

FOR IMMEDIATE RELEASE

September 3, 2009

Company Name: **Leopalace21 Corporation**
Representative: Yoshiteru Kitagawa, President and CEO
Code Number: 8848 (Tokyo Stock Exchange, First Section)
Contact: Masumi Iwakabe, General Manager
Tel: +81-3-5350-0216

Notice of Introduction of an ESOP Aligned with the Employee Stockholding Association

Leopalace21 Corporation, at a meeting of its Board of Directors on September 3, 2009, decided to introduce an employee stock ownership plan (ESOP) structure aligned with the Company's employee stockholding association ("the ESOP Structure"), as follows.

1. Overview of the ESOP Structure

For the ESOP Structure, Leopalace21 will establish a trust that holds and sells the Company's shares ("the Trust"). The trustees of the Trust ("the Trustees") will (1) acquire shares that are the treasury stock disposed of by the Company using funds raised by borrowing, then sell the Company's shares owned by the Trust as trust assets in order to contribute to the continuous and steady buying of the Company's shares by the Company's employee stockholding association, Leopalace21 Employee Stockholding Association ("the Company Stockholding Association"); (2) exercise the voting rights accorded the Company's shares owned by the Trust as trust assets in a manner that reflects the interests of the members of the Company Stockholding Association ("the Members"); and (3) confer to the Members any surplus funds after repayment of borrowings from the sale of the Company's shares owned by the Trust as trust assets. Leopalace21 will guarantee the borrowings made by the Trustees, providing a guarantee of performance at the conclusion of the Trust should funds from the sale of the Company's shares be insufficient for repayment of borrowings. (See the attachment.)

2. Purpose of the ESOP Structure

The introduction of the ESOP Structure will augment and strengthen corporate governance by enhancing the desire of employees to participate in the Company's decision-making. It is also aimed at raising the corporate value for Leopalace21 by heightening the work ethic for employees by providing them with an incentive to increase corporate value.

Leopalace21 further decided at the same time to sell to the Trustees 3,597,100 shares of the 8,165,866 shares of treasury stock it holds (as of September 2, 2009, corresponding to approximately ¥3,000 million).

End

Attachment

REF: Overview of the Employee Stockholding Association ESOP Structure

The Employee Stockholding Association ESOP is a new employee stockholding structure aimed at increasing corporate value through the buying and selling of the Company's shares, and the exercise of voting rights, by the Company's Employee Stockholding Association and the Trustees.

