

September 25, 2008

For Immediate Release

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(Securities Code: 8965)

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Notice Concerning the Proposed Disposition of Investment Assets and Loss on Sale

New City Residence Investment Corporation (“NCRI”) today announced its decision made on September 25, 2008 to sell the following investment assets. NCRI also announced a loss on sale of properties will result from this sale.

1. Reasons for Sale and Sale Price

Turmoil in the financial markets and the credit crunch worldwide stemming from last year’s subprime mortgage crisis in the U.S. have taken a heavy toll on the Japanese economy, such as causing real-estate transactions overall to stagnate. In particular, circumstances such as applications to start legal bankruptcy proceedings being filed by real estate and construction companies one after another in Japan and the recent failure of a major securities firm in the U.S. are seriously shaking the global economy. Under such circumstances, the external environment surrounding NCRI is deteriorating badly, including new loans, capital procurement and refinancing of debt through the capital market, and other financial matters related to real estate no longer progressing smoothly.

In light of this situation, due to a difficulty of refinance of the 12.5 billion yen in short term debt due for repayment by the end of September this year, NCRI has deemed to use funds collected through the sale of investment assets, etc. to repay the entire amount of the debt (schedule to repay 11.0 billion yen before the repayment date and 1.5 billion yen on the repayment date) would be the most appropriate for NCRI to improve the environment of capital procurement in the future. Accordingly, NCRI is implementing the sale of the three properties decided today (the “Sale”).

Concerning the Sale, after holding repeated negotiations with several buyers until now and conducting comparative reviews of the ability to procure funds and creditworthiness of the buyers and the sale price, NCRI selected the party that presented the most favorable terms to NCRI as the buyer for the Sale. With keeping the damage on NCRI’s portfolio to a minimum in mind, NCRI also carefully picked out the assets to sell. However, the recent rapid deterioration of real estate market conditions has taken a heavy toll on the Sale as well and unfortunately the Sale will result in about 1.2 billion yen in loss on sale of properties. NCRI deeply apologizes to unitholders for this painful outcome and sincerely hopes unitholders will understand that NCRI has made this decision to cope with the uncertain economic environment.

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2. Overview of the Disposition (3 Properties)

- ① Asset Type : Beneficiary interests in trust that places real estate in trust
- ② Property Names : New City Residence Yokohama East
New City Residence Togoshiginza
New City Residence Minami Azabu East
(hereafter, referred to as “investment assets to be sold”)
- ③ Total Sale Price : ¥8,790,000,000
(exclusive of transfer costs, adjusted amount of property tax and urban planning tax, as well as consumption tax and local consumption tax)
- ④ Total Acquisition Price : ¥9,973,000,000
- ⑤ Total Book Value : ¥9,996,136,327 (As of August 31, 2008)
- ⑥ Difference between Total Sale Price and Total Book Value : (¥1,206,136,327) (difference between ③ and ⑤)
- ⑦ Execution date of the trust beneficiary interests sale and purchase agreement : September 26, 2008 (planned)
- ⑧ Delivery Date : September 26, 2008 (planned)
- ⑨ Transferee : Please refer to 5. below for details

3. Details of Properties

(1) New City Residence Yokohama East

- ① Asset Type : Beneficiary interests in trust that places real estate in trust
- ② Property Name : New City Residence Yokohama East
- ③ Sale Price : ¥5,840,000,000
(exclusive of transfer costs, adjusted amount of property tax and urban planning tax, as well as consumption tax and local consumption tax)
- ④ Acquisition Date : December 15, 2004
- ⑤ Acquisition Price : ¥6,753,000,000
- ⑥ Book Value : ¥6,657,119,351 (As of August 31, 2008)
- ⑦ Difference between Sale Price and Book Value : (¥817,119,351) (difference between ③ and ⑥)
- ⑧ Execution date of the trust beneficiary interests sale and purchase agreement : September 26, 2008 (planned)
- ⑨ Delivery Date : September 26, 2008 (planned)
- ⑩ Transferee : Please refer to 5. below for details.
- ⑪ Method of Disposition : Transfer of beneficiary interests in trust that places real estate in trust to the above Transferee.

