

**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**

## **Acquisition of Asset (Prospect Musashi-Shinjo)**

On May 30, 2008, Prospect Residential Investment Corporation (PRI) decided to purchase the following asset.

### 1 . Summary of Acquisition

(1) Name of asset	Prospect Musashi-Shinjo
(2) Type of asset	Trust beneficiary interest in real estate
(3) Trustee of trust beneficiary interest	Sumitomo Trust and Banking Co., Ltd.
(4) Purchase price	JPY 1,230 million(excluding acquisition-related costs, fixed-asset tax, city planning tax, and consumption taxes)
(5) Contract date	May 30, 2008
(6) Date of asset transfer	May 30, 2008
(7) Seller	Meiho Corporation
(8) Funds for acquisition	Own funds
(9) Settlement	One-time payment at asset transfer
(10) Security	None

### 2. Reason for Acquisition

( 1 ) Reason	After reviewing its Investment Policies and Investment Stance and Criteria, PRI judged that the acquisition will contribute to enhancing the quality of its portfolio, particularly by reducing the average age of properties, as this acquisition is a newly built property.
( 2 ) Outline of Asset	The asset is located in Nakahara-ku, Kawasaki City, Kanagawa Prefecture, approximately 15 kilometers from Shibuya Station (one of central Tokyo’s major terminals, and situated on the JR Yamanote Line that circles the city center). The asset is conveniently accessible to train stations, situated approximately ten minutes to Musashi-Shinjo Station and eight minutes to Musashi-Nakahara Station, both on the JR Nambu Line. The property is newly built and of high quality, with 85 units that are all studio type. The property will be leased entirely to a group company of a major corporation in Japan. Shops and restaurants are located around Musashi-Shinjo and Musashi-Nakahara stations, and access is also convenient to Musashi-Kosugi Station on the Tokyu Toyoko and Meguro lines, JR Nambu Line, as well as to Tokyu Den'en-Toshi Line. Of particular note is the property’s location within 2.5 kilometers of Musashi-Kosugi Station, where development is expected to accelerate with the opening of a new station on the JR Yokosuka Line, slated for spring 2010. Given these factors, the property possesses high potential over the medium and long terms.

### 3.Outlines of Asset

#### Outline of the asset as a trust beneficiary interest

Property name		Prospect Musashi-Shinjo				
Property number		S032				
Address		(Building address) 1-3-10, Shinjo, Nakahara-ku, Kawasaki City, Kanagawa Prefecture, Japan				
		(Land address) 1-507-1, Shinjo, Nakahara-ku, Kawasaki City, Kanagawa Prefecture, Japan				
Access to train station		Approximately 10 minutes to Musashi-Shinjo Station on the JR Nambu Line				
Site	Type of ownership	Ownership				
	Type of utilization area	Semi-residential area (a) and first-type medium- and high-rise residential building exclusive area (b)				
	Area	972.48sq m				
	Cubic capacity ratio/building-to-land ratio	200%/60%(both of (a)(b))				
Building	Type of ownership	Ownership				
	Type of units	Multiple resident studio-type units				
	Total floor space	1,966.24sq m				
	Completion date	May 2008				
	Structure	Seven-story building, reinforced concrete with a flat roof				
	Number of leasable residential units	85 units				
Leasing	Number of tenants	1				
	Total leasable floor space	1,855.03sq m				
	Planned total monthly rent	JPY 6,827 thousand (including common area management fees)				
	Planned occupancy rate (by space)	100.00%				
	Occupancy rate (by unit)	100.00%				
	Occupancy rate over the past five years	2004	2005	2006	2007	2008
		Not applicable, as newly built				
Property management company		Meiho Properties Co., Ltd.				
Master lesser		Meiho Properties Co., Ltd. (to be leased to the tenant as a whole building from June 2008)				
Sub-lesser		None.				
Acquisition price		JPY 1,230 million				

Outline of appraisal evaluation	Appraisal value	JPY 1,240 million
	Appraiser	Daiwa Real Estate Appraisal Co., Ltd.
	Date of appraised value	May 12, 2008
	Value based on earnings	JPY 1,240 million
	Value by direct capitalization	JPY 1,220 million
	Net earnings	JPY 63 million
	Cap rate	5.2%
	Value determined by DCF method	JPY 1,250 million
	Discount rate	5.2%
	Terminal cap rate	5.4%
	Estimation added value	JPY 885 million
	Land portion	41.7%
	Building portion	58.3%
Outline of engineering report	Research firm	Takenaka Corporation
	Estimate of urgent repair expenses	None
	Estimate of short-term repair expenses	None
	Estimate of repair expenses over 12 years	JPY 27 million
	Rebuilding price of building	JPY 501 million
	Date of engineering report	May 26, 2008
Outline of earthquake risk report	Research firm	Tokyo Bldg-Tech Center Co., Ltd.
	Probable Maximum Loss (PML)	12%
		Probable Maximum Loss (PML) is a ratio that represents the probability of a maximum loss, and is calculated for each asset and the overall portfolio. In this document, PML is defined as a ratio of a building's estimated restoration cost to its rebuilding price resulting from a maximum-magnitude earthquake projected to occur within a 50-year period every 475 years, therefore having a 10% probability every 50 years.

May 30, 2008

[Disclaimer]

This document is translated from selected disclosure material provided in the original Japanese press releases of Prospect Residential Investment Corporation ("PRI"), prepared in accordance with the timely disclosure requirements of the Tokyo Stock Exchange ("TSE") and registered in the TDnet system of the TSE. This English language document is provided solely for the convenience of and reference by non-Japanese investors, and is not intended to constitute a disclosure document. The corresponding Japanese language press release should be referred to as the original source of disclosure material. The English translation of legal, accounting, tax and business terms used herein may not precisely convey the identical meaning of equivalent Japanese terms. With respect to any and all terms herein, including without limitation, financial statements, if there exist any discrepancies in the meaning or interpretation thereof between the original Japanese document and English translation contained herein, the original Japanese document will govern the meaning and interpretation. Neither PRI, Prospect Residential Advisors, Co., Ltd. (the "Asset Management Company") nor any of their respective directors, officers, employees, partners, shareholders,

agents or affiliates will be responsible or liable for the completeness, appropriateness or accuracy of this English translation or any portion(s) of any document(s) translated into English. No person has been authorized to give any information or make any representations other than those contained in this document in relation to matters set out in this document, and if given or made, such information or representation must not be relied upon as having been authorized by PRI, Prospect Residential Advisors, Co., Ltd. or any of their respective directors, officers, employees, partners, shareholders, agents or affiliates.

For inquiries, please refer to the information provided on the “Investor Relations” page of this Web site.

(Prospect Musashi-Shinjo)



(As of May 2008)