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March 3, 2011

To All Concerned Parties

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Notice Concerning the Acquisition of Property

Japan Rental Housing Investments Inc. (hereafter referred to as the “Investment Corporation”) hereby announces that it has decided at a meeting of its Board of Directors held today to acquire the following asset (hereafter referred to as the “Property to be Acquired”). Details are provided below.

1. Basic Policy

The Investment Corporation’s goal is to “improve the quality of the portfolio and continuously expand the asset scale” for the purpose of distributing profits stably on the long-term to all our unitholders by raising profitability. Specifically, our management policy for the time being, is to (1) “Acquire new properties in the Tokyo metropolitan area, particularly in Tokyo’s 23 wards,” and “Reduce the ratio of premium type properties which are more easily influenced by economic fluctuations” and (2) “Sell primarily some small-sized properties located in areas other than the Tokyo metropolitan area (particularly properties which are worth less than 500 million yen per property) and replace owned properties through the acquisition of new properties with the best quality in the area (in principle, properties which are worth more than 1 billion yen per property)” for the purpose of raising management efficiency.

2. Reason for acquisition

Based on the abovementioned policy, the Investment Corporation will conduct agile asset management, which includes improving the portfolio through the replacement of properties. This Property acquisition has been judged by us to be the most appropriate fit for the target outlined in Point (2) for the Investment Corporation after having comprehensively considered the portfolio composition, profitability, and other factors.

The Investment Corporation also decided to transfer assets today, March 3, 2011, and on February 23, 2011 (for details, please refer to the “**Notice Concerning Transfer of Asset**”, dated February 23, 2011 and March 3, 2011). As a result of the scheduled transfer of assets and the “Property to be Acquired”, the asset size is expected to reach approximately 147.7 billion yen for the 180 portfolio properties (acquisition price base; total 9,599 units).

Summary of property

Number of Property	Name of Property	Area Category	Leasing Category	Estimated Acquisition Price (A) (thousands of yen)	Appraisal Value (as of February 2011) (B) (thousands of yen)	Difference between estimated acquisition price and appraisal value (B) – (A) (thousands of yen)
O-6-119	Gransys Esaka	Three Major Metropolitan Areas	Studio	1,260,000	1,350,000	90,000

3. Details of property (O-6-119 Gransys Esaka)

Category of proposed property for acquisition	Real estate		Estimated acquisition price	JPY 1,260,000 thousand
Trust company	-		Trust agreement period	-
Unique features of the property				
The Gransys Esaka is a 10-storey RC structure located seven minutes on foot from the Esaka Station on the on the Osaka Municipal Subway Midosuji Line. The condo building is primarily aimed at single occupants. The common ground floor area houses a lobby and a terrace, and in terms of interior and exterior finish as well as the facilities provided the building scores higher than comparable properties. Its easy access to key business districts and the large number of commercial facilities (retail stores etc) in the vicinity makes it an appealing option for customers, typically single people and DINK (double-income-no-kids) couples, who value the ease of living in the heart of town.				
Overview of the property				
Location (Note 1)	(Residential Indication) 18-31 Hiroshibacho, Suita-shi, Osaka			
	(Lot Number) 18-12 Hiroshibacho, Suita-shi, Osaka			
Land	Type of Ownership	Proprietary ownership	Area Classification (Note 2)	Commercial district
	Land Area (Note 1)	695.05 m ²	FAR / Building Coverage Ratio (Note 3)	400%/80%
Building	Type of Ownership	Proprietary ownership	Area Classification (Note 1)	Condominium
	Floor space (Note 1)	3,485.92 m ²	Completion Date (Note 1)	February 6, 2008
	Type of Structure (Note 1)	RC, 10-story building with deck roof		
Number of leasable units by type	90 units (1 room+ kitchen: 54 units; 1 room + living room + kitchen: 36 units)			
Expected property management company	Haseko Livenet, Inc.	Sub Property Management Company	-	
Master lease party	GK Japan Rental Housing	Type of Master Lease	Pass through	
Property Appraisal Summary (Note 4)			Tenants Details (Note 5)	
Appraiser	Tanizawa Sogo Appraisal Co., Ltd.		Number of Tenants (Note 6)	1
Date of Appraisal	February 1, 2011		Leasable units	90
Appraisal value	JPY 1,350,000 thousand		Leasable Area (Note 7)	2,623.86 m ²
Value Calculated Using the Direct Capitalization Method	JPY 1,350,000 thousand		Leased area	2,230.14 m ²
Gross Operating Revenue	JPY 106,525 thousand		Monthly Rent (Note 8)	JPY 7,763 thousand
Gross Operating Expenses	JPY 23,771 thousand		Lease Deposits and Guarantee Deposits	JPY 7,850 thousand
Net Operating Income (NOI)	JPY 82,754 thousand		Occupancy Ratio (unit base)	86.7%
Lump-sum Investment Return	JPY 144 thousand		Occupancy Ratio (area base) (Note 9)	85.0%
Capital Expenditure	JPY 3,204 thousand		Engineering Report Summary (Note 10)	
Net Cash Flow (NCF) (Note 11)	JPY 79,694 thousand			
Overall Capitalization Rate	5.9%		Engineering Report Company	ERI Solution Co., Ltd.
Value Indicated by DCF Method	JPY 1,350,000 thousand		Date of Research	January 7, 2011
Discount Rate	6.0%		Priority Repairs	JPY 0 thousand



