

**Investor Relations Office\* of Prospect Reit Investment Corporation (“PRI”)**

Listed on the Tokyo Stock Exchange under securities code 8969

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**New Bank Borrowings**

On March 11, 2010, Prospect Reit Investment Corporation (PRI) decided the following bank borrowings.

**1. Purpose: Repayment of the existing bank loans****2. Outline of the bank borrowings—the fifth bank loan for properties (Series A and B)**

(1) Lender:	Fourteenth	Aozora Bank, Ltd., Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Corporation, The Musashino Bank Ltd., NTT Finance Corp.
	Fifteenth	[Trustee] The Sumitomo Trust and Banking Co., Ltd. (real estate stabilization fund account)
	Sixteenth	Aozora Bank, Ltd.,
(2) Loan amount:	Fourteenth	JPY11,817,931,466
	Fifteenth	JPY10,000,000,000
	Sixteenth	JPY2,977,214,000
(3) Interest rates:	Fourteenth	2.03545% (TIBOR+1.70%)
	Fifteenth	5.42913% (TIBOR+4.98368%)
	Sixteenth	2.03545% (TIBOR+1.70%)

[Applicable period for interest rates of the fourteenth and sixteenth bank loan for properties is from March 16, 2010 to April 30, 2010.]

(4) Borrowing date:	March 15, 2010
(5) Borrowing measures:	Based on the contracts of the Fourteenth, Fifteenth, and Sixteenth bank loan for properties dated on March 11, 2010
(6) Repayment dates:	Fourteenth September 15, 2010 Fifteenth September 18, 2012 (Final principal repayment date) Sixteenth September 15, 2010
(7) Repayment method:	Fourteenth One-time repayment on repayment dates Fifteenth Repayments of JPY 25 million will be made on the 15 <sup>th</sup> every 3 months starting with the first repayment date on September 15, 2010 (However, if the 15 <sup>th</sup> is not a business day, then the following business day. Only, if that day is the next month, then the preceding business day). The remaining balance will then be repaid on the final principal repayment date. Sixteenth One-time repayment on repayment dates
(8) Security:	Secured

**3. Fund utilization: Repayment of the following bank loans**

Lender	Borrowing date	Maturity / Repayment date	Debt amount (JPY million)	Applicable period for fixed-interest rate	New fixed-interest rate per annum
Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Corporation The Musashino Bank Ltd., NTT Finance Corp.	March 15, 2007	March 15, 2010	17,002	January 30 to May 15, 2010	1.09455%
Aozora Bank, Ltd.	October 8, 2009	March 15, 2010	4,901	February 16 to May 15, 2010	5.25545%
Aozora Bank, Ltd.	December 25, 2009	March 15, 2010	2,891	February 16 to May 15, 2010	2.20545%

## 4 . The Real Estate Market Stabilization Fund

### (1) The Real Estate Market Stabilization Fund

The abovementioned fifteenth bank loan for properties (the trustee of trust beneficiary interest, Sumitomo Trust and Banking Co., Ltd. (Real Estate Market Stabilization Fund account)) is a loan obtained through trust from the Real Estate Market Stabilization Fund (hereinafter referred to as “Real Estate Stabilization Fund”), for which DBJ Nomura Investment Co., Ltd. acts as the asset manager (hereinafter referred to as “AM”). The Real Estate Stabilization Fund was originated under cooperation between the public and private sectors with the aim of bringing about a recovery of the real estate market’s function as buyer. Specifically, the Fund supplies funds to listed real estate investment trusts (hereinafter referred to as “J-REIT”) whose cash flow is stable, and yet experiences tight financing due to the recent turmoil of international financial markets, sudden credit crunch, etc. The supplies of funds are meant to help reduce the repayment risk, etc. of investment corporation bonds. As a result of implementing the loan business of the Real Estate Stabilization Fund, it is hoped that the market’s price formation function will recover through the increased activity of J-REITs. Another purpose of the Fund is to assist in the restructuring of J-REITs to bring about stability to the real estate market and to prevent asset deflation. Under the Real Estate Stabilization Fund scheme, a limited liability partnership for the investment business places money in trust with Sumitomo Trust and Banking Co., Ltd.’s trust account. Through this specified “Real Estate Market Stabilization Fund account,” Sumitomo Trust and Banking Co., Ltd. provides loans to investment corporations. The scheme is designed to fulfill the conduit requirements of J-REITs in terms of the tax code as well as lending criteria for institutional investors established by the Act on Special Measures concerning Taxation. Moreover, the structure of the Real Estate Stabilization Fund is shown in a separate scheme chart.

### (2) Loan Conditions

The Real Estate Stabilization Fund was established to implement a highly public loan business to help stabilize the real estate market. Therefore, conditions or criteria of loans are stipulated under the Fund’s “Lending Guidelines” (hereinafter referred to as the “Guidelines”). Loan conditions of the abovementioned fifteenth bank loan also follow these Guidelines.

