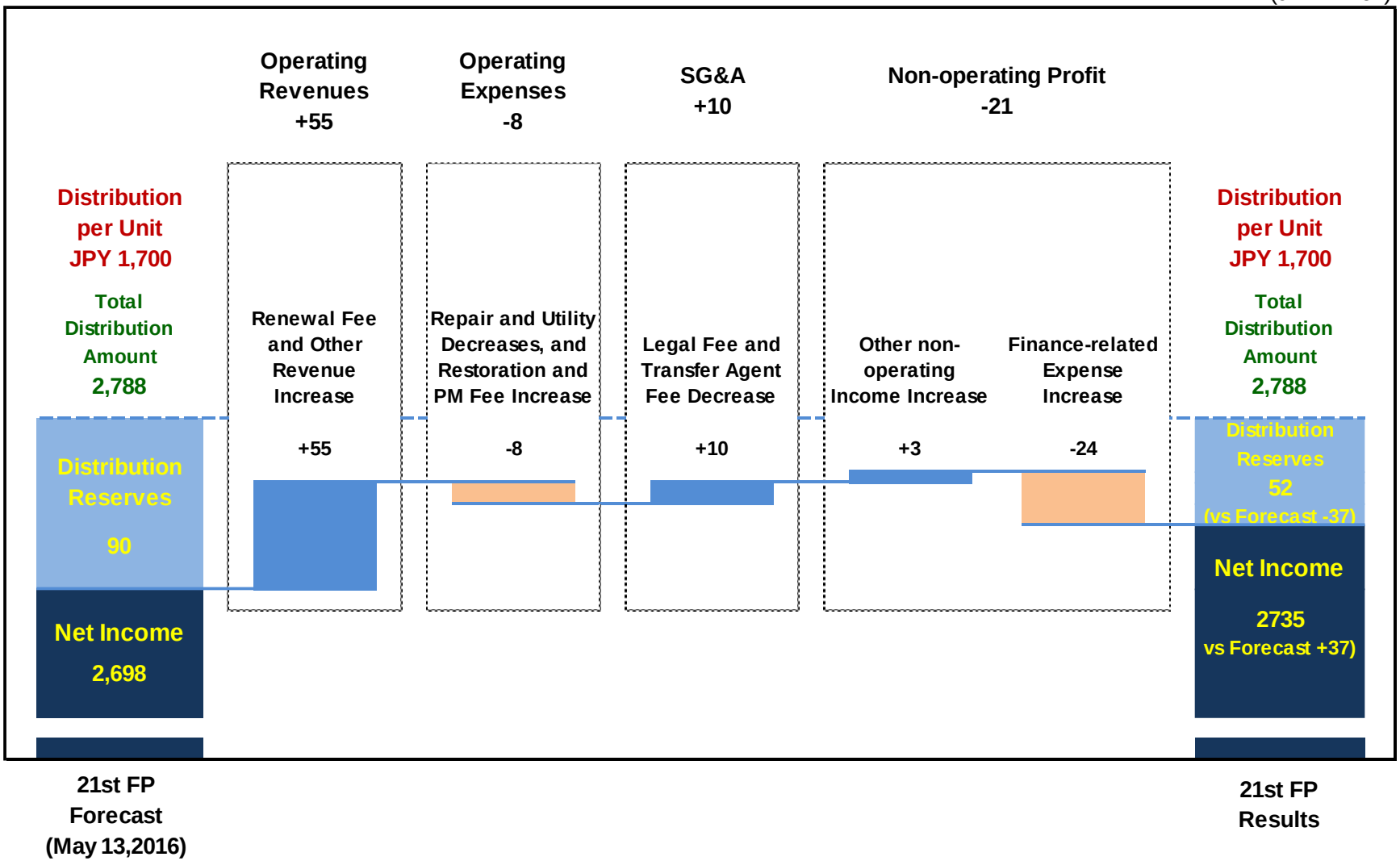
Initial Forecast (as of May 13, 2016) vs. Results for the 21st Fiscal Period

JPY million

	(1) Forecast (May 13, 2016)	(2) Results	Difference (2) – (1)	Key Factors of the Difference
Operating Revenues	8,077	8,133	+55	Parking Revenue Increase +4 Key Money Decrease -5 Renewal Fee Increase +19 Other Revenue Increase +31 Other Increase +6
Operating Income	3,542	3,600	+58	**(Operating Expense Increase 8)** Repair Expense Decrease +21 Restoration Expense Increase -30 PM Fee Increase -25 Utility Expense Decrease +23 Other Decrease +2 **(SG&A Decrease 10)** Legal Fee Decrease +2 Transfer Agent Fee Decrease +3 Other SG&A Decrease +5
Ordinary Income	2,698	2,735	+37	Other non-operating Income Increase +3 Interest Expense Decrease +12 Bond Interest Expense Increase -7 Finance-related Expense Increase -26
Net Income	2,698	2,735	+37	Net Income per Unit Forecast JPY 1,645 / Result JPY 1,667
Reversal of Distribution Reserve	90	52	-37	—
Total Distribution Amount	2,788	2,788	-	—
Distribution per Unit (JPY)	**1,700**	**1,700**	**-**	Number of investment units in issue as of the end of the fiscal period : 1,640,060

Figures are mostly as forecast (Reversal of distribution reserve – JPY 37 million vs. forecast)

(JPY million)



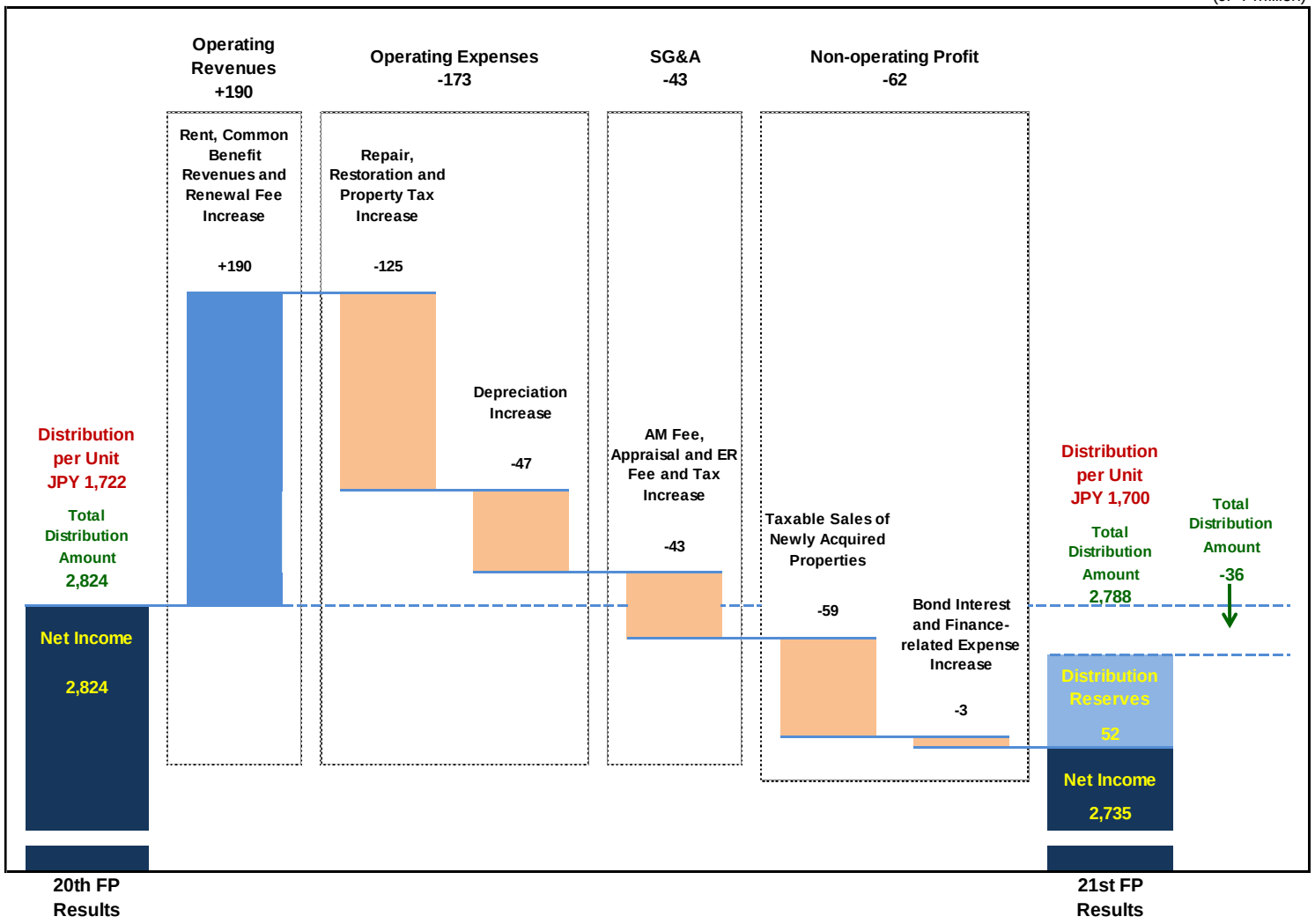
Results for the 20th Fiscal Period vs. the 21st Fiscal Period

JPY million

	(1) 20th FP Results	(2) 21st FP Results	Difference (2) – (1)	Key Factors of the Difference
Operating Revenues	7,943	8,133	+190	Rent and Common Benefit Revenue Increase +162 Parking Revenue Increase +6 Renewal Fee Increase +14 Other Increase +7
Operating Income	3,627	3,600	-26	**(Operating Expense Increase 173)** Repair Expense Increase -17 Restoration Expense Increase -70 Utility Expense Decrease +13 Trust Fee Decrease +20 Property Tax Increase -58 Depreciation Increase -47 Other Increase -13 **(SG&A Increase 43)** AM Fee Increase -13 Appraisal and ER Expenses Increase -12 Tax (Consumption Tax) Increase -9 Other Increase -8
Ordinary Income	2,824	2,735	-89	Taxable Sales of Newly Acquired Properties Decrease -62 Other non-operating Income Increase +3 Interest Expense Decrease +27 Bond Interest Expense Increase -7 Finance-related Expense Increase -20 Other non-operating Expense Increase -2
Net Income	2,824	2,735	-89	Net Income per Unit 20th FP JPY 1,722 21st FP JPY 1,667
Reversal of Distribution Reserve	-	52	+52	—
Total Distribution Amount	2,824	2,788	-36	—
Distribution per Unit (JPY)	**1,722**	**1,700**	**-22**	Number of investment units in issue as of the end of the 20th and 21st fiscal period : 1,640,060

Newly acquired properties in 20th period fully contributed, but net income decreased because of property tax, depreciation increases of 16 properties acquired in 2015 and restoration increase.

(JPY million)



III. Forecasts for the 22nd and 23rd Fiscal Period

Forecast for the 22nd Fiscal Period (October 1, 2016 – March 31, 2017) and the 23rd Fiscal Period (April 1, 2017 – September 30, 2017)

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JPY million

	(1) 21st FP Results	(2) 22nd FP Forecast	Difference (2) – (1)	Key Factors of the Difference	(3) 23rd FP Forecast	Difference (3) – (2)	Key Factors of the Difference
Operating Revenues	8,133 Results: Ave. Occ. 98.1% Rent/tsubo JPY 8,099 (vs forecast - JPY 9)	8,189 Forecast: 97.6%	+56	Rent and Common Benefit Revenue Increase +96 Key Money Increase +10 Renewal Fee Decrease -23 Other Revenue Decrease -27 Other Decrease -1	8,217 Forecast: 97.6%	+27	Rent and Common Benefit Revenue Increase +10 Renewal Fee Increase +14 Other Increase +2
Operating Income	3,600	JPY 8,064 3,607	+6	**(Operating Expense Increase 65)** Repair Expense Increase -26 Restoration Expense Decrease +22 PM Fee Decrease +24 Utility Expense Increase -25 Trust Fee Decrease +15 Depreciation Increase -61 Other Increase -14 **(SG&A Increase 16)** Appraisal and ER Expenses Decrease +11 Bad Debt Losses Decrease +2 Other Decrease +2	JPY 8,059 3,629	+22	**(Operating Expense Decrease 18)** Repair Expense Decrease +6 Advertising Expenses Decrease +7 Trust Fee Decrease +23 Property Tax Increase -15 Other Increase -2 **(SG&A Increase 24)** AM Fee Increase -3 Appraisal and ER Expenses Increase -17 Other Increase -3
Ordinary Income	2,735	2,853	+118	Taxable Sales of Newly Acquired Properties Increase +29 Other non-operating Income Decrease -3 Interest Expense Decrease +20 Bond Interest Expense Increase -5 Finance-related Expense Decrease +65 Other non-operating Expense Decrease +5	2,884	+30	Taxable Sales of Newly Acquired Properties Decrease -27 Interest Expense Decrease +8 Finance-related Expense Decrease +27
Net Income	2,735	2,853	+118	Net Income per Unit: 21st FP JPY 1,667; 22nd FP JPY 1,739	2,884	+30	Net Income per Unit: 23rd FP JPY 1,758
Reversal of Distribution Reserve	52	-	-52	—	68	+68	Start equal amortization of reserve for temporary difference adjustments
Total Distribution Amount	2,788	2,853	+65	—	2,952	+98	—
Distribution per Unit (JPY)	**1,700**	**1,740**	**+40**	Number of investment units in issue as of the end of the fiscal period : 1,640,060	**1,800**	**+60**	Number of investment units in issue as of the end of the fiscal period : 1,640,060

IV. The 21st Fiscal Period (details)

Contracted Property in the 21st FP (Acquired on Oct. 3, 2016)

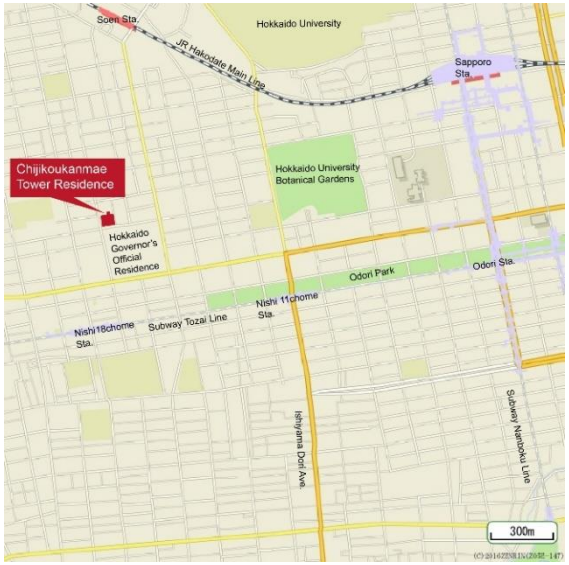
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Chijikoukanmae Tower Residence <Sapporo, Hokkaido>



Acquired at JPY 4.53 billion

- **Facing Governor's Residence and scarce as a tower condominium**
- **Targeting family households. Main units are 2-3 bedrooms (Total number of unit: 141)**





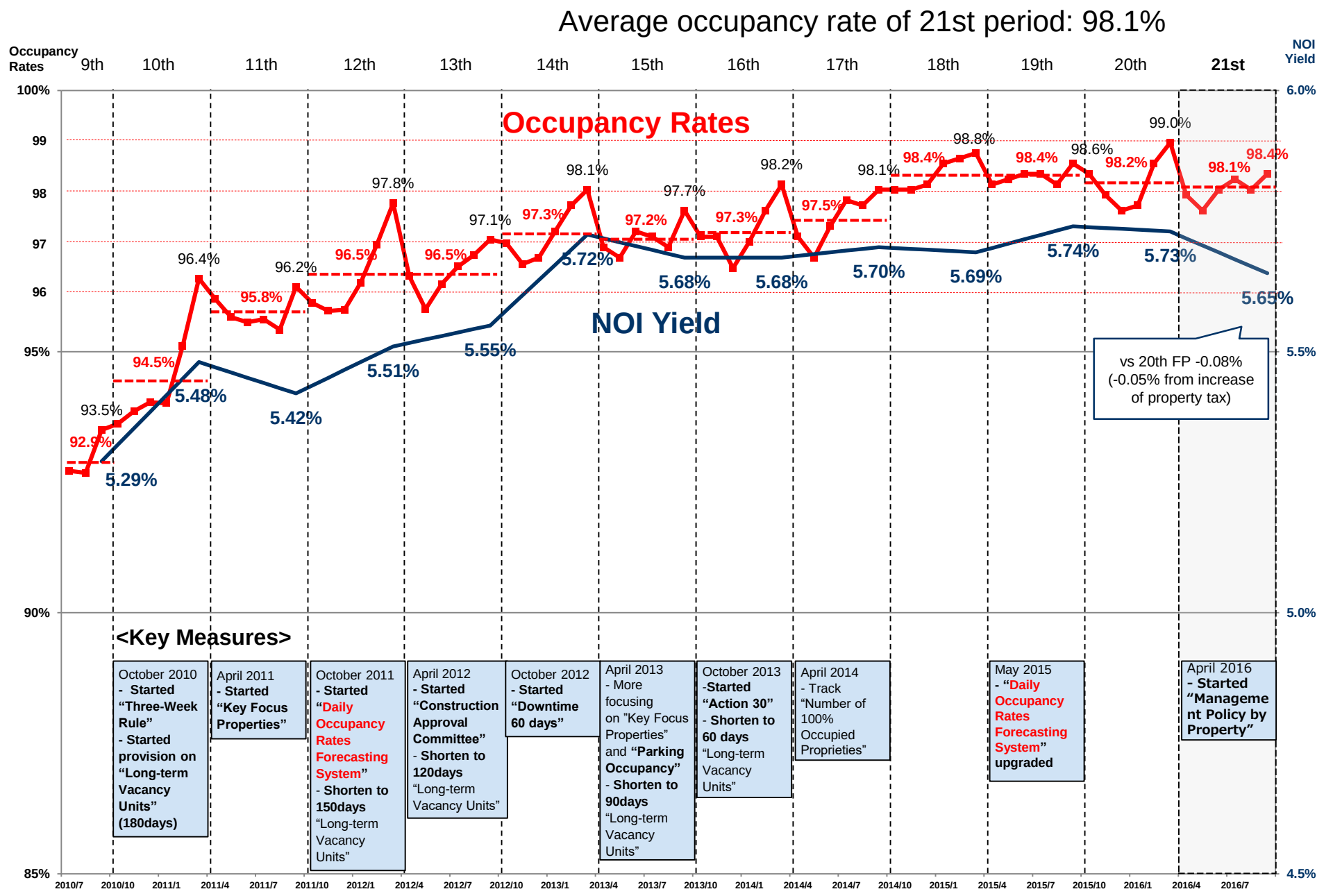


Location	16-1-1, Kita3jo Nishi, Chuo-ku, Sapporo-city, Hokkaido 7-minute walk from Nishi 18chome Station on the Sapporo City Subway Tozai Line
Type	Family (1LDK:1, 2LDK:43, 2LDK+S:1, 3LDK:78, 3LDK+S:1, 4LDK:17)
Use Zoning	Condominium
Number of Leasable Units	141
Leasable Floor Area	11,705.28㎡
Construction/No. of Floors	RC B1F/31F
Construction Completion Date	May 19, 2008
Acquisition Price (Note1)	JPY 4,530,000 thousand
Appraisal Value (as of Aug 1, 2016)	JPY 4,560,000 thousand
Occupancy Rate (as of Sep 5, 2016) (Note2)	90.2%

(Note1) Exclude acquisition-related expenses, fixed asset tax, city planning tax, and consumption tax and local consumption tax.
(Note2) The average occupancy ratio from January 2014 to August 2016 is 94.8%.

Occupancy and NOI Yield since the Merger with PRI in July 2010

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Track Records of Key Asset Management Measures

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Figures are mostly as forecast (parking occupancy rate marked a record high of 92.8%)

"Daily Occupancy Rate Forecasting System"
Forecasting monthly occupancy rates and watching vacancy conditions of each property (both units and parking) on daily basis.

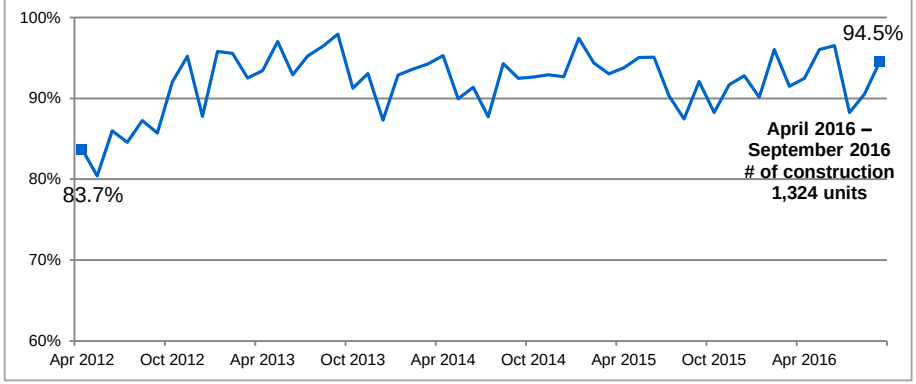
201 properties as of the end of September 2016
13,160 units
Occupancy 98.4%
(Only 203 units were vacant)

Move-in/out during the 21st FP (6 months)

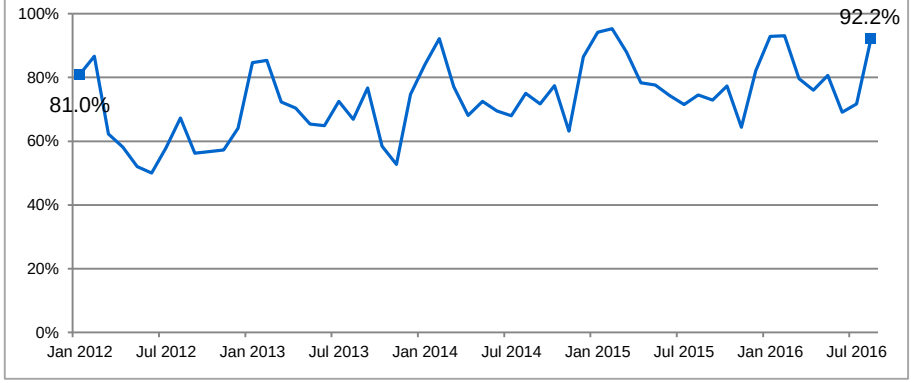
Move-in ← **1,412 units**

Move-out → **1,357 units**

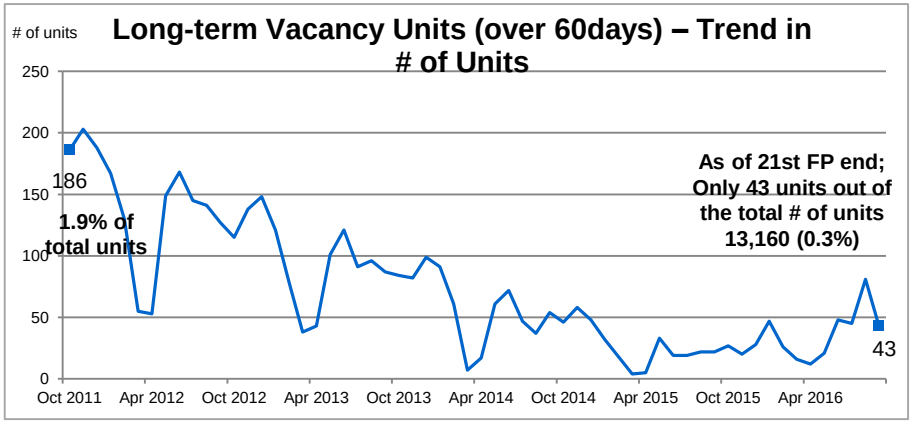
Three-Week Rule - Trends in Achieved Rate



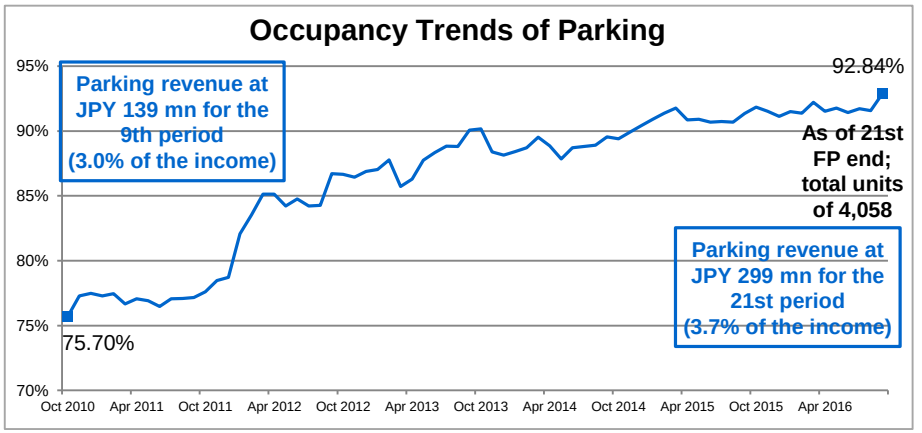
Downtime 60 days – Trends in Achieved Rates



