

October 27, 2006

For Immediate Release

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.
Kazuyuki Iwasaki
Director and Chief Financial Officer
TEL: +81-3-6229-3860

**Notice Concerning Operating Forecasts
for the Fiscal Periods Ending February 28, 2007 and August 31, 2007**

New City Residence Investment Corporation (“NCRI” or “the Investment Corporation”) today announced its operating forecasts for the fiscal periods ending February 28, 2007 (the fourth fiscal period from September 1, 2006 through February 28, 2007) and August 31, 2007 (the fifth fiscal period from March 1, 2007 through August 31, 2007).

1. Forecasts for the Fiscal Period Ending February 28, 2007 (September 1, 2006 to September 28, 2007) and August 31, 2007 (March 1, 2007 to August 31, 2007)

(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 February 28, 2007	5,442	2,382	14,520	—
Fiscal Period Ending August 31, 2007	4,593	1,827	11,130	—

Note1: Forecast number of investment units issued and outstanding as of February 28, 2007: 164,068 units, August 31, 2007: 164,068 units.

Note2: The forecast numbers of investment units issued and outstanding as of the end of each fiscal period are calculated based on assumptions outlined in attached separate supplementary data.

Note3: Figures are rounded down.

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.

2. Reasons for Announcing Forecasts

The Investment Corporation ratified that it would issue additional investment units at a meeting of the board of officers held on October 27, 2006. In correlation with this decision, we are announcing our present operating forecasts.

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. In the event NCRI anticipates significant change in the aforementioned forecasts, the Investment Corporation shall undertake further revisions to forecasted results.

- 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>

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.

Attachment

Assumptions for Forecasts for the Fiscal Periods Ending February 28, 2007 and August 31, 2007

Item	Assumptions
Period	Fiscal Period Ending February 28, 2007 : September 1, 2006 to February 28, 2007 (investment period: 181 days) Fiscal Period Ending August 31, 2007 : March 1, 2007 to August 31, 2007 (investment period: 184 days)
Investment Assets	Our calculations for the fiscal period ending February 28, 2007 are based on a total of 92 assets under management. This total is reached by combining the 93 properties under management as of August 31, 2006 and New City Residence Higashi Nihonbashi (tentative) and New City Residence Yakumo (tentative), which the Investment Corporation plans to acquire on December 1, 2006 (*), and then subtracting New City Residence Meguro Mita, New City Residence Kyodo and New City Residence Uehonmachi, which the Investment Corporation plans to divest on October 31, 2006. Our calculations for the fiscal period ending August 31, 2007 are based on the premise of a total of 94 assets under management arrived at by adding New City Residence Sakae, which is planned to be acquired on March 23, 2007, and New City Residence Morishita West (tentative), which is planned to be acquired on June 30, 2007, to the aforementioned 92 assets under management. (*) These forecasts are based on the premise of acquiring the properties on the abovementioned date, but there is the possibility that this date could change to a separately agreed date with the seller.
Investment Units Issued and Outstanding	The number of investment units issued and outstanding as of August 31, 2006 was 122,612 units. Following a Board of Officers' meeting held on October 27, 2006, NCRI has decided to conduct an additional issue of 40,000 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 164,068 investment units.
Debt Financing	The interest-bearing liabilities ratio stood at approximately 59% as of August 31, 2006. Following a Board of Officers' meeting held on October 27, 2006, 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 45% as of February 28, 2007 and August 31, 2007. 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	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 ¥704 million for Fiscal Period Ending February 28, 2007 and ¥724 million for Fiscal Period Ending August 31, 2007.
Non-Operating Expenses	The expenses (accounting of all expenses at the time of occurrence) for the additional issuance of new investment units ratified by the board of officers at a meeting held on

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.

	October 27, 2006 are expected to be recorded in the fiscal period ending February 28, 2007.
Dividends per Unit	Cash dividends 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.

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.