

Takara Leben Co., Ltd.





Earnings Results Briefing
for The Six Months Ended
September 30, 2019

October 31, 2019



Security code
8897

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Summary of Business
Results for
The Six Months Ended
September 30, 2019



Highlights

- **Increased number of delivered units in the new built-for-sale condominium business**
 - 670 units delivered in the first half
(251 unit increase from the same period last year)
- **Improvement in the constructed new built-for-sale condominium completion schedules centralized in the second half**
 - About 700 units completed in the first half
(about 300 units were completed in the same period last year)
- **Increased number of contracted units in the new built-for-sale condominium business**
 - 1,102 units were contracted in the first half (181 units increase from the same period last year)
 - Good contract progress ratio
(78.9% for those delivered in the fiscal year under review; 23.0% for those to be delivered in the next fiscal year)
- **Properties sold to Takara Leben Real Estate Investment Corporation for two consecutive fiscal years**
 - About 10 billion yen in sales (about 6.2 billion yen for the same period last year)
- **Steady expansion of amount of asset management**
 - About 133.4 billion yen as of the end of September 2019
(About 35.4 billion yen increase from the end of the previous fiscal year)

Consolidated Income Statement

(million yen)	Six months ended September 30, 2018 (47th)	Six months ended September 30, 2019 (48th)	YOY change
Net sales	49,662	57,998	16.8%
Operating income	2,486	3,879	56.0%
Ordinary income	1,925	3,414	77.3%
Net income attributable to owners of parent	1,209	2,260	86.9%

- Increase in the number of delivered units in new built-for-sale condominium business
- Progress of liquidation business

Net Sales by Segment

(million yen)		Six months ended September 30, 2018 (47th)	Six months ended September 30, 2019 (48th)	YOY change
Real estate sales business	New built-for-sale condominium business	17,036	24,874	46.0%
	New detached house business	2,617	2,092	▲20.0%
	Renewal resale business	1,629	1,578	▲3.1%
	Liquidation business	12,507	16,491	31.9%
	Others	234	1,065	354.0%
Real estate rental business		2,858	2,886	1.0%
Real estate management business		2,179	2,468	13.3%
Electric power generation business	Facilities sale	5,390	383	▲92.9%
	The Company's own power generation	2,614	2,928	12.0%
Other businesses		2,593	3,230	24.5%
Total net sales		49,662	57,998	16.8%

- Increase in sales of new built-for-sale condominium business due to the increase in the number of completed units and delivered units
- Accumulation of stock business such as real estate rental and management business

Selling, General and Administrative Expenses

(million yen)	Six months ended September 30, 2018 (47th)	Six months ended September 30, 2019 (48th)	YOY change
Public relations fee	517	739	222
Sales expenses	2,470	2,675	205
Advertising expenses (Property sales)	2,285	2,485	199
Sales commission (Liquidation)	184	189	5
Personnel expenses	2,568	2,917	349
Others	1,851	2,279	427
Total	7,407	8,611	1,204

- Implementation of branding activities for the 50th anniversary
- By expanding supply areas and increasing the number of units sold
- By increasing in personnel and revision of personnel system implemented in July of the previous fiscal year

Consolidated Balance Sheet

(million yen)	As of the end of March 2019 (47th)	As of the end of September 2019 (48th)	YOY change
Current assets	98,512	132,556	34.6%
Cash and deposits	21,165	30,239	42.9%
Inventories	68,681	92,605	34.8%
Real estate for sale	18,821	25,232	34.1%
Power generation facilities for sale	–	11,942	–
Real estate for sale in progress	49,860	55,430	11.2%
Fixed assets	86,286	80,085	▲7.2%
Total assets	184,893	212,721	15.1%

(million yen)	As of the end of March 2019 (47th)	As of the end of September 2019 (48th)	YOY change
Current liabilities	58,539	77,634	32.6%
Notes and accounts payable – trade	7,790	11,620	49.2%
Short-term borrowings and current portion of long-term borrowings	37,575	50,989	35.7%
Fixed liabilities	78,619	85,692	9.0%
Long-term borrowings	73,882	81,218	9.9%
Total liabilities	137,158	163,327	19.1%
Net assets	47,734	49,394	3.5%
Capital stock	4,819	4,819	–
Total liabilities and net assets	184,893	212,721	15.1%

- **Real estate for sale** : Transfer from fixed assets to current assets
(real estate and power generation facilities for sale)
- **Real estate for sale in progress** : By increasing in steady purchases of housing lots

Breakdown of Real Estate for Sale

(million yen)	As of the end of March 2018 (46th)	As of the end of March 2019 (47th)	As of the end of September 2019 (48th)
New built-for-sale condominium	12,917	5,727	6,435
New detached houses	1,441	2,579	3,367
Renewal resale	2,015	4,993	5,786
Liquidation	3,350	5,510	9,642
Others	554	10	—
Total	20,279	18,821	25,232

- **New built-for-sale condominium** : By increasing in completion of condominiums
- **Liquidation** : By increasing in transfer from fixed assets

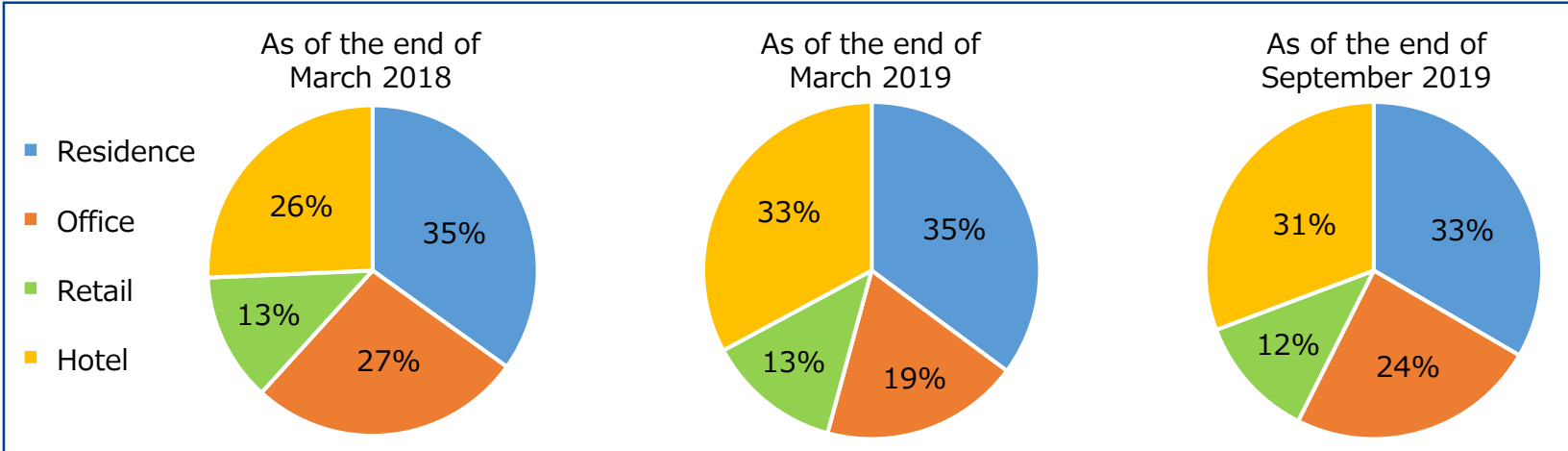
Breakdown of Assets and Borrowings by Segment

