

**FOR IMMEDIATE RELEASE**

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**Notice Concerning Recording of Non-Operating Expense**

Leopalace21 Corporation announces that it has incurred the following non-operating expense (foreign exchange loss) during the second quarter of the fiscal year ending March 31, 2012 (July 1, 2011 – September 30, 2011).

**1. Content of the Non-Operating Expense**

Leopalace21 and its overseas consolidated subsidiaries have incurred a loss on foreign currency exchange due to the sharp appreciation of the yen. A foreign exchange loss of approximately ¥2.5 billion (¥0.25 billion on a non-consolidated basis) will be recorded as a non-operating expense during the second quarter of the fiscal year ending March 31, 2012.

Since a foreign exchange currency loss of approximately ¥1.4 billion has been recorded during the first quarter of the fiscal year ending March 31, 2012, the foreign exchange loss to be recorded during the first half will be approximately ¥3.9 billion (¥0.4 billion on a non-consolidated basis).

This loss is a valuation exchange loss in foreign currency markets at the end of the first half of the fiscal year ending March 31, 2012 (September 30, 2011). The amount of the foreign exchange loss may change as a result of foreign currency markets at the end of the fiscal year ending March 31, 2012.

**2. Outlook**

In terms of the impact on the first half and full year results, Leopalace21 is currently finalizing financial statements. If necessary, a revision to earnings forecasts will be issued as early as possible.

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