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FOR IMMEDIATE RELEASE

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### **Notice Concerning the Issuance of New Shares and the Sale of Shares**

Leopalace21 Corporation (“the Company”) announces a resolution for issuing new shares and selling the Company’s shares that was passed at its Board of Directors meeting held on November 25, 2013. Details are as follows.

#### [Objectives of the Latest Financing Operation]

The Company has thoroughly reviewed its traditional business model and initiated reforms of its operational structure in response to the subprime loan problem in 2007, the global financial crisis resulting from the failure of Lehman Brothers in September 2008, and the decline in its performance due to the prolonged economic slump. The Company secured stable revenues by promoting these structural reforms, making balanced revenues from its construction and leasing businesses part of its basic policy. At the same time, the Company promoted initiatives to improve its balance sheets. Through these actions, the Company improved its revenue and financial bases. As a result of the progress of these reforms, in the fiscal year ended March 31, 2012, the Company posted operating income for the first time in three fiscal years. The Company’s operating results have been showing signs of improvement since the fiscal year ended March 31, 2012.

Under the circumstances described above, the Company launched a new three-year Medium-Term Management Plan, called “Creating Future,” in April 2012, positioning the fiscal year ended March 31, 2013 as “the stage for laying a foundation for growth” and the period from the fiscal year ending March 31, 2014 to the fiscal year ending March 31, 2015 as “the new growth stage.” Under the new Medium-Term Management Plan “Creating Future,” the Company aims to solidify its business foundation for achieving further growth, with the “establishment of a stable revenue structure based on balanced revenues from the leasing business and the construction business” as its basic policy.

The Company plans to devote the funds raised through the issuance of new shares and the sales of its outstanding shares, resolved today, to investing in both its operations to reduce short-term borrowings and in the solar power generation business undertaken by its subsidiary, called the “roof mega-solar project” as steps to advance toward a new growth stage. The Company aims to improve its financial standing and solidify its financial base by reducing its interest-bearing debt. At the same time, the Company will seek to secure sound and stable finances and financial reserves to withstand any future changes in market conditions through debt reduction. With regard to its roof mega-solar project, the Company aims to transition from its previous operations, focused on subcontracting the construction of solar power generation systems, to expanding its own power generation business and achieving stable revenues from its operations. The Company expects stable sales from the power generation business, which will be supported by the feed-in-tariff scheme for renewable energy. The Company also believes that revenues from its business will be stable based on past results. In addition to increasing its shareholders’ equity ratio, the Company believes it can prepare for further growth through its latest financing operations, which will enable it to improve its financial standing through reduced borrowings and secure stable revenues through the

solar power generation business.

The Company has made returning profits to its shareholders an important management issue. Through its latest financing operations, the Company aims to quickly solidify its business foundation to return profits to shareholders as soon as possible.

1. Issuance of New Shares through a Public Offering (Open to All Parties)

- (1) Type and number of shares offered 43,500,000 shares of the common stock of the Company
- (2) Amount paid The amount paid shall be decided on a date from Wednesday, December 4, 2013 to Friday, December 6, 2013 (the “issuance price determination date”) using the method stipulated in Article 25 of the Rules Concerning Underwriting, etc. of Securities, established by the Japan Securities Dealers Association (JSDA).
- (3) Amount of the capital increase and capital reserve increase The amount of the capital increase shall be one-half (1/2) of the maximum amount of the increase in capital stock, etc. calculated in accordance with the provisions of Article 14, Paragraph 1 of the Corporate Calculation Rules. Any fractions of less than 1 yen resulting from the calculation shall be rounded up. The amount of the capital reserve increase shall be the amount calculated by deducting the amount of the capital increase stated above from the concerned maximum amount of increase in capital stock, etc.
- (4) Subscription method Subscription shall be open to the public. SMBC Nikko Securities Inc. (the “underwriter”) shall purchase all shares from the Company and offer them to investors. The issuance price for the public offering (the “offer price”) shall be decided on the issuance price determination date using the method stipulated in Article 25 of the Rules Concerning Underwriting, etc. of Securities established by the JSDA in consideration of the state of demand, with the amount (disregarding fractions of less than 1 yen) calculated by multiplying the closing price of the Company’s common shares on the Tokyo Stock Exchange on the issuance price determination date (if there is no closing price for the concerned date, the closing price on the closest prior date) by a figure between 0.90 and 1.00 as the tentative price.
- (5) Underwriter compensation No underwriting fee shall be paid. In place of this fee, the amount calculated by deducting the amount paid (the amount the underwriter paid to the Company) from the issuance price for the public offering (the offer price) shall be paid to the underwriter.
- (6) Subscription period From the business day after the issuance price determination date to two (2) business days after the issuance price determination date.
- (7) Payment due date A day that falls from Wednesday, December 11, 2013 to Friday, December 13, 2013, and that is at least five (5) business days after the issuance price determination date.
- (8) Delivery due date The business day after the payment due date stated above.
- (9) Advance on subscription The amount equal to the issuance price per share.
- (10) : 100 shares 100 shares
- (11) The determination of the amount paid, the amount of the capital increase and the capital reserve increase, the issuance price (offer price), and all other matters required for the issuance of new shares through the latest public offering shall be left entirely up to Eisei Miyama, President and CEO of the Company.
- (12) Each of the items stated above shall be subject to the effectuation of notifications in accordance with the provisions of the Financial Instruments and Exchange Act.