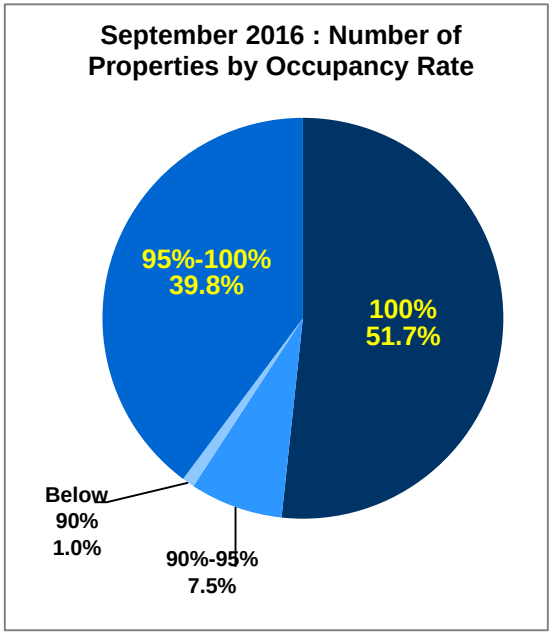
Long-term Vacancy Units (over 60days) – Trend in # of Units

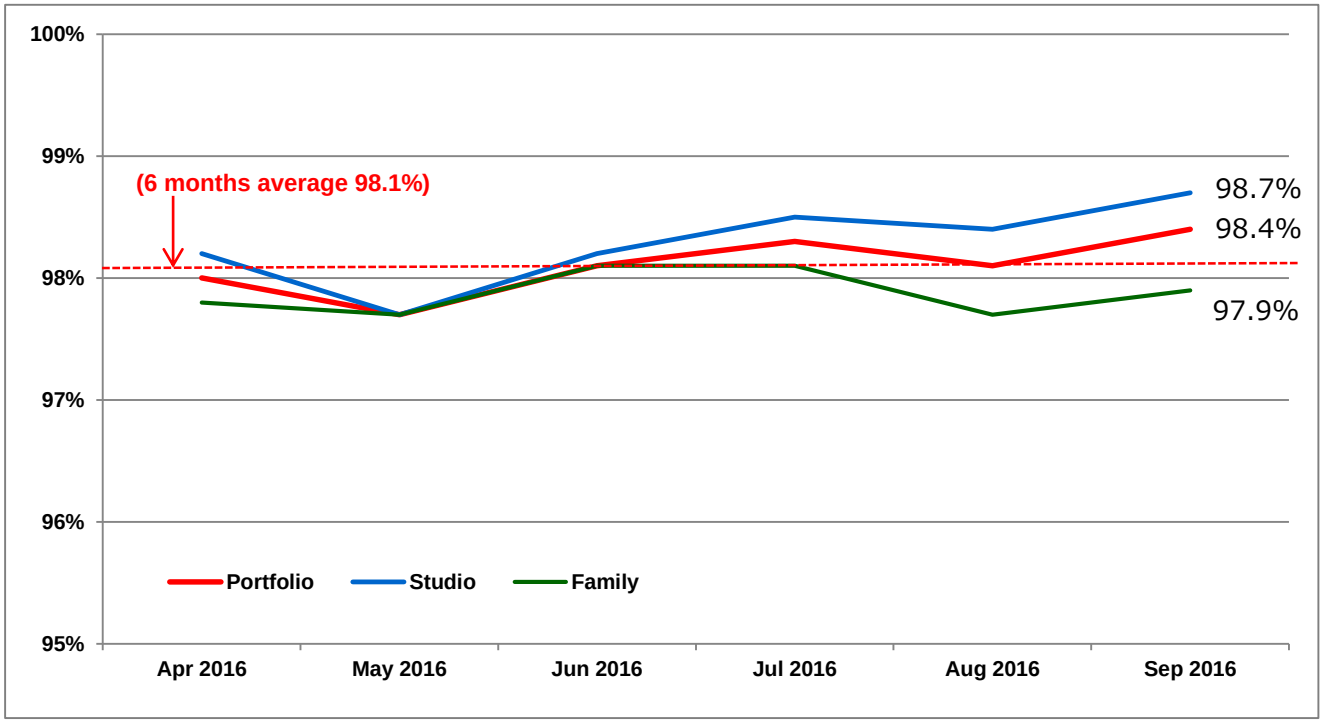


Occupancy Trends of Parking



Monthly Occupancy Rates – by Type



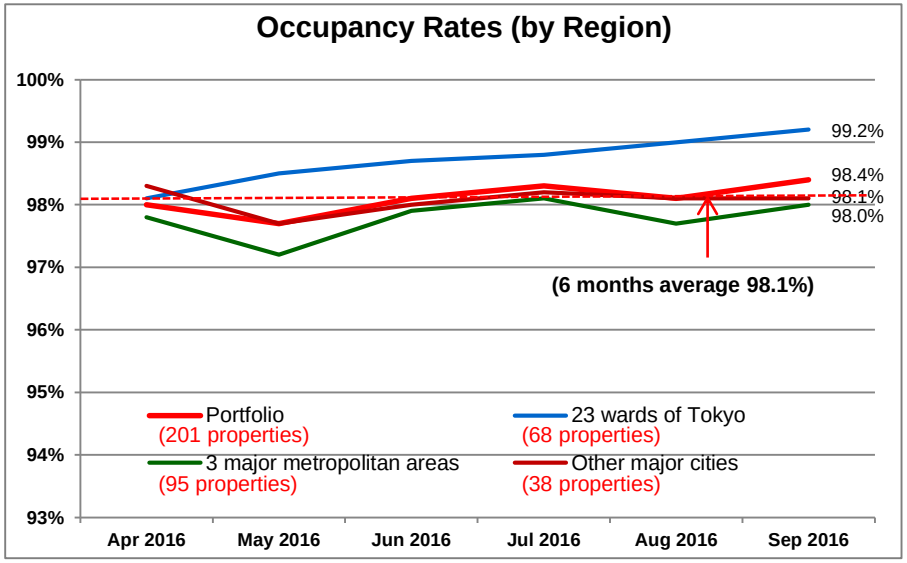


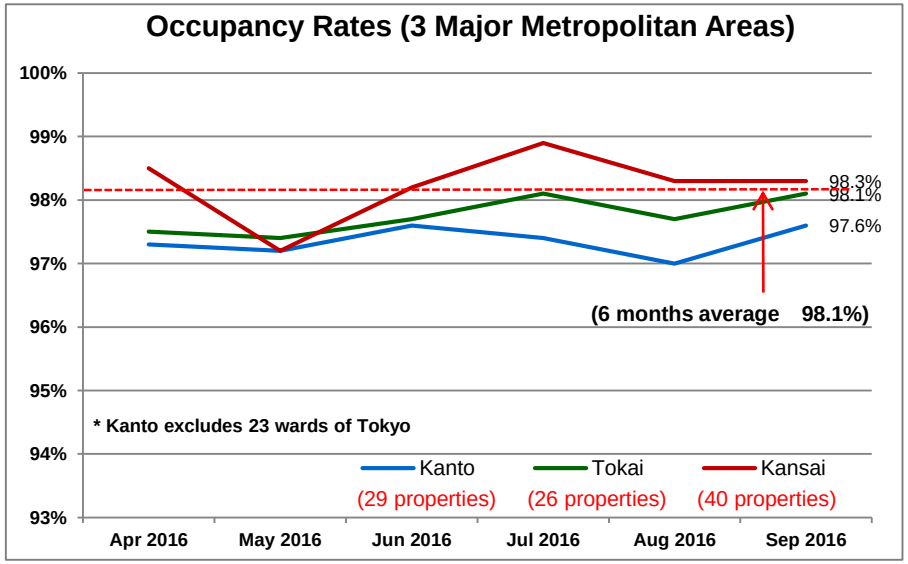
Occupancy Rate	# of Property	Share
100%	104	51.7%
95%-100%	80	39.8%
90%-95%	15	7.5%
Below 90%	2	1.0%
Total	201	100.0%

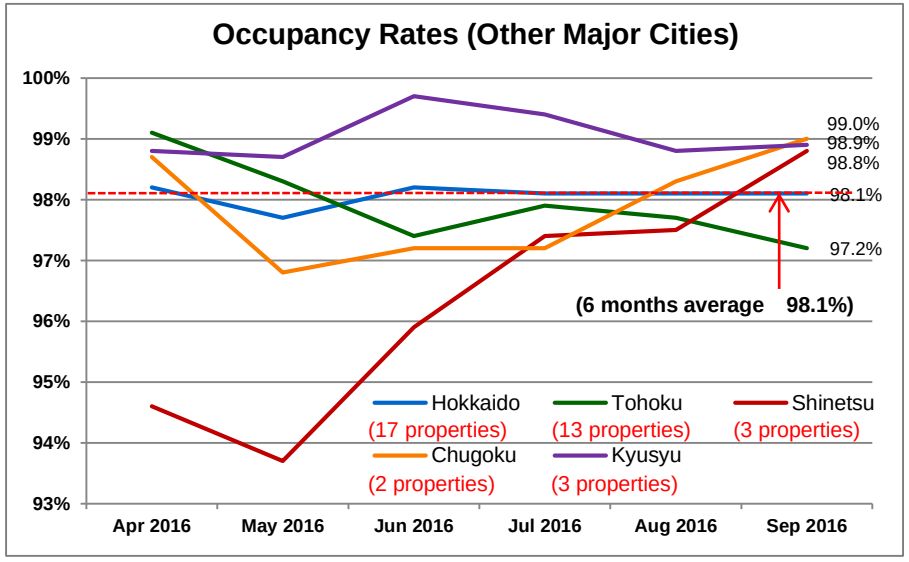
	April 2016	March 2016	June 2016	July 2016	August 2016	September 2016
Studio	98.2%	97.7%	98.2%	98.5%	98.4%	98.7%
Family	97.8%	97.7%	98.1%	98.1%	97.7%	97.9%
Portfolio	98.0%	97.7%	98.1%	98.3%	98.1%	98.4%

(Note) Occupancy Rate = Total Rented Area at each Month End / Total Rentable Area

Monthly Occupancy Rates – by Region





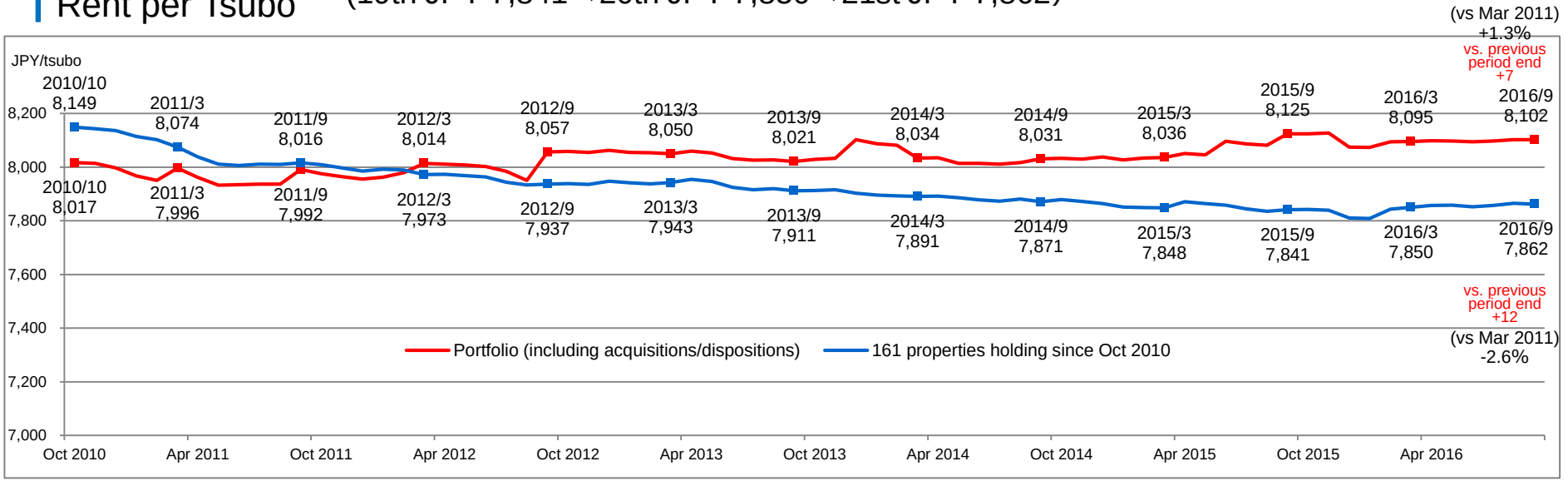


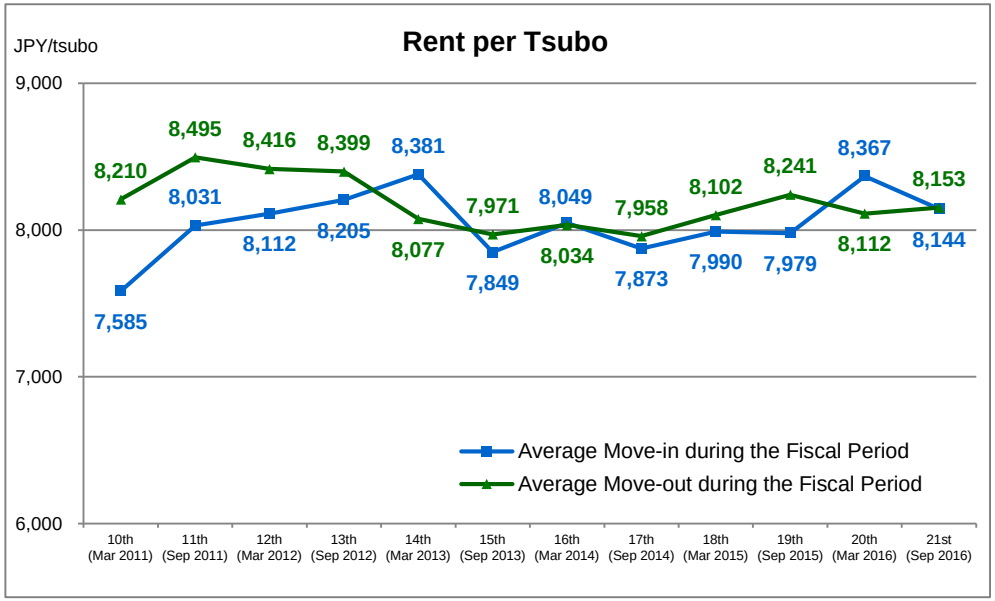
Rent Trend

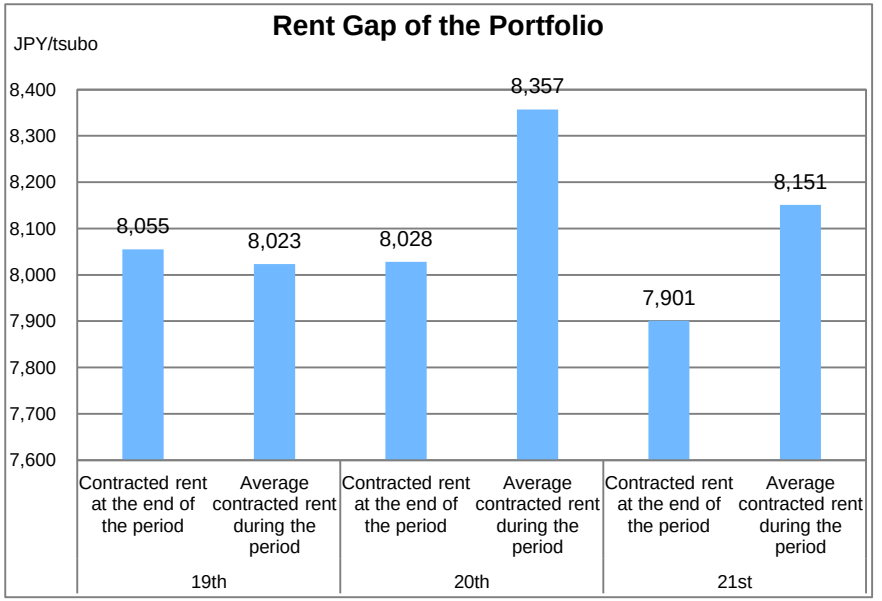
Rent per Tsubo (161 properties based) Increased 2 Consecutive Periods

Rent per Tsubo

(19th JPY 7,841→20th JPY 7,850→21st JPY 7,862)



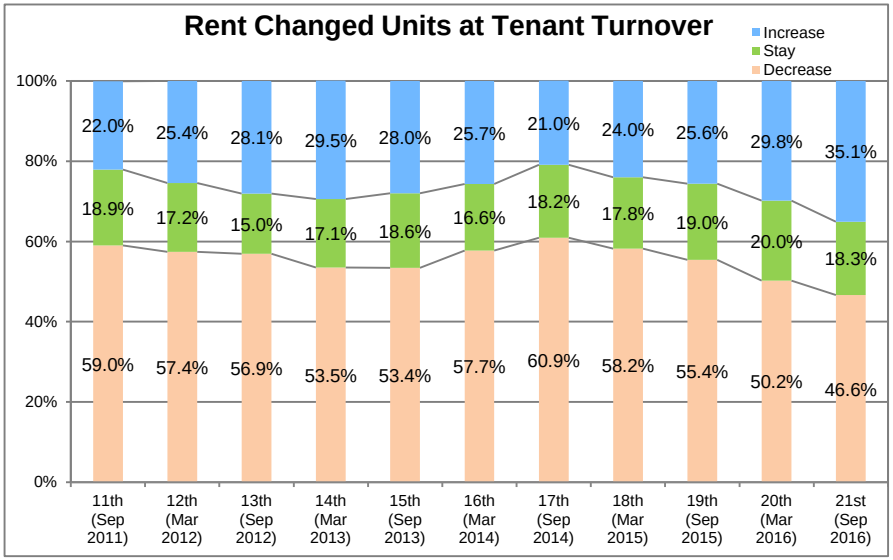


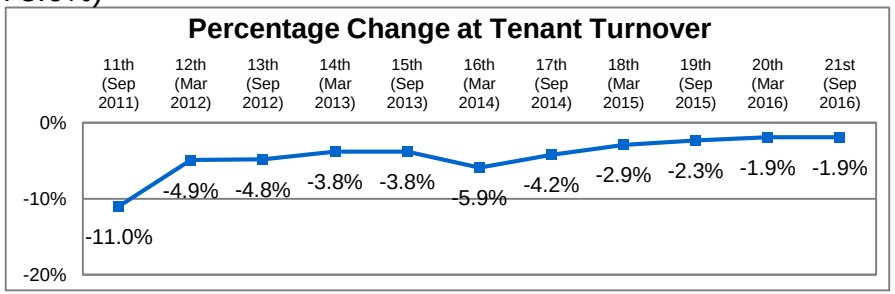


(Note) Calculation excludes non-residential units. Contracted rent included only contracted units as of the each fiscal period end.

Rent Trends at Tenant Turnover

Rent increase at tenant turnover up 5.3% from the previous period (rent decrease down 3.6%)





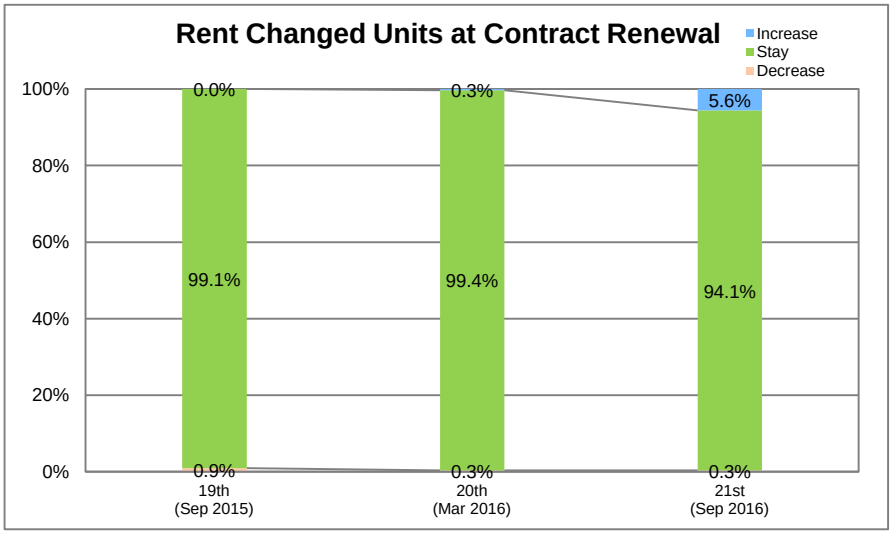
[Change in Rent at Tenant Turnover]

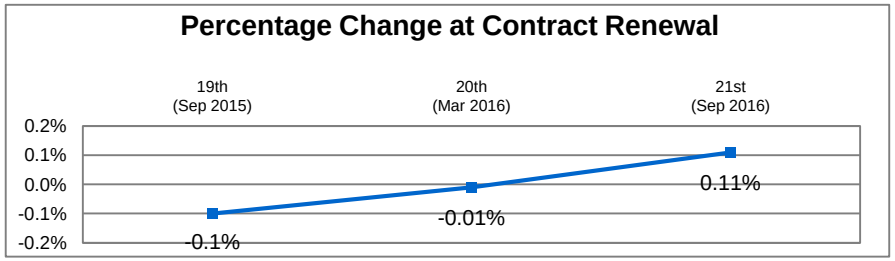
	# of units	Share	Previous rent (JPY)	Previous rent (JPY)	Change (JPY)	Change
Increase	489	35.1%	49,571,335	51,355,912	+1,784,577	+3.6%
Stay	255	18.3%	26,721,300	26,721,300	–	–
Decrease	649	46.6%	61,201,175	56,822,548	-4,378,627	-7.2%
Total	1,393	35.1%	137,493,810	134,899,760	-2,594,050	-1.9%

(Note) Calculated by excluding residential units for which prior rents are unknown due to cancellation of the sublease agreement and other factors among the newly acquired properties, and rental units with usages other than residential.