(2) New City Residence Togoshiginza

- ① Asset Type (Note) : Beneficiary interests in trust that places real estate in trust
- ② Property Name : New City Residence Togoshiginza
- ③ Sale Price : ¥1,800,000,000
(exclusive of transfer costs, adjusted amount of property tax and urban planning tax, as well as consumption tax and local consumption tax)
- ④ Acquisition Date : December 13, 2006
- ⑤ Acquisition Price : ¥1,960,000,000
- ⑥ Book Value : ¥2,050,582,793 (As of August 31, 2008)
- ⑦ Difference between Sale Price and Book Value : (¥250,582,793) (difference between ③ and ⑥)
- ⑧ Execution date of the trust beneficiary interests sale and purchase agreement : September 26, 2008 (planned)

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- ⑨ Delivery Date : September 26, 2008 (planned)
 ⑩ Transferee : Please refer to 5. below for details.
 ⑪ Method of Disposition (Note) : Transfer of beneficiary interests in trust that places real estate in trust to the above Transferee.

Note: NCRI will transfer beneficiary interests in trust after entering into "Trust Contracts for Real-estate Management and Disposal" with The Chuo Mitsui Trust and Banking Co., Ltd.

(3) New City Residence Minami Azabu East

- ① Asset Type : Beneficiary interests in trust that places real estate in trust
 ② Property Name : New City Residence Minami Azabu East
 ③ Sale Price : ¥1,150,000,000
 (exclusive of transfer costs, adjusted amount of property tax and urban planning tax, as well as consumption tax and local consumption tax)
 ④ Acquisition Date : December 26, 2005
 ⑤ Acquisition Price : ¥1,260,000,000
 ⑥ Book Value : ¥1,288,434,183 (As of August 31, 2008)
 ⑦ Difference between Sale Price and Book Value : (¥138,434,183) (difference between ③ and ⑥)
 ⑧ Execution date of the trust beneficiary interests sale and purchase agreement : September 26, 2008 (planned)
 ⑨ Delivery Date : September 26, 2008 (planned)
 ⑩ Transferee : Please refer to 5. below for details.
 ⑪ Method of Disposition : Transfer of beneficiary interests in trust that places real estate in trust to the above Transferee.

4. Profile of Investment Assets to be Sold

G-1 : New City Residence Yokohama East					
Address	(Residential) 8-1 Kinkou-cho, Kanagawa-ku, Yokohama-shi, Kanagawa Prefecture		(Lot) 8-1 Kinkou-cho, Kanagawa-ku, Yokohama-shi, Kanagawa Prefecture		
Land	Type of Ownership	Proprietary ownership	Building	Type of Ownership	Proprietary ownership
	Site Area	2,342.18m ²		Use	Apartment complex
	Zoning	Commercial zone		Construction/ No. of Floors	RC 21F
	FAR/Building Coverage Ratio	500%/80%		Total Floor Space	17,433.76.m ²
Trustee	Mitsubishi UFJ Trust and Banking Corp.		Leasable Floor Space	12,349.46m ²	
Trust Maturity Date	April 27, 2009		No. of Leasable Apartments	228 units	
Acquisition Price	¥6,753 million		Completion Date	March 13, 2003	
PM Company	New City Property Service K.K.		Sublease Company	New City Leasing One Y.K.	
Appraisal Value (appraisal firm, base date of valuation)	¥7,163 million (Appraised by Tanizawa Sogo Appraisal Co.,Ltd. as of June 30, 2008)				
Tenant Details	Number of tenants (Note 1)			1	
	Monthly Rent (Note 2)			¥35,997,025	
	Deposit (Note 2)			¥64,494,000	
	Occupancy Rate (Note 2)			96.0%	

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Note1: The "Number of Tenants" is recorded as "1" where a single master lease has been executed with a sublease company.

