New City Residence Investment Corporation

August 18, 2005

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 February 25, 2005.

1. Revised Forecasts for the Fiscal Period Ending August 31, 2005 The First Fiscal Period (September 27, 2004 to August 31, 2005)

(Millions of yen unless otherwise stated)

	Operating Revenues	Net Income	Dividends per Unit (Yen)	Dividends in Excess of Earnings per Unit (Yen)
Previous Forecast (A)	2,921	1,126	15,112	—
Revised Forecast (B)	3,186	1,127	15,127	—
Change (B – A)	265	1	15	—
Change (%)	9.0	0.0	0.0	—

Notes:

1. Forecast number of investment units issued and outstanding as of August 31, 2005: 74,556 units
2. Figures are rounded down.

2. Revised Forecasts for the Fiscal Period Ending February 28, 2006
The Second Fiscal Period (September 1, 2005 to 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)
Previous Forecast (A)	2,095	926	12,432	—
Revised Forecast (B)	3,217	1,364	11,129	—
Change (B – A)	1,122	437	(1,303)	—
Change (%)	53.5	47.2	(10.4)	—

Notes:

1. Forecast number of investment units issued and outstanding as of February 28, 2006: 122,612 units
2. The forecast number of investment units issued and outstanding as of February 28, 2006 is based on assumptions outlined in the separate supplementary data attached.
3. Figures are rounded down.

3. Reasons for Revision

At a Board of Officers' meeting held on August 18, 2005, the Investment Corporation decided to conduct an additional issue of new investment units. Due to this change in investment conditions, NCRI has decided to revise forecasts for the fiscal periods ending August 31, 2005 and February 28, 2006.

[Note]

The preceding revised forecasts are based on assumptions outlined in the separate supplementary data attached. 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.

- 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

Supplementary Data

Assumptions for Revisions to Operating Forecasts for the Fiscal Period Ending February 28, 2006

Item	Assumptions
Period	September 1, 2005 to February 28, 2006 (investment period: 181 days)
Investment Assets	In addition to the investment portfolio, which comprised 77 properties as of August 18, 2005, forecasts are based on the assumption NCRI will acquire three properties on September 21, 2005 and two properties on December 1, 2005, for a total investment portfolio of 82 properties. Notwithstanding the aforementioned, the investment portfolio may change due to the acquisition or sale of properties.
Investment Units Issued and Outstanding	The number of investment units issued and outstanding as of August 18, 2005 was 74,556 units. Following a Board of Officers' meeting held on August 18, 2005, NCRI has decided to conduct an additional issue of 46,600 new investment units (primary offering) and a secondary offering (over-allotment) of 1,456 investment units. Accordingly, forecasts are based on the assumption the number of investment units issued and outstanding shall total 122,612 investment units.
Debt Financing	The interest-bearing liabilities ratio stood at approximately 61% as of August 18, 2005. Following a Board of Officers' meeting held on August 18, 2005, NCRI decided to issue additional new investment units. As a result of the increase in unitholders' equity, NCRI plans to repay a portion of its outstanding debt, and to allocate proceeds to the acquisition of new investment properties while considering the possible procurement of additional debt financing. As a result, forecasts are based on the assumption that the interest-bearing liabilities ratio will equal approximately 39% as of February 28, 2006. The interest-bearing liabilities ratio is calculated using the following formula: Interest-bearing liabilities ratio = Interest-bearing liabilities ÷ (Interest-bearing liabilities + Unitholders' equity) x 100 The interest-bearing liabilities ratio may change subject to the issue price of the additional issue of new investment units.
Operating Expenses	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 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 second fiscal period is approximately ¥35 million. 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.

	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 ¥480 million for the second fiscal period.
Non-Operating Expenses	Following a Board of Officers' meeting held on August 18, 2005, NCRI expects to incur one-off costs in connection with the issue of additional new investment units. These costs are estimated at ¥72 million and ¥90 million in the first and second fiscal periods, respectively.
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 in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.