

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

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Purchase of Yen Interest Rate Caps

On August 9, 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, July 10, 2007, and July 26, 2007.

Major details of the purchase contract are as follows:

1. Seller: Daiwa Securities SMBC Co. Ltd.
2. Notional principal: JPY5,000,000,000
3. Commencement date: October 31, 2007
4. Termination date: October 29, 2010
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: JPY69,500,000 (139.0 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.

August 9, 2007

[Disclaimer]

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