

September 20, 2018

To All Concerned Parties

REIT Issuer: Japan Rental Housing Investments Inc.
6-16-12 Shinbashi Minato-ku, Tokyo 105-0004
Ikuo Shoda, Executive Director
(Securities Code: 8986)
Asset Manager: Mi-Casa Asset Management Inc.
Yutaka Higashino, President and Chief Executive Officer
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Notice Concerning Management System of New Merged Company Associated with Merger of Asset Manager

As announced in the “Notice Concerning Execution of Memorandum of Understanding Regarding Merger of Mi-Casa Asset Management Inc. (Asset Manager)” dated June 28, 2018 (hereinafter referred to as the “Press Release Concerning Conclusion of Basic Agreement”) and “Notice Concerning Conclusion of Merger Agreement of Mi-Casa Asset Management Inc. (Asset Manager)” dated August 27, 2018 (hereinafter referred to as the “Press Release Concerning Conclusion of Merger Agreement”), Mi-Casa Asset Management Inc. (hereinafter referred to as “MAM”), the asset manager of Japan Rental Housing Investments Inc. (hereinafter referred to as “JRH”), announces that the structure of a new merged company will be changed on October 1, 2018 as follows in association with its merger with Daiwa Real Estate Asset Management Co., Ltd. (hereinafter referred to as “DR”), the asset manager of Daiwa Office Investment Corporation (hereinafter referred to as “DOI”), Daiwa Residential Private Investment Corporation (hereinafter referred to as “DRP”), Nippon Healthcare Investment Corporation (hereinafter referred to as “NHI”) and Daiwa Hotel Private Investment Corporation (hereinafter referred to as “DHP”) (hereinafter referred to as the “Merger,” and DR after the Merger shall be referred to as the “New Merged Company”) on October 1, 2018, which is the effective date of the Merger.

