

**FOR IMMEDIATE RELEASE**

December 27, 2012

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**Notice Concerning Exercise and Completion of Exercise of Stock Acquisition Rights  
 (with option to reset strike price) issued through Third Party Allotment  
 (Target Issue Program “TIP” subject to Issuer’s approval for exercise)**

Leopalace21 reports the following exercise status between December 1 to December 27, 2012 (“subject period”), concerning the 1<sup>st</sup> series of stock acquisition rights (“SARs”) issued through third party allotment on February 27, 2012. The following completes the exercise of all 14,000 thousand SARs in the 1<sup>st</sup> series.

1. Name of SARs	Leopalace21 Corporation 1 <sup>st</sup> Series of Stock Acquisition Rights (issued through third party allotment)
2. Shares granted during the subject period	7,375,400 shares (7,375,400 SARs)
3. Exercised face value during the subject period and ratio of exercised to total SARs issued	1,843,850 thousand yen (17.56% of total SARs issued)
4. Number of unexercised SARs as of the end of November 2012	7,375,400 SARs (7,375,400 shares)
5. Number of unexercised SARs as of the end of the subject period	0 SARs (0 shares)

6. Status of exercise during the subject period (December 1 to December 27, 2012)

Exercise date	Shares granted		Strike price (yen)	Total face value of exercise (thousand yen)
	New issues (shares)	Transferred Treasury stock (shares)		
Dec 5 (Wed)	400,000	—	250	100,000
Dec 17 (Mon)	421,900	—	250	105,475
Dec 20 (Thu)	1,000,000	—	250	250,000
Dec 25 (Tue)	553,500	—	250	138,375
Dec 27 (Thu)	5,000,000	—	250	1,250,000

\* Shares outstanding as of the end of November 2012: 182,068,515 shares (of which, Treasury stock: 4,569,120 shares)

7. Status concerning limitation of conversion (Compliance on limitation of conversion in pursuant to Securities Listing Regulation #434)

① Cumulate number of shares granted (shares)	② Shares outstanding as of the date of SAR issue (shares)	③ Exercise ratio concerning limitation of conversion (①/②) (%)
7,375,400	175,443,915	4.20

\*Shares outstanding and common stock (as of December 27, 2012)

Shares outstanding: 189,443,915 shares (of which, Treasury stock: 4,569,120 shares)

Common stock: 58,314,415,829 yen

The stock acquisition rights issued through third party allotment on February 27, 2012 is comprised of three series (14,000 SARs each), and announcements will be made when approval of exercise is granted and SARs are exercised for the remaining 2<sup>nd</sup> and 3<sup>rd</sup> series.

This translation is prepared for information purposes only. In the event of any inconsistency, the original terms in Japanese language should prevail.

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