Funds obtained from the Real Estate Stabilization Fund are mainly to be utilized to refinance investment corporation bonds. Funds obtained for refinancing may also be utilized to repay a certain amount of bridge loans, etc. that were taken out from other financial institutions for cases where loans borrowed from the Real Estate Stabilization Fund did not make it in time for the repayment of investment corporation bonds. Furthermore, this includes funds to refinance exceptional cases, such as existing borrowings taken out from lenders that have fallen bankrupt or foreign financial institutions that have pulled out of business in Japan, etc. In order to allocate funds to repay its First Series Unsecured Investment Corporation Bonds worth JPY 50 billion, PRI took out short-term bridge loans from Aozora Bank, Ltd., first on October 8, 2009 worth JPY 50 billion for the period from October 8, 2009 to February 15, 2010 at an interest rate of 5.31636% and secondly from February 16, 2010 to March 15, 2010 at an interest rate of 5.25545%. Furthermore, out of the abovementioned syndicated loan worth approximately JPY 17 billion, a portion is comprised of existing borrowings for which claimable assets were transferred from a foreign financial institution that fell bankrupt. The fifteenth bank loan will be taken out from the Real Estate Stabilization Fund to serve as a bridge loan to repay the abovementioned investment corporation bonds and to refinance existing borrowings for which claimable assets were transferred from a foreign financial institution that fell bankrupt. Furthermore, as PRI disclosed on February 26, 2010, the Investment Corporation is planning a merger with Japan Rental Housing Investments Inc. One of the requirements for exploring new growth strategy is that we first eliminate refinance risk of existing borrowings at hand. To improve the long-term funding risk of PRI, the period of the fifteenth bank loan was set at 2 years and 6 months until the final principal repayment date. Moreover, the interest rate of this loan is computed automatically according to an index (spread matrix) based on the investment corporation’s P/NAV, etc., in light of its LTV, asset scale and market appraisal as set forth by the Guidelines. It uses 3-month TIBOR as the base rate and after 1 year has passed following the loan execution date, 0.05% is added to the initial spread every 3 months. Following calculations conducted according to this index, the initial interest spread of the fifteenth bank loan resulted at 4.98368%. Furthermore, the up-front fee of the fifteenth bank loan which was also set forth by the Guidelines will be paid in a lump-sum at an early stage of the contract (the outlook is undisclosed due to confidentiality obligation). Moreover, in the case that the borrower wishes to make prepayment at its own desired date, it must bear the accrued interest for the period prior to the prepayment date as well as the break funding costs, etc. equivalent to the interest amount accrued from the prepayment date until the next principal and interest repayment date.

### (3) Repayment Policy

PRI understands that the borrowings from the Real Estate Stabilization Fund is a temporary measure in response to the recent turmoil in the international financial markets and sudden credit crunch and that it is expected to make early repayment to the scheme by procuring funds from the market in consideration of loan ethics. Therefore, although the period until final principal repayment date of the loan is set at 2 years and 6 months, PRI would like to make an early-as-possible repayment of the loan from the standpoint of funding risk management. PRI plans to do so through the capital increase plan by Japan Rental Housing Investments Inc. implemented with the aim of repaying part of

PRI's borrowings that are succeeded by the surviving entity to improve its financial condition, once the merger plan with Japan Rental Housing Investments Inc. is implemented, as well as through refinancing of existing borrowings. Moreover, in the case when prepayment will be implemented on days other than the principal and interest repayment dates prescribed in the contract, PRI will come to bear accrued interests and break funding costs, etc. as mentioned above. Furthermore, if there are any changes made to this repayment policy, we will disclose it as necessary.

## 5. The interest-bearing debt balance after aforementioned bank borrowings.

(1) Total long-term and short-term borrowings, and others (Yen)

	Before repayment	After repayment	Change
Long-term borrowings	26,861,407,930	19,858,854,219	7,002,553,711
Short-term borrowings	7,792,592,070	14,795,145,781	7,002,553,711
Total borrowings	34,654,000,000	34,654,000,000	0
Investment corporation bonds	0	0	0
Total interest-bearing debt	34,654,000,000	34,654,000,000	0
Interest-bearing debt ratio (%)*	50.0	50.0	0

\*Interest-bearing debt ratio = Interest-bearing debt ÷ (Interest-bearing debt + Unitholders' capital) × 100

(2) Long-term borrowings

Lender	Borrowing date	Maturity / Repayment date	Debt amount (JPY million)	Applicable period for fixed-interest rate	Fixed- interest rate per annum
The Norinchukin Bank	June 28, 2007	July 31, 2012	2,581	January 30 to April 30, 2010	1.40545%
Sumitomo Mitsui Banking Corporation	September 7, 2007	October 31, 2012	2,866	January 30 to April 30, 2010	1.45545%
Aozora Bank, Ltd.	May 29, 2009	May 31, 2011	4,410	January 30 to April 30, 2010	2.45545%
[Trustee] The Sumitomo Trust and Banking Co., Ltd. (real estate stabilization fund account)	May 15, 2010	September 18, 2012	10,000	May 15 to June 15, 2010	5.42913%

(3) Short-term borrowings

Lender	Borrowing date	Maturity / Repayment date	Debt amount (JPY million)	Applicable period for fixed-interest rate	Fixed- interest rate per annum
Aozora Bank, Ltd. Sumitomo Mitsui Banking Corporation, The Sumitomo Trust & Banking Corporation The Musashino Bank Ltd., NTT Finance Corp.	May 15, 2010	September 15, 2010	11,817	May 16 to April 30, 2010	2.03545%
Aozora Bank, Ltd.	May 15, 2010	September 15, 2010	2,977	May 16 to April 30, 2010	2.03545%

## 6. Others

Regarding the loan repayment risk, there is no important change to the "Investment risks" description in the latest securities report submitted on October 23, 2010.

March 11, 2010

[Disclaimer]

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