

# Takara Leben Co., Ltd.

Earnings Results Briefing  
for the Six Months Ended  
September 30, 2018

November 1, 2018



Security code  
8897



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# Summary of Business Results for The Six Months Ended September 30, 2018



- **Increase in the number of delivered units in New Built-for-Sale Condominiums Business**
  - 419 units of sales (244 units increase compared with the previous year)
- **Implementation of property sale to new listed Takara Leben Real Estate Investment Corporation**
- **Accelerate development of Renewal Resale Business**
  - Achieved full-year plan of gross profit
- **Reduction in sale of power generation facilities**
  - Decrease in sale of power generation facilities (However, as planned initially)
- **New Built-for-Sale Condominiums Business increase number of business contracts**
  - Number of contracts for the first half 921 units  
(296 units increase compared with the previous year)
  - Steady progress including delivery for the next term

# Consolidated Income Statement (Highlights)

(Unit: million yen)	Six months ended September 30, 2017 (46th)	Six months ended September 30, 2018 (47th)	YOY change
Net sales	32,225	49,662	54.1%
Operating income	2,855	2,486	▲12.9%
Ordinary income	2,523	1,925	▲23.7%
Net income	1,624	1,209	▲25.6%

- Increase in the number of delivered units in new built-for-sale condominiums business
- Decrease in sale of power generation facilities (However, as planned initially)
- Increase in selling, general and administrative expenses due to increases in personnel expenses related expenses and sales expenses

# Consolidated Segment Information (Net Sales)

(Unit: million yen)	Six months ended September 30, 2017 (46th)	Six months ended September 30, 2018 (47th)	YOY change
Real estate sales business	11,714	34,025	190.5%
Real estate rental business	2,713	2,858	5.3%
Real estate management business	2,001	2,179	8.9%
Electric Power Generation Business(The Company's own power generation)	1,950	2,614	34.1%
Electric Power Generation Business(Facilities sale)	12,607	5,390	▲57.2%
Other businesses	1,238	2,593	109.4%
Total	32,225	49,662	54.1%

- Increase in the number of delivered units in new built-for-sale condominiums business
- Decrease in sale of power generation facilities (However, as planned initially)



# Consolidated Segment Information (Gross profit)

(Unit: million yen)	Six months ended September 30, 2017 (46th)	Six months ended September 30, 2018 (47th)	YOY change
Real estate sales business	2,048	6,276	206.4%
Real estate rental business	678	663	▲2.2%
Real estate management Business	314	313	▲0.6%
Electric Power Generation Business (The Company's own power generation)	227	221	▲2.7%
Electric Power Generation Business (Facilities sale)	4,670	1,044	▲77.6%
Other businesses	632	1,374	117.2%
Total	8,573	9,893	15.4%

- Increase in the number of delivered units in new built-for-sale condominiums business (175 units ⇒ 419 units)
- Decrease in sale of power generation facilities (However, as planned initially)
- Increase in repair work related (other business)

# Consolidated Balance Sheet (Highlights)

(Unit : Million yen )	As of the end of March 2018 (46th)	As of the end of September 2018 (47th)	YOY change
<b>Current assets</b>	102,931	<b>110,286</b>	7.1%
Cash and deposits/cash equivalents	29,223	<b>20,385</b>	▲30.2%
Inventory assets	68,438	<b>81,658</b>	19.3%
Real estate held for sale	20,279	<b>25,885</b>	27.6%
Power generation facilities for sale	4,090	—	—
Real estate for sale under construction	44,068	<b>55,773</b>	26.6%
<b>Fixed assets</b>	74,618	<b>76,663</b>	2.7%
<b>Total assets</b>	177,588	<b>187,057</b>	5.3%

(Unit : Million yen )	As of the end of March 2018 (46th)	As of the end of September 2018 (47th)	YOY change
<b>Current liabilities</b>	56,876	<b>65,432</b>	15.0%
Notes and accounts payable-trade	15,786	<b>5,438</b>	▲65.5%
Loans payable (short-term borrowings and current portion of long-term borrowings)	31,227	<b>51,042</b>	63.5%
<b>Fixed liabilities</b>	77,804	<b>78,476</b>	0.9%
Long-term borrowings	75,015	<b>75,324</b>	0.4%
<b>Total liabilities</b>	134,681	<b>143,908</b>	6.9%
<b>Net assets</b>	42,907	<b>43,148</b>	0.6%
Capital stock	4,819	<b>4,819</b>	—
<b>Total liabilities and net assets</b>	177,588	<b>187,057</b>	5.3%