2. Sale of Shares (Sale through Overallotment) (for details, see Reference Materials 1, below)

- (1) Type and number of shares sold 6,500,000 shares of the common stock of the Company  
The number of shares sold stated above shall be the maximum number of such shares. Their number may be reduced and their sale may not take place at all, depending on demand. The number of shares sold shall be determined on the issuance price determination date in consideration of demand conditions.
- (2) Seller SMBC Nikko Securities Inc.
- (3) Sales price To be determined. The sales price shall be determined on the issuance price determination date. The sales price shall be the same as the issuance price for the public offering (the offer price).
- (4) Sales method SMBC Nikko Securities Inc., the lead managing underwriter for the public offering, shall carry out additional sales of the common shares of the Company that it borrows from LIXIL Realty, Corp. (the “share lender”), a Company shareholder, in consideration of the demand for the public offering.
- (5) Subscription period The subscription period shall be the same as the subscription period set for the public offering.
- (6) Delivery due date The delivery due date shall be the same as the delivery due date set for the public offering.
- (7) Advance on subscription The advance on subscription shall be the same as the advance on subscription set for the public offering.
- (8) Subscription unit 100 shares
- (9) The determination of the sales price and all other matters required for the sale of shares shall be left entirely up to Eisei Miyama, President and CEO of the Company.
- (10) Each of the items stated above shall be subject to the effectuation of notifications in accordance with the provisions of the Financial Instruments and Exchange Act.

3. Issuance of New Shares through a Private Placement (the Latest Capital Increase through a Private Placement) (for details, see Reference Materials 1, below)

- (1) Type and number of shares available for subscription 6,500,000 shares of the common stock of the Company
- (2) Amount paid The amount paid shall be the same as the amount paid for the public offering.
- (3) Amount of the capital increase and capital reserve increase The amount of the capital increase shall be one-half (1/2) of the maximum amount of the increase in capital stock, etc. calculated in accordance with the provisions of Article 14, Paragraph 1 of the Corporate Calculation Rules. Any fractions of less than 1 yen resulting from the calculation shall be rounded up. The amount of the capital reserve increase shall be the amount calculated by deducting the amount of the capital increase stated above from the concerned maximum amount of increase in capital stock, etc.
- (4) Allotted party and number of shares allotted SMBC Nikko Securities Inc., 6,500,000 shares
- (5) Subscription due date Monday, January 6, 2014
- (6) Payment due date Tuesday, January 7, 2014
- (7) Subscription unit 100 shares
- (8) The determination of the amount paid, the amount of the capital increase and the capital reserve increase, and all other matters required for the issuance of new shares through the private placement shall be left entirely up to Eisei Miyama, President and CEO of the Company.

- (9) The issuance of shares not subscribed to by the subscription due date stated in item (5) above shall be cancelled.
- (10) Each of the items stated above shall be subject to the effectuation of notifications in accordance with the provisions of the Financial Instruments and Exchange Act.

[Reference Materials]

1. Matters Concerning Sale through Overallotment, etc.

In keeping with the public offering, SMBC Nikko Securities Inc., the lead managing underwriter for the public offering, may carry out sales of the common shares of the Company borrowed from the share lender (the “borrowed shares”), with 6,500,000 shares as the upper limit (“sales through overallotment”) in consideration of demand for the public offering. The number of the concerned shares for sale shall indicate the maximum number of such shares. Their number may decline, or sales of the shares through overallotment may not take place at all, depending on demand.

In a related step, the Company shall grant the right to receive an allotment from the latest capital increase through a private placement (the “green shoe option”) to SMBC Nikko Securities Inc., with the number of shares sold through the overallotment (the “maximum number of shares”) as the upper limit and Friday, December 27, 2013 as the exercise deadline for the green shoe option if shares are sold through overallotment.