Rent Trends at Contract Renewal

Rent increase at contract renewal up 5.3% from the previous period





[Change in Rent at Contract Renewal]

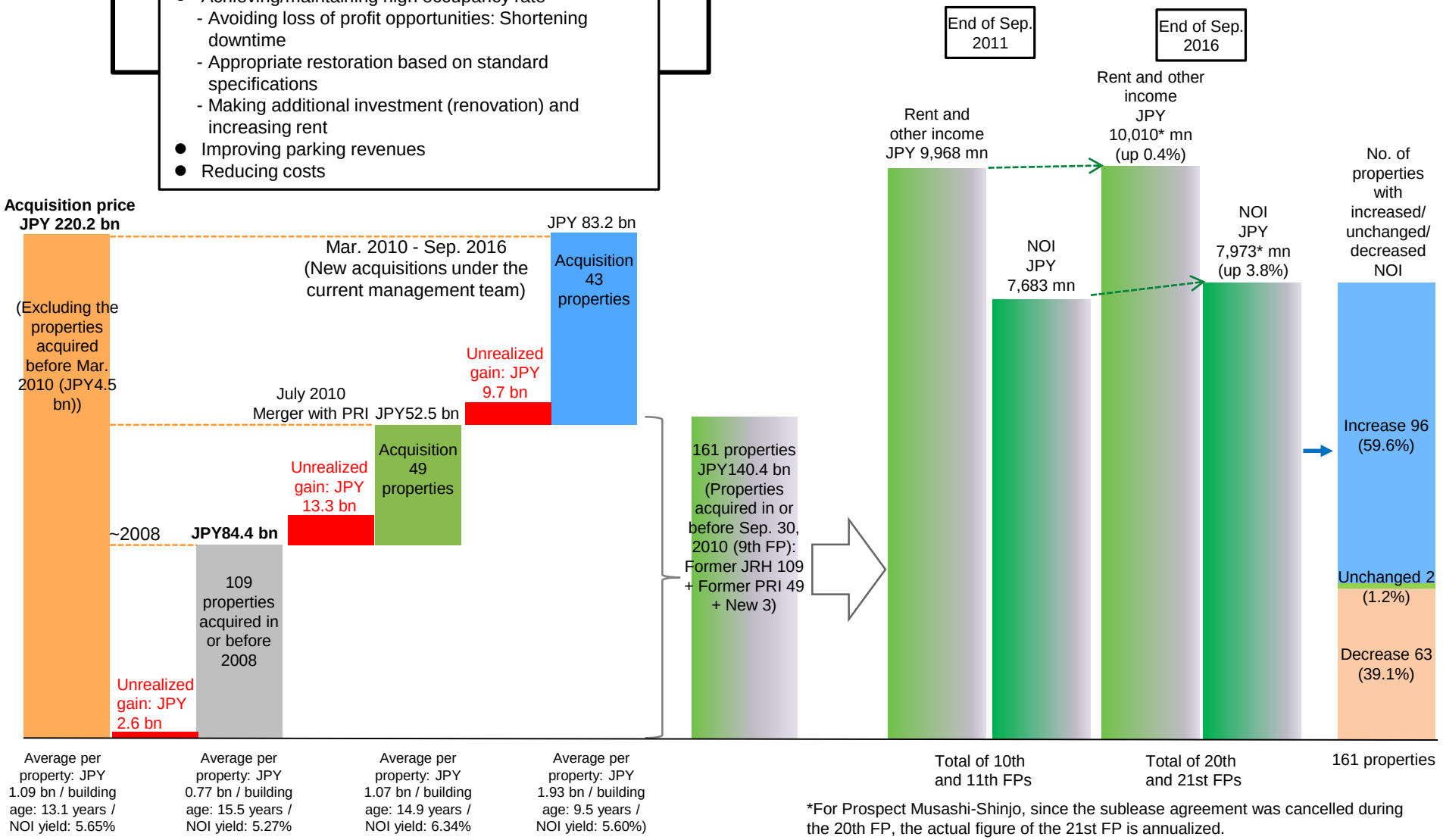
	# of units	Share	Previous rent (JPY)	Previous rent (JPY)	Change (JPY)	Change
Increase	127	5.6%	13,302,126	13,598,126	296,000	2.23%
Stay	2,129	94.1%	222,674,121	222,674,121	0	0.00%
Decrease	6	0.3%	980,000	937,500	-42,500	-4.34%
Total	2,262	100.0%	236,956,247	237,209,747	253,500	0.11%

Increase in Rent Income and NOI for 161 Properties Listed on p.24 During Most Recent 5 Years

(Although rent per tsubo of the 161 properties dropped 3.4% over the 6 years),
the top line (total of rent, common benefit revenues and parking revenues) increased 0.4%, and NOI increased 3.8% in the 5 years.

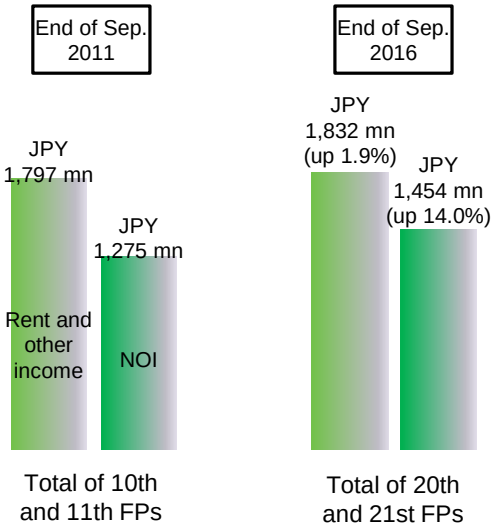
[Appropriate Management of Each Property]
- Achieving/maintaining high occupancy rate
  - Avoiding loss of profit opportunities: Shortening downtime
  - Appropriate restoration based on standard specifications
  - Making additional investment (renovation) and increasing rent
- Improving parking revenues
- Reducing costs

Increase/Decrease of Top Line (total of rent, common benefit revenues and parking revenues) and NOI for 161 Properties Over Past 5 Years



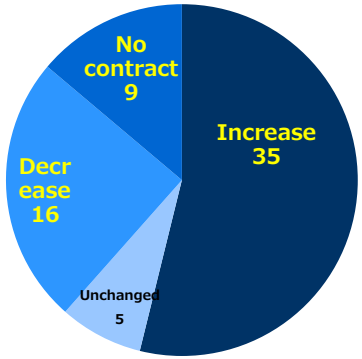
*For Prospect Musashi-Shinjo, since the sublease agreement was cancelled during the 20th FP, the actual figure of the 21st FP is annualized.

Increase/Decrease of Top Line (total of rent, common benefit revenues and parking revenues) and NOI of 33 Properties Aged 25 Years or More among the 161 Properties Over Past 5 Years



Effect on Monthly Rent of Contracted 57 Properties Out of 65 Units with Value Adding Work Implemented in 21st FP (total capital expenditure: JPY 114 mn / average expenditure: JPY 1.7 mn): Rent Increase for 35 Properties (increase of JPY 132,000/month in total)

*Breakdown of 16 properties with rent decrease
(1) Rent gap: 12 properties (all tenants moved in before the global financial crisis with the oldest one in 1991)
(2) Others: 4 properties (Avoidance of long-term vacancies, collection of key money, etc.)



Case of Gran Casa Daikancho (Nagoya City) (Building age: 30 years)

Acquired for JPY 1,082 mn through the merger with former PRI (24 years old at the time of the acquisition)
Book value: JPY 1,082 mn (11th FP) →JPY 1,068 mn (21st FP)

Top line: JPY 108.6 mn (10th and 11th FPs)→JPY 109.46 mn (20th and 21st FPs)
NOI: JPY 75.9 mn (10th and 11th FPs)→JPY 95.6 mn (20th and 21st FPs)
Book value based NOI Yield: 7.02%→7.42%
Unrealized gain: JPY221 mn (end of 21st FP)

✓Value adding work in units: 18 rooms (10th FP – 21st FP: Total capital expenditure of JPY 37 million)

Before



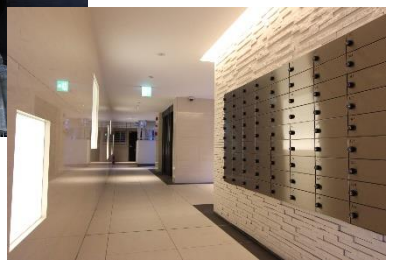
After



✓Renovation of common areas in October, 2016 (Total capital expenditure of JPY 50 million)







Finance (Total amount procured in 21st FP: JPY 22.5 billion)

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

➢ **Out of JPY 22.6 billion of bank borrowings which was due in 21st fiscal period, JPY 22.5 billion was refinanced with JPY 5.5 billion yen from issuance of investment corporation bonds and JPY 17 billion of bank borrowings**
(Before refinancing) JPY 22.6 billion: All-in financing costs 1.3% / borrowing period 3.5 years
(After refinancing) JPY 22.5 billion: All-in financing costs 0.63% / borrowing period 5.9 years
*The difference of JPY 0.1 billion was repaid with cash on hand. All-in financing costs indicate the weighted average of total amount including base interest rate, interest rate spread, fees and all others. Borrowing period also indicates the weighted average.

→ **Realized fund procurement that would lead to reduction of financing costs in the 22nd fiscal period and onward.**

◆**Before Refinancing**

	Principle (JPY mn)	Borrowing period (years)	Interest rate spread
Term Loan A5 (2nd)	3,581	5.0	1M Tibor +0.90%
Term Loan B4	2,610	5.0	1M Tibor +0.90%
Term Loan C4	4,411	5.0	1M Tibor +0.90%
Term Loan F	4,000	5.0	1M Tibor +0.85%
Term Loan S	8,000	0.75	1M Tibor +0.325%
Total	22,603	Average period 3.5 years with around 1.30%*	

◆**After Refinancing**

	Principle (JPY mn)	Borrowing period (years)	Interest rate
Term Loan U	9,000	5.0	1M Tibor +0.40%
Term Loan V	8,000	6.0	1M Tibor +0.425%
Investment Corporation Bonds (3rd)	3,000	5.0	0.28%
Investment Corporation Bonds (4th)	2,500	10.0	0.72%
Total	22,500	Average period 5.9 years with around 0.63% (Note)	

(Note) The average costs are calculated by adding base interest rate (1M Tibor) at the end of the 21st FP (0.03%) to the financing costs during the fiscal period (excluding costs for fixing interest rates).

	Appraisal base LTV	Total Asset base LTV (Note 1)	Long Term Debt Ratio (Note 2)	Average Borrowing Period	Average Borrowing Remaining Duration
End of 20th FP	49.5%	51.3%	71.0%	4.87 years	2.53 years
End of 21st FP	48.9%	51.2%	81.1%	5.34 years	3.16 years

(Note1) Total Interest Bearing Debt / Total Assets
(Note2) Subtracted the Long term debt due within one year

Outstanding Balance of Borrowing by Lender / Changes in Share

Lenders	9th FP		20th FP		21st FP			
	Sep 30, 2010 (Merger with PRI)		Mar 31, 2016		Issuance of bond, Refinance, and Prepayment (Jun 2016)	Refinance (Sep 22, 2016)	Sep 30, 2016	
	Balance (JPY mn)	Share	Balance (JPY mn)	Share	Change (JPY mn)	Change (JPY mn)	Balance (JPY mn)	Share
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	12,692	17.6%	33,178	28.3%	-5,029 +4,470 -1,000	-3,500 +2,000	30,119	25.7%
Sumitomo Mitsui Banking Corporation	11,278	15.6%	20,563	17.5%	-2,216 +1,970 -1,000	-1,500 +1,500	19,316	16.5%
Aozora Bank, Ltd	22,751	31.5%	15,642	13.3%	-	-	15,642	13.4%
Shinsei Bank, Limited	2,689	3.7%	10,495	9.0%	-1,396 +1,242	-1,000 +1,000	10,340	8.8%
Resona Bank, Limited	4,075	5.6%	11,062	9.4%	-1,482 +1,318 -1,000	-1,000 +1,000	9,898	8.5%
Mitsubishi UFJ Trust and Banking Corporation	1,987	2.8%	5,464	4.7%	-	-500 +500	5,464	4.7%
The Bank of Fukuoka, Ltd.	-	-	4,337	3.7%	-	-500 +500	4,337	3.7%
Development Bank of Japan Inc.	-	-	1,000	0.9%	-	+1,500	2,500	2.1%
THE HIGASHI-NIPPON BANK, LIMITED	-	-	2,270	1.9%	-	-	2,270	1.9%
ORIX Bank Corporation	400	0.6%	3,647	3.1%	-478 -1,000	-	2,168	1.9%
The Norinchukin Bank	4,850	6.7%	1,675	1.4%	-	-	1,675	1.4%
The Hyakugo Bank, Ltd.	-	-	1,000	0.9%	-	-	1,000	0.9%
The Hiroshima Bank, Ltd.	-	-	1,000	0.9%	-	-	1,000	0.9%
The Kagawa Bank, Ltd.	-	-	700	0.6%	-	-	700	0.6%
The Ashikaga Bank, Ltd.	-	-	500	0.4%	-	-	500	0.4%
The Senshu Ikeda Bank, Ltd.	-	-	500	0.4%	-	-	500	0.4%
The Nomura Trust and Banking Co., Ltd.	-	-	500	0.4%	-	-	500	0.4%
Total bank borrowings (Note1)	72,225	100.0%	113,535	96.8%	-5,603	-	107,932	92.1%
Investment corporation bond	-	-	3,700	3.2%	+5,500	-	9,200	7.9%
Total interest bearing debt	72,225	100.0%	117,235	100.0%	-103	-	117,132	100.0%
Total assets LTV (Note2)	43.7%	-	51.3%	-	-	-	51.2%	-

(Note1) Number of “9th FP Total” includes the balance of the borrowings from 4 financial institutions which is not on the list.
(Note2) Total Assets LTV = Interest-bearing Debt / Total Assets x 100

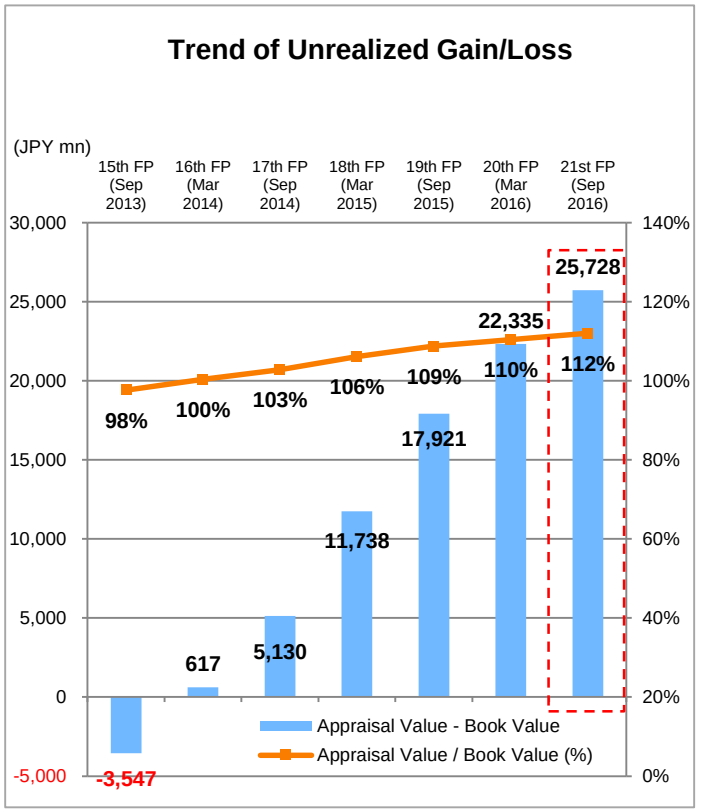
Appraisal (as of September 30, 2016)

Total appraisal value of 201 properties JPY 239.4 bn
(vs. 20th FP +JPY 2.6 bn)

Unrealized gain JPY 25.7 bn
(vs. 20th FP +JPY 3.3 bn)

	# of Properties	Appraisal Value 20th FP (JPY million)	Appraisal Value 21st FP (JPY million)	Change	Appraisal NOI Cap Rate		
					20th FP	21st FP	Change
Properties held since 20th FP end	201	236,809	239,424	+1.1%	5.3%	5.2%	▲0.1%
by Type							
Studio	133	150,044	151,135	+0.7%	5.2%	5.2%	–
Family	68	86,765	88,289	+1.8%	5.4%	5.3%	▲0.1%
by Region							
23 wards of central Tokyo	68	99,946	101,169	+1.2%	4.8%	4.8%	–
The 3 major metropolitan areas	95	98,137	99,356	+1.2%	5.5%	5.4%	▲0.1%
Other major cities	38	38,726	38,899	+0.4%	5.9%	5.9%	–

(Note) 72 properties were appraised by Tanizawa Sōgō Appraisal Co., Ltd., 41 properties were appraised by Daiwa Real Estate Appraisal Co.,Ltd., and 88 properties were appraised by Japan Real Estate Institute.



a. Appraisal Value
Increased (JPY 1 mn - 290 mn): 126 properties, Stayed: 65 properties,
Decreased (JPY -3 mn - -61 mn): 10 properties

b. Cap Rate
Decreased (10 - 20bps): 100 properties, Stayed: 101 properties, Increased: None

c. Operations
Operating income: Decreased by 0.1% from the previous period
(100% occupancy rent income -0.2%, Vacancy losses -0.9%)
Operating expense: Decreased by 0.5% from the previous period
(Repair expense -3.3%, Utility expense -2.1%)
NOI: Decreased by 0.01% from the previous period

V. Future Growth Strategy and DPU Mid-term Target

Growth Strategy (Summary)

Aim to increase profit through (1) new property acquisitions (considering acquisition environment) (2) maximization of income from each property based on “Management Policy by Property” and (3) reduction of costs/expenses.

① New Properties Acquisitions
(Targeting AUM: JPY250 bn)

(1) Properties for which negotiated transactions are carried out for a rational reason and properties with fewer competitive bidders
(2) (2) Undervalued properties (properties of which NOI can be improved after acquisition in terms of rent, occupancy rate, operating expenses, etc.)
(3) (3) Not-for-sale properties (properties that are not on the market)

Acquisitions: Properties in the Tokyo metropolitan area, Sapporo, Sendai, Nagoya, Osaka and Fukuoka that are JPY1 bn or more per property in general
Dispositions: Properties in other areas than the Tokyo metropolitan area are JPY 0.5 bn or less per property in general (continue gradual shuffling)

② Operation of properties held
Maximization of income, etc. from each property

③ Cost Reduction
(BM fees, operating expenses by actually owning real estate properties instead of holding the trust beneficiary rights to those properties, etc. and financing costs)

Finance Strategy

(Financing with Bank Loans)

Maintaining and expanding transactions with existing banks with which the Investment Corporation currently has outstanding borrowings (Reduction of financing costs and extension of borrowing periods)

Use of Bridge Facility (Acquiring preferential negotiation rights)

(Fund Procurement from Financial Market)

Issuance of investment corporation bonds (Diversification of financing sources, fixation of interest rates)

Further fixation of interest rates of bank borrowings

Public offering (Considered depending on total assets based LTV, property acquisitions, etc.)

(Use of JPY6.8 Billion Distribution Reserve)

Responding to loss from property dispositions, impairment loss, one-time depreciation of financial charges and temporary dilution of investment units due to capital increase (To start returning amounts equal to or more than amortization amount leveled for a period of 50 years to unitholders starting from 23rd fiscal period.)

Medium-Term Target of Distribution per Unit (3 years from 22nd FP to 27th FP)

Medium-term target: Aim for JPY1,900 – 2,000 DPU in the next 3 years or so
Assumptions: Plan to manage securing JPY300, the upper limit for DPU increase, through the following 1. (acquisition of new properties and revenue increase from existing properties) and 2. (reduction of costs and payout of distribution reserves)

Recognition of current market environment and assumptions for the next 3 years

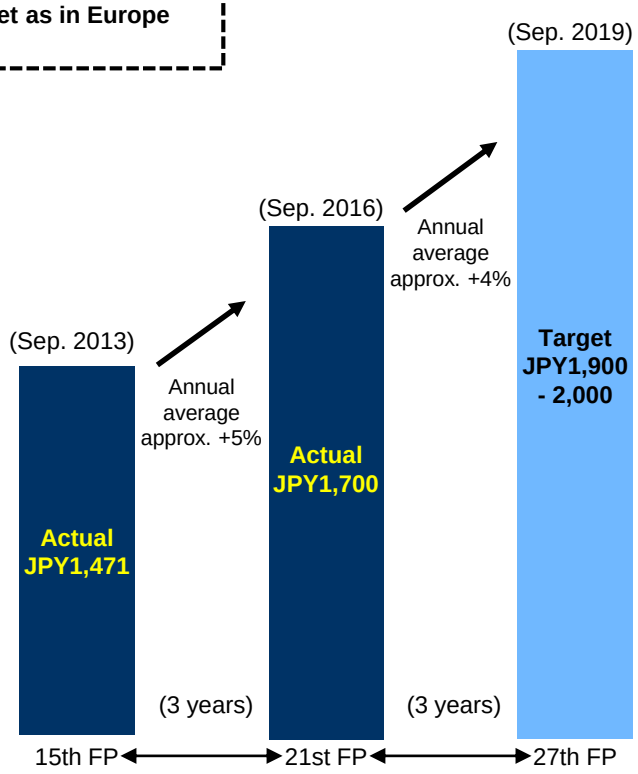
- **Further decline in transaction cap rates to near the level immediately before the global financial crisis → Acquisition competition for new properties continuing to intensify**
- **Continuation of monetary easing policy**
- **Limited supply of newly built properties (properties in the centers of six major cities that are JPY1 bn or more) → Small risk for occupancy rate fall**
- **Rent increase in some properties, but the pre-global financial crisis level not recovered yet as in Europe and the U.S.**

1. Financial sources for distribution per unit + JPY100

① Acquisition of new properties: JPY10 - 20 bn (distribution +about JPY70 – 140)
②Maximization of income, etc. from each property
(Maximization of income through application of appropriate rent and minimization of downtime)

2. Financial sources for distribution per unit + JPY200

① BM fees: Reduction of about JPY35 mn per fiscal period (distribution +about JPY20)
② Trust fees: Reduction of about JPY65 mn over the next 3 years (distribution +about JPY40)
*Promotion of actually owning real estate properties instead of holding the trust beneficiary rights to those properties from 11th fiscal period (Sep. 2011). Reduced the fees by JPY48 mn from the total of JPY126 mn in 10th fiscal period to JPY78 mn in the 21st fiscal period. (To be reduced to the total of around JPY10 mn in 27th fiscal period.)
③ Financing costs: Aim for around 1% of total interest bearing debt costs in the 27th fiscal period by reducing from the actual result of the 21st fiscal period 1.47% (distribution about JPY 100 or more)
*Assumption: Refinancing JPY65.4 bn due in the next 3 years (around 56% of total borrowings) at 1% (vs. actual refinancing cost of 0.65% for the 21st fiscal period)
④ Start of payout of distribution reserves starting in the 23rd fiscal period (distribution +about JPY40)
*Assumption: Amortization of distribution reserves at the end of 22nd fiscal period over 50 years

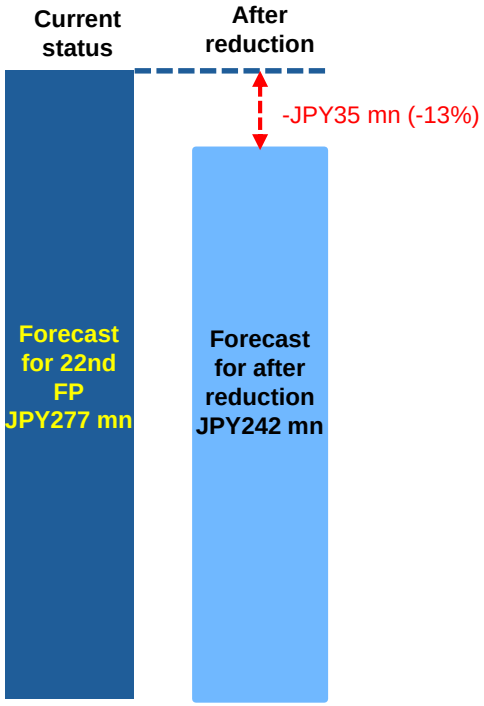


Medium-term target of distribution per unit is a target set by the Asset Manager as of today and is not a guaranteed amount. In addition, distribution per unit over the next 3 years from 22nd fiscal period is under assumption that there is no change to the total number of investment units issued and outstanding as of today (1,640,060 units).

Operating Expenses

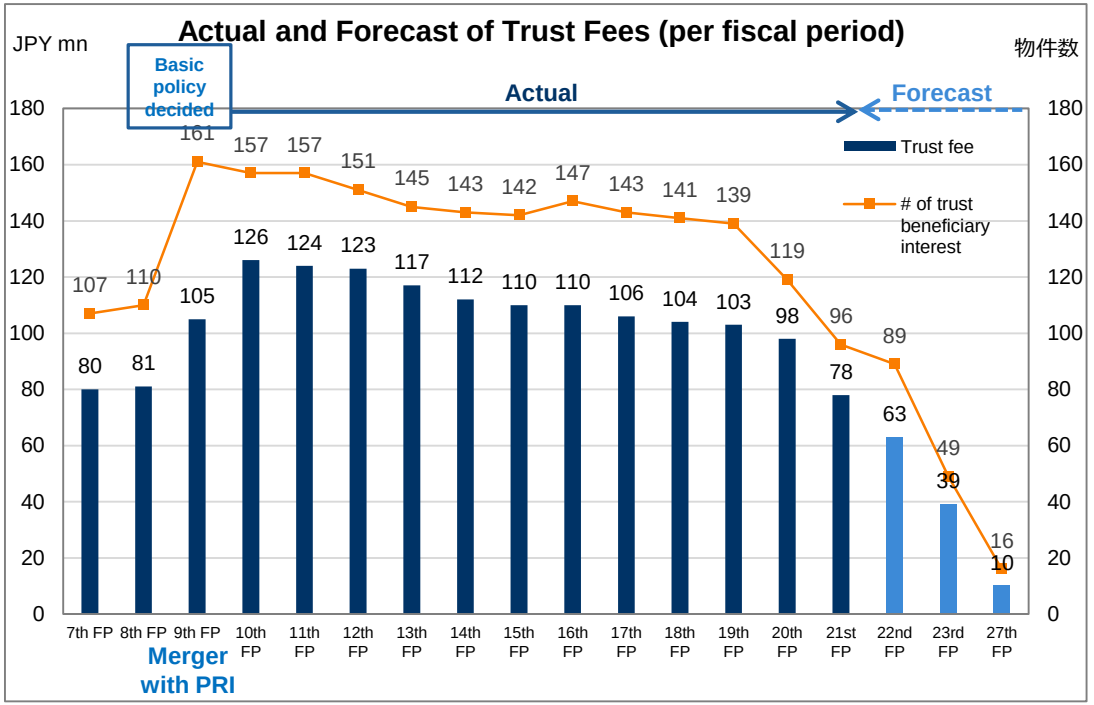
①Reduction of BM fees

Plan to reduce BM fees by JPY35 mn per fiscal period utilizing strength of being a self-funding asset management company in real estate business even after the sponsor change.



