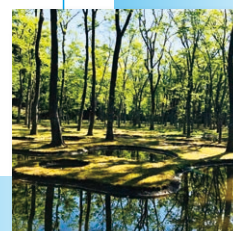
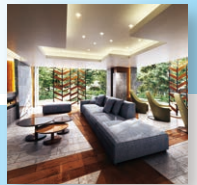
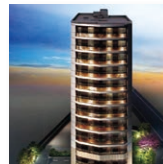
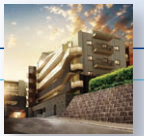


## Innovation for a New Lifestyle.

— ライフスタイルに、新常識を。 —



## Profile

Since the foundation of the Takara Leben Group in 1972, our objective has always been to offer homes to customers under the principle of providing ideal, affordable housing that anyone can buy with confidence and peace of mind. We began with the detached house business, transitioned to our core new built-for-sale condominium business to meet the needs of the age, and then, in 2001, became a listed company. We have achieved continuous growth as a general real estate business developer by bringing to reality our corporate vision: "THINK HAPPINESS AND MAKE THE HAPPINESS." Now, as we approach the 50th anniversary of the Group's founding in 2022, our new Group slogan is "Innovation for a New lifestyle." This means proposing homes and services suited to the lifestyles of customers, despite what had until now been the existing norm, raising corporate value and responding to the expectations of all of our stakeholders.



## CONTENTS

Profile	1
History of the Takara Leben Group	2
Value Creation Process at the Takara Leben Group	4
Interview with the CEO	6
Interview with the CFO	8

At a Glance	10
Measures Adopted in Each Business	
Real Estate Sales Business	11
Real Estate Rental Business/ Real Estate Management Business	14
Electric Power Generation Business/Other Businesses	15
ESG Initiatives	16
CSR Initiatives	18
Corporate Governance	20
Introduction of Directors	24

Financial Section/Corporate Data	
Six-Year Financial Summary	25
Financial Review	26
Consolidated Balance Sheet	28
Consolidated Statements of Income and Comprehensive Income	30
Consolidated Statement of Changes in Shareholders' Equity	31
Consolidated Statement of Cash Flows	32
Stock Information	33

<b>Other Disclosure Information</b> <a href="https://www.leben.co.jp/en/">https://www.leben.co.jp/en/</a>
• Materials related to the Company's Settlement of Accounts
• Quarterly Financial Results Reports
• Business Report
• Ordinary General Meeting of Shareholders Information
• Other

### 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 2019, the fiscal year ended March 31, 2019, 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 2019 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, 2019. 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.

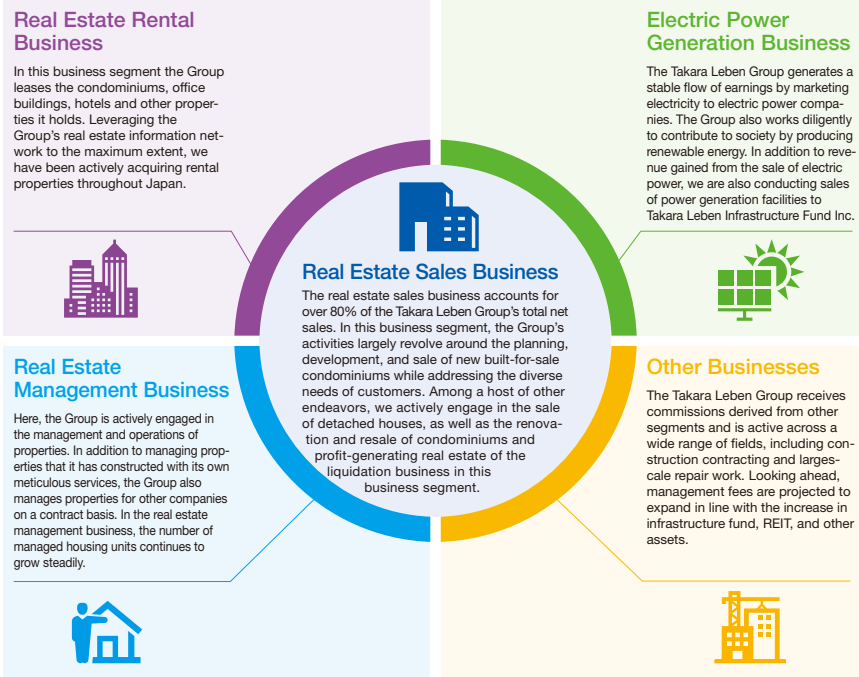
VISION  
**THINK HAPPINESS AND  
MAKE THE HAPPINESS**

MISSION  
**Creating  
Together**

### Origin of the Company Name

The "Takara" that we have used in our company name since the days of "Takara Komuten" refers to "treasure," as in a home is the treasure of a lifetime. The word "leben" added following the change in our company name is German for "life, lifestyle and living," which are keywords essential when discussing a home. This represents the concept of hoping to offer homes that are the treasure of a lifetime to as many people as possible.

### Main Businesses



### Company Profile

Company name: Takara Leben Co., Ltd.  
Representative: Kazuichi Shimada,  
Representative Director  
Established: September 1972  
Capital stock: 4,819 million yen  
(As of March 31, 2019)  
Net sales: 132,005 million yen  
(Fiscal year ended March 31, 2019)  
No. of employees: 296  
(male, 222; female, 74)  
(As of March 31, 2019)  
Head office: TEKKO BUILDING 16F,  
1-8-2 Marunouchi, Chiyoda-ku,  
Tokyo, Japan 100-0005  
TEL.: +81-3-6551-2100

### Related companies

- Leben Community Co., Ltd.
- Takara Leben Tohoku Co., Ltd.
- Takara Leben West Japan Co., Ltd.
- Nikko Takara Corporation Co., Ltd.
- Takara Leben Realnet Co., Ltd.
- Leben Zestock Co., Ltd.
- Takara Property Co., Ltd.
- Leben Trust Co., Ltd.
- Takara Asset Management Co., Ltd.
- Takara PAG Real Estate Advisory Ltd.
- Sunwood Corporation

### Flow Businesses

In addition to the Group's new built-for-sale condominiums for families and single people in the Tokyo metropolitan area, Takara Leben has positioned its new built-for-sale condominium business to target both active seniors residing in major regional cities and its reconstruction and redevelopment business as key earnings pillars.