Note2: Data as of August 31, 2008.

C-48 : New City Residence Togoshiginza					
Address	(Residential) 3-16-34, Hiratsuka, Shinagawa-ku, Tokyo		(Lot) 3-768-4, Hiratsuka, Shinagawa-ku, Tokyo		
Land	Type of Ownership	Proprietary ownership	Building	Type of Ownership	Proprietary ownership
	Site Area	579.65m ²		Use	Apartment complex
	Zoning	Commercial zone , Quasi industrial zone		Construction/ No. of Floors	RC 10F
	FAR/Building Coverage Ratio	500%/80%, 200%/60%		Total Floor Space	3,203.64m ²
Trustee	The Chuo Mitsui Trust and Banking Co., Ltd.		Leasable Floor Space	2,682.22m ²	
Trust Maturity Date	September 26, 2018		No. of Leasable Apartments	80 units	
Acquisition Price	¥1,960 million		Completion Date	May 17, 2006	
PM Company	New City Property Service K.K.		Sublease Company	New City Leasing One Y.K.	
Appraisal Value (appraisal firm, base date of valuation)		¥2,060 million (Appraised by Daiwa Real Estate Appraisal Co.,Ltd. as of June 30, 2008)			
Tenant Details		Number of tenants (Note 1)		1	
		Monthly Rent (Note 2)		¥10,452,000	
		Deposit (Note 2)		¥13,597,000	
		Occupancy Rate (Note 2)		96.2%	

Note1: The "Number of Tenants" is recorded as "1" where a single master lease has been executed with a sublease company.

Note2: Data as of August 31, 2008.

C-33 : New City Residence Minami Azabu East					
Address	(Residential) 1-5-31 Minami-azabu, Minato-ku, Tokyo		(Lot) 1-41-1 Minami-azabu, Minato-ku, Tokyo		
Land	Type of Ownership	Proprietary ownership	Building	Type of Ownership	Proprietary ownership
	Site Area	389.48m ²		Use	Apartment complex
	Zoning	Quasi industrial zone		Construction/ No. of Floors	RC 9F
	FAR/Building Coverage Ratio	400%/60%		Total Floor Space	1,641.85m ²
Trustee	Mizuho Trust & Banking Co., Ltd.		Leasable Floor Space	1,217.92m ²	
Trust Maturity Date	December 31, 2015		No. of Leasable Apartments	40 units	
Acquisition Price	¥1,260 million		Completion Date	September 28, 2005	
PM Company	New City Property Service K.K.		Sublease Company	New City Property Service K.K.	
Appraisal Value (appraisal firm, base date of valuation)		¥1,335 million (Appraised by Tanizawa Sogo Appraisal Co.,Ltd. as of June 30, 2008)			
Tenant Details		Number of tenants (Note 1)		1	
		Monthly Rent (Note 2)		¥6,432,000	
		Deposit (Note 2)		¥10,867,000	

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Occupancy Rate (Note 2)	100%
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Note1: The “Number of Tenants” is recorded as “1” where a single master lease has been executed with a sublease company.
Note2: Data as of August 31, 2008.

5. Transferee Profile

The transferee is a special purpose company (SPC) formed by a leading real estate company, but no name or other details have been disclosed as NCRI has been unable to obtain the approval of the buyer to disclose such information. NCRI and CBRE Residential Management K.K. (hereafter, Asset Management Company) have no personal or business relations with buyer.

6. Method of Payment

Full payment on the scheduled delivery date

7. Schedule for Sale

Please refer to 1. ⑦ and ⑧ above for details.

8. Future Refinance Condition

As for future refinancing, NCRI is currently in earnest discussions with financial institutions. For details, please refer to the “Notice Concerning the Repayment of Debt Financing” that was separately released today.

