

August 20, 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

Inquiries:  
Kazuyuki Iwasaki  
CFO  
TEL: +81-3-6229-3860

**Notice Concerning Modification of Proposed Rehabilitation Plan**

New City Residence Investment Corporation (“NCRI”) announced the following with respect to the proposed rehabilitation plan it submitted as the rehabilitation debtor. As a result of a series of discussions and negotiations with its sponsor Lone Star Real Estate Fund (U.S.), L.P. in view of having a proposed rehabilitation plan approved and with the sponsor’s cooperation, NCRI today applied with the Tokyo District Court to change the terms of payment of general rehabilitation claims as outlined below.

**1. Change in Terms of Payment of General Rehabilitation Claims**

(1) Increase in Amount of Interest

The interest rate after modification of the rights of interest and default interest accruing on and after the date of commencement of rehabilitation proceedings, which had been set at 0.65% per annum, is being raised to 1.25% per annum for the period between the date of order of commencement of rehabilitation proceedings and November 30, 2012 and 1.5% per annum for the period between December 1, 2012 and November 30, 2014.

(2) Advancing Payments

The method of payment of principal as well as the interest and default interest accruing up to the date prior to the date of commencement of rehabilitation proceedings, which had been set at once a year (once on the last day of November of every year), is being changed to payments twice a year – on the last day of each of May and November – in years 2012 and 2013 and three times a year – on the last day of each of May, August and November – in year 2014.

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## 2. Court Approval of Modification of Proposed Rehabilitation Plan and Change in Sponsor Agreement

Modification of the proposed rehabilitation plan, including the change in the terms of payment set forth in 1. above, will be made once court approval is obtained on September 9, 2009, which is the further date on which a creditors meeting is scheduled to be held.

In correlation with said application for modification of the proposed rehabilitation plan, corresponding changes were today made to the terms of payment provided in the sponsor agreement.

## 3. Change in Take Over Bid Period

With the continuance of the date of the creditors meeting from July 15, 2009 to September 9, 2009, among other developments, the take over bid period for NCRI investment units is being changed as follows from that scheduled to date (underlined text indicates the change).

1	Subject Units	Units of NCRI
2	Period of Take Over Bid (Scheduled)	From <u>Thursday, January 7, 2010</u> through <u>Friday, February 19, 2010</u> ; in addition, the settlement date will be <u>Friday, February 26, 2010</u> .
3	Purchase Price	JPY 35,000 per unit
4	Number of Units to be Purchased	No upper or lower limit established.

NCRI will continue to be fully devoted to having a proposed rehabilitation plan approved at the creditors meeting and to obtain a court order of confirmation. NCRI would appreciate your further support and cooperation.

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

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