### Stock and Fee-Based Businesses

In the stock business, the Takara Leben Group is building stable revenue from rent, and revenue generated from over 50,000 properties managed on consignment. In addition, in the fee-based business we listed two investment corporations expanding into areas such as investment management fees and thereby established a system that does not rely on flow businesses.

# History of the Takara Leben Group

Established as Takara Komuten Co., Ltd. in Itabashi-ku, Tokyo in 1972, Takara Leben began the sale of proprietary branded condominiums in the 1990s, which subsequently led to growth in the number of units supplied as well as net sales. We are a general real estate business developer that comprises 12 Group subsidiaries, and our business area now extends broadly throughout Japan.

(Billions of yen)  
100

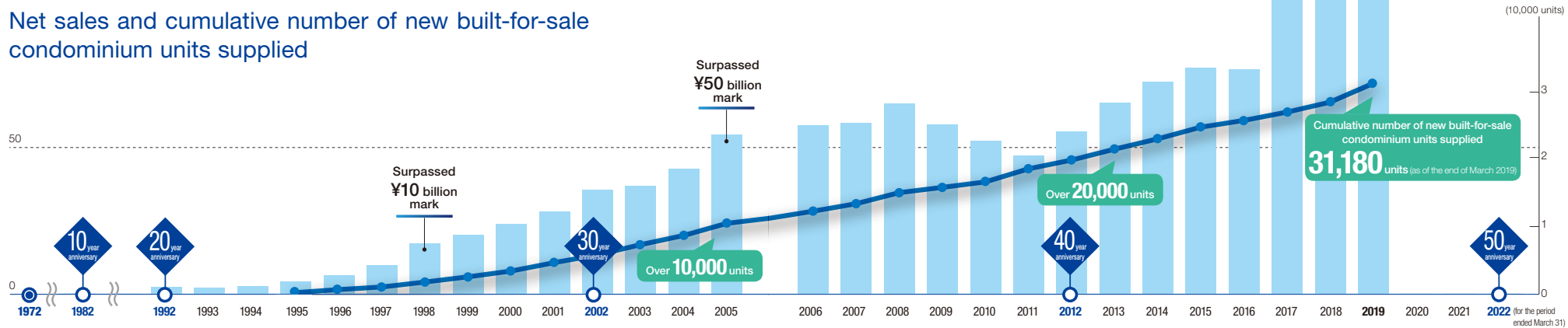


The Takara Leben Group's symbol is the Harmonic Circle, which is comprised of three rings, representing customers, partners, and employees and expressing how they are linked to one another and expanding organically to create harmony while supporting each other. The three rings convey our hope of carrying out our corporate vision to "THINK HAPPINESS AND MAKE THE HAPPINESS" while resonating with one another. The gradation of striking blue to deep navy expresses the intelligence and sincerity pursued by everyone in the Group.

Net Sales  
¥132 billion

2018 number of supplied condominium units nationwide ranking  
**No. 8**  
\*Study by Real Estate Economic Institute Co., Ltd.

## Net sales and cumulative number of new built-for-sale condominium units supplied



### History

**1972** Established as Takara Komuten Co., Ltd. in Yamato-cho, Itabashi-ku



**1975** Purchased the Company's head office to the Nakatabashi Head Office Buildings (Dai-ichi Takara Building)

**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

**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** Relocated the Company's head office to Ikebukuro following completion of the Takara Leben Head Office Building



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



**2006** Relocated the Company's head office to the Shinjuku-Sumitomo Building

**2008** Launched the new Takara Leben brand



**2010** Launched the detached house business with detached house built by the Company in its own right

**2011** Commenced sales of custom-built houses; exhibited products at the Tachikawa Housing Exhibition Center

**2012** Launched the new LEBEN condominium brand



Made the real estate rental and management business Takara Housing Co., Ltd. (current Takara Property Co., Ltd.) into a subsidiary company

**2013** Entered the electric power generation business



Established Takara Asset Management Co., Ltd. as an investment management business

Made Sunwood Corporation into an affiliate accounted for by the equity method

**2014** Set up the Hokuriku Office Made Oasis Co., Ltd. (current Takara Leben Realnet Co., Ltd.) into a subsidiary company

Made Nikko Kensetsu Co., Ltd. into a subsidiary company

**2015** Made Live Net Home Co., Ltd. (current Takara Leben Tohoku Co., Ltd.) into a subsidiary company; relocated to Sendai City, Miyagi Prefecture

Made Jyutakuiyohoukan Co., Ltd. into a subsidiary company

**2016** Made Nikko Property Co., Ltd. into a subsidiary company

Changed the name of Nikko Kensetsu Co., Ltd. to Nikko Takara PAG Real Estate Advisory Co., Ltd.

Completed steps for Takara Leben Infrastructure Fund Inc. to be the first to list on the Tokyo Stock Exchange Infrastructure Fund Market

**2017** Set up the Osaka Branch Set up the Sapporo Office

Changed the name of Jyutakuiyohoukan Co., Ltd. to Takara Leben West Japan Co., Ltd.

Relocated the Company's head office to the TEKKO BUILDING in Marunouchi, Chiyoda-ku

**2018** Changed the name of Takara Leben Zestock Co., Ltd.

Made PAG Investment Management Ltd. (current Takara PAG Real Estate Advisory Ltd.) into a subsidiary company

