

Takara Leben Co., Ltd.

FY2019 Financial Results Briefing: Results for the Year Ended March 31, 2019






May 17, 2019



Security code
8897

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Summary of Business Results for the Year Ended March 2019



Highlights

- **Increase in the number of delivered units in New Built-for-Sale Condominiums Business**
 - 1,656 units of sales (37 units increase compared with the previous year)
- **New Built-for-Sale Condominiums Business increase number of business contracts**
 - 792 contracted number of units for the next term
(264 units increase compared with the previous year)
- **Implementation of property sale to new listed Takara Leben Real Estate Investment Corporation**
 - Sold 5 properties for 6,723 million yen
- **Accelerate development of Renewal Resale Business**
 - Renewal of one building (41 units) Property purchase
- **Reduction in sale of power generation facilities**
 - Decrease in sale of power generation facilities (However, as planned initially)

Consolidated Income Statement

(Million yen)	FY2018/3 (46th) Actual	FY2019/3 (47th) Plan	FY2019/3 (47th) Actual	YoY change	vs. Plan change
Real estate sales business	79,341	105,700	104,823	32.1%	▲0.8%
Real estate rental business	5,472	5,500	5,829	6.5%	6.0%
Real estate management business	4,000	4,300	4,512	12.8%	4.9%
Electric Power Generation Business(Facilities sale)	14,687	7,000	6,100	▲58.5%	▲12.9%
Electric Power Generation Business(The Company's own power generation)	3,552	3,800	4,694	32.1%	23.5%
Other businesses	3,797	3,700	6,045	59.2%	63.4%
Total net sales	110,851	130,000	132,005	19.1%	1.5%
Operating income	12,597	10,700	10,046	▲20.3%	▲6.1%
Ordinary income	11,792	9,600	9,027	▲23.4%	▲6.0%
Net income attributable to owners of parent	7,367	6,300	6,426	▲12.8%	2.0%

- Net sales and net income attributable to owners of parent reached the planned level
- Operating income and ordinary income fell short of plan due to higher than planned selling, general and administrative (SG&A) expenses

Net Sales・Gross Profit (vs. Plan) ①

(Million yen)		FY2019/3 Plan	FY2019/3 Actual	vs. Plan change
New Built-for-Sale Condominiums	Net sales	60,000	57,203	▲4.7%
	Gross profit	13,000	11,977	▲7.9%
Detached Houses	Net sales	12,000	8,817	▲26.5%
	Gross profit	1,600	701	▲56.2%
Renewal Resale Business	Net sales	1,700	3,305	94.5%
	Gross profit	220	537	144.4%
Liquidation Business	Net sales	30,000	33,502	11.7%
	Gross profit	5,500	7,235	31.5%
Other Businesses	Net sales	2,000	1,993	▲0.3%
	Gross profit	340	608	78.9%

Net Sales・Gross Profit (vs. Plan) ②

	(Million yen)	FY2019/3 Plan	FY2019/3 Actual	vs. Plan change
Real Estate Rental Business	Net sales	5,500	5,829	6.0%
	Gross profit	1,400	1,207	▲13.8%
Real Estate Management Business	Net sales	4,300	4,512	4.9%
	Gross profit	590	633	7.4%
Electric Power Generation Business (Facilities sale)	Net sales	7,000	6,100	▲12.9%
	Gross profit	1,430	1,414	▲1.1%
Electric Power Generation Business (The Company's own power generation)	Net sales	3,800	4,694	23.5%
	Gross profit	200	8	▲95.8%
Other Businesses	Net sales	3,700	6,045	63.4%
	Gross profit	2,120	2,561	20.8%
Total	Net sales	130,000	132,005	1.5%
	Gross profit	26,400	26,886	1.8%

Selling, General and Administrative Expenses

Breakdown of selling, general and administrative expenses

(Million yen)	FY2018/3 (46th)	FY2019/3 (47th)	YoY change
Public relations fee	502	758	256
Sales expenses	4,867	6,659	1,792
Advertising expenses (Property sales)	4,627	5,849	1,222
Sales commission (Liquidation)	239	809	569
Personnel expenses	4,386	5,288	902
Others	3,426	4,133	707
Total	13,182	16,839	3,657

- Higher selling expenses associated with increase in supply areas and units sold
- Increase in brokerage fees associated with sale of real estate, etc. in liquidation business
- Revision of personnel systems associated with work style reform (5.6% wage increase, etc.), and higher personnel expenses associated with increase in personnel
- Higher recruiting expenses

Consolidated Balance Sheet

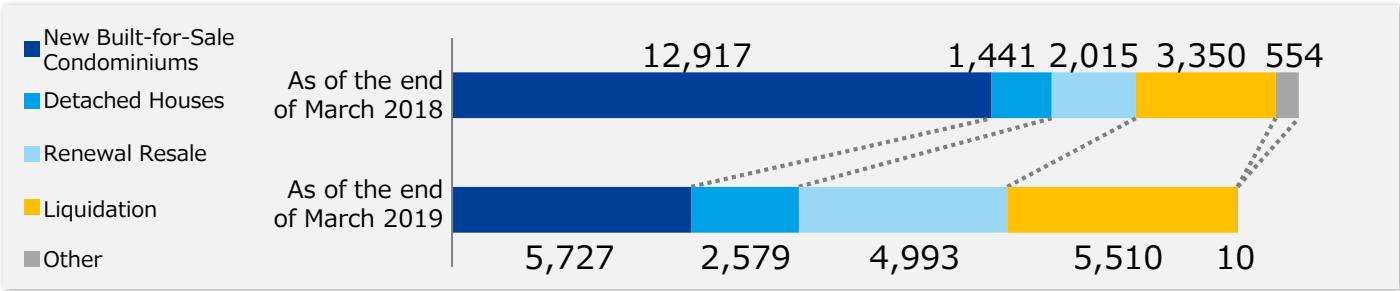
(Million yen)	FY2018/3 (46th)	FY2019/3 (47th)	YoY change
Current assets	102,931	98,512	▲4.3%
Cash and deposits/cash equivalents	29,223	21,165	▲27.6%
Inventory assets	68,438	68,681	0.4%
Real estate held for sale	20,279	18,821	▲7.2%
Power generation facilities for sale	4,090	—	—
Real estate for sale under construction	44,068	49,860	13.1%
Fixed assets	74,618	86,286	15.6%
Total assets	177,588	184,893	4.1%

(Million yen)	FY2018/3 (46th)	FY2019/3 (47th)	YoY change
Current liabilities	56,876	58,539	2.9%
Notes and accounts payable-trade	15,786	7,790	▲50.6%
Short-term borrowings and current portion of long-term borrowings	31,227	37,575	20.3%
Fixed liabilities	77,804	78,619	1.0%
Long-term borrowings	75,015	73,882	▲1.5%
Total liabilities	134,681	137,158	1.8%
Net assets	42,907	47,734	11.3%
Capital stock	4,819	4,819	—
Total liabilities and net assets	177,588	184,893	4.1%

- Decrease in real estate held for sale due to reduction of finished stock
- Increase in real estate for sale under construction due to progress of purchase

Consolidated Balance Sheet (Details)

Breakdown of real estate held for sale (Million yen)

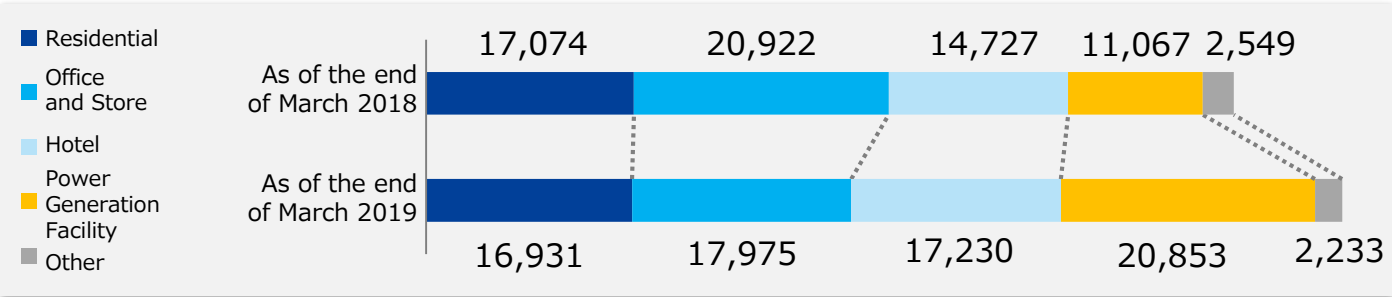


Total

20,279M

18,821M

Breakdown of property, plant and equipment (Million yen)

