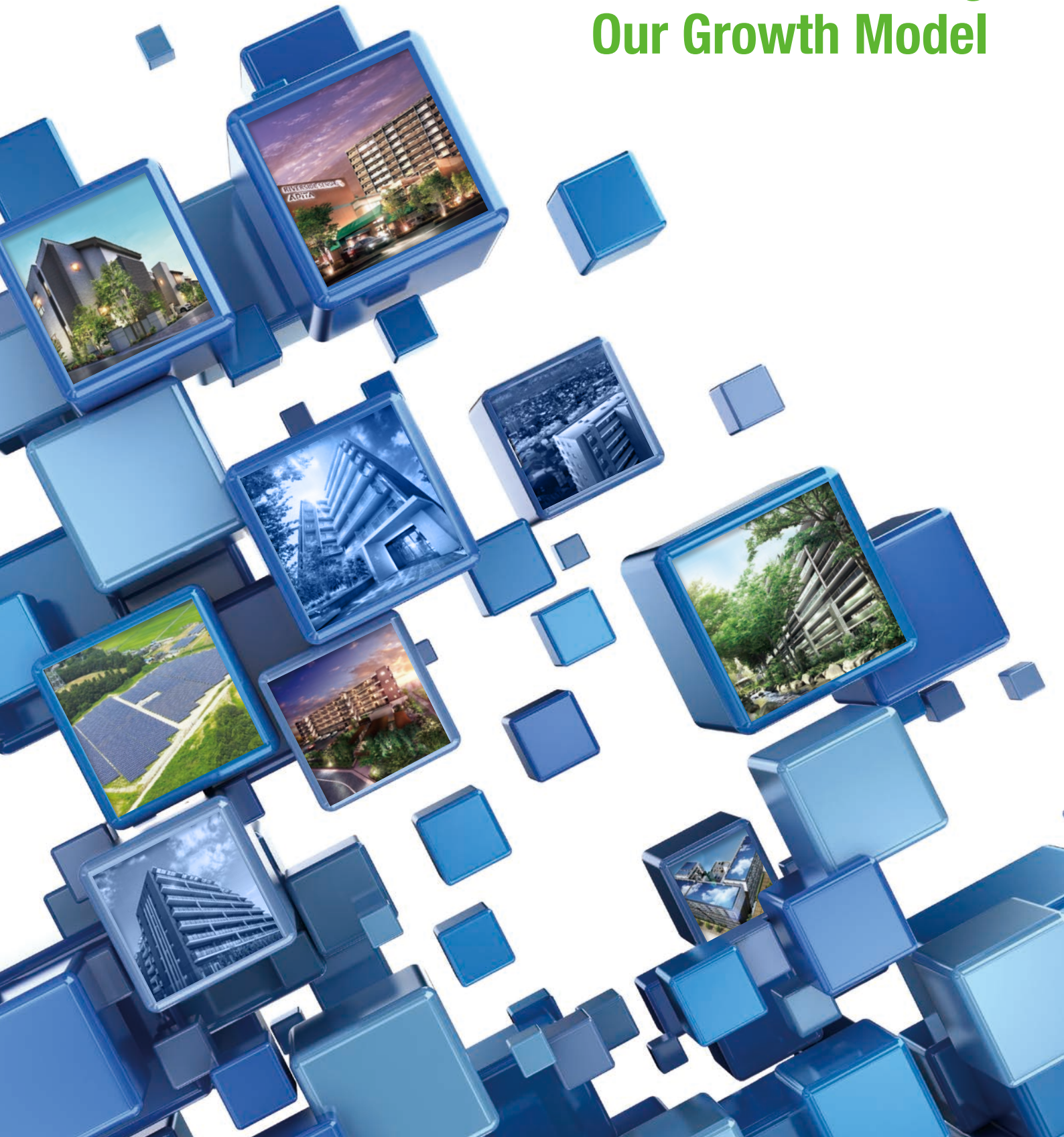




Annual Report 2017

Fiscal year ended March 31, 2017

Transforming Our Growth Model



Profile

Takara Leben was established in 1972 with the aim of helping its customers realize their dreams. Since that time, to realize this aim, Takara Leben has diversified into new business and continued to innovate. Also over time, the focus of its business has changed from providing detached houses to condominiums. Takara Leben has also set up new businesses to meet the needs of the times, and began to list its shares in 2001*. Today, Takara Leben's vision is to "THINK HAPPINESS AND MAKE THE HAPPINESS." Through the development of its business activities, Takara Leben has substantially increased its corporate value and responded to the expectations of its stakeholders.

* Listed on the JASDAQ market in 2001, the Second Section of the Tokyo Stock Exchange in 2003, and the First Section of the Tokyo Stock Exchange in 2004

VISION THINK HAPPINESS AND MAKE THE HAPPINESS

MISSION Creating Together

In the real estate rental business segment, the Group mainly leases condominiums and office buildings. Building on its nationwide portfolio, the Takara Leben Group will establish funds to actively engage in the purchase of properties in the future and is taking positive steps toward entering the real estate investment trust (REIT) market.



Real Estate Rental Business



Real Estate Sales Business

The real estate sales business accounts for over 80% of the Takara Leben Group's total net sales. In this business segment, the Group's activities largely revolve around the planning, development, and sale of new built-for-sale condominiums while addressing the diverse needs of customers. Among a host of other endeavors, we are actively engaged in the construction and sale of detached houses as well as the renovation and resale of condominiums in this business segment.



Mega-Solar Power Business

Through its mega-solar power business activities, the Takara Leben Group generates a stable flow of earnings by marketing electricity to electric power companies. The Group also works diligently to contribute to society by producing renewable energy. Moving forward, we will also look to develop other renewable energy facilities.



Real Estate Management Business

Here, the Group is actively engaged in the management and operations of properties. In addition to managing properties that it has constructed in its own right, the Group also manages properties built by other companies on a contract basis. In the real estate management business, the number of managed housing units continues to grow at a steady pace.



Other Businesses

In other businesses, the Takara Leben Group is active across a wide range of fields, including construction contracting, large-scale repair work.



Takara Leben is conducting sales of new built-for-sale condominiums in diverse communities. These include (left) LEBEN Sendai SILVISTA (Miyagi Prefecture) and (right) LEBEN Mito THE PREMIERE (Ibaraki Prefecture).



Flow Businesses

In addition to the Group's built-for-sale condominiums for families in the Tokyo metropolitan area, Takara Leben has positioned its condominium buildings business that targets active seniors residing in major regional cities as well as its redevelopment and rebuilding business as key earnings pillars. The Group is also experiencing steady success in the purchase of building lots through its own unique brand of marketing. As far as condominium buildings in major regional cities are concerned, Takara Leben is establishing a nationwide network of Group company bases. Through these and other means, we are making steady progress in expanding our areas of operation.



The Company acquires rental properties through its real estate rental business. (Left: Amare Tokaido, Aichi Prefecture). In its mega-solar power business, the Company advances the development and operation of power-generating facilities. (Right: The Leben Solar [LS] Tsukuba Bouchi power-generation facility, Ibaraki Prefecture)



Stock and Fee-Based Businesses

The Takara Leben Group is working to roll out its real estate rental, real estate management, mega-solar power, and other businesses and to expand its business activities. Especially, we established Takara Leben Infrastructure Fund Inc. in a bid to promote the effective use of such renewable forms of energy as sunlight as a part of our mega-solar power business activities. At the same time, we are steadily increasing the number of operating facilities. In June 2016, Takara Leben Infrastructure Fund Inc. was the first company to stock list solar energy assets on the newly established infrastructure fund market of the Tokyo Stock Exchange. Looking ahead, we will endeavor to further expand our business.

About the cover

The various businesses of the Takara Leben Group, which we have depicted in a way that suggests further development in the years to come and the achievement of further growth through the expansion of each business, are represented based on our blue corporate colors.

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Other Disclosure Information

- http://www.leben.co.jp/corp_ir/ir/
- Materials related to the Company's Settlement of Accounts
 - Quarterly Financial Results Reports
 - Business Report
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Editorial Policy and Cautionary Statements Regarding Forward-Looking Statements

This report, which for the most part provides details of the Takara Leben Group's operations in fiscal 2017, the fiscal year ended March 31, 2017, has been designed to provide stakeholders with a deeper understanding of our business activities, management strategies, performance, and other non-financial information, including interaction with society and the environment. This document was prepared to provide information regarding the Company's consolidated results in fiscal 2017 and should not be construed as a solicitation for investment in securities issued by Takara Leben Co., Ltd. The information provided in this report is fundamentally based on data available as of March 31, 2017. Any forward-looking statements including opinions and forecasts are based on the best judgments of management as of the time this report was prepared. Accordingly, Takara Leben does not guarantee or promise that any forward-looking statements will be realized or achieved or provide any assurance as to the accuracy or integrity of information. Moreover, the content of this report is subject to change without prior notice.

Takara Leben Today

	Millions of yen			Rate of increase/ decrease %
	2015	2016	2017	2016/2017
Fiscal Year:				
Net sales	¥ 76,956	¥ 76,268	¥103,599	35.8%
Real estate sales business	66,907	63,383	79,638	25.6
Real estate rental business	2,898	4,307	5,056	17.4
Real estate management business	2,978	3,362	3,665	9.0
Mega-solar power business	405	909	11,108	1,122.0
Other businesses	3,766	4,305	4,130	-4.1
Gross profit	18,311	17,835	21,869	22.6
Operating income	9,257	7,563	10,349	36.8
Ordinary income	8,540	6,708	9,496	41.6
Net income	5,718	4,308	6,107	41.8
Fiscal Year-End:				
Total assets	101,738	129,744	139,874	7.8
Net assets	31,189	33,677	36,792	9.2
Per Share Information:				
Net income per share (Yen)	50.61	38.99	56.14	44.0
Net assets per share (Yen)	279.11	304.71	339.29	11.3
Dividends per share (Yen)	6.0	13.0	15.0	15.4
Financial Indicators:				
ROE (%)	19.7	13.3	17.4	30.9
ROA (%)	5.8	3.7	4.5	22.4
Equity ratio (%)	30.6	25.8	26.2	1.5
Dividend payout ratio (%)	11.9	33.3	26.7	-19.8

Key Figures (Fiscal 2017)

Net sales

¥103,599 million

A year-on-year increase of 35.8% to the highest level in the Company's history.