Launched the new NEBEL condominium brand

Established representative office of TAKARA LEBEN CO., LTD. in Hanoi City

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

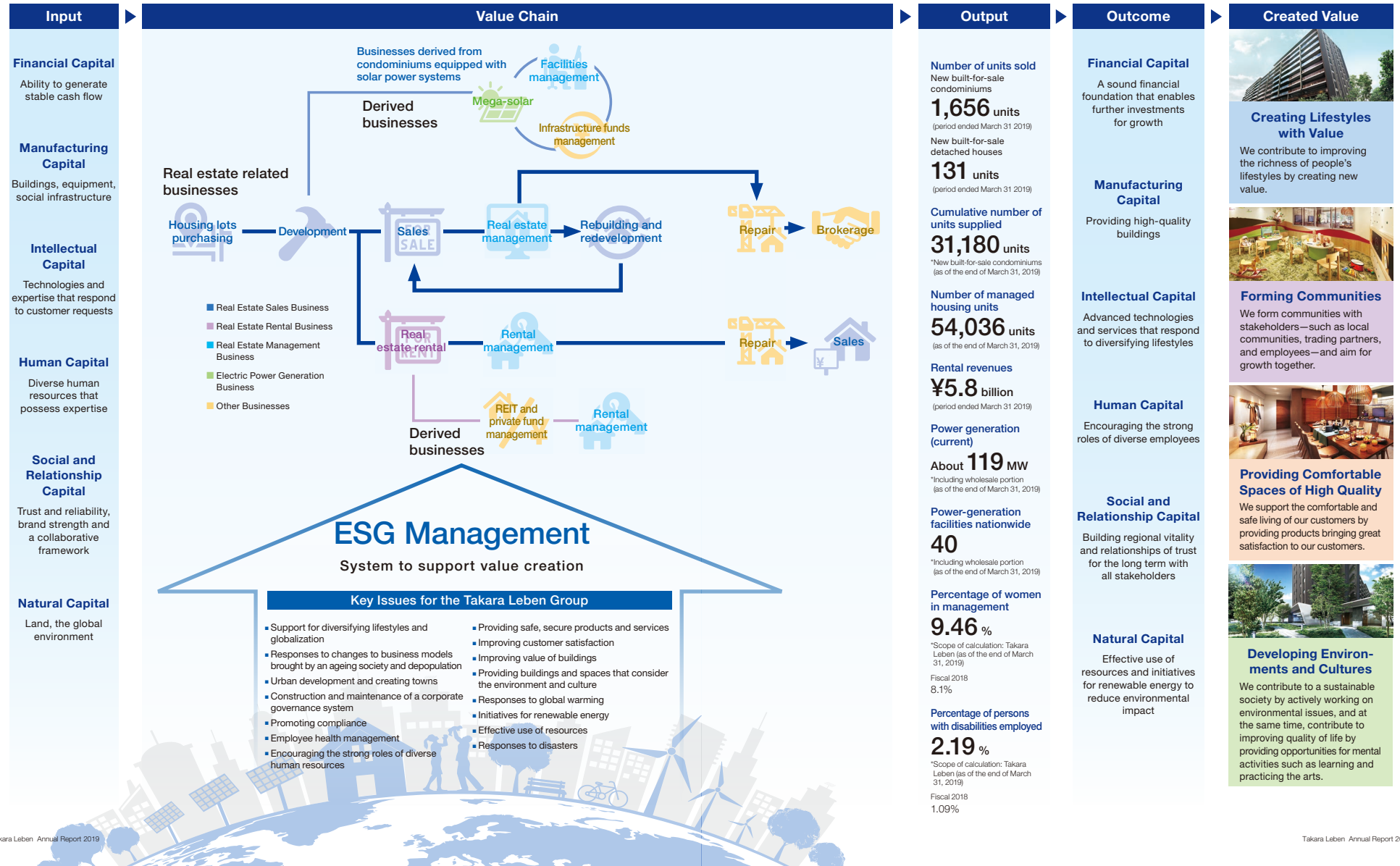
**2019** Changed the name of Nikko Property Co., Ltd. to Leben Trust Co., Ltd.

### Real estate-related milestones

- ◆ 1970s** The new availability of home loans leads to the spread of condominiums as housing for ordinary households
- ◆ 1980s** Land prices soar in the bubble economy
- ◆ 1990s** After the bubble bursts, corporate factories and housing are sold off and the development of condominium buildings on vacant land moves forward
- ◆ 2001** The J-REIT market is established enabling real estate investment trusts to list on the Tokyo Stock Exchange for the first time.
- ◆ 2006** With formulation and enactment of the Basic Act for Housing, Japan's policy shifts to encourage use of existing housing stock with refurbishment and renovation
- ◆ 2008** The financial crisis sparked by the Lehman Shock leads to ongoing consolidation among real estate companies
- ◆ 2011** The Great East Japan Earthquake and other disasters spur strengthened efforts to adopt seismic isolation and vibration control structures for condominiums, as well as securing emergency sources of power and other features
- ◆ 2016** Compliance with energy conservation standards becomes mandatory, in line with the enactment of the Building Energy Conservation Act, a law concerned with building energy consumption performance

# Value Creation Process at the Takara Leben Group

Takara Leben has positioned as its starting point the desire to offer homes to customers under the principle of providing ideal, affordable housing that anyone can buy with confidence and peace of mind. Moreover, it has responded to diversifying housing needs and achieved sustained growth as a general real estate business developer. We will continue to provide new value to society through the creation of concepts that go beyond traditional norms.



## Interview with the CEO



**Kazuichi Shimada**  
Representative Director,  
CEO and President Executive Officer

*Kazuichi Shimada*

### We will establish a sustainable foundation for growth by strengthening core businesses and increase corporate value by diversifying our business portfolio from a medium to long term view.

With the first year of the Medium-Term Management Plan finished, we are clarifying the issues that need to be addressed going forward.

We will achieve sustainable growth by clarifying target customers for the core new built-for-sale condominium business and diversifying derived businesses centered on the electric power generation business.

#### Q1

#### Medium-Term Management Plan (March 2019 – March 2021) Please tell us about the progress and achievements made in the first year.

In the first year of the Medium-Term Management Plan, both operating income and ordinary income were both below target by around 6%, but net sales and net income reached their targets.

In the new built-for-sale condominium business, sales are increasingly being divided between weak and strong results, with recent construction cost rises keeping selling prices high. In light of this, we must build the kind

of properties that people desire to purchase because of the Takara Leben brand no matter how expensive. In the year under review, we nearly achieved our target for the number of delivered units, so despite the numerous challenges we face this is a reasonable result for the plan's first year.

In the liquidation business we achieved our target of listing a REIT, with Takara Leben Real Estate Investment Corporation being listed in July 2018. Elsewhere, growth of the electric power generation business is slower but has generally progressed as planned. Under the Medium-Term Management Plan, we will pursue sustainable growth by implementing growth strategies, prioritizing ongoing stock businesses, and developing non-core businesses into key platforms.

#### Theme of the Medium-Term Management Plan

### Evolution through Sustainable Change

ライフスタイルに、  
新常識を。  
Innovation for a New Lifestyles.



