

Notice Regarding Conclusion of Agreement on the Establishment of Collateral

On March 15, 2010, Prospect Reit Investment Corporation (hereinafter referred to as “PRI”) announces that it concluded an agreement today on establishing collateral in relation to the bank borrowings disclosed in the press release, “Notice Regarding New Bank Borrowings,” dated March 11, 2010 as follows.

1. Agreement on the Establishment of Collateral

Borrowings from the contract of the fifteenth bank loan for properties and the contract of the sixteenth bank loan for properties disclosed in the press release, “Notice Regarding New Bank Borrowings,” dated March 11, 2010, will be utilized to refinance existing borrowings. One is the contract of the twelfth bank loan for properties, for which K. K. Prospect (hereinafter referred to as “KKP”) and its representative had agreed to provide collateral. Therefore, KKP, etc. and lenders today concluded contracts for the establishment of collateral similar to the former collateral along with execution of the new loans. Details are as follows.

(1) Lender:	Fifteenth	[Trustee] The Sumitomo Trust and Banking Co., Ltd. (real estate stabilization fund account)
	Sixteenth	Aozora Bank, Ltd.,
(2) Loan amount:	Fifteenth	JPY10,000,000,000
	Sixteenth	JPY2,977,214,000
(3) Borrowing date:	March 15, 2010	
(4) Security:	Secured (Note1)	

Note1: For PRI’s borrowings from the abovementioned contract of the fifteenth bank loan and contract of the sixteenth bank loan, KKP, PRI’s sponsor, concluded share pledge agreements with the trustee of trust beneficiary interest, Sumitomo Trust and Banking Co., Ltd. (Real Estate Market Stabilization Fund Account), and Aozora Bank, Ltd. Specifically, KKP created pledges over 4,000 shares outstanding (hereinafter referred to as the “Shares”) of Prospect Reit Advisors Co., Ltd. (hereinafter referred to as the “Asset Management Company”) it owns. Furthermore, KKP’s Representative Director Curtis Freeze concluded a joint and several agreements with Aozora Bank, Ltd. for borrowings from the abovementioned contract of the sixteenth bank loan, with himself as the jointly and severally liable guarantor.

2. Outlook

As disclosed in the press release, “Notice Regarding Execution of Letter of Intent regarding Merger of Investment Corporation,” dated February 26, 2010, the abovementioned Shares for which pledges have been created are scheduled to be transferred (hereinafter referred to as the “Share Transfer”) from KKP to Mi-Casa Asset Management Inc. (hereinafter referred to as “MAM”). The Share Transfer is scheduled to be executed on the effective date of the merger (hereinafter referred to as the “Effective Merger Date”) plan between PRI and Japan Rental Housing Investments Inc. (hereinafter referred to as “JRH”) (hereinafter referred to as the “Investment Corporation Merger”) that was disclosed in the press release, “Notice Regarding Execution of Letter of Intent regarding Merger of Investment Corporation,” dated February 26, 2010. On condition that the Share Transfer is executed, the Asset Management Company and MAM are scheduled to merge (hereinafter referred to as the “Management Company Merger”). Conditions of the Share Transfer are that pledges with the abovementioned lenders are extinguished. PRI plans to negotiate with lenders to extinguish the pledges by the Effective Merger Date according to the merger plan.

March 15, 2010

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