As of the end of September 2019 (48th) (million yen)	Real estate and power generation facilities for sale	Real estate for sale in progress	property, plant and equipment	Assets total	Borrowings
New built-for-sale condominium	6,435	49,094	–	55,530	45,492
New detached houses	3,367	3,814	–	7,181	5,803
Renewal resale	5,786	80	–	5,866	3,741
Liquidation	9,642	1,604	50,582	61,829	42,884
Power generation facilities	11,942	–	15,701	27,644	27,312
Others	–	837	2,333	3,171	–
Total	37,174	55,430	68,617	161,222	125,233 ※

※Separately, there is 7,174 million yen in borrowings not linked to the above assets

Breakdown of Liquidation Assets

(million yen)	As of the end of March 2018 (46th)	As of the end of March 2019 (47th)	As of the end of September 2019 (48th)
Residence	20,014	20,822	20,646
Office	15,406	11,295	14,856
Retail	7,203	7,653	7,330
Hotel	14,727	19,463	18,995
Total	57,352	59,234	61,829



Progress Status for Full-Year Business Plan①

(million yen)		Year ended March 31, 2020 (48th) (Forecast)	Six months ended September 30, 2019 (48th)	Progress ratio	Supplementary explanation
New built-for-sale condominium business	Net sales	75,000	24,874	33.2%	About 79% of the full year planned is contracted
	Gross profit	15,500	5,780	37.3%	
New detached house business	Net sales	10,000	2,092	20.9%	Delivery is concentrated in the second half
	Gross profit	1,000	161	16.2%	
Renewal resale business	Net sales	2,720	1,578	58.0%	Steady progress Focus on reduce time from move-out to resale
	Gross profit	320	233	72.8%	
Liquidation business	Net sales	30,000	16,491	55.0%	Steady progress Net sales contracted for the second half : 2,191 million yen
	Gross profit	6,300	3,044	48.3%	
Others	Net sales	3,000	1,065	35.5%	
	Gross profit	400	653	163.4%	

Progress Status for Full-Year Business Plan②

(million yen)		Year ended March 31, 2020 (48th) (Forecast)	Six months ended September 30, 2019 (48th)	Progress ratio	Supplementary explanation
Real estate rental business	Net sales	6,000	2,886	48.1%	Steady progress
	Gross profit	1,500	753	50.2%	
Real estate management business	Net sales	5,200	2,468	47.5%	Steady progress
	Gross profit	750	257	34.4%	
Electric power generation business (Facilities sale)	Net sales	17,000	383	2.3%	Promotion of sales activities
	Gross profit	2,700	172	6.4%	
Electric power generation business (The Company's own power generation)	Net sales	4,100	2,928	71.4%	
	Gross profit	200	139	69.7%	
Other businesses	Net sales	6,980	3,230	46.3%	Steady progress
	Gross profit	2,830	1,294	45.8%	
Total	Net sales	160,000	57,998	36.2%	
	Gross profit	31,500	12,490	39.7%	

Contract Progress for New Built-for-Sale Condominium Delivery

Delivery schedule for the current term (units)

Period	Units scheduled for delivery	Number of contracted units as of the end of 2Q	Contract progress ratio
Year ended March 31, 2018	1,600	1,064	66.5%
Year ended March 31, 2019	1,700	1,173	69.0%
Year ended March 31, 2020	1,950	1,539	78.9%

Delivery schedule for the next term (units)

Period	Units scheduled for delivery	Number of contracted units as of the end of 2Q	Contract progress ratio
Year ended March 31, 2019	1,700	115	6.8%
Year ended March 31, 2020	1,950	299	15.3%
Year ended March 31, 2021	2,200	506	23.0%

- Steady contract progress of delivery units for the current term and next term

Key Topics for The Six Months Ended September 30, 2019



Topics① Takara Leben Real Estate Investment Corporation's First PO

September 2019
Implementation of PO

The total acquisition price
of 6 properties
22.33 billion yen
(Equity Finance: 13.19 billion yen)

Assets
Acquired



LUXENA
HEIWADAI



LUXENA
KACHIDOKI



Almost Blue



Arietta Hotel
Nagoya



Kaden Sumairu Kan YAMADA
Matsuyama Toiyacho



Kaden Sumairu Kan YAMADA
Kobe Tarumi (Land)

Portfolio status

<Disposition>
TTS Minami
Aoyama Building

Replacement

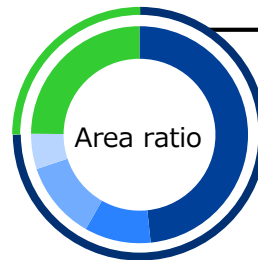
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TA Shonan
Kugenumakaigan

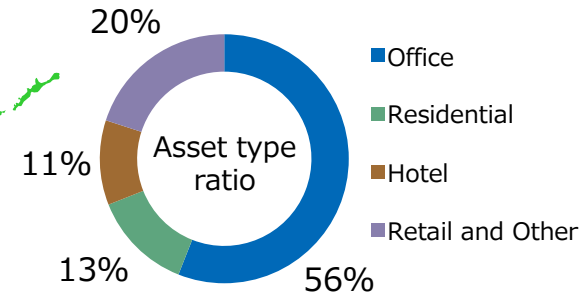
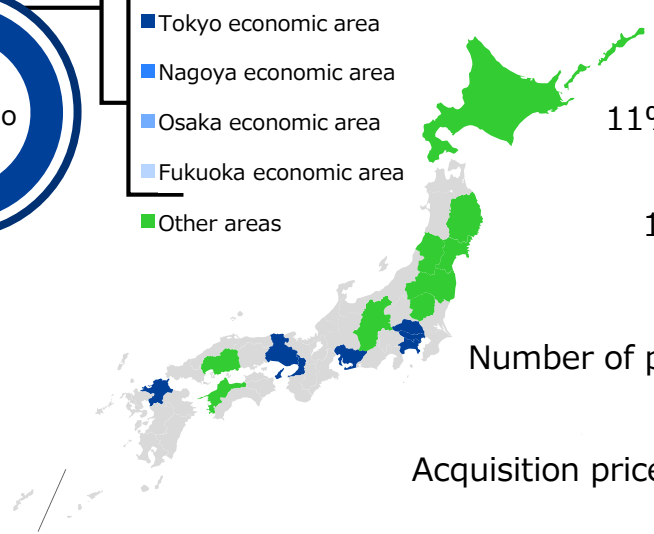


Dormy Inn
Morioka



Core area **75%**

- Tokyo economic area
- Nagoya economic area
- Osaka economic area
- Fukuoka economic area
- Other areas



Number of properties **34**

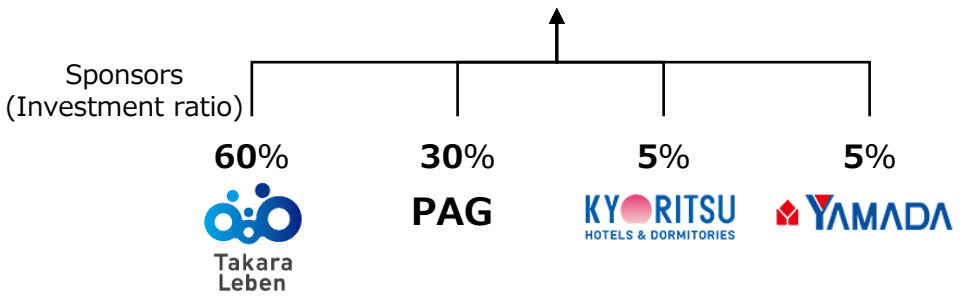
Acquisition price **85.63 billion yen**

After PO in September 2019

Summary of Takara Leben Real Estate Investment Corporation

July 27, 2018
Takara Leben Real Estate Investment Corporation was listed on the Tokyo Stock Exchange