#### Q2

#### Building on the accomplishments in the first year, please tell us about upcoming challenges and initiatives.

I believe that identifying and grasping changing customer lifestyles in order to supply homes that meet these changing needs is critical for realizing stability and growth for the new built-for-sale condominium business.

The lifestyle of our main target customer, the first-time home buyer, has undergone significant change. Since 1980, the structure of households has experienced a significant increase in dual-income and single-person households, and a steady decline for households with full-time housewives. In addition, dwindling birthrates and an aging population have noticeably progressed. Consequently, we target three new segments: dual-income, single-person, and senior citizen households.

For dual-income households, we have focused for several years on the purchase of housing lots at locations that offer convenient lifestyles, product planning, and sales strategies, all of which we will further clarify. For single-person households, we have built new compact condominiums under the NEBEL brand and opened a permanent salon in Ginza in 2018. For senior citizen households, we are responding to the demand for relocating from detached houses to condominiums particularly in regional cities. There is a need to supply desirable residences, which we will meet by accurately identifying such needs based on the composition of each household and area characteristics. We are currently pursuing these concepts starting at the housing lot

purchase and product planning stages while taking steps to achieve the Medium-Term Management Plan under the slogan, "Innovation for a New Lifestyles."

#### Q3

#### The Company is pursuing the third pillar of the Medium-Term Management Plan, "Responding to ESG." Please share your approach to sustainable growth.

In order to survive amid rapidly changing market conditions, companies must accurately grasp these changes and steadfastly meet the needs of society. As part of this, we have raised the pursuit of ESG initiatives companywide in the Medium-Term Management Plan.

In order to understand and address social issues, we have identified 15 key issues from the perspective of our stakeholders that fall within the Company's four key CSR themes (see p.16 for details). In addition, every employee shares an awareness about applying these CSR themes to the Company's SDGs-related initiatives.

Notably, in the area of corporate governance, we established nomination and compensation committees as advisory bodies for the Board of Directors in March 2019 to increase the objectivity and transparency of the personnel and compensation decision-making processes.

Looking ahead, we will pursue sustainable growth with an awareness of the importance of engaging with our stakeholders.

## Interview with the CFO



**Masashi Yamamoto**  
Director, CFO and Executive Officer

**We aim to raise total shareholder returns over the medium to long term by pursuing capital cost-oriented management that supports sustainable profit growth.**

### Q1

**Please discuss performance during the fiscal year ended March 31, 2019.**

In fiscal year ended March 31, 2019, we delivered 1,656 units in the core new built-for-sale condominium business. In addition, we reached record-high net sales by fostering a cycle of investment and returns in the liquidation business, including the listing of Takara Leben Real Estate Investment Corporation. However, on the costs side, selling costs increased in line with growth in sales areas and number units sold, while personnel costs rose due to upgrading our HR system, which includes raising headcount and average wages by 5.6%

amid business expansion. As a result, operating income and ordinary income were below target due to over-budget SG&A, but net income (net income attributable to owners of parent) was on target.

By business, the new built-for-sale condominium business fell slightly short of its target for number of units delivered, but inventories have halved compared to the end of the previous fiscal year, indicating solid sales progress. The renewal resale business significantly exceeded targets for purchases and net sales, particularly the purchase and sale of one building renovation. In the liquidation business, net sales and gross profit were both well above their targets.

### Management Index

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

### Q2

**Please discuss your forecasts based on the management targets for the fiscal year ending March 31, 2021, the final year of the Medium-Term Management Plan.**

The Medium-Term Management Plan targets consolidated net sales of 170,000 million yen and net income of 9,000 million yen in its final year, fiscal 2021, while its financial targets are equity ratio of 30%, loan to value (LTV) of just under 60%, debt-to-equity ratio of just under 3 times, and ROE of 15%.

The Company believes that consistently generating profits and cash flows above capital costs will raise shareholder value. In addition, we aim to reach ROE of above 15% over the medium to long term by improving profitability and asset efficiency.

Looking ahead, condominium demand is solid centered on dual-income and single-person households in the Tokyo Metropolitan Area, while in regional cities there is a greater need among active seniors to move to centrally located condominiums.

Against this backdrop, we expect condominium investment to remain stable at between 45 and 50 billion yen. We will maintain asset size at around 60 billion yen as we invest 20-30 billion yen in liquidity assets (including earnings-generating buildings, hotels, and offices) and continue the cycle of investment and return.

As for the electric power generation business potential, we expect ongoing demand owing to the Japanese government announcing targets for renewable energy use of 22-24% by 2030.

To this end, we will proactively invest surplus funds

to realize future growth aimed at boosting our competitiveness while believing that a healthy debt to capital structure is most important for sustainability. To maintain a healthy balance sheet, the Company targets interest-bearing debt at just under 60% of total assets.

### Q3

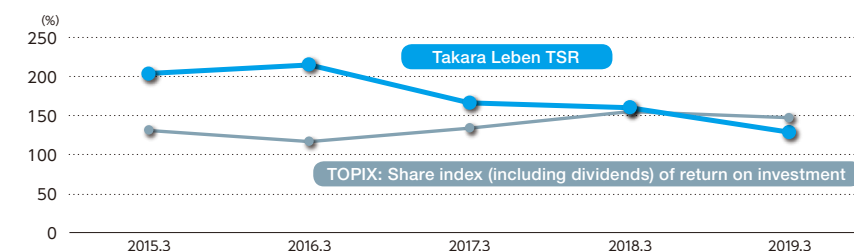
**Please discuss the Company's capital policy and shareholder return approach.**

We will adopt a capital policy that prioritizes internally retained fund accumulation and soundness. Based on its fundamental policy of returning profit to shareholders in line with consolidated earnings (net income), the Company aims to raise annual dividend per share by 3 yen from 16 yen for fiscal 2019 to 19 yen in fiscal 2020, for a dividend payout ratio of 25-30%. In the final year of the Medium-Term Management Plan, we target dividend per share of 21 yen based on profit growth.

The Company will engage in capital cost-oriented management to support sustainable profit growth. Undertaking growth investment, we aim to increase total shareholder returns over the medium to long term by returning profits through dividends as well as cancelling treasury stock, with a basic policy of cancelling over 10% treasury stock from total shares outstanding. In the fiscal year ended March 31, 2019, we cancelled three million treasury shares.