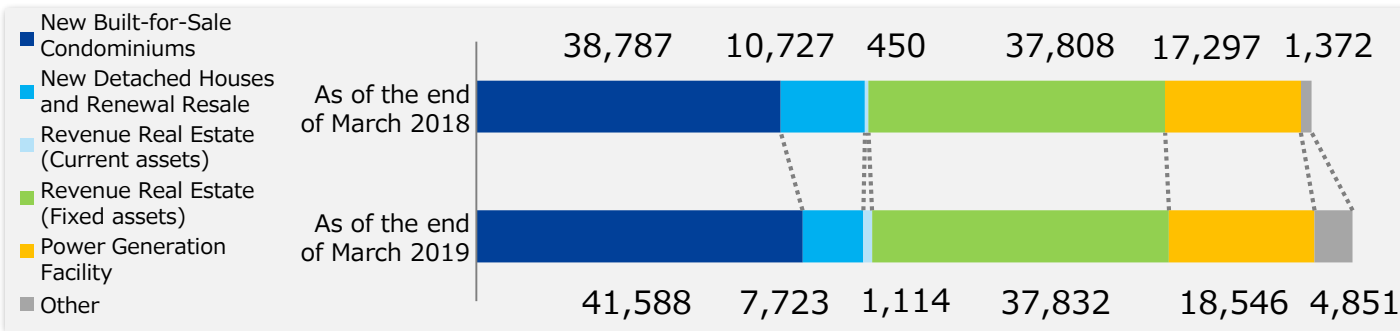


Total

66,340M

75,224M

Breakdown of borrowings (Million yen)



Total

106,443M

111,657M

Management Index

	FY2018/3 (46th)	FY2019/3 (47th)	The Mid-Term Management Plan
Equity ratio (%)	24.1	25.6	30% (Fiscal year ended March 2021)
LTV (%)	60.1	60.5	less than 60% (Every fiscal year ended March)
D/E ratio (Times)	2.5	2.3	less than 3 times (Every fiscal year ended March)
ROE (%)	18.6	14.3	15% (Every fiscal year)

Progress Status for The Mid-Term Management Plan



Real Estate Sales Business / New Built-for-Sale Condominiums

	FY2018/3 Actual	FY2019/3 Plan
Units Sold (Units)	1,619	1,700
Net Sales (Million yen)	60,368	60,000
Gross Profit (Million yen)	13,313	13,000
Gross Profit Margin	22.1%	21.7%
Metropolitan Area Ratio※	48.7%	55.5%

※Capital Area, Kinki, Chukyo, Fukuoka and Sapporo



FY2019/3 Actual	vs. Plan change
1,656	▲44units
57,203	▲4.7%
11,977	▲7.9%
20.9% 21.1%※	▲0.8P ▲0.6P
54.5%	▲1.0P

※Except the impact of lower of cost or market value method

- **Slight fall in gross profit margin due to focus of efforts on reduction of finished stock**
⇒Decrease from 348 units in FY2018/3 to 199 units
- **Assignment of sales personnel to condominium renovation sales**
⇒Number of units falls slightly short of plan

LEBEN Matsuyama
Ichibanchou THE TOWER



LEBEN Makuharihongou THE COURT

Real Estate Sales Business / Detached Houses

	FY2018/3 Actual	FY2019/3 Plan		FY2019/3 Actual	vs. Plan change
Units Sold (Units)	116	190		131	▲59units
Net Sales (Million yen)	6,335	12,000	▶	8,817	▲26.5%
Gross Profit (Million yen)	830	1,600		701	▲56.2%
Gross Profit Margin	13.1%	13.3%		8.0%	▲5.3P

LP Hikarigaoka-kouen ALVA



- Lagged behind initially planned delivery cycle
- Fall in gross profit margin due to focus of efforts on reduction of finished stock



LP Kamiikedai Hills scene

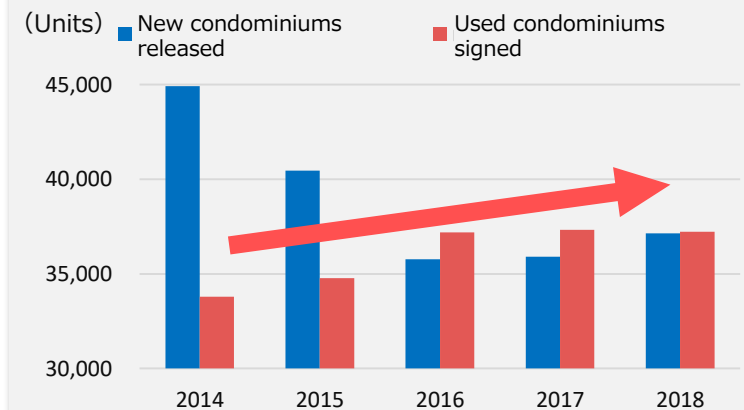
Real Estate Sales Business / Renewal Resale

	FY2018/3 Actual	FY2019/3 Plan		FY2019/3 Actual	vs. Plan change
Purchased Units (Units)	75	150		257	107units
Owned Units of End of FY (Units)	59	160		229	69units
Net Sales (Million yen) (Revenue from Sale)	588	1,700		3,305	94.5%
Gross Profit Margin(Million yen) (From Sale)	78	220		537	144.4%
Gross Profit Margin (From Sale)	13.4%	12.9%		16.3%	3.4P

- Renewal of one building (41 units) property purchase
- Made steady progress with unit ownership property purchases
- Market activity remained brisk



Change in signings for used homes



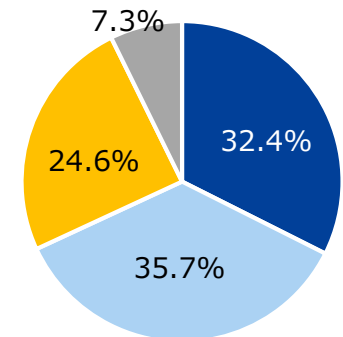
Real Estate Sales Business / Liquidation

Income Real Estate	FY2018/3 Actual	FY2019/3 Plan		FY2019/3 Actual	vs. Plan change
Investment Amount (Million yen)	27,000	30,000	▶	34,147	13.8%
Sale Amount (Million yen)	9,707	30,000		33,502	11.7%
Gross Profit Margin (Million yen) (From Sale)	2,322	5,500		7,235	31.5%
Gross Profit Margin (From Sale)	23.9%	18.3%		21.6%	3.3P

- Struck a balance between investment and return
- Sold properties to Takara Leben Real Estate Investment Corporation

Investment achievements by application

■ Residential ■ Office and Store ■ Hotel ■ Other



Major sale achievements



Dormy Inn
Matsuyama



Nakameguro Heights



LUXENA Heiwadai



Dormy Inn Morioka

Major investment achievements

Real Estate Rental Business · Real Estate Management Business

Real Estate Rental Business

Net Sales (Million yen)
Gross Profit Margin

FY2018/3
Actual

5,472

24.6%

FY2019/3
Plan

5,500

25.5%



FY2019/3
Actual

5,829

20.7%

vs. Plan
change

6.0%

▲4.8P

- Gross profit margin fell temporarily, reflecting initial costs incurred in connection with a increase in newly purchased properties

Real Estate Management Business

Number of Managed Units (Units)
Percentage of Non-Group Units Managed
Net Sales (Million yen)
Gross Profit Margin

FY2018/3
Actual

49,650

44.9%

4,000

12.6%

FY2019/3
Plan

53,300

46.7%

4,300

13.7%



FY2019/3
Actual

54,036

47.4%

4,512

14.0%

vs. Plan
change

736units

0.7P

4.9%

0.3P

- Increase in the number of managed units
(4,386 units increase compared with the previous year)
- Won contract for large property (first tower condominium replacement contract)

Electric Power Generation Business

		FY2018/3 Actual	FY2019/3 Plan		
				FY2019/3 Actual	vs. Plan change
Facilities sale	Cumulative Generation Capacity (MW)	103	147	119	▲28MW
	Net Sales (Million yen)	14,687	7,000	6,100	▲12.9%
	Gross Profit (Million yen)	5,068	1,430	1,414	▲1.1%
	Gross Profit Margin	34.5%	20.4%	23.2%	2.8P
The Company's own power generation	Net Sales (Million yen)	3,552	3,800	4,694	23.5%
	Gross Profit (Million yen)	204	200	8	▲95.8%
	Gross Profit Margin	5.7%	5.3%	0.2%	▲5.1P

- Implementation of facilities sale to Takara Leben Infrastructure Fund for three consecutive years
- Reduced purchases due to revision of FIT system (Dec. 2018)
⇒ Resumed purchased after revision