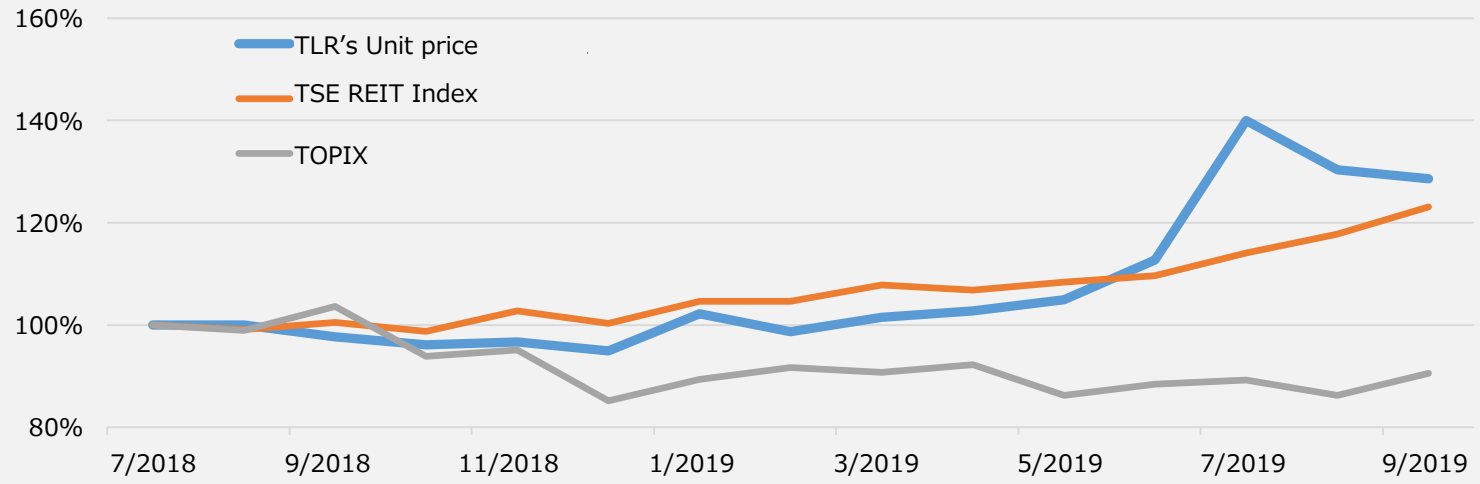
Takara PAG Real Estate Advisory Limited manages the assets of "TLR"



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

Unit price and Index trends ※Indexed July 2018 as 100



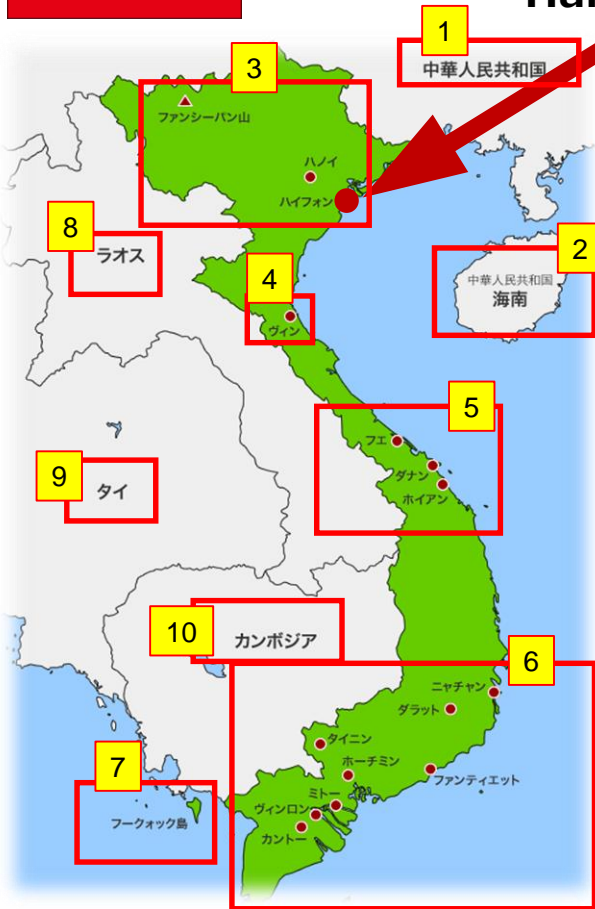
Topics② Overseas Expansion

First overseas condominium development



[Socialist Republic of Vietnam]

Hai Phong



1. China
2. Hainan, China
3. Fansipan Mountain Hanoi
4. Vinh
5. Hue
6. Da Nang
7. Hoi An
8. Nha Trang
9. Da Lat
10. Tay Ninh
- Ho Chi Minh
- Phan Thiet
- My Tho
- Vinh Long
- Can Tho
7. Phu Quoc
8. Laos
9. Thailand
10. Cambodia



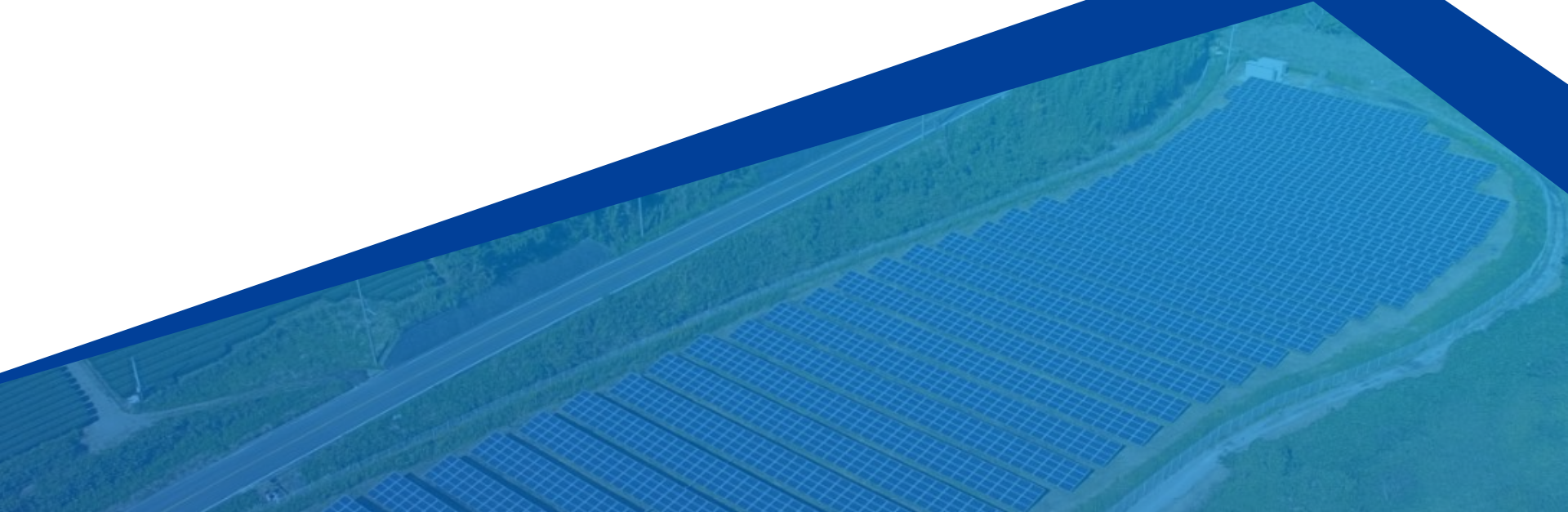
● "THE MINATO RESIDENCE" Project

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

■ Outline of project

Business: Condominium development
 Location : Le Chan, Hai Phong, Vietnam
 Scale : Site area: 12,760m² / 26 floors above ground / 924 units