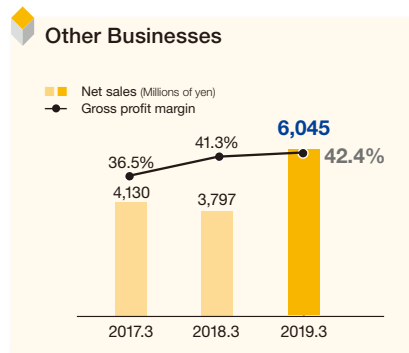
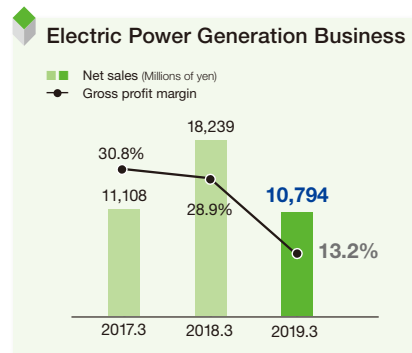
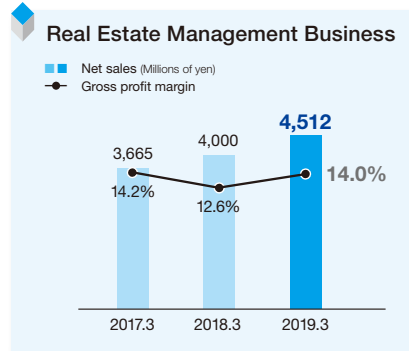
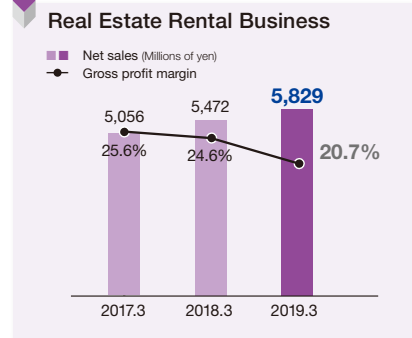
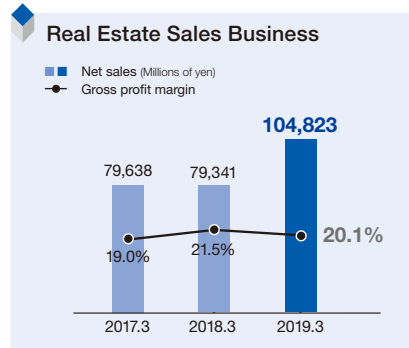
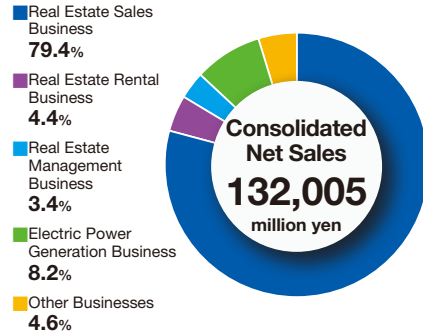
We will take steps to increase corporate value by enhancing our engagement with a variety of stakeholders beginning with shareholders and investors.

### Total shareholder returns (TSR)



## At a Glance

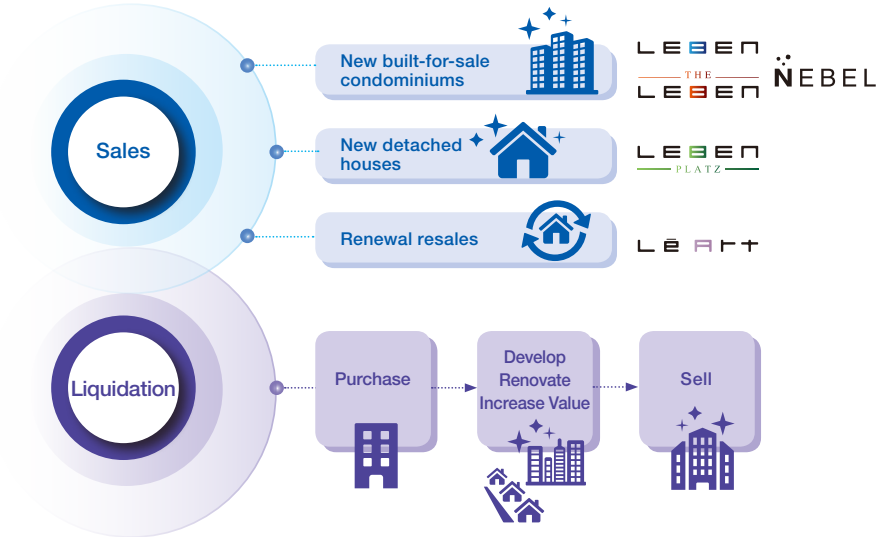
### Sales Ratio by Segment



## Measures Adopted in Each Business

### Real Estate Sales Business

The Takara Leben Group supplies real estate that flexibly addresses changes in lifestyles and customer values. With the full-scale launch of the liquidation business utilizing the Group's real estate development capabilities, the Company is also diversifying flow businesses beyond the new built-for-sale condominium business.



### Fiscal 2019 Review and Strategies

In the fiscal year under review, the Takara Leben Group expanded its area of operations to 31 prefectures by achieving new supply in Hokkaido, Iwate, Aichi, Osaka, and Nagasaki prefectures. In 2018, the number of nationwide condominium units sold reached the 80,000 level for the first time in four years. The Company also ranked eighth in the condominium developer ranking based on number of condominium units sold, ranking among the top 10 for the sixth consecutive year, and plays the role of a stable supplier in the real estate sales market as an independent general real estate business developer. The Company will continue to provide a stable supply and grow nationwide by securing locations that prioritize convenience in the Tokyo metropolitan area and by striving to accurately ascertain the supply-demand balance in regional cities.

Revenues from the real estate sales business for the fiscal year under review amounted to 104,823 million yen, up 32.1% year on year, based on such revenues as 57,203 million yen from the new built-for-sale condominium business, 8,817 million yen from the new detached house business, 3,305 million yen from the renewal resale business, and 33,502 million yen from the liquidation business.

In fiscal 2020, the Company plans to sell 1,950 units in the new built-for-sale condominium business by actively advancing supply in both major metropolitan areas and in regional city centers. The Company will continue to supply products that address changes in lifestyles and changes in housing-related values. In order to supplement the new built-for-sale condominium business, the Company will expand business in the new detached house, renewal resale, and liquidation businesses in line with market trends.