1. Amendment to the Structure of the New Merged Company

(1) Amendment to the Organization of the New Merged Company

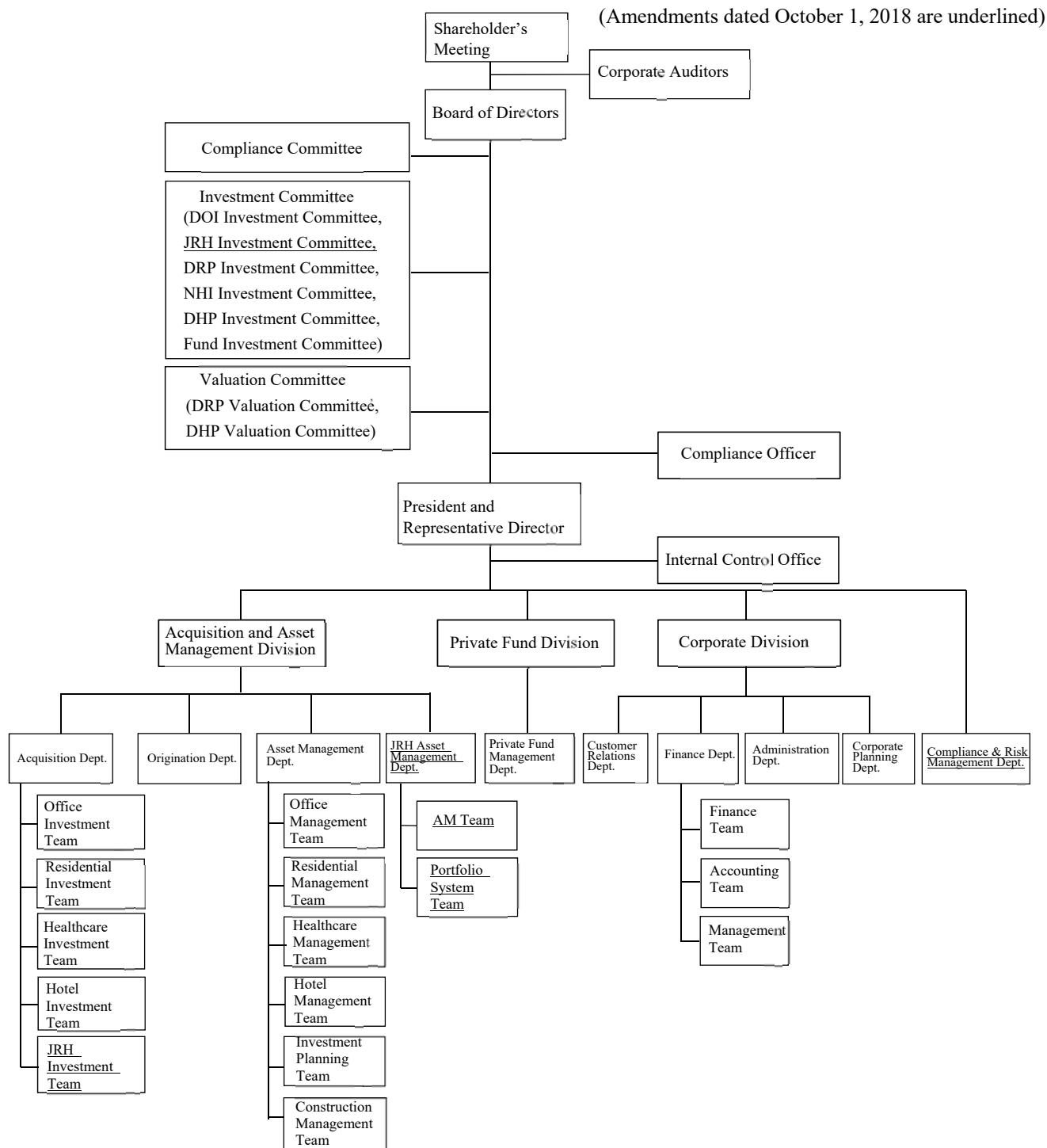
To accomplish the efficient succession and execution of JRH’s asset management operations, the New Merged Company will establish the “JRH Asset Management Department” in the Acquisition and Asset Management Division and the “JRH Investment Team” in the Acquisition Department and succeed the JRH investment management function of MAM’s Asset Management Department. The JRH Asset Management Department will engage in operations such as the management of assets held by JRH during the period, and the JRH Investment Team in the Acquisition Department will engage in operations related to the acquisition and disposal of assets of JRH.

While the corporate-related functions of MAM (accounting, general affairs, personnel affairs, risk management and compliance of the asset manager) will be succeeded by each existing department of DR, the New Merged Company will

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establish the “Compliance & Risk Management Department” to strengthen the risk management and compliance functions.

The organizational chart of the New Merged Company is as follows.



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For rules to prevent conflicts of interest (a rotation rule and others) of JRH, DRP and other funds that invest in rental properties, please refer to the Press Release Concerning Conclusion of Basic Agreement and the Press Release Concerning Conclusion of Merger Agreement.

(2) Overview of Operations of Each Organization of the New Merged Company

The overview of the divided duties of each department of the New Merged Company is as follows (only matters related to the operation of JRH are described below).

Name	Divided duties
Acquisition Department	JRH Investment Team <ul style="list-style-type: none"> • Drawing up of plans and policies on the investment of JRH • Matters concerning the acquisition and disposal of assets in the investment management business of JRH • Other incidental matters
Origination Department	<ul style="list-style-type: none"> • Marketing activities based on plans and policies on investment or the disposal of assets • Marketing activities for new investment management • Other incidental matters
JRH Asset Management Department	a. AM Team <ul style="list-style-type: none"> • Drawing up of plans and policies on the disposal of assets of JRH • Drawing up of plans and policies on the lease and management of assets of JRH and its bridge fund (*) (JRH and its bridge fund shall be hereinafter collectively referred to as “JRH, and others.”) • Matters concerning the lease and management of assets of JRH, and others. • Matters concerning the credit management of lessees of assets of JRH, and others. • Matters concerning the insurance coverage of assets of JRH, and others. • Other incidental matters <p>*A bridge fund means a private real estate fund in which the asset manager has received a document that contains a purchase intention from the investment corporation that entrusts asset management operations with the asset manager at the time of originating a fund and in which the asset manager is entrusted with businesses other than the discretionary investment business and the investment advisory and agency business. The same shall apply hereinafter in this table.</p> b. Portfolio System Team