- Increase in real estate for sale under construction due to progress of purchase
- Increase in borrowings due to expansion of investment business



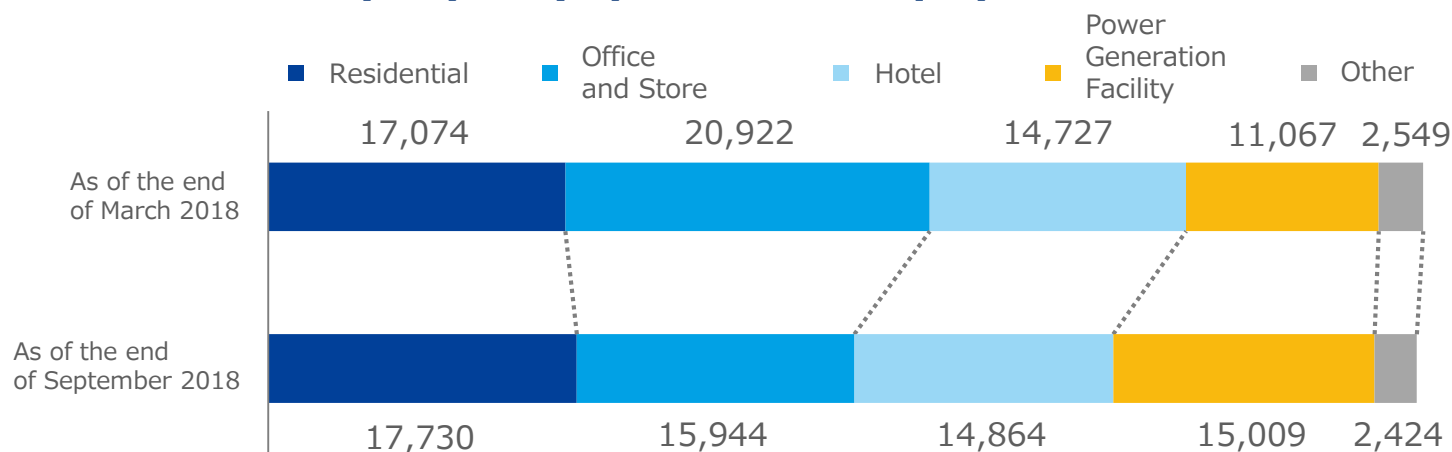
# Consolidated Balance Sheet (Real estate held for sale)

(Unit : Million yen )	Year ended March 31, 2018 (46th)	Six months ended September 30, 2018 (47th)	YOY change
New Built-for-Sale Condominiums	12,917	9,950	▲23.0%
Detached Houses	1,441	2,590	79.8%
Renewal Resale Business	2,015	2,355	16.9%
Liquidation Business	3,350	10,390	210.1%
Other Businesses	554	598	8.1%
Total	20,279	25,885	27.6%

- Decreased due to delivery of finished stock (New Built-for-Sale Condominiums)
- Transfer processing is carried out from fixed assets for which the sale is confirmed (Liquidation Business)

※Transfer from fixed assets to real estate for sale is done for those whose sale is confirmed