SMBC Nikko Securities Inc. may purchase the common shares of the Company on the Tokyo Stock Exchange, with the maximum number of shares as the upper limit (“syndicate coverage transactions”) for the purpose of returning the borrowed shares during the period from the day after the last day of the subscription period for the public offering and sales through overallotment to Friday, December 27, 2013 (the “syndicate coverage transaction period” (Note)). The common shares of the Company purchased through the concerned syndicate coverage transactions shall be applied to the return of the borrowed shares. During the syndicate coverage transaction period, SMBC Nikko Securities Inc. may not carry out any syndicate coverage transactions, or the number of shares it purchases in the syndicate coverage transactions may be less than the maximum number of shares, at its own determination.

SMBC Nikko Securities Inc. may engage in stabilizing transactions with respect to the common shares of the Company over the course of the subscription period for the public offering and sales through overallotment. SMBC Nikko Securities Inc. may assign the common shares of the Company purchased through the concerned stabilizing transactions to the return of the borrowed shares, either in whole or in part.

SMBC Nikko Securities Inc. shall exercise the green shoe option and agree to make an allotment from the latest capital increase through a private placement, limiting these actions to the number of shares calculated by deducting the number of shares purchased through syndicate coverage transactions and the number of common shares of the Company purchased through stabilizing transactions and assigned in whole or in part to the return of the borrowed shares from the number of shares sold through overallotment. Accordingly, the number of shares issued through the latest capital increase through a private placement may not be subscribed, either in whole or in part. The final number of shares issued through the latest capital increase through a private placement may decline with the loss of the right, or the issuance of shares through the latest capital increase may not take place at all as a result.

SMBC Nikko Securities Inc. shall make payment based on the net income from the sales of shares through overallotment if it agrees to make an allotment from the latest capital increase through a private placement.

Whether sales through overallotment will take place or not, and the number of shares sold through overallotment in cases where such sales will take place, shall be decided on the issuance price determination date. SMBC Nikko Securities Inc. shall not borrow the common shares of the Company from the share lender if sales through overallotment do not take place. Accordingly, no new shares shall be issued through the latest capital increase through private placement because SMBC Nikko Securities Inc. does not exercise the green shoe option at all and loses the right. In addition, SMBC Nikko Securities Inc. shall not engage in syndicate coverage transactions on the Tokyo Stock

Exchange.

(Note) The syndicate coverage transaction period shall be:

- (1) From Saturday, December 7, 2013 to Friday, December 27, 2013 if the issuance price determination date is Wednesday, December 4, 2013;
- (2) From Tuesday, December 10, 2013 to Friday, December 27, 2013 if the issuance price determination date is Thursday, December 5, 2013; and
- (3) From Wednesday, December 11, 2013 to Friday, December 27, 2013 if the issuance price determination date is Friday, December 6, 2013.

## 2. Changes in the Total Number of Outstanding Shares as a Result of the Latest Capital Increase

Total number of outstanding shares at present	217,443,915 shares	(as of October 31, 2013)
Increase in the number of shares as a result of the public offering	43,500,000 shares	
Total number of outstanding shares after the public offering	260,943,915 shares	
Increase in the number of shares as a result of the latest capital increase through private placement	6,500,000 shares	(Note)
Total number of outstanding shares after the latest capital increase through private placement	267,443,915 shares	(Note)

(Note) This is the number of such shares in cases where SMBC Nikko Securities Inc. subscribed to all shares assigned through the issuance of new shares through a private placement stated in section 3 above, and the concerned shares were issued in their entirety.

## 3. How the Funds Raised Will Be Used

### (1) How the funds raised on this occasion will be used

The Company plans to spend the estimated net maximum sum of 32,198,604,000 yen, consisting of the estimated net amount of 28,012,056,000 yen raised through the latest public offering and the estimated net maximum amount of 4,186,548,000 yen gained through the latest private placement resolved at its Board of Directors meeting on the same date as the public offering, to repay 10,000,000,000 yen of its short-term borrowings from financial institutions, used as operating cash, by March 2014. In addition, the Company intends to gradually allocate the balance of the net maximum sum after the debt repayment to investments in and financing for Leopalace Power Corporation, a wholly owned subsidiary of the Company, in the period from December 2013 to March 2015. Leopalace Power Corporation plans to devote the concerned investments and financing to capital investments in solar power generation facilities (Note) in a solar power generation project of its own undertaking. In addition, the Company plans to manage the funds raised on this occasion in the form of a very safe checkable deposit until the actual period of its allocation arrives.