LS Fujioka A power-generation facility



LS Hokota power-generation facility

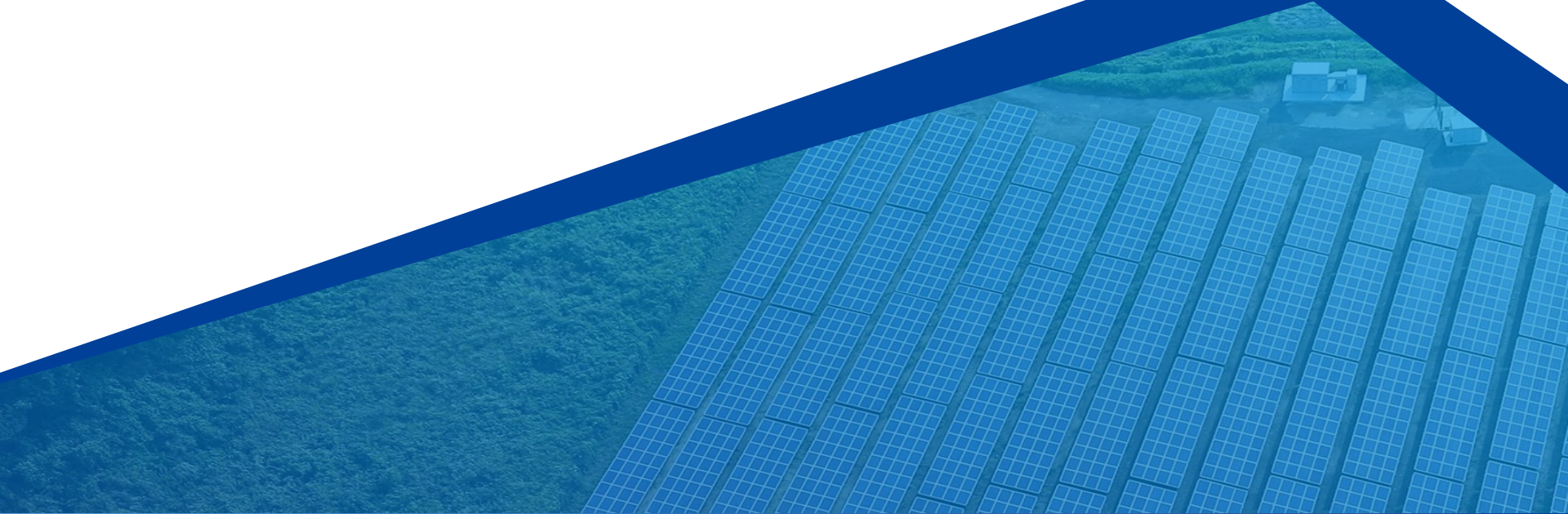
Other Businesses

Net Sales (Million yen)	FY2018/3 Actual	FY2019/3 Plan		FY2019/3 Actual	vs. Plan change
Sale and brokerage fees	436	800		725	▲9.3%
Management compensation	262	600	▶	1,037	72.9%
Revenue from repair work	718	1,000		1,546	54.6%
Revenue from construction work	1,394	1,500		1,597	6.5%

- **Management compensation increased due to accumulation of assets under management**
- **Revenue from repair work improved due to repair work for one building in renewal resale business**

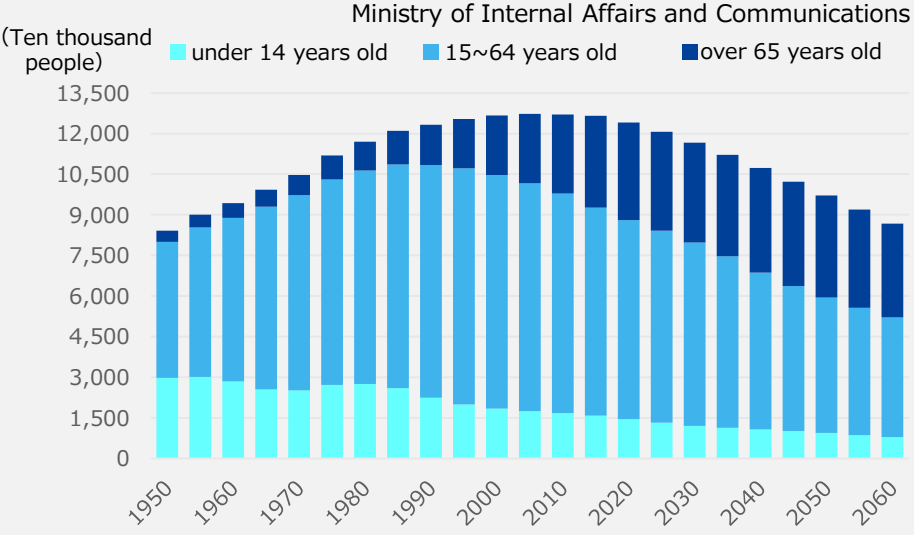


Business Outlook for The Year Ended March 2020

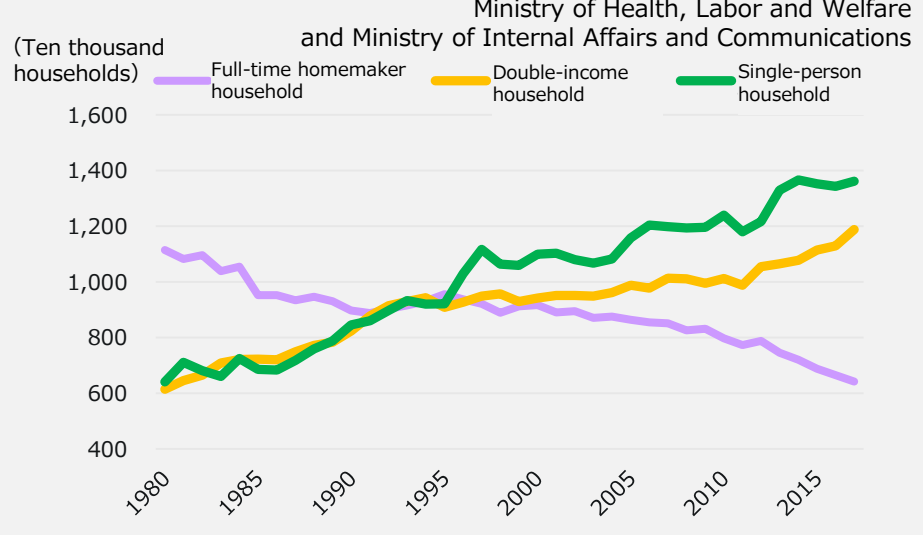


Market Conditions①

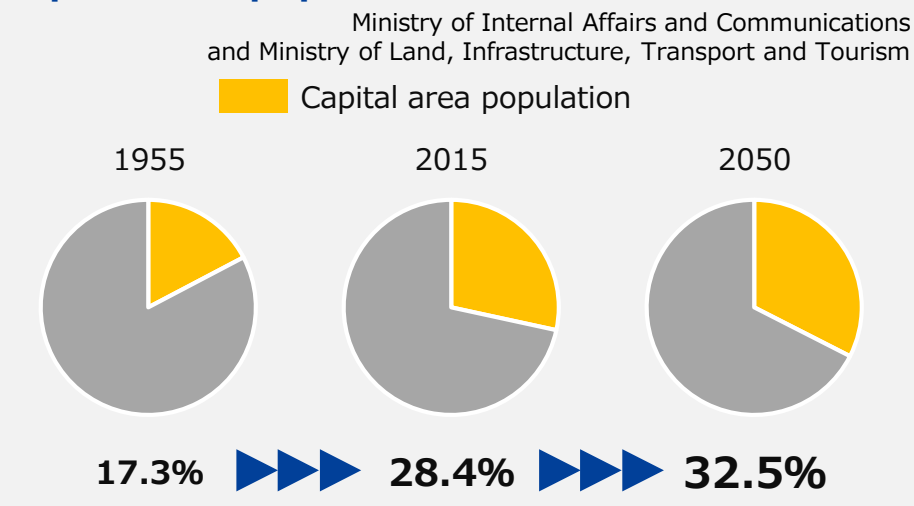
Demographics and future estimation



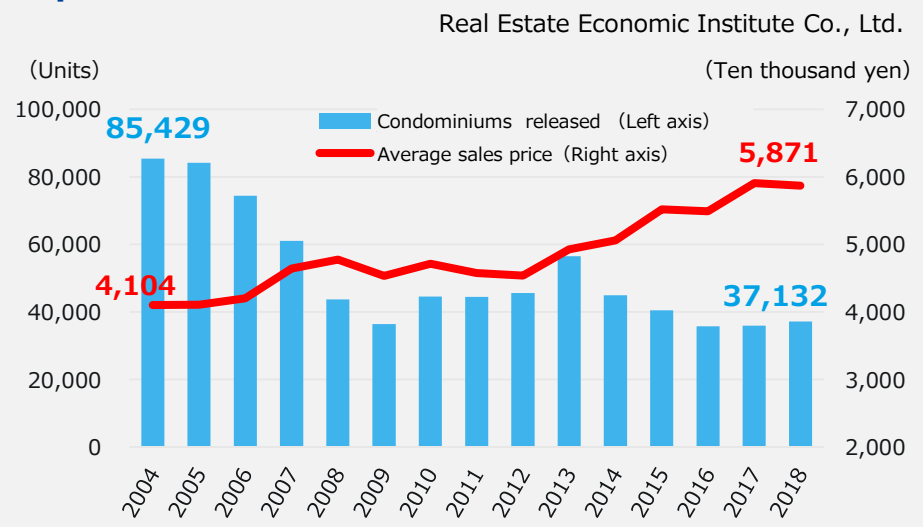
Change of each households



Capital area population ratio



Capital area condominium trend



Market Conditions②

- Rising sales prices
- Decreased number of condominiums released
- Progress of declining birthrate and aging population
- Household composition change



- Stricter customer perspective
- Good supply and demand balance
- Demand growth for seniors
- Responding to household change



- Prolonged sales period
- Polarization of sales progress
- Demand growth for central area of local city
- Extension of compact condominium

Diversification of lifestyle



Double-income household



Senior household

Single-person household



Innovation for a New Lifestyle.