Terminal Capitalization Rate	6.2%	Near-Future Repairs (within a year)	JPY 80 thousand
Value Indicated by Cost Approach	JPY 994,000 thousand	Far-Future Repairs (within 12 years)	JPY 53,030 thousand
		Probable Maximum Loss (PML)	8.3%
Special Note: N/A			
Collateral: Unsecured			

(Note 1) Figures and information in the columns “Location (Registered)”, “Land Area”, “Floor Space”, “Type of Structure”, “Use” and “Completion Date” are as per the registry of the property. In the column “Type of Structure”, “SRC” indicates “Steel Reinforced-Concrete”, “RC” indicates “Reinforced-Concrete” and “S” indicates “Steel.”

(Note 2) Figures and information in the column “Area Classification” is from the zoning type indicated by Article 8-1-1 of the City Planning Law.

(Note 3) Figures and information in the column “FAR/Building Coverage Ratio,” FAR uses the ratio of the floor area of the building versus the lot area as stipulated in Article 52 of the Building Standards Law, and the figures designated for use and area in city planning. The building coverage ratio uses the building area versus the lot area as stipulated in Article 53 of the Building Standards Law, and the figures designated for use and area in city planning.

(Note 4) Figures and information in the column “Property Appraisal Summary” are as per the report by the appraisal firm with respect to the property acquired based on the points to consider in the appraisal valuation of real estate arising from the Law Concerning Investment Trusts and Investment Corporations, the Law Concerning Real Estate Appraisal (Law No.152 of 1963, including revisions thereafter) and Real Estate Appraisal Standards. The numbers are rounded off to the nearest thousand yen, and ratios are rounded off to the first decimal place. Furthermore, for details of items, please refer to “(Reference Material I) Property Appraisal Summary of Prices of Properties to Be Acquired” below.

(Note 5) Figures and information in the column “Tenants Details” are based on the information as of January 31 obtained from the seller of the property, 2011.

(Note 6) Figures and information in the column “Number of Tenants” are entered as one tenant when JRF retains a master lease agreement with the Master Lease Company.

(Note 7) The leasable floor area is the area that can be leased in the building of property under management as of January 31, 2011. The areas that are leased in association with the main purpose of lessees, including warehouses, parking facilities, the building manager’s office, signs, automatic vending machines and antennas, and the areas that the lessor leases to maintain the building (including areas with respect to which the lessor grants temporary use under loan-for-use agreements) are excluded. Moreover, the leasable floor area is the area enclosed by the center line of the wall, and includes areas for the meter boxes and pipe space allocated to each residential unit.