### New Built-for-Sale Condominium Business

In fiscal 2018, the Company expanded its lineup adding to the existing LEBEN brand by launching supply of the NEBEL brand of new city-type compact condominiums designed to address the needs of singles and DINKs.

Against a backdrop of a dwindling birthrate and aging population, the ratio of the population accounted for by the Tokyo metropolitan area is expected to continue growing. Moreover, household composition will undergo major changes, with a significant decline in households with full-time housewives and an increase in the number of single-person and dual-income households. Along with demand for convenient locations and lifestyles, these changes are driving an upward trend in the demand for compact condominiums in the Tokyo metropolitan area. Meanwhile, in part due to the trend towards developing compact cities, regional city centers are seeing a continued deep-rooted demand to move from detached houses to condominiums, primarily among active seniors.

More recently, in part due to steady purchases of housing lots in regional cities, the Company expects to reduce the metropolitan area property ratio, which was 54.5% during the fiscal year under review, to 47.3% in fiscal 2020. As in

average years, the condominium completion schedule for fiscal 2020 is heavily weighted toward the second half, with scheduled completions of approximately 1,000 units concentrated during the fourth quarter. Despite this, approximately 700 units are anticipated for completion during the first half, leading to an outlook for a slight improvement in concentration during the second half compared with the fiscal year under review and helping to level out sales.



LEBEN ASAKUSA AYAGINU

### Renewal Resale Business

The market for used condominiums has boomed, with the number of used condominium sales in the Tokyo metropolitan area exceeding new built-for-sale condominium sales for three consecutive years. The Company primarily focuses on purchasing used condominiums under lease (owner change properties), and renovating and reselling them after the leaseholders have vacated. This business model enables a stable earnings cycle because properties under lease can be purchased less expensively than vacant properties, while at the same time generating rental income from the leaseholder while occupied.

In the fiscal year under review, in addition to purchases and sale of individual units, the Company purchased and sold one building renovation (41 total units). At 257 units, the number of purchased units exceeded the plans by 107 units, where the number of owned units at the end of the fiscal year was 229, exceeding the plans by 69 units. Due to this one building renovation, the gross profit margin increased to 16.3%, 3.4 points

higher than the planned margin. Along with continuing to make purchases, the Company will establish a stable business cycle by further reducing the duration between the time units are vacated and resold. Over the near term, the Company will work to accumulate units with a target of 500 owned units at the end of the fiscal year.



Le Art HIGASHI RINKAN THE RESIDENCE

### Liquidation Business

As a pillar of new earnings, the Company is growing the real estate liquidation business, which maximizes the Group's development capabilities, information collection capabilities, and other knowhow as a general real estate business developer. In addition to conventional long-term holdings, the Company is diversifying the exit channels for owned properties and establishing an appropriate investment and return cycle, for example by selling properties to REIT and private funds after increasing value and reconstruction.

In terms of REIT composition initiatives, Takara Leben Real Estate Investment Corporation (TLR) was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market in July 2018. TLR (managed under contract by Takara PAG Real Estate Advisory Limited) is backed with the investments of four companies: Takara Leben, PAG Real Estate Holding Limited, Kyoritsu Maintenance Co., Ltd., and Yamada Denki Co., Ltd. In the fiscal year under review, a total of 5 properties worth 6,723 million yen were sold to TLR. As a result, in the fiscal year under review both the investment and sales values exceed the planned values.

Along with assuming sales will be made to REIT and private funds, the Company will also continue to replace assets held while actively acquiring and developing profit-generating real estate.



Dormy Inn Matsuyama

### Performance Goals

		Fiscal 2018 Results	Fiscal 2019 Plan	Fiscal 2019 Results	Fiscal 2020 Forecast
Units sold	Condominiums	1,619	1,700	1,656	1,950
	Detached houses	116	190	131	200

(Unit)

Breakdown by Segment (Net Sales / Gross Profit)	Fiscal 2018 Results		Fiscal 2019 Plan		Fiscal 2019 Results		Fiscal 2020 Forecast	
	Net Sales	Gross Profit	Net Sales	Gross Profit	Net Sales	Gross Profit	Net Sales	Gross Profit
New built-for-sale condominium business	60,368	13,313	60,000	13,000	57,203	11,977	75,000	15,500
New detached house business	6,335	830	12,000	1,600	8,817	701	10,000	1,000
Renewal resale business	588	78	1,700	220	3,305	537	2,720	320
Liquidation business	9,707	2,322	30,000	5,500	33,502	7,235	30,000	6,300
Other businesses	2,340	541	2,000	340	1,993	608	3,000	400
<b>Total</b>	<b>79,341</b>	<b>17,086</b>	<b>105,700</b>	<b>20,660</b>	<b>104,823</b>	<b>21,060</b>	<b>120,720</b>	<b>23,520</b>

(millions of yen)



**Measures Adopted in Each Business** ◆ Real Estate Rental Business ◆ Real Estate Management Business  
◆ Electric Power Generation Business ◆ Other Businesses

## Real Estate Rental Business

The Takara Leben Group develops its apartment, condominium, and office rental business nationwide. Actively acquiring rental properties, we have established a REIT and are expanding our asset size.

As a lender, the Company leases out condominiums, office buildings, and other real estate, and converts rental condominiums into guest houses as means of promoting businesses where the Company operates the property. In the fiscal year under review, revenues from the real estate rental business amounted to 5,829 million yen, up 6.5% year on year, including rent revenues from the rental of apartments, condominiums, and offices. Although actual revenues exceeded planned revenues, the impact of initial costs incurred in connection with an increase in newly purchased properties led the gross profit margin to temporarily fall below the planned 25.5% to an actual margin of 20.7%. As a result of accumulating owned units in the renewal resale business, the Company expects to see revenues of 6,000 million yen for fiscal 2020. The Company also seeks to establish a more stable stock business by continuing to make carefully selected purchases.