9. Outlook

The projected cash flow for the fiscal period ending February 2009 (September 1, 2008 to February 28, 2009) is scheduled to be released (around Mid-October 2008) in the financial statements for the fiscal period ending August 2008 (March 1, 2008 to August 31, 2008).

- URL: <http://www.ncrinv.co.jp/eng>

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Attachment : Real Estate Portfolio after Planned Disposition of Investment Asset

Area	Property No.	Property Name	Acquisition Date	Acquisition Price (Millions of yen)	Percent of Total
Tokyo Central Area	C-1	NCR Minami Aoyama	Dec. 15, 2004	3,783	1.79%
	C-2	NCR Nishi Azabu Twin Tower	Dec. 17, 2004	3,315	1.57%
	C-3	NCR Nishi Azabu	Dec. 15, 2004	3,143	1.48%
	C-4	NCR Ochanomizu	Dec. 17, 2004	2,300	1.09%
	C-5	NCR Sangubashi	Dec. 15, 2004	1,734	0.82%
	C-8	NCR Nihonbashi East	Dec. 15, 2004	1,622	0.77%
	C-9	NCR Nihonbashi West	Dec. 15, 2004	1,480	0.70%
	C-10	NCR Ginza Twin I	Dec. 15, 2004	1,133	0.53%
	C-11	NCR Ginza Twin II	Dec. 15, 2004	968	0.46%
	C-12	NCR Harajuku	Dec. 17, 2004	1,220	0.58%
	C-14	NCR Yoyogi Uehara	Dec. 17, 2004	765	0.36%
	C-15	NCR Sendagaya	Dec. 17, 2004	695	0.33%
	C-16	NCR Shinjyuku 7 Chome	Dec. 17, 2004	626	0.30%
	C-17	NCR Ichigaya Sanaicho	Dec. 17, 2004	577	0.27%
	C-18	NCR Nihonbashi Ningyocho I	Feb. 25, 2005	1,230	0.58%
	C-19	NCR Nihonbashi Ningyocho II	Feb. 25, 2005	1,290	0.61%
	C-20	NCR Shin Ochanomizu	Feb. 25, 2005	1,160	0.55%
	C-22	NCR Nihonbashi Ningyocho III	Jun. 10, 2005	1,662	0.78%
	C-23	NCR Jinbocho II	Jul. 5, 2005	1,470	0.69%
	C-24	NCR Ginza East III	Jul. 5, 2005	841	0.40%
	C-25	NCR Shinjyuku Gyoen I	Jul. 28, 2005	3,140	1.48%
	C-27	NCR Takanawadai	Jul. 28, 2005	1,180	0.56%
	C-28	NCR Nihonbashi Ningyocho IV	Jul. 28, 2005	842	0.40%
	C-29	NCR Shinjyuku Gyoen II	Jul. 28, 2005	580	0.27%
	C-30	NCR Ginza East IV	Jul. 28, 2005	510	0.24%
	C-31	NCR Takanawadai II	Sep. 21, 2005	1,530	0.72%
	C-32	NCR Minami Azabu	Sep. 21, 2005	840	0.40%
	C-34	NCR Ginza	Apr. 27, 2006	4,000	1.89%
	C-35	NCR Nihonbashi Suitengu	Apr. 27, 2006	3,332	1.57%
	C-36	NCR Takanawa	Jan. 11, 2006	10,995	5.19%
	C-37	NCR Higashi Nihonbashi	Dec.1, 2006	4,930	2.33%
	C-38	Catherina Mita Towersuite (New City Residence)	Dec.22, 2006	16,200	7.65%
	C-39	NCR Shinjuku	Jan.30, 2008	3,597	1.70%
	C-40	NCR Meguro	Dec. 17, 2004	1,050	0.50%
	C-41	NCR Otsuka	Feb. 25, 2005	1,290	0.61%
	C-42	NCR Jiyugaoka	Jul 28, 2005	1,470	0.69%
	C-43	NCR Mejiro East	Jul 29, 2005	1,080	0.51%
	C-44	NCR Ikebukuro	Sep. 21, 2005	3,227	1.52%
	C-45	NCR Kanamecho	Jan. 11, 2006	1,360	0.64%
	C-46	NCR Shinagawa Seaside Tower	Jun. 30, 2006	9,350	4.41%
	C-47	NCR Yakumo	Dec. 1, 2006	1,160	0.55%