(Note 8) Monthly Rent (rent, common service fees and parking fees) in the column “Monthly Rent” are based on information as of January 31, 2011. The numbers are rounded off to the nearest thousand yen.

(Note 9) Figures in the column “Occupancy Ratio (area base)” are calculated from the “Leased Area” number divided by the “Leasable Area” number and shown as a percentage rounded off to the first decimal place.

(Note 10) Figures in the column “Engineering Report Summary” are rounded off to the nearest thousand yen, and ratios are rounded off to the first decimal place.

(Note 11) Net Cash Flow is equal to [Net Operating Income (NOI) + Investment Return on Lump-Sum – Capital Expenditure]. The numbers are rounded off to the nearest thousand yen.

4. Notes on the Property Due Diligence

The Investment Corporation conducted supplementary due diligence on all of the properties to avoid the problem of the fabrication of data relating to building structural strength. The Investment Corporation asked third-party due diligence consultants to check if the property was in compliance with building laws by reviewing construction plans, structural drawings and documents regarding calculation of structural strength.

As a result of the due diligence, no violation of the building laws was found.

Building Promoter	Architect	Building Contractor	Verification Agency	Inspection Agency
Daiwa System Co., Ltd.	FKO Archi Design	MikiKogyo Co., Ltd.	General Building Research Corporation of Japan (GBRC)	Index Consulting Inc.

5. Profiles of the Property Owners

The property owner of the aforementioned property is not a special related party of the Investment Corporation and the Asset Management Company.

6. Profile of the counterparty

Company Name	Daiwa System Co., Ltd.
Head Office Address	2-2-3 Nishishinsaibashi, Chuo-ku, Osaka City
Representative	President and CEO Kazuhiko Hiromoto
Main Business	Daiwa System Co. Ltd. engages in the planning, design, construction, and leasing of commercial and industrial buildings, and welfare facilities. It also involves in the development of condominiums, houses, and commercial buildings; management of dining, restaurant, and entertainment facilities; development and operation of a spa; and real estate sales, management, leasing, and brokerage businesses.
Paid-in Capital	JPY 3,240,725 thousand
Date of Establishment	June 28, 1960
Net Assets	JPY -28,900,615 thousand (as of September 30, 2010)
Total Assets	JPY 33,176,004 thousand (as of September 30, 2010)
Relationship between the company and the Investment Corporation or the asset management company	There are no capital, personnel or business ties between the Investment Corporation or the asset management company and the seller. Also, there are no such ties between affiliates of the Investment Corporation or the asset management company and affiliates of the seller. The company is not classified as an interested party, etc. under the Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations, nor is defined as an interested party, etc. under the internal rules on dealings with interested parties of the asset management company.

7. Profile of Brokerage

Company Name	The Chuo Mitsui Trust and Banking Company, Ltd
Head Office Address	3-33-1, Shiba, Minato-ku, Tokyo
Representative	Jun Okuno
Main Business	Trust banking Trust business, banking business, concurrent businesses, finance-related businesses and other businesses Securities business, credit guarantee business, credit card business, etc.
Paid-in Capital	JPY 399,600 million (as of September 30, 2010)
Date of Establishment	May 1962
Relationship between the company and the Investment Corporation or the asset management company	There are no capital, personnel or business ties between the Investment Corporation or the asset management company and the brokerage. Also, there are no such ties between affiliates of the Investment Corporation or the asset management company and affiliates of the brokerage. The company is not classified as an interested party, etc. under the Order for Enforcement of the Law Concerning Investment Trusts and Investment Corporations, nor is defined as an interested party, etc. under the internal rules on dealings with interested parties of the asset management company.
Brokerage Fee	(Note)

Note: The fee paid to the abovementioned broker is undisclosed by the broker's request

8. Planned funds for the acquisition

Own funds

9. Settlement method

Full settlement at the time of the purchase

10. Date of acquisition

Scheduled date of the acquisition and signing date of transfer agreement	Payment and delivery date
March 3, 2011	March 25, 2011

11. Forecasts

For details regarding the impact from the acquisition on the management performance forecasts for the fiscal period ending March 2011 (October 1, 2010 to March 31, 2011), please refer to the **“Notice Concerning Revision of Management Performance and Distribution Forecasts for the Tenth Fiscal Period Ending March 31, 2011”**, dated March 3, 2011.