Total assets

¥139,874 million

Due to the Company having purchased business assets, total assets increased ¥10,130 million compared with the end of the previous consolidated fiscal year.

Dividend payout ratio

26.7%

The dividend payment plan for the fiscal year ended March 31, 2017, is to pay an interim dividend of ¥5 per share and a year-end dividend of ¥10 for a full year dividend of ¥15 per share. As a result, the consolidated dividend payout ratio will be 26.7%.

Other Key Figures

Number of units sold

1,778

Note: New built-for-sale condominiums + Detached houses (as of March 31, 2017)

Unit-based solar-powered condominium supply



Nationwide ranking No. 1

Notes: 1. Source: Real Estate Economic Institute Co., Ltd.
2. Solar-powered condominiums (available in each individual home unit) (From 2011 to 2015)

Number of managed housing units

44,656

Note: Condominiums (as of March 31, 2017)

Power-generation facilities nationwide

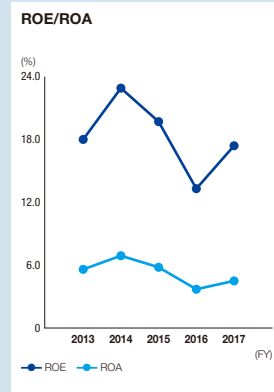
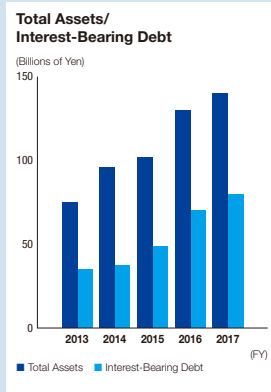
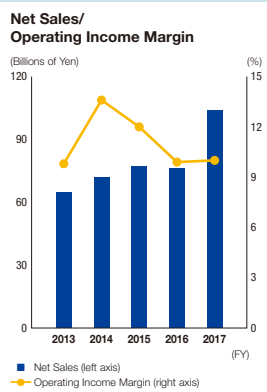
31

(as of March 31, 2017)

Power generation (current)

About 80 MW

(as of March 31, 2017)



Fiscal 2017 Highlights

April Making use of golf course ranges, adopted **compact, distributed-type power conditioners**. The Company completed construction of the LS Nasu Nakagawa (Solar) Power Plant.

Note: This project was the first special high-voltage mega-solar facility in Japan to adopt the compact, distributed-type power conditioner.



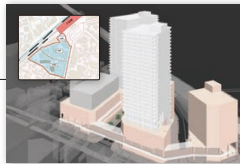
June Takara Leben Infrastructure Fund Inc. is **the first company** to stock list solar assets in the infrastructure fund market of the Tokyo Stock Exchange.



July LEBEN Moriya THE BRIDGE, a condominium complex in Ibaraki Prefecture which boasts a host of features including a children's nursery school, **won the Kids Design Award**.



September **Our three own projects**, disaster prevention and others, **won a Good Design Award**, as the pioneer of housing.



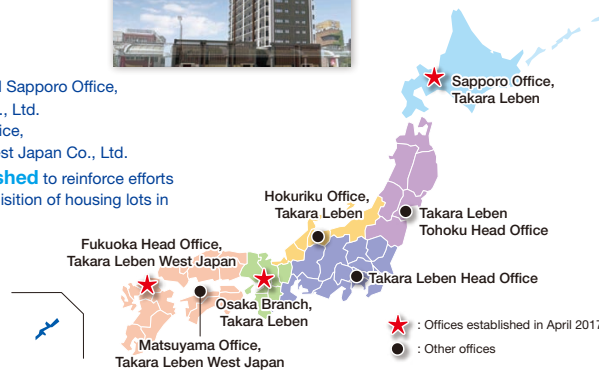
December As a part of efforts to launch **the first major urban redevelopment project** by an association in front of JR Koiva Station in Edogawa Ward, steps taken to establish the necessary operating entity and to obtain the relevant approvals

March The Company commences construction of buildings, facilities, and structures as a part of **the redevelopment project in front of Takaoka Station** in Toyama Prefecture.



April Osaka Branch and Sapporo Office, Takara Leben Co., Ltd. Fukuoka Head Office, Takara Leben West Japan Co., Ltd.

Bases established to reinforce efforts including the acquisition of housing lots in regional cities



President's Message



Takara Leben

As we mark the beginning of a new era for Takara Leben, we will maximize the Group's strengths and work to further improve our corporate value.

Kazuichi Shimada
Representative Director and President

島田 和 一

Carrying out a policy that has remained unchanged in the 45 years since the Company's establishment

Since Takara Leben's establishment, its company policy has been the providing of "ideal, affordable housing that anyone can buy with confidence and peace of mind." Having acquired land on a steady basis even in the severest of business environments—exemplified by the collapse of the bubble economy and the shock caused by the Lehman Brothers bankruptcy—our ability to have been engaging consistently in condominium business laid the foundation of today's growth.

The domestic real estate industry finds itself in a situation where significant growth cannot be expected due to population decline and other factors. Thus, while strengthening our core condominium building business, we will aim to become a comprehensive group of companies with a diversified profit structure. Specifically, utilizing the expertise that we have accumulated up to this point in time in the purchase and development of housing lots, we have advanced into new areas such as the power-generation business, and the results of that have become apparent. In the years to come, while further enhancing the Group's strengths, we will advance our expansion strategies into new growth markets and strive to maximize our corporate value.

Significant increases in revenue and profit achieved

Having formulated a new Mid-term Management Plan, "Takara Leben Next Stage 2019," in May 2015, the Company is focusing on the business strategies to thrive in the period of transition under the plan's slogan: "Beginning of a New Era: Diversifying the Flow Business and Expanding the Stock and Fee-Based Businesses."

In the fiscal year ended March 31, 2017, the values that customers adopted in the purchase of real estate began changing due to a fall in the number of units supplied in the Tokyo metropolitan area and a rise in sales prices in urban areas. In particular, customers' needs for location and convenience became pronounced. As a result, depending on the property, sales progress showed a bipolarized tendency of ups and downs. The market conditions remained generally firm because consumer interest in buying homes was still high thanks to continued measures to support home buying and low interest rates, and demand was increasing particularly among active seniors. The number of units the Company delivered was on par with the previous fiscal year, and the real estate sales business recorded an increase in revenues.

In addition, the real estate rental business and real estate management business increased sales. With regard to the mega-solar power business, we established Takara Leben Infrastructure Fund Inc. for the purpose of further expanding its businesses and successfully listed the company on the infrastructure fund market of Tokyo Stock Exchange, Inc. as the first fund. This business witnessed a significant increase in revenue compared with the previous fiscal year due to revenue from the sale of power-generation facilities and electricity sales revenue.

As a result of the above, the Company recorded net sales for the fiscal year under review of ¥103,599 million (up 35.8% year on year), operating income of ¥10,349 million (up 36.8% year on year), and net income attributable to the owners of parent of ¥6,107 million (up 41.8% year on year). The Company was thus able to take major strides toward achieving its Mid-term Management Plan goals.

Quantitative Goals

ROE	Stock and fee-based businesses profit ratio	Net income (FY2019/3)
20% or more	35% or more	¥10 billion

Strengthening stock business toward achievement of Mid-term Management Plan

In the sales operations of new, built-for-sale condominiums in the real estate sales business, under our plans for the fiscal year ending March 31, 2018, we expect the delivery of 1,600 units by promoting active supply in the downtown areas in regional cities. In the detached housing business, we are planning for the delivery of 160 units. While making accurate decisions on market trends, the policy in the renovation business will be to continue cultivating businesses to supplement the new, built-for-sale condominium business by purchasing condominiums at an appropriate price.

The real estate rental business is seeking to establish a stabler stock business by conducting carefully selected purchases, and the real estate management business is targeting an increase in the number of units managed under consignment and aiming to further expand peripheral operations. In addition, while fulfilling a social responsibility by utilizing natural energy, the mega-solar power business, which has stock and fee-based businesses as its main linchpins, is aiming to expand business that does not rely solely on the condominium business.

Looking ahead to the 50th anniversary of its establishment in five years' time, the Company will steadily share and work to ingrain its Group vision as a corporate group that is chosen by its customers while doing its utmost to develop new businesses. While always bearing in mind its aforementioned policy of providing "ideal, affordable housing that anyone can buy with confidence," as well as its corporate mission of "THINK HAPPINESS AND MAKE THE HAPPINESS," the Company will continue to promote

business activities with an emphasis on its customers by working on product plans that accurately capture the time background.

Through these activities, the Company is aiming to increase the profit ratio to 65% in the flow business and 35% in the stock and fee-based businesses.

Managing its business with a strong awareness of shareholders' equity and the balance of cash and deposits, the Company has also set the target ROE at 20% or more. Note that the Company has set a target of net income of ¥10 billion for the year ending March 31, 2019, which will be the final year of the Mid-term Management Plan.

Toward becoming a company chosen by all shareholders

The Company positions returning profits to shareholders as one of the most important management tasks. On the other hand, the Company is in the process of growing, and while securing the growth funds necessary for business growth and for strengthening the management foundation, our basic policy remains one of sustaining dividends at levels deemed appropriate based on corporate performance. In the fiscal year under review, the first-half dividend was ¥5 per share and the year-end dividend ¥10 per share for a total of ¥15 per year. In the fiscal year ending March 31, 2018, the Company is planning to continue with a first-half dividend of ¥5 per share and a year-end dividend of ¥10 per share for a total of ¥15 per year.

So that, from now on, many shareholders will be able to hold shares in the Company over long periods of time; as a more attractive, chosen company, we are determined to aim for further growth.



