

April 23, 2018

REIT Issuer: Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Masaki Yamane, Executive Director
(Securities Code: 8986)
Asset Manager: Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
Inquiries: Seiji Kimoto, General Manager of Business Management
Department
Tel: +81-3-5425-5600

JRH News Release

(Correction) 23rd Fiscal Period Financial Report and Semi-Annual Report

Japan Rental Housing Investments Inc. (the “Investment Corporation”) today announced the following corrections to the corresponding parts announced in “23rd Fiscal Period Financial Report (REIT)” dated November 15, 2017, and “23rd Fiscal Period Semi-Annual Report” dated December 11, 2017, after receiving notification from The Tanizawa Sōgō Appraisal Co., Ltd., to which the Investment Corporation entrusts appraisal of its properties, that the appraisal value of “willDO Okayamaeki Nishiguchi” as of the end of September 2017 was incorrect (before correction: 1,260 million yen, after correction: 1,280 million yen) as the leasable area used for the appraisal was smaller than the actual area and the appraisal report was received after the correction (corrections are indicated with underlines).

1. Corrections to the 23rd Fiscal Period Financial Report (from April, 1, 2017 to September 30, 2017)

p. 4

II. Management Policies and Management Status

(2) Management Status

① Overview of the Fiscal Period under Review

(Before Correction)

(snip)

As a result of acquisition of 3 properties and disposition of 1 existing property, the properties under management at the end of the period under review (the 23rd fiscal period) consisted of 199 properties and 13,300 units, with a total acquisition price of ¥225,906 million (a total book value of ¥218,027 million) and a total rentable floor area increased to 535,907.37 square meters. Unrealized gain (the difference between the total appraisal value and the total book value) at the end of the period under review stood at ¥36,124 million (14.2% of the total appraisal value of the entire portfolio), an increase of ¥4,496 million from ¥31,627 million at the end of the previous period. The number of investment units issued by the Investment Corporation as at the end of the fiscal period under review was 1,640,060, representing a total unitholders’ capital of ¥91,715 million. As of September 30, 2017, the Investment Corporation holds reserves for temporary difference adjustments of ¥6,733 million.

(snip)

(After Correction)

(snip)

As a result of acquisition of 3 properties and disposition of 1 existing property, the properties under management at the end of the period under review (the 23rd fiscal period) consisted of 199 properties and 13,300 units, with a total acquisition price of ¥225,906 million (a total book value of ¥218,027 million) and a total rentable floor area increased to 535,907.37 square meters. Unrealized gain (the difference between the total appraisal value and the total book value) at the end of the period under review stood at ¥36,144 million (14.2% of the total appraisal value of the entire portfolio), an increase of ¥4,516 million from ¥31,627 million at the end of the previous period. The number of investment units issued by the Investment Corporation as at the end of the fiscal period under review was 1,640,060, representing a total unitholders’ capital of ¥91,715 million. As of September 30,

2017, the Investment Corporation holds reserves for temporary difference adjustments of ¥6,733 million.
(snip)

p.30
(Notes on Investment and Rental Properties)

(Before Correction)

(snip)

(Unit : thousand yen)

			22nd period from October 1,2016 to March 31, 2017	23rd period from April 1,2017 to September 30,2017
Rental residential properties	Carrying Amount	Balance at the beginning of the period	213,695,561	216,258,640
		Net increase during the period	2,563,079	1,769,007
		Balance at the end of the period	216,258,640	218,027,647
	Fair Value at the end of the period	247,886,000	<u>254,152,000</u>	

(snip)

(After Correction)

(snip)

(Unit : thousand yen)

			22nd period from October 1,2016 to March 31, 2017	23rd period from April 1,2017 to September 30,2017
Rental residential properties	Carrying Amount	Balance at the beginning of the period	213,695,561	216,258,640
		Net increase during the period	2,563,079	1,769,007
		Balance at the end of the period	216,258,640	218,027,647
	Fair Value at the end of the period	247,886,000	<u>254,172,000</u>	

(snip)

p.38~39

5. Reference Information

(2) Investment Real Estate Properties, Trust Beneficiary Interests in Real Estate, etc.