Real Estate Sales Business / New Built-for-Sale Condominiums①

	FY2019/3 Actual	FY2020/3 Forecast	YoY change
Units Sold (Units)	1,656	1,950	294units
Net Sales (Million yen)	57,203	75,000	31.1%
Gross Profit (Million yen)	11,977	15,500	29.4%
Gross Profit Margin	20.9%	20.7%	▲0.2P
Metropolitan Area Ratio※	54.5%	47.3%	▲7.2P

※Capital Area, Kinki, Chukyo, Fukuoka and Sapporo

	FY2020/3 Plan	vs. Plan change
	1,950	—
	76,000	▲1.3%
	16,500	▲6.1%
	21.7%	▲1.0P
	50%	▲2.7P

- Increase in the number of delivered units
- Expansion of compact condominium
 - ・Expecting a slight decline in gross profit margin
- Expansion of local city ratio
- First condominium completion in Sapporo and Nagoya



NEBEL Itabashi



LEBEN Ageo GRAN MAJESTA

Contract progress

Delivery schedule for the term (Units)

Period	Units scheduled for delivery	At the beginning of the year	Contract progress ratio
FY2018/3	1,600	526	32.9%
FY2019/3	1,700	528	31.1%
FY2020/3	1,950	792	40.6%

Delivery schedule for the next term (Units)

Period	Units scheduled for delivery	At the beginning of the year	Contract progress ratio
FY2019/3	1,700	28	1.6%
FY2020/3	1,950	23	1.2%
FY2021/3	2,200	151	6.9%

- Contract progress ratio at the beginning of the year progressed smoothly

Schedule for completion of condominiums

The Mid-Term Management Plan	FY2019/3	FY2020/3
Units Sold	1,700	1,950
Metropolitan Area Ratio※	55.5%	50%

※Capital Area, Kinki, Chukyo, Fukuoka and Sapporo



	FY2019/3	FY2020/3
	Units Sold	Completion units
1Q	144	0
2Q	275	697
3Q	233	154
4Q	1,004	1,092
Total	1,656	1,943
Metropolitan Area Ratio※	54.5%	47.3%

※Capital Area, Kinki, Chukyo, Fukuoka and Sapporo

- Improvement of concentration on the fourth quarter
- Expansion of local city ratio

Real Estate Sales Business / Detached Houses

	FY2019/3 Actual	FY2020/3 Forecast	YoY change
Units Sold (Units)	131	200	69units
Net Sales (Million yen)	8,817	10,000	13.4%
Gross Profit (Million yen)	701	1,000	42.6%
Gross Profit Margin	8.0%	10.0%	2.0P

FY2020/3 Plan	vs. Plan change
230	▲30units
13,200	▲24.2%
1,700	▲41.2%
12.9%	▲2.9P

- Ensure short delivery cycle
- Purchase carefully selected sites
- Improve gross profit margin

LP Hanakoganei PRIMA CITY



LP Nishifunabashi

Real Estate Sales Business / Renewal Resale

	FY2019/3 Actual	FY2020/3 Forecast	YoY change
Purchased Units (Units)	257	240	▲17units
Owned Units of End of FY (Units)	229	389	160units
Net Sales (Million yen) (Revenue from Sale)	3,305	2,720	▲17.7%
Gross Profit Margin(Million yen) (From Sale)	537	320	▲40.5%
Gross Profit Margin (From Sale)	16.3%	11.8%	▲4.5P

FY2020/3 Plan	vs. Plan change
240	—
320	69units
2,720	—
320	—
11.8%	—

- Continue active purchasing
- Reduce time from move-out to resale
- In-house production of repair work

Business model

Purchase of rental properties

- Low cost purchasing
- Rental income under rental



Real Estate Sales Business / Liquidation①

Income Real Estate	FY2019/3 Actual	FY2020/3 Forecast	YoY change
Investment Amount (Million yen)	34,147	30,000	▲12.1%
Sale Amount (Million yen)	33,502	30,000	▲10.5%
Gross Profit Margin (Million yen) (From Sale)	7,235	6,300	▲12.9%
Gross Profit Margin (From Sale)	21.6%	21.0%	▲0.6P

FY2020/3 Plan	vs. Plan change
30,000	—
26,000	15.4%
4,700	34.0%
18.1%	2.9P

- Stable investment and return cycle continuation
- Implementation of carefully selected investment
- Active development of residence

Properties in progress



LUXENA Kachidoki

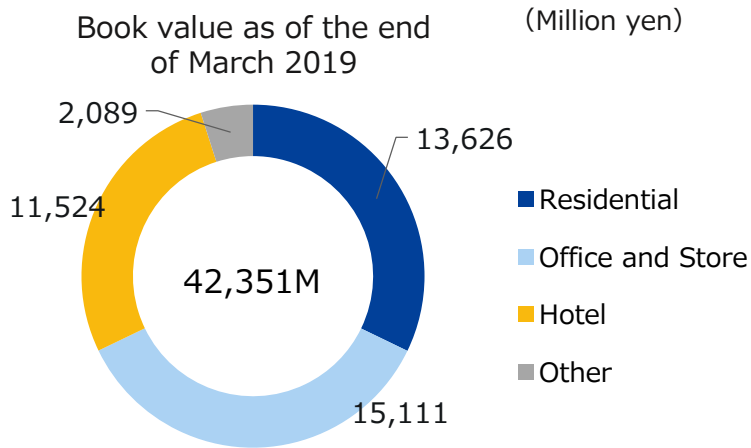


LUXENA Nagareyama-Ootakanomori

Real Estate Sales Business/Liquidation②

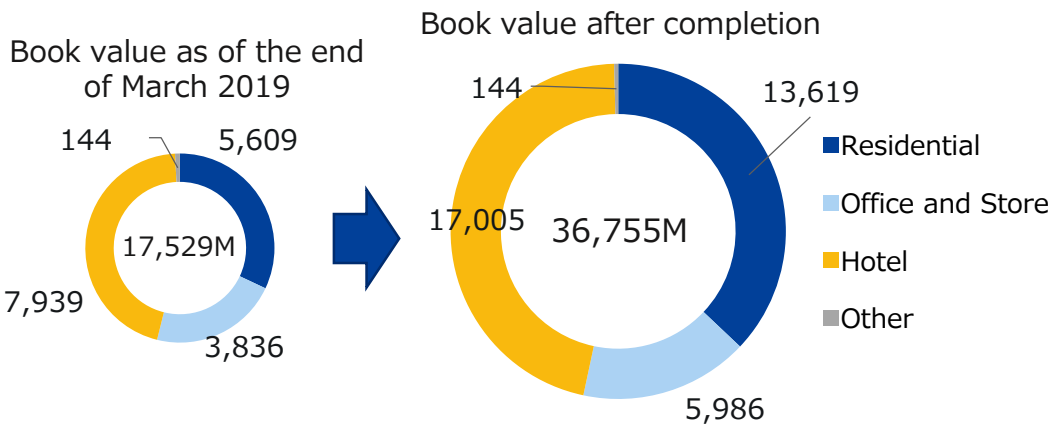
Assets size

Existing and Built-up property

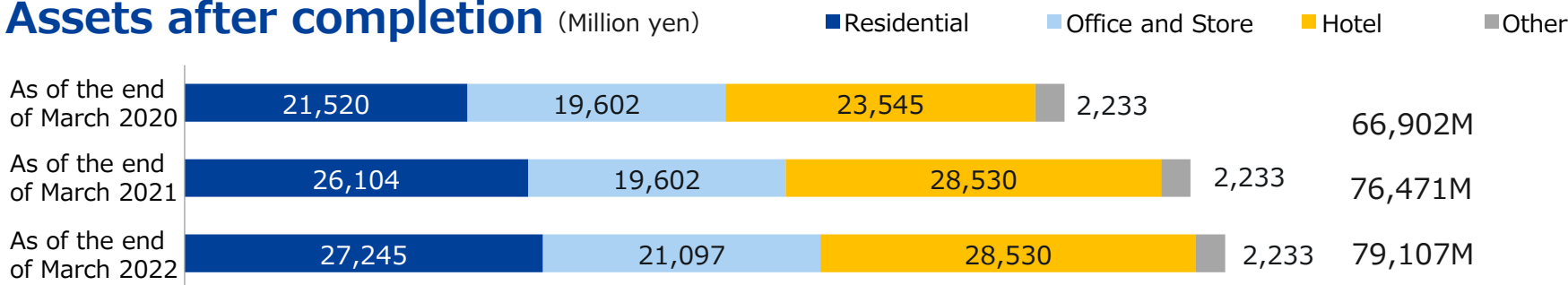


※Including securitized assets recorded in real estate held for sale

Under development property (Million yen)



