

## FOR IMMEDIATE RELEASE

March 26, 2013

Company Name: Leopalace21 Corporation  
Representative: Eisei Miyama, President and CEO  
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### Notice Concerning Execution of Debt Equity Swap Against Subsidiary

Leopalace21 announces that its Board of Directors meeting held on March 26, 2013 resolved the execution of a debt equity swap against its consolidated subsidiary Leopalace Guam Corporation ("LGC").

#### 1. Outline of consolidated subsidiary

- (1) Trade name: Leopalace Guam Corporation
- (2) Address: P.O.BOX8499 Tamuning, Guam 96931
- (3) Representative: Hiroyuki Miyata (President and CEO)
- (4) Common stock: 26,000 thousand U.S. dollars
- (5) Capital surplus: 482,379 thousand U.S. dollars
- (6) Outstanding shares: 26,000 shares
- (7) Shareholders: Leopalace21 Corporation (100%)

#### 2. Outline of procedures

- (1) Reasons for execution  
Decreasing the interest-bearing debt of LGC, strengthening financial structure by increasing net assets, and minimizing short-term foreign currency exchange risk.
- (2) Content of procedures  
Issuance of new shares of LGC through debt equity swap (Investment in kind of the loan claims of ¥44,318 million against LGC held by Leopalace21).
- (3) Outline of new share issuance of consolidated subsidiary
  - Total paid-in amount: 471,227 thousand U.S. dollars
  - Increase in capital surplus: 471,227 thousand U.S. dollars

#### 3. Effect on earnings results

There is no effect on consolidated and non-consolidated results of the fiscal year ending March 31, 2013 from the subject swap.

End