## Breakdown of property, plant and equipment (Unit : Million yen )



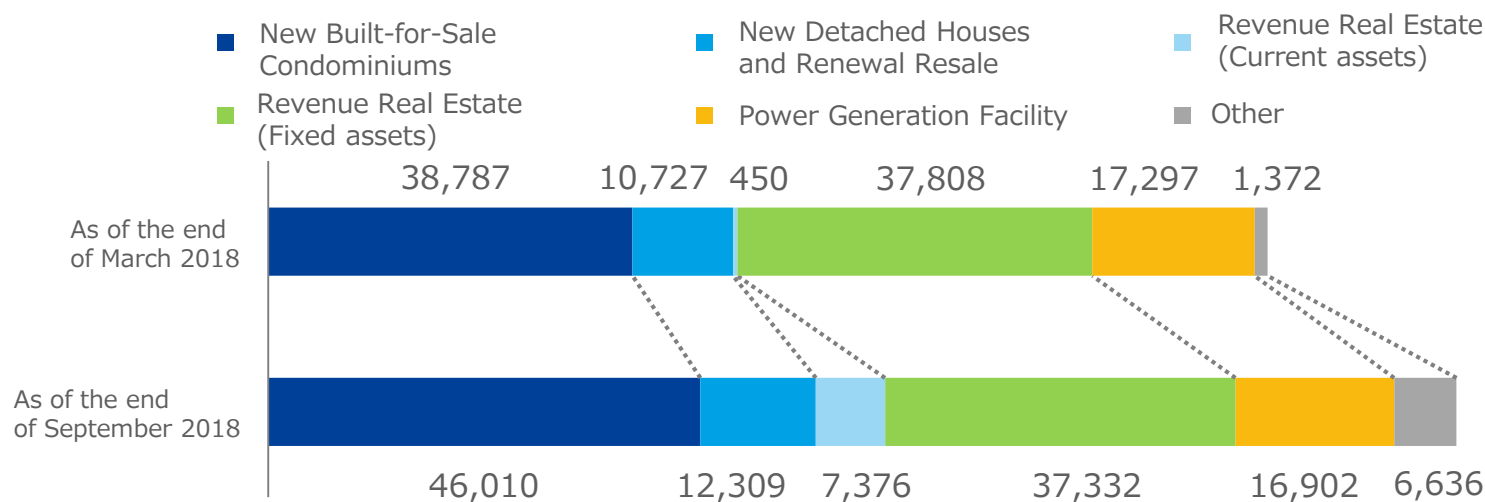
Total

**66,340M**

**65,973M**

※Separately, 10,390 million yen is transferred from fixed assets to sales real estate

## Breakdown of borrowings (Unit : Million yen )



Total

**106,443M**

**126,567M**

# Progress Status for Full-Year Business Plan-1

(Unit : Million yen )		Year ended March 31, 2019 (47th) (Forecast)	Six months ended September 30, 2018 (47th)	Progress ratio	Supplementary explanation
New Built-for-Sale Condominiums	Net sales	60,000	<b>17,036</b>	28.4%	Steady progress Approximately 69% of the full year planned
	Gross profit	13,000	<b>3,737</b>	28.7%	
Detached Houses	Net sales	12,000	<b>2,617</b>	21.8%	Delivery is concentrated in the second half
	Gross profit	1,600	<b>34</b>	2.2%	
Renewal Resale Business	Net sales	1,700	<b>1,629</b>	95.9%	Planned achievement
	Gross profit	220	<b>250</b>	114.0%	
Liquidation Business	Net sales	30,000	<b>12,507</b>	41.7%	Contracted (4,207M)
	Gross profit	5,500	<b>2,208</b>	40.2%	
Other Businesses	Net sales	2,000	<b>234</b>	11.7%	
	Gross profit	340	<b>44</b>	13.1%	

# Progress Status for Full-Year Business Plan-2

(Unit : Million yen )		Year ended March 31, 2019 (47th) (Forecast)	Six months ended September 30, 2018 (47th)	Progress ratio	Supplementary explanation
Real Estate Rental Business	Net sales	5,500	2,858	52.0%	Steady progress
	Gross profit	1,400	663	47.4%	
Real Estate Management Business	Net sales	4,300	2,179	50.7%	
	Gross profit	590	313	53.1%	
Electric Power Generation Business (The Company's own power generation)	Net sales	3,800	2,614	68.8%	
	Gross profit	200	221	110.9%	
Electric Power Generation Business (Facilities sale)	Net sales	7,000	5,390	77.0%	
	Gross profit	1,430	1,044	73.1%	
Other businesses	Net sales	3,700	2,593	70.1%	
	Gross profit	2,120	1,374	64.8%	
Total	Net sales	130,000	49,662	38.2%	
	Gross profit	26,400	9,893	37.5%	

## Delivery schedule for the term (Units)

Period	Units scheduled for delivery	At the beginning of the year	Number of contracts signed from April 1-September 30, 2018	Number of contracts signed	Contract progress ratio
Year ended March 31, 2017	1,600	714	555	1,269	79.3%
Year ended March 31, 2018	1,600	526	538	1,064	66.5%
<b>Year ended March 31, 2019</b>	<b>1,700</b>	<b>528</b>	<b>645</b>	<b>1,173</b>	<b>69.0%</b>