Assets after completion (Million yen)



Secured assets of 79,107 million yen including completed parts in the future

Real Estate Rental Business · Real Estate Management Business

Real Estate Rental Business	FY2019/3 Actual	FY2020/3 Forecast	YoY change	FY2020/3 Plan	vs. Plan change
Net Sales (Million yen)	5,829	6,000	2.9%	6,000	—
Gross Profit Margin	20.7%	25.0%	4.3P	25.0%	—

- Accumulation of rental income in renewal resale business

Real Estate Management Business	FY2019/3 Actual	FY2020/3 Forecast	YoY change	FY2020/3 Plan	vs. Plan change
Number of Managed Units (Units)	54,036	58,800	4,764units	57,600	1,200units
Percentage of Non-Group Units Managed	47.4%	48.5%	1.1P	48.1%	0.4P
Net Sales (Million yen)	4,512	5,200	15.2%	5,000	4.0%
Gross Profit Margin	14.0%	14.4%	0.4P	13.0%	1.4P

- Continue to acquire replacements
- Expansion of fee business derived from management

Electric Power Generation Business①

		FY2019/3 Actual	FY2020/3 Forecast	YoY change		
Facilities sale	Cumulative Generation Capacity (MW)	119	150	31MW	FY2020/3 Plan	vs. Plan change
	Net Sales (Million yen)	6,100	17,000	178.7%	200	▲50MW
	Gross Profit (Million yen)	1,414	2,700	90.9%	17,000	—
	Gross Profit Margin	23.2%	15.9%	▲7.3P	2,700	—
The Company's own power generation	Net Sales (Million yen)	4,694	4,100	▲12.7%	15.9%	—
	Gross Profit (Million yen)	8	200	2,276.3%	4,100	—
	Gross Profit Margin	0.2%	4.9%	4.7P	200	—
					4.9%	—

- Decrease in commercializable properties due to revision of FIT system
 - Focus on large-scale properties
 - Step up acquisitions through M&A
- Decline in gross profit margin due to rising license costs
- Consideration of other energy sources
 - Wind, biomass, etc.



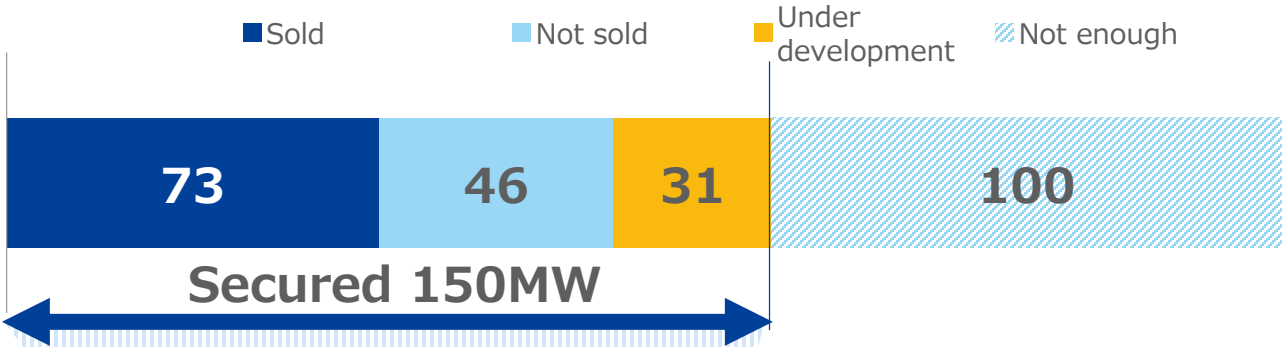
LS Aomori Hiranai power-generation facility

Electric Power Generation Business②

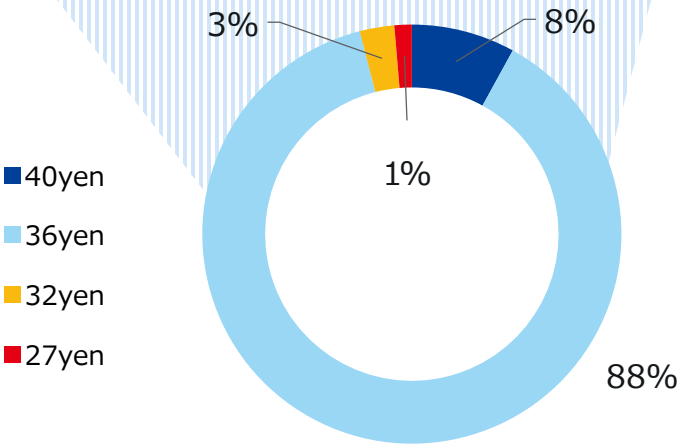
Power generation facility status

Generation scale (MW)

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



FIT by generation scale



LS Nagasaki Isahaya power-generation facility

Other Businesses

Net Sales (Million yen)	FY2019/3 Actual	FY2020/3 Forecast	YoY change
Sale and brokerage fees	725	1,100	51.6%
Management compensation	1,037	800	▲22.9%
Revenue from repair work	1,546	1,600	3.5%
Revenue from construction work	1,597	2,100	31.4%

FY2020/3 Plan	vs. Plan change
1,100	—
800	—
1,600	—
2,100	—

- Establishing a stable fee business
- Increase in repair work
- Increase in construction work



Business Outlook for The Year Ended March 2020

(Million yen)	FY2019/3 (47th) Actual	FY2020/3 (48th) Forecast	YoY change		FY2020/3 (48th) Plan	vs. Plan change
Real estate sales business	104,823	120,720	15.2%		120,920	▲0.2%
Real estate rental business	5,829	6,000	2.9%		6,000	—
Real estate management business	4,512	5,200	15.2%		5,000	4.0%
Electric Power Generation Business(Facilities sale)	6,100	17,000	178.7%		17,000	—
Electric Power Generation Business(The Company's own power generation)	4,694	4,100	▲12.7%		4,100	—
Other businesses	6,045	6,980	15.5%		6,980	—
Total net sales	132,005	160,000	21.2%		160,000	—
Operating income	10,046	13,000	29.4%		13,000	—
Ordinary income	9,027	11,800	30.7%		11,800	—
Net income attributable to owners of parent	6,426	8,000	24.5%		8,000	—

- Plan a significant profit increase compared to the previous year

Business Outlook (Net Sales·Gross Profit) ①

(Million yen)		FY2019/3 (47th) Actual	FY2020/3 (48th) Forecast	YoY change		
New Built-for-Sale Condominiums	Net sales	57,203	75,000	31.1%	FY2020/3 (48th) Plan	vs. Plan change
	Gross profit	11,977	15,500	29.4%	76,000	▲1.3%
Detached Houses	Net sales	8,817	10,000	13.4%	16,500	▲6.1%
	Gross profit	701	1,000	42.6%	13,200	▲24.2%
Renewal Resale Business	Net sales	3,305	2,720	▲17.7%	1,700	▲41.2%
	Gross profit	537	320	▲40.5%	2,720	—
Liquidation Business	Net sales	33,502	30,000	▲10.5%	320	—
	Gross profit	7,235	6,300	▲12.9%	26,000	15.4%
Other Businesses	Net sales	1,993	3,000	50.5%	4,700	34.0%
	Gross profit	608	400	▲34.2%	3,000	—
					400	—

