

October 9, 2008

**For Immediate Release**

New City Residence Investment Corporation  
1-10-6 Roppongi, Minato-ku, Tokyo  
Jun Arai, Executive Director  
(Securities Code: 8965)

Asset Management Company:  
CBRE Residential Management K.K.  
Jun Arai, President and Representative Director

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**Notice of Petition to Commence Civil Rehabilitation Proceedings**

New City Residence Investment Corporation (the “Investment Corporation”) announced, as described below, that the filing of a petition for commencement of civil rehabilitation proceedings was resolved at the meeting of the board of directors held on October 9, 2008, and that the petition for commencement of civil rehabilitation proceedings was filed with the Tokyo District Court on the same day. The petition was accepted by the court today, and the court immediately issued a preservative disposition order (an order prohibiting payment of liabilities) and a supervisory order.

The Investment Corporation hereby expresses its sincere apologies to its unitholders, business partners and other related parties for any inconvenience or concern arising from this situation. All directors of the Investment Corporation will make every effort to rehabilitate the Investment Corporation and would appreciate your understanding and support.

**1. Reason for the petition**

The Investment Corporation was incorporated in September 2004, and its units were listed on the Real Estate Investment Trust section of the Tokyo Stock Exchange in December 2004. By delegating its asset management to CBRE Residential Management K.K. (an asset management company), the Investment Corporation has tried to improve operational efficiency by focusing its investments on residential properties and has tried to reduce risk through the diversification of assets, tenants, unit types and target investment areas. In order to secure consistent growth and stable revenues from a medium to long-term perspective pursuant to its Articles of Incorporation, the Investment Corporation has flexibly managed its assets taking into account the character of the assets and the market situation.

However, the panic and credit crunch that the global financial market is experiencing as a result of the subprime mortgage crisis in the United States and the increasing costs of raw materials due to soaring oil prices have had a great influence on the Japanese real estate market, and real-estate

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transactions have been stagnate, for instance, opportunities for financing and sales of real estate have been reduced. As a result, the Investment Corporation has reached a stage where it cannot easily raise funds to acquire the properties scheduled to be acquired or funds for the repayment of borrowings.

The Investment Corporation has sought necessary funding to date; however, the current environment has caused the Investment Corporation's state of affairs to deteriorate. Particularly in recent days, petitions to commence proceedings for legal bankruptcy or rehabilitation of real estate companies and developers have been filed one after another in Japan, and a major securities firm in the United States and financial institutions in the United States and Europe have failed or have been nationalized. The global economy has been jolted, making it difficult to procure funds through new loans for real estate, raise funds in capital markets, refinance loans and sell holding assets. Thus, the Investment Corporation has no prospects of raising of acquisition funds for the payment due by the end of this month in respect of the property scheduled to be acquired or raising of funds for the repayment of borrowings coming due during this month. Accordingly, the Investment Corporation determined it necessary to file a petition for commencement of for civil rehabilitation proceedings.

## **2. Total liabilities (as of August 31, 2008)**

Approximately JPY 112,365 millions

## **3. Schedule for Rehabilitation**

Schedule for rehabilitation of the Investment Corporation has not yet been decided. The Investment Corporation will disclose the schedule promptly after the court decides to commence for civil rehabilitation proceedings and gives notification of the schedule for the proceedings.

## **4. Future Prospects**

From henceforth, in accordance with the instructions and supervision of the court and a supervisor, the Investment Corporation intends to endeavor to perform its business smoothly and will make every effort to regain credibility and rebuild its business, asking for the support and cooperation of persons or entities such as financial institutions and business partners.

Again, the Investment Corporation expresses its deepest regrets to its unitholders, business partners and other related parties for this situation and the inconvenience caused thereby, and sincerely asks for your understanding and support in the rehabilitation of the Investment Corporation.

- This document is released to media organizations through the "Kabuto Club" (the press club of the Tokyo Stock Exchange), the Ministry of Land, Infrastructure and Transport Press Club, and the Press Club for the Ministry of Land, Infrastructure and Transport Construction.
- URL: <http://www.ncrinv.co.jp/eng>

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## Attachment

### 1. Outline of Petition

- (1) Date of Petition: October 9, 2008  
(2) Date of the Preservative Disposition Order: October 9, 2008  
(3) Date of the Supervisory Order: October 9, 2008  
(4) Court of Petition: Tokyo District Court  
(5) Case Name: Petition for Commencement of Civil Rehabilitation Proceedings  
(6) Case Number: Heisei 20 (2008) (sai) No.249  
(7) Petitioning Agent: Makoto Tahira and four other lawyers, Attorneys-at-law  
9-12, Ginza 8-chome, Chuo-ku, Tokyo, Japan  
Hiiragi Law Office  
(8) Supervisor: Kazuo Koshizuka, Attorney-at-law

### 2. Outline of the Investment Corporation

- (1) Trade Name: New City Residence Investment Corporation  
(2) Head Office: 1-10-6, Roppongi, Minato-ku, Tokyo, Japan  
(3) Date of Incorporation: September 27, 2004  
(4) Representative: Jun Arai, Executive Director  
(5) Main Offices: Head Office  
(6) Business Line: Asset management business pursuant to the Investment Trust and Investment Corporation Law of Japan (the Investment Corporation shall invest primarily in Specified Properties as defined in the Law)  
(7) Paid-in Capital: Not applicable; however, Unitholders' Capital is 90,931,601,400 yen (as of the date of filing the petition)  
(8) Shares: Total number of units authorized to be issued  
2,000,000 units  
Total number of units issued and outstanding  
182,068 units  
(9) Directors (as of the date of filing the petition):  
Executive Director Jun Arai  
Supervisory Director Koichi Shimada  
Supervisory Director Yukiko Fujikawa  
(10) Employees: Not applicable  
(11) Labor Union: Not applicable  
(12) Total liabilities: Approximately JPY 112,365 millions (as of August 31, 2008)  
(13) Recent Performance (millions of yen):

	For six month ended February 28, 2007	For six month ended August 31, 2007	For six month ended February 29, 2008
Total Operating Revenues	5,678	5,730	6,252
Operating Income	3,151	2,978	3,234
Ordinary Income	2,442	2,199	2,456
Net Income	2,437	2,197	2,453

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