

NEW CITY RESIDENCE

New City Residence Investment Corporation

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For Immediate Release

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Notice Concerning Operating Forecasts for the Fiscal Periods Ending August 31, 2005 and February 28, 2006

New City Residence Investment Corporation (“NCRF” or “the Investment Corporation”) today announced its forecasts for the fiscal periods ending August 31, 2005 (the first fiscal period from September 27, 2004 through August 31, 2005) and February 28, 2006 (the second fiscal period from September 1, 2005 through February 28, 2006).

(Millions of yen unless otherwise stated)

	Operating Revenues	Net Income	Dividends per Unit (Yen)	Dividends in Excess of Earnings per Unit (Yen)
Fiscal Period Ending August 31, 2005 (First Fiscal Period)	2,656	1,044	14,004	—
Fiscal Period Ending February 28, 2006 (Second Fiscal Period)	1,832	810	10,870	—

[Reference]

As of August 31, 2005

Investment units issued and outstanding: 74,556 units

Forecast net income per unit: ¥14,004

As of February 28, 2006

Investment units issued and outstanding: 74,556 units

Forecast net income per unit: ¥10,870

Note: The forecasted number of investment units issued and outstanding as of the end of each fiscal period is calculated based on the pre-conditions and assumptions relating to “Investment Units Issued and Outstanding” as outlined in the separate document attached.

Notes:

1. Subsequent to revisions to operating forecasts for the fiscal periods ending August 31, 2005 and February 28, 2006, and underlying pre-conditions and assumptions outlined in a press release dated December 7, 2004, the Investment Corporation has updated forecast data as follows: (i) Debt Financing: the Investment Corporation intends to obtain debt financing of approximately ¥25,500 million from qualified institutional investors, up from approximately ¥25,066 million previously forecast; (ii) Net Income and Dividends per Unit: forecast net income and dividends per unit for the first and second fiscal periods have been revised to the figures identified in the table above, down from net income of ¥1,046 million and dividends per unit of ¥14,037 in the first fiscal period, and ¥812 million and ¥10,893 in the second fiscal period.
2. The above forecasts are based on assumptions outlined in attachment A. Actual operating revenues, net income and dividends per unit may change due to the acquisition or disposition of properties, changes in real estate markets, the operating environment and other factors. In addition, NCRI does not guarantee payment of forecasted dividends.
3. In the event NCRI anticipates significant change in the aforementioned forecasts, the Investment Corporation shall undertake further revisions to forecasted results.
4. The Investment Corporation's first fiscal period commenced September 27, 2004, and extends through to August 31, 2005. The second and subsequent fiscal periods commence annually from September 1 through to February 28 and March 1 through August 31, respectively.
5. Figures are rounded down.
 - 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.
 - URL: <http://www.ncrinv.co.jp>

Attachment A

**Pre-Conditions and Assumptions for Operating Forecasts
for the Fiscal Periods Ending August 31, 2005 and February 28, 2006**

Item	Assumptions
Investment Assets	<p>The Investment Corporation intends to acquire trust beneficiary interests in 50 properties (hereafter referred to as "Initial Property Assets") utilizing proceeds procured through the issue of investment units and debt financing.</p> <p>Settlement in connection with the proposed issue of investment units is scheduled for December 14, 2004. The Investment Corporation intends to acquire the initial property assets on the first business day immediately following investment unit settlement. From the date of acquisition of the initial property assets and the end of the second fiscal period (February 28, 2006), the Investment Corporation shall not acquire or dispose of any property. Notwithstanding the aforementioned, the investment portfolio may change during the period.</p> <p>Operating forecasts applicable to the first fiscal period are based on a period of 260 days, the actual number of days for the first fiscal period.</p>
Operating Revenues	<p>Real estate rental revenues for the Initial Property Assets are calculated on the basis of effective lease agreements as of September 30, 2004, and the competitiveness and number of properties.</p>
Operating Expenses	<p>Real estate-related expenses, which constitute the principal operating expense (excluding depreciation) applicable to the Initial Property Assets are calculated based on historical data provided by the respective previous owners of each property and other factors that may be expected to impact expenses.</p> <p>In general, property tax, city planning tax and other related taxes applicable in the first year of acquisition are calculated on a pro rata basis as of the date of acquisition and shared accordingly between buyer and seller. Forecasts are based on the assumption that the portion applicable to the Investment Corporation in the first year of acquisition are included in the acquisition price and not recorded as real estate-related expenses. The amount of property tax, city planning tax and other related taxes recorded against the cost of acquisition of the Initial Property Assets is approximately ¥5 million.</p> <p>An estimate for repairs and maintenance for each operating period is allocated to expenses. The Investment Corporation may however record substantially different amounts for repairs and maintenance in the event of unbudgeted emergency circumstances.</p> <p>Depreciation and amortization expenses including associated costs and future capital expenditures are calculated based on the straight-line method. The Investment Corporation estimates these expenses to total approximately ¥391</p>

	million and ¥261 million for the first and second fiscal periods, respectively.
Non-Operating Expenses	One-off costs incurred during the first fiscal period in connection with the Investment Corporation's public listing and public offering of investment units are estimated to be approximately ¥221 million.
Debt Financing	Debt financing forecasts are based on the following assumptions: (1) the Investment Corporation intends to obtain debt financing (including fixed and floating rate funding) of approximately ¥25,500 million from qualified institutional investors pursuant to Article 2.3-1 of the Securities Exchange Law, and will undertake a third-party allotment in accordance with a secondary offering (over-allotment) of investment units; (2) funds procured will be applied in full to the repayment of debt totaling ¥24,731 million; and (3) the balance of debt financing (excluding the debt financing mentioned above) and applicable interest rates as of the end of the second fiscal period (February 28, 2006) shall remain unchanged.
Investment Units Issued and Outstanding	In addition to 300 investment units issued on November 12, 2004, the Investment Corporation resolved at a meeting of its Board of Directors on November 12, 2004 to issue additional new investment units (72,800 units) and conduct a third-party allotment in accordance with a secondary offering (an over-allotment of maximum 1,456 units to be issued) for a total of 74,256 units. The Investment Corporation assumes there will be no change in the number of investment units issued and outstanding during the second fiscal period.
Dividends per Unit	Cash dividends (distributions per unit) are calculated based on the distribution of 100% of profits (distributable income) in accordance with the Investment Corporation's Articles of Incorporation. Distributions per unit are subject to change depending on changes in investment assets, tenants, real estate rental revenues, unforeseen repairs and maintenance expenses, and a variety of other factors.
Distributions in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Other	Forecasts are based on the assumption that there will be no material changes in legislation, taxation, accounting standards, public listing requirements or trust association rules that would impact the Investment Corporation's forecasts. Forecasts are based on the assumption that there will be no material changes in economic and real estate market conditions in Japan.