Business Outlook (Net Sales・Gross Profit) ②

		FY2019/3 (47th) Actual	FY2020/3 (48th) Forecast	YoY change		
(Million yen)					FY2020/3 (48th) Plan	vs. Plan change
Real Estate Rental Business	Net sales	5,829	6,000	2.9%	6,000	—
	Gross profit	1,207	1,500	24.2%	1,500	—
Real Estate Management Business	Net sales	4,512	5,200	15.2%	5,000	4.0%
	Gross profit	633	750	18.4%	650	15.4%
Electric Power Generation Business (Facilities sale)	Net sales	6,100	17,000	178.7%	17,000	—
	Gross profit	1,414	2,700	90.9%	2,700	—
Electric Power Generation Business (The Company's own power generation)	Net sales	4,694	4,100	▲12.7%	4,100	—
	Gross profit	8	200	2,276.3%	200	—
Other Businesses	Net sales	6,045	6,980	15.5%	6,980	—
	Gross profit	2,561	2,830	10.5%	2,830	—
Total	Net sales	132,005	160,000	21.2%	160,000	—
	Gross profit	26,886	31,500	17.2%	31,500	—

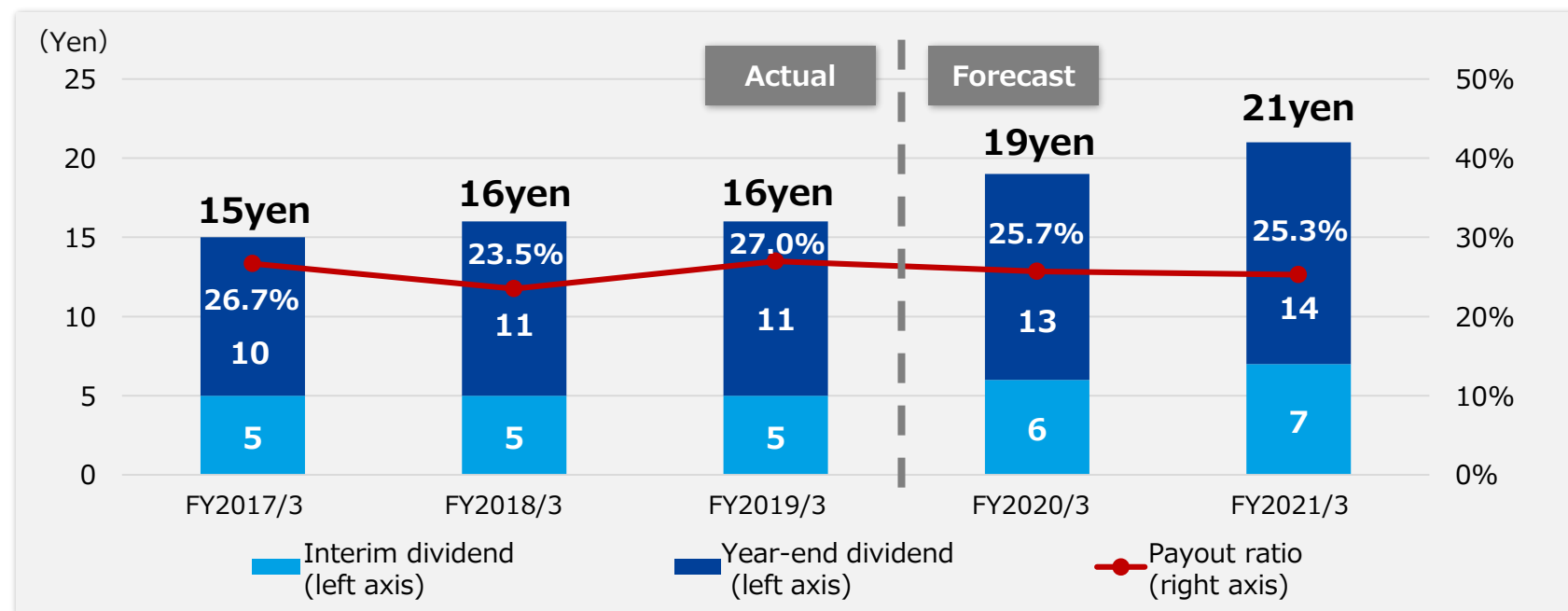
Shareholder Return and ESG Initiatives



Dividend and Capital Policy

Payout Ratio

25%~30%



Cancellation of treasury stock

Holding standard of treasury stock about **10%**

Number of canceled shares	Total number of issued shares after cancellation	Number of treasury stock at end of year
3,000,000	121,000,000	12,587,307
Percentage of total issued shares before cancellation 2.42%		Percentage of total issued shares after cancellation 10.40%

ESG Initiatives①

STEP 1

Grasp and organize social issues

We extracted 31 issues involving the business environment based on GRI, Sustainable Development Goals (SDGs), SASB and other international guidelines, as well as our Group philosophy and our mid-term business plan, and demands from our customers, investors, the local community, employees and all other stakeholders.

STEP 2

Evaluate importance from Takara Leben's perspective

Utilized questionnaires aimed at all employees including management and officers, to identify relations between social issues and our business and Group philosophy, and rank them in accordance with priority.

STEP 3

Evaluate importance from our stakeholders' perspectives

Utilized questionnaires aimed at shareholders and investors, customers, and business partners, as well as drawing on guidelines such as the GRI and SDGs to rank issues.

STEP 4

Identifying key issues

Priorities were revised from the perspectives of Takara Leben and our stakeholders, a review was conducted by management, and then the key issues were identified.

The 15 Issues Identified

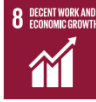















- Support for diversifying lifestyles and globalization
- Responses to changes to business models brought by an ageing society and depopulation
- Urban development and creating towns
- Construction and maintenance of a corporate governance system
- Promoting compliance
- Employee health management
- Encouraging the strong roles of diverse human resources
- Providing safe, secure products and services
- Improving customer satisfaction
- Improving value of buildings
- Providing buildings and spaces that consider the environment and culture
- Responses to global warming
- Initiatives for renewable energy
- Effective use of resources
- Responses to disasters

STEP 5

Setting policies for key CSR themes

Polices were set for the four key CSR themes.

ESG Initiatives②

Key CSR Themes	Key issues	Related SDGs	Policies
Creating lifestyles with value We contribute to improving the richness of people's lifestyles by creating new value.	<ul style="list-style-type: none"> ● Support for diversifying lifestyles and globalization ● Responses to changes to business models brought by an ageing society and depopulation 	  	<ul style="list-style-type: none"> ● Provide products and services that respond to changing social issues and needs. ● Provide lifestyles that harmonize residents and surrounding environments, such as the LEBEN or NEBEL brands.
Forming communities We form communities with stakeholders—such as local communities, trading partners, and employees—and aim for growth together.	<ul style="list-style-type: none"> ● Urban development and creating towns ● Construction and maintenance of a corporate governance system ● Promoting compliance ● Employee health management ● Encouraging the strong roles of diverse human resources 	     	<ul style="list-style-type: none"> ● Contribute to the revitalization of regional areas through our regional city revitalization business, which connect urban and regional areas. ● Improve our ability to respond to risk through thorough risk assessment and management. ● Provide opportunities and environments where a diverse range of people can work energetically. ● Corporate activities that can respond to social needs with an emphasis on dialogues with our stakeholders.
Providing comfortable spaces of high quality We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.	<ul style="list-style-type: none"> ● Providing safe, secure products and services ● Improving customer satisfaction ● Improving value of buildings 	  	<ul style="list-style-type: none"> ● Improve customer satisfaction levels through the use of our proprietary Service Quality Management System (SGMS). ● Create housing that combines both design and habitability, pursuing the performance of housing. ● Improve building value through regular repairs and renovations to improve building comfort, functionality, and safety.
Developing environments and cultures We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving quality of life by providing opportunities for mental activities such as learning and practicing the arts.	<ul style="list-style-type: none"> ● Providing buildings and spaces that consider the environment and culture ● Responses to global warming ● Initiatives for renewable energy ● Effective use of resources ● Responses to disasters 	   	<ul style="list-style-type: none"> ● Reduce greenhouse gas emissions through supplying housing with high environmental performance and our renewable energy power generation business. ● Provide seismic-resistant and fire-resistant housing that can withstand natural disasters. ● Provide opportunities for cultural activities to our stakeholders.

ESG Initiatives③

March 2019

Establishment of Nomination Committee and Remuneration Committee

- **Established Nomination Committee and Remuneration Committee as voluntary advisory bodies of the Board of Directors**

Sought further enhancement and reinforcement of the corporate governance structure, enhancing the objectivity and transparency of the process for determining important matters such as the personnel affairs and compensation of directors, etc. by properly ensuring that Outside Directors have the opportunity to be involved in the decision-making process and offer advice.

Compliance & Risk Management Committee

- **Compliance & Risk Management Committee chaired by our President.**

The Committee validates and reports all business-related risks, holds discussions and makes decisions on measures and management to counter or reduce risks, and works thoroughly on strengthening internal controls and preventing misconduct, lack of compliance, and other similar incidents.