Special Feature: Strategies for Growth

Business Outline

Market Environment



Strengths



Position



Business Strategies



Targets



Flow Businesses

- Rising condominium prices in the Tokyo metropolitan area have led to an exodus of first-time buyers to surrounding suburbs.
- The degree of market dominance by major condominium operators has increased.
- Home loan interest rates remain at low levels due to low interest rate policies being extended.
- Reinivogation of regional city centers owes to progress made in government revitalization plans.
- Lifestyle changes
- Decrease in housing units sold due to surging construction costs

- In the 45 years since its foundation, Takara Leben has been selling ideal homes that are affordable and everyone can buy with peace of mind.
Takara Leben has been consistently supplying condominiums tailored to customer aspirations and needs at each life stage nationwide since its establishment in 1972.
- Pursuing unique marketing approaches to make precise housing lot purchases
Leveraging our expertise backed by many years of experience, we gather information on land that includes the surrounding environment based on criteria from a diverse array of perspectives in order to acquire housing lots in attractive residential neighborhoods.

- Nationwide condominium supply ranking by operator in 2016 (January-December)
Takara Leben
10th 1,204 units
(Source: Real Estate Economic Institute Co., Ltd.)

- Tohoku region condominium supply ranking in 2016 (January-December)
Takara Leben Tohoku
Number one
(According to surveys by the Daily Engineering & Construction News)

- Meeting the needs of active seniors residing in regional city centers
Pursuing sales strategies aimed at retiring second-generation baby boomers to meet further expanding condominium replacement/holding additional needs in regional city centers
- Actively pursuing housing lot acquisitions and condominium supply in regional city centers
Aiming to expand our sales business in regional cities nationwide, we continue to operate offices in Sendai, Toyama, and Matsuyama as well as have established new offices in Osaka, Sapporo, and Fukuoka. We proactively acquire housing lots in these locations.
- Participating in Urban Redevelopment
The Company is actively engaging in redevelopment in regional cities, and, in Toyama, was approved for undertaking the first legally certified project. Using this experience and know-how, the Company is focusing on winning projects in the Tokyo metropolitan area.

**New built-for-sale condominium business
Redevelopment & Rebuilding business
Detached house business**

Unit sales per year
2,700 units

Condominiums
2,200 units

Detached houses
500 units

(As of March 31, 2019)



LEBEN Sendai THE GRANDE



LEBEN PLATZ Matsudo Tokiwadaira

Stock and Fee-Based Businesses

- Land prices are expected to rise in the Tokyo metropolitan area until the 2020 Tokyo Olympic and Paralympic Games.
- The use of clean energy is spreading throughout society.
- The Japanese government is promoting infrastructure-oriented policies.

- Pursuing rental property acquisitions and finding inroads into the REIT market as the Company's sales areas expand
Takara Leben is raising asset value nationwide mainly by proactively acquiring rental properties aimed at penetrating the REIT market, rebuilding favorably located used properties, and replacing existing properties.
- In the management business, appropriately meet a diverse array of needs and stably increase the number of managed housing units
Takara Leben has acquired ISO 9001 certification and developed a proprietary management system. We meet the needs of every customer segment by maintaining the quality of our services. The number of managed housing units has grown nearly fourfold in a decade.

- 2014 Truly Dependable Management Company ranking
Leben Community
2nd
(Source: Weekly Toyo Keizai, December 6, 2014 edition)

- Takara Leben Infrastructure Fund Inc. became the first to list on the Tokyo Stock Exchange's infrastructure fund market.

- Expanding the stock and fee-based businesses by increasing managed and rental properties in each region we operate
Takara Leben will expand stock and fee-based businesses by actively acquiring managed and rental properties in areas overseen by Takara Leben Tohoku, Takara Leben West Japan, the Osaka branch office, the Sapporo sales office, and the Hokuriku sales office.
- Continue expanding infrastructure funds and investing in renewable energy-related areas
Takara Leben aims to establish a REIT by purchasing rental properties while continuing to invest in renewable energy-related technologies and new businesses outside of mega-solar generation, and targeting increases in earnings from infrastructure funds.

Stock and fee-based businesses profit ratio

35% or more

Mega-solar power business (Power generation)

130_{MW}

Real estate management business (The management units)

50,000 units

Real estate rental management business (The management units)

6,200 units

Real estate rental business (Annual sales)

¥6.0 billion

Real estate distribution business (Annual sales)

¥1.0 billion

(As of March 31, 2019)



Sendai-Nikko building



Prestige AC

Flow Business Strategy— Capturing a Share of the Active Seniors Market in Regional Cities

While continuing to provide a stable supply of condominiums in the Tokyo metropolitan area, the Takara Leben Group is actively implementing a strategy to meet new needs of active seniors living in regional cities.

In recent years, there has been a trend among active seniors who live in detached houses in the suburban areas of regional cities to give greater emphasis to reducing housing maintenance costs and opting for enhanced lifestyle convenience.

Meanwhile, local government entities in regional areas are working to revitalize city centers, through legislation that promotes development of compact cities, and making local administrative services more efficient.

As a result of these trends, people's awareness and changes in policies have brought a robust increase in demand for condominiums as people in regional areas throughout the country decide to

relocate from detached houses in suburban areas to city centers. In addition, as second-generation baby boomers head toward statutory retirement age in the years ahead, this trend is expected to accelerate.

The Takara Leben Group is taking proactive initiatives to meet these emerging needs and is working to supply condominiums in regional cities and expand its revenues from flow businesses.



Displaying Excellent Location and Price Advantages

In high convenience city centers, the Group is realizing housing in which architectural beauty, such as the exterior appearance and interior décor, and the functional beauty of leisurely living in comfort are compatible, and anyone can easily purchase housing with peace of mind.



Brand Power that Evokes Happy Thoughts and Creates Happiness

As a tool for increasing the value of time spent at home and for fulfilling each lifestyle, the Company realizes housing that is constantly one step ahead of the times under its Takara Leben brand.

Needs Ranging from Detached Houses in Suburbs to Condominiums Located in Central Areas



Takara Leben is proceeding with initiatives to supply condominiums, mainly in the Tohoku and Hokuriku regions.

The demand for condominiums to meet the growing trend toward relocation in regional cities is rising, especially in the Tohoku, Hokuriku, and other regions that experience extreme cold and heavy snowfall. Against this backdrop, there is the cost and effort needed for the heating in detached houses and for snow clearing. Pursuing condominiums that demonstrate its anticipation of future needs, including functions that realize comfortable lifestyles and the new functions that will be required in the years to come, the Group has gained the No. 1 position in terms of the number of condominium building units supplied in the Tohoku region for two consecutive years (2015 and 2016).

(According to surveys by the Daily Engineering & Construction News)

Stock and Fee-Based Business Strategy— Upgrading and Expanding the Business Portfolio

In keeping with the changes in population movements in Japan, the Takara Leben Group is focusing on expanding its stock and fee-based businesses and realizing a more-robust profit structure and a stabler cash flow.

The Takara Leben Group is expanding its stock and fee-based businesses—including its mega-solar power business, real estate management and rental businesses as well as its real estate distribution business—and, in addition to condominium business that currently forms the core of its business performance, is developing strategies to upgrade and expand its business portfolio.

By the end of the fiscal year ending March 31, 2019, the final year of the Mid-term Management Plan, the aim is to have increased the scale of power generation in its power-generation business to a total of 130MW, to have increased the number of managed housing units in its real estate management business to 50,000 units, and

increased the number of units in its real estate rental management business to 6,200, as the Company targets annual sales of ¥6 billion in its real estate rental business.

The Company is also aiming for total assets of around ¥200 billion by the acquisition of highly profitable properties, by proceeding with a scrap and build policy for used properties in good locations near railway stations and by strengthening its fund management in association with the formation of a real estate investment trust (REIT).

Based on these initiatives, the target is to increase profitability of the stock and fee-based businesses across the entire Group by 35% or more.



Developing Mega-Solar Power Generation

Having developed business in the construction of large numbers of solar panels on idle land and in mega-solar power generation, the scale of output at the power-generation facilities the Company has in operation had reached about 80MW as of March 31, 2017.



Active Promotion of Management Business

Turning our proprietary service quality management system (SQMS™)—the only one of its kind in the industry—into our strength and responding to every customer's needs, the Company is increasing the number of its managed housing units.



Promoting the Real Estate Distribution Business

To give added impetus to the revitalization of the real estate distribution business, which includes sales and intermediary services for condominiums and detached houses, the Company is operating the (Takara no Chukai MUSUBU) property listing website.

¥100 Billion-Scale Infrastructure Funds

In 2016, the Company established Takara Leben Infrastructure Fund Inc. on the basis of its 10 mega-solar power-generation facilities and was listed on the infrastructure fund market of Tokyo Stock Exchange, Inc. as the first fund. The Company's plans now call for the early operation of power-generation facilities, purchases from the secondary market, progress to be made in such areas as the search for renewable energy power-generation solutions other than solar power, and improving awareness of the infrastructure fund market.

In addition, having drawn up plans to expand its infrastructure funds by investing from ¥500 million to ¥1 billion annually in energy-related technologies and new businesses, the Company is aiming for a total investment scale of around ¥100 billion by the end of the fiscal year ending March 31, 2020.

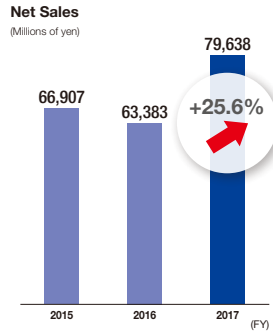
Infrastructure Funds

- Early operation of already owned facilities
- Purchases from secondary power-generation market
- Search for renewable energy solutions other than solar power
- Improve awareness of infrastructure fund market

Review of Operations

Real Estate Sales Business

Fiscal 2017 Review and Strategies



"LEBEN Shiki Executia" features both proximity to the urban center and convenience.



"LEBEN Shinkoikwa" was conceived with the idea of "living in a luxurious home in a park setting" that gives a vivid sense of the changing seasons.

In addition to the planning and development of new, built-for-sale condominiums mainly in suburban areas, the Takara Leben Group is also directing efforts into condominium buildings geared toward those active seniors who are moving from the suburbs in regional cities to the city centers. In central Tokyo, Sunwood Corporation, an affiliate accounted for by the equity method, is primarily engaged in the planning, development, and marketing of new, built-for-sale condominiums.