LUXENA Heiwadai

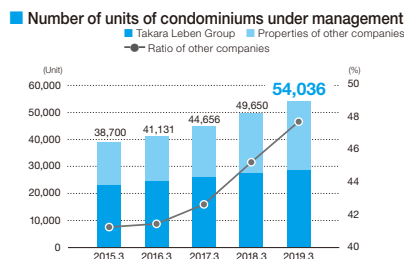
	Fiscal 2018 Results	Fiscal 2019 Plan	Fiscal 2019 Results	Fiscal 2020 Forecast
<b>Net sales</b> (millions of yen)	5,472	5,500	5,829	6,000

## Real Estate Management Business

We are engaged in comprehensive management services for condominium buildings, which includes properties of not only the Takara Leben Group but also other company's condominiums.

In addition to its own properties, the Company also manages and operates properties owned by other companies. In the fiscal year under review, the number of units under management grew significantly year on year by 4,386 units. Revenues from the real estate management business representing management fees from these 54,036 units under management amounted to 4,512 million yen, up 12.8% year on year. In recent years, the ratio accounted for by unowned properties under management has trended upwards, where this ratio rose to 47.4% in the fiscal year under review, a 0.7 point increase over the plan. In the fiscal year under review, the Company won a large replacement contract for its first tower condominium. In fiscal 2020, the Company will continue to strengthen activities to capture replacement contracts and raise the target for units under management to 58,800 units, an increase of 1,200 units from the initial plan. At the same time, the Company is working

to further expand peripheral businesses, including large-scale repair work derived from managed properties.



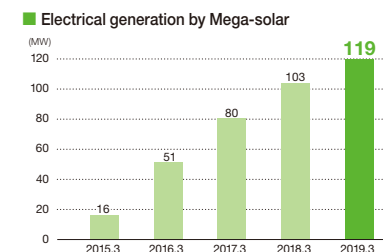
	Fiscal 2018 Results	Fiscal 2019 Plan	Fiscal 2019 Results	Fiscal 2020 Forecast
<b>Net sales</b> (millions of yen)	4,000	4,300	4,512	5,200
<b>Number of managed units</b> (Unit)	49,650	53,300	54,036	58,800

## Electric Power Generation Business

The Takara Leben Group is engaged in power generation using renewable energy nationwide while aggressively acquiring and developing facilities to increase the scope of its infrastructure fund assets.

In the fiscal year under review, revenues from the electric power generation business amounted to 10,794 million yen, down 40.8% year on year, including revenue from sales of power generation facilities that were already operating and revenues from the sale of electricity generated by power generation facilities. Although the Company has sold facilities to Takara Leben Infrastructure Fund for three consecutive years, at 119 MW, cumulative generation capacity failed to reach the planned 147 MW. Cumulative generation capacity was affected by reduced purchases in anticipation of revisions to the FIT system in December 2018. After revision, purchases resumed and the Company secured 150 MW, including projects under development. Of this capacity, 73 MW were accounted for by facilities that have been sold and 46 MW were accounted for by facilities that are operating and have not been sold. The remaining 31 MW were accounted for by facilities that are under development. Cumulative generation capacity for fiscal 2020 is scheduled to reach 150 MW,

while facility sales and revenues from the sale of electricity generation are scheduled to proceed as planned. In regard to wind power, biomass power, and other forms of renewable energy generation, the Company will also closely investigate service providers while considering their introduction.



	Fiscal 2018 Results	Fiscal 2019 Plan	Fiscal 2019 Results	Fiscal 2020 Forecast
<b>Net sales</b>				
Sale of Facilities (millions of yen)	14,687	7,000	6,100	17,000
Revenue from Sale of Electricity (millions of yen)	3,552	3,800	4,694	4,100
<b>Total power generation volume</b> (MW)	103	147	119	150

## Other Businesses

This segment consists of commissions and management fees derived from our other business segments, and is currently promoting business development overseas.

Sale and brokerage fees, management compensation, revenue from contract construction work, revenue from repair work, and other income not included in reportable segments is included here. In the fiscal year under review, revenues from other business totaled 6,045 million yen, up 59.2% year on year, including revenues from contracts for construction works, orders for large-scale repair works, and commission income, etc. In addition to an upswing of 54.6% due to renovation work for one building compared with planned revenues from repair work, accumulation of assets under management led to an increase in management compensation of 72.9% compared to the plan. Due to a steady increase in the number of units under management as part of the real estate management businesses, the Company foresees growth in construction revenue related to repair work.

RESIDENCE project, a joint venture between the Company and Fujita Corporation and the first condominium development project led entirely by Japanese companies in Haiphong, Vietnam. As a new area for growth, the Company will continue to proceed with its overseas business while it inspects projects.



THE MINATO RESIDENCE (Image)

In the overseas business, the Company held an official announcement ceremony to launch the THE MINATO

	Fiscal 2018 Results	Fiscal 2019 Plan	Fiscal 2019 Results	Fiscal 2020 Forecast
<b>Net sales</b> (millions of yen)	3,797	3,700	6,045	6,980

# ESG Initiatives

## CSR Basic Policy

The Takara Leben Group will achieve its corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS" while working to earn the trust of various stakeholders and society. We will contribute to solutions to social issues and achieving the Sustainable Development Goals (SDGs) by undertaking CSR initiatives through our business including supplying housing and introducing natural energy as we strive for continuous growth.

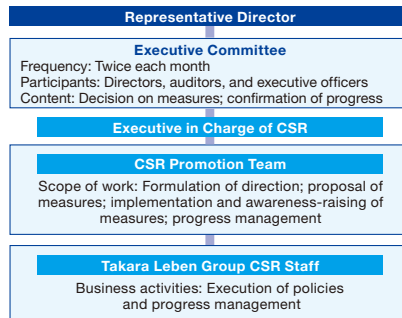


## CSR Promotion Framework

To link CSR activities to the improvement of corporate value for all Group companies, we are building a promotion framework which spans across all companies. We are also building a vertical promotion framework unifying management with business activities by making decisions and reporting at our Executive Committee meetings as appropriate.

In addition, we are organizing training for executives of all Group companies and staff in charge of CSR. We are also considering opportunities for information sharing and discussion with ground staff.

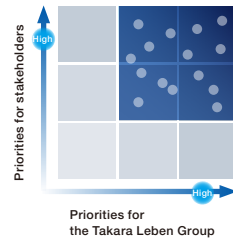
Moving forward, we will create new value by creating environments where employees can take ownership in working on CSR, and further strengthen our activities by reaffirming awareness of critical issues.