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C-49	NCR Ikebukuro Precious Tower (tentative name)	By Oct. 31, 2008 (planned)	27,691	13.07%	
C-50	NCR Togoshiekimae	Mar. 27, 2008	2,050	0.97%	
Subtotal			-	132,418	62.52%

Tokyo 23 Wards excluding Tokyo Central Area	M-2	NCR Todoroki	Dec. 15, 2004	1,850	0.87%
	M-3	NCR Honjo Azumabashi	Dec. 15, 2004	1,122	0.53%
	M-4	NCR Kitazawa	Dec. 17, 2004	1,070	0.51%
	M-8	NCR Monzennakacho	Dec. 15, 2004	524	0.25%
	M-9	NCR Denenchofu	Dec. 17, 2004	511	0.24%
	M-10	NCR Negishi	Dec. 17, 2004	356	0.17%
	M-11	NCR Kamiikedai	Dec. 17, 2004	238	0.11%
	M-13	NCR Morishita	Feb. 25, 2005	985	0.47%
	M-14	NCR Wakabayashi Koen	Apr. 21, 2005	970	0.46%
	M-15	NCR Asakusabashi	Apr. 19, 2005	870	0.41%
	M-19	NCR Iriya	Jul 29, 2005	675	0.32%
	M-22	NCR Ueno Tower	Feb.1, 2006	2,990	1.41%
	M-25	NCR Morishita West	Jun. 29, 2007	810	0.38%
	M-27	NCR Minowa	Aug. 21, 2007	1,720	0.81%
	M-28	NCR Jiyugaoka West	Aug. 28, 2007	720	0.34%
	M-29	NCR Nakano	Aug. 28, 2007	1,250	0.59%
	M-30	NCR Yoga	Oct. 19, 2007	1,305	0.62%
	M-31	NCR Sumiyoshi	Oct. 31, 2007	1,170	0.55%
	M-33	NCR Monzennakacho East	Aug. 31, 2008	2,965	1.40%
	M-35	NCR Oshiage	Dec. 19, 2007	1,267	0.60%
M-36	NCR Kuramae	Apr. 28, 2008	1,628	0.77%	
Subtotal			-	24,996	11.80%

G-2	NCR Funabashi Honcho	Dec. 17, 2004	1,083	0.51%
G-3	SH Motsumiyoshi	Dec. 15, 2004	1,058	0.50%
G-4	NCR Toyoda	Dec. 15, 2004	1,053	0.50%
G-5	NCR Nishi Funabashi	Dec. 17, 2004	997	0.47%
G-6	NCR Maihama	Dec. 17, 2004	844	0.40%
G-7	NCR Ichikawa Myoden	Dec. 17, 2004	769	0.36%
G-8	NCR Kumegawa	Dec. 17, 2004	715	0.34%
G-9	NCR Urayasu	Dec. 17, 2004	653	0.31%
G-10	NCR Minami Gyotoku I	Dec. 17, 2004	648	0.31%
G-11	NCR Minami Gyotoku II	Dec. 17, 2004	447	0.21%
G-12	NCR Nogeyama	Dec. 17, 2004	469	0.22%
G-13	NCR Minamirinkan	Dec. 17, 2004	456	0.22%
G-14	NCR Shonan	Dec. 17, 2004	445	0.21%
G-15	LM Fuchinobe Honcho	Dec. 17, 2004	222	0.10%
G-16	LM Higashi Ome Daisan	Dec. 17, 2004	175	0.08%
G-17	PT Ichikawa	Jul. 28, 2005	620	0.29%
G-18	PT Shioyaki	Jul. 28, 2005	310	0.15%
G-19	PT Horie	Jul. 28, 2005	193	0.09%

