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**For Immediate Release**

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**Notice Concerning the Additional Issue of  
New Investment Units and Secondary Offering**

New City Residence Investment Corporation (“NCRI” or “the Investment Corporation”) today announced its decision to issue new investment units and to conduct a secondary offering in conjunction with its public listing on the Tokyo Stock Exchange (“TSE”). This decision was ratified at a Board of Officers meeting held on November 12, 2004. Brief details are as follows:

**1. Primary Offering**

1. Total number of units to be issued : 72,800 units (Primary offering)
2. Issue price : To be determined  
(The issue price for new investment units shall be determined by a resolution of the Board of Officers on December 7, 2004 (Tuesday) (“the Issue Price Determination Date”))
3. Offer method : The investment units are being offered in a public offering by the following underwriters:  
Mizuho Securities Co., Ltd.  
Nikko Citigroup Limited  
Nomura Securities Co., Ltd.  
Daiwa Securities SMBC Co., Ltd.  
UFJ Tsubasa Securities Co., Ltd.  
Bear Stearns (Japan), Ltd. Tokyo Branch

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Shinko Securities Co., Ltd.  
Kyokuto Securities Co., Ltd.  
Mitsubishi Securities Co., Ltd.  
Lehman Brothers Securities Tokyo Branch  
Collectively referred to as “the Underwriters.”  
Mizuho Securities Co., Ltd. (“Mizuho Securities”)  
and Nikko Citigroup Limited are acting as  
“Joint-Lead Managers” on behalf of the underwriting  
syndicate.

The issue price (offer price) of new investment units issued through a public offering shall be determined utilizing book-building procedures in accordance with Article 4 of the Regulations Relating to Real Estate Investment Trusts of the Tokyo Stock Exchange Prior to Public Listing a Secondary Offer. Under the book-building method, investors are invited to register their interest in a particular issue. The Investment Corporation shall determine an indicative pricing range for the primary offering subject to demand.

4. Underwriting agreement details : The Underwriters shall pay to the Investment Corporation the full underwritten proceeds (offer price amount) on the payment date identified in (7) below. Underwriting fees applicable to the issue shall be the difference between the offer price and the issue price. The Investment Corporation shall not pay an underwriting commission.
5. Application unit : More than one unit in multiples of one unit
6. Application period : December 8, 2004 (Wednesday) through December 10, 2004, (Friday) inclusive
7. Payment date : December 14, 2004 (Tuesday)
8. Delivery and settlement date : December 15, 2004 (Wednesday) (“Public Listing Date”)
9. Starting date for the computation of cash distributions : September 27, 2004 (Monday) (“Date of Incorporation”)
10. The offer price and other matters relating to the issue of new investment units shall be determined at future meetings of the Board of Officers.
11. The aforementioned items shall be subject to the effectiveness of the securities registration statement in accordance with the Securities and Exchange Law of Japan.

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## **2. Third-Party Allotment (Greenshoe Option)**

1. Total number of units to be issued : 1,456 units
2. Third party : Mizuho Securities Co., Ltd.
3. Issue price : To be determined.  
(The same price as for the primary offering)
4. Gross proceeds : To be determined.
5. Application period : January 12, 2005 (Wednesday) (“Application Date”)
6. Payment date : January 12, 2005 (Wednesday)
7. Application unit : More than one unit in multiples of one unit
8. Starting date for the computation of cash distributions : September 27, 2004 (Monday)  
(“Date of Incorporation”)
9. The issue price and other matters relating to the third-party allotment shall be determined at future meetings of the Board of Officers.
10. In the event there are no applications for the aforementioned issue, third-party allotment shall be terminated.
11. In the event the primary offering of new investment units is suspended, the third-party allotment shall be suspended.

## **3. Secondary Offering (Over-Allotment)**

1. Total number of units to be issued : 1,456 units
2. Seller : Mizuho Securities Co., Ltd.  
The secondary offering (over-allotment) in connection with Mizuho Securities is subject to primary offering demand. The total number of 1,456 units is the maximum limit and may differ depending on demand. Accordingly, the number of units to be issued may be zero or less than the maximum limit. For the purpose of over-allotment, Mizuho Securities shall borrow the Investment Corporation’s investment units from companies identified by the Investment Corporation. The Investment Corporation has identified NCC Holdings (Delaware) LLC, Tokyo Branch (“NHD”), and New City Corporation K.K. (“NCC”), a unitholder of the Investment Corporation, as lenders of the Investment Corporation’s investment units (“the Lenders”) to Mizuho Securities For the purpose of the over-allotment, Mizuho Securities shall borrow from NHD and NCC up to a maximum of 1,256 units and 200 units, respectively, for a total of 1,456 units.