②Reduction of trust fees by actually owning real estate properties instead of holding the trust beneficiary rights to those properties*

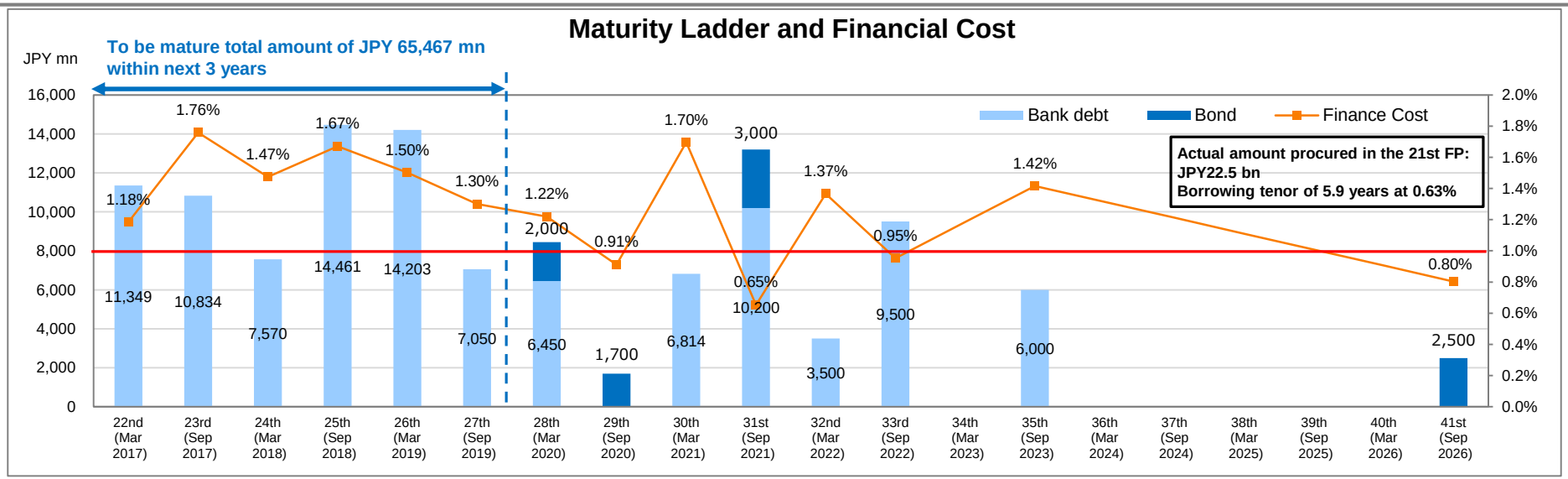
For properties which were owned in form of trust beneficiary rights in 2009, a basic policy to, in principle, terminate their trust agreements as each of their trust period expires and change to real estate in kind was decided.
→ Reduction by 50% in 22nd fiscal period from the peak time immediately after the merger with PRI (JPY126 mn) and reduction to as low as JPY10 mn in 3 years expected.



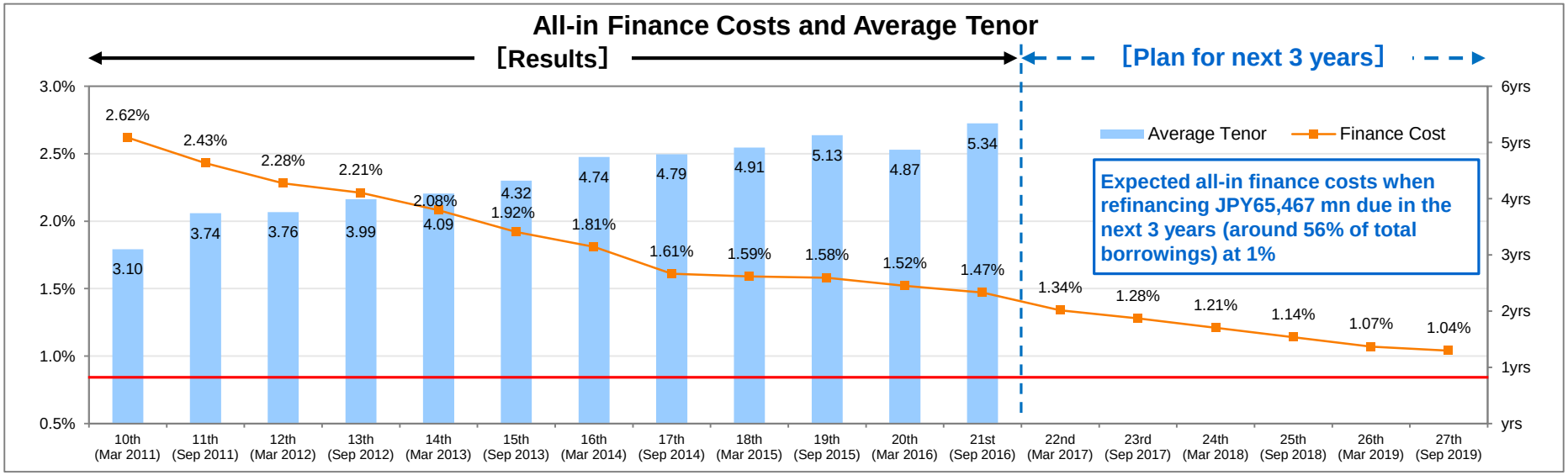
*Type of ownership of real estate is either real estate in kind or trust beneficiary rights. As to real estate in kind, payment of real estate acquisition tax, etc. arises upon acquisition (included in book value), but no trust fees are required during the ownership. On the other hand, although trust beneficiary rights are not subject to real estate acquisition tax and are subject to reduced tax rate of registration license tax upon acquisition, trust fees are required during the ownership. Therefore, ownership of trust beneficiary rights is often seen in private funds and such which do not assume long-term ownership; and for the cases of real estate investment which assume long-term ownership, comparative verification between the initial cost required for acquiring real estate in kind and the long-term cost burden required for ownership of trust beneficiary rights should be made before deciding on the policy.

This is a target set by the Asset Manager as of today and is not a guaranteed amount.

Finance



(Note) Finance costs are the total of interest expenses, finance-related costs and costs for fixing interest rates for the loans due in the respective fiscal period. The costs for fixing interest rates are calculated by multiplying the amount of loans due in respective fiscal period by an interest rate obtained by weighted averaging the total of fixed interest rates based on each interest rate swap agreement with notional principal.



(Note) Finance costs for the 22nd FP and after are estimated under a condition that the existing loans due in respective fiscal period are refinanced at 1% (total of interest expenses, finance-related costs and amortization of bond issuance costs).

This is a target set by the Asset Manager as of today and is not a guaranteed amount.

(1) External Growth

Expand the asset size

Targeting AUM: JPY250 billion

Direct acquisition by JRH as well as indirect acquisitions using the Bridge Facility

Investment Criteria

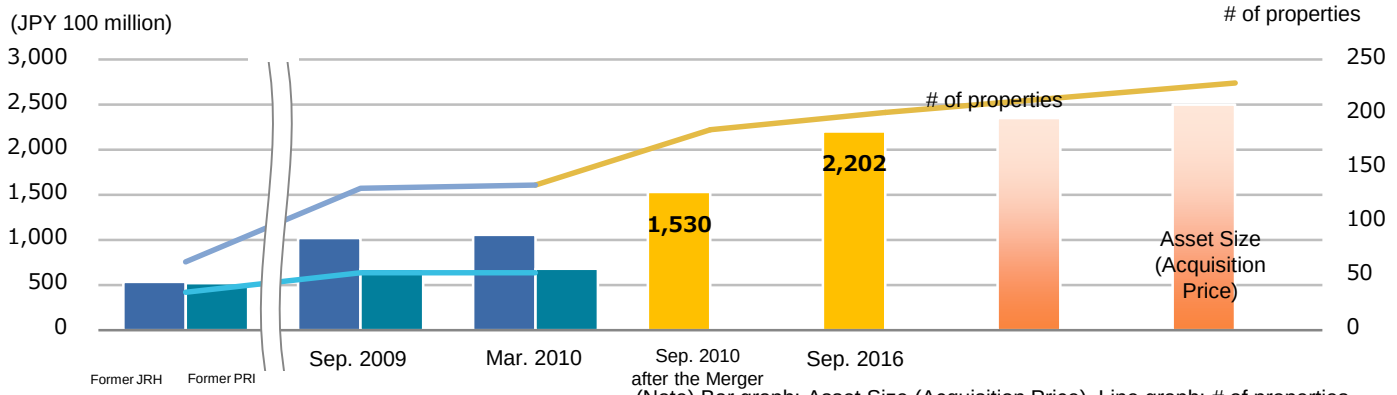
- Profitability: Acquisition price and NOI yield after depreciation (earning capacity based on analysis of financing and JRH costs)
- Superiority: Location, building age and size of property
- Potential: Rent level and occupancy rate, volatility after passage of time (building age), supply of and demand for competing properties, location and household trends
- Liquidity: Past record of acquisitions and sales, price per property, and appraisal value

Acquisition Policy

- Promote acquisition through negotiated transactions (actively avoid competitive bidding where there are a large number of participants) and independent approach methods
- Making use of the accumulated property information since 2010, monthly flow information, independently acquired information, etc.
- Invest in high-quality assets in metropolises such as Tokyo (mainly in the 23 wards), Sapporo, Sendai, Osaka, Nagoya, and Fukuoka
- Basic benchmark for acquisitions: Studio and family apartments in the price range of over JPY1 bn per property (avoid premium rental properties)
- In areas other than Tokyo, the Investment Corporation will decide upon the investment amount after taking into account factors such as market size (assuming portfolio reshuffle of low-interest yield properties)
- Building age: Less than 10 years, in principle
- Average NOI yield: 5% or above, in principle

Disposition Policy

- Strategic decision-making from the viewpoint of real estate market trends and the entire portfolio
- Based on analysis of profitability, local characteristics, size of property, operational efficiency, etc.
- Utilize negative goodwill for realized losses arising from disposed properties and etc. (balance following dividend disbursement in the 21st fiscal period (forecast): JPY6.8 bn)
- Disposition based on leveraging the network and knowhow of the asset management company



(Note) Bar graph: Asset Size (Acquisition Price), Line graph: # of properties

(2) Internal Growth

“Daily Occupancy Rate Forecasting System” enable us to grasp on-the-ground conditions, engage in studying issues based on a hands-on approach, and undertake the actions outlined here in a swift manner.

■ Improvement in Profitability

- Maximization of income from each property based on “Management Policy by Property”
- Challenges to raising rents and stemming the downfall, others revenue growth
  - Improvement in product marketability as a result of upgrade of restoration
  - Improvement of parking occupancy rates
- Maintaining high occupancy rates
  - Eliminating long-term vacancies and preventing future occurrences
  - Presales before cancellation of contract, stronger management of mockups
- Cutting downtime
  - Systematic implementation of “Three-Week Rule”
  - Stronger efforts on “Key Focus Properties”
  - Shorten downtime (“Downtime 60 days”)
  - “Action 30 days” (Focusing on the units that has been vacant for 30 days since the leasing started)

■ Cost Reduction

- Review of PM companies as part of sustained efforts to reducing costs
- Reducing costs by obtaining volume discounts by engaging with suppliers with a countrywide presence
- Maintain outflows at appropriate levels by closely monitoring high-cost work orders

(3) Finance Strategy

Will flexibly implement financial strategies depending on the financial condition of JRH and borrowing circumstances.

Will aim to diversify financing sources by increasing the number of lenders, ongoing public offerings and issuance of investment corporation bonds.

■ Leverage Ratio

- LTV (interest-bearing debt / total assets) up to 55%

■ Debt-financing Strategy

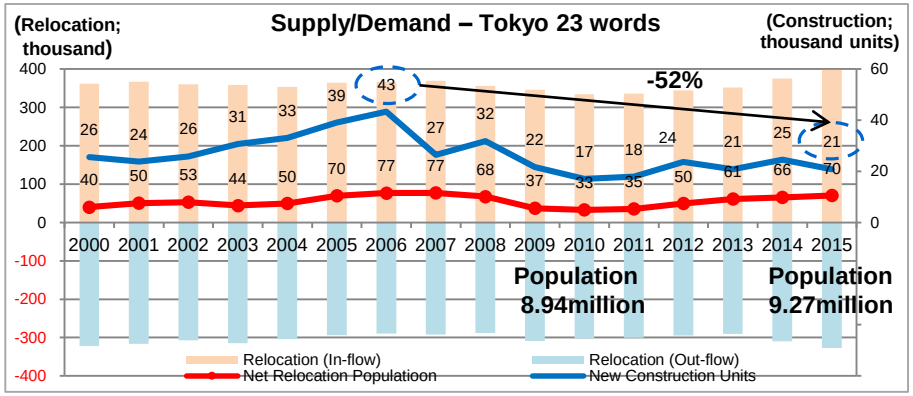
- Expand the number of correspondent financial institutions based on the concept of achieving a stable bank formation
- Continue to reduce all-in financing costs
- Extend borrowing periods and diversify payment due dates
- Continue to issue investment corporation bonds
- New property acquisitions using a mix of cash (depreciation – capital expenditure) and bank debt

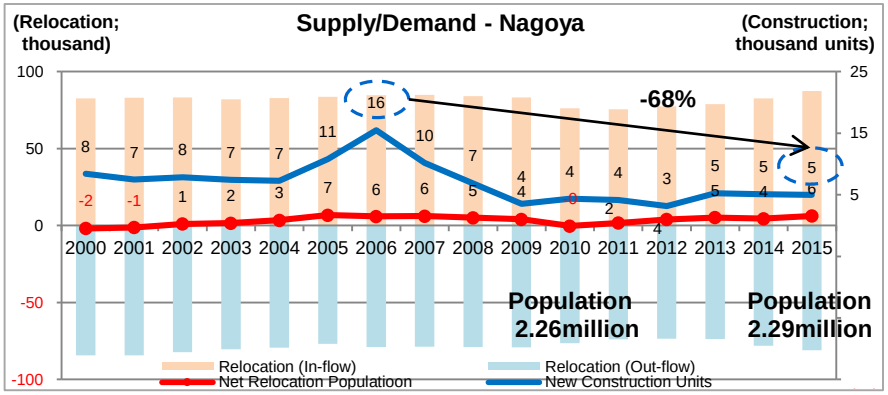
■ Equity-financing Strategy

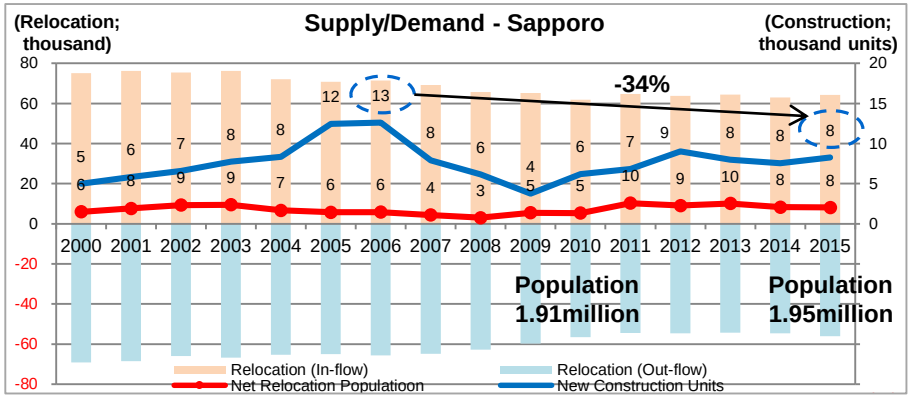
- Investment unit price per unit shall in principle exceed net assets per unit (NAV higher than 1)
- Make decisions upon comprehensively considering capital market trends, impact on distributions, acquisition capacity after public offering, etc.
- Consider public offering taking total assets based LTV into account

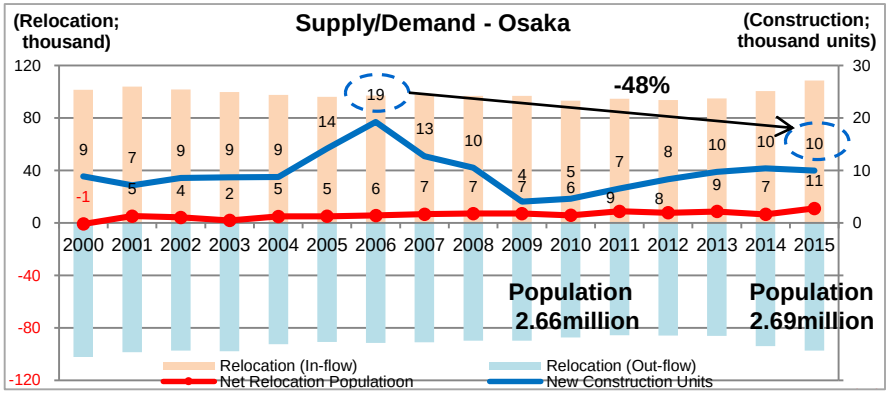
Appendices

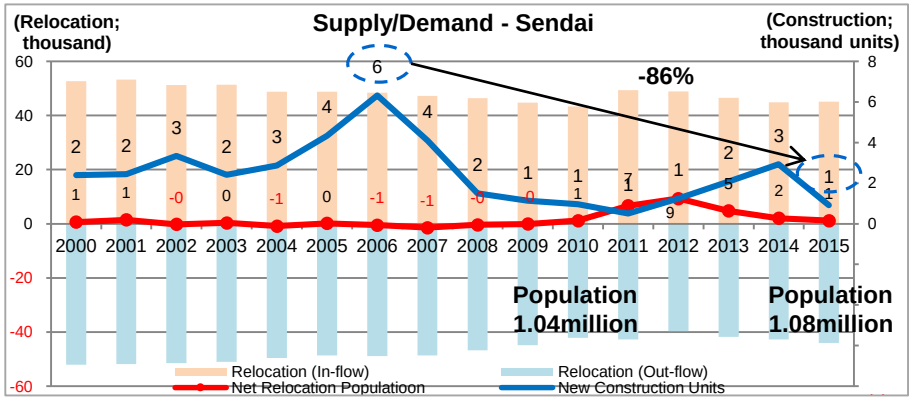
Lease Supply/Demand

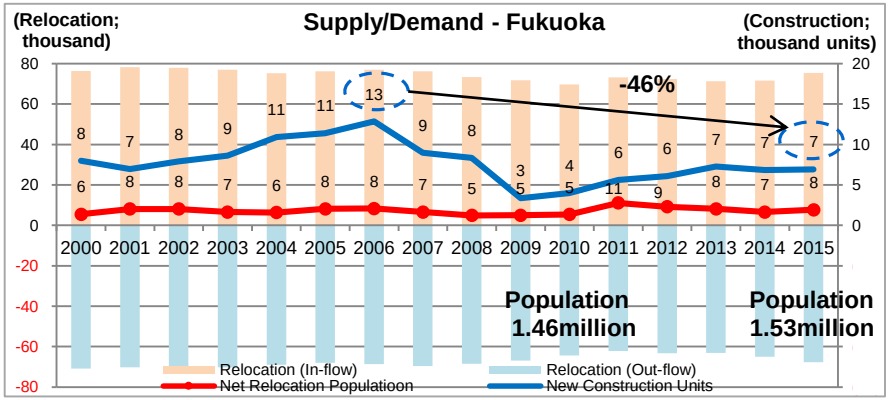






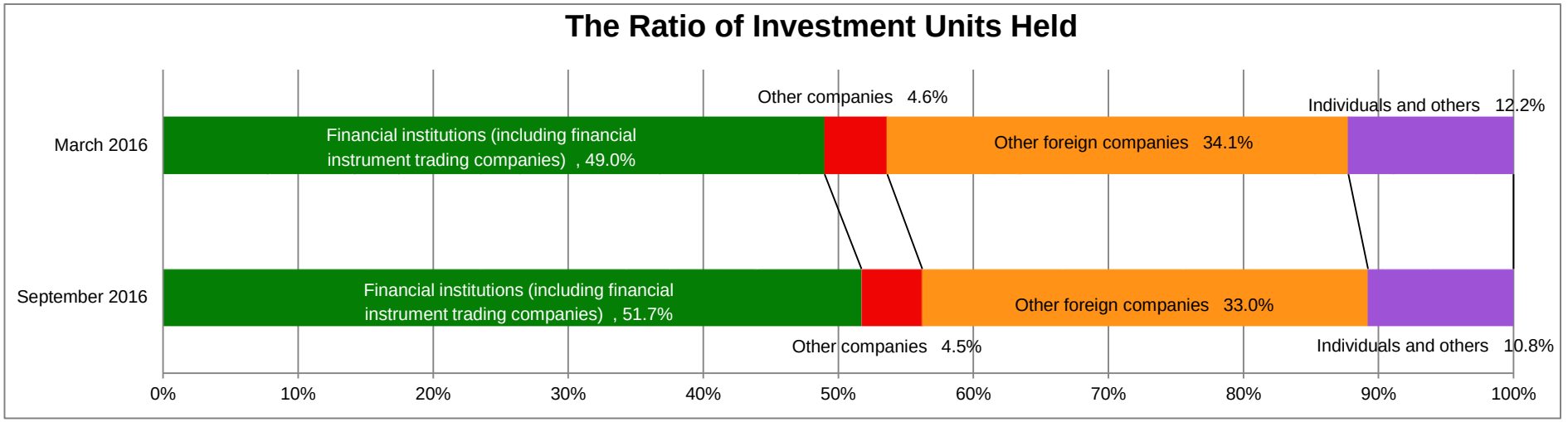






(Source) Relocation balance: Population Movement from Basic Resident Register, MIC
Construction work on new rental apartments: Survey on Construction Works by the MLIT (construction of rental units and SRC/RC apartments complexes)

Unitholders as of the 21st Fiscal Period End (as of September 30, 2016)



<Top Unitholders >

Ranking	Unitholders (Top 10)	September 2016			Number of Units Held as of March 2016 (Note2)
		Number of Units Held	% of Total Units in Issue (Note 1)	Change	
1	Japan Trustee Services Bank, Ltd. (Trust account)	277,361	16.9%	+28,038	249,323
2	The Master Trust Bank of Japan (Trust account)	178,883	10.9%	+1,832	177,051
3	Trust & Custody Services Bank (Securities investment trust account)	151,669	9.2%	-3,658	155,327
4	Nomura Bank (Luxembourg) S.A.	128,789	7.8%	+8,032	120,757
5	Nomura Trust and Banking Company (Trust account)	82,724	5.0%	+9,570	73,154
6	Daiwa Securities Group Inc.	55,014	3.3%	-	55,014
7	THE BANK OF NEW YORK, NON-TREATY JASDEC ACCOUNT	35,808	2.1%	-	-
8	STATE STREET BANK AND TRUST COMPANY 505223	27,618	1.6%	+4,455	23,163
9	STATE STREET BANK AND TRUST COMPANY 505012	20,545	1.2%	-	-
10	SIX SIS LTD.	19,587	1.1%	-	-
Subtotal		977,998	59.6%		

<Number of Unitholders by Investor Type>

	March 2016	September 2016	Change
Financial Institutions (including financial instrument trading companies)	76	74	-2
Other Domestic Companies	260	236	-24
Other Foreign Companies	217	231	+14
Individuals and Others	19,677	18,491	-1,186
Total	20,230	19,032	-1,198

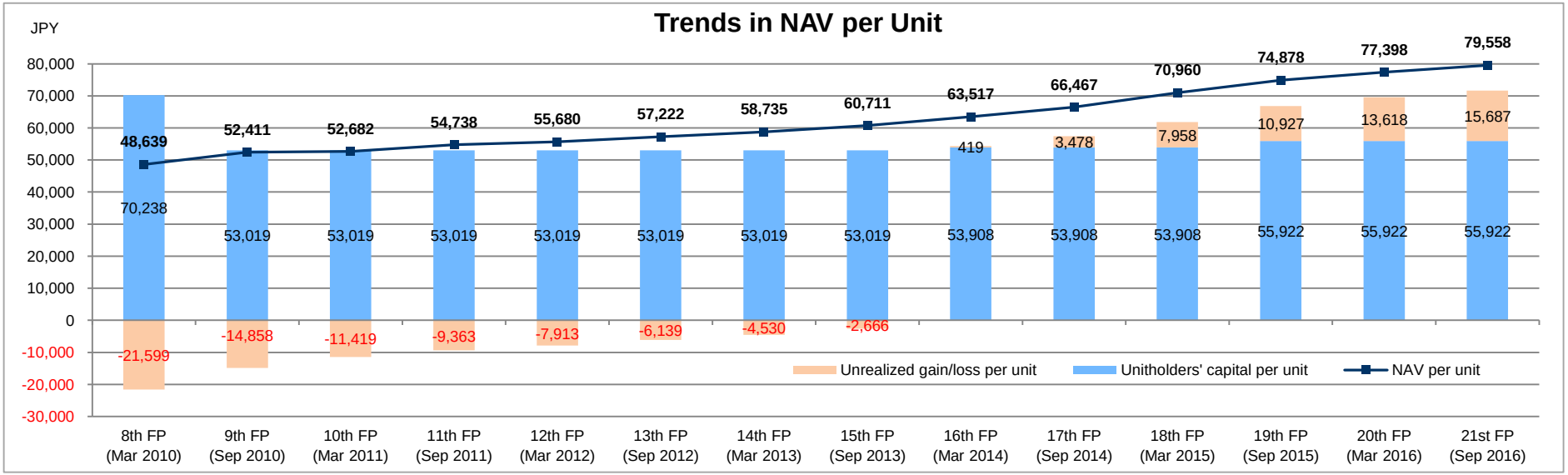
(Note1) The ratio of investment units held in comparison to the total units in issue is rounded down to the second decimal point.
(Note2) Indicate top 10 unitholders as of the end of March 2016.

