



Moody's reviews for possible upgrade New City Residence Investment Corporation's A3 rating

Tokyo, December 12, 2007 -- Moody's Investors Service has placed its A3 issuer rating and senior unsecured long-term debt ratings of New City Residence Investment Corporation (NCR) on review for possible upgrade.

The rating action reflects the substantial improvement in the percentage of NCR's unsecured straight bonds subordinated to secured debt. This development in turn reflects the decline in secured debt, down from 100% of total interest-bearing debt as of December 2005, when Moody's assigned the issuer rating.

NCR has been successful in obtaining unsecured debt for new borrowings, converting secured debt to unsecured as well as issuing public bonds; therefore, the ratio of total secured debt and total acquisition price of secured properties against gross acquisition price have dropped to 15.9% and 35.8% respectively as of the end of November 2007.

In the review of NCR's rating, Moody's will confirm that the percentage of NCR's unsecured straight bonds subordinated to secured debt is improving with the scheduled refinancing on December 2007. Moody's will also assess the company's financial strategy including that for new debt financing. Additionally, Moody's will assess NCR's management, focusing on financial solidity.

New City Residence Investment Corporation is a Japanese real estate investment trust focusing on investment in and management of residential properties. Its revenues totaled JPY 5.7 billion in the fiscal half-year ended August 2007.

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