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		Subtotal	-	11,157	5.27%	
Regional Cities	R-1	NCR Ohdori-koen	Dec. 17, 2004	726	0.34%	
	R-2	Goshikiyama Heights	Dec. 15, 2004	720	0.34%	
	R-3	NCR Nishikoen	Dec. 17, 2004	379	0.18%	
	R-4	NCR Nishi Ohori	Dec. 17, 2004	258	0.12%	
	R-5	NCR Kakogawa	Dec. 17, 2004	274	0.13%	
	R-6	LM Maebashi Nishikatakai	Dec. 17, 2004	202	0.10%	
	R-7	Aprire Tarumi	Feb. 25, 2005	1,710	0.81%	
	R-9	Crest Kusatsu	Jun. 28, 2005	3,830	1.81%	
	R-10	NCR Honmachi East	Dec 1, 2005	1,740	0.82%	
	R-11	NCR Shin-Umeda	Dec.1, 2005	1,640	0.77%	
	R-13	NCR Abeno	Apr. 27, 2006	5,400	2.55%	
	R-14	NCR Ohtedori	Apr. 27, 2006	382	0.18%	
	R-15	NCR Sakae	Mar. 23, 2007	1,361	0.64%	
	R-16	NCR Nipponbashi Kouzu	Jun. 30, 2006	4,780	2.26%	
	R-17	NCR Maruyama Urasando	Sep. 27, 2007	486	0.23%	
	R-18	NCR Maruyama Omotesando	Mar. 25, 2008	2,045	0.97%	
	R-19	NCR Hakataekihigashi	Nov. 30, 2007	1,230	0.58%	
	R-20	NCR Shinsaibashi East Tower	Mar. 27, 2007	4,693	2.22%	
	R-21	NCR Sannomiya	Mar. 27, 2007	1,485	0.70%	
	R-22	NCR Kotodaikoen	Apr. 26, 2007	655	0.31%	
	R-23	NCR Ichibancho	Jul. 31, 2007	965	0.46%	
	R-24	NCR Omachi	Aug. 28, 2007	842	0.40%	
	R-25	NCR Uemachidai	Aug. 20, 2007	3,214	1.52%	
	R-26	NCR Higobashi Tower	Oct. 19, 2007	4,200	1.98%	
			Subtotal	-	43,217	20.41%
			Total	-	211,788	100.00%

Notes:

1. "Tokyo Central Area" comprises Minato Ward, Shibuya Ward, Shinjuku Ward, Chiyoda Ward, Chuo Ward, Shinagawa Ward, Toshima Ward and Meguro Ward. The "Tokyo 23 Wards excluding Tokyo Central Area" comprises all Tokyo 23 wards excluding the aforementioned eight wards. "Greater Tokyo excluding Tokyo 23 Wards" comprises Tokyo Prefecture excluding Tokyo 23 wards, and Kanagawa, Chiba, and Saitama prefectures. "Regional Cities" comprises all other areas excluding the aforementioned.
2. In the Property Name column above, "NCR" is the acronym for "New City Residence," "LM" for "Lions Mansion," and "SH" for "Sonnen Heim." Above "Catherina Mita Towersuite (New City Residence)", the name of the building in its registry is "Catherina Mita Towersuite," but NCRI operate the tenants of the 264 units of the property that NCRI is acquiring under the name of "Catherina Mita Towersuite (New City Residence)".
3. The "Acquisition Price" is the amount identified in the trust beneficiary interest purchase agreement with conditions precedent, and does not include related costs such as consumption tax.
4. The "Percent of Total" column details the acquisition price of each investment asset as a percentage of the total acquisition price for the Investment Corporation's aggregate real estate portfolio. Figures are rounded to the nearest first decimal point.

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