Business Outlook for The Year Ended March 2020 Dividend and Capital Policy



Business Outlook for The Year Ended March 2020

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

- No change from initial plan

Business Outlook (Net Sales·Gross Profit) ①

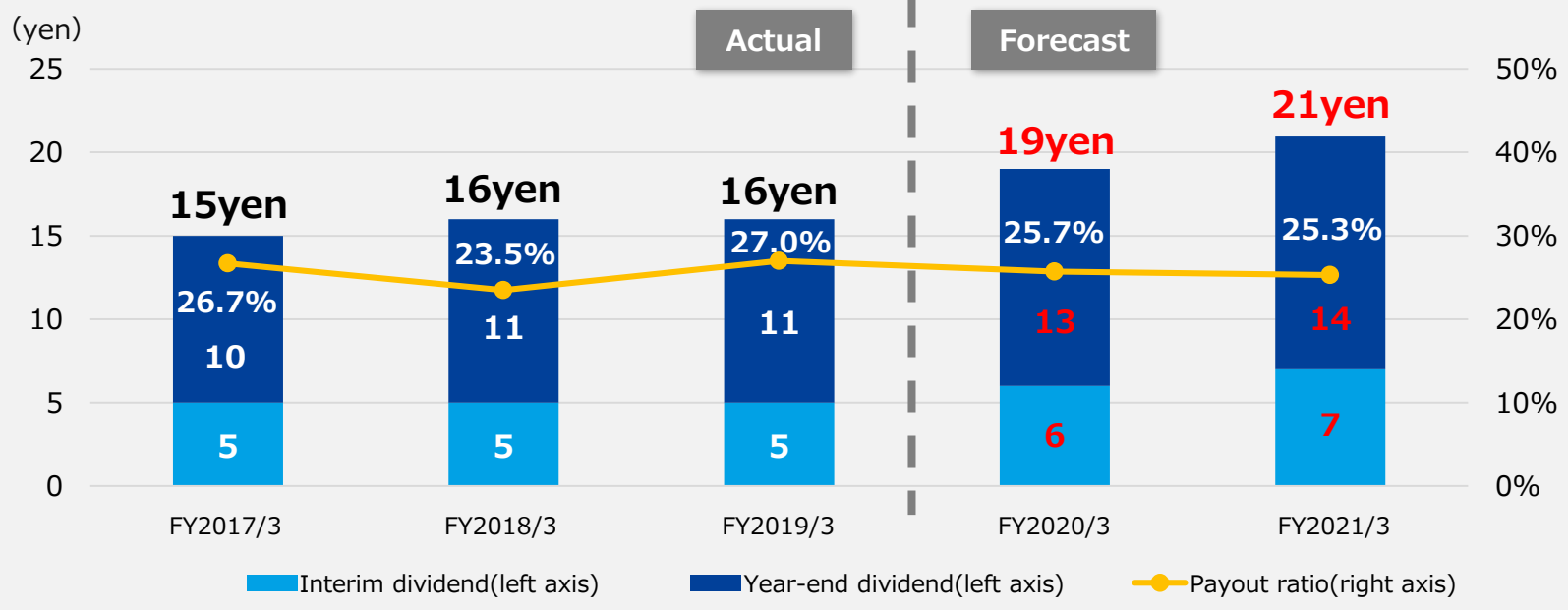
(million yen)		FY2019/3 (47th) Actual	FY2020/3 (48th) Forecast	YoY change
New built-for-sale condominium business	Net sales	57,203	75,000	31.1%
	Gross profit	11,977	15,500	29.4%
New detached house business	Net sales	8,817	10,000	13.4%
	Gross profit	701	1,000	42.6%
Renewal resale business	Net sales	3,305	2,720	▲17.7%
	Gross profit	537	320	▲40.5%
Liquidation business	Net sales	33,502	30,000	▲10.5%
	Gross profit	7,235	6,300	▲12.9%
Others	Net sales	1,993	3,000	50.5%
	Gross profit	608	400	▲34.2%

Business Outlook (Net Sales·Gross Profit) ②

(million yen)		FY2019/3 (47th) Actual	FY2020/3 (48th) Forecast	YoY change
Real estate rental business	Net sales	5,829	6,000	2.9%
	Gross profit	1,207	1,500	24.2%
Real estate management business	Net sales	4,512	5,200	15.2%
	Gross profit	633	750	18.4%
Electric power generation business (Facilities sale)	Net sales	6,100	17,000	178.7%
	Gross profit	1,414	2,700	90.9%
Electric power generation business (The Company's own power generation)	Net sales	4,694	4,100	▲12.7%
	Gross profit	8	200	2,276.3%
Other businesses	Net sales	6,045	6,980	15.5%
	Gross profit	2,561	2,830	10.5%
Total	Net sales	132,005	160,000	21.2%
	Gross profit	26,886	31,500	17.2%

Dividend and Capital Policy

Dividend and Payout ratio



Payout ratio **25%~30%**

Total number of issued shares	Number of treasury stock as of the end of September 2019
121,000,000	12,587,307 Percentage of total issued shares 10.40%