① Summary, Price and Investment Ratio of Investment Assets

(Before Correction)

Type	Property number (Note 1)	Area classification	Property name	Acquisition price (million yen) (Note 2)	Investment ratio (%) (Note 3)	Carrying amount (million yen)	Appraisal value at the end of the period (million yen)	Occupancy rate at the end of the period (%) (Note 4)
(snip)								
Studio	O-7-068	Other major cities	willDo Okayama-eki Nishiguchi	1,220	0.5	1,028	<u>1,260</u>	98.2
(snip)								
Total				225,906	100.0	218,027	<u>254,152</u>	98.4

(snip)

(After Correction)

Type	Property number (Note 1)	Area classification	Property name	Acquisition price (million yen) (Note 2)	Investment ratio (%) (Note 3)	Carrying amount (million yen)	Appraisal value at the end of the period	Occupancy rate at the end of the period
------	--------------------------------	------------------------	---------------	---	--	-------------------------------------	---	--

							(million yen)	(%) (Note 4)
(snip)								
Studio	O-7-068	Other major cities	willDo Okayama-eki Nishiguchi	1,220	0.5	1,028	<u>1,280</u>	98.2
(snip)								
Total				225,906	100.0	218,027	<u>254,172</u>	98.4
(snip)								

p.42~43

② Summary of Appraisal Report
(Before Correction)

(as of September 30, 2017)

Property number	Property name	Appraisal value (thousand yen)	Cost approach	Direct capitalization method (Note 1)		DCF method (Note 2)			Acquisition price (thousand yen)	Appraiser (Note 3)
			Value indicated by cost approach (thousand yen)	Value Indicated by direct capitalization method (thousand yen)	Overall cap rate (%)	Value indicated by DCF method (thousand yen)	DCF discount rate (%)	DCF terminal cap rate (%)		
(snip)										
O-7-068	willDo Okayama-eki Nishiguchi	<u>1,260,000</u>	1,150,000	<u>1,270,000</u>	5.5	<u>1,250,000</u>	5.6	5.7	1,220,000	1
(snip)										
Studio type subtotal		<u>157,676,000</u>	130,484,000	<u>159,476,000</u>	-	<u>156,142,000</u>	-	-	142,987,419	-
(snip)										
Properties Total		<u>254,152,000</u>	214,583,000	<u>257,076,000</u>	-	<u>251,788,000</u>	-	-	225,906,578	-
(snip)										

(After Correction)

(as of September 30, 2017)

Property number	Property name	Appraisal value (thousand yen)	Cost approach	Direct capitalization method (Note 1)		DCF method (Note 2)			Acquisition price (thousand yen)	Appraiser (Note 3)
			Value indicated by cost approach (thousand yen)	Value Indicated by direct capitalization method (thousand yen)	Overall cap rate (%)	Value indicated by DCF method (thousand yen)	DCF discount rate (%)	DCF Terminal cap rate (%)		
(snip)										
O-7-068	willDo Okayama-eki Nishiguchi	<u>1,280,000</u>	1,150,000	<u>1,290,000</u>	5.5	<u>1,280,000</u>	5.6	5.7	1,220,000	1
(snip)										
Studio type subtotal		<u>157,696,000</u>	130,484,000	<u>159,496,000</u>	-	<u>156,172,000</u>	-	-	142,987,419	-
(snip)										
Properties Total		<u>254,172,000</u>	214,583,000	<u>257,096,000</u>	-	<u>251,818,000</u>	-	-	225,906,578	-
(snip)										

2. Corrections to the 23rd Semi-Annual Report

. Asset Management Report

Overview of Asset Management

2. Progress of Asset Management in the Period under Review

(1) Profile of the Investment Corporation

(Before Correction)

(snip)

As a result of acquisition of 3 properties and disposition of 1 existing property, the properties under management at the end of the period under review (the 23rd fiscal period) consisted of 199 properties and 13,300 units, with a total acquisition price of ¥225,906 million (a total book value of ¥218,027 million) and a total rentable floor area increased to 535,907.37 square meters. Unrealized gain (the difference between the total appraisal value and the total book value) at the end of the period under review stood at ¥36,124 million (14.2% of the total appraisal value of the entire portfolio), an increase of ¥4,496 million from ¥31,627 million at the end of the previous period. The number of investment units issued by the Investment Corporation as at the end of the fiscal period under review was 1,640,060, representing a total unitholders' capital of ¥91,715 million. As of September 30, 2017, the Investment Corporation holds reserves for temporary difference adjustments of ¥6,733 million.

