

November 5, 2008

For Immediate Release

New City Residence Investment Corporation
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(Securities Code: 8965)

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Notice Concerning Progress of NCRI's Civil Rehabilitation Proceedings

New City Residence Investment Corporation ("NCRI") filed a petition for commencement of rehabilitation proceedings on October 9, 2008, and was notified of the decision to commence civil rehabilitation proceedings on October 14, 2008.

With NCRI filing the petition for commencement of rehabilitation proceedings, the investment securities of NCRI is expected to be delisted on November 10, 2008 (Monday).

In view of smooth rehabilitation of NCRI in the civil rehabilitation proceedings, NCRI elected a financial advisor as follows on November 4, 2008. Going ahead, NCRI will seek to develop an NCRI rehabilitation plan structure through consultation with the financial advisor.

NCRI again expresses its sincere apologies to all for the considerable inconvenience and concern caused. All directors of NCRI are devoted to the rehabilitation and kindly ask for understanding and support.

(1) Election of a Financial Advisor

On November 4, 2008, NCRI resolved at a meeting of the Board of Directors to elect Nikko Citigroup Limited as financial advisor to NCRI (the "Financial Advisor"). On the same day, NCRI entered into an advisory agreement with the Financial Advisor to entrust the Financial Advisor with such work as providing NCRI with strategic advice on the structure for rehabilitation, searching for potential sponsors, implementing bidding procedures for the election of a sponsor, analyzing and advising on the election of a sponsor, and conducting price evaluations of NCRI (its investment units) to verify the reasonableness of the various proposals from and terms and conditions presented by the sponsor.

(2) Basic Policy on Developing a Rehabilitation Plan Structure

Through consultation with the Financial Advisor, NCRI will consider the following as leading rehabilitation structure options:

- (i) The participation of the new sponsor in NCRI's management;

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- (ii) Merging of investment corporations; and
- (iii) Realizing unitholder value through the selling of assets in NCRI's portfolio.

NCRI will seek to elect a sponsor and develop a rehabilitation plan that considers maximizing returns for unitholders and all other stakeholders. Such will be achieved through the Financial Advisor by calling potential sponsors to propose rehabilitation structures and amounts payable to NCRI (including the underwriting of investment units and merger ratio in the case of a merger) and by holding adequate discussions, negotiations, etc. with the potential sponsors that are thought to be able to realize the interests of unitholders and creditors.

(3) Role of the Asset Management Company in the Rehabilitation Plan

NCRI has been entrusting the asset management company CBRE Residential Management K.K. (the "Asset Management Company") with asset management and maintenance for assets in NCRI's portfolio since NCRI was established in 2004. NCRI intends to continue entrusting the Asset Management Company with asset management for at least the preparation period when the civil rehabilitation plan is being drawn up. NCRI adopts this policy in consideration of the Asset Management Company having extensive knowledge and know-how on the present state of the assets in NCRI's portfolio and having also already cultivated a definite collaborative relationship with parties concerned (trust banks, property management companies, building management companies, etc.), as well as taking into account other factors. This policy was also adopted based on the view that continuing to entrust the Asset Management Company with asset management will better prevent deterioration of the assets in NCRI's portfolio and the operation and maintenance of the assets will also be better performed.

(4) Future Rehabilitation Plan

NCRI's future schedule based on the Civil Rehabilitation Plan is as outlined later in the attachment [Reference]. NCRI will proceed to develop a rehabilitation plan under the supervision of the Court and the supervisor appointed by the Court, while respecting the interests of all unitholders.

[Reference] Future Schedule based on the Civil Rehabilitation Law

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| (1) Filing period for proofs of rehabilitation claims | By November 13, 2008 |
| (2) Deadline for submission of statement of approval or disapproval | On December 11, 2008 |
| (3) Ordinary period for investigation on rehabilitation claims | From December 18, 2008 to December 25, 2008 |
| (4) Deadline for submission of reports, etc.
(Articles 124 and 125 of Civil Rehabilitation Law) | On December 8, 2008 |
| (5) Deadline for submission of proposed rehabilitation plan | On January 7, 2009 |

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

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