- Improve contract progress ratio compared to the fiscal year ended March 2018
- Increase in number of contracts for current term

## Delivery schedule for the next term (Units)

Period	Units scheduled for delivery	At the beginning of the year	Number of contracts signed from April 1-September 30, 2018	Number of contracts signed	Contract progress ratio
Year ended March 31, 2018	1,600	88	115	203	12.7%
Year ended March 31, 2019	1,700	28	87	115	6.8%
<b>Year ended March 31, 2020</b>	<b>1,950</b>	<b>23</b>	<b>276</b>	<b>299</b>	<b>15.3%</b>

- Progress in the next term is much bigger than usual
- The number of contracts for the current term also increased, and steady progress

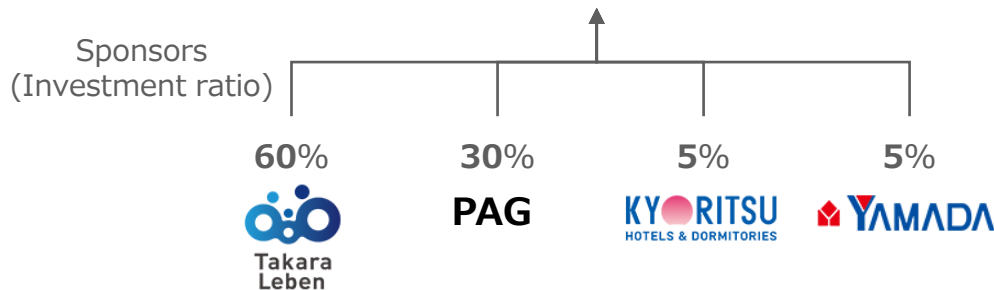
## Key Topics for The Six Months Ended September 30, 2018



July 27, 2018

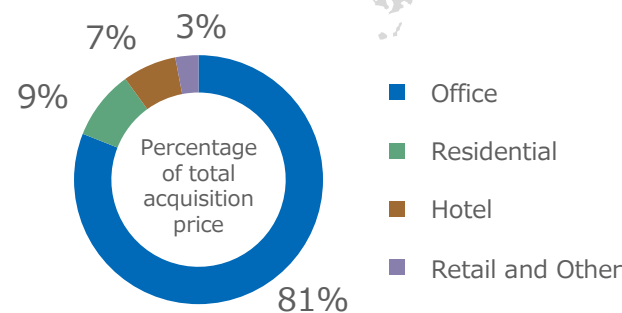
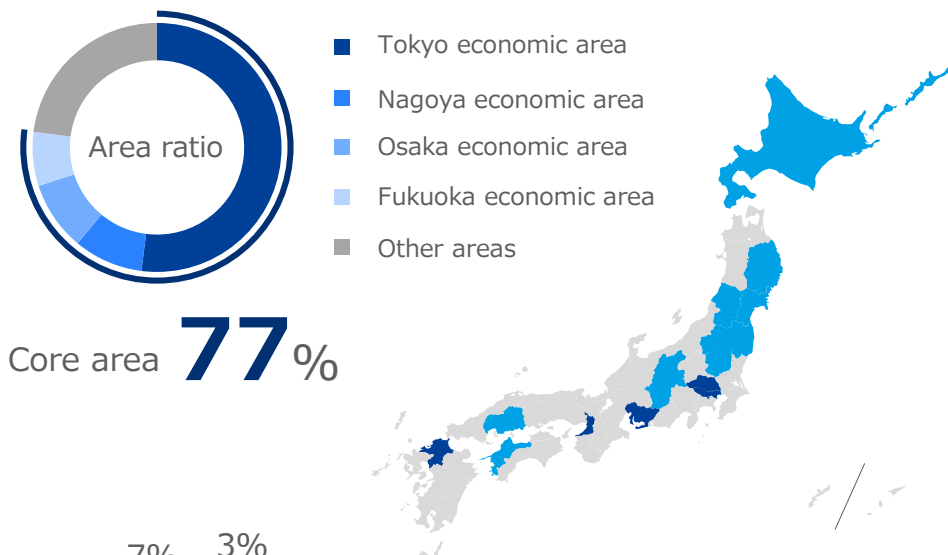
**Takara Leben Real Estate Investment Corporation was listed on the Tokyo Stock Exchange**

