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For Immediate Release

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

New City Residence Investment Corporation (“NCRI” or “the Investment Corporation”) today announced its revised 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), which were reported on December 15, 2004.

1. Reasons for Revision

NCRI resolved to acquire trust beneficiary interests* in new investment properties. As a result, the Investment Corporation has decided to announce revised forecasts for the fiscal periods ending August 31, 2005 and February 28, 2006.

Note: Details of proposed acquisitions were disclosed in the press release “Notice Concerning the Acquisition of Investment Assets,” dated January 27, 2005. The Investment Corporation has resolved to acquire trust beneficiary interests in seven properties comprising the following: Aprire Tarumi, New City Residence Otsuka, New City Residence Nihonbashi Ningyocho I, New City Residence Nihonbashi Ningyocho II, New City Residence Shin Ochanomizu, New City Residence Morishita, and New City Residence Uehonmachi.

2. Revised Forecasts

(Millions of yen unless otherwise stated)

	Operating Revenues	Net Income	Dividends per Unit (Yen)	Dividends in Excess of Earnings per Unit (Yen)
Previous Forecast (December 15, 2004)				
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	—
Revised Forecast				
Fiscal Period Ending August 31, 2005 (First Fiscal Period)	2,921	1,126	15,112	—
Fiscal Period Ending February 28, 2006 (Second Fiscal Period)	2,095	926	12,432	—
Change (%)				
Fiscal Period Ending August 31, 2005 (First Fiscal Period)	9.9	7.8	7.9	—
Fiscal Period Ending February 28, 2006 (Second Fiscal Period)	14.3	14.3	14.3	—

[Reference]

Forecast number of investment units issued and outstanding as of August 31, 2005: 74,556 units (no change)

Forecast number of investment units issued and outstanding as of February 28, 2006: 74,556 units (no change)

Notes:

1. 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 forecasts dividends.
2. The Investment Corporation outlined its proposed purchase of New City Residence Jinbocho and New City Residence Nihonbashi Ningyocho III together with seven other properties in a press release dated January 27, 2005. The acquisition dates of the two buildings identified above are yet to be determined. Accordingly, the proposed acquisition of New City Residence Jinbocho and New City Residence Nihonbashi Ningyocho III have not been included in the underlying assumptions as detailed in the attachment of this document.
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

**Assumptions for Revisions to Operating Forecasts
for the Fiscal Periods Ending August 31, 2005 and February 28, 2006**

Item	Assumptions
Investment Assets	<p>The Investment Corporation acquired trust beneficiary interests in 50 properties (hereafter referred to as “the initially acquired property assets”) on December 15, 2004 and December 17, 2004, from proceeds procured through the issue of investment units and debt financing.</p> <p>In addition to the initially acquired property assets, revisions to operating forecasts are based on the assumption that NCRI has acquired seven properties on February 25, 2005, namely Aprire Tarumi, New City Residence Otsuka, New City Residence Nihonbashi Ningyocho I, New City Residence Nihonbashi Ningyocho II, New City Residence Shin Ochanomizu, New City Residence Morishita, and New City Residence Uehonmachi (hereafter referred to as “the property assets acquired during the first fiscal period”), and shall not acquire or dispose of any property during the second fiscal period ending February 28, 2006. Notwithstanding the aforementioned, the investment portfolio may change during the period. Revisions to operating forecasts are also based on a first fiscal period of 260 days.</p>
Operating Revenues	<p>Real estate rental revenues for the initially acquired property assets and the property assets acquired during the first fiscal period are calculated on the basis of effective lease agreements as of January 31, 2005 and February 15, 2005, and the competitiveness and size of each property.</p>
Operating Expenses	<p>Principal operating expenses and real estate-related expenses (excluding depreciation) applicable to the initially acquired property assets and the property assets acquired during the first fiscal period 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. In addition to assumptions for tenant service program expenses previously announced, revised forecasts are based on additional expenses of ¥20 million during the second fiscal period, allocated toward efforts to increase tenant satisfaction. Additional tenant service program expenses, however, are optional expenses. Accordingly, actual expenses may differ materially from assumptions.</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. Revised 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 acquisitions of the initially acquired property assets and the property assets acquired during the first fiscal period was approximately ¥20 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 ¥440 million and ¥303 million for the first and second fiscal periods, respectively.</p>
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 ¥201 million.
Debt Financing	The Investment Corporation undertook debt financing totaling ¥8,800 million on February 25, 2005 as funding for the acquisition of seven investment properties on the same date. As a result, the current balance of the Investment Corporation's debt financing stands at ¥34,300 million. The revised forecasts are based on the assumption that 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	The number of investment units issued and outstanding as of February 25, 2005 was 74,556 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	<p>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.</p> <p>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.</p>
Distributions in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Other	<p>Revised forecasts are based on the assumption that there will be no material change in legislation, taxation, accounting standards, public listing requirements, trust associations rules, that would impact the Investment Corporation's forecasts.</p> <p>Revised forecasts are based on the assumption that there will be no broad material changes in economic and real estate market conditions in Japan.</p>