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	<ul style="list-style-type: none"> • Matters concerning portfolio management • Other incidental matters
Customer Relations Department	<ul style="list-style-type: none"> • Marketing activities related to the entrusted business of the asset manager • Matters concerning the financing of the investment corporation and others through the issuance of investment units (the investment corporation and its bridge fund shall be hereinafter collectively referred to as the “Investment Corporation, and others.”) • Matters concerning the disclosure of the Investment Corporation, and others. • Matters concerning the planning of IR strategies of the Investment Corporation, and others. • Implementation of IR of the Investment Corporation, and others. • Matters concerning the public relations of the investment corporation • Matters concerning the operation of the unitholders’ meetings of the investment corporation • Other incidental matters
Finance Department	<p>a. Finance Team</p> <ul style="list-style-type: none"> • Matters concerning the financing of the Investment Corporation, and others. through borrowings and the issuance of bonds • Matters concerning ALM (Note) of the Investment Corporation, and others. • Matters concerning the investment of surplus funds of the Investment Corporation, and others. • Matters concerning the management of funds of the Investment Corporation, and others. • Other incidental matters <p>b. Accounting Team</p> <ul style="list-style-type: none"> • Matters concerning the settlement of accounts of the Investment Corporation, and others. • Matters concerning the accounting of the Investment Corporation, and others. • Matters concerning the distribution of monies of the Investment Corporation, and others. • Matters concerning the accounting audits of the Investment Corporation, and others. • Matters concerning the preparation of financial statements of the Investment Corporation, and others. • Management of budgets and actual results of the Investment Corporation, and others. • Other incidental matters

(Note) “ALM” stands for Asset Liability Management, and it means the management of risks arising from changes in the value of assets and liabilities due to the market interest rates. The same shall apply hereinafter.

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Name	Divided duties
Administration Department	<ul style="list-style-type: none"> • Matters concerning the operation of the Board of Directors of the investment corporation • Matters concerning the operation of the shareholders' meeting, the Board of Directors and various committees • Matters concerning litigation acts • Matters concerning the revision and abolition of regulations • Matters concerning the management of documents and information • Matters concerning the management of systems • Matters concerning various permits, licenses, approvals, registrations and reports based on laws and regulations • Matters concerning the handling of complaints • Matters concerning personnel affairs and labor affairs • Other incidental matters
Corporate Planning Department	<ul style="list-style-type: none"> • Research and analysis of the investment environment • Analysis and management of business issues of the investment corporation • Matters concerning the formulation and amendment of an asset management plan of the investment corporation • Matters concerning the formulation and amendment of management guidelines of the investment corporation • Matters concerning preparations for the commencement of new businesses • Supervision of risk management of the investment corporation and the asset manager • Matters concerning talks with supervisory authorities • Other incidental matters
Compliance & Risk Management Department	<ul style="list-style-type: none"> • Matters concerning risk management • Matters concerning the design, planning and promotion of overall compliance • Other incidental matters
Internal Control Office	<ul style="list-style-type: none"> • Matters concerning the management of procedures for obtaining appraisal reports • Matters concerning internal audits • Matters concerning assistance with operations of corporate auditors • Other incidental matters

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Compliance Officer	<ul style="list-style-type: none"> • Supervision of matters concerning in-house compliance (with laws and regulations) • Establishment of an in-house compliance system and the fostering of a corporate culture that respects laws and regulations • Planning and development of compliance-related regulations (a compliance manual, compliance programs, and others.) • Implementation of guidance and training for compliance • Matters concerning the operation of the Compliance Committee • Preliminary review of matters to be discussed by the Compliance Committee and the Investment Committee • Attendance at meetings of the Investment Committee as an observer • Verification of compliance status in daily operations • Investigation of compliance problems such as the violation of laws • Handling of responses to complaints and the instruction of improvements to departments • Review of the Type II financial instruments business • Other incidental matters
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(3) Committees

The overview of committees related to the investment and management of JRH is as follows.