Through the latest financing operation, the Company intends to improve its financial standing, build a solid management foundation, and stably expand its revenues, in addition to raising its shareholders' equity ratio.

Plans, including those for building important new facilities for the Company and its subsidiaries, as of November 25, 2013, are as follows. (The amount already paid for the planned investment is as of September 30, 2013.)

Company	Office (address)	Segment	Facility details	Planned investment amount		Fundraising method	Year and month for launch and completion	
				Total amount (million yen)	Amount already paid (million yen)		Launch	Completion
Reporting company	Head office (Nakano-ku, Tokyo)	Corporate	Information systems	13,552	8,907	Funds on hand	September 2008	March 2017
Leopalace Power Corporation	Head office (Nakano-ku, Tokyo)	Other	Solar power generation facilities (Note)	25,000	—	Funds raised Fundson hand	December 2013	March 2015

(Note) Solar power generation facilities" refers to the solar power generation systems Leopalace Power Corporation will set

up on roof areas leased from the owners of the target rental properties across Japan managed by the Company in which sunlight is anticipated to generate a reasonable level of electricity.

(2) Changes in the methods of using the funds raised on the previous occasion

No corresponding items.

(3) Effects on operating results

The Company believes that it can achieve financial stability through debt reduction and an equity capital increase through the current issuance of new shares. The Company also believes that allocating the funds raised to the solar power generation business in order to expand this new business will help improve its operating results over the medium to long term.

4. Distribution of Profits to Shareholders, etc.

(1) Basic Policy Regarding Profit Distribution

The Company has made the return of profits to its shareholders an important management issue.

The Company has a basic policy of distributing a surplus twice a year in the form of interim dividends and year-end dividends. Regarding the biannual distribution of this surplus, the Board of Directors determines the interim dividends and the General Meeting of Shareholders does the same for year-end dividends. The Company's Articles of Incorporation stipulate that the Company may pay interim dividends each year, with September 30th being the record date based on a Board of Directors resolution.

(2) Approach to dividend decisions

The approach to dividend decisions shall be as stated in Section (1) above, titled "Basic Policy Regarding Profit Distribution."

(3) How internal reserves will be used

How internal reserves will be used shall be as stated in Section (1) above, titled "Basic Policy Regarding Profit Distribution."

(4) State of dividends for the last three accounting periods, etc.

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013
Consolidated net income per share or consolidated net loss per share (losses are denoted by parentheses)	Δ261.03yen	9.40yen	74.50yen
Annual dividends per share (interim dividends per share)	— (—)	— (—)	— (—)
Consolidated dividend payout ratio	—	—	—
Consolidated return on equity	Δ78.7%	4.8%	29.0%
Consolidated dividend on equity	—	—	—

(Note) 1 Annual dividends per share, the consolidated dividend payout ratio, and the consolidated dividend on equity are not stated above, as no dividends were paid in the three accounting periods concerned.

2 Consolidated return on equity is a value calculated by dividing the consolidated net income by the equity capital (an amount obtained by deducting minority interests and share acquisition rights from the total consolidated net assets, which is the average of such amounts at the beginning and end of the fiscal year

concerned).

## 5. Other

### (1) Designation of distribution recipients

No corresponding items.

### (2) Information on dilution due to residual shares

The Company uses a stock option system, in which share acquisition rights are issued in accordance with the provisions of the Companies Act. The details of the concerned system are as follows.

(As of October 31, 2013)

General Meeting of Shareholders resolution date	Number of new shares scheduled for issuance	Exercise price (Amount credited to equity)	Exercise period
June 29, 2009	65,000 shares	1,147yen (574yen)	From August 18, 2011 to June 27, 2019

The ratio of the number of new shares scheduled for issuance stated above to the total number of outstanding shares after the latest capital increase through a public offering and private placement shall be 0.02%.

### (3) Status of equity finance performed over the last three years, etc.

#### ① Status of equity finance

##### • Issuance of new shares through private placement

Payment due date	December 21, 2010
Issuance price	116 yen per share
Amount raised	1,844,400,000yen
Number of outstanding shares at the time of subscription	159,543,915 shares
Number of shares issued through the concerned private placement	15,900,000 shares
Number of outstanding shares after subscription	175,443,915 shares
Subscriber or allotment recipient	Private placement LIXIL Realty, Corp. (formerly known as Juseikatsu Realty, Corp.)
Manner of using funds at the time of issuance	Repayment of the long-term debt portion amounting to 2,500 million yen scheduled for repayment to financial institutions in December 2010
Scheduled repayment period at the time of issuance	December 2010
State of allocation at the present time	The funds were allocated to the repayment of debt in December 2010.