Holding standard of treasury stock
about 10%

Appendix





Supply Area


Advance to 31 prefectures

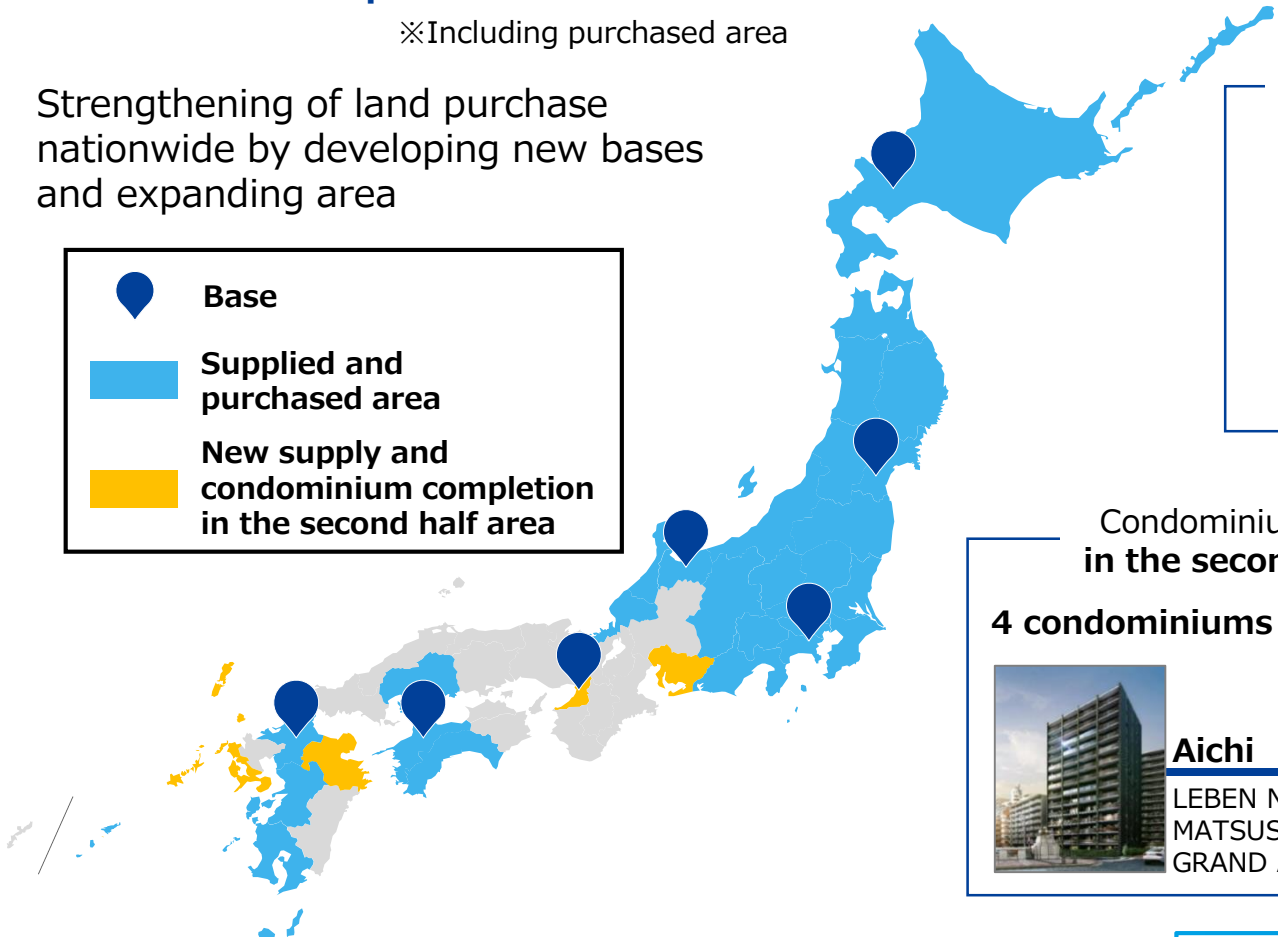
※Including purchased area

Strengthening of land purchase nationwide by developing new bases and expanding area

 Base

 Supplied and purchased area

 New supply and condominium completion in the second half area



Condominiums completed in the first half of the first supply area



Hokkaido
LEBEN
KANJODORIHIGASHI
THE RESIDENCE

Condominiums scheduled for completion in the second half of the first supply area

4 condominiums such as



Aichi
LEBEN NAGOYA
MATSUSHIGECHO
GRAND AUBE



Ooita
LEBEN
HIGASHIKASUGA
MID OASIS

- There are more than 280 cities with a population of 100,000 or more, of these, Takara Leben has already supplied about 30%



Many potential supply areas

Rebuilding and Redevelopment Projects

● Minami-koiwa 6-chome Type 1 Urban Area Redevelopment Project



Participant associates and specific business agents
 Takara Leben, Nomura Real Estate Development, Shimizu Corporation

Total number of units
 About 600 residence units
 (The Area I building is a commercial and office building)

Time of completion
 Area I : Dec. 2020
 Area II : May 2022
 Area III: Jan. 2026

*The total number of units and the time of completion indicate the scheduled number and time

● Odawara Ekimae Condominium Good Building Maintenance Project (Reconstruction Project)



Business cooperator and participant associate
 Takara Leben

Total number of units
 220 units (including 4 store areas)

Time of completion
 Mar. 2023

*The total number of units and the time of completion indicate the scheduled number and time

● Urawa Station West Gate Minami-Takasago District Type 1 Urban Area Redevelopment Project

Specific business agent
 Takara Leben, Maeda Corporation, Saito Construction Company Ltd.

Time of completion
 Mar. 2025



*The time of completion indicates scheduled time

● Takara Leben Tohoku Osaki-City Furukawa-Nanoka-machi Western District Type 1 Urban Area Redevelopment Project

Specific business agent
 Takara Leben Tohoku, HASHIMOTOTEN Co., Ltd., Murata Corporation

Time of completion
 Feb. 2022

Site configuration
 North Area 1 :Residential/commercial building
 North Area 2 :Parking building
 South Area:Regional exchange center building
 East Area:Business building

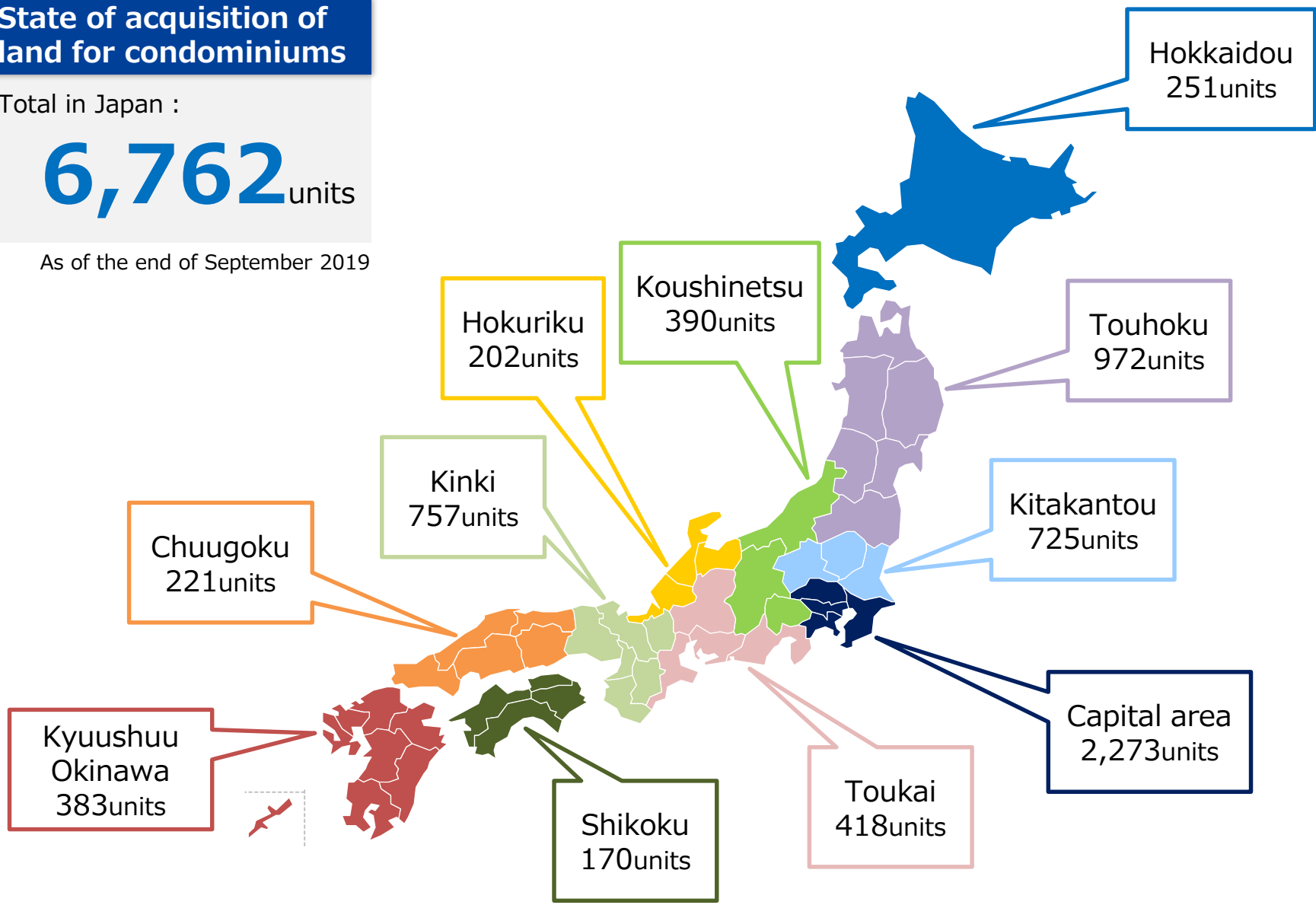
*The time of completion indicates scheduled time

