

FOR IMMEDIATE RELEASE

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**Notice Concerning Revision of Earnings Forecasts
 for the Fiscal Year Ending March 31, 2008**

Leopalace21 Corporation (the Company) announces the following revisions to its full-year earnings forecast for the fiscal year ending March 31, 2008. This forecast revises the previous earnings forecast announced on November 22, 2007.

I. Content of the Announcement

1. Revision of full-year earnings forecasts for the fiscal year ending March 31, 2008 (April 1, 2007 through March 31, 2008)

Consolidated forecasts (Millions of yen)

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	706,700	82,200	80,000	16,500
Revised forecast (B)	671,000	66,800	58,500	300
Amount change (B – A)	(35,700)	(15,400)	(21,500)	(16,200)
Percentage change	-5.1%	-18.7%	-26.9%	-98.2%
(Reference) Actual results for the fiscal year ended March 31, 2007	631,608	76,007	73,002	37,358

Non-consolidated forecasts (Millions of yen)

	Net sales	Operating profit	Recurring profit	Net income
Previous forecast (A)	700,000	80,600	78,600	16,700
Revised forecast (B)	664,000	67,000	59,500	1,800
Amount change (B – A)	(36,000)	(13,600)	(19,100)	(14,900)
Percentage change	-5.1%	-16.9%	-24.3%	-89.2%
(Reference) Actual results for the fiscal year ended March 31, 2007	624,553	74,745	74,183	39,597

II. Reasons for the Revision

With regard to net sales, a decline in sales by the Apartment Construction Subcontracting Business is the main reason for the forecast revision. Accompanying the revision of the Building Standard Law, there was a delay in building certifications for July and August 2007. This led to an increase in the length of time necessary from submission of building certification applications to completion of construction projects. The impact of this lengthening of the construction period was much greater than we had initially anticipated. Although we improved our construction capacity as much as possible to enable completion of projects before the end of the fiscal year, we anticipate that some project completions planned for the current fiscal year will slip into the new fiscal year beginning on April 1, 2008.

In the Residential Business, a downturn in the real estate market has had a negative impact. Consequently, we anticipate that results will be lower than our original forecasts.

With regard to profit, we forecast operating profit to decline owing to net sales projections that are lower than our initial forecasts. We also anticipate the posting of a foreign exchange loss owing to the rapid strengthening of the yen in the second half of the current fiscal year. As a result, we forecast a significant decline in recurring profit. In addition, there was an extraordinary loss of ¥47.7 billion relating to the Leasing Business posted within the interim results. As a result, non-consolidated net income for the fiscal year is projected to be significantly lower than our original forecast.

The revisions to the consolidated earnings forecasts mainly reflect revisions to the non-consolidated earnings forecasts. In addition, the consolidated forecasts include a projected foreign exchange loss of ¥7.2 billion, based on an end-of-period exchange rate of \$1 = ¥103.78, which was the prevailing rate on March 6, 2008.

In the current fiscal period, although sales by the Apartment Construction Subcontracting Business are projected to be lower than our initial plan, orders received have remained robust and are projected to exceed our original target. The balance of orders outstanding at the end of the period is certain to achieve a large increase. In the Leasing Business, we completed a nationwide overhaul of our sales network ahead of schedule. Although we incurred up-front expenses associated with this reorganization, we anticipate that it will be possible to maintain a stable and high occupancy rate.

During the current fiscal year, a range of factors have contributed to a temporary but unavoidable large decline in profit. However, the Company's core businesses— Apartment

Construction Subcontracting and Leasing—both continue to perform strongly. Consequently, we anticipate that we will be able to maintain a trend of future increases in net sales and income.

The Company's estimated year-end dividend payment remains unchanged from the previous forecast. The Company plans to pay a year-end dividend of ¥50.00 per share. The interim dividend payment was ¥30.00 per share.

Orders Received, Sales and Balance of Orders Outstanding in the Apartment Construction Subcontracting Business

(Millions of yen)

Fiscal year	Orders received	Sales	Balance of orders outstanding
Ended March 31, 2006	3,094	1,952	2,242
Ended March 31, 2007	3,406	3,161	2,487
Ended March 31, 2008 (Forecast)	4,200	3,260	3,427
Year-on-year change (Amount)	794	99	940
Year-on-year change (%)	23.3%	3.1%	37.8%

*The above revised business forecasts are based on information available to the Company at the present time. The reader should be advised that actual results may differ from these forecasts for a variety of reasons.

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