FOR IMMEDIATE RELEASE

February 3, 2012

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Notice Concerning Revision of Earnings Forecasts

Leopalace21 Corporation ("the Company"), in consideration of recent performance, announces the following revisions to its earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 through March 31, 2012) from those announced on May 13, 2011.

1. Revision of Earnings Forecasts

(1) Revision to consolidated earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 through March 31, 2012)

(Million yen)

	Net sales	Operating income (loss)	Recurring income (loss)	Net income (loss)	Net income (loss) per share
Previous forecast (A)	499,900	3,200	1,800	3,000	17.99
Revised forecast (B)	459,100	4,700	400	900	5.32
Amount change (B – A)	(40,800)	1,500	(1,400)	(2,100)	
Percentage change	-8.2%	46.9%	-77.8%	-70.0%	
(Reference) Results for the fiscal year ended March 31, 2011	484,390	(23,607)	(31,308)	(40,889)	(261.03)

(2) Revision to non-consolidated earnings forecasts for the fiscal year ending March 31, 2012 (April 1, 2011 through March 31, 2012)

(Million yen)

	Net sales	Recurring income (loss)	Net income (loss)	Net income (loss) per share
Previous forecast (A)	491,800	600	1,800	11.14
Revised forecast (B)	453,100	600	1,100	6.50
Amount change (B – A)	(38,700)	0	(700)	
Percentage change	-7.9%	0.0%	-38.9%	
(Reference) Results for the fiscal year ended March 31, 2011	478,109	(30,596)	(39,814)	(254.17)

Note: Revised business forecasts are calculated based on information available to the Company as of this announcement. Actual results may differ from these forecasts for a variety of reasons.

2. Reasons for the Revision

In the leasing business, profitability improved as a result of factors such as increases in various ancillary revenues and transfers from the reserve for apartment vacancy loss (¥10.6 billion for the cumulative third quarter of the fiscal year under review) associated with improved occupancy rates owing to a rise in corporate contracts and cost cutting efforts, etc., which offset lower-than-expected private contracts and sales of home security systems. In the construction business, although a recovery in the business environment was not yet in evidence and orders were sluggish in certain areas, sales of solar power systems, one of our avenues for improving the value of products, had certain assessable effects. The Group also reduced selling, general, and administrative expenses through a further rationalization of its business operations.

As a result, although net sales are expected to fall short of our previous forecast, operating profit is likely to surpass our previous forecast, owing to benefits from the various measures we have been taking.

Recurring profit and net income are expected to fall below our previous forecasts as a result of the reporting of an exchange loss (¥3.1 billion for the cumulative third quarter of the fiscal year under review) because of a further appreciation of the yen. If exchange rates fluctuate going forward compared to our assumed exchange rates for the current third quarter, we expect that recurring profit and net income will be subject to the impacts of that fluctuation to some extent.

In the “Notice Concerning Revision of Earnings Forecasts and Review of the Medium-Term Management Plan” of October 28, 2011, we announced that we had commenced preparations for a new medium term management plan (for the period between the fiscal year ending March 2013 and the fiscal year ending March 2015 (tentative)). The preparation work is currently underway, and we plan to disclose an outline of the plan after we confirm the financial results of the current fiscal year ending in March 2012.

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