##### • Issuance of share acquisition rights through the first to third private placement

Allotment date	February 27, 2012
Total issuance value	8,988,000 円 Share acquisition rights issued through the first private placement: 0.221 yen per right Share acquisition rights issued through the second private placement: 0.214 yen per right Share acquisition rights issued through the third private placement: 0.207 yen per right

Amount raised (estimated net amount after deductions)	12,600,000,000yen
Number of share acquisition rights	42,000,000 rights (total share acquisition rights issued through the first, second, and third private placements: 14,000,000 rights per private placement)
Initial exercise price	Share acquisition rights issued through the first private placement 250 円 Share acquisition rights issued through the second private placement 300 円 Share acquisition rights issued through the third private placement 350 円
Number of outstanding shares at the time of subscription	175,443,915 shares
Number of residual shares as a result of the concerned subscription	42,000,000 shares
State of exercise at the present time	All share acquisition rights have already been exercised.
Allotment recipient	London Office of Deutsche Bank
5,000 million yen for IT system development	5,000 million yen to be used for measures to improve revenues from the leasing business; and 2,600 million yen to be used for capital investment in rental properties owned by the Company
Scheduled payment period at the time of issuance	From April 2012 to March 2015
State of allocation at the present time	Allocation is in progress according to the manner of using funds at the time of issuance.

② Changes in share prices, etc. in the latest accounting period and the three prior terms

	Fiscal year ended March 31, 2011	Fiscal year ended March 31, 2012	Fiscal year ended March 31, 2013	Fiscal year ending March 31, 2014
Opening price	484yen	110yen	287yen	393yen
Highest price	618yen	316yen	445yen	796yen
Lowest price	67yen	88yen	188yen	359yen
Closing price	109yen	281yen	398yen	669yen
Price/earnings ratio	Data unavailable	29.9 times	5.3 times	Data unavailable

(Note) 1 The share prices presented above are those quoted on the Tokyo Stock Exchange.

2 The share prices, etc. for the fiscal year ending March 31, 2014 are the figures as of Friday, November 22, 2013.

3 The price/earnings ratio is the value calculated by dividing the share price at the end of an accounting period (the closing price) by the consolidated net income per share for the accounting period concerned. The ratio for the fiscal year ended March 31, 2011 is not stated because a net loss was posted for the fiscal year. The ratio for the fiscal year ending March 31, 2014 is not stated because the closing price and the consolidated net income per share for the fiscal year have not been determined.

③ Changes in the shareholding policy of the party to which an allotment was made by means of a capital increase through a private placement performed in the last five (5) years, etc.

The Company issued new shares through a private placement with LIXIL Realty, Corp. (formerly known as Juseikatsu Realty, Corp.) as the party to which an allotment was made, based on a resolution at its Board of Directors meeting held on November 19, 2010. In this private placement, the Company confirmed the intention of LIXIL Realty, Corp. to own the Company's shares on a medium- to long-term basis. In addition, the Company signed a commitment in writing with the party to which the allotment was made, stating that (i) the party to which the allotment was made shall immediately

report to the Company in writing the name or title of the transferee and the details, such as the number of transferred shares, if the party to which the allotment was made transfers the allotted new shares in whole or in part within two (2) years of the payment due date (December 21, 2010); and (ii) the Company shall report the details of the concerned report to the Tokyo Stock Exchange and the party to which the allotment was made shall agree to a public inspection of the details of the concerned report. The Company received no corresponding report from the party to which the allotment was made in the two (2) year period stated above.

For your information, the party to which the allotment was made sold part of the shares it owned in the period from February 12, 2013 to March 1, 2013. However, the Company confirmed with the party to which the allotment was made that the party had made no changes to its shareholding policy as of November 25, 2013.

(4) Matters related to the lock-up period

The Company and SMBC Nikko Securities Inc. agree that the Company shall not issue or sell the common shares of the Company or securities with the right or obligation to acquire the common shares of the Company (excluding the issuance of new shares in connection with the latest capital increase through a private placement, or the issuance or grant of shares or securities related to a share split, stock option, etc.) without obtaining the advance consent of SMBC Nikko Securities Inc. in writing during the period that begins on the issuance price determination date and ends on the 180th day from the delivery due date for the public offering (the “lock-up period”).

In the cases stated above, SMBC Nikko Securities Inc. shall have the right to cancel the details of the concerned agreement in whole or in part at its own discretion, or the right to shorten the lock-up period.