Land for Condominiums

State of acquisition of land for condominiums

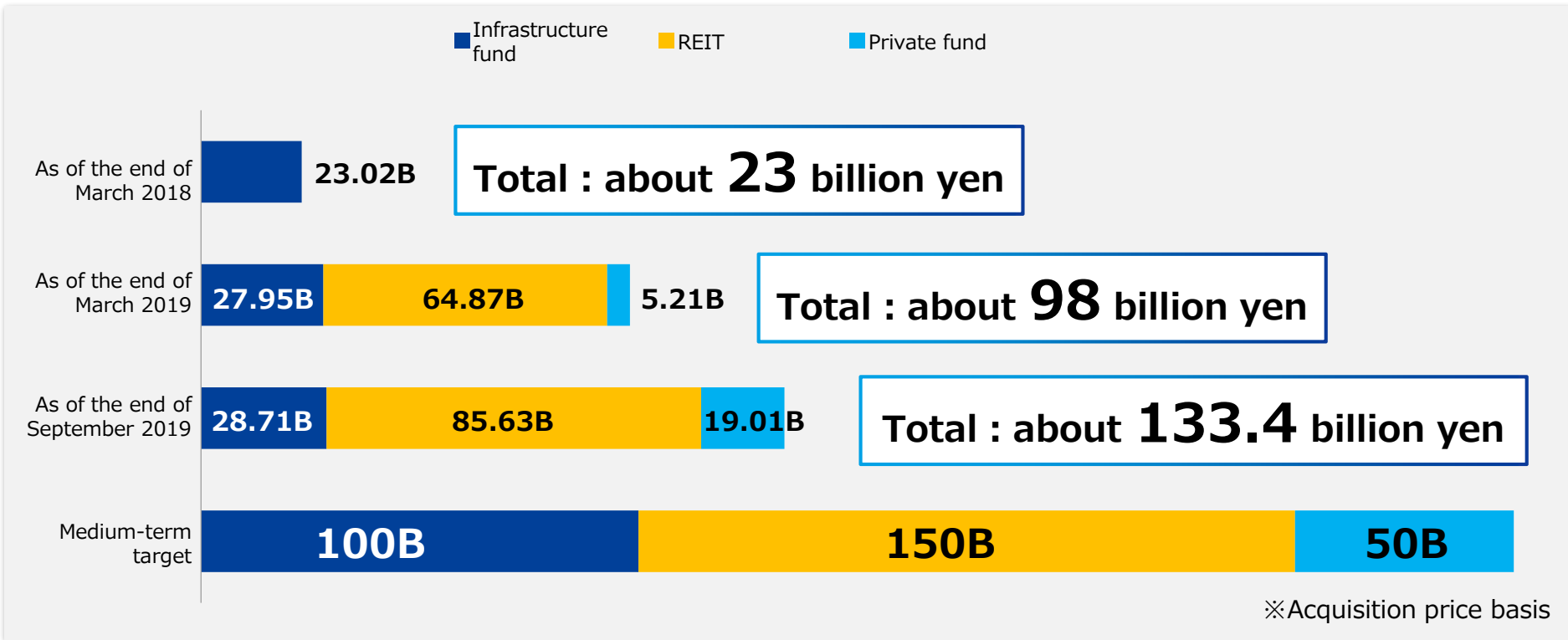
Total in Japan :
6,762 units

As of the end of September 2019



Amount of Asset Management

- Operating Infrastructure fund, REIT and Private fund



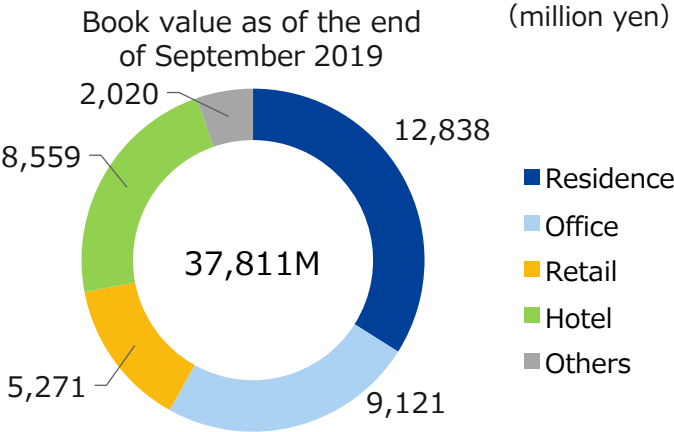
Target of medium-term operating amount

300 billion yen

Status of Liquidation Business

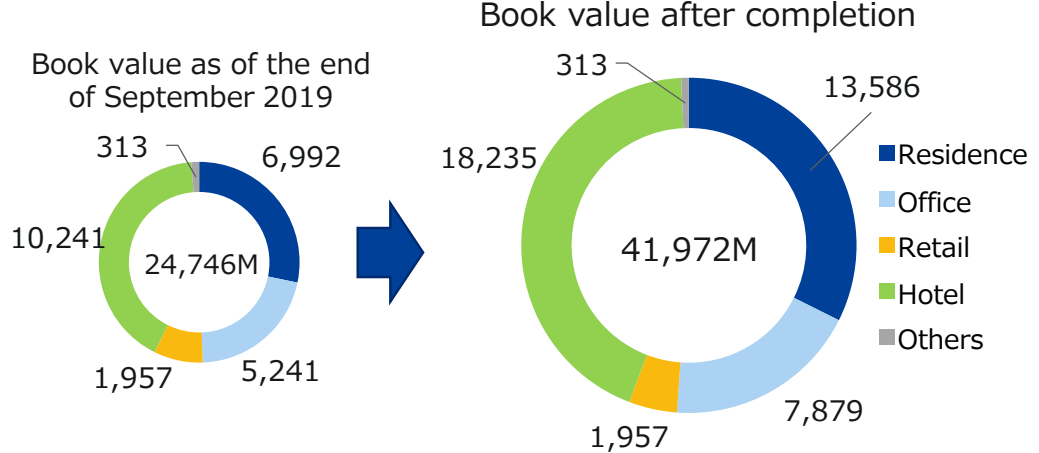
Assets size

Existing and Built-up properties

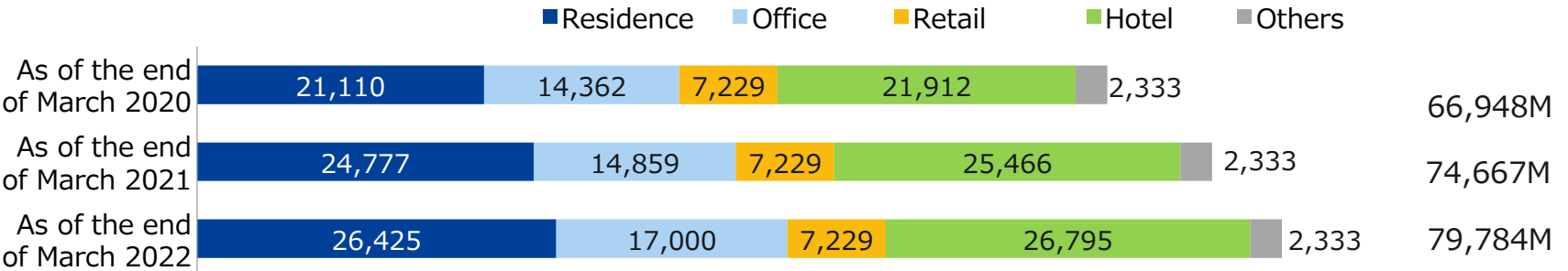


※Including liquidation assets recorded in real estate for sale

Under development properties (million yen)



