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**For Immediate Release**

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**Notice Concerning Filing of Another Petition for Commencement of NCRI's Civil  
Rehabilitation Proceedings**

New City Residence Investment Corporation ("NCRI") announced it filed a petition for commencement of civil rehabilitation proceedings with the Tokyo District Court on October 13, 2009. On the same date, the petition was accepted and a supervision order was issued promptly thereafter by said Court.

All directors will remain fully devoted to the rehabilitation of NCRI, and kindly ask for understanding and support.

1. Reason for Filing the Petition

NCRI was incorporated in September 2004 and listed on the Real Estate Investment Trust Section of the Tokyo Stock Exchange in December 2004. Outsourcing the management of its assets to CBRE Residential Management K.K. (asset management company), NCRI has been pursuing enhanced management efficiency by, in principle, investing in rental housing on the one hand, while also focusing on minimizing risks through diversified investment in terms of properties and tenants as well as housing type and geographic investment region on the other hand. In this manner, NCRI has been performing flexible asset management suited to the characteristics of the real estate under management and market situation in an aim to secure steady growth and stable earnings from a medium- to long-term perspective pursuant to its Articles of Incorporation.

However, turmoil in global financial markets and the credit crunch stemming from the subprime mortgage crisis in the U.S., skyrocketing costs of raw materials due to surging crude oil prices and other factors have caused material impact on Japanese real estate related industries, leading to less financing and real estate disposition options and other stagnation in real estate transactions on the whole. Such changes left NCRI in a state in which it was unable to easily procure the funds to pay for assets that it was scheduled to acquire and to repay borrowings.

Under such circumstances, NCRI found itself in a state in which there was no prospect of it being able to raise the funds to pay for the assets that it was scheduled to acquire and to repay the borrowings that were to become due for repayment. Consequently, NCRI was compelled to file its first petition for commencement of civil rehabilitation proceedings with the Tokyo District Court on October 9, 2008. NCRI subsequently received an

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order of commencement of rehabilitation proceedings on October 14, 2008 and selected Lone Star Real Estate Fund (U.S.), L.P. as its sponsor on April 7, 2009, but received an order of discontinuance of rehabilitation proceedings on September 9, 2009 after the proposed rehabilitation plan that designates Lone Star as its sponsor was voted down at a creditors meeting held on the same date.

Having received the order of discontinuance, NCRI engaged in talks with major rehabilitation creditors as well as Daiwa House Industry Co., Ltd. and BLife Investment Corporation (hereafter referred collectively as the “New Sponsors”), which had expressed their intentions to support NCRI for its rehabilitation, in the hopes of selecting a sponsor and drafting a proposed rehabilitation plan that will meet with the approval of creditors so as to avoid bankruptcy. As a result, as announced in the “Notice Concerning Letter of Intent for Rehabilitation Support from New Sponsors” dated September 18, 2009, NCRI signed into a letter of intent with the New Sponsors for rehabilitation support that will be based on the fundamental structure being (i) NCRI issuing investment units by way of a third-party allotment with Daiwa House Industry Co., Ltd. and any third party designated by Daiwa House Industry Co., Ltd. as the allottees and (ii) NCRI and BLife Investment Corporation merging together (the “Letter of Intent”).

With rehabilitation support from the New Sponsors based on the Letter of Intent, NCRI is scheduled to submit a proposed rehabilitation plan, the primary content of which will briefly be (i) For NCRI to undergo an increase in its capital through third-party allotment in the amount of 6.0 billion yen paid in by Daiwa House Industry Co., Ltd. and any party designated by Daiwa House Industry Co., Ltd., (ii) For an absorption-type merger to take place between the petitioner and BLife Investment Corporation with BLife Investment Corporation as the corporation surviving the absorption-type merger, and (iii) For the entire amount of the principal, etc. of rehabilitation claims to be paid in five years. An outline of the concerned proposed rehabilitation plan has obtained the approval of NCRI’s rehabilitation creditors whose voting rights account for not less than half of the total amount of voting. In addition, on October 13, 2009, NCRI also signed into a separate satisfaction rights agreement with holders of a right of separate satisfaction of content that is consistent with the concerned proposed rehabilitation plan, subject to an order of confirmation of the proposed rehabilitation plan based on said outline being made and other conditions.

As approval of the proposed rehabilitation plan premised on support from the New Sponsors has been obtained from a number of creditors as described, NCRI filed another petition for commencement of civil rehabilitation proceedings with the Tokyo District Court on October 13, 2009.

## 2. Total Liabilities (as of February 28, 2009)

Approximately 108,850 million yen

## 3. Rehabilitation Schedule

The upcoming rehabilitation schedule is yet to be determined. NCRI will promptly notify of such once an order of commencement of civil rehabilitation proceedings is made and the rehabilitation schedule is determined.

## 4. Future Prospects

Hereafter, under the guidance and supervision of the Court and supervisor, NCRI will strive for smooth running of its business and will be fully committed to regaining credibility and turning around its business under the support and cooperation of financial institutions, business partners and other concerned parties.

NCRI again expresses its sincere apologies to unitholders, business partners and other related parties for the considerable inconvenience caused, and again kindly asks for understanding and support for the rehabilitation of NCRI.

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

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