Appendix



Supply Area

Advance to 31 prefectures

Strengthening of land purchase nationwide by developing new bases
Expanding area



New purchase area

Yamanashi Kouchi
Fukuoka Kumamoto

New supply area



Hokkaidou

LEBEN
Kanjodori Higashi
THE RESIDENCE



Iwate

LEBEN Morioka
Chuodori
THE BIRTH



Aichi

LEBEN Nagoya
Matsushigecho
GRAND AUBE



Ooita

LEBEN
Higashikasuga
Midoasis



Kagoshima

LEBEN Nishisengoku
MID SQUARE



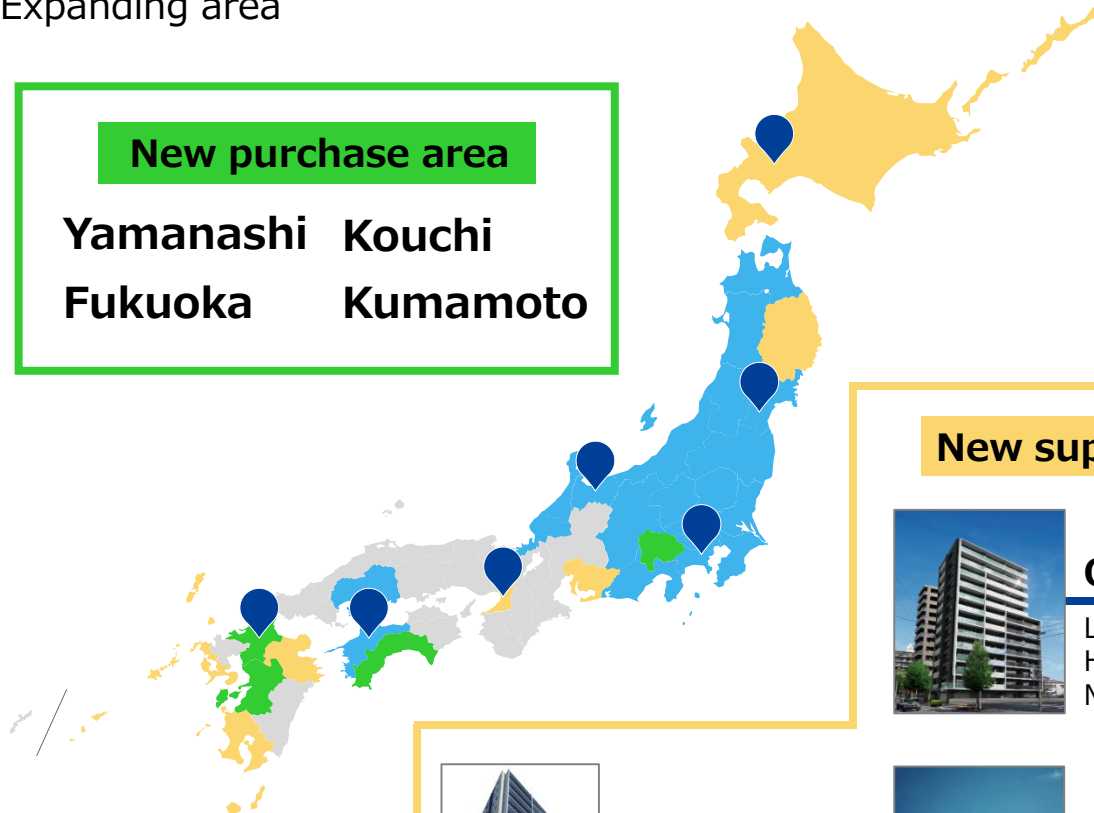
Oosaka

NEBEL Oosaka
Uehonmachi



Nagasaki

LEBEN Sasebo
STATION PLACE



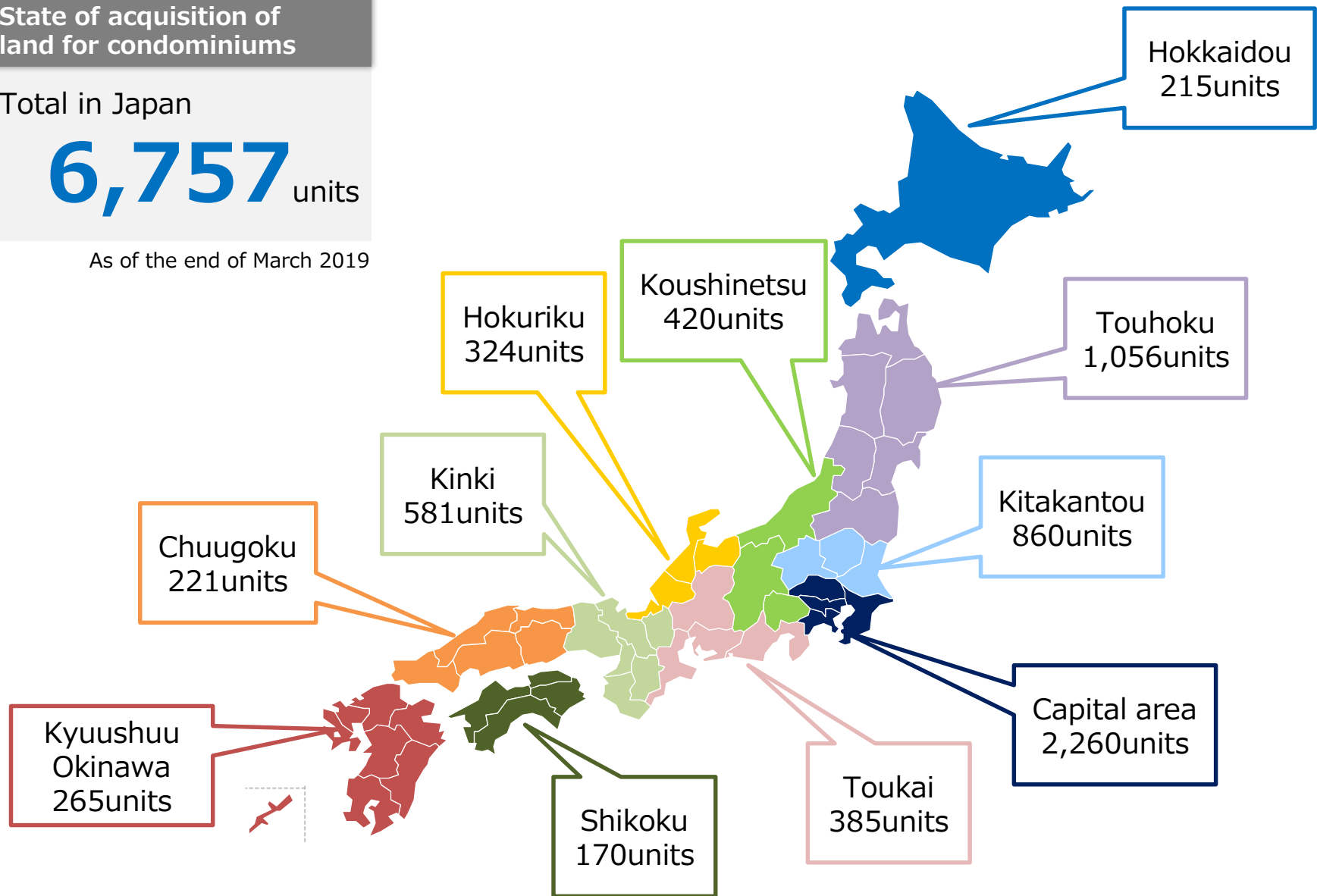
Land for Condominiums

State of acquisition of
land for condominiums

Total in Japan

6,757 units

As of the end of March 2019

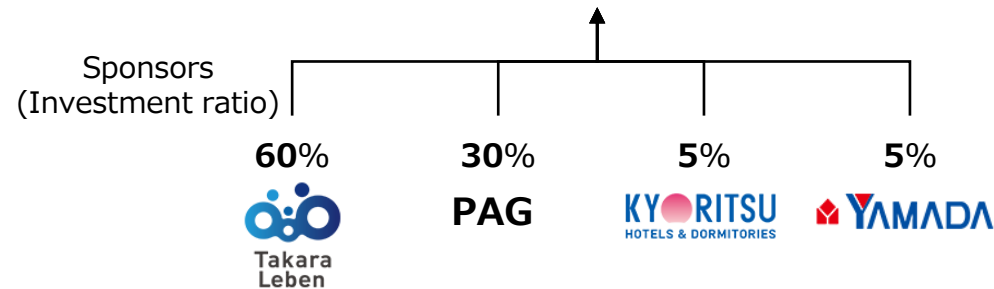


Listing of REIT

July 27, 2018

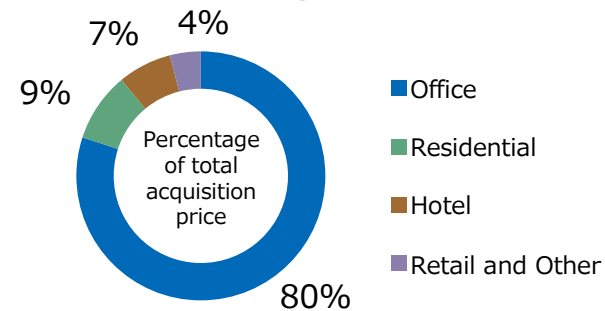
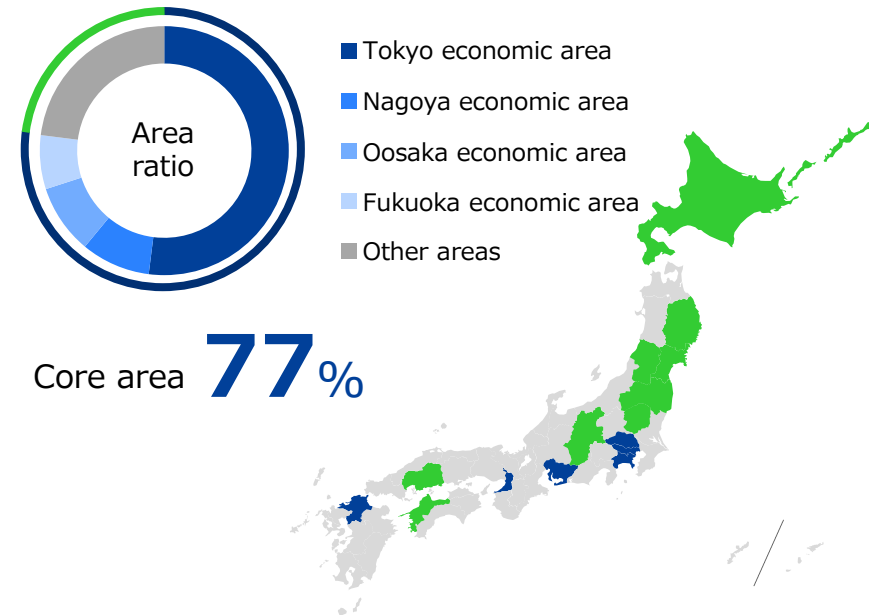
Takara Leben Real Estate Investment Corporation
was listed on the Tokyo Stock Exchange

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