Assets after completion (million yen)



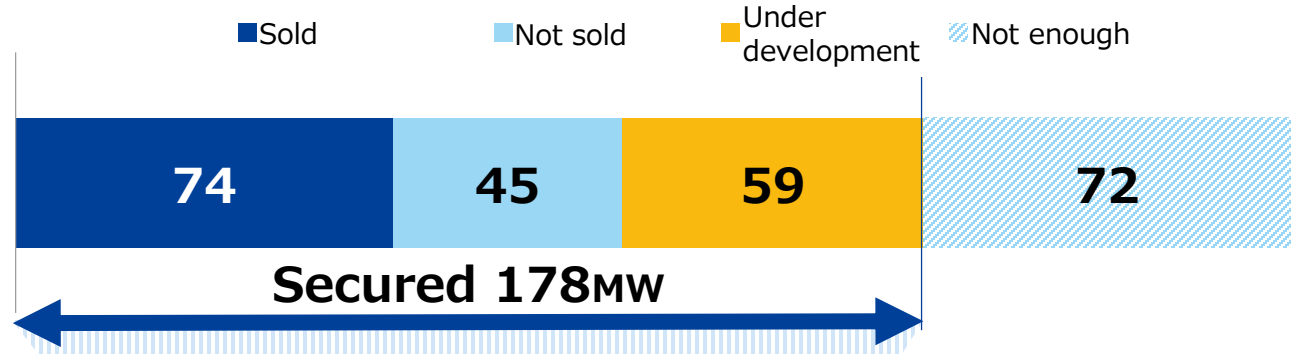
Secured assets of 79,784 million yen including completed parts in the future

Status of Electric Power Generation Business

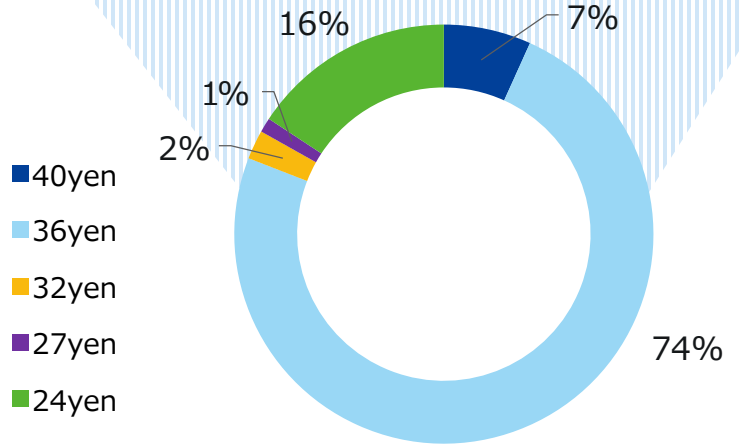
Status of power generation facility

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

Generation scale (MW)



FIT by generation scale



LS Nagasaki Isahaya power generation facility

Summary of Takara Leben Infrastructure Fund

June 2, 2016
Takara Leben Infrastructure Fund listed



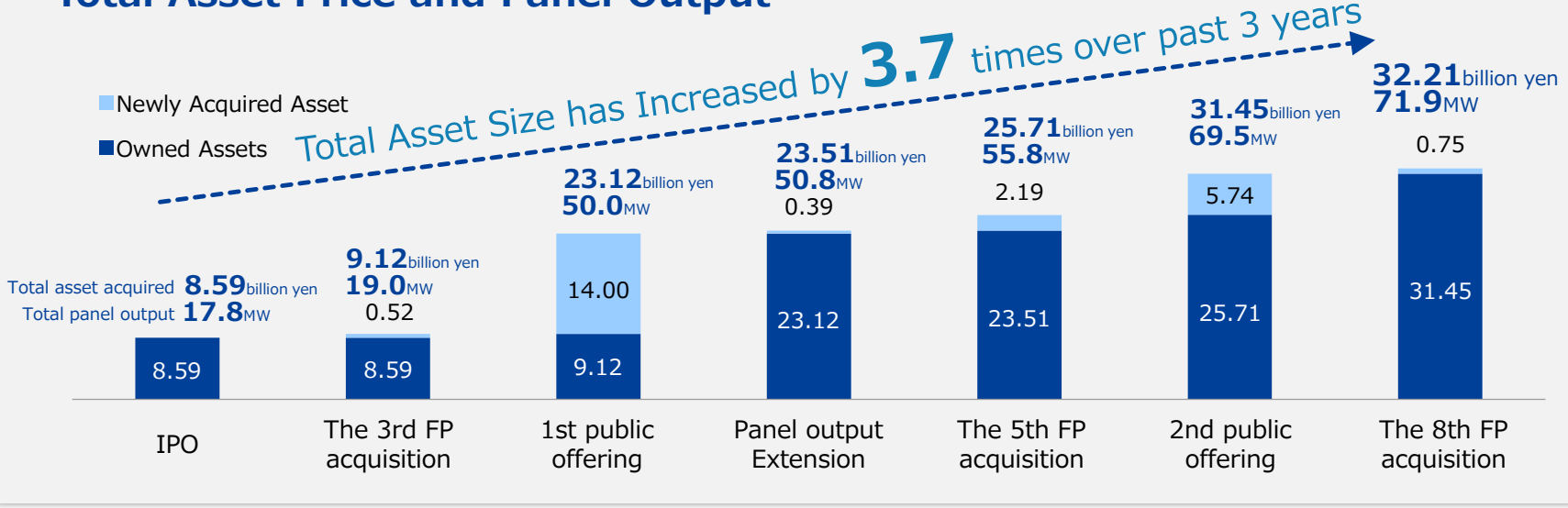
Numbers of asset **26** solar power facilities
 Total panel output **71.9** MW
 Total asset acquired **32.21** billion yen



LS Hanno Misugidai power generation facility

As of June 28, 2019

Total Asset Price and Panel Output



Asset price based on combined total amount of PwC evaluation value of all properties except the one acquired on June 28, 2019, and acquisition price for the property acquired on June 28, 2019

Received the GRESB Real Estate Assessment Rating

Takara Leben Infrastructure Fund, Inc. received a 4-star rating



- **Overview of GRESB Real Estate Assessment**

GRESB is a benchmark for measuring the performance of environment, social and governance (ESG) criteria for real asset (such as real estate properties and infrastructure facilities) portfolio established in 2009 primarily by major European pension fund groups that led the Principles for Responsible Investment (PRI) and the name of the organization. As of September 2019, more than 100 Investor Members (managing over USD 22 trillion) use GRESB data in fund operation processes to select and discuss investment targets. The GRESB Real Estate Assessment is the benchmark for measuring the ESG performance established in 2016, including the Fund Rating for infrastructure funds and the Asset Rating for real estate assets that are investment targets of the fund and their operation companies. In 2019, 107 funds with 393 assets from around the world participated in the GRESB Real Estate Assessment.