In the fiscal year under review, the real estate sales business made Takara Leben Tohoku Co., Ltd. and Takara Leben West Japan Co., Ltd. (previously Jyutakujyohoukan Co., Ltd.) its bases in eastern and western Japan, respectively, and steadily expanded the regional areas it supplies.

To further strengthen the detached housing business, management control was transferred to Nikko Takara Corporation Co., Ltd. (the renamed Nikko Kensetsu Co., Ltd.), a consolidated subsidiary that is, as a result, developing the existing general construction contract and detached housing businesses mainly in the Tokyo metropolitan area.

Despite the number of new condominiums supplied in Japan declining for the third consecutive year in 2016, the Company was ranked in the top 10 for the fourth consecutive year and has steadily achieved its targets for the numbers of signed contracts for detached housing. As a result, revenues from the real estate sales business for the fiscal year under review amounted to ¥79,638 million, up 25.6% year on year, as a result of revenues of ¥52,988 million from the sales of new, built-for-sale condominiums and revenues of ¥26,650 million from the sales of new detached houses and used condominiums.

In the sales operations of new, built-for-sale condominiums in the real estate sales business, we are expecting the delivery of 1,600 units in the current fiscal year by promoting active supply in the downtown areas in regional cities. In detached housing, the expectation is that we will deliver 160 units. In the renovation business, we will continue to work on measures to supplement the new, built-for-sale condominium business by making accurate decisions on market trends and purchasing condominiums at an appropriate price.

Aiming to Create Towns that Will Prosper for 100 Years, Working for Emergence of Complex Central Areas Minami-Koiwa 6-Chome Type 1 Urban Area Redevelopment Project

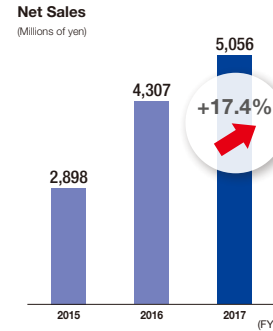


Architect's model of the completed complex

In September 2016, together with the Nomura Real Estate Development Co., Ltd. and Shimizu Corporation, the Group decided to participate in the Minami-Koiwa 6-Chome Type 1 Urban Area Redevelopment Project in the vicinity of Japan Railways (JR) Koiwa Station in Edogawa Ward, Tokyo. This is the first association-implemented urban redevelopment project in that ward based on the concepts of "creating a town that will prosper for 100 years" and "aiming for a 100-year commercially prosperous city that shines with its smiles." Commercial, residential, and business buildings with a total floor area of approximately 87,050m² are planned, and the Group will handle the condominium buildings with the other two companies; the start of construction is scheduled for August 2018. In the years to come, the Group will actively engage in long-term, large-scale redevelopment projects, as opposed to standard condominium construction, in the belief that such a strategy will lead to the diversification of the real estate sales business cycle.

Real Estate Rental Business

Fiscal 2017 Review and Strategies



Takara Leben staff actively acquire new rental properties nationwide.



Takara Leben acquired this property, "Amare Tokaido," which is in a superior location convenient to urban transportation.

The Takara Leben Group develops its apartment, condominium, and office rental business nationwide. Its consolidated subsidiaries, Takara Property Co., Ltd. and Nikko Property Co., Ltd., conduct real estate rental and management business and are aiming to be constituted as a real estate investment trust (REIT) that leverages its rental properties.

In the fiscal year under review, the real estate rental business promoted the active purchase of properties to realize "expanding stock and fee-based businesses" under the Mid-term Management Plan, to increase its real estate rental income and with a view to being constituted as a REIT. Targeting used properties on prime lots located near railway stations, the Company's real estate rental business is looking into rebuilding them into new condominium buildings or real estate rental condominiums for management purposes after having obtained the fixed periods and investment gains from REIT entry.

Having steadily acquired properties in the fiscal year under review, the property purchase amount for the Group as a whole climbed to approximately ¥17.0 billion, providing a boost to achieving the real estate rental business final-year annual sales target under the Mid-term Management Plan of ¥6.0 billion and also advancing preparations for its constitution as a REIT. As a result, due to rent revenues from the rental of apartments, condominium units, and offices, revenues from the real estate rental business for the fiscal year under review amounted to ¥5,056 million, up 17.4% year on year.

In the coming years, the aim is to establish stabler stock and fee-based businesses by the purchase of well-selected, superior properties. In terms of location, we will place emphasis as we do in the real estate sales business on acquiring a good balance of properties in the Tokyo metropolitan area and regional cities. Future property purchase candidates to make up our REIT portfolio also include hotels and commercial facilities.

Raising the Takara Leben Group's Profile Actively Acquiring Superior Rental Properties

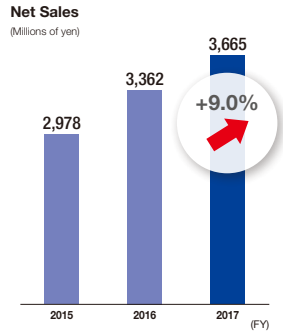


Yamagata Toka-machi Building

In addition to extending the supply areas of new, built-for-sale condominiums and expanding sales, the Takara Leben Group actively promotes the acquisition of superior properties, including condominiums and offices, by each company. For example, in the fiscal year under review, the Company acquired Amare Tokaido (Nagoya, Aichi Prefecture) and Nakano Dai-ichi OS Building (Nakano Ward, Tokyo); Takara Leben West Japan acquired Rust Yamagoe, Prestige AC, and Rust Yanaimachi (all in Ehime Prefecture); and Takara Leben Tohoku acquired Yamagata Toka-machi Building (Yamagata Prefecture) and Sanvario Saikon (Fukushima Prefecture). Leveraging these kinds of rental properties is one of the initiatives toward "expanding stock and fee-based businesses" adopted under the Mid-term Management Plan as the Company aims for REIT entry.

Real Estate Management Business

Fiscal 2017 Review and Strategies



Takara Leben adopts the concept of "quality control" in all aspects of its condominium management business.



Takara Leben's service quality management system (SQMS™) is the core of its condominium management and provides four approaches to supporting condominium associations.

Leben Community Co., Ltd., a consolidated subsidiary, engages in comprehensive management services for condominium buildings (the Company's properties and properties managed under consignment from other companies).

In the fiscal year under review, the real estate management business opened sales offices in four regional locations—in Tohoku (Sendai), northern Kanto (Utsunomiya), eastern Kanto (Tsukuba), and Hokuriku (Toyama)—and worked to expand its business areas. In addition, as increasing the number of housing units managed under consignment from other companies is essential for increasing the number of properties under management, sales efforts were redoubled to that end.

As of March 31, 2017, the number of Company-managed housing units in Japan as a whole had increased by 3,525 units compared with the end of the previous fiscal year, to 44,656 units. Of those 3,525 housing units, approximately 56% were housing units managed under consignment from other companies. The real estate management business also steadily increased sales in peripheral operations, such as renovations, merchandise sales, and repair

work. As a result, management revenue for the period steadily increased, and revenues from the real estate management business, representing the management fees from the 44,656 units under management, amounted to ¥3,665 million, up 9.0% year on year.

Under its Mid-term Management Plan, the Company has decided to target the achievement of 50,000 managed housing units for the final fiscal year of the plan, ending March 31, 2019. In the current fiscal year, the target is 47,900 units, and consideration is being given to the further expansion of peripheral operations, including large-scale repair work.

Over the past 10 years, the business environment surrounding condominium management has continued to increase in its severity. On the other hand, in association with the increase in the number of Group companies, it can be anticipated that there will be an increasing number of cases consigned from within the Group to Leben Community management. By fostering and demonstrating the synergies within the Group, we will aim to realize more comprehensive management services than ever before.

Aiming for Management Services on which Customers Can Really Depend
Second Place Overall Gained in Management Company Ranking

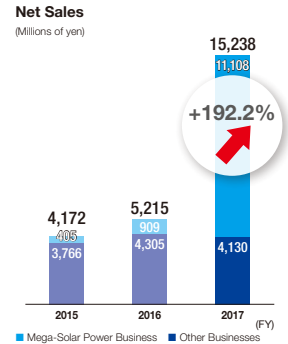


The December 2014 ranking of "Really Trustworthy Management Company Ranking" by Weekly Toyo Keizai magazine

While managing condominiums that the Group builds to sell primarily in Tokyo as well as in Saitama and Kanagawa prefectures, the main comprehensive management business is the Group company, Leben Community Co., Ltd. Having gained ISO 9001 certification in 2006, Leben Community has constantly been devising ways to improve the quality of its management services. Furthermore, with the aim of, for example, maintaining standards of service quality even when a manager is replaced, the company built a service quality management system (SQMS™) to the original development model of ISO 9001 and is maintaining the trust of each class of customer. In 2014, Leben Community gained second place overall in the "Really Trustworthy Management Company Ranking" in which the weekly business magazine Weekly Toyo Keizai verified support aspects, such as manager skills, disaster responses, and the support given to management associations.

Mega-Solar Power Business and Other Businesses

Fiscal 2017 Review and Strategies



The LS Shioya power-generation facility was Takara Leben's first mega-solar project.



The LS Sakuragawa solar power-generation facility was completed in 2016.

The Takara Leben Group Company is engaged in the power-generation business using renewable energy nationwide. In addition, consolidated subsidiary TAFUKO Co., Ltd. engages in the loan collection agency business, and two other consolidated subsidiaries, Leben Community Co., Ltd. and Nikko Takara Corporation Co., Ltd., provide a rehabilitation-focused day-care nursing service and engage in the construction contract business, respectively. In addition, other Group businesses include a commissioned real estate marketing agency business and an investment management business.

Among other activities in the fiscal year under review, the power-generation business marked the fourth fiscal year since the start of business by operating mega-solar power-generation facilities with a total output capacity base of approximately 80MW.

In June 2016, Takara Leben Infrastructure Fund Inc., to which consolidated subsidiary Takara Asset Management Co., Ltd. had

transferred the asset management of the power-generation plants, successfully listed the company on the infrastructure fund market of Tokyo Stock Exchange, Inc. as the first fund.

