

FOR IMMEDIATE RELEASE

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Notice Concerning Revision of Earnings and Dividend Forecasts

Leopalace21 Corporation (“the Company”), in consideration of recent performance, announces the following revisions to its earnings and dividend forecasts from those announced on May 15th, 2009.

I. Content of the Announcement**1. Revision of Earnings Forecast**

- (1) Revision to first half earnings forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 through September 30, 2009)

Consolidated Forecast (Millions of yen)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous forecast (A)	315,600	400	(350)	0	0.00
Revised forecast (B)	310,300	(6,800)	(11,800)	(12,200)	(80.59)
Amount change (B – A)	(5,300)	(7,200)	(11,450)	(12,200)	—
Percentage change	- 1.7%	—	—	—	—
(Reference) Results for the first half of the fiscal year ended March 31, 2009	355,352	29,803	30,562	12,280	77.05

Non-Consolidated Forecast (Millions of yen)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous forecast (A)	312,600	100	(850)	(500)	(3.30)
Revised forecast (B)	307,900	(6,100)	(10,300)	(11,000)	(72.67)
Amount change (B – A)	(4,700)	(6,200)	(9,450)	(10,500)	—
Percentage change	- 1.5%	—	—	—	—
(Reference) Results for the first half of the fiscal year ended March 31, 2009	352,364	30,017	29,411	12,892	80.89

- (2) Revision to full year earnings forecasts for the fiscal year ending March 31, 2010 (April 1, 2009 through March 31, 2010)

Consolidated Forecast (Millions of yen)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous forecast (A)	700,700	21,700	19,900	8,700	57.47
Revised forecast (B)	639,400	(11,100)	(17,100)	(19,100)	(126.17)
Amount change (B – A)	(61,300)	(32,800)	(37,000)	(27,800)	—
Percentage change	-8.7%	—	—	—	—
(Reference) Results for the fiscal year ended March 31, 2009	733,235	50,156	46,785	9,951	63.54

Non-Consolidated Forecast (Millions of yen)

	Net sales	Operating income	Recurring income	Net income	Net income per share
Previous forecast (A)	694,800	21,200	19,200	8,000	52.85
Revised forecast (B)	634,500	(10,100)	(15,300)	(17,600)	(116.27)
Amount change (B – A)	(60,300)	(31,300)	(34,500)	(25,600)	—
Percentage change	-8.7%	—	—	—	—
(Reference) Results for the fiscal year ended March 31, 2009	727,316	51,381	48,823	9,116	58.21

- (3) Reasons for the Revision

For the first half of the fiscal year ending March 31, 2010, the impact from the economic slowdown and other factors exceeded expectations in the second quarter, and forecasts for net sales, operating income and recurring income have been revised downward from the previous forecast. There was a particularly significant impact from an approximately ¥4.5 billion allowance for loss on vacant apartment units due to the slow recovery in the occupancy rate in the Leasing Business, along with the recording of an approximately ¥4.3 billion loss on foreign currency exchange previously announced. Net income for the period has also been revised downward from previous forecasts, due mainly to the approximately ¥8.8 billion stemming from these two factors.

For the full year of the fiscal year ending March 31, 2010, forecast figures for net sales, operating income, recurring income and net income have been revised to incorporate the impact from the economic slowdown. The revision to operating income incorporates an addition to the reserve for loss on vacant units, and recurring income the impact from the loss

on foreign currency exchange during the first half. Leopalace21 is forecasting a net loss for the period as a result of these factors.

(4) Other Information

Although Leopalace21 expects to post a substantial loss for the subject fiscal year as a result of the economic slowdown, we are seeking to transition to a more profitable organization through a concerted management effort to strengthen the operating structure, and implementing a fundamental reform of the business makeup. The Leopalace21 Group has already begun to revise its medium-term management plan, which is scheduled to be announced some time around the end of the year.

To clarify management responsibility for this loss and suspension of dividends, the Company has decided to reduce executive compensation to the president by 40% for the period from October 2009 through March 2010, and by 30% for the other (nine) directors.

2. Revision of Dividend Forecast

(1) Details of Revisions

(Yen)

(Record date)	Dividend per share		
	End of 2nd quarter	End of FY	Annual
Previous forecast (Announced May 15, 2009)	5.00	12.00	17.00
Revised forecast	0.00	0.00	0.00
Results for the fiscal year ended March 31, 2009	30.00	0.00	30.00

Leopalace21's policy is to pay dividends at a payout ratio of 30%. However, as forecasts for the first half and full term of the subject fiscal year have been revised downward significantly from initial projections, in overall consideration of future earnings trends, the Company will unfortunately not pay a dividend for the subject fiscal year.

Note: Revised business forecasts are calculated based on information available to the Company as of this announcement. Actual results may differ from these forecasts for a variety of reasons.

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