**Takara PAG Real Estate Advisory Limited manages the assets of "TLR"**



## Strengths of multi sponsors

- Steady external growth utilizing development capabilities of real estate developer and sourcing capability of fund management company
- Build a comprehensive portfolio that maximizes the strengths of sponsor companies
- Stable operation and internal growth supported by operation know-how and operation ability of sponsor companies



Number of properties **27**

Acquisition price **64,370** million yen



## Advance to 28 prefectures

Strengthening of land purchase nationwide by developing new bases  
Expanding area



**First supply in Nagasaki prefecture**  
LEBEN Sasebo STATION PLACE

On sale

Total units: 39



**First supply in Hokkaido**

LEBEN Kanjodori Higashi  
THE RESIDENCE

On sale

Total units: 30



**First supply in Iwate prefecture**

LEBEN Morioka Chuodori  
THE BIRTH

To sell

Total units: 96



**First supply in Kagoshima prefecture**  
LEBEN Nishisengoku MID SQUARE

To sell

Total units: 39



**First supply in Oita prefecture**  
LEBEN Higashikasuga Midoasis

To sell

Total units: 43



**First supply in Aichi prefecture**

LEBEN Nagoya  
Matsushigecho GRAND AUBE

On sale

Total units: 165

 Base  Property

 Supplied area

 New supply area

## TIF undertook its second public offering on June 2018

TIF acquired four new solar power plants: LS Mie Yokkaichi, LS Sakuragawa Nakaizumi, LS Shirahama and LS Takahagi (Total Panel Output: 13.72MW and Total Acquisition Price: 4.93 Billion Yen)



**LS Mie Yokkaichi**  
Panel Output : 1.98MW  
FIT : ¥40/kWh



**LS Sakuragawa Nakaizumi**  
Panel Output : 2.70MW  
FIT : ¥36/kWh

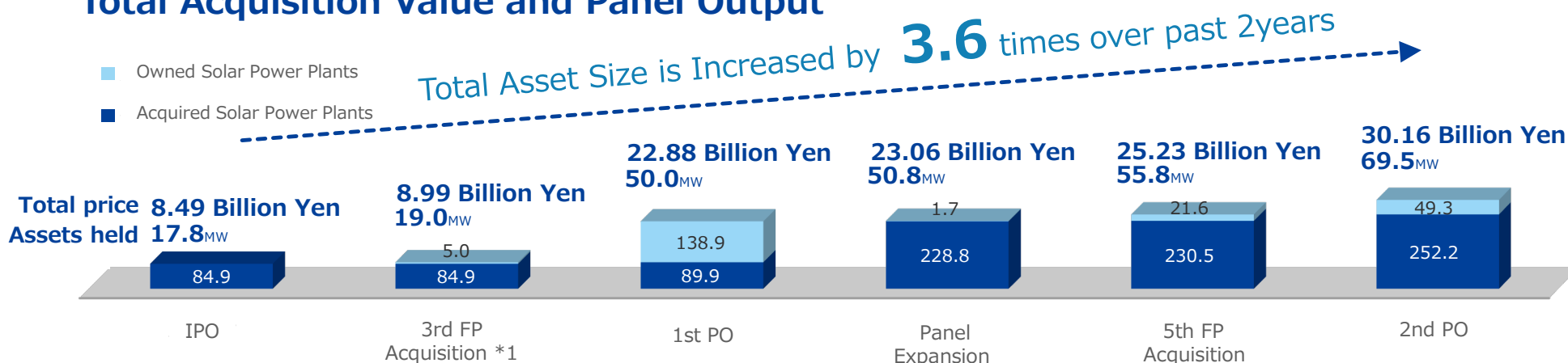


**LS Shirahama**  
Panel Output : 7.84MW  
FIT : ¥36/kWh



**LS Takahagi**  
Panel Output : 1.19MW  
FIT : ¥32/kWh

## Total Acquisition Value and Panel Output



\*1 Acquisition value based on combined total amount of PwC evaluation value of all properties owned at the end of the 5th fiscal period and acquisition price for properties acquired during the 6th fiscal period.