In the fiscal year under review, in addition to the increase in power-generation revenue associated with the increase in the number of facilities, construction contracts and orders for large-scale repair work remained steady. As a result, revenues from the electric power business amounted to ¥11,108 million, up 1,122.0% year on year. Revenues from other businesses totaled ¥4,130 million, down 4.1% year on year.

In its power-generation business and other businesses, the Company will in the years to come leverage its accumulated knowledge and experience as it works to build diversified sources of revenue that are not limited to its core real estate sales businesses.

Toward Achieving 200MW Operation Goal by End of March 2020
Construction of New Mega-Solar Power-Generation Facilities Progressing Smoothly

Status of Mega-Solar Power-Generation Facilities		
March 31, 2016	Approx. 51MW	Online
June 2, 2016	17.88MW	Sold to an infrastructure fund
September 30, 2016	Approx. 61MW	Online*
March 31, 2017	Approx. 80MW	Online*
March 31, 2020	Target 200MW	Online*

* Including sold portion

The Group entered the mega-solar power-generation business in 2013. Taking as its target the further development and expansion of a business that utilizes natural energy, the Company successfully established and listed an investment corporation that invests primarily in mega-solar power-generation facilities. Following the completion of, for example, the Leben Solar (LS) Nasu Nakagawa power-generation facility (power-generation output of 19.8MW) in 2016, the number of facilities has steadily increased, so that the number currently (March 31, 2017) in operation across Japan stands at 31 (with a total power-generation output of about 80MW). Making progress with construction, such as the new LS Shioya 2 power-generation facility, the Company is planning to operate facilities in Kagoshima and Shimane prefectures. From now on, while giving due consideration to stable power generation, low running costs, and reducing environmental impact, the goal is to have achieved a total power-generation output of 200MW at the end of March 2020.

CSR

The corporate vision slogan adopted by the Takara Leben Group is “THINK HAPPINESS AND MAKE THE HAPPINESS.” Through home creation, we will not only pursue the happiness of people and lifestyles but also, giving due consideration to the well-being of community and society, contribute to creating towns in which people can live in peace of mind even in the event of a disaster. We will also give thought to a happy future and contribute to the creation of an Earth-friendly, sustainable environment.

Social Contribution Activities

Sponsorship for Sports

We hold title games as sponsor of the professional baseball team Tohoku Rakuten Golden Eagles. We also invite elementary school pupils in Toyama Prefecture to regular home games of the J-League Kattaler Toyama soccer team for free.

Sponsorship for Local Events

The local events we sponsor include the Aizu All-Japan Firework Competition (Fukushima Prefecture) and the Takasaki City Youth Commercial Study Group (TSK) Kids' Plaza with Elastic Band-Powered Car Contest (Gunma Prefecture). We work to make the events more exciting with local residents.

“We Wish to Have More” Project

House Idea Realization System

To make houses more comfortable and easier to use, we gather the everyday life ideas from the general public, ideas that are supported by the Company's LEBEN LABO ETHICAL ACTION.* The Company plans to commercialize the feasible ideas and incorporate them in future residences.

“Self-Help Mutual Assistance” Project

Disaster Water Supply and Power Supply Life Support System via Solar-Powered Condominiums

With our solar-powered condominiums, we are aiming to secure electric power and produced drinking water at times of disaster, not only for condominium residents but also for surrounding residents, and working to bring to fruition innovative, mutual assistance-type condominiums for times of disaster.

“Individual Disaster Preparedness Kit” Project

Kit Dissemination Activities that Raise Disaster Preparedness Awareness

We are working on the development and dissemination of disaster preparedness kits that have designs devised to match individual times, places, and occasions, so that they can always be placed fashionably and smartly at users' sides.

* LEBEN LABO ETHICAL ACTION is a unique initiative that Takara Leben started to contribute “to society by doing good things.”

Environmental Initiatives

Mega-Solar Power Generation

The Company's power-generation business effectively utilizes sites and idle land not suitable for the construction of buildings for mega-solar power generation, which forms part of its social contribution.

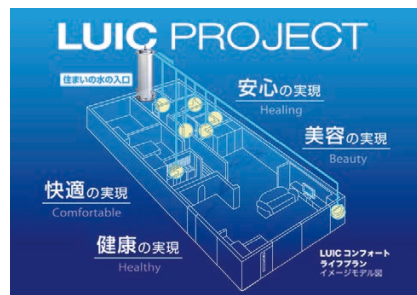
Solar-Powered Condominiums

While contributing to a reduction in CO₂ emissions, solar-powered condominiums also help reduce utility costs and assist in the supply of electric power at times of disasters and emergencies.

Under its Solar Power Project, the Company is promoting the planning, design, and construction of condominiums—on the assumption of the installation of energy systems such as solar power from the time of land purchase—with the aim of holding down utility costs to less than half what they were previously.

“LUIC Project”

The Company is pursuing ideal ways of living, from both the ‘hard’ (technical) and ‘soft’ (human) approach aspects, and reflecting them in housing in which particular attention is paid to water, which forms the basis of the human body and of all of life itself. From the viewpoints of health, beauty, comfort and healing, we devised a water system, incorporating a high-performance water purification system and ultrafine bubble bath, and are thus assisting the weak, including babies and the elderly, in their lives even more.



From water systems, the LUIC Project provides ideal housing that, to an unprecedented extent, protects healthy living and the environment.

Business Risks

The following items present potential risk for the operating results, share price, financial position, etc. of the Group. Forward-looking statements hereby are based on the assessment by the Group as of the end of the current consolidated fiscal year.

Earthquakes and other natural disasters

Earthquakes and other natural disasters may directly damage the Company or the construction companies used for execution, or may make it difficult for these construction companies to procure building materials. Any of these events may delay construction work, as well as hamper sales and collection activity of the Company, and thus impact the performance and financial position of the Group.

Home buyer sentiment

The Company's core business, new built-for-sale condominiums, tends to be swayed by changes in home buyer sentiment, which is affected by factors such as the overall economy, residential tax regulations, consumption taxes, land prices, and interest rates. A pronounced deterioration in home buyer sentiment may impact the performance and financial position of the Group.

Impact of home loans

In the purchase of condominiums, etc., our customers often make use of home loans from home financing support organizations and financial institutions, and therefore credit crunches caused by unfavorable changes in financial conditions may potentially impact the performance and financial position of the Group.

Social contribution activities and the impact of competition

The Group sells real estate on a nationwide basis, but an excessive price competition may prolong marketing activities or cause sales at the estimated price to be difficult. Such situations may potentially impact the performance and financial position of the Group.

Subcontractors

The Takara Leben Group submits orders for the construction of condominiums to construction company operators, but in the event of a rise in the building contract costs due to the soaring prices for building materials and construction labor costs, there is the possibility of a decline in profitability. Should the construction company entrusted with the construction work become insolvent, there is also the possibility that this would give rise to delays in the construction work or to a default on the construction contract. Also, in the event of the construction company having not provided the contracted amount of due compensation in the future, this may potentially impact the performance and financial position of the Group.

Possibility of Lawsuits

In constructing condominiums, we conduct careful examinations from various viewpoints, but there remains the possibility that lawsuits may arise due to building defects, soil contamination, etc. and the resulting changes to the building plans caused by these factors. These may potentially impact the performance and financial position of the Group.

Personal Information

The Group handles a large amount of personal information concerning the sale and management of condominiums and other properties. We pay close attention to the handling and management of personal information, and have installed software to prevent any leak of personal information, established regulations, compiled employee manuals, and conducted training. In the unlikely event of a leak of personal information arising, this may potentially impact the performance and financial position of the Group.

Corporate Governance

Maintaining close-knit relationships with its shareholders, customers, and employees, Takara Leben is constantly thinking of how even greater satisfaction can be delivered and thus reflects the feedback received from its diverse stakeholders in its businesses. Aware of its responsibilities as a company, Takara Leben will continue to realize sound, effective, and stable corporate activities.

Basic Approach to Corporate Governance

Rather than simply pursuing profit, the Company believes that it should comply with laws and corporate ethics and fulfill its responsibilities as a member of society.

While maintaining close-knit relationships with its shareholders, customers, and employees, the Company will work on responses in which constant thought is given to how even greater satisfaction can be delivered. In addition, we will think about how reflecting the feedback received from the diverse stakeholders in our business, while responding in ways that constantly keep in mind what a company should achieve and for whom, can be linked to the realization of a sound, effective, and stable going concern.

In addition, by not confining ourselves to check and balance functions by means of systems but rather by spreading the roots of checks and balances as indices or systems throughout the Company, we will work so that function works in synch with each person's awareness.

Corporate Governance System

Board of Directors

The Company has appointed 10 directors, three of whom are outside directors. All three outside directors have been

designated as independent officers. In addition to carrying out prudent and swift decision making, directors mutually supervise the status of business execution at Board of Directors' meetings, which, in principle, are held once a month, and at extraordinary Board of Directors' meetings that are held on an as-required basis.

Auditors are always in attendance at Board of Directors' meetings and state their opinions as necessary. At the same time, auditors work closely with outside directors and, as necessary, audit and oversee the running of Board of Directors' meetings and the status of business execution.

Also in attendance at Board of Directors' meetings are executive officers, the head of the Internal Audit Office, and the heads of other departments, who have received requests from the Board of Directors based on internal regulations and express their opinions on each agenda item or matter contained in a report as required.

Executive Officer System

Having introduced an Executive Officer system, the Company has clarified its directors' management oversight responsibilities and the business execution responsibilities of

its executive officers and is working to further speed up its decision making and strengthen its business execution.

The Company holds an Executive Committee meeting (to discuss topics with regard to management) once every two weeks and a business conference (to discuss sales progress) on a weekly basis. In addition to sharing the achievement status of management targets at these and other meetings, the Company glean information on problem areas and issues in the form of performance reports from each department and deliberates important matters relating to overall management. The content of those reports is raised at Board of Directors' meetings on an as-required basis.