## Process of Selecting Key CSR Themes and Identifying Key Issues

At the Takara Leben Group, we have identified key CSR themes and key issues through the following steps.

- STEP 1 Grasp and organize social issues**  
We identified 31 issues relating to the business environment based on GRI, the Sustainable Development Goals (SDGs), SASB and other international guidelines, as well as our Group philosophy and Medium-Term Management Plan and demands from our customers, shareholders and investors, local communities, employees and other stakeholders.
- STEP 2 Evaluate significance from the Takara Leben Group's perspective**  
We utilized questionnaires completed by all employees including management and officers to identify relations between social issues and our business and Group philosophy, and rank them in accordance with priority.
- STEP 3 Evaluate importance from our stakeholders' perspectives**  
We utilized questionnaires completed by customers, shareholders and investors, and business partners and drew on international guidelines such as the GRI and the SDGs to rank issues.
- STEP 4 Identify key issues**  
Priorities were revised from the perspectives of the Takara Leben Group and our stakeholders, a review was conducted by management, and then the key issues were identified.
- STEP 5 Set policies for key CSR themes**  
Policies were set for the four key CSR themes.



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

## CSR Initiatives

### Creating Lifestyles with Value

The Takara Leben Group aims to create lifestyles with value through providing housing pursuing comfort and design under the concept of realizing the optimal form of harmony between occupants and the surrounding environment.

#### “KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project

The KOJIN BOSAI KIT (Individual Disaster Preparedness Kit) Project develops and distributes disaster preparedness kits for individuals that feature both good design and functionality to support disaster preparedness tailored to individual convenience. Disaster preparedness supplies are stored in a compact and lightweight file-type box with a maximum size of an A4 sheet of paper. The customizable boxes are intended for continuous use and can be refilled.

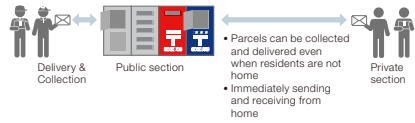
These kits not only enhance safety and security measures within disaster-resistant buildings and residences, but also raise awareness of disaster preparedness in day-to-day life at workplaces and when going out through their design features.



Wrapping cloth disaster preparedness kit “FUJIOSHIKI BOSAI KIT, ANSHIN, KANSHIN”

#### “SOCOTAKU” Project

Installing delivery lockers with mailboxes in apartment buildings makes it possible to deliver mail that otherwise would have to be collected at a post office, and SOCOPOS won the 2017 Good Design Award. SOCOPOS has evolved into SOCOTAKU, which allows for collection by all home delivery companies. In addition to automatically sending and receiving mail, it is possible for apartment residents to have parcels collected by all delivery companies including Yu-Pack and for delivered parcels to be held within the apartment building for 24 hours.



### Forming Communities

The Takara Leben Group works on regional revitalization — such as participation in redevelopment and local events — and the strengthening of communications with customers, employees, and shareholders. We build ties with stakeholders, and contribute to the formation and growth of communities.

#### Relationships with Stakeholders

The Takara Leben Group places its corporate and individual customers, local communities, trading partners, employees, and shareholders and investors among its stakeholders, and works to strengthen communication with these groups. The Company provides opportunities for dialogue with condominium and detached house contract parties through support representatives, membership organizations, and publication of informational magazines, and for dialogue with local communities through participation in and sponsorship of local events and community events at managed properties. The Company conducts fair and just transactions with its trading partners; provides human resources interviews, educational and training programs, and helplines for its employees; and discloses IR information to its shareholders and investors through ordinary general meetings of shareholders, financial results briefings, one-on-one meetings, and the website.



Free newspaper “Smilax”

#### Social Contribution Activities/Recovery Support

Since November 2018, the Takara Leben has been distributing vegetables cultivated at the Leben Village, a farm that is energetically worked by those with disabilities, to anyone within the company who desires. At the same time, the Company collects 20 yen for each bag of vegetables at the time of distribution to raise funds for donation to TABLE FOR TWO International, an NPO that supports school lunches in developing countries.

In addition, since December 2018, Takara Asset Management has been using the Regional Revitalization Support Tax Program (Enterprise Furusato Tax Payments) to donate to the Miyagi Disaster Prevention Forest Partnership Promotion Project, which seeks to restore the forests, contributing to regional recovery and environmental preservation.



### Providing Comfortable Spaces of High Quality

For everyone to live with peace of mind. The Takara Leben Group pursues the needed performance of housing to support the happiness of families. We provide definite quality, combining both design and habitability, and comfortable spaces where people can live with peace of mind all the time.

#### Initiative to Improve Quality Through Obtaining ISO 9001 Certification

For the purpose of improving the quality of our comprehensive support to customers in building comfortable living environments, Leben Community and Nikko Takara Corporation have prepared quality management systems in accordance with ISO 9001, the international standard for quality management systems formulated by the International Standards Organization, and obtained this certification.



#### Service Quality Management System (SQMS®)

Leben Community, which is responsible for our condominium management operation, adopts our unique service quality management system (SQMS®) to continue managing our customers' important assets over the long-term. This system was adapted from ISO 9001, the international standard for quality management systems, and was born from continuously adding feedback from our many years of experience to become an original management foundation of expertise of our Company. Quality management and operations management are carried out in parallel, and it is possible to maintain the quality standard of services being provided even when consultants and management staff change.

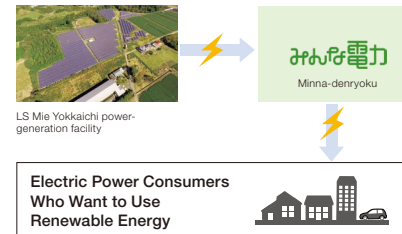


### Developing Environments and Cultures

The Takara Leben Group not only improves the environment through adopting renewable energy, but also contributes to improving energy self-sufficiency and regional revitalization including the use of idle land. In addition, we work on improving the quality of life for people by providing opportunities for cultural and social activities.

#### Electric Power Supply to Minna-denryoku Starts

The LS Mie Yokkaichi and LS Shizuoka Omaezaki power-generation facilities began supplying electric power to Minna-denryoku, Inc., a social energy company, in January 2019. Through Minna-denryoku, which enables electric power consumers to select their energy power supplier, we are providing electric power to consumers who want to use renewable energy.



#### Support for Sports and Culture

Takara Leben and Takara Leben Tohoku were sponsors of