

July 31, 2006

New City Residence Investment Corporation
1-10-6 Roppongi, Minato-ku, Tokyo
Tetsuya Fujita, Executive Officer
(Securities Code: 8965)

Inquiries:
CBRE Residential Management K.K.
Jun Arai,
Managing Director and Chief Investment Officer
TEL: +81-3-6229-3860

Notice Concerning Water Heaters installed in Our Properties

New City Residence Investment Corporation (“NCRI” or “the Investment Corporation”) has announced the following concerning water heaters installed in properties owned by NCRI.

As a result of our verification on water heaters installed in all properties owned by NCRI, none of them have indoor-type water heaters that were announced by Paloma Industries, Ltd. and Paloma Co., Ltd. on July 2006 that they manufactured between 1980 and 1989 (Models PH81F, PH-82F, PH-101F, PH-102F, PH131F, PH-132F and PH-161F.)

NCRI Website: <http://www.ncrinv.co.jp>

This English language notice is a translation of the Japanese language notice issued on the same day and was prepared solely for the convenience of, and reference by, overseas investors. NCRI makes no warranties as to its accuracy or completeness.