Audit & Supervisory Board

Staffed by three members, all of whom are outside corporate auditors whom the Company has designated as independent officers, the Audit & Supervisory Board, in principle, meets once a month. While maintaining his or her independence, each Audit & Supervisory Board member establishes close contacts, sets up a system for collaboration, and works closely with the Internal Audit Department and the Accounting Auditor.

In accordance with, for example, the accounting policy and audit plans formulated by the Audit & Supervisory Board, each Audit & Supervisory Board member attends Board of Directors' meetings and other important meetings, peruses important documents, hears status reports on business execution, and conducts audits of the Company's main bases.

In addition to monitoring and verifying whether the Accounting Auditor is performing proper audits, the Audit & Supervisory Board receives from the Accounting Auditor reports on and reviews of the status of business execution and performs audits of a variety of financial statements and other documents.

Internal Audit Office

The Company has established an Internal Audit Office with two full-time staff members as an independent organization. Based on an audit plan, the Internal Audit Office performs audits that mainly cover the effectiveness of the internal control system. As necessary, the Internal Audit Office reports the results of its audits at Board of Directors' meetings in the form of audit reports and, in addition to disseminating the audit reports throughout the Company, fulfills the internal checking role.

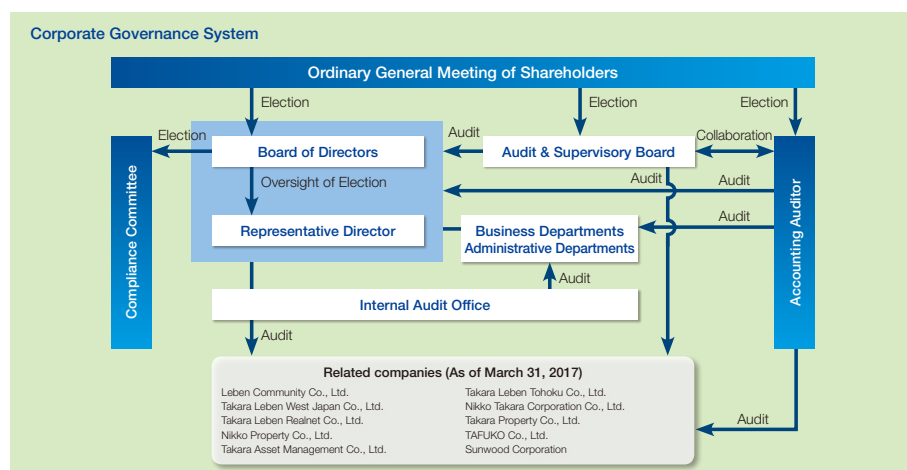
Executive Remuneration

Directors' remuneration is determined on the basis of the degree of each director's contribution to business expansion and improvement in corporate value toward the Company's sustainable growth. The limit of the annual amount of remuneration is deemed to be ¥600 million (not including, however, the employee portion of the salary), and the extent to which the special stock option remuneration is limited to ¥300 million annually is decided by a resolution at an Ordinary General Meeting of Shareholders.

Also decided at an Ordinary General Meeting of Shareholders, Audit & Supervisory Board members' remuneration is limited to an annual amount of ¥60 million or less.

Amounts of Director and Auditor Remuneration, etc. (As of March 31, 2017)

Position	Number of people	Amount of remuneration (Millions of yen)
Directors	11	541
Auditors	4	31
Total	15	573

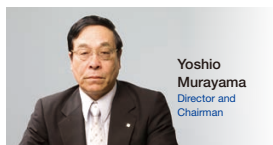


Reasons for Nominations of Outside Directors and Frequency of Attendance at Board of Directors' Meetings

Position	Name	Reason for nomination	Attendance at Board of Directors' Meetings
Outside Director	Hitoshi Shida	Mr. Shida possesses an abundance of experience and achievements in management at financial institutions and business firms. Having already been receiving guidance and advice from him in his capacity as advisor, the Company appointed Mr. Shida as an Outside Director.	28 / 29
Outside Director	Katsumi Kasahara	As Mr. Kasahara has built up a wealth of experience and achievements as a lawyer, possesses extensive knowledge and insight, and is highly mindful of compliance with laws and regulations, the Company appointed him as an Outside Director.	29 / 29
Outside Director	Kenji Kawada	Having been involved in management at a financial institution and a business firm, Mr. Kawada possesses abundant experience of and achievements in management as well as extensive knowledge and insight. He has therefore been reappointed as an Outside Director.	—

Note: The Company has registered all of its outside directors with the Tokyo Stock Exchange as independent directors.

Directors and Audit & Supervisory Board Members (As of June 27, 2017)



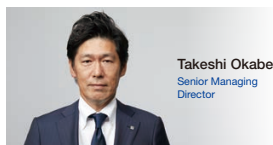
Yoshio Murayama
Director and Chairman

Sep. 1972 Established the Company
Senior Managing Director
Apr. 2012 Representative Director, President and CEO
Apr. 2014 Representative Director and Chairman
Jun. 2016 Director and Chairman (incumbent)



Kazuichi Shimada
Representative Director and President

May 1987 Joined the Company
Jun. 2006 Representative Director, Vice President, and Executive General Manager of the Development Division
Apr. 2014 Representative Director, President, CEO, COO, and CFO (incumbent)



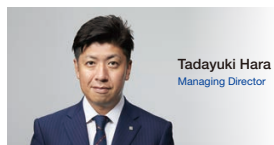
Takeshi Okabe
Senior Managing Director

Apr. 1998 Joined the Company
Apr. 2015 Senior Managing Director, Executive Officer, and Executive General Manager of the Sales Division
Jun. 2016 Director, Jyutakuyouhoukan Co., Ltd. (name changed to Takara Leben West Japan Co., Ltd. effective April 1, 2017) (incumbent)
Apr. 2017 Senior Managing Director, Executive Officer, and Executive General Manager of the Investment Development Division (incumbent)



Yoshitaka Tejima
Managing Director

Mar. 1997 Joined the Company
Aug. 2014 Director, Sunwood Corporation (incumbent)
Oct. 2016 Managing Director, Executive Officer, and Executive General Manager of the Development Division, General Manager of the Overall Development Group, General Manager of the Development Division, General Manager of the Yokohama Branch, and General Manager of the Eco-Energy Division
Apr. 2017 Managing Director, Executive Officer, and Executive General Manager of the Development Division (incumbent)



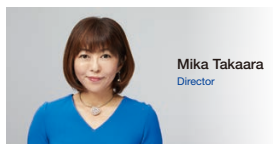
Tadayuki Hara
Managing Director

Aug. 2002 Joined the Company
Apr. 2016 Director, Nikko Takara Co., Ltd. (incumbent)
Apr. 2017 Managing Director, Executive Officer, and Executive General Manager of the Sales Division, General Manager of the 1st Group of the Sales Division, General Manager of the 1st Sales Division, and General Manager of the 2nd Sales Division (incumbent)



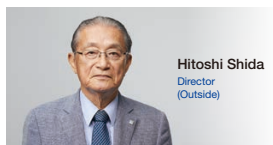
Masashi Yamamoto
Director

May 2016 Joined Company, General Manager of General Affairs Division
Apr. 2017 Executive Officer, Executive General Manager of General Planning Division, General Manager of Control Group of Corporate Planning, General Manager of Personnel, General Manager of Corporate Planning
May 2017 Director, Leben Community Co., Ltd. (incumbent)
Jun. 2017 Director, Executive Officer, and Executive General Manager of General Planning Division, General Manager of Control Group of Corporate Planning, General Manager of Personnel, General Manager of Corporate Planning (incumbent)



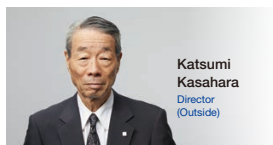
Mika Takaara
Director

Jan. 2000 Joined the Company
Apr. 2015 Executive Officer and General Manager of the Overall Sales Group – Sales Division, Manager of the Sales Promotion Department, and Chief of the Sales Planning Office
Jun. 2016 Director, Executive Officer, and General Manager of the Overall Sales Group – Sales Division, Manager of the Sales Promotion Department, and Manager of the Business Department (incumbent)
Jun. 2017 Director, Takara Leben Tohoku Co., Ltd. (incumbent)



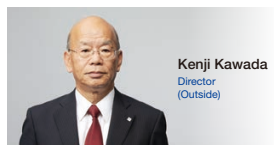
Hitoshi Shida
Director (Outside)

Apr. 1961 Joined the Nippon-Sogo Bank, Ltd. (currently Sumitomo Mitsui Banking Corporation)
Jun. 1997 Representative Director, Yoe Co., Ltd.
Jun. 2004 Director, Ribest Co., Ltd.
Jun. 2014 Director, Takara Leben Co., Ltd. (incumbent)



Katsumi Kasahara
Director (Outside)

May 1973 Registered in the Roll of Attorneys (registration no.: 13897); Joined the Tokyo Bar Association
May 1999 Counselor, Japan Credit Counseling Organization
Apr. 2013 Legal Counsel and Member of the Ethics Committee, The Society for Preservation of Japanese Art Swords (incumbent)
Jun. 2015 Director, Takara Leben Co., Ltd. (incumbent)



Kenji Kawada
Director (Outside)

May 2003 Representative Director and President, Resona Holdings, Inc.
Jun. 2009 Chief Director, Resona Research Institute Co., Ltd.
Jan. 2016 Representative of TMA KAWADA OFFICE (incumbent)
Apr. 2016 Adviser, FUJITSU RESEARCH INSTITUTE
Jun. 2017 Director, Takara Leben Co., Ltd. (incumbent)