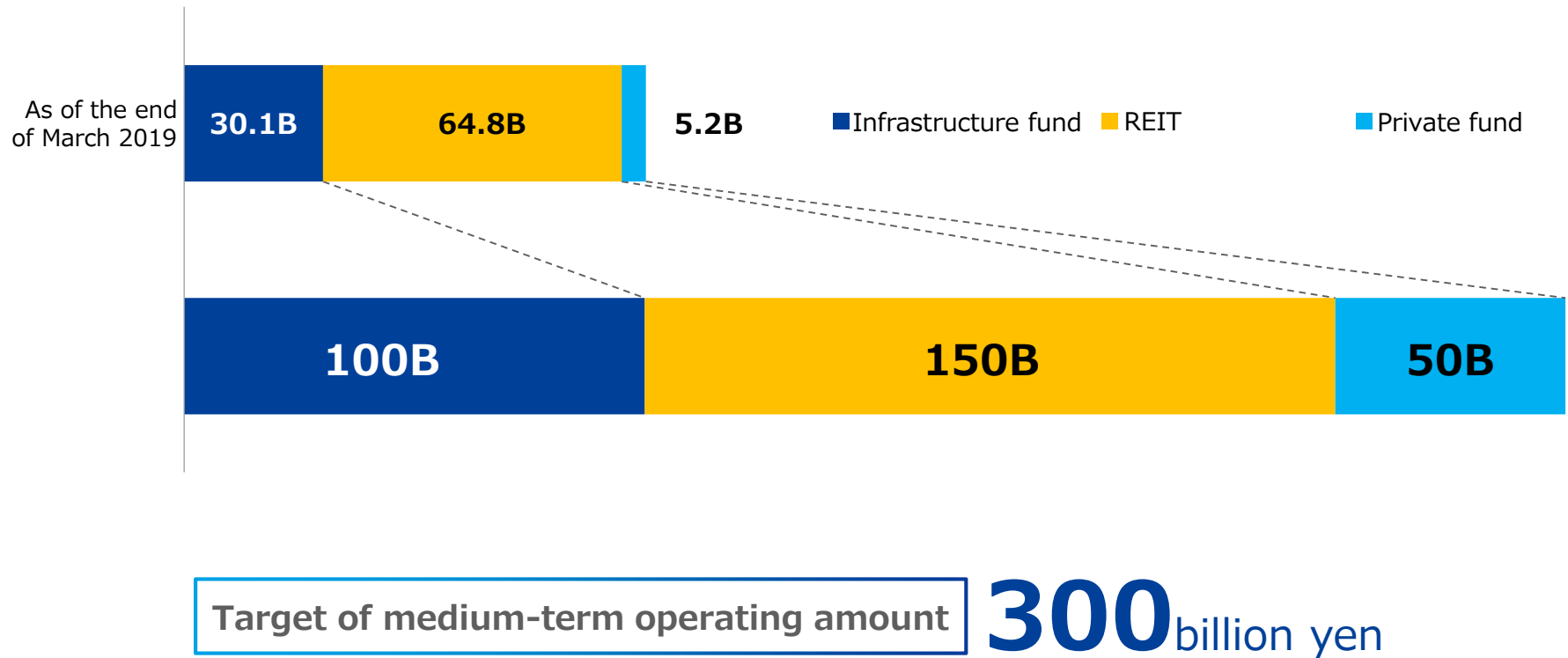
Number of properties **28**

Acquisition price **64,870** million yen

As of March 28, 2019

Amount of Asset Management

- Operating Infrastructure fund, REIT and Private fund



Overseas Business

First overseas condominium development



【Socialist Republic of Viet Nam】

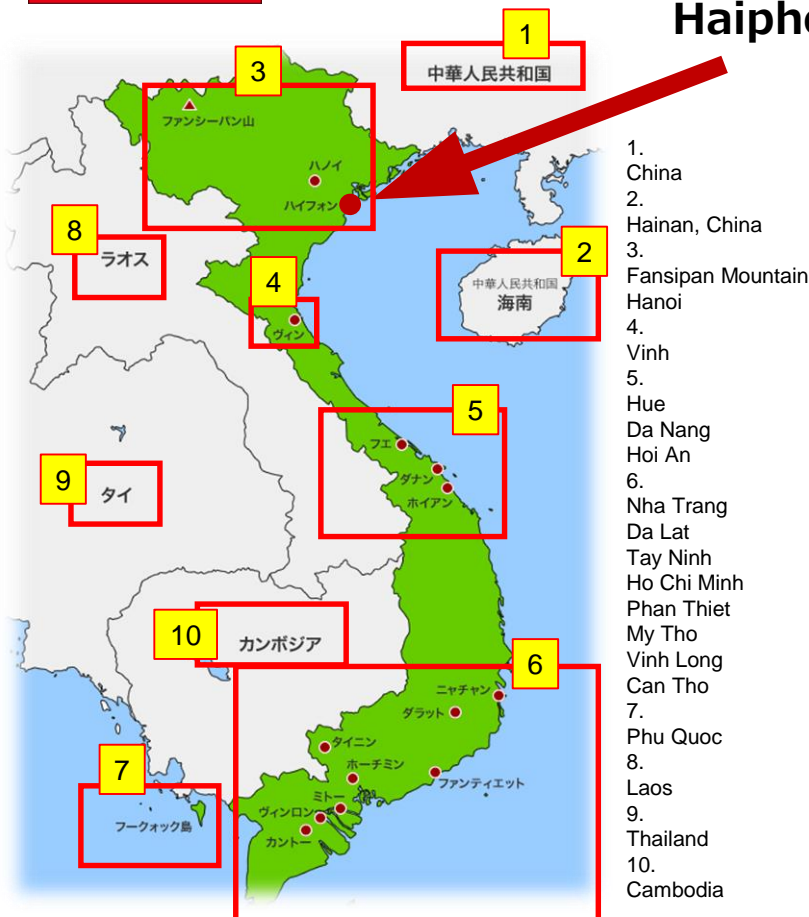
Haiphong



【Logo】



【Image of appearance】



● “THE MINATO RESIDENCE” Project

⇒ Joint project between Takara Leben and Fujita
Mixed-use retail condominium, the first condominium development by Japanese consortium in Haiphong, Vietnam’s third largest city

■ Outline of project

Business: Condominium development

Location : Le Chan, Haiphong, Vietnam

Scale : Site area: 12,760m² / 26 floors above ground. 26/924 units

These materials were prepared based on data current as of March 31, 2019.

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.

Contact for Inquiries
Takara Leben Co., Ltd.
Office of the President

TEL

+81-3-6551-2130

FAX

+81-3-6551-2139

E-mail

ir.info@leben.co.jp