Equity Position

Date	Details	Total Investment (JPY)		Total Units in Issue		Note
		Change	Balance	Change	Number of Units	
October 7, 2005	Private placement	100,000,000	100,000,000	200	200	
December 13,2005	Third-party allotment	8,900,000,000	9,000,000,000	17,800	18,000	
June 21, 2006	Public offering of new equity	18,748,800,000	27,748,800,000	43,400	61,400	
April 26, 2007	Public offering of new equity	18,595,161,900	46,343,961,900	34,300	95,700	
May 24, 2007	Third-party allotment	963,370,341	47,307,332,241	1,777	97,477	
August 28, 2008	Third-party allotment	12,250,000,000	59,557,332,241	70,000	167,477	
October 2, 2009	Third-party allotment	6,000,119,300	65,557,451,541	65,863	233,340	
June 30, 2010	Third-party allotment	5,000,236,650	70,557,688,191	43,035	276,375	(Note1)
July 1, 2010	Investment unit split	-	70,557,688,191	829,125	1,105,500	(Note2)
July 1, 2010	Merger	-	70,557,688,191	225,300	1,330,800	(Note3)
November 26, 2013	Public offering of new equity	8,148,307,200	78,705,995,391	131,200	1,462,000	
December 18, 2013	Third-party allotment	811,104,360	79,517,099,751	13,060	1,475,060	
May 27, 2015	Public offering of new equity	12,198,615,000	91,715,714,751	165,000	1,640,060	

Total Investment	JPY 91,715,714,751
Total Number of Investment Units Authorized	5,000,000 units
Total Number of Investment Units Outstanding	1,640,060 units

(Note1) Third party allotment of new investment units done at an issue price of 116,190 yen per unit with the purpose of repaying a part of the loans that were transferred as part of the merger with PRI
(Note2) Conducted a four-to-one investment unit split
(Note3) With the absorption-type merger, the merger was conducted with PRI treated as the Investment Corporation Extinguished in Absorption-Type Merger in accordance with article 147 of the Act on Investment Trusts and Investment Corporations



Occupancy Rates

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

Type	Sep 2006	Mar 2007	Sep 2007	Mar 2008	Sep 2008	Mar 2009	Sep 2009	Mar 2010	Sep 2010	Mar 2011	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013	Mar 2014	Sep 2014	Mar 2015	Sep 2015	Mar 2016	Sep 2016
Studio	94.45%	95.17%	94.66%	96.29%	94.43%	94.57%	94.23%	96.54%	95.67%	97.71%	96.69%	98.25%	97.05%	98.44%	97.84%	98.83%	98.35%	99.20%	98.54%	99.23%	98.65%
Family	98.02%	97.01%	94.82%	95.02%	93.70%	93.07%	91.27%	95.36%	92.09%	95.43%	95.97%	97.71%	97.27%	97.74%	97.57%	97.42%	97.89%	98.26%	98.61%	98.79%	97.95%
Premium (Note1)	94.20%	97.61%	96.78%	96.68%	90.07%	78.06%	71.29%	77.51%	77.31%	79.76%	88.23%	87.58%	-	-	-	-	-	-	-	-	-
Portfolio	96.83%	96.56%	94.82%	95.70%	93.91%	93.20%	91.91%	95.23%	93.50%	96.40%	96.24%	97.84%	97.15%	98.14%	97.72%	98.20%	98.14%	98.80%	98.57%	99.05%	98.36%

Area (Note2)	Sep 2006	Mar 2007	Sep 2007	Mar 2008	Sep 2008	Mar 2009	Sep 2009	Mar 2010	Sep 2010	Mar 2011	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013	Mar 2014	Sep 2014	Mar 2015	Sep 2015	Mar 2016	Sep 2016
Seven wards of central Tokyo	94.99%	97.43%	97.11%	96.40%	92.70%	84.26%	80.45%	87.47%	91.13%	94.57%	93.50%	95.89%	95.08%	96.84%	96.78%	97.87%	97.05%	-	-	-	-
23 wards of Tokyo	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	98.74%	98.78%	98.86%	99.20%
Three major metropolitan areas	98.04%	97.81%	96.35%	96.89%	95.33%	94.93%	93.34%	96.67%	94.12%	96.80%	96.32%	98.04%	97.27%	98.41%	97.84%	98.24%	98.36%	98.60%	98.24%	99.08%	98.02%
Other major cities	92.49%	90.36%	89.06%	91.90%	90.12%	90.55%	90.83%	93.68%	93.15%	96.22%	97.32%	98.27%	97.90%	98.03%	97.88%	98.23%	98.11%	99.20%	98.92%	99.18%	98.09%
Portfolio	96.83%	96.56%	94.82%	95.70%	93.91%	93.20%	91.91%	95.23%	93.50%	96.40%	96.24%	97.84%	97.15%	98.14%	97.72%	98.20%	98.14%	98.80%	98.57%	99.05%	98.36%

Building Age	Sep 2006	Mar 2007	Sep 2007	Mar 2008	Sep 2008	Mar 2009	Sep 2009	Mar 2010	Sep 2010	Mar 2011	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013	Mar 2014	Sep 2014	Mar 2015	Sep 2015	Mar 2016	Sep 2016
5 yrs or less	99.05%	98.84%	95.89%	96.53%	95.03%	94.91%	94.35%	97.29%	95.76%	97.28%	97.78%	99.61%	99.02%	98.27%	93.32%	99.75%	95.91%	-	99.45%	96.80%	98.96%
5 yrs to 10 yrs	96.94%	98.08%	95.97%	97.28%	93.39%	92.97%	93.17%	90.79%	95.49%	97.55%	96.53%	98.19%	97.26%	98.97%	98.15%	97.94%	98.56%	98.88%	98.49%	99.22%	98.54%
10 yrs to 15 yrs	94.16%	91.23%	91.25%	96.41%	94.04%	94.52%	90.17%	96.92%	92.70%	97.83%	96.56%	98.10%	98.28%	97.96%	98.57%	99.25%	98.58%	98.83%	98.50%	98.97%	98.77%
15 yrs to 20 yrs	97.09%	96.90%	94.05%	94.21%	92.62%	90.85%	89.94%	94.90%	90.62%	93.23%	93.71%	95.34%	94.70%	95.27%	95.47%	98.60%	97.15%	98.26%	98.09%	98.97%	98.69%
Excess 20 yrs	97.25%	94.56%	95.22%	92.75%	92.80%	90.26%	87.76%	90.30%	89.82%	94.84%	95.49%	97.45%	96.78%	97.83%	97.29%	97.72%	97.47%	98.84%	98.88%	99.12%	97.20%
Portfolio	96.83%	96.56%	94.82%	95.70%	93.91%	93.20%	91.91%	95.23%	93.50%	96.40%	96.24%	97.84%	97.15%	98.14%	97.72%	98.20%	98.14%	98.80%	98.57%	99.05%	98.36%

Size	Sep 2006	Mar 2007	Sep 2007	Mar 2008	Sep 2008	Mar 2009	Sep 2009	Mar 2010	Sep 2010	Mar 2011	Sep 2011	Mar 2012	Sep 2012	Mar 2013	Sep 2013	Mar 2014	Sep 2014	Mar 2015	Sep 2015	Mar 2016	Sep 2016
0.5 bn yen or less	96.42%	96.03%	94.05%	95.18%	93.00%	93.31%	91.91%	95.48%	93.66%	97.61%	97.40%	98.15%	97.73%	98.39%	97.62%	98.56%	97.75%	98.95%	98.55%	99.22%	98.09%
0.5 to 1.0 bn yen	94.88%	93.60%	94.44%	94.20%	92.68%	90.97%	90.44%	94.46%	93.46%	95.56%	96.76%	98.18%	97.54%	98.23%	98.13%	98.71%	98.70%	99.22%	98.69%	98.91%	97.69%
1.0 to 3.0 bn yen	98.01%	98.09%	93.32%	95.77%	94.77%	95.84%	93.88%	95.84%	93.97%	96.68%	95.65%	97.68%	96.88%	97.92%	97.64%	98.64%	97.93%	98.49%	98.54%	99.06%	98.63%
Excess 3.0 bn yen	98.67%	99.70%	99.75%	99.33%	96.34%	93.18%	91.62%	95.33%	91.52%	95.37%	94.09%	96.78%	95.74%	98.18%	96.92%	95.94%	98.19%	98.81%	98.49%	99.06%	98.77%
Portfolio	96.83%	96.56%	94.82%	95.70%	93.91%	93.20%	91.91%	95.23%	93.50%	96.40%	96.24%	97.84%	97.15%	98.14%	97.72%	98.20%	98.14%	98.80%	98.57%	99.05%	98.36%

(Note1) On May 24, 2012, the categories of rental residential properties were changed from studio type, family type and premium type into studio type and family type.
(Note2) On January 29, 2015, the investment areas were changed from Seven wards of central Tokyo, Three major metropolitan areas and Other major cities to 23 wards of Tokyo, Three major metropolitan areas and Other major cities.

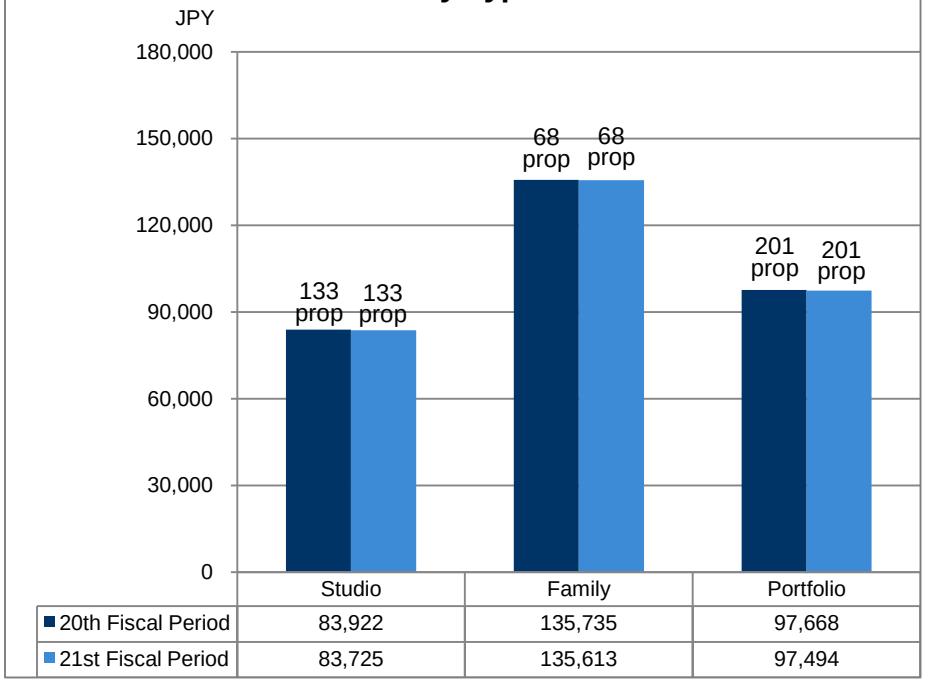
Portfolio Overview (as of September 30, 2016)

Category of Properties	Number of Properties	Average Acquisition Price (Thousand yen)	Number of Rentable Units	Average Number of Rentable Units per Property	Average Rentable Floor Area per Unit (sq. meter)
Studio	133	1,066,495	9,668	72	31.6
Family	68	1,152,781	3,492	51	62.7
Total (Average)	201	1,095,686	13,160	65	39.8

Category of Properties	Number of Properties	Average Acquisition Price (Thousand yen)	Number of Rentable Units	Average Number of Rentable Units per Property	Average Rentable Floor Area per Unit (sq. meter)
23 wards of Tokyo	68	1,348,641	3,502	51	40.5
The three major metropolitan areas	95	975,046	6,212	65	39.8
Other major cities	38	944,630	3,446	90	39.2
Total (Average)	201	1,095,686	13,160	65	39.8

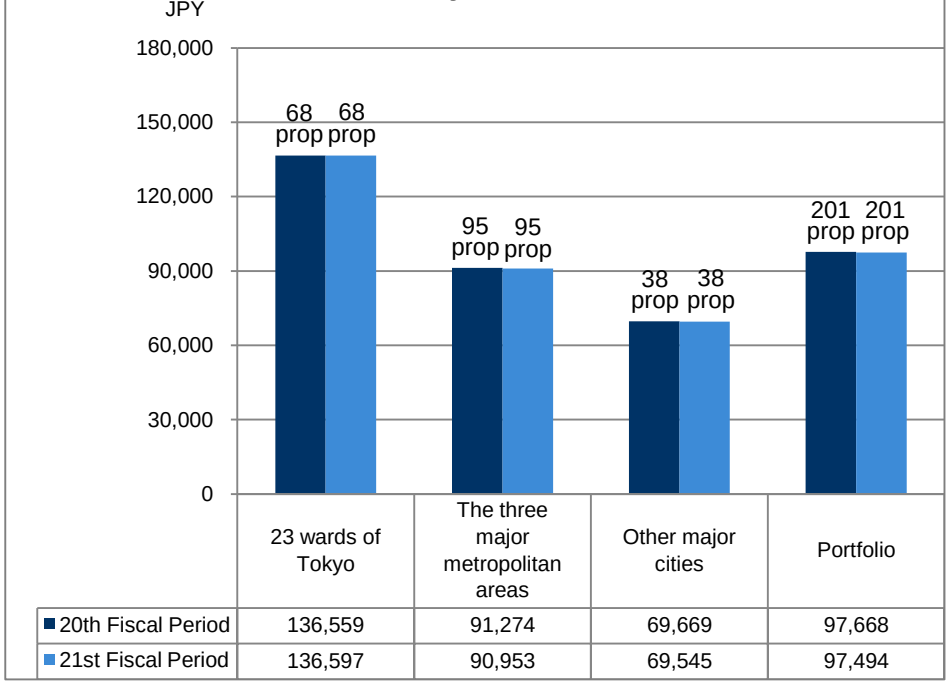
Rent per Unit

By Type



	Studio	Family	Portfolio
20th Fiscal Period	83,922	135,735	97,668
21st Fiscal Period	83,725	135,613	97,494

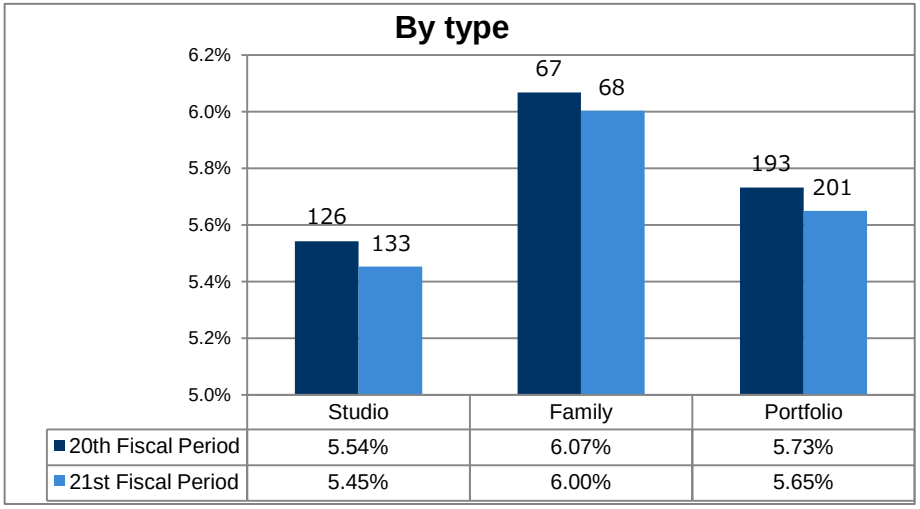
By Area



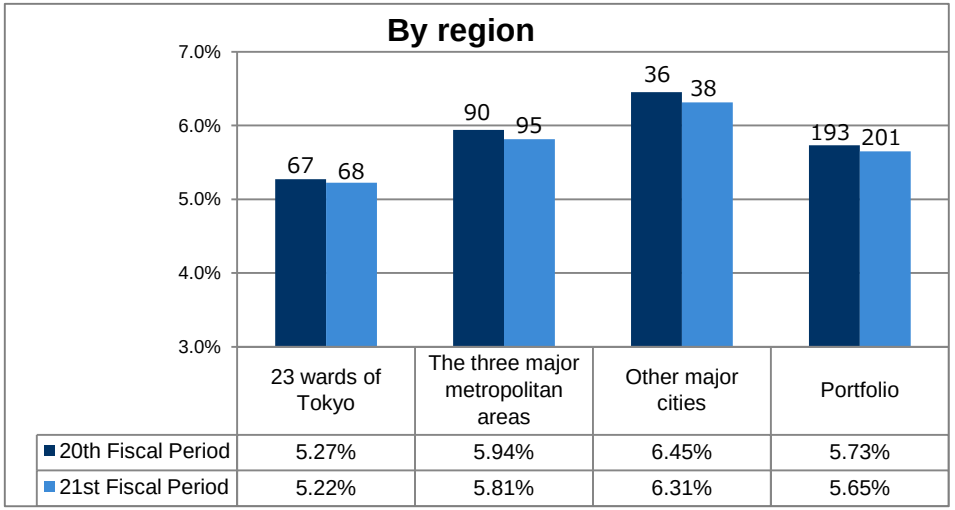
	23 wards of Tokyo	The three major metropolitan areas	Other major cities	Portfolio
20th Fiscal Period	136,559	91,274	69,669	97,668
21st Fiscal Period	136,597	90,953	69,545	97,494

(Note) Average rent per unit calculations: rental revenue (rent + common-service charges) / total contracted area

NOI Yield (by Type and Region) *193 properties for the 20th FP



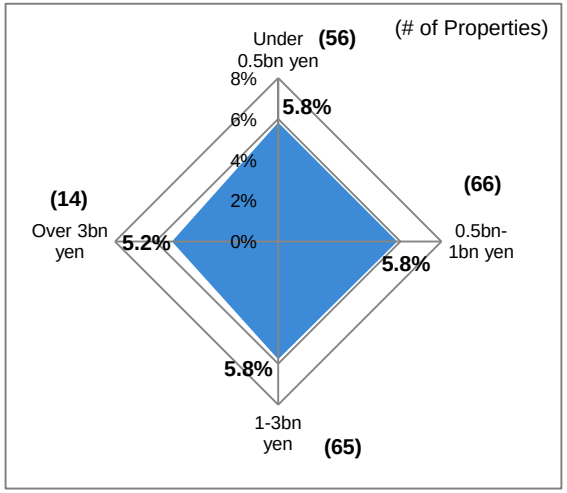
	Studio	Family	Portfolio
20th Fiscal Period	5.54%	6.07%	5.73%
21st Fiscal Period	5.45%	6.00%	5.65%



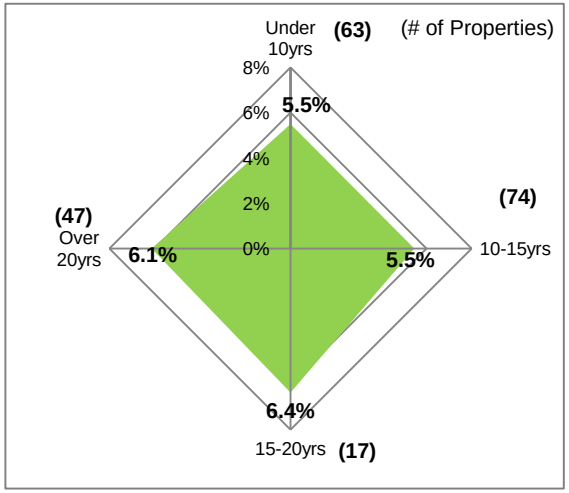
	23 wards of Tokyo	The three major metropolitan areas	Other major cities	Portfolio
20th Fiscal Period	5.27%	5.94%	6.45%	5.73%
21st Fiscal Period	5.22%	5.81%	6.31%	5.65%

(Note1) Number of properties: 193 in the 20th fiscal period exclude 8 newly acquired properties (numbers of properties indicated on top of the bar graphs)
(Note2) NOI yield: Annual income and expenditure in the rental business / acquisition price of property excluding tax

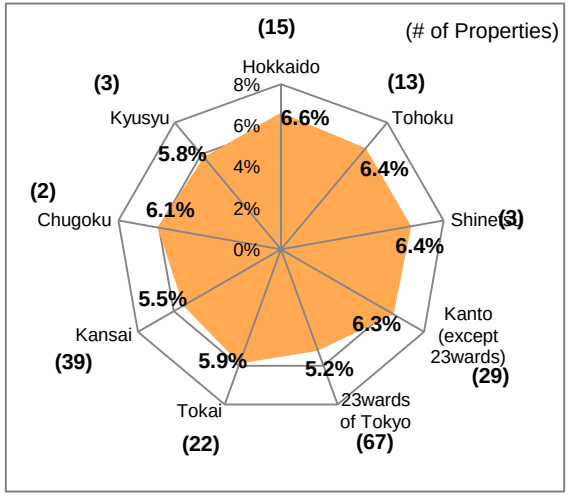
<By size>



<By building age>



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Interest Bearing Debt (as of September 30, 2016)

