

**Investor Relations Office\* of Prospect Residential Investment Corporation (“PRI”)  
Listed on the Tokyo Stock Exchange under securities code 8969**

**\*Please see the disclaimer at the bottom of the page**

## **Purchase of Yen Interest Rate Caps**

On July 26, 2007, Prospect Residential Investment Corporation (PRI) concluded a contract for the purchase of yen interest rate caps against a total of JPY5.0 billion in debt financing (bank borrowings), with the goal of hedging against the risk of increases in interest rates. PRI previously concluded two purchase contracts on July 5, 2007 and July 10, 2007.

Major details of the purchase contract are as follows:

1. Seller: Aozora Bank, Ltd.
2. Notional principal: JPY5,000,000,000
3. Commencement date: July 31, 2007
4. Termination date: July 31, 2009
5. Designated interest rate: Three-month Japanese yen TIBOR
6. Revised interest rate dates: the last banking day in each of the months of January, April, July, and October (interest rates to be determined two banking days prior to these dates)
7. Strike interest rate: 1.0%
8. Premium payment: JPY27,750,000 (55.5 bps)

Note: In the event the designated interest rate exceeds the strike interest rate, the excess interest amount for the assumed principal will be paid by the seller of the interest rate caps to the purchaser. In this manner, PRI will be able to hedge interest payments exceeding the strike interest rate, thereby hedging the risk of interest rate hikes.

## **No revisions to revenue and earnings projections for the period ending July 31, 2007**

PRI has not revised its revenue and earnings projections for the period ending July 31, 2007 (the six-month period from February 1, 2007 to July 31, 2007) announced on July 24, 2007.

July 26, 2007

[Disclaimer]

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