Six-Year Summary

	Millions of yen					
	2012	2013	2014	2015	2016	2017
Fiscal Year:						
Net sales	¥55,191	¥64,907	¥71,963	¥ 76,956	¥ 76,268	¥103,599
Gross profit	13,490	14,378	18,199	18,311	17,835	21,869
Operating income	5,930	6,361	9,798	9,257	7,563	10,349
Ordinary income	5,071	5,792	9,181	8,540	6,708	9,496
Net income	3,681	4,074	5,869	5,718	4,308	6,107
Cash flows from operating activities	11,464	875	22,996	(8,155)	2,428	22,644
Cash flows from investing activities	(792)	(1,590)	(4,567)	(7,998)	(19,816)	(27,540)
Cash flows from financing activities	(2,685)	1,229	(366)	6,314	19,663	6,129
Capital expenditure	805	1,658	4,163	8,095	22,756	20,814
Depreciation and amortization	319	356	437	717	1,192	2,397
Fiscal Year-End:						
Total assets	70,277	75,013	95,891	101,738	129,744	139,874
Current assets	50,919	55,932	72,524	67,319	75,753	86,585
Cash and deposits	17,394	17,911	35,964	26,281	28,515	29,780
Inventory	30,294	35,376	33,445	35,345	40,208	42,048
Real estate for sale (current assets)	7,430	2,067	1,156	4,901	4,073	9,658
Real estate held for sale in progress	22,863	33,308	32,288	30,444	36,134	32,390
Fixed assets	19,357	19,081	23,366	34,400	53,945	53,237
Net assets	21,138	24,147	27,138	31,189	33,677	36,792
Interest-bearing debt	32,390	35,096	37,765	48,812	70,396	79,864
Per Share Information:						
Net income per share (Yen)	29.12	33.61	50.64	50.61	38.99	56.14
Net assets per share (Yen)	170.83	201.90	237.53	279.11	304.71	339.29
Dividends per share (Yen)*	13.0	15.0	5.0	6.0	13.0	15.0
Operating Indices (%):						
ROE	18.6	18.0	22.9	19.7	13.3	17.4
ROA	5.6	5.6	6.9	5.8	3.7	4.5
Operating income margin	10.7	9.8	13.6	12.0	9.9	10.0
Debt ratio (Times)	2.3	2.1	2.5	2.3	2.9	2.8
Current ratio	136.3	192.7	192.3	194.6	176.7	171.5
Inventory turnover (Times/Year)	1.9	2.0	2.1	2.2	2.0	2.5
Equity ratio	30.1	32.2	28.2	30.6	25.8	26.2
Dividend payout ratio	11.2	11.2	9.9	11.9	33.3	26.7

* The period-end dividend for the fiscal year ended March 31, 2012 comprised an ordinary dividend of ¥7 per share and a commemorative dividend of ¥2 per share.

Note: Takara Leben conducted a 4-for-1 stock split with the effective date of July 1, 2013. Dividends per share for the fiscal years ended March 31, 2014 and March 31, 2015 take into account the impact of this stock split.

Moreover, past net assets per share and net income per share data is presented after adjusting for the stock split.

Consolidated Balance Sheet

As of March 31

	Millions of yen	
	2016	2017
Assets		
Current assets		
Cash and deposits	¥ 28,515	¥ 29,780
Notes and accounts receivable—trade	963	1,331
Real estate held for sale	4,073	9,658
Power generation facilities for sale	—	7,885
Real estate held for sale in progress	36,134	32,390
Costs incurred on uncompleted contracts	116	15
Deferred tax assets	62	99
Other	5,924	5,549
Allowance for doubtful accounts	(38)	(124)
Total current assets	75,753	86,585
Fixed assets		
Tangible fixed assets		
Buildings and structures	14,725	17,742
Accumulated depreciation	(3,516)	(3,506)
Buildings and structures, net	11,209	14,235
Machinery, equipment and vehicles	13,399	5,125
Accumulated depreciation	(996)	(525)
Machinery, equipment and vehicles, net	12,402	4,600
Tools, furniture and fixtures	152	148
Accumulated depreciation	(117)	(93)
Tools, furniture and fixtures, net	35	55
Land	24,750	23,821
Lease assets	243	231
Accumulated depreciation	(114)	(144)
Lease assets, net	129	87
Construction in progress	710	4,346
Total tangible fixed assets	49,237	47,146
Intangible fixed assets		
Goodwill	1,006	889
Lease assets	76	42
Other	428	459
Total intangible fixed assets	1,512	1,391
Investments and other assets		
Investment securities	379	1,228
Long-term loans	49	31
Deferred tax assets	60	72
Other	2,728	3,375
Allowance for doubtful accounts	(22)	(9)
Total investments and other assets	3,195	4,699
Total fixed assets	53,945	53,237
Deferred assets	45	51
Total assets	¥129,744	¥139,874

	Millions of yen	
	2016	2017
Liabilities		
Current liabilities		
Notes and accounts payable, trade	¥ 12,037	¥ 12,173
Short-term borrowings	7,412	16,490
Current portion of bonds	—	60
Current portion of long-term borrowings	12,410	13,098
Lease obligations	93	51
Income taxes payable	1,113	2,976
Advance received	3,110	2,234
Allowance for bonuses	297	323
Allowance for compensation for complete work	330	405
Deferred tax liabilities	786	269
Other	5,267	2,399
Total current liabilities	42,859	50,482
Noncurrent liabilities		
Long-term borrowings	50,147	48,439
Bonds	200	1,640
Lease obligations	131	85
Allowance for directors' retirement benefits	32	56
Liabilities related to retirement benefits	307	331
Asset retirement obligations	21	22
Deferred tax liabilities	555	39
Other	1,811	1,984
Total noncurrent liabilities	53,207	52,599
Total liabilities	96,066	103,081
Net assets		
Shareholders' equity		
Capital stock	4,819	4,819
Capital surplus	4,817	4,817
Retained earnings	29,011	32,970
Treasury stock	(5,100)	(5,976)
Total shareholders' equity	33,548	36,630
Accumulated other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(11)	4
Total accumulated other comprehensive income	(11)	4
New share subscription rights	140	157
Total net assets	33,677	36,792
Total liabilities and net assets	¥129,744	¥139,874

Consolidated Statements of Income and Comprehensive Income

Consolidated Statement of Income

	Millions of yen	
	2016	2017
Net sales	¥76,268	¥103,599
Cost of sales	58,433	81,729
Gross profit	17,835	21,869
Selling, general and administrative expenses	10,272	11,520
Operating income	7,563	10,349
Non-operating income		
Interest income	3	15
Dividend income	4	27
Commissions received	93	106
Income from equity method investment	65	36
Miscellaneous income	96	65
Total non-operating income	262	252
Non-operating expenses		
Interest expense	996	1,036
Miscellaneous losses	121	69
Total non-operating expense	1,117	1,105
Ordinary income	6,708	9,496
Extraordinary gains		
Gain on reversal of subscription rights to shares	—	13
Total extraordinary gains	—	13
Extraordinary losses		
Impairment loss	—	651
Loss from compensation for complete work	262	170
Office transfer expenses	—	95
Loss on liquidation of subsidiaries and associates	—	45
Total extraordinary losses	262	963
Income before income taxes	6,456	8,547
Income taxes – current	1,508	3,519
Income taxes – deferred	639	(1,080)
Total income taxes	2,148	2,439
Net income	4,308	6,107
Net income attributable to owners of parent	¥ 4,308	¥ 6,107

Consolidated Statement of Comprehensive Income

	Millions of yen	
	2016	2017
Net income	¥4,308	¥6,107
Other comprehensive income		
Net unrealized gains (losses) on available-for-sale securities	(42)	16
Total other comprehensive income	(42)	16
Comprehensive income	4,266	6,124
(Comprising)		
Comprehensive income attributable to parent	4,266	6,124

Consolidated Statement of Changes in Shareholders' Equity

	Millions of yen								
	Shareholders' equity					Accumulated other comprehensive income			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income	New share subscription rights	Total net assets
Balance at beginning of year	¥4,819	¥4,817	¥26,251	¥(4,806)	¥31,081	¥ 30	¥ 30	¥ 77	¥31,189
Changes during the year									
Dividends from surplus			(886)		(886)				(886)
Net income attributable to owners of parent			4,308		4,308				4,308
Acquisition of treasury stock				(970)	(970)				(970)
Disposition of treasury stock		55		36	92				92
Cancellation of treasury stock		(640)		640	—				—
Transfer from retained earnings to capital surplus		584	(584)		—				—
Change of scope of equity method			(78)		(78)				(78)
Net changes of items other than shareholders' equity						(42)	(42)	63	20
Total changes during the year	—	—	2,760	(293)	2,466	(42)	(42)	63	2,487
Balance at end of year	¥4,819	¥4,817	¥29,011	¥(5,100)	¥33,548	¥(11)	¥(11)	¥140	¥33,677

	Millions of yen								
	Shareholders' equity					Accumulated other comprehensive income			
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Net unrealized gains (losses) on available-for-sale securities	Total accumulated other comprehensive income	New share subscription rights	Total net assets
Balance at beginning of year	¥4,819	¥4,817	¥29,011	¥(5,100)	¥33,548	¥(11)	¥(11)	¥140	¥33,677
Changes during the year									
Dividends from surplus			(1,532)		(1,532)				(1,532)
Net income attributable to owners of parent			6,107		6,107				6,107
Acquisition of treasury stock				(1,754)	(1,754)				(1,754)
Disposition of treasury stock		129		132	261				261
Cancellation of treasury stock		(746)		746	—				—
Transfer from retained earnings to capital surplus		616	(616)		—				—
Change of scope of equity method					—				—
Net changes of items other than shareholders' equity						16	16	16	33
Total changes during the year	—	—	3,958	(875)	3,082	16	16	16	3,115
Balance at end of year	¥4,819	¥4,817	¥32,970	¥(5,976)	¥36,630	¥ 4	¥ 4	¥157	¥36,792

