

February 27, 2012

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**Notice Concerning Completion of Payment for
1st to 3rd Series of Stock Acquisition Rights
(with option to reset strike price) Issued through Third Party Allotment**

Leopalace21 announces that completion of payment of JPY 8,988,000 was confirmed on February 27, 2012 for 1st to 3rd series of stock acquisition rights (“SARs”) issued to Deutsch Bank AG, London Branch (“Allottee”) through third party allotment, pursuant to a resolution passed by its Board of Directors on February 10, 2012.

For details regarding this issuance of the SARs, please refer to the Company’s press release “Issuance of 1st to 3rd Series of Stock Acquisition Rights (with option to reset strike price) through Third Party Allotment (Target Issue Program “TIP” subject to Issuer’s approval for exercise).” dated February 13, 2012.

[Reference]

Outline of the Target Issue Program “TIP” subject to the Company’s approval for exercise

This program involves three series of the SARs with three different strike prices set based on the Company’s target price for issuing new shares (see chart below). The Company set three different strike prices for each series of the SARs, as the Company expects that it can issue new shares by stages (“Target Issue”) in accordance with the increase of the Company’s share price in the future. The Allottee is not allowed to exercise the SARs without the Company’s approval. The Allottee must exercise the SARs within the scope of certain number of shares to be issued upon exercise of the SARs and time period provided under the issuer’s approval for exercise clause. The Company will make a decision to grant its approval for exercise of the SARs based on its funding requirements and market situations. The strike price of the SARs is initially fixed, but the Company has the option to reset the strike price when 1) the Company’s share price drastically rises above the fixed strike price during the exercise period, or 2) urgent fund raising needs arise.

	1 st Series	2 nd Series	3 rd Series
Total number of issues	14,000,000	14,000,000	14,000,000
Total issue price	JPY 3,094,000	JPY 2,996,000	JPY 2,898,000
Issue price	JPY 0.221	JPY 0.214	JPY 0.207
Strike price	JPY 250	JPY 300	JPY 350
Strike price reset clause	Yes	Yes	Yes
Exercise period	3 years	3 years	3 years
Company’s approval for exercise clause	Yes	Yes	Yes

This translation is prepared for information purposes only. In the event of any inconsistency, the original terms in Japanese language should prevail.