NEW CITY RESIDENCE
New City Residence Investment Corporation

October 27, 2005

FINANCIAL REPORT
FOR THE FISCAL PERIOD ENDED AUGUST 31, 2005

New City Residence Investment Corporation is listed on the Tokyo Stock Exchange with the securities code number 8965.
URL: http://www.ncrinv.co.jp/

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Board of Directors meeting for approval of financial results: October 27, 2005
Planned start of dividend payments: November 24, 2005

This financial report has been prepared in accordance with Japanese accounting standards and Japanese law.
Figures have been rounded down to eliminate amounts of less than one million yen.

PERFORMANCE (September 27, 2004 – August 31, 2005)

(1) Business Results

(Millions of yen)

	Operating Revenues	Percentage Change	Operating Income	Percentage Change	Ordinary Income	Percentage Change	Net Income	Percentage Change
Fiscal Period under Review	**¥3,224**	**—%**	**¥1,738**	**—%**	**¥1,151**	**—%**	**¥1,146**	**—%**

(Yen, %)

	Net Income per Unit (Yen)	Return on Unitholders' Equity (ROE) (%)	(Reference) Annualized	Ordinary Income to Total Assets (%)	(Reference) Annualized	Ordinary Income to Operating Revenues (%)
Fiscal Period under Review	**¥19,997** **¥(15,413)**	**2.9%**	**4.1%**	**1.6%**	**2.2%**	**35.7%**

Notes:
1. Net income per unit was calculated using the average number of investment units outstanding. Average number of investment units for the fiscal period ended August 31, 2005: 57,346 units (weighted average). Actual investment management for the fiscal period under review commenced on December 15, 2004. The figure for net income per unit in parentheses represents net income per unit calculated using the weighted-average number of investment units outstanding for the period commenced December 15, 2004 through August 31, 2005: 74,399 units.
2. Changes in accounting policies: No
3. Percentages are not shown for operating revenue, operating income, ordinary income and net income because the fiscal period under review is the first fiscal period.
4. Annualized percentage figures for the fiscal period ended August 31, 2005 = Percentage figures for the fiscal period under review / number of days in the actual period of investment management (260 days) x 365 days
5. Return on unitholders' equity, total asset and unitholders' equity figures used in ordinary income to total assets were calculated using the averages of these amounts at the beginning of the fiscal period and the end of the fiscal period. The beginning of the fiscal period is defined as the actual date on which investment management commenced, namely December 15, 2004.

(2) Distributions

(Millions of yen, yen, %)

	Distribution per Unit (Yen) Excluding excess of earnings	Total Distributions (Millions of yen)	Distribution in Excess of Earnings per Unit (Yen)	Total Distributions in Excess of Earnings (Millions of yen)	Payout Ratio (%)	Distribution Ratio to Unitholders' Equity (%)
Fiscal Period under Review	**¥15,381**	**¥1,146**	**¥—**	**¥—**	**99.9%**	**2.8%**

Note: The payout ratio is rounded down to the nearest first decimal place.

(3) Financial Position

(Millions of yen, yen, %)

	Total Assets	Unitholders' Equity	Unitholders' Equity to Total Assets (%)	Unitholders' Equity per Share of Common Stock (Yen)
August 31, 2005	**¥104,678**	**¥40,503**	**38.7%**	**¥543,268**

Note: The number of investment units outstanding as of August 31, 2005 totaled 74,556 units.

FORECAST OF RESULTS FOR THE SIX-MONTH PERIOD ENDING FEBRUARY 28, 2006

September 1, 2005 to February 28, 2006 (Millions of yen, yen)

	Operating Revenues	Ordinary Income	Net Income	Distribution per Unit (Yen)	Distribution in Excess of Earnings per Unit (Yen)
Six-Month Period Ending February 28, 2006	¥3,217	¥1,365	¥1,364	¥11,129	¥—

Reference: Estimated net income per unit for the second fiscal period: ¥11,449

Note: Forecasts presented in this document are based on "Assumptions for Forecasts for the Second Fiscal Period (from September 1, 2005 to February 28, 2006) and the Third Fiscal Period (from March 1, 2006 to August 31, 2006)" identified in a separate reference. Forecasts for operating revenues, ordinary income, net income, distribution per unit and distribution in excess of earnings per unit may differ significantly from actual results due to changes in operating conditions and a variety of factors including the acquisition and sales of investment properties and changes in real estate markets. Accordingly, New City Residence Investment Corporation does not guarantee any distribution amount.

This is an English translation of the captioned report. This translation is prepared and provided for readers' convenience. All readers are recommended to refer to the original version in Japanese of the report for complete and accurate information.