## Business Outlook for The Year Ended March 2019



- Progress on the first half
- No change in full-year forecast

(Unit : Million yen )	Year ended March 31, 2018 (46th) (Actual)	Year ended March 31, 2019 (47th) (Forecast)	YOY change
Net sales	110,851	<b>130,000</b>	<b>17.3%</b>
Operating income	12,597	<b>10,700</b>	<b>▲15.1%</b>
Ordinary income	11,792	<b>9,600</b>	<b>▲18.6%</b>
Income attributable to owners of parent	7,367	<b>6,300</b>	<b>▲14.5%</b>



## The Progress of The Mid-Term Management Plan (Real Estate Sales Business) and Quantitative Goals



## Real Estate Sales Business (New Built-for-Sale Condominiums)

Mid-Term Management Plan	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022 -
Units Sold	1,700	1,950	2,200	TBD
Percentage in Tokyo Metro / Osaka Metro Areas	55.5%	50%	50%	TBD



Six months ended September 30, 2018

	Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022 - ※Including schedule pending
	Units Sold	Completion number of units		
1 Q	144	26	224	—
2 Q	275	697	469	—
3 Q	250	187	182	—
4 Q	1,031	1,064	564	—
<b>Total</b>	<b>1,700</b>	<b>1,974</b>	<b>1,439</b>	<b>1,883</b>
Percentage in Tokyo Metro / Osaka Metro Areas	55.5%	45.2%	—	—

- Steady purchase progress
- Thorough completion of the completion schedule

## Renewal Resale Business

Mid-Term Management Plan	Year ended March 31, 2019
Number of units held at the beginning of the year	59
Purchased Units	150
Units Sold	49
Number of units held at year-end	160



April - September 2018
59
158
40
177

- Steady purchase progress
- Renewal of one building (41 units) Property purchase
- Establish business expansion system

## Liquidation Business

Mid-Term Management Plan	Year ended March 31, 2019
Investment Amount	30,000
Sale Amount	30,000



(Million yen)
April - September 2018
13,100
12,507

- Steady investment progress
- Established up to 16,714 million yen including sales contracted portion



# The Mid-Term Management Plan (Quantitative Goals)

- Maintain proper balance sheet to respond to expansion of investment area

Equity ratio

**30%**

(Fiscal year ended March 2021)

LTV

Less than **60%**

(Every fiscal year ended March)

D/E ratio

Less than **3**times

(Every fiscal year ended March)