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

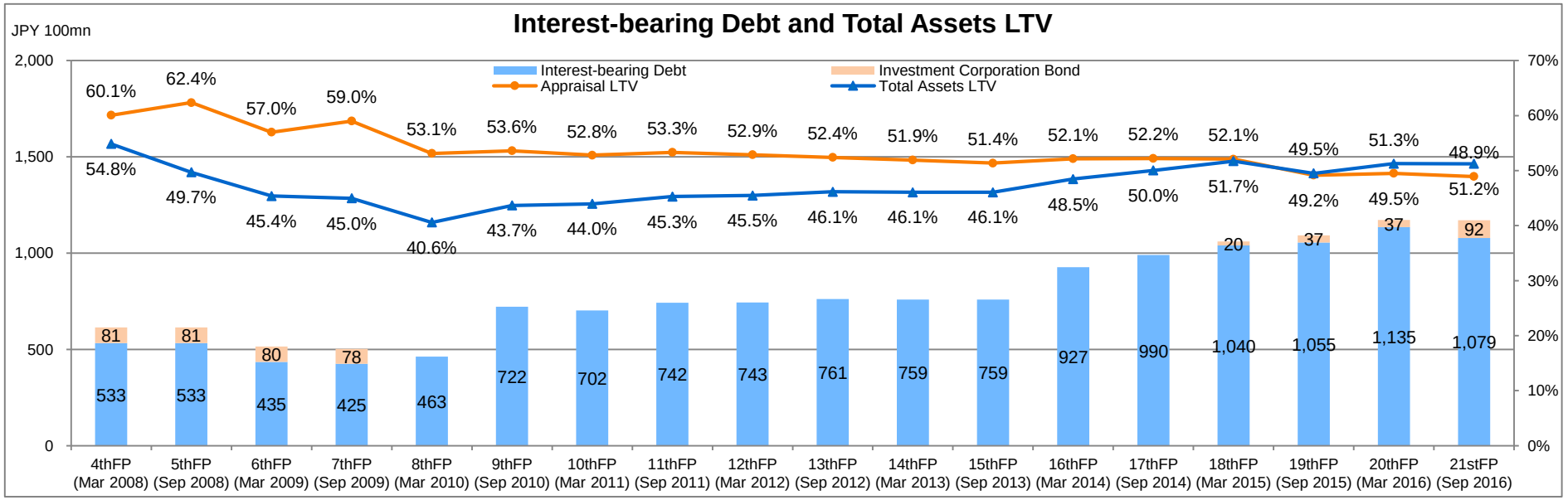
Lender	Borrowing Amount (million yen) (Note)	Interest Rate (%) (Note)	Loan Origination Date	Repayment Date	Remarks
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	2,000	0.83%	Mar 22, 2012	Mar 22, 2017	Unsecured /Unguaranteed
	1,960	0.78%	Jun 22, 2012	Jun 22, 2017	
	1,372	0.78%	Jun 22, 2012	Jun 22, 2017	
	1,000	0.78%	Sep 21, 2012	Sep 21, 2017	
	1,550	0.78%	Mar 25, 2013	Mar 23, 2018	
	1,459	0.78%	Jun 24, 2013	Jun 22, 2018	
	1,400	0.73%	Oct 18, 2013	Mar 23, 2018	
	430	0.78%	Dec 25, 2013	Dec 25, 2018	
	630	0.78%	Jan 31, 2014	Dec 25, 2018	
	1,050	0.88%	Mar 6, 2014	Mar 22, 2020	
	1,050	0.98%	Mar 6, 2014	Mar 22, 2021	
	808	0.63%	Mar 26, 2014	Dec 25, 2018	
	1,000	0.78%	Mar 26, 2014	Mar 23, 2020	
	1,544	0.88%	Mar 26, 2014	Mar 22, 2021	
	550	0.63%	Jul 1, 2014	Jun 28, 2019	
	500	0.63%	Sep 1, 2014	Aug 30, 2019	
	1,300	0.63%	Sep 22, 2014	Sep 30, 2019	
	1,000	0.78%	Dec 24, 2014	Jun 30, 2022	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	500	0.78%	Jun 1, 2015	Jun 30, 2023	
	757	0.31%	Jun 22, 2015	Mar 22, 2017	
	688	0.78%	Jun 22, 2015	Jun 30, 2023	
	600	0.68%	Mar 25, 2016	Jun 22, 2021	
	4,470	0.43%	Jun 22, 2016	Jun 22, 2021	
	2,000	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	30,119				
Sumitomo Mitsui Banking Corporation	685	0.78%	Jun 22, 2012	Jun 22, 2017	Unsecured /Unguaranteed
	566	0.78%	Jun 22, 2012	Jun 22, 2017	
	400	0.78%	Mar 25, 2013	Mar 23, 2018	
	4,612	0.78%	Jun 24, 2013	Jun 22, 2018	
	770	0.78%	Dec 25, 2013	Dec 25, 2018	
	230	0.78%	Jan 31, 2014	Dec 25, 2018	
	500	0.88%	Mar 6, 2014	Mar 22, 2020	
	500	0.98%	Mar 6, 2014	Mar 22, 2021	
	500	0.63%	Mar 26, 2014	Dec 25, 2018	
	1,000	0.78%	Mar 26, 2014	Mar 23, 2020	
	1,666	0.88%	Mar 26, 2014	Mar 22, 2021	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	1,824	0.31%	Jun 22, 2015	Mar 22, 2017	
	993	0.78%	Jun 22, 2015	Jun 30, 2023	
	500	0.78%	Jun 1, 2015	Jun 30, 2023	
	600	0.68%	Mar 25, 2016	Jun 22, 2021	
	1,970	0.43%	Jun 22, 2016	Jun 22, 2021	
	1,500	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	19,316				
Aozora Bank,Ltd.	1,222	0.78%	Jun 22, 2012	Jun 22, 2017	Unsecured /Unguaranteed
	1,342	0.78%	Jun 22, 2012	Jun 22, 2017	
	300	0.78%	Mar 25, 2013	Mar 23, 2018	
	7,154	0.78%	Jun 24, 2013	Jun 22, 2018	
	400	0.88%	Mar 6, 2014	Mar 22, 2020	
	400	0.98%	Mar 6, 2014	Mar 22, 2021	
	1,000	0.63%	Mar 26, 2014	Dec 25, 2018	
	1,000	0.78%	Mar 26, 2014	Mar 23, 2020	
	1,154	0.88%	Mar 26, 2014	Mar 22, 2021	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	758	0.31%	Jun 22, 2015	Mar 22, 2017	
	412	0.78%	Jun 22, 2015	Jun 30, 2023	
Subtotal	15,642				

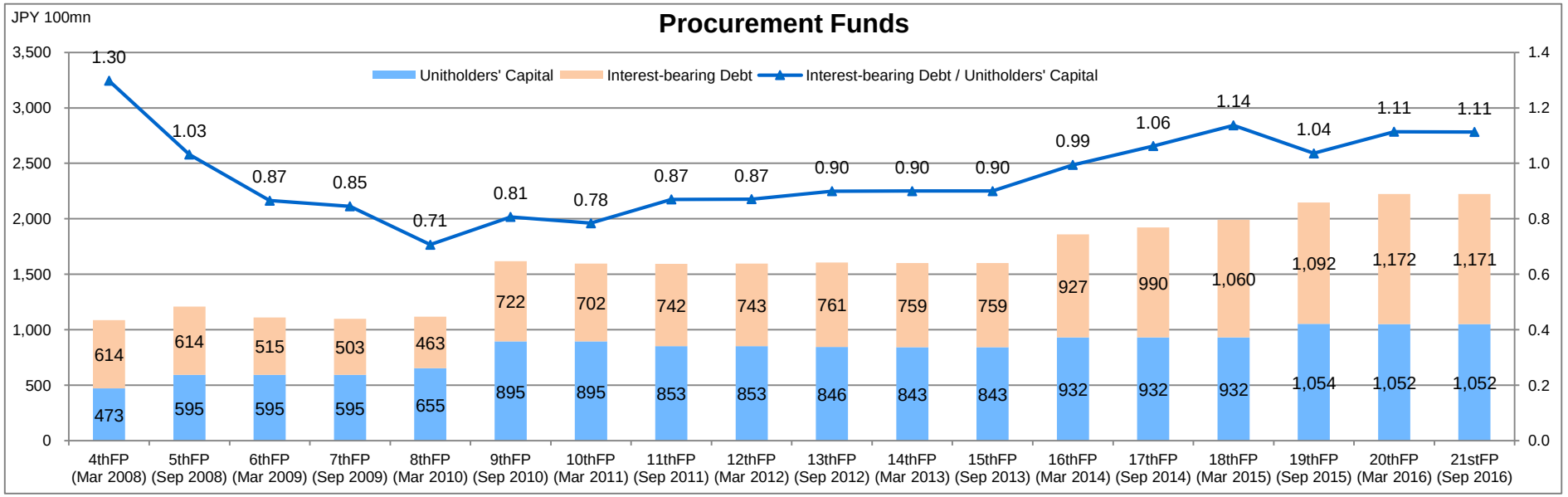
Lender	Borrowing Amount (million yen) (Note)	Interest Rate (%) (Note)	Loan Origination Date	Repayment Date	Remarks
Shinsei Bank, Limited	1,500	0.83%	Mar 22, 2012	Mar 22, 2017	Unsecured /Unguaranteed
	685	0.78%	Jun 22, 2012	Jun 22, 2017	
	770	0.78%	Dec 25, 2013	Dec 25, 2018	
	230	0.78%	Jan 31, 2014	Dec 25, 2018	
	500	0.88%	Mar 6, 2014	Mar 22, 2020	
	500	0.98%	Mar 6, 2014	Mar 22, 2021	
	1,000	0.78%	Mar 26, 2014	Mar 23, 2020	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	1,239	0.31%	Jun 22, 2015	Mar 22, 2017	
	674	0.78%	Jun 22, 2015	Jun 30, 2023	
	500	0.78%	Jun 1, 2015	Jun 30, 2023	
	1,242	0.43%	Jun 22, 2016	Jun 22, 2021	
	1,000	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	10,340				
Resona Bank,Limited.	1,000	0.78%	Jun 22, 2012	Jun 22, 2017	Unsecured /Unguaranteed
	500	0.78%	Sep 21, 2012	Sep 21, 2017	
	1,000	0.78%	Mar 25, 2013	Mar 23, 2018	
	550	0.73%	Oct 18, 2013	Mar 23, 2018	
	770	0.78%	Dec 25, 2013	Dec 25, 2018	
	230	0.78%	Jan 31, 2014	Dec 25, 2018	
	500	0.63%	Mar 26, 2014	Dec 25, 2018	
	500	0.78%	Dec 24, 2014	Jun 30, 2022	
	1,315	0.31%	Jun 22, 2015	Mar 22, 2017	
	715	0.78%	Jun 22, 2015	Jun 30, 2023	
	500	0.78%	Jun 1, 2015	Jun 30, 2023	
	1,318	0.43%	Jun 22, 2016	Jun 22, 2021	
	1,000	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	9,898				
Mitsubishi UFJ Trust and Banking Corporation	200	0.78%	Mar 25, 2013	Mar 23, 2018	Unsecured /Unguaranteed
	1,160	0.78%	Dec 25, 2013	Dec 25, 2018	
	340	0.78%	Jan 31, 2014	Dec 25, 2018	
	1,295	0.63%	Mar 26, 2014	Dec 25, 2018	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	951	0.31%	Jun 22, 2015	Mar 22, 2017	
	518	0.78%	Jun 22, 2015	Jun 30, 2023	
	500	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	5,464				
The Bank of Fukuoka, Ltd.	500	0.83%	Mar 22, 2012	Mar 22, 2017	Unsecured /Unguaranteed
	837	0.78%	Jun 24, 2013	Jun 22, 2018	
	1,160	0.78%	Dec 25, 2013	Dec 25, 2018	
	340	0.78%	Jan 31, 2014	Dec 25, 2018	
	500	0.63%	Mar 26, 2014	Dec 25, 2018	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
	500	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	4,337				
Development Bank of Japan Inc.	1,000	0.93%	Sep 22, 2014	Sep 30, 2019	Unsecured/Unguaranteed
	1,500	0.46%	Sep 20, 2016	Sep 22, 2022	
Subtotal	2,500				
The HIGASHI-NIPPON BANK, LIMITED	500	0.78%	Sep 21, 2012	Sep 21, 2017	Unsecured /Unguaranteed
	400	0.78%	Mar 25, 2013	Mar 23, 2018	
	600	0.73%	Oct 18, 2013	Mar 23, 2018	
	770	0.78%	Dec 25, 2013	Dec 25, 2018	
Subtotal	2,270				
ORIX Bank Corporation	398	0.78%	Jun 24, 2013	Jun 22, 2018	Unsecured /Unguaranteed
	770	0.78%	Dec 25, 2013	Dec 25, 2018	
	500	0.63%	Mar 26, 2014	Dec 25, 2018	
	500	0.73%	Feb 2, 2015	Feb 28, 2022	
Subtotal	2,168				

Lender	Borrowing Amount (million yen) (Note)	Interest Rate (%) (Note)	Loan Origination Date	Repayment Date	Remarks
The Norinchukin Bank	505	0.31%	Jun 22, 2015	Mar 22, 2017	Unsecured /Unguaranteed
	1,170	0.38%	Mar 22, 2016	Mar 23, 2018	
Subtotal	1,675				
The Hyakugo Bank, Ltd.	1,000	0.63%	Jul 1, 2014	Jun 28, 2019	Unsecured/Unguaranteed
Subtotal	1,000				
The Hiroshima Bank, Ltd.	500	0.63%	Jul 1, 2014	Jun 28, 2019	Unsecured /Unguaranteed
	500	0.63%	Sep 1, 2014	Aug 30, 2019	
Subtotal	1,000				
The Kagawa Bank, Ltd.	700	0.63%	Jul 1, 2014	Jun 28, 2019	Unsecured/Unguaranteed
Subtotal	700				
The Ashikaga Bank, Ltd.	500	0.63%	Mar 26, 2014	Dec 25, 2018	Unsecured/Unguaranteed
Subtotal	500				
The Senshu Ikeda Bank, Ltd.	500	0.63%	Sep 1, 2014	Aug 30, 2019	Unsecured/Unguaranteed
Subtotal	500				
The Nomura Trust and Banking Co., Ltd.	500	0.63%	Sep 1, 2014	Aug 30, 2019	Unsecured/Unguaranteed
Subtotal	500				
Total	107,932				
First Unsecured Investment Corporation Bond	2,000	0.69%	Feb 13, 2015	Feb 13, 2020	Unsecured /Unguaranteed
Second Unsecured Investment Corporation Bond	1,700	0.72%	Jul 28, 2015	Jul 28, 2020	
Third Unsecured Investment Corporation Bond	3,000	0.28%	Jun 15, 2016	Jun 15, 2021	
Fourth Unsecured Investment Corporation Bond	2,500	0.72%	Jun 15, 2016	Jun 15, 2026	
Total	9,200				
Total	117,132				

(Note)Figures rounded down to the nearest million. Interest rate rounded off to second decimal place

Financial Conditions





Financial Indicators

Item	20th Fiscal Period	21st Fiscal Period	Reference
Number of actual days of operation	183	183	-
Return on assets (ROA)	1.3%	1.2%	Ordinary income/ (Total assets at the beginning of the period + Total assets at the end of the period) / 2) x 100
(annualized)	2.5%	2.4%	-
Return on equity (ROE)	2.6%	2.5%	Profit / ((Net assets at the beginning of the period + Net assets at the end of the period) / 2) x 100
(annualized)	5.2%	5.1%	-
Capital adequacy ratio as of the end of the fiscal term	47.0%	47.0%	Net assets at the end of the period / ((Total assets at the beginning of the period + Total assets at the end of the period) / 2) x 100
Depreciation	JPY 1,668 mn	JPY 1,715 mn	-
Rental NOI (Net Operating Income)	JPY 6,156 mn	JPY 6,220 mn	Rental revenues - property - related expenses + depreciation
FFO(Funds from Operation) per investment unit	JPY 2,926	JPY 2,890	FFO (Profit + Depreciation + Amortization - Gains on sales of property + Write off of accounts receivable) / Total number of investment units outstanding as of the end of the fiscal period
FFO (Funds from Operation) multiple	14.2 times	14.7 times	Unit price at the end of the fiscal term / Annualized FFO per unit
Debt service coverage ratio (DSCR)	10.0 times	10.2 times	(Profit before interest, Depreciation and Amortization - Gain or loss of the disposition of real estate + Impairment loss) / Interest expenses
Total interest-bearing debt	JPY 117,235 mn	JPY 117,132 mn	Interest-bearing debt at the end of the period
Ratio of interest-bearing debt to total assets	51.3%	51.2%	(Interest-bearing debt at the end of the period / Total assets at the end of the period) x 100

Income Statements

(JPY thousand)

	20th Fiscal Period From October 1, 2015 to March 31, 2016	21st Fiscal Period From April 1, 2016 to September 30, 2016
Operating revenues:		
Rental revenues	7,943,724	8,133,821
Total operating revenues	7,943,724	8,133,821
Operating expenses:		
Rental expenses	3,455,339	3,628,670
Asset management fees	529,900	543,100
Directors' remuneration	5,400	6,200
Asset custody fees	13,232	13,628
Administrative service fees	38,890	40,132
Audit fees	14,500	14,500
Provision for doubtful accounts	2,857	7,428
Write off of accounts receivable	112	78
Other operating expenses	255,925	279,223
Total operating expenses	4,316,157	4,532,962
Operating income	3,627,567	3,600,858
Non-operating income:		
Interest income	272	10
Miscellaneous income	70,625	11,663
Total non-operating income	70,898	11,673
Non-operating expenses:		
Interest expenses	533,192	513,813
Finance-related expenses	326,242	346,555
Amortization of issuance costs of new units	8,892	8,892
Amortization of bond issuance costs	3,678	5,883
Other non-operating expenses	1,605	1,582
Total non-operating expenses	873,612	876,727
Ordinary income	2,824,852	2,735,804
Income before income taxes	2,824,852	2,735,804
Income taxes – current	605	605
Total income taxes	605	605
Profit	2,824,247	2,735,199
Retained earnings at beginning of period	694	759
Unappropriated retained earnings	2,824,942	2,735,958

(JPY thousand)

20th Fiscal Period From October 1, 2015 to March 31, 2016		21st Fiscal Period From April 1, 2016 to September 30, 2016	
Breakdown of Rental Revenues and Expenses		**Breakdown of Rental Revenues and Expenses**	
A. Rental revenues		A. Rental revenues	
(Rent income)	6,843,661	(Rent income)	6,987,641
(Common service fees)	440,454	(Common service fees)	458,549
(Parking fees)	293,635	(Parking fees)	299,700
(Incidental revenues)	56,436	(Incidental revenues)	54,469
(Other rental revenues)	309,536	(Other rental revenues)	333,459
Total	7,943,724	Total	8,133,821
B. Rental expenses:		B. Rental expenses:	
(Management fees)	470,924	(Management fees)	473,821
(Taxes and public dues) *2	446,281	(Taxes and public dues) *2	504,610
(Utilities)	156,666	(Utilities)	143,163
(Repairs) *3	309,126	(Repairs) *3	397,175
(Insurance expenses)	20,067	(Insurance expenses)	19,484
(Advertising expenses)	210,566	(Advertising expenses)	215,622
(Trust fees)	98,543	(Trust fees)	78,473
(Depreciation)	1,668,207	(Depreciation)	1,715,666
(Other rental expenses)	74,956	(Other rental expenses)	80,653
Total	3,455,339	Total	3,628,670
C. Rental income *1 (A - B)	4,488,385	C. Rental income *1 (A - B)	4,505,150

***1 Rental income**

(JPY million)

20th Fiscal Period		21st Fiscal Period	
Rental revenues	7,943	Rental revenues	8,133
Rental expenses	3,455	Rental expenses	3,628
Rental income	4,488	Rental income	4,505
NOI	6,156	NOI	6,220

***2 Taxes and public dues**

Number of properties that fixed assets tax and city planning tax are charged

20th Fiscal Period	184	21st Fiscal Period	200

***3 Repairs**

(JPY million)

20th Fiscal Period		21st Fiscal Period	
Repair cost	309	Repair cost	397
Capital expenditures	318	Capital expenditures	714

Balance Sheets

(JPY thousand)

	20th Fiscal Period (March 31, 2016)	21st Fiscal Period (September 30, 2016)
Assets:		
Current assets:		
Cash and bank deposits *1	9,924,511	11,121,948
Cash and bank deposits in trust *1	2,545,963	2,130,837
Rental receivables	141,807	148,409
Prepaid expenses	582,096	586,995
Consumption taxes receivable	19,921	-
Other current assets	252	1
Allowance for doubtful accounts	-8,179	- 13,150
Total current assets	13,206,374	13,975,040
Fixed assets:		
Property and equipment: *2		
Buildings	47,462,490	61,434,343
Accumulated depreciation	-5,301,851	- 8,874,733
Buildings, net	42,160,638	52,559,610
Structures	240,499	274,804
Accumulated depreciation	-52,972	-75,713
Structures, net	187,527	199,090
Machinery and equipment	65,826	118,069
Accumulated depreciation	-28,740	-45,544
Machinery and equipment, net	37,086	72,525
Tools, furniture and fixtures	256,693	408,157
Accumulated depreciation	-127,750	-208,732
Tools, furniture and fixtures, net	128,942	199,425
Land	34,977,548	44,371,541
Construction in progress	-	4,519
Buildings in trust	83,587,680	70,419,195
Accumulated depreciation	-12,376,918	-10,448,716
Buildings in trust, net	71,210,761	59,970,478
Structures in trust	419,670	385,885
Accumulated depreciation	-120,380	-119,291
Structures in trust, net	299,290	266,593
Machinery and equipment in trust	443,599	394,682
Accumulated depreciation	-150,379	-146,921
Machinery and equipment in trust, net	293,219	247,761
Tools, furniture and fixtures in trust	265,084	170,190
Accumulated depreciation	-129,207	-84,188
Tools, furniture and fixtures in trust, net	135,877	86,002
Land in trust	64,496,426	55,175,980
Construction in progress in trust	-	7,628
Total property and equipment	213,927,319	213,161,157
Intangible assets:		
Leasehold for land in trust	546,283	546,283
Right of using water facilities in trust	293	267
Trademark rights	704	621
Total intangible assets	547,282	547,173
Investments and other assets:		
Guaranteed securities deposited	9,694	9,750
Lease deposits	743	743
Long-term prepaid expenses	851,958	747,675
Reserve fund for repair	112,463	122,509
Total investments and other assets	974,859	880,678
Total fixed assets	215,449,461	214,589,008

(JPY thousand)

	20th Fiscal Period (March 31, 2016)	21st Fiscal Period (September 30, 2016)
Deferred assets:		
Issuance costs of new units	17,794	8,902
Bond issuance costs	30,263	69,315
Total deferred assets	48,057	78,217
Total assets	228,703,893	228,642,267
Liabilities:		
Current liabilities:		
Accounts payable	316,461	542,556
Short-term debt *3	8,000,000	-
Current portion of long-term debt *3	25,952,757	22,183,405
Other accounts payable	22,520	37,220
Accrued expenses	418,281	418,845
Income taxes payable	604	605
Consumption taxes payable	-	42,694
Rents received in advance	753,544	649,638
Other current liabilities	19,509	17,016
Total current liabilities	35,483,679	23,891,982
Long-term liabilities:		
Bonds	3,700,000	9,200,000
Long-term loans *3	79,583,065	85,748,660
Leasehold and security deposits received *1	775,985	917,679
Leasehold and security deposits received in trust *1	1,059,270	871,038
Derivatives liabilities	674,896	525,711
Total long-term liabilities	85,793,217	97,263,089
Total liabilities	121,276,897	121,155,071
Net assets:		
Unitholders' equity:		
Unitholders' capital *4	91,715,714	91,715,714
Surplus:		
Capital surplus	6,682,398	6,682,398
Reserves for distributions	6,878,836	6,878,836
Retained earnings	2,824,942	2,735,958
Total surplus	16,386,176	16,297,192
Total unitholders' equity	108,101,891	108,012,907
Valuation and translation adjustments		
Deferred gains or losses on hedges	-674,896	-525,711
Total valuation and translation adjustments	-674,896	-525,711
Total net assets	107,426,995	107,487,196
Total liabilities and net assets	228,703,893	228,642,267

(JPY million)

※1 現金及び預金	20th Fiscal Period	21st Fiscal Period
Cash and bank deposits		11,121
Cash and bank deposits in trust	2,545	2,130
Total	12,470	13,252
Leasehold and security deposits received	775	917
Leasehold and security deposits received in trust	1,059	871
Balance	10,635	11,464

***2 Property and equipment**	20th Fiscal Period	21st Fiscal Period
Total acquisition price	220,233百万円	220,233百万円

***3 Interest bearing debt**	21st Fiscal Period
Balance of interest bearing debt	JPY 117,132 mn
Long-term interest bearing debt ratio (Long-term debt / Interest bearing debt)	81.1%

***4 Unitholders' capital**	(JPY million)
(1) 10/7/2005 Establishment through private placement	100
(2) 12/13/2005 Third-party allotment	8,900
(3) 6/21/2006 IPO	18,748
(4) 4/26/2007 PO	18,595
(5) 5/24/2007 Third-party allotment	963
(6) 8/28/2008 Third-party allotment	12,250
(7) 10/2/2009 Third-party allotment	6,000
(8) 2010/6/30 Third-party allotment	5,000
(9) 11/26/2013 PO	8,148
(10) 12/18/2013 Third-party allotment	811
(11) 5/27/2015 PO	12,198
21st Fiscal Period end	91,175

Cash Flow Statements

(JPY thousand)

