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For Immediate Release

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**Notice Concerning Operating Forecasts
for the Fiscal Period Ending August 31, 2008**

New City Residence Investment Corporation (“NCRI”) today announces the operating forecasts for the fiscal period ending August 31, 2008 (Seventh Fiscal Period: March 1, 2008 – August 31, 2008).

1. Operating Forecasts for the Fiscal Period Ending August 31, 2008

Operating Revenues (million yen)	Ordinary Income (million yen)	Net Income (million yen)	Dividends per Unit (excluding excess of earnings) (yen)	Dividends in Excess of Earnings per Unit (yen)
5,897	1,834	1,830	10,050	—

(Note 1) Forecast number of investment units issued and outstanding as of August 31, 2008: 182,068 units

(Note 2) Figures are rounded down.

2. Reasons for Announce

At a meeting of the Board of Directors meeting held on April 22, 2008, the Investment Corporation made a decision for a third-party allocation of new investment units. Due to this change in investment conditions, NCRI announced its forecasts for the fiscal periods ending August 31, 2008.

[Notes]

1. The concerned figures are current forecast figures calculated based on assumptions outlined in a separate attachment. Actual operating revenues, net income and dividends per unit may change as a result of future acquisition or sale of real estate, fluctuations in real estate markets, changes in the conditions surrounding NCRI and other factors. Accordingly, these forecasts are not intended as a guarantee of dividend amount.
2. NCRI may revise the forecasts if disparities of more than a certain level with the above forecasts are anticipated.

This press release provides information regarding New City Residence Investment Corporation’s operating forecasts for the period ending August 31, 2008 and is not provided as an inducement or invitation for investment. We caution readers to undertake investment decisions based on individual determination and responsibility.

- 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, Transport and Tourism.
- URL: <http://www.ncrinv.co.jp/eng/>

Assumptions for Operating Forecasts for the Seventh Fiscal Period (March 1, 2008 – August 31, 2008)

Item	Assumptions
Period	Fiscal Period Ending August 31, 2008 : March 1, 2008 to August 31, 2008 (184 days)
Assets under management	Our calculations for the fiscal period ending August 31, 2008 are based on a total of 109 assets under management. This is comprised of 108 properties owned as of February 29, 2008 and is arrived at by adding New City Residence Maruyama Omotesando acquired on March 25, 2008, New City Residence Togoshiekimae, acquired on March 27, 2008, as well as the following two properties scheduled to be acquired; New City Residence Kuramae (tentative name) on April 23, 2008, New City Residence Monzennakacho East (tentative name) on August 29, 2008, and subtracting New City Residence Mita sold on March 25, 2008, New City Residence Gakugeidaigaku and New City Residence Senzokukoen which are scheduled for sale on May 13, 2008. The actual assets under management may vary as a result of changes in the portfolio composition, etc.
Investment Units Issued and Outstanding	The number of investment units issued and outstanding as of February 29, 2008 was 164,068 units. Following a Board of Directors’ meeting held on April 22, 2008, NCRI has decided to conduct an additional issue of 18,000 new investment units (third party allotment). Accordingly, forecasts are based on the assumption the number of investment units issued and outstanding shall total 182,068 investment units.
Interest-bearing Liabilities Ratio	The interest-bearing liabilities ratio as of February 29, 2008 is about 56%. Forecasts are based on the assumption that, after considering new borrowings for closing the transactions on properties to be acquired during the seventh fiscal period (including those already acquired to date), and the repayment of debt financing, and the additional issuance of new investment units announced officially today by the third party allotment etc. using sale proceeds from the transfer of assets during the same period, interest-bearing liabilities ratio will increase to about 55% by the end of the seventh fiscal period. 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
Operating Expenses	Depreciation and amortization expenses including associated costs and future capital expenditures are calculated based on the straight-line method. The Investment

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	<p>Corporation estimates these expenses to total approximately 978 million yen for the fiscal period ending August 31, 2008.</p> <p>In general, the prior titleholder is reimbursed a pro rata portion of the property taxes and urban planning taxes paid by the prior titleholder for the assets acquired during the fiscal period. The amount equivalent to such reimbursement is calculated in the acquisition cost as the price to be paid for the purchase and, thus, is not recorded as an operating expense.</p>
Non-Operating Expenses	Costs related to the third-party allocation of new investment units are treated as “deferred unit issuance costs” and are calculated by using the straight line method for depreciation over three years.
Distribution per Unit	<p>Cash dividends are calculated based on the distribution of 100% of profits (distributable income) in accordance with the Investment Corporation’s Articles of Incorporation.</p> <p>The amount of distribution per unit may vary due to various factors, including changes in rent income due to changes in the tenant composition, etc., changes in the portfolio composition, fluctuations in interest rates and additional issuances of new investment units.</p>
Distribution in Excess of Earnings per Unit	The Investment Corporation does not currently anticipate distributions in excess of earnings per unit.
Others	<p>The Investment Corporation assumes that there will be no amendments to laws and regulations, the taxation system, accounting standards, listing regulations, Investment Trusts Association rules, etc. that would affect the above forecasts.</p> <p>The Investment Corporation assumes that there will be no unforeseen material changes in general economic conditions, real estate market conditions, etc.</p>

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