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3. Offer price : To be determined.  
(The same price as the primary offering)
4. Gross proceeds : To be determined.
5. Application period : December 8, 2004 (Wednesday) through December 10, 2004, (Friday) inclusive
6. Transfer date : December 15, 2004 (Wednesday)
7. Application unit : More than one unit in multiples of one unit
8. The offer price and other matters relating to the third-party allotment shall be determined at future meetings of the Board of Officers.
9. The aforementioned items shall be subject to the effectiveness of the securities registration statement in accordance with the Securities and Exchange Law of Japan.

[Reference]

Mizuho Securities plans to borrow the Investment Corporation's investment units from the Lenders to be sold in the event of over-allotment. In order to effect the return of the investment units borrowed, Mizuho Securities shall be given by the Investment Corporation a purchase option of new investment units for the third-party allotment (hereafter referred to as the "Greenshoe Option") up to a maximum of 1,456 investment units, outlined in 2. above. The Greenshoe Option application period shall be January 7, 2005 (Friday).

In addition, Mizuho Securities may seek to purchase the Investment Corporation's investment units up to a maximum of 1,456 units (the maximum number of investment units under secondary offering [over-allotment]) through the TSE (hereafter referred to as "Syndicated Cover Transactions") in order to affect the return of the investment units borrowed during the period commencing December 15, 2004 (Wednesday) through January 7, 2004 (Friday) (hereafter referred to as "the Syndicated Cover Transaction Period"). In the event that during the Syndicated Cover Transaction Period, Mizuho Securities decides not to undertake a Syndicated Cover Transaction, or the number of units purchased under the Syndicated Cover Transactions falls below the number of investment units to be returned under the secondary offering (over-allotment), the Syndicated Cover Transaction may be deemed to terminate.

However, Mizuho Securities may exercise the Greenshoe Option in the event the number of units purchased under the Syndicated Cover Transaction falls below the number of investment units to be returned under secondary offering (over-allotment). On the other hand, in the event the secondary offering (over-allotment) is less than the maximum, or the secondary offering (over-allotment) is suspended, and a Syndicated Cover Transaction is undertaken, Mizuho Securities shall exercise the Greenshoe Option in connection with the reduced number of investment units subject to secondary offer (over-allotment). In this case, the maximum limit of investment units to be issued under third-party allotment shall be reduced and rights shall be forfeited, or the issue itself shall not be made.

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#### **4. Total Number of Investment Units Issued after the New Issue**

Number of investment units currently issued and outstanding	300
Number of new investment units to be issued (primary offering)	72,800
Subtotal	73,100
Number of new investment units (third-party allotment) to be issued (planned)	1,456
Total (planned)	74,556

#### **5. Use of Proceeds**

The Investment Corporation intends to purchase trust beneficiary interests in 50 properties earmarked for acquisition utilizing proceeds from the primary offering.

#### **6. Distribution to Unitholders**

Distribution to unitholders is determined in line with the Investment Corporation's Articles of Incorporation and its distribution policy.

#### **7. Other**

##### (1) Specified Purchaser

The Underwriters intend to sell the Investment Corporation's investment units under primary offering to certain purchasers specified by the Investment Corporation. Details are briefly as follows: (The number of investment units to be sold are in parentheses.)

The Investment Corporation has identified certain shareholders of its Asset Management Company, CBRE Residential Management K.K., as specified purchasers. These comprise CB Richard Ellis Investors K.K. ("CBRIE") (1,456 units), NHD (1,256 units), and CSK Corporation ("CSK") (728 units).

##### (2) Restrictions on Sale and Additional Issue of Investment Units

1. NCC and CSK acquired 200 units and 100 units, respectively, of the Investment Corporation's investment units, in conjunction with the Investment Corporation's establishment on September 27, 2004. NCC and CSK have agreed not to dispose of any of the Investment Corporation's investment units for a period of six months after the Investment Corporation's Public Listing Date on the TSE in accordance with the Exchange's rules and regulations. Furthermore, NCC and CSK have agreed not to dispose of any of the Investment Corporation's investment units for a period of one year

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- after an allocation of investment units.
2. CBRIE, NHD and CSK, identified in (1) above, plan to acquire 1,456 units, 1,256 units, and 728 units, respectively, of the Investment Corporation's investment units as part of the Investment Corporation's primary offering, and have agreed with the Joint-Lead Managers not to sell, transfer, pledge as collateral, or dispose of in any other manner their respective unitholdings (including existing unitholdings in the case of CSK), excluding investment units borrowed in connection with secondary offering over-allotment, for a period of one year after the Public Listing Date, without the written consent of the Joint-Lead Managers. NCC has agreed with the Joint-Lead Managers not to sell, transfer, pledge as collateral, or dispose of in any other manner its existing unitholdings identified in (1) above, excluding investment units borrowed in connection with secondary offering over-allotment, for a period of one year after the Public Listing Date, without the written consent of the Joint-Lead Managers.
  3. The Investment Corporation has agreed with the Joint-Lead Managers that it will not issue additional investment units, excluding the issue of new investment units subject to third-party allotment, for a period of six months without the written consent of the Joint-Lead Managers.
- 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 Paper.

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