	20th Fiscal Period From October 1, 2015 to March 31, 2016	21st Fiscal Period From April 1, 2016 to September 30, 2016
Cash flows from operating activities:		
Income before income taxes	2,824,852	2,735,804
Depreciation	1,668,207	1,715,666
Amortization of long-term prepaid expenses	293,896	274,579
Amortization of bond issuance costs	3,678	5,883
Amortization of issuance costs of new units	8,892	8,892
Interest income	-272	-10
Interest expenses	533,192	513,813
Increase (Decrease) in allowance for doubtful accounts	-581	4,971
Decrease (Increase) in rental receivables	-38,971	-6,601
Decrease (Increase) in prepaid expenses	1,379	-61,623
Decrease (Increase) in Consumption taxes receivable	17,514	19,921
Increase (Decrease) in accounts payable	14,975	-36,775
Increase (Decrease) in other accounts payable	-19,935	15,068
Decrease (Increase) in consumption taxes payable	-	42,694
Increase (Decrease) in accrued expenses	18,735	39
Increase (Decrease) in rents received in advance	-47,936	-103,906
Long-term prepaid expenses paid	-7,436	-113,571
Other - net	2,629	-12,260
Sub-total	5,272,818	5,002,585
Interest received	272	10
Interest paid	-524,432	-513,288
Income taxes paid	-592	-604
Net cash provided by operating activities	4,748,067	4,488,702

(JPY thousand)

	20th Fiscal Period From October 1, 2015 to March 31, 2016	21st Fiscal Period From April 1, 2016 to September 30, 2016
Cash flows from investing activities:		
Purchase of property and equipment	-8,732,331	-559,330
Purchase of property and equipment in trust	-3,186,357	-127,278
Proceeds from reimbursement of investment securities	401	-
Net increase (decrease) in leasehold and security deposits received	209,716	141,694
Net increase (decrease) in leasehold and security deposits received in trust	-142,816	-188,232
Purchase of intangible assets	-97	-
Cash used in investing activities	-11,851,483	-733,146
Cash flows from financing activities:		
Proceeds from short-term loans	8,000,000	-
Repayment of short-term loans	-1,200,000	-8,000,000
Proceeds from long-term loans	2,370,000	17,000,000
Repayment of long-term loans	-1,170,000	-14,603,757
Proceeds from issuance of bonds	-	5,500,000
Payments for bond issuance costs	-	-44,935
Dividends paid	-2,864,915	-2,824,551
Net cash provided by (used in) financing activities	5,135,084	-2,973,245
Net increase (decrease) in cash and cash equivalents	-1,968,331	782,310
Cash and cash equivalents at beginning of period	14,438,806	12,470,474
Cash and cash equivalents at end of period	12,470,474	13,252,785

List of Properties (as of September 30, 2016)

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

Studio

Property No.	Property Name	Area	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Mar 31, 2016)	(1) Acquisition Price (JPY thousand)	(2) Book Value 21st fiscal period end (JPY thousand)	(3) Appraisal value 20th fiscal period (JPY thousand)	(4) Appraisal value 21st fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-1-001	Satella Kita 34jo	Sapporo city, Hokkaido	181	5,691.72	99.2%	1,133,714	1,031,622	1,120,000	1,130,000	10,000	-3,714	98,377	1
O-1-004	Satella Nagayama	Asahikawa city, Hokkaido	79	2,904.83	94.1%	342,428	326,760	370,000	370,000	0	27,571	43,239	3
O-1-032	willDo Kita 24jo	Sapporo city, Hokkaido	36	1,279.89	97.3%	316,000	279,286	249,000	249,000	0	-67,000	-30,286	3
O-1-033	Flat Carerra	Sapporo city, Hokkaido	26	971.15	100.0%	290,000	262,396	221,000	221,000	0	-69,000	-41,396	3
O-1-034	Gran Casa Minami13jo	Sapporo city, Hokkaido	48	1,836.38	100.0%	463,000	416,879	376,000	376,000	0	-87,000	-40,879	3
O-1-035	Gran Casa Minami9jo	Sapporo city, Hokkaido	55	2,246.01	100.0%	533,000	471,732	435,000	438,000	3,000	-95,000	-33,732	3
O-1-090	Sky Hills N15	Sapporo city, Hokkaido	111	3,524.83	99.1%	712,000	668,281	917,000	925,000	8,000	213,000	256,718	1
O-1-091	Sky Hills Sakaemachi	Chitose city, Hokkaido	134	5,335.70	100.0%	832,000	777,889	888,000	902,000	14,000	70,000	124,110	1
O-1-092	Dormy Chitose	Chitose city, Hokkaido	110	2,239.00	100.0%	476,000	446,675	481,000	487,000	6,000	11,000	40,324	1
O-1-093	Sky Hills Takadai I	Chitose city, Hokkaido	120	3,748.80	100.0%	448,000	438,317	477,000	480,000	3,000	32,000	41,682	1
O-1-128	Alpha Tower Sapporo Minami4jo	Sapporo city, Hokkaido	100	4,413.21	100.0%	1,185,000	1,175,736	1,400,000	1,400,000	0	215,000	224,263	3
O-1-132	Cresidence Sapporo Minami4jo	Sapporo city, Hokkaido	99	3,581.86	98.6%	1,140,000	1,150,623	1,340,000	1,340,000	0	200,000	189,376	3
O-1-146	Gran Casa NagayamaKoen Dori	Sapporo city, Hokkaido	92	3,921.77	94.5%	1,002,000	1,108,267	1,020,000	1,020,000	0	18,000	-88,267	3
O-1-151	Gran Casa Minami11jo	Sapporo city, Hokkaido	72	2,671.28	94.0%	830,000	925,931	861,000	861,000	0	31,000	-64,931	3
O-2-037	willDo Nishishitadaicho	Morioka city, Iwate	76	2,304.00	100.0%	512,000	454,199	511,000	511,000	0	-1,000	56,800	3
O-2-054	willDo Kamisugi 3chome	Sendai city, Miyagi	46	1,517.81	100.0%	506,000	440,272	516,000	523,000	7,000	17,000	82,727	2
O-2-065	Grandmaison Shichifuku	Sendai city, Miyagi	38	1,083.70	97.6%	342,000	339,395	270,000	274,000	4,000	-68,000	-65,395	2
O-2-094	Living Stage Higashi-Sendai	Sendai city, Miyagi	52	1,596.53	93.9%	317,200	298,008	351,000	357,000	6,000	39,800	58,991	2
O-2-123	West Park Hasekura	Sendai city, Miyagi	138	5,150.62	96.3%	1,240,000	1,220,434	1,920,000	1,910,000	-10,000	670,000	689,565	3
O-2-137	Forest Hill SendaiAoba	Sendai city, Miyagi	252	6,497.06	100.0%	2,750,000	2,836,752	2,950,000	3,000,000	50,000	250,000	163,247	2
O-2-140	Gran Casa Sendai Itsutsubashi	Sendai city, Miyagi	120	4,726.20	98.4%	2,100,000	2,187,929	2,140,000	2,140,000	0	40,000	-47,929	2
O-3-079	willDo Ishizuecho	Niigata city, Niigata	48	1,868.64	100.0%	462,510	402,053	482,000	479,000	-3,000	16,489	76,946	3
O-3-080	willDo Sasaguchi	Niigata city, Niigata	28	1,008.00	100.0%	266,000	238,059	284,000	263,000	-21,000	-3,000	24,940	3
O-4-005	willDo Koshigaya	Koshigaya city, Saitama	49	1,230.28	97.9%	499,333	450,865	484,000	499,000	15,000	-333	48,134	1
O-4-006	Joyful Sayama	Sayama city, Saitama	52	870.97	98.1%	216,619	206,746	190,000	190,000	0	-26,619	-16,746	1
O-4-007	Lumiere Hachioji	Hachioji city, Tokyo	95	1,692.90	96.9%	480,761	458,452	417,000	418,000	1,000	-62,761	-40,452	1
O-4-008	willDo Kiyosumi	Koto ku, Tokyo	200	7,497.46	98.5%	5,024,619	4,721,035	5,870,000	5,870,000	0	845,380	1,148,964	3
O-4-009	Turkey's Denenchofu No.2	Ota ku, Tokyo	27	462.12	100.0%	281,523	274,585	282,000	303,000	21,000	21,476	28,414	1
O-4-010	willDo HonChiba	Chiba city, Chiba	30	1,903.82	94.8%	379,857	367,361	385,000	393,000	8,000	13,142	25,638	1
O-4-011	willDo Yokohama Minami	Yokohama city, Kanagawa	21	493.59	100.0%	233,142	210,811	247,000	248,000	1,000	14,857	37,188	1
O-4-012	Site Pia	Sagamihara city, Kanagawa	86	1,697.50	100.0%	506,142	501,027	487,000	487,000	0	-19,142	-14,027	3
O-4-024	VISTA Supreme	Machida city, Tokyo	37	892.88	100.0%	563,584	520,648	453,000	461,000	8,000	-102,584	-59,648	3
O-4-025	Joy Oyamadai	Setagaya ku, Tokyo	21	1,064.55	97.0%	624,265	643,997	591,000	594,000	3,000	-30,265	-49,997	3
O-4-031	willDo Otsuka	Toshima ku, Tokyo	27	1,091.54	100.0%	725,229	725,729	632,000	633,000	1,000	-92,229	-92,729	3
O-4-038	willDo Niiza	Niiza city, Saitama	56	1,260.00	100.0%	590,438	528,224	524,000	524,000	0	-66,438	-4,224	3
O-4-039	Toshin Shoto Mansion	Shibuya ku, Tokyo	27	1,044.66	100.0%	912,000	958,017	846,000	853,000	7,000	-59,000	-105,017	3
O-4-055	Harmony Kamikitazawa	Setagaya ku, Tokyo	29	539.48	96.5%	400,000	402,078	332,000	332,000	0	-68,000	-70,078	3
O-4-062	willDo Minami Urawa	Saitama city, Saitama	29	725.62	100.0%	396,000	366,430	402,000	398,000	-4,000	2,000	31,569	3
O-4-069	College Square Kitalkebukuro	Itabashi ku, Tokyo	50	1,065.00	100.0%	727,000	668,733	729,000	746,000	17,000	19,000	77,266	2
O-4-070	College Square TobuNerima	Itabashi ku, Tokyo	63	1,360.10	100.0%	892,000	836,445	877,000	897,000	20,000	5,000	60,554	2
O-4-071	College Square Akatsuka	Nerima ku, Tokyo	54	1,110.75	100.0%	734,000	672,978	732,000	748,000	16,000	14,000	75,021	2
O-4-072	College Square Higashikurume	HigashiKurume city, Tokyo	45	936.72	100.0%	523,000	460,840	515,000	526,000	11,000	3,000	65,159	1
O-4-073	College Square Waseda II	Toshima ku, Tokyo	14	297.24	100.0%	215,000	200,445	270,000	276,000	6,000	61,000	75,554	2
O-4-074	College Square Myogadani	Bunkyo ku, Tokyo	68	1,420.77	100.0%	1,060,000	992,372	1,190,000	1,190,000	0	130,000	197,627	1
O-4-075	College Square Shinkoiwa	Katsushika ku, Tokyo	54	1,139.10	100.0%	724,000	664,380	718,000	734,000	16,000	10,000	69,619	2
O-4-076	College Square Kiba	Koto ku, Tokyo	42	897.39	100.0%	639,000	589,144	701,000	701,000	0	62,000	111,855	1
O-4-077	College Square Kinshicho	Koto ku, Tokyo	31	667.36	100.0%	490,000	449,100	500,000	500,000	0	10,000	50,899	1
O-4-078	College Square Waseda	Shinjuku ku, Tokyo	19	392.03	100.0%	316,000	307,741	322,000	322,000	0	6,000	14,258	1
O-4-089	Lexington Square ShinjukuGyoen	Shinjuku ku, Tokyo	48	1,383.59	100.0%	1,010,000	1,022,491	1,220,000	1,250,000	30,000	240,000	227,508	2
O-4-095	Prospect NihonbashiHoncho	Chuo ku, Tokyo	50	1,295.76	100.0%	808,000	795,781	1,060,000	1,060,000	0	252,000	264,218	3

(Note) Numbers in the columns “Appraisal Value 18th fiscal period” of 7 properties acquired during the 19th Fiscal Period are appraisal values as of acquisition.
In column of "Appraiser", representation of "1" is for Tanizawa Sōgō Appraisal Co., Ltd., "2" for Daiwa Real Estate Appraisal Co.,Ltd., "3" for Japan Real Estate Institute.

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Property No.	Property Name	Area	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Mar 31, 2016)	(1) Acquisition Price (JPY thousand)	(2) Book Value 21st fiscal period end (JPY thousand)	(3) Appraisal value 20th fiscal period (JPY thousand)	(4) Appraisal value 21st fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-4-096	Maison de Ville Takanawa Gyoranzaka	Minato ku, Tokyo	70	1,778.37	97.2%	1,480,000	1,449,917	1,670,000	1,670,000	0	190,000	220,082	3
O-4-097	Roppongi Rise House	Minato ku, Tokyo	34	1,242.23	97.6%	912,000	891,255	1,070,000	1,070,000	0	158,000	178,744	3
O-4-098	TK Flats Shibuya	Shibuya ku, Tokyo	194	6,984.28	98.5%	4,770,000	4,625,041	5,560,000	5,560,000	0	790,000	934,958	3
O-4-099	Maison de Ville NakaMeguro	Meguro ku, Tokyo	50	1,275.00	100.0%	1,050,000	1,023,827	1,250,000	1,270,000	20,000	220,000	246,172	3
O-4-100	Prospect KALON Minowa	Taito ku, Tokyo	82	3,075.70	99.1%	1,620,000	1,473,465	1,910,000	1,910,000	0	290,000	436,534	3
O-4-101	Prospect Shinonomebashi	Koto ku, Tokyo	171	4,919.31	99.4%	3,040,000	2,815,349	3,620,000	3,750,000	130,000	710,000	934,650	3
O-4-102	Prospect Monzennakacho	Koto ku, Tokyo	62	1,790.56	100.0%	1,080,000	1,022,282	1,330,000	1,350,000	20,000	270,000	327,717	2
O-4-103	Prospect Ogikubo	Suginami ku, Tokyo	40	1,123.59	95.7%	701,000	653,193	823,000	841,000	18,000	140,000	187,806	2
O-4-104	Exceria Ikebukuro West II	Toshima ku, Tokyo	48	1,379.52	100.0%	852,000	852,408	988,000	1,010,000	22,000	158,000	157,591	2
O-4-105	Prospect OmoriKaigan	Ota ku, Tokyo	89	2,506.04	98.7%	1,480,000	1,420,173	1,880,000	1,880,000	0	400,000	459,826	3
O-4-106	Prospect MusashiShinjo	Kawasaki city, Kanagawa	85	1,855.03	100.0%	1,050,000	973,019	1,220,000	1,240,000	20,000	190,000	266,980	2
O-4-107	Fragrance Kawasaki	Kawasaki city, Kanagawa	45	1,065.87	97.7%	548,900	506,349	655,000	657,000	2,000	108,100	150,650	3
O-4-108	Prospect ChuoRinkan	Yamato city, Kanagawa	48	1,121.28	100.0%	524,000	469,883	626,000	637,000	11,000	113,000	167,116	2
O-4-120	Gala Place Shinjuku Gyoen	Shinjuku ku, Tokyo	104	2,837.72	99.1%	2,170,000	2,140,100	2,720,000	2,720,000	0	550,000	579,899	1
O-4-121	Joyce Court	Ota ku, Tokyo	154	6,268.53	100.0%	3,010,000	2,984,475	3,740,000	3,730,000	-10,000	720,000	745,524	3
O-4-122	Act Forme Asakusa	Taito ku, Tokyo	46	2,220.17	96.0%	1,216,000	1,209,755	1,660,000	1,710,000	50,000	494,000	500,244	1
O-4-125	Gran Casa Roppongi	Minato ku, Tokyo	17	1,407.63	100.0%	1,480,808	777,510	874,000	858,000	-16,000	-622,808	80,489	2
O-4-126	Gran Casa MinamiAoyama	Minato ku, Tokyo	21	1,862.73	100.0%	3,750,000	2,308,101	1,960,000	2,010,000	50,000	-1,740,000	-298,101	2
O-4-127	Storia Jingumae	Shibuya ku, Tokyo	49	2,071.60	100.0%	3,160,000	3,190,376	2,290,000	2,370,000	80,000	-790,000	-820,376	2
O-4-129	Gran Casa Shinjuku Gyoen	Shinjuku ku, Tokyo	92	3,307.07	98.4%	2,525,000	2,617,216	3,140,000	3,140,000	0	615,000	522,783	1
O-4-133	Lietocourt Yotsuya	Shinjuku ku, Tokyo	49	2,397.81	97.7%	1,716,800	1,724,057	1,990,000	1,990,000	0	273,200	265,942	3
O-4-134	Lietocourt Motoakasaka	Minato ku, Tokyo	37	1,282.94	100.0%	1,095,700	1,101,840	1,330,000	1,330,000	0	234,300	228,159	3
O-4-138	Gran Casa Ginza East	Chuo ku, Tokyo	53	2,774.19	100.0%	2,000,000	2,147,040	2,110,000	2,110,000	0	110,000	-37,040	3
O-4-145	Gran Casa Minowa	Taito ku, Tokyo	28	1,241.22	100.0%	850,000	922,046	874,000	864,000	-10,000	14,000	-58,046	3
O-5-013	willDo Kanayama masaki	Nagoya city, Aichi	48	1,192.32	97.9%	490,095	436,264	569,000	569,000	0	78,904	132,735	3
O-5-026	Excelsior Sakae	Nagoya city, Aichi	48	1,486.56	97.9%	641,767	606,115	520,000	522,000	2,000	-119,767	-84,115	3
O-5-027	willDo Hibino	Nagoya city, Aichi	31	767.25	93.5%	317,603	287,526	295,000	295,000	0	-22,603	7,473	3
O-5-040	willDo Chiyoda	Nagoya city, Aichi	60	1,445.80	95.0%	633,000	557,567	576,000	584,000	8,000	-49,000	26,432	2
O-5-041	willDo Taiko dori	Nagoya city, Aichi	98	3,127.32	98.6%	1,120,000	988,525	1,130,000	1,170,000	40,000	50,000	181,474	1
O-5-042	willDo Kanayama	Nagoya city, Aichi	36	892.44	100.0%	370,000	331,247	372,000	379,000	7,000	9,000	47,752	2
O-5-043	willDo Kanayama sawashita	Nagoya city, Aichi	36	970.80	100.0%	375,000	332,900	392,000	399,000	7,000	24,000	66,099	2
O-5-056	willDo Kachigawa	Kasugai city, Aichi	64	1,548.80	100.0%	503,000	441,049	585,000	606,000	21,000	103,000	164,950	1
O-5-057	Stagea Kogane	Nagoya city, Aichi	67	1,651.21	100.0%	600,000	532,959	553,000	555,000	2,000	-45,000	22,040	3
O-5-063	willDo Inaei	Nagoya city, Aichi	91	2,348.20	100.0%	641,000	552,030	663,000	672,000	9,000	31,000	119,969	2
O-5-066	willDo Higashibetsuin	Nagoya city, Aichi	66	1,640.76	98.5%	703,000	625,466	713,000	713,000	0	10,000	87,533	3
O-5-081	willDo Matsubara	Nagoya city, Aichi	54	1,344.60	100.0%	549,000	493,124	556,000	556,000	0	7,000	62,875	3
O-5-082	willDo Yokkaichi Unomori	Yokkaichi city, Mie	54	2,160.00	100.0%	529,150	459,247	564,000	564,000	0	34,850	104,752	3
O-5-086	willDo Daikancho	Nagoya city, Aichi	55	1,320.00	94.5%	655,000	593,006	635,000	635,000	0	-20,000	41,993	3
O-5-088	willDo Takabata	Nagoya city, Aichi	54	1,319.22	100.0%	494,115	440,207	502,000	502,000	0	7,884	61,792	3
O-5-147	Sakura Hills Riverside WEST	Nagoya city, Aichi	76	4,502.48	100.0%	1,920,000	2,064,552	2,000,000	2,040,000	40,000	120,000	-24,552	1
O-5-148	Sakura Hills Riverside EAST	Nagoya city, Aichi	47	2,288.65	100.0%	1,030,000	1,105,136	1,110,000	1,130,000	20,000	100,000	24,863	1
O-5-149	Sakura Hills Meieki NORTH	Nagoya city, Aichi	34	1,685.16	100.0%	750,000	806,991	795,000	811,000	16,000	61,000	4,008	1
O-6-014	willDo Ichioka	Osaka city, Osaka	62	1,682.06	96.8%	722,761	642,518	658,000	658,000	0	-64,761	15,481	3
O-6-015	willDo Ebie	Osaka city, Osaka	28	763.63	100.0%	350,904	315,960	329,000	329,000	0	-21,904	13,039	3
O-6-016	willDo ImafukuNishi	Osaka city, Osaka	29	1,040.41	96.8%	413,857	372,418	345,000	355,000	10,000	-58,857	-17,418	1
O-6-017	Maison Flora	Kobe city, Hyogo	38	1,686.72	100.0%	584,285	578,342	448,000	452,000	4,000	-132,285	-126,342	3
O-6-018	Wind Four MinamiHommachi	Itami city, Hyogo	39	926.18	97.9%	307,142	282,882	207,000	213,000	6,000	-94,142	-69,882	2
O-6-028	willDo ShinOsaka s I	Osaka city, Osaka	27	628.56	96.3%	285,723	261,339	238,000	238,000	0	-47,723	-23,339	3
O-6-029	Grand Mer HigashiYodogawa	Osaka city, Osaka	27	585.30	92.6%	236,069	221,288	194,000	194,000	0	-42,069	-27,288	3
O-6-046	willDo Tsukamoto	Osaka city, Osaka	66	1,711.17	98.5%	730,000	652,540	717,000	729,000	12,000	-1,000	76,459	1