Consolidated Statement of Cash Flows

	Millions of yen	
	2016	2017
Cash flows from operating activities		
Net income before income taxes	¥ 6,456	¥ 8,547
Depreciation and amortization	1,192	2,397
Impairment loss	—	651
Amortization of goodwill	117	117
(Decrease) increase in allowances	232	197
Increase in liabilities related to retirement benefits	51	24
Interest and dividend income	(7)	(43)
Gain on reversal of subscription rights to shares	—	(13)
Equity-based compensation cost	155	291
Interest expense	996	1,036
Increase (decrease) in accounts receivable—trade	(30)	(367)
Decrease (increase) in operating loans	33	85
Decrease (increase) in inventories	(2,600)	12,529
Increase (decrease) in notes and accounts payable—trade	2,013	136
Increase (decrease) in advances received	(1,036)	(875)
Other	(1,756)	568
Subtotal	5,817	25,283
Interest and dividend received	7	43
Interest paid	(1,032)	(942)
Income taxes paid	(2,364)	(1,739)
Net cash provided by operating activities	2,428	22,644
Cash flows from investing activities		
Payments into time deposits	(135)	(202)
Withdrawals from time deposits	176	171
Decrease (increase) in short-term loans receivable	4	8
Acquisition of tangible fixed assets	(19,739)	(23,860)
Proceeds from sale of tangible fixed assets	16	—
Acquisition of intangible fixed assets	(23)	(62)
Acquisition of investment securities	(200)	(832)
Proceeds from sale of subsidiaries and affiliates' stocks	84	—
Outflow from acquisition of subsidiaries' stock resulting in change in the scope of consolidation	—	(2,755)
Other	0	(6)
Net cash used in investing activities	(19,816)	(27,540)
Cash flows from financing activities		
Net increase in short-term borrowings	2,670	9,077
Proceeds from long-term borrowings	41,201	42,456
Repayment of long-term borrowings	(22,256)	(43,477)
Proceeds from issuance of bonds	200	1,477
Redemption of bonds	(200)	—
Repayment of lease obligations	(96)	(118)
Acquisition of treasury stock	(970)	(1,754)
Dividends paid	(884)	(1,531)
Net cash provided by financing activities	19,663	6,129
(Decrease) increase in cash and cash equivalent	2,275	1,233
Cash and cash equivalent at beginning of year	26,114	28,390
Cash and cash equivalent at end of year	¥28,390	¥29,623

History

1971–1980

- 1972 Established as Takara Komuten Co., Ltd. in Yamato-cho, Itabashi-ku
- 1974 Relocated the Company's head office to Nakaitabashi, Itabashi-ku
- 1975 Purchased the Company's head office to the Nakaitabashi Head Office Buildings (Dai-ichi Takara Building)

1981–1990

- 1982 Launched the real estate rental business
- 1986 Established Takara Jyuhan Co., Ltd. in an effort to expand sales and intermediary operations
- 1988 Established Takara Management Co., Ltd. as a real estate management company

1991–2000

- 1994 Set up the Condominium Division at Takara Jyuhan Co., Ltd.
- 1994 Commenced sales of the "Leben Heim" series of condominiums
- 1996 Changed the name of Takara Management Co., Ltd. to Leben Community Co., Ltd.
- 1999 Undertook the absorption-type merger of Takara Jyuhan Co., Ltd.
- 2000 Changed the name of Takara Komuten Co., Ltd. to Takara Leben Co., Ltd.

2001–2010

- 2001 Relocated the Company's head office to Ikebukuro following completion of the Takara Leben Head Office Building
- 2001 Listed on the JASDAQ market
- 2001 Established TAFUKO Co., Ltd. as a financial brokering business
- 2003 Listed on the Second Section of the Tokyo Stock Exchange
- 2004 Listed on the First Section of the Tokyo Stock Exchange
- 2004 Made the real estate brokerage company Relivel Leben Co., Ltd. into a subsidiary company
- 2004 Established AS Partners Co., Ltd. as a nursing care business
- 2006 Relocated the Company's head office to the Shinjuku-Sumitomo Building
- 2006 Changed the name of Relivel Leben Co., Ltd. to Takara Live Net Co., Ltd.
- 2008 Launched the new Takara Leben brand
- 2009 Converted AS Partners Co., Ltd. from a subsidiary company to an affiliate accounted for by the equity method following the sale of a portion of the company's shares
- 2010 Launched the detached housing business with detached housing built by the Company in its own right

2011–Present

- 2011 Commenced sales of custom-built houses; exhibited products at the Tachikawa Housing Exhibition Center
- 2011 Removed Takara Live Net Co., Ltd. from the Company's scope of consolidation as a subsidiary company following the transfer of shares
- 2012 Launched the new LEBEN condominium brand
- 2012 Made the real estate rental and management business Takara Housing Co., Ltd. (current Takara Property Co., Ltd.) into a subsidiary company
- 2013 Entered the mega-solar business
- 2013 Established Takara Asset Management Co., Ltd. as an investment management business
- 2013 Made Sunwood Corporation into an affiliate accounted for by the equity method
- 2014 Set up the Hokuriku Office
- 2014 Set up the Tohoku Office
- 2014 Made the real estate distribution business Oasis Co., Ltd. (current Takara Leben Realnet Co., Ltd.) into a subsidiary company
- 2014 Made Nikko Kensetsu Co., Ltd. into a subsidiary company
- 2015 Closed the Tohoku Office
- 2015 Made Live Net Home Co., Ltd. (current Takara Leben Tohoku Co., Ltd.) into a subsidiary company; relocated to Sendai City, Miyagi Prefecture
- 2015 Made Jyutakujoyouhoukan Co., Ltd. into a subsidiary company
- 2016 Made Nikko Property Co., Ltd. into a subsidiary company
- 2016 Changed the name of Nikko Kensetsu Co., Ltd. to Nikko Takara Corporation Co., Ltd.
- 2016 Completed steps for Takara Leben Infrastructure Fund Inc. to be the first to list on the infrastructure fund market
- 2017 Closed Yokohama Branch; set up Osaka Branch
- 2017 Set up the Sapporo Office
- 2017 Changed the name of Jyutakujoyouhoukan Co., Ltd. to Takara Leben West Japan Co., Ltd. Established Fukuoka Head Office
- 2017 Relocated the Company's head office to the TEKKO BUILDING in Marunouchi, Chiyoda-ku

Corporate Data

Name	Takara Leben Co., Ltd.
Representative	Kazuichi Shimada, Representative Director and President
Established	September 1972
Capital stock (As of March 31, 2017)	¥4,819 million
Net sales (Fiscal year ended March 31, 2017)	¥103,599 million
No. of employees (As of March 31, 2017)	265
Head office	1-8-2 Marunouchi, Chiyoda-ku, Tokyo, Japan 100-0005 TEL.: +81-3-6551-2100

Related companies (As of May 31, 2017)

Leben Community Co., Ltd.	Chiyoda-ku, Tokyo
Takara Leben Tohoku Co., Ltd.	Sendai City, Miyagi Prefecture
Takara Leben West Japan Co., Ltd.	Matsuyama City, Ehime Prefecture
Nikko Takara Corporation Co., Ltd.	Chuo-ku, Tokyo
Takara Leben Realnet Co., Ltd.	Chuo-ku, Tokyo
Takara Property Co., Ltd.	Toshima-ku, Tokyo
Nikko Property Co., Ltd.	Yokohama City, Kanagawa Prefecture
TAFUKO Co., Ltd.	Chiyoda-ku, Tokyo
Takara Asset Management Co., Ltd.	Chiyoda-ku, Tokyo
Sunwood Corporation	Minato-ku, Tokyo

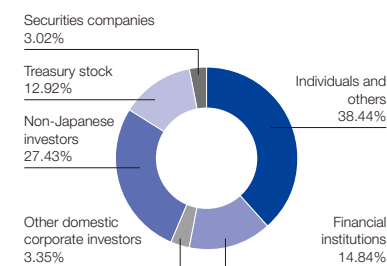
Stock Information

Securities code	8897
Stock exchange listing	First Section, Tokyo Stock Exchange
Shareholder registry administrator	Sumitomo Mitsui Trust Bank, Ltd. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo
Total number of shares outstanding (As of March 31, 2017)	124,000,000 shares
Trading unit of shares	100 shares
Number of shareholders (As of March 31, 2017)	18,284

Major shareholders (Top 10) (As of March 31, 2017)

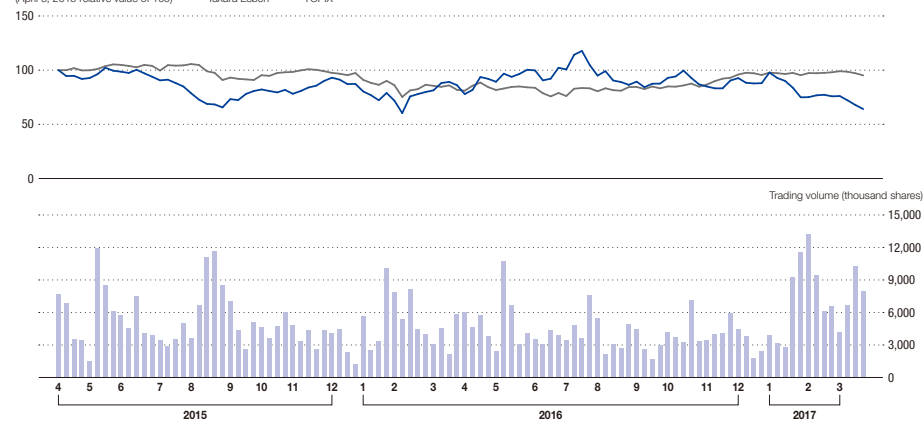
Name of shareholder	Shares (Thousands)	Percentage share (%)
Yoshio Murayama	25,633	20.67
Takara Leben Co., Ltd.	16,022	12.92
The Master Trust Bank of Japan, Ltd. (Trust Account)	3,486	2.81
Japan Trustee Services Bank, Ltd. (Trust Account)	3,225	2.60
BNYM SA/NV FOR BNYM FOR FMSF-FRANKLIN MUTUAL FINANCIAL SERVICES FUND	2,419	1.95
Murayama Kikaku Co., Ltd.	2,000	1.61
CITIBANK EUROPE PLC, UK BR-STANDARD LIFE INVESTMENTS STRATEGIC BOND FUND	1,818	1.47
THE BANK OF NEW YORK 133612	1,750	1.41
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,580	1.27
THE BANK OF NEW YORK 133524	1,452	1.17

Number of shares held by investor segment (As of March 31, 2017)



Share price trends

(April 6, 2015 relative value of 100) — Takara Leben — TOPIX





Takara Leben Co., Ltd.

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