

June 2, 2008

To All Concerned Parties

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Notice Concerning the Cancellation of Acquisition of Property

Japan Single-residence REIT Inc. (“Japan Single-residence REIT”) hereby announces its decision to cancel the acquisition of trust beneficiary interest in real estate announced in the “Notice Concerning the Acquisition of Property” dated September 27, 2007 (property name: G-CREST Kyoto Shijo-Karasuma).

1. Course of events leading to the cancellation

As per announced in the “Notice Concerning the Acquisition Date of Property” dated April 28, 2008, the acquisition date for the trust beneficiary interest had been under discussion with the seller. As of today, however, no agreement on this issue has been reached.

Meanwhile, Japan Single-residence REIT had been examining funding for acquisition of the trust beneficiary interest. However, it has decided to invalidate the agreement on purchase and sales of trust beneficiary interest with the seller. The agreement will be invalid in accordance with provisions that permit the buyer to cancel the agreement if funding pertaining to debts the buyer owes on the basis thereof has not been completed by the transfer date for the trust beneficiary interest, as well as in light of the incomplete fulfillment of funding initially assumed by Japan Single-residence REIT, which in turn reflects the difficult financing environment arising from the subprime loan issue.

2. Future outlook

Cancellation of said purchase and sales agreement will have only a minor impact on operating condition in the fiscal period ending July 2008 (February 1, 2008 to July 31, 2008). There is no revision to the operating result forecasts.

(Reference information)

1. Current financial position

Interest-bearing debt held by Japan Single-residence REIT totaled ¥31,441 million as of May 31, 2008. Of this sum, ¥16,749 million will be due for repayment by the end of the fiscal period ending July 2008. Japan Single-residence REIT is currently negotiating refinancing with financial institutions of the ¥16,749 million portion of its interest-bearing debt, and anticipates no problems with the refinancing.

2. Outlook for the improvement of the financial position

The loan-to-value (LTV) ratio for Japan Single-residence REIT stood at 52.2% at the end of the fifth fiscal period (fiscal period ended January 2008). The maximum limit for the LTV ratio is set at 65% in the management guidelines of Japan Single-residence REIT. However, Japan Single-residence REIT takes the view that an appropriate range for the LTV ratio is from around 45% to 55% in normal circumstances. It therefore intends to keep the LTV ratio within this range, without allowing it to rise unreasonably.

As for owned assets, Japan Single-residence REIT will consider replacing less competitive and less profitable properties over time to keep its portfolio competitive. It believes that it is comparatively

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straightforward for REIT service operators specializing in residential properties to replace owned assets as their average acquisition price per property is low and they own large numbers of properties.

With respect to funding, Japan Single-residence REIT will examine refinancing options as described above to reduce the risks involved in funding, by taking into consideration the protraction and dispersion of repayment dates. In addition, Japan Single-residence REIT will examine the possibility of funding through the issuing of investment corporation bonds so as to diversify its funding methods. Japan Single-residence REIT submitted registration statement of investment corporate bonds to the Director of the Kanto Local Finance Bureau in December 2007.