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Property No.	Property Name	Area	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Mar 31, 2016)	(1) Acquisition Price (JPY thousand)	(2) Book Value 21st fiscal period end (JPY thousand)	(3) Appraisal value 20th fiscal period (JPY thousand)	(4) Appraisal value 21st fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
O-6-047	willDo Temmabashi	Osaka city, Osaka	20	678.00	100.0%	338,000	307,632	295,000	300,000	5,000	-38,000	-7,632	1
O-6-048	willDo SakaisujiHommachi	Osaka city, Osaka	21	740.28	95.2%	325,000	292,024	247,000	251,000	4,000	-74,000	-41,024	1
O-6-049	willDo Tanimachi	Osaka city, Osaka	54	1,927.80	100.0%	1,040,000	969,730	877,000	878,000	1,000	-162,000	-91,730	3
O-6-050	willDo Namba w II	Osaka city, Osaka	45	1,146.51	100.0%	486,000	432,007	409,000	417,000	8,000	-69,000	-15,007	1
O-6-051	willDo Namba w I	Osaka city, Osaka	66	1,699.50	97.0%	690,000	600,613	599,000	604,000	5,000	-86,000	3,386	1
O-6-059	willDo Hamasaki dori	Kobe city, Hyogo	199	5,886.70	100.0%	2,280,000	2,057,384	2,150,000	2,190,000	40,000	-90,000	132,615	2
O-6-060	willDo Minamimorimachi	Osaka city, Osaka	31	1,028.48	100.0%	493,000	457,154	449,000	451,000	2,000	-42,000	-6,154	1
O-6-064	willDo Matsuyamachi	Osaka city, Osaka	60	1,865.64	96.8%	810,000	721,919	828,000	829,000	1,000	19,000	107,080	3
O-6-067	willDo ShinOsaka	Osaka city, Osaka	66	1,713.36	96.9%	861,000	773,052	920,000	935,000	15,000	74,000	161,947	1
O-6-083	willDo Sannomiya East	Kobe city, Hyogo	63	1,760.15	96.4%	731,000	634,277	762,000	762,000	0	31,000	127,722	3
O-6-084	willDo Kamishinjo wI	Suita city, Osaka	31	912.95	96.8%	366,000	339,224	312,000	312,000	0	-54,000	-27,224	3
O-6-085	willDo Kujo	Osaka city, Osaka	63	1,260.36	100.0%	537,000	515,507	541,000	541,000	0	4,000	25,492	3
O-6-111	Abreast ShinOsaka	Osaka city, Osaka	92	2,984.64	94.8%	1,391,000	1,380,502	1,400,000	1,420,000	20,000	29,000	39,497	1
O-6-112	Abreast Sakuragawa	Osaka city, Osaka	48	1,009.92	97.9%	385,800	357,062	472,000	472,000	0	86,200	114,937	3
O-6-113	Prospect Bishoen	Osaka city, Osaka	26	901.26	100.0%	277,000	260,276	300,000	304,000	4,000	27,000	43,723	3
O-6-114	Prospect Nakanoshima	Osaka city, Osaka	63	1,615.05	93.6%	734,000	660,740	799,000	813,000	14,000	79,000	152,259	1
O-6-116	Prospect Toyonaka Hattori	Toyonaka city, Osaka	34	981.12	100.0%	366,000	327,105	392,000	392,000	0	26,000	64,894	3
O-6-117	Prospect Shimogamo	Kyoto city, Kyoto	31	675.21	96.9%	281,000	261,621	282,000	287,000	5,000	6,000	25,378	2
O-6-118	Prospect Kawaramachi Gojo	Kyoto city, Kyoto	52	1,523.12	98.4%	583,000	534,474	659,000	671,000	12,000	88,000	136,525	2
O-6-119	Gransys Esaka	Suita city, Osaka	90	2,623.86	100.0%	1,260,000	1,252,089	1,640,000	1,650,000	10,000	390,000	397,910	1
O-6-131	Serenite Koshien	Nishinomiya city, Hyogo	197	5,615.79	98.7%	2,550,000	2,538,839	2,750,000	2,750,000	0	200,000	211,160	3
O-6-136	Pregio Miyakojima	Osaka city, Osaka	120	3,313.20	100.0%	1,610,000	1,699,056	1,770,000	1,770,000	0	160,000	70,943	3
O-6-139	Serenite ShinOsaka Nibankan	Osaka city, Osaka	224	6,173.16	96.6%	3,510,000	3,742,516	3,610,000	3,620,000	10,000	110,000	-122,516	1
O-6-141	Gran Casa UmedaKita	Osaka city, Osaka	126	3,451.14	98.4%	2,050,000	2,123,270	2,160,000	2,190,000	30,000	140,000	66,729	1
O-6-142	Serenite Honmachi Grande	Osaka city, Osaka	268	7,591.92	98.9%	4,286,000	4,457,279	4,890,000	4,890,000	0	604,000	432,720	3
O-6-143	Gransys Tenmabashi	Osaka city, Osaka	166	6,749.31	100.0%	4,050,000	4,223,602	4,380,000	4,380,000	0	330,000	156,397	3
O-6-144	DayGran Tsurumi	Osaka city, Osaka	79	2,470.36	98.8%	1,030,000	1,093,002	1,120,000	1,120,000	0	90,000	26,997	3
O-6-150	Runai Nippombashi anhelo	Osaka city, Osaka	113	3,114.19	95.0%	1,400,000	1,502,783	1,540,000	1,560,000	20,000	160,000	57,216	1
O-7-068	willDo Okayamaeki Nishiguchi	Okayama city, Okayama	109	3,794.40	98.9%	1,220,000	1,057,128	1,220,000	1,240,000	20,000	20,000	182,871	1
O-7-087	willDo Okayamadaiku	Okayama city, Okayama	98	3,446.94	99.1%	1,040,000	985,719	1,120,000	1,130,000	10,000	90,000	144,280	1
O-9-053	willDo Nakasu	Fukuoka city, Fukuoka	175	5,759.40	97.8%	2,460,000	2,271,891	2,410,000	2,410,000	0	-50,000	138,108	3
O-9-130	Renaissance 21 Hakata	Fukuoka city, Fukuoka	109	4,010.95	98.2%	1,500,000	1,556,481	1,640,000	1,640,000	0	140,000	83,518	3
O-9-135	Granpark Tenjin	Fukuoka city, Fukuoka	341	14,299.21	99.5%	4,698,000	4,717,576	5,590,000	5,600,000	10,000	902,000	882,423	3
Studio type subtotal			9,668	305,780.04	98.7%	141,843,855	136,277,426	150,044,000	151,135,000	1,091,000	9,291,144	14,857,573	-

Family

Property No.	Property Name	Area	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Mar 31, 2016)	(1) Acquisition Price (JPY thousand)	(2) Book Value 21st fiscal period end (JPY thousand)	(3) Appraisal value 20th fiscal period (JPY thousand)	(4) Appraisal value 21st fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
F-1-041	Palais d'or Maruyama	Sapporo city, Hokkaido	64	4,637.08	96.5%	559,000	598,509	879,000	904,000	25,000	345,000	305,490	1
F-1-069	Gran Casa Urasando	Sapporo city, Hokkaido	78	4,537.83	96.2%	1,510,000	1,618,313	1,700,000	1,700,000	0	190,000	81,686	1
F-1-070	Gran Casa Kita3jo	Sapporo city, Hokkaido	84	4,346.56	98.7%	1,265,880	1,402,204	1,380,000	1,390,000	10,000	124,120	-12,204	3
F-2-001	Royal Garden Shinrin Koen	Sendai city, Miyagi	29	2,051.07	96.1%	396,190	372,835	272,000	273,000	1,000	-123,190	-99,835	2
F-2-002	Green Park Komatsujima	Sendai city, Miyagi	46	3,027.17	93.5%	550,523	505,228	397,000	401,000	4,000	-149,523	-104,228	2
F-2-003	Dia Palace Izumizaki	Sendai city, Miyagi	37	2,060.77	100.0%	355,095	374,649	316,000	317,000	1,000	-38,095	-57,649	2
F-2-004	willDo Takasago	Sendai city, Miyagi	32	1,623.68	96.9%	364,904	326,588	351,000	370,000	19,000	5,095	43,411	3
F-2-042	Living Stage MinamiSendai	Sendai city, Miyagi	27	1,330.83	100.0%	159,500	152,214	219,000	222,000	3,000	62,500	69,785	2
F-2-043	Takasagoseki Nibankan	Sendai city, Miyagi	41	3,336.52	90.9%	558,000	549,800	724,000	716,000	-8,000	158,000	166,199	3
F-3-034	Ark Heim Niigata	Niigata city, Niigata	115	6,945.03	98.4%	1,060,000	1,054,209	929,000	930,000	1,000	-130,000	-124,209	3
F-4-005	Johanna Mansion	Maebashi city, Gunma	53	4,143.96	90.6%	556,714	531,387	353,000	363,000	10,000	-193,714	-168,387	1
F-4-006	Iruma Ekimae Building	Iruma city, Saitama	68	4,359.31	98.8%	1,517,000	1,515,736	1,640,000	1,670,000	30,000	153,000	154,263	1
F-4-007	Iruma Ekimae Building No.II	Iruma city, Saitama	53	3,592.48	89.8%	687,666	728,326	679,000	618,000	-61,000	-69,666	-110,326	1
F-4-008	Sereno Omiya	Saitama city, Saitama	102	6,710.68	98.0%	1,554,523	1,554,668	1,670,000	1,690,000	20,000	135,476	135,331	1
F-4-009	Suzuran-kan	Saitama city, Saitama	20	1,160.80	100.0%	441,190	412,627	521,000	522,000	1,000	80,809	109,372	1
F-4-010	Bonheur Tokiwa	Saitama city, Saitama	29	1,951.89	100.0%	752,904	747,275	680,000	720,000	40,000	-32,904	-27,275	3
F-4-011	Profit Link Takenotsuka	Adachi ku, Tokyo	46	2,431.33	100.0%	636,333	627,027	627,000	630,000	3,000	-6,333	2,972	1
F-4-013	Dream Heights	Itabashi ku, Tokyo	19	1,100.31	100.0%	358,666	386,607	377,000	399,000	22,000	40,333	12,392	1
F-4-014	Green Hills Asukayama	Kita ku, Tokyo	28	1,477.38	100.0%	587,238	578,726	620,000	616,000	-4,000	28,761	37,273	1
F-4-015	Oji Heights	Kita ku, Tokyo	20	986.52	100.0%	347,857	352,979	426,000	436,000	10,000	88,142	83,020	1
F-4-016	Sakagami Royal Heights No. II	Arakawa ku, Tokyo	28	1,173.65	100.0%	360,714	358,650	404,000	413,000	9,000	52,285	54,349	1
F-4-017	willDo Todoroki	Setagaya ku, Tokyo	26	2,422.06	97.5%	1,764,809	1,794,519	1,600,000	1,600,000	0	-164,809	-194,519	3
F-4-018	Chez Moi Sakuragaoka	Tama city, Tokyo	31	1,911.36	87.3%	609,904	622,262	587,000	594,000	7,000	-15,904	-28,262	1
F-4-019	Libest NishiChiba	Chiba city, Chiba	140	11,060.14	100.0%	2,152,476	2,011,503	2,370,000	2,420,000	50,000	267,523	408,496	1
F-4-020	Corinne Tsudanuma	Narashino city, Chiba	20	1,435.80	100.0%	352,761	367,619	328,000	328,000	0	-24,761	-39,619	3
F-4-022	Chigasaki Daikan Plaza	Chigasaki city, Kanagawa	34	1,838.43	93.7%	453,571	469,530	424,000	431,000	7,000	-22,571	-38,530	1
F-4-028	Winbell Chorus Hiratsuka No.13	Hiratsuka city, Kanagawa	33	1,533.82	100.0%	477,587	470,064	360,000	360,000	0	-117,587	-110,064	3
F-4-029	Libest Higashi Nakayama	Funabashi city, Chiba	76	6,011.80	98.3%	1,371,314	1,257,213	1,650,000	1,670,000	20,000	298,685	412,786	1
F-4-031	MGA Kanamachi	Katsushika ku, Tokyo	26	1,522.89	96.6%	484,000	488,428	415,000	415,000	0	-69,000	-73,428	3
F-4-035	Greenhills Roka	Setagaya ku, Tokyo	22	1,199.95	100.0%	662,000	681,368	628,000	628,000	0	-34,000	-53,368	1
F-4-036	Lofty Hirai	Edogawa ku, Tokyo	19	939.95	95.3%	324,000	322,524	313,000	324,000	11,000	0	1,475	1
F-4-038	Colonnade Kasuga	Bunkyo ku, Tokyo	46	4,344.72	100.0%	3,115,277	3,191,935	2,460,000	2,520,000	60,000	-595,277	-671,935	2
F-4-039	The Palms Yoyogi Uehara Cosmo Terrace	Shibuya ku, Tokyo	30	1,804.69	100.0%	1,250,000	1,275,452	1,390,000	1,430,000	40,000	180,000	154,547	2
F-4-040	Sun Terrace Yoyogi Uehara	Shibuya ku, Tokyo	21	1,763.33	100.0%	1,180,000	1,220,971	1,440,000	1,480,000	40,000	300,000	259,028	2
F-4-044	Prospect NihombashiKoamicho	Chuo ku, Tokyo	37	1,364.02	97.2%	840,000	761,426	1,040,000	1,060,000	20,000	220,000	298,573	1
F-4-045	Park Terrace Ebisu	Shibuya ku, Tokyo	51	2,755.28	100.0%	2,060,000	2,075,352	2,620,000	2,620,000	0	560,000	544,647	1
F-4-046	Prospect Dogenzaka	Shibuya ku, Tokyo	47	2,081.54	100.0%	1,590,000	1,547,465	1,900,000	1,950,000	50,000	360,000	402,534	3
F-4-047	Prospect Glarsa Hiroo	Shibuya ku, Tokyo	112	3,861.29	99.4%	3,560,000	3,279,226	4,080,000	4,090,000	10,000	530,000	810,773	3
F-4-048	Prospect Hatsudai	Shibuya ku, Tokyo	22	817.43	100.0%	518,000	505,309	615,000	629,000	14,000	111,000	123,690	2
F-4-049	Prospect NishiSugamo	Kita ku, Tokyo	42	2,063.60	100.0%	1,110,000	1,030,004	1,230,000	1,230,000	0	120,000	199,995	3
F-4-050	Prospect Machiya	Arakawa ku, Tokyo	21	1,177.71	95.1%	484,000	427,161	550,000	551,000	1,000	67,000	123,838	3
F-4-051	Prospect KiyosumiTeien	Koto ku, Tokyo	77	5,601.46	100.0%	2,630,000	2,491,686	3,080,000	3,100,000	20,000	470,000	608,313	3
F-4-052	Prospect Morishita	Koto ku, Tokyo	45	2,399.23	97.6%	1,260,000	1,159,735	1,530,000	1,560,000	30,000	300,000	400,264	2
F-4-053	Prospect OnshiKoen	Koto ku, Tokyo	61	2,073.21	100.0%	1,110,000	1,017,442	1,490,000	1,520,000	30,000	410,000	502,557	1
F-4-054	BELNOS 34	Katsushika ku, Tokyo	100	5,328.66	98.2%	1,700,000	1,835,346	2,040,000	2,330,000	290,000	630,000	494,653	1
F-4-055	SK Residence	Toshima ku, Tokyo	30	1,624.73	100.0%	805,000	782,864	985,000	987,000	2,000	182,000	204,135	3
F-4-056	Angel Heim NishiRokugo No.2	Ota ku, Tokyo	40	2,776.64	100.0%	1,012,000	993,233	1,350,000	1,350,000	0	338,000	356,766	3
F-4-057	Deim Hashimoto	Sagamihara city, Kanagawa	92	3,134.24	100.0%	748,000	740,382	902,000	918,000	16,000	170,000	177,617	2
F-4-058	Prospect Kawasaki	Kawasaki city, Kanagawa	52	3,404.96	100.0%	1,520,000	1,403,110	2,040,000	2,070,000	30,000	550,000	666,889	1
F-4-059	Prospect UrawaTokiwa	Saitama city, Saitama	30	2,263.20	100.0%	717,000	668,066	887,000	888,000	1,000	171,000	219,933	1

Family

Property No.	Property Name	Area	Total Number of Rentable Unit	Total Rentable Floor Space (square meters)	Occupancy Rate (Mar 31, 2016)	(1) Acquisition Price (JPY thousand)	(2) Book Value 21st fiscal period end (JPY thousand)	(3) Appraisal value 20th fiscal period (JPY thousand)	(4) Appraisal value 21st fiscal period (JPY thousand)	(4) - (3) (JPY thousand)	(4) - (1) (JPY thousand)	(4) - (2) (JPY thousand)	Appraiser
F-4-064	Glana Ueno	Taito ku, Tokyo	36	2,147.40	100.0%	1,100,000	1,075,651	1,400,000	1,440,000	40,000	340,000	364,348	3
F-4-065	The Residence Honmoku Yokohama Bayside	Yokohama city, Kanagawa	159	13,584.07	97.2%	5,550,000	5,492,912	6,520,000	6,530,000	10,000	980,000	1,037,087	3
F-4-066	Lietocourt Asakusabashi	Taito ku, Tokyo	49	2,632.94	100.0%	1,615,800	1,619,802	1,930,000	1,930,000	0	314,200	310,197	3
F-4-071	Gran Casa ShinKoiwa	Katsushika ku, Tokyo	36	2,467.92	100.0%	1,510,000	1,582,114	1,530,000	1,550,000	20,000	40,000	-32,114	2
F-4-072	Gran Casa Ryogoku Ichibankan	Sumida ku, Tokyo	33	2,136.53	100.0%	1,420,000	1,484,237	1,430,000	1,440,000	10,000	20,000	-44,237	2
F-4-073	Gran Casa Ryogoku Nibankan	Sumida ku, Tokyo	18	1,131.90	100.0%	770,000	808,411	785,000	789,000	4,000	19,000	-19,411	2
F-5-023	willDo Temmacho	Nagoya city, Aichi	40	2,185.20	98.0%	627,785	581,228	753,000	756,000	3,000	128,215	174,771	3
F-5-032	Stellato City Sakurayama	Nagoya city, Aichi	26	1,914.07	100.0%	735,000	666,371	721,000	751,000	30,000	16,000	84,628	1
F-5-037	willDo Kurokawa	Nagoya city, Aichi	26	1,933.37	100.0%	677,000	588,721	572,000	585,000	13,000	-92,000	-3,721	1
F-5-060	Gran Casa Daikancho	Nagoya city, Aichi	96	5,962.18	96.9%	1,082,000	1,068,637	1,250,000	1,290,000	40,000	208,000	221,362	1
F-5-061	Gran Casa Gokiso	Nagoya city, Aichi	78	5,195.21	96.9%	932,500	971,494	1,230,000	1,270,000	40,000	337,500	298,505	1
F-5-067	Lietocourt Marunouchi	Nagoya city, Aichi	120	9,350.67	98.4%	3,756,800	3,761,264	4,560,000	4,700,000	140,000	943,200	938,735	1
F-5-068	Gran Casa Kamimaezu	Nagoya city, Aichi	70	5,365.64	93.1%	2,050,000	2,068,806	2,370,000	2,450,000	80,000	400,000	381,193	1
F-5-074	Sakura Hills Fujimi	Nagoya city, Aichi	119	6,769.82	98.2%	2,750,000	2,930,633	2,850,000	2,960,000	110,000	210,000	29,366	1
F-6-026	willDo NishiAkashi	Akashi city, Hyogo	64	4,703.40	98.5%	635,666	552,060	726,000	785,000	59,000	149,333	232,939	3
F-6-033	La Vita Nippombashi	Osaka city, Osaka	69	4,647.08	100.0%	1,860,000	1,682,223	1,730,000	1,770,000	40,000	-90,000	87,776	1
F-6-062	Crown Heim NishiTanabe	Osaka city, Osaka	22	1,536.03	100.0%	405,000	393,647	466,000	466,000	0	61,000	72,352	3
F-6-063	Prospect Katsura	Kyoto city, Kyoto	29	1,796.59	96.6%	470,000	450,136	474,000	474,000	0	4,000	23,863	2
Family type Subtotal			3,492	218,961.01	97.9%	78,389,158	77,418,134	86,765,000	88,289,000	1,524,000	9,899,841	10,870,865	-
Total			13,160	524,741.05	98.4%	220,233,013	213,695,561	236,809,000	239,424,000	2,615,000	19,190,986	25,728,438	-

Organization of Asset Management Company

Name	Mi-Casa Asset Management Inc.	
Established	February 25, 2005	
Permits / Licenses	April 15, 2005	Obtained license as real estate transaction service (Governor of Tokyo (3), License No. 84345)
	July 15, 2005	Certified as discretionary transaction agent under the Building Lots and Building Transaction Business Law (Minister of Land, Infrastructure and Transport, License No. 40)
	October 4, 2005	Obtained certification to conduct businesses related to investment trust management (Prime Minister, License No. 53)
	September 30, 2007	Registered as financial instrument exchanger (Head of Kanto Local Finance Bureau (Kinsho) No. 416)
History	February 25, 2005	Established
	October 24, 2008	Corporate name changed to Mi-Casa Asset Management Inc. from re-plus REIT management inc.
	July 1, 2010	Merged with Prospect Reit Advisors Co., Ltd.
	November 28, 2014	Daiwa Securities Group Inc. took a stake (Acquired 30% of issued stocks)
	December 18, 2015	Daiwa Securities Group Inc. took a stake (Holding 98% of issued stocks)
President & CEO	Yutaka Higashino	
Officers	Koji Watanabe (Managing Director), Kazuhiko Ukaji (Auditor), Satoshi Nakamura (Asset Management), Shuji Nakamura (Business Management)	
Location	6-16-12, Shinbashi, Minato-ku, Tokyo, Japan	
Business	Asset Management	
Capital	JPY 400 million	
Shareholders (holdings)	Daiwa Securities Group Inc.	98.1%
	The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.0%
	Sumitomo Mitsui Banking Corporation	1.0%

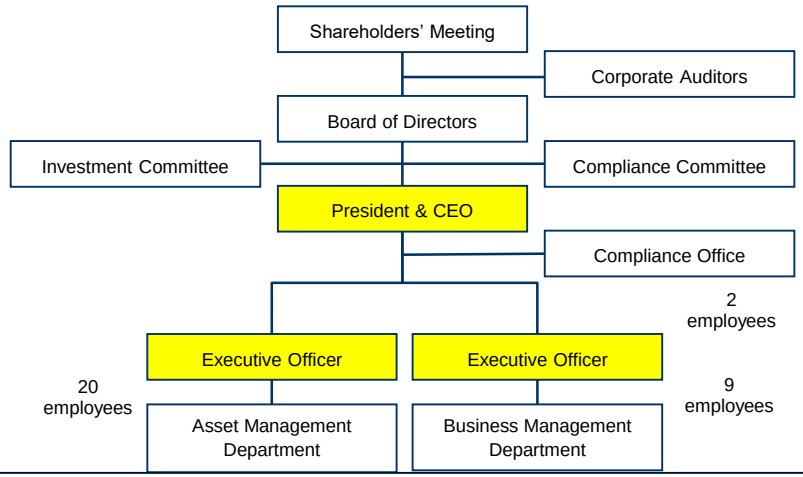
May 1, 2009, the Executive Officer System was introduced and new Executive Officers were appointed.

August 12, 2009, there was a change in the President & CEO and a director.

October 30, 2009, there was a change in directors.

September 30, 2016, the total number of executives and employees is 34 (full-time).

Organizational Chart



Mi-Casa Management Team

Yutaka Higashino

President & CEO

(Appointed as Executive Director of Japan Rental Housing Investments Inc. in May 2012)

Mr. Higashino joined Mi-Casa as President &CEO in 2009. Previously, he worked for *Morgan Stanley Japan Securities Co., Ltd.*, and was seconded as CEO of *MS Real Estate Advisors Co., Ltd.,* an asset manager for its real estate core fund. His previous real estate experience includes development, finance and investment management at *Orix Real Estate Corporation, Daikyo Inc.* and *The Sanwa Bank, Limited* (The Bank of Tokyo-Mitsubishi UFJ, Ltd.) where he had spent most of his career in Tokyo, Los Angeles and New York. He has more than 30 years of banking, finance and real estate experience as head of Corporate Banking / Structured Finance divisions in the New York branch, General Manager of the Structured Finance department and Higashi-Ebisu branch in Tokyo. Qualified as Licensed Real Estate Broker and ARES certified Master.

Koji Watanabe

Managing Director

Mr. Watanabe was seconded to Mi-Casa as Managing Director by *Daiwa Securities Co. Ltd.* in December 2015. Before joining Mi-Casa, he worked for *Daiwa Securities Co. Ltd.* as a Managing Director of Finance Department. Also he had spent his career and gained finance experience at *Daiwa International Trust Bank, Ltd.* (Currently *Sumitomo Mitsui Trust Banking, Limited*), *Credito Italiano S.p.A*, *The Bank of Nova Scotia,* and *The Long-Term Credit Bank of Japan, Ltd*.

Mi-Casa Management Team

Kazuhiko Ukaji
Auditor

Mr. Ukaji was seconded to Mi-Casa as Auditor by *Daiwa Securities Co. Ltd.* in April 2016. Before joining Mi-Casa, he worked for *Daiwa Securities Co. Ltd.* as a Managing Director of Compliance Department. Also he had spent five years as Managing Director of Fixed Income, Currency and Commodities (FICC) Bond Trading Department of *Daiwa Securities Co. Ltd.*

Satoshi Nakamura
Executive Officer
Asset Management Department

Mr. Nakamura joined Mi-Casa in April 2009 and he has led the asset management department. He has more than 25 years of experience in the real estate business. Before joining Mi-Casa, Mr. Nakamura worked for *GE Japan Corporation* as an asset manager, managing office and residential buildings ranging from 40 through ¥120 bn. Prior to that, Mr. Nakamura was at *Ken Corporation* as a property manager for his clients, such as MS, GS, GE. Mr. Nakamura started his career at *Daido Corporation* as a home developer of foreign-style houses. He is qualified as a Licensed Real Estate Broker.

Shuji Nakamura
Executive Officer
Business Management Department

Mr. Nakamura joined Mi-Casa in February 2015 and leads the business management department. Before joining Mi-Casa, he worked for *LaSalle Investment Management* as a Director of the Structured Finance Division. He gained finance and real estate experience at *Sumitomo Trust Bank*, *UBS Securities*, *IKOMA CB Richard Ellis. K. K.*, *Tokyo Star Bank* and *Mori Building Investment Management*. He gained experience in J-REITs at *LaSale Investment Management* and *Mori Building Investment Management*. He is qualified as a Licensed Real Estate Broker and is a Chartered Member of the Securities Analysts Association of Japan.

- The purpose for this document is to provide information and is not for soliciting investment activities or recommending specific securities. In the event of purchasing investment units of Japan Rental Housing Investments Inc., please contact your securities brokerage company.

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