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For Immediate Release

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**Notice Concerning Rejection of Proposed Rehabilitation Plan,
Court Order of Discontinuance of Rehabilitation Proceedings, Termination of Sponsor
Agreement, and Expressions of Intention Made by Creditors to File Another Petition for
Commencement of Rehabilitation Proceedings**

New City Residence Investment Corporation (“NCRI”) announced that, at the creditors meeting pertaining to NCRI’s proposed rehabilitation plan held today, the consent of rehabilitation creditors whose voting rights account for not less than half of the total amount of voting rights was not obtained for the proposed rehabilitation plan (modification) dated September 9, 2009 submitted by the rehabilitation debtor NCRI and thus the proposed rehabilitation plan was voted down. NCRI also announced it received a Tokyo District Court order of discontinuance of its rehabilitation proceedings on the same date.

NCRI expresses its deepest regrets and sincere apologies for this outcome resulting from failing to meet with the approval of rehabilitation creditors despite having received the support and cooperation from numerous parties concerned for NCRI’s rehabilitation.

In light of this outcome, NCRI terminated the sponsor agreement that it had entered into on April 7, 2009 with Lone Star Real Estate Fund (U.S.), L.P. and KF Capital Co., Ltd. (including amendments thereto) also on September 9, 2009.

Expressions of intention for NCRI to file another petition for commencement of rehabilitation proceedings have already been made by several major rehabilitation creditors, and many creditors have expressed their approval of this. These include a proposal of a rehabilitation structure, the primary content of which is to designate Daiwa House Industry Co., Ltd. and BLife Investment Corporation as new sponsors as well as for NCRI and BLife Investment Corporation to merge.

In addition to the abovementioned expressions of intention for NCRI to file another petition for commencement of rehabilitation proceedings made by major creditors, it is also the view of NCRI that it would like to avoid bankruptcy and there is also a consensus among many parties concerned on the point that the hopes are for a recommencement of rehabilitation proceedings. Consequently,

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NCRI will call such consideration of avoidance of bankruptcy to the court's attention and proceed to make every other possible effort.

Moreover, NCRI intends to do its utmost to realizing the rehabilitation of NCRI early by developing a proposed rehabilitation plan that will meet with the approval of all creditors. Details of future initiatives will be notified once they are determined.

- URL: <http://www.ncrinv.co.jp/eng/>

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