ROE

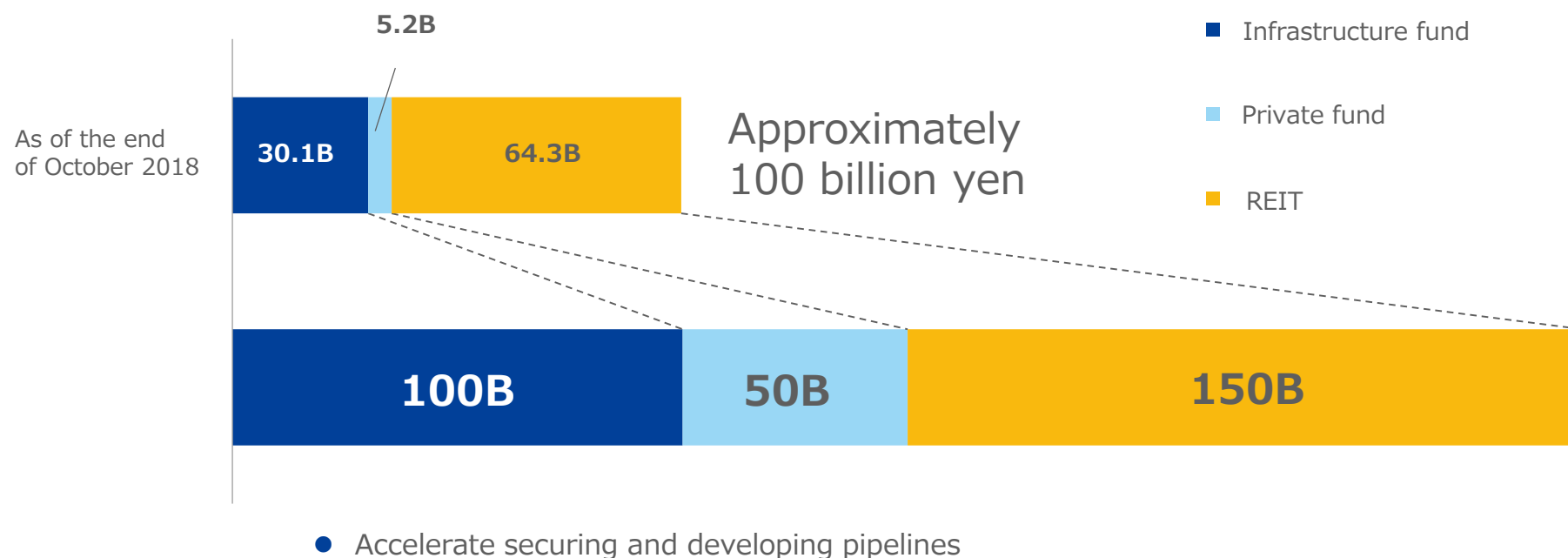
**15%**

(Every fiscal year)

# Appendix



- Operating Infrastructure fund, Private fund and REIT

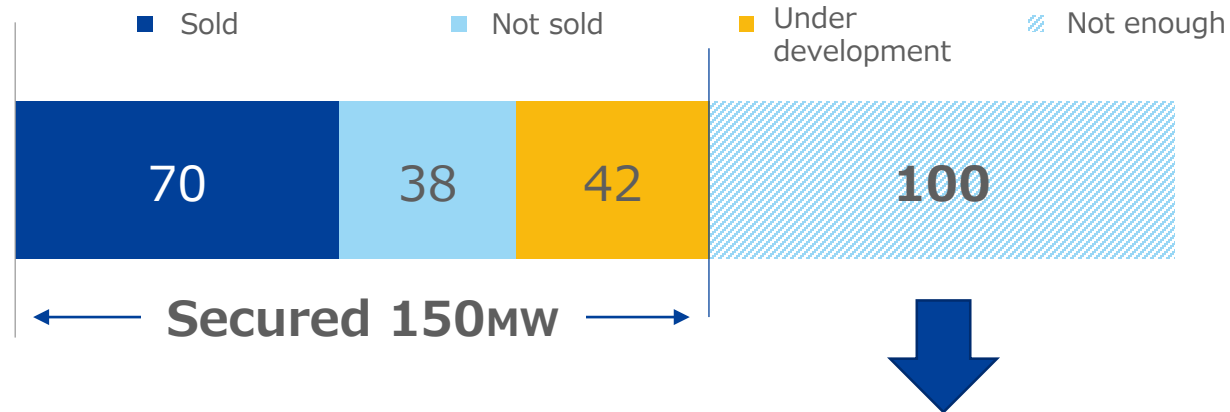


Target of medium-term operating amount

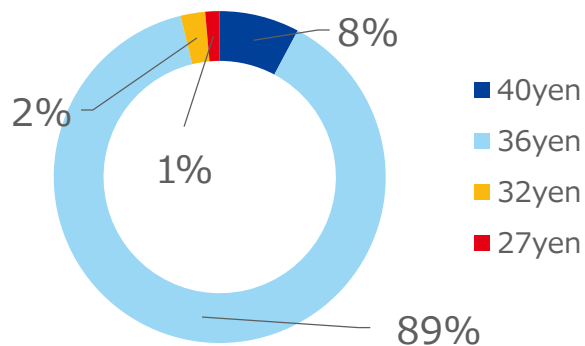
**300** billion yen

Generation scale (MW)