JRH Investment Committee

Members	President & CEO (Chairman), directors (limited to those who have been appointed by the Board of Directors), JRH Chief Investment Officer appointed by the Board of Directors, Compliance Officer (Note), the General Manager of the Internal Control Office (Note), internal or external experts appointed by the Board of Directors (Note)
Deliberations	<p>Deliberations and resolutions on the following matters concerning JRH</p> <ul style="list-style-type: none"> • Matters concerning the management policy and the investment policy on the asset management business (the formulation and amendment of management guidelines (including the “Rules for Preventing Conflicts of Interest”), a medium-term asset management plan and an annual asset management plan) • Matters concerning the acquisition and sale of assets in the asset management business • Matters concerning the formulation and implementation of a management administration plan in the asset management business

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	<ul style="list-style-type: none"> • Management evaluation of the asset management business • Conclusion of outsourcing contracts of more than 10 million yen • Matters concerning transactions set forth in the Rules for Preventing Conflicts of Interest • Matters concerning financing and ALM • Matters concerning the distribution of monies • Matters concerning the investment of surplus funds • Matters concerning the management of funds • Matters concerning the appointment of a general administrator, an asset custodian and a transfer agent and the conclusion of contracts • Formulation and amendment of an information disclosure policy • Matters concerning other incidental operations
Deliberation method, and others.	<p>A quorum shall be the attendance of two thirds or more of the members holding voting rights. However, the attendance of the JRH Chief Investment Officer shall always be required for the discussion subject to property acquisition at JRH Investment Committee.</p> <ul style="list-style-type: none"> • Resolutions shall be made by the unanimous vote of the members holding voting rights who are present at the Committee meeting.

(Note) The Compliance Officer and the General Manager of the Internal Control Office will attend the meetings of the JRH Investment Committee as observers, but do not hold voting rights on proposals. Concerning the internal or external experts appointed by the Board of Directors, there are cases in which they hold a voting right and do not hold a voting right.

Compliance Committee (only items concerning JRH are stated)

Members	Compliance Officer (chairman), General Manager of the Internal Control Office, General Manager of the Administration Department, external experts with seasoned knowledge of compliance (Note)
Deliberations	<p>Deliberations and resolutions on compliance issues concerning the following matters of the investment corporation</p> <ul style="list-style-type: none"> • Matters concerning the management policy and the investment policy on the asset management business (the formulation and amendment of management guidelines (including the “Rules for Preventing Conflicts of Interest”), a medium-term asset management plan and an annual asset management plan) • Matters concerning the acquisition and sale of assets in the asset management business

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	<ul style="list-style-type: none"> • Matters concerning the formulation and implementation of a management administration plan in the asset management business • Conclusion of outsourcing contracts of more than 10 million yen • Matters concerning transactions set forth in the Rules for Preventing Conflicts of Interest • Matters concerning financing and ALM • Matters concerning the distribution of monies • Matters concerning the appointment of a general administrator and others and the conclusion of contracts • Matters concerning the amendment of important accounting policies • Matters concerning a proposal to appoint the accounting auditor and the conclusion of contracts • Formulation and amendment of an information disclosure policy <p>Deliberations and resolutions of compliance issues concerning the following matters of the asset manager:</p> <ul style="list-style-type: none"> • Matters concerning compliance and the compliance system • Matters concerning the prevention of adverse effects • Matters concerning risk management • Matters concerning internal audits • Matters concerning the establishment, revision and abolition of various regulations and rules, and others. <p>Deliberations and resolutions of compliance issues concerning other matters</p> <ul style="list-style-type: none"> • Matters concerning the conclusion and termination of an asset management entrustment agreement • Matters concerning litigation acts, and others. • Other matters concerning compliance that the Compliance Officer sets forth as required • Matters concerning other incidental operations
<p>Deliberation method, and others.</p>	<ul style="list-style-type: none"> • A quorum shall be the attendance of all the members, in principle, and the Committee may be held with the attendance of two thirds or more of the members only if the Compliance Officer has decided that there are unavoidable circumstances. However, the attendance of one or more of the Compliance Officer and the external experts with seasoned knowledge of compliance shall always be required. • Resolutions shall be made by the unanimous vote of the members who are present at the Committee meeting.

