

[Extract Translation]

April 7, 2009

For Immediate Release

New City Residence Investment Corporation
1-10-6 Roppongi, Minato-ku, Tokyo
Jun Arai, Executive Director

Asset Management Company
CBRE Residential Management K.K.
Hidekazu Higuchi, President and Representative Director

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**Notice Concerning Appointment of Substitute Directors
and Change of Asset Management Company**

New City Residence Investment Corporation (“NCRI”) plans to hold its fourth (4th) general meeting of unitholders on May 13, 2009 (the “Fourth General Meeting of Unitholders”), as publicly announced in the Nihon Keizai Shimbun on March 6, 2009. The board of directors resolved the following concerning the appointment of substitute directors and the change of the asset management company at a meeting held today.

1. Background of the Convocation of General Meeting of Unitholders

Subject to the court’s decision to commence civil rehabilitation proceedings on October 14, 2008 (civil rehabilitation proceedings that have been commenced for NCRI shall be hereinafter referred to as the “Civil Rehabilitation Proceedings”), NCRI entered into a sponsor agreement (the “Sponsor Agreement”) with Lone Star Real Estate Fund (U.S.), L.P. (the “Sponsor”) and KF Capital Co., Ltd., a group company of the Sponsor, as of April 7, 2009 in order to establish the proposed rehabilitation plan that should be designed in the course of the same proceedings. Furthermore, NCRI submitted the proposed rehabilitation plan premised on the rehabilitation scheme agreed upon under the same agreement to the Tokyo District Court as of the same date. With respect to the circumstances that led to the execution of the Sponsor Agreement and the main points of the proposed rehabilitation plan, please refer to the “Notice of Selection of Sponsor and Submission of Proposed Rehabilitation Plan” as of today.

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.

2. Appointment of Substitute Directors

When, after the above-mentioned proposed rehabilitation plan is approved, the rehabilitation plan (in connection with the proposed rehabilitation plan submitted by NCRI in the course of the Civil Rehabilitation Proceedings, a plan which has not received approval by NCRI's creditors shall be hereinafter referred to as a "Proposed Rehabilitation Plan" and a plan which has received approval as a "Rehabilitation Plan") is implemented, Jun Arai, the current Executive Director of NCRI, and Koichi Shimada and Yukiko Fujikawa, the current Supervisory Directors of NCRI, will resign their offices as of September 1, 2009 or as of the date on which the decision on the authorization of the Rehabilitation Plan becomes final and conclusive (which means that, in the course of the Civil Rehabilitation Proceedings, the Proposed Rehabilitation Plan is approved and authorized and the decision of the same authorization becomes final and conclusive; the same shall apply hereinafter), whichever is later (the "Date of Change"). Then, NCRI will propose an agenda to appoint one (1) substitute Executive Director in preparation for the lack of the current Executive Director, Jun Arai, and an agenda to appoint two (2) Supervisory Directors in preparation for the lack of the current Supervisory Directors, Koichi Shimada and Yukiko Fujikawa.

No substitute director candidates have any special interest in their relationship with NCRI and Hudson Japan K.K, respectively, with which NCRI proposes to enter into an asset management agreement as described in 3. below. In addition, each substitute director candidate agrees with the details of the Rehabilitation Plan and the Sponsor's support in this case.

The name of the substitute Executive Director and his career summary, etc. are as described below:

Name (Date of Birth)	Biography	
Akira Watanabe (February 16, 1947)	April, 1973	Admitted as in Japan (Dai-ichi Tokyo Bar Association)
	May, 1991	Secretary, Legislative Council of the Ministry of Justice
	January, 1995	Inspector of Tokyo Kyodo Banking Corporation
	June, 1995	Inspector of Wakashio Banking Corporation
	April, 1998	Chairman of Committee for screening Legal Responsibility of Yamaichi Securities Co. Ltd.
	September, 2002	Reorganization Trustee of KK Gashu Enterprise ("Meguro gajoen")
	March, 2004	Reorganization Trustee of KK Togo ("Asakusa Hana Yashiki")
	June, 2006	Outside auditor of JAPAN PILE CORPORATION (Present)
	November, 2006	Outside auditor of FAST RETAILING CO., LTD. (Present)
	June, 2007	Outside Director of MAEDA CORPORATION (Present)
	June, 2007	Outside auditor of Kadokawa Group Holdings, Inc. (Present)
April, 2008	Representative of Seiwa Meitetsu Law Office (Present)	

The names of the substitute Supervisory Directors and their career summaries, etc. are as described below:

No.	Name (Date of Birth)	Biography	
1	Takashi Iizuka (February 16, 1959)	December, 1983 March, 1988 November, 2002 November, 2004 December, 2004 December, 2004 June, 2005 October, 2008 March, 2009	Entered Tomatsu Aoki Audit Firm (present Deloitte Touche Tohmatsu) Registered as Certified Public Accountant Registered as Licensed Tax Accountant Director of HS Liesenberg Co., Ltd. (Present) Representative Director of I Consulting KK (Present) Established Iizuka CPA Office, Head of Office (Present) Auditor of AXISSOFT Corporation (Present) Supervisory Officer of Star Hotels and Resorts Investment Corporation (Present) Auditor of Venture Republic Inc. (Present)
2	Tomoharu Saito (February 2, 1966)	October, 1990 March, 1994 February, 1998 June, 1998 September, 2003 May, 2004 August, 2007 February, 2008	Entered Deloitte Touche Tohmatsu Registered as Certified Public Accountant Established Saito Tomoharu CPA Office, Head of Office (Present) Auditor of KK Clean System (Present) Registered as Licensed Tax Accountant Auditor of Sofwel Corporation (Present) Supervisory Officer of Star Hotels and Resorts Investment Corporation (Present) Director of M.R. T. (Present)

3. Changes in the Asset Management Company

Toward the realization of the Rehabilitation Plan, NCRI is expected to terminate the existing Asset Management Agreement, and then to enter into a new Asset Management Agreement with Hudson Japan K.K. (“Hudson Japan”) which has been designated as a new asset management company by the Sponsor. Given this, NCRI will present a bill of approval of termination of the current Asset Management Agreement dated September 27, 2004 (as revised and amended) entered into with CBRE Residential Management K.K., the current asset management company, on the Date of Change, i.e., the later of September 1, 2009 and the day on which the decision on the authorization of the Rehabilitation Plan becomes final and conclusive (provided, however, that if any reasonable reason exists, any such day separately agreed upon by and between NCRI and the new asset manager) and a bill of approval of execution of the new Asset Management Agreement with Hudson Japan K.K.

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The name, address and corporate history of the asset management company with which NCRI is expected to enter into an Asset Management Agreement are as described below (in addition, the contents of the new Asset Management Agreement will be equivalent to the contents of the existing Asset Management Agreement entered into with the current asset management company. Please see the convocation notice of the general meeting of unitholders which shall include the contents of the new Asset Management Agreement and will be publicly announced and dispatched at the end of April 2009):

[Omitted. Note: The name of the asset management company is Hudson Japan K.K.]

4. Schedule

March 6, 2009	Public notice of the record date for the Fourth General Meeting of Unitholders
March 31, 2009	Record date for the Fourth General Meeting of Unitholders
April 7, 2009	Approval of the board of directors for the bills to be presented at the Fourth General Meeting of Unitholders
April 27, 2009	Dispatch of the convocation notice of the Fourth General Meeting of Unitholders (scheduled)
May 13, 2009	Holding of the Fourth General Meeting of Unitholders (scheduled)

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