(Reference Material I) Property Appraisal Summary of Prices of “Property to be Acquired”

Property Name		Gransys Esaka
Appraisal Value	(JPY)	1,350,000,000
Appraiser	-	Tanizawa Sogo Appraisal Co., Ltd.
Date of Appraisal	-	February 1, 2011
Value indicated by income approach	(JPY)	1,350,000,000
Value indicated by the Direct Capitalization Method		(JPY) 1,350,000,000
(1) Total Operating Income (a-b)		(JPY) 106,525,819
a	Rental revenues including common service fees	(JPY) 100,945,142
	Parking fees	(JPY) 13,500,000
	Other revenues	(JPY) 6,711,751
b	Losses from vacancies	(JPY) 14,631,074
	Bad debt losses	(JPY) 0
(2) Total Operating Expenses		(JPY) 23,771,517
Operation costs		(JPY) 3,000,000
Utilities		(JPY) 3,904,304
Repairs and maintenance expense		(JPY) 3,185,794
Property management fees		(JPY) 2,998,437
Tenant promotion fees, etc.		(JPY) 2,103,024
Taxes and public dues		(JPY) 7,274,400
Nonlife insurance		(JPY) 240,300
Other expenses		(JPY) 1,065,258
(3) Net Operating Income (NOI): (1) - (2)		(JPY) 82,754,302
(4) Lump-sum Investment Return		(JPY) 144,226
(5) Capital Expenditure		(JPY) 3,204,000
(6) Net Cash Flow (NCF) : (3) + (4) - (5)		(JPY) 79,694,528
(7) Capitalization Rate		(%) 5.9%
Value Indicated by DCF Method		(JPY) 1,350,000,000
Discount Rate		(%) 6.0%
Terminal Capitalization Rate		(%) 6.2%
Value indicated by cost approach		(JPY) 994,000,000
*Figures less than a thousand have been rounded off		
Land value		(JPY) 278,000,000
Building value		(JPY) 716,000,000

(Reference Material II) Portfolio by Type and Category after Property Acquisition and Transfer (difference indicated within parentheses)

Unit: Number of residential units

	Studio apartments	Family-type apartments	Premium apartments	Total by area
Seven Central Wards of Tokyo	542	368	91 (-17)	1,001 (-17)
Three Major Metropolitan Areas	4,289 (90)	1,973	—	6,262 (90)
Other Major Cities	1,881	455	—	2,336
Type Total	6,712 (90)	2,796	91 (-17)	9,599 (73)

(Note 1) The seven central wards of Tokyo mean Chiyoda, Chuo, Minato, Shinjuku, Shibuya, Setagaya, and Meguro wards.

(Note 2) The three major metropolitan areas mean Kanto metropolitan area excluding the seven central wards of Tokyo, Chukyo metropolitan area, and Kinki metropolitan area.

(Note 3) The other major cities mean Sapporo, Sendai, Niigata, Shizuoka, Hamamatsu, Hiroshima, and Kitakyushu/Fukuoka metropolitan areas and cities with a population of 300,000 or more.

(Reference Material III) Situation of the Portfolio after Property Acquisition and Transfer

Asset Scale (Acquisition Price)	JPY 147.7 billion
Number of Owned Properties	180
Total Number of Leasable Units	9,599
Total Leasable Floor Area	374,360.98 m ²

*URL: <http://www.jrhi.co.jp/>

This press release includes forward-looking statements about the Investment Corporation. These forward-looking statements express the current intentions of the Investment Corporation, some of which are based on assumptions and beliefs of the Investment Corporation. Accordingly, they are subject to known and unknown risks, uncertainties and other factors. Such risks, uncertainties and other factors may cause the Investment Corporation's actual actions, results, performance or financial position to be materially different from any future actions, results, performance or financial position expressed or implied by these forward-looking statements.