

FOR IMMEDIATE RELEASE

July 18, 2012

Company Name: **Leopalace21 Corporation**
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**Notice Concerning Approval for Exercise of Stock Acquisition Rights
 (with option to reset strike price) issued through Third Party Allotment
 (Target Issue Program “TIP” subject to Issuer’s approval for exercise)**

Leopalace21 announces that it has granted approval for exercise of the 1st series of stock acquisition rights (“SARs”) issued to Deutsch Bank AG, London Branch (“DBL”) through third party allotment on February 27, 2012, based upon prior agreement with DBL with respect to the SARs (Target Issue Program “TIP” subject to issuer’s approval for exercise).

1. Name of SARs	Leopalace21 Corporation 1 st Series of Stock Acquisition Rights
2. Notification date of approval for exercise	July 18, 2012
3. Period during which SARs may be exercised	Within 20 business days of the notification date of approval for exercise (from July 18, 2012 to August 14, 2012)
4. Number of SARs permitted to be exercised	10,092,800 (Total number of 1 st series of SARs: 14,000,000, of which 10,092,800 unexercised)
5. Class and number of shares issued upon exercise of SARs	Common stock One share issued for each SAR
6. Strike price of SARs	JPY 250

[Reference] Previous exercise approval and exercise status

1. Previous exercise approval

1. Name of SARs	Leopalace21 Corporation 1 st Series of Stock Acquisition Rights
2. Notification date of approval for exercise	June 18, 2012
3. Period during which SARs may be exercised	June 18, 2012 to July 13, 2012
4. Number of SARs permitted to be exercised	14,000,000
6. Strike price of SARs	JPY 250

2. Status of exercise during exercise period

Exercise date	Shares granted		Strike price (yen)	Total face value of exercise (thousand yen)
	New issues (shares)	Transferred Treasury stock (shares)		
June 21 (Thur)	500,000	—	250	125,000
July 2 (Mon)	637,200	—	250	159,300
July 4 (Wed)	470,000	—	250	117,500
July 5 (Thur)	2,300,000	—	250	575,000
Total	3,907,200			976,800

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