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(Note) As of today's date, the external experts comprise one external expert who is a qualified lawyer and one external expert who is a certified tax accountant.

2. Changes in Directors

The Board of Directors of DR resolved at its meeting held today to refer the person below as a candidate for a new director associated with the scheduled retirement of a director to an extraordinary shareholders' meeting to be held on October 1, 2018. Concerning the executives of the New Merged Company, there will be no transfer from the current executives of DR other than this matter.

Director to be appointed (as of October 1, 2018)

Director (part-time) Keiichi Ishikawa

*A career summary of the new director is provided in the reference material.

(Note) While Keiichi Ishikawa holds the position of director (part-time) of MAM as of today's date, he is to assume the position of director (part-time) of the New Merged Company on the effective date of the Merger.

Director to resign (as of September 30, 2018)

Director (part-time) Naoya Otani

3. Change in Key Personnel (as of October 1, 2018)

The Board of Directors of DR resolved at its meeting held today to appoint the person below for Head of JRH Asset Management Department, General Manager.

Name	New position	Current position
Satoshi Nakamura	Head of JRH Asset Management Department, General Manager	—

* The career summary of the newly appointed key personnel is as described in the reference material.

(Note) While Satoshi Nakamura holds the position of Executive Officer and Head of Asset Management Department, General Manager of MAM as of today's date, he is to assume the position of Head of JRH Asset Management Department, General Manager of the New Merged Company on the effective date of the Merger. He is also to participate in the JRH Investment Committee as the JRH Chief Investment Officer.

4. Other references

While enabling JRH to acquire residences for the elderly in addition to the ordinary operation form of rental properties, in its management guidelines, we did not assume healthcare facilities (so-called elderly housing with supportive services) that target the elderly as users or residents as the acquisition target. For this reason, we will clearly express that "healthcare

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facilities that target the elderly as users or residents” are not included in the investment targets of JRH on or after the effective date of the Merger. In order to clarify avoiding competition over acquisition opportunities with the investment corporations that DR currently manages, we will make the necessary changes associated with the Merger by reflecting the decision-making flow of DR in the management guidelines of JRH after the Merger.

5. Outlook

For these transactions, necessary filings and any other actions shall be taken in accordance with the Financial Instruments and Exchange Act, the Building Lots and Buildings Transaction Business Act, and other applicable laws and rules.

- End -

* Website URL of the Investment Corporation: <http://www.jrhi.co.jp/en/>

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Reference Material

Brief Personal History of Directors to be Newly Appointed

Name	Brief Personal History		Holding Shares (Shares)
Keiichi Ishikawa	April 1993	Joined Daiwa Securities Co. Ltd.	-
	October 2013	Head of Planning Section of Corporate Planning Department of Daiwa Securities Group Inc.	
		Head of Planning Section of Corporate Planning Department of Daiwa Securities Co. Ltd.	
	July 2015	Head of Treasury Department of Daiwa Securities Group Inc. (present)	
		Head of Treasury Department of Daiwa Securities Co. Ltd. (present)	
December 2015	Director (Part-time), Mi-Casa Asset Management Inc. (present)		
October 2018	Director (Part-time), Daiwa Real Estate Asset Management Co. Ltd. (scheduled)		

Brief Personal History of Key Personnel to be Newly Appointed

Name	Brief Personal History	
Satoshi Nakamura	March 1982	Joined Daido Corporation
	October 1998	Joined Ken Corporation Ltd.
	January 2002	Transferred to General Electric International Inc.
	April 2009	Joined Mi-Casa Asset Management Inc.
	May 2009	Mi-Casa Asset Management Inc., Executive Officer & Department Manager of Asset Management Department (present)
	October 2018	Daiwa Real Estate Asset Management Co. Ltd., Deputy Chief Acquisition and Asset Management Division Officer & Head of JRH Asset Management Department, General Manager (scheduled)

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