- **Appointment as Sector Leader**

In the GRESB Real Estate Assessment, the GRESB appoints the participant with the highest rating in each region/sector. Takara Leben Infrastructure Fund **was selected as Sector Leader in Asia for the first time as a Japanese infrastructure fund.**

- **Assessment Results**

As a result of the high rating for Takara Leben Infrastructure Fund's system of disclosure for ESG information and its initiative for setting the ESG targets given in the general assessment of funds, Takara Leben Infrastructure Fund received the **highest rating among 9 Asian funds and the second highest rating among 20 funds around the world** in the Renewable Energy Pier Group to which it belongs.

In addition, the infrastructure assets held by Takara Leben Infrastructure Fund and its operator Takara Leben, which participated in the GRESB Real Estate Asset Assessment, were highly rated for their "Risks and Opportunities" and "Building Relationships with the Stakeholders" initiatives and were **awarded the 4-star rating** (the top rating is 5-stars) **in the GRESB Rating based on the globally relative assessment.**

Receiving the Good Design Award①

Received the Good Design Best 100

Botanical Garden Art Biotop Water Garden

•Awarded companies

Takara Leben, NIKISSIMO

•Overview

The Water Garden established at Botanical Garden Art Biotop, a resort in Nasu, Tochigi, is a uniquely composed space with 318 trees and 160 uniquely-sized biotopes (ponds) arranged deliberately. It is a special meditation space for gatherings and exchanges among people from around the world, allowing visitors to use their five senses to feel the relationship between people and nature.

•Comments from the judges

This extremely organic landscape is natural, similar to something seen in the past, but it is actually a landscape that cannot appear naturally. This is because if a basin as complex as this Biotop were to appear in nature, the water level might rise so high that its coexistence with the surrounding tall trees becomes impossible. At the same time, this beautiful slush is an art biotop, not a mere biotop, and is appropriately managed to maintain its beauty. This new, natural landscape is the very soul continuously applied in structuring Japanese gardens. Therefore, the design of this garden appears natural although it has never been seen before, and is highly Japanese.



Receiving the Good Design Award②

Receiving the Good Design Award for 4 Consecutive Years



● Condominium (Brillia Shonan Tsujido Seaside Park)

● Completely digital housing equipment user manuals (Smart Torisetsu)



● Use as disaster prevention bases (Use of the model rooms and sales center as disaster prevention bases)



● Uniquely designed common area of the condominium (Variably designed condominium common area)



● Applying smart technologies to the garbage collection point (Applying smart technologies to the condominium's garbage collection points as an improvement [6M Project])



FY2018 Received three awards

- Working Point Project
- SOCOTAKU Project
- Good Working Project

FY2017 Received three awards

- SOCOPOS Project
- MOTTO ATTARA IINA (We Wish to Have More) Project
- LEBEN CRAFT Project

FY2016 Received three awards

- MOTTO ATTARA IINA (We Wish to Have More) Project
- JIJO KYOJO (Self-Help Mutual Assistance) Project
- KOJIN BOSAI KIT (Individual Disaster Preparedness Kit) Project

Myreha: Specialized Daycare Service Close to Local Communities

Leben Community Myreha Misato Rehabilitation Center Launched



"You can do what you like"

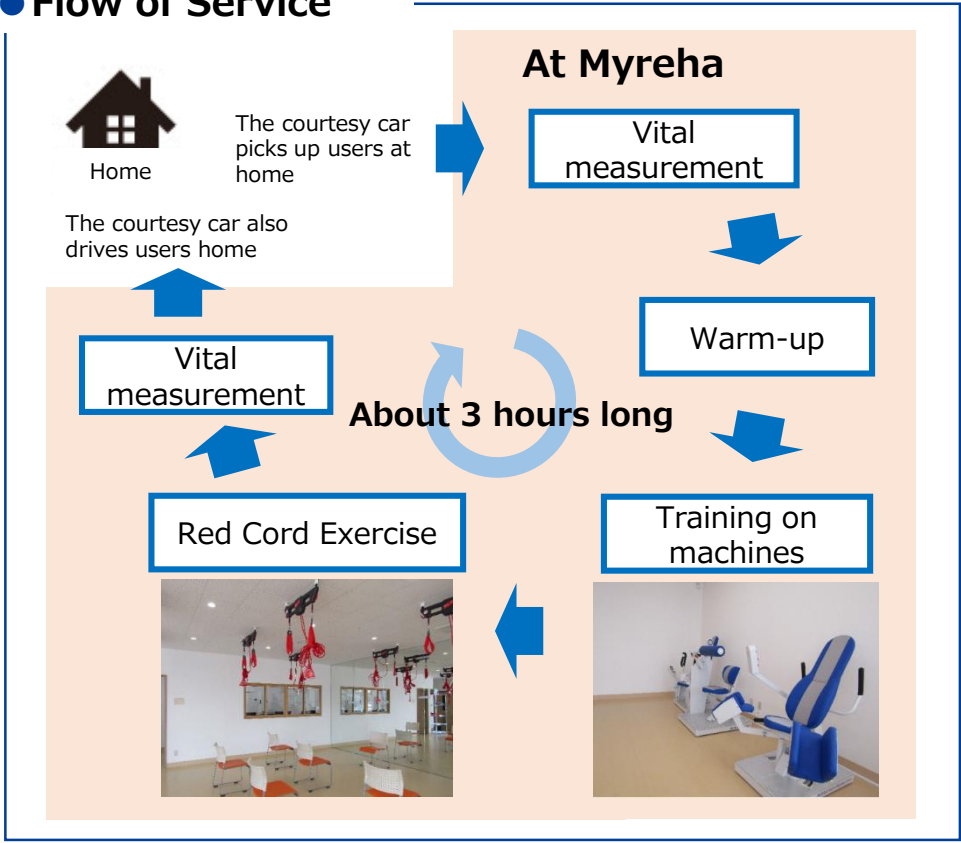
Myreha is a daycare service that specializes in rehabilitation, supporting independent living

As a daycare service specialized in rehabilitation to "do what you like to do," Myreha first opened the Yanagishima Rehabilitation Center in July 2011. Now there are five centers that aid the rehabilitation of people with a certificate for care/support as facilities for close communication with local people. In consideration of what Myreha can do for the happiness of users in circumstances in which people often worry and are anxious about their health in the aging society, it has been making efforts to contribute to the elongation of a healthy life as a daycare service specialized in rehabilitation with abundant programs and a sufficient amount of the required exercises, including the Red Cord Exercise*.

*Red Cord Exercise: This is training equipment for a unique exercise established in Northern Europe particularly for stretching muscles.

- Yanagishima Rehabilitation Center
- Yoshikawa Rehabilitation Center
- Urawa Rehabilitation Center
- Goko Rehabilitation Center
- Misato Rehabilitation Center

● Flow of Service



Takara Leben Group

The Group after its restructuring



Takara Property



Merged to



Leben Trust (Former Nikko Property)

- **Location/ area in charge** Ikebukuro, Toshima-ku, Tokyo (Head Office)
- **Businesses** Lease management business, property sales business, leasing business, property agent business and insurance agent business
- **Capital amount** 30 million yen

Kohoku-ku, Yokohama-shi, Kanagawa (Head office and Kohoku Branch)
Tsuzuki-ku, Yokohama-shi, Kanagawa (Tsuzuki Branch)
Ikebukuro, Toshima-ku, Tokyo (Ikebukuro Branch)

Lease management business, property sales business, leasing business, property agent business, insurance agent business and **construction business**

60 million yen

With management resources optimally arranged in Takara Leben Group to improve our operational efficiency, covering wider areas and more businesses

Memo

Memo

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