Target for year  
ending March 2021 **250MW**



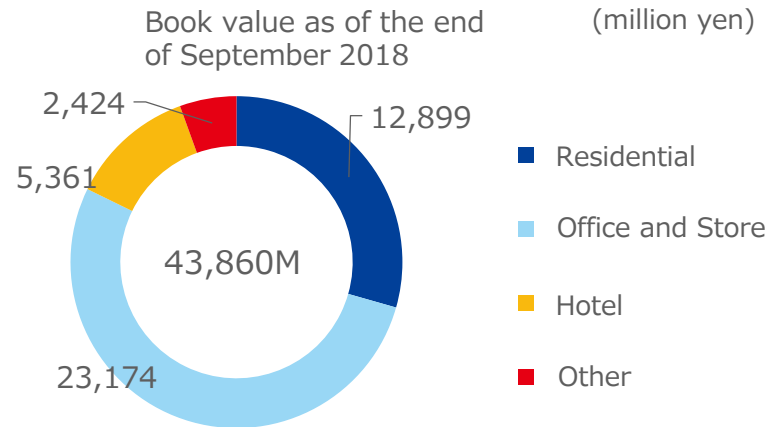
## FIT by generation scale



- Enhancement of secondary acquisition
- Consideration of wind power and biogas

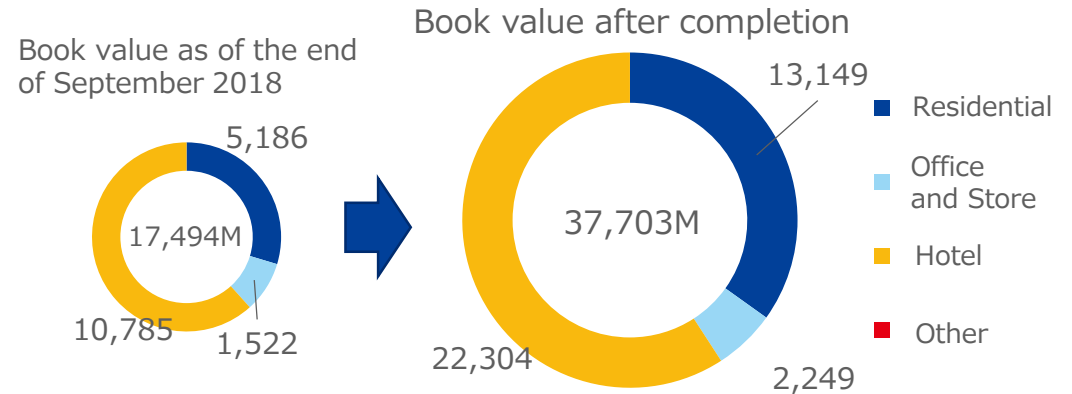


## Existing and Built-up property

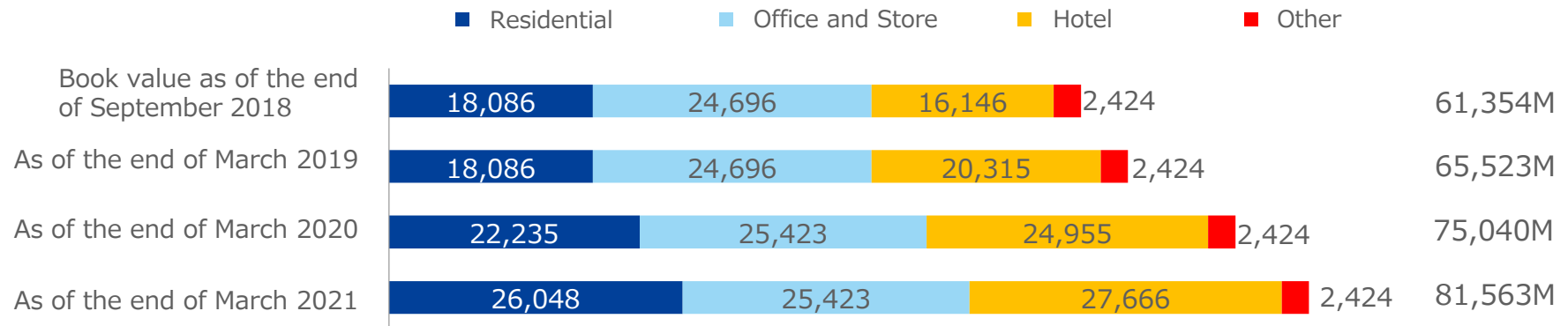


※Including securitized assets recorded in real estate held for sale

## Under development property (million yen)



## Assets after completion (million yen)



Secured assets of 81,563 million yen including completed parts in the future



These materials were prepared based on data current as of September 30, 2018.

These materials, as well as answers, plans, projections and so on provided during the subsequent Q&A session are based on Takara Leben's best judgment at the time the materials were prepared, and do not constitute a guarantee or promise that anything contained herein will be realized or achieved, nor do they provide any guarantees or promises as to the accuracy or completeness of the information contained herein. The contents of these materials are subject to change without notice.

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