

November 7, 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

Inquiries:  
Kazuyuki Iwasaki  
Director, Managing Officer and CFO  
TEL: +81-3-6229-3860

**Notice Concerning SESC Inspection Results**

New City Residence Investment Corporation (“NCRI”) announced CBRE Residential Management K.K., the asset management company to which NCRI entrusts the management of its assets (hereafter, the “Asset Management Company”), today received from the Securities and Exchange Surveillance Commission (“SESC”) the results of the inspection the SESC has been conducting on the Asset Management Company since mid May 2008. In the results of the inspection, the SESC states that it has recommended the Prime Minister and the Commissioner of the Financial Services Agency that administrative disciplinary action should be taken.

Details

NCRI approved and resolved an issuance of new investment units through third-party allotment at a meeting of its Board of Directors held on April 22, 2008 (hereafter, the “Third-Party Allotment”). The matter recommended by the SESC was regarding a lack of an internal control system found in the deliberation, approval, resolution, etc. conducted at the Asset Management Company by the its Investment Committee and Board of Directors in advising, etc. NCRI on the concerned issuance of new investment units prior to the approval and resolution by NCRI’s Board of Directors concerning the Third-Party Allotment. Please check with the SESC’s website for the content and other details of the recommendation.  
([http://www.fsa.go.jp/sesc/news/c\\_2008/2008/20081107.htm](http://www.fsa.go.jp/sesc/news/c_2008/2008/20081107.htm))

Please note that an inspection results notice was received stating that the inspection this time “found no issues to point out in particular” with respect to NCRI and NCRI is not subject to the administrative disciplinary action. In addition, the approval and resolution required by law in regards to the Third-Party Allotment have been conducted appropriately by NCRI and there is no error in the actual procedures for issuing new investment units through the Third-Party Allotment.

The Asset Management Company takes these inspection results with utmost seriousness and will be committed to preventing recurrence by earnestly addressing increasingly thorough legal compliance and further enhancement of the internal control system with the unified efforts of all directors and employees. The specific countermeasures for this matter will be decided and announced following adequate discussions with the supervisory authority hereafter.

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*This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. NCRI makes no warranties as to its accuracy or completeness.*

We sincerely apologize to all unitholders, investors and related parties for the considerable concern and inconvenience the lack of an internal control system at the Asset Management Company may have caused.

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

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