

## News Release

### **BAKER & MCKENZIE ADVISES PROSPECT REIT INVESTMENT CORPORATION ON ITS MERGER WITH JAPAN RENTAL HOUSING INVESTMENTS INC.**

Tokyo, July 12, 2010 – Baker & McKenzie advised Prospect Reit Investment Corporation (“PRI”) on its recent merger with Japan Rental Housing Investments Inc. (“JRH”), a publicly traded J-REIT affiliated with the US-based Oaktree Capital. The acquisition was transacted via a merger (stock swap) between the REITs where one share of PRI was exchanged for 0.75 share of JRH. The merger was effective July 1, 2010.

This was the first transaction which involved the merger of both the J-REITs and their asset managers in Japan. PRI and JRH’s merger involved the first public / private fund financing in Japan after the global financial crisis and also involved a total of JPY42 billion (USD467 million) of refinancing of syndicated loans.

By consolidating the residential rental portfolios of both REITs, the asset size of JRH increased exponentially to approximately JPY160 billion. The proportion of properties throughout the Tokyo area has also significantly grown.

The merger of PRI and JRH is one of a succession of recent Japanese REIT mergers within the past year. The first merger between two Japanese REITs occurred earlier in August 2009 between Advance Resident Investment Corp. and Nippon Residential Investment Corp. There have been a total of six REIT mergers in Japan in addition to the most recent transaction between CRESCENDO Investment Corporation and Japan Single-residence REIT Inc. that will be effective on October 1, 2010. Analysts project more Japanese REIT mergers and acquisitions are expected in the near future.

The Baker & McKenzie team was led by Tokyo partner, Hitoshi Sumiya with the strong support of Tokyo counsel, Haruhiko Ogasawara, and further assistance from Tokyo partner Alexander Jampel. Our attorneys in Tokyo were responsible for advising, negotiating and preparing all necessary documents on behalf of PRI, its asset manager and sponsor.

"We are pleased to have advised PRI on their merger," said Hitoshi Sumiya. "As the number of REIT transactions are expected to increase in Japan, we strongly feel that the additional experience we gained from this transaction enables us to provide cutting edge advice on J-REIT mergers and other real estate-related matters. We look forward to offering our expertise to our clients in both local and overseas jurisdictions, working together with Baker & McKenzie's strong Global REIT team."

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For further details please contact:

**Hitoshi Sumiya**, Partner, Tokyo on + 81 3 5157 2726 or  
hitoshi.sumiya@bakermckenzie.com

**Rina Sproat**, Director of Business Development & Marketing, Tokyo on +81 3 5157 2969 or  
rina.sproat@bakermckenzie.com

**Elizabeth Gray**, Head of Communications, Asia Pacific on +61 2 8922 5726 or  
elizabeth.gray@bakermckenzie.com

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