(snip)

(After Correction)

(snip)

As a result of acquisition of 3 properties and disposition of 1 existing property, the properties under management at the end of the period under review (the 23rd fiscal period) consisted of 199 properties and 13,300 units, with a total acquisition price of ¥225,906 million (a total book value of ¥218,027 million) and a total rentable floor area increased to 535,907.37 square meters. Unrealized gain (the difference between the total appraisal value and the total book value) at the end of the period under review stood at ¥36,144 million (14.2% of the total appraisal value of the entire portfolio), an increase of ¥4,516 million from ¥31,627 million at the end of the previous period. The number of investment units issued by the Investment Corporation as at the end of the fiscal period under review was 1,640,060, representing a total unitholders' capital of ¥91,715 million. As of September 30, 2017, the Investment Corporation holds reserves for temporary difference adjustments of ¥6,733 million.

(snip)

Investment Assets under Management

3. Details of Properties in the Portfolio (34~35)

(Before Correction)

Property name	Location	Type of ownership	(A) Appraisal value at the end of the period (million yen) (Note)	(B) Amount recorded on the balance sheet (million yen)	Unrealized gain or loss (A)-(B) (million yen)
(snip)					
willDo Okayamaeki Nishiguchi	11-17, Showacho, Kita-ku, Okayama, Okayama	Trust beneficiary interest	<u>1,260</u>	1,028	<u>231</u>
(snip)					
Total	—	—	<u>254,152</u>	218,027	<u>36,124</u>

(After Correction)

Property name	Location	Type of ownership	(A) Appraisal Value at the end of the period (million yen) (Note)	(B) Amount recorded on the balance sheet (million yen)	Unrealized gain or loss (A)-(B) (million yen)
(snip)					
willDo Okayamaeki Nishiguchi	11-17, Showacho, Kita-ku, Okayama, Okayama	Trust beneficiary interest	<u>1,280</u>	1,028	<u>251</u>
(snip)					
Total	—	—	<u>254,172</u>	218,027	<u>36,144</u>

VI. Notes

(Notes on Investment and Rental Properties)

For the six months ended March 31, 2017 (Reference Information)

(Before Correction)

(snip)

(Unit: thousand yen)

Type	Carrying amount			Fair value at the end of the period
	Balance at the beginning of the period	Net increase (decrease) during the period	Balance at the end of the period	
Rental residential properties	216,258,640	1,769,007	218,027,647	<u>254,152,000</u>
Total	216,258,640	1,769,007	218,027,647	<u>254,152,000</u>

(snip)

(After Correction)

(snip)

(Unit: thousand yen)

Type	Carrying amount			Fair value at the end of the period
	Balance at the beginning of the period	Net increase (decrease) during the period	Balance at the end of the period	
Rental residential properties	216,258,640	1,769,007	218,027,647	<u>254,172,000</u>
Total	216,258,640	1,769,007	218,027,647	<u>254,172,000</u>

(snip)

This document includes translations of certain Japanese documents originally filed under the Japanese Financial Instruments and Exchange Law. This report was prepared in English solely for the convenience of and reference by readers outside Japan and should not be considered as a disclosure statement or statutory document for an offer to sell, or seeking an offer to buy, any securities of Japan Rental Housing Investments Inc.

The original Japanese documents always govern the meaning and interpretation. None of Japan Rental Housing Investments Inc., Mi-Casa Asset Management Inc. or any of their respective directors, officers, employees, partners, unitholders, agents, affiliates or their advisors will be responsible or liable for the completeness, appropriateness, or accuracy of English translations or the selection of the portion(s) of any document(s) translated into English.

In general, accounting principles and practices used by real estate investment corporations in Japan ("J-REITs") in preparing its financial statements conform with accounting principles generally accepted in Japan ("Japanese GAAP"). However, they may differ from generally accepted accounting principles applied in certain other countries. Potential investors should consult their own professional advisors for an understanding of the differences between Japanese GAAP and generally accepted accounting principles in the United States ("U.S. GAAP") or other jurisdictions and how those differences might affect the financial information contained herein.

Estimates for Japan Rental Housing Investments Inc.'s future operating results contained in this semiannual report are forward-looking statements and are based on information currently available to Japan Rental Housing Investments Inc. and its asset management company and are subject to risks and uncertainties. Consequently, these projections should not be relied upon as the sole basis for evaluating Japan Rental Housing Investments Inc. Actual results may differ materially from the projections depending on a number of factors. We do not undertake and will not undertake to release revisions of forward-looking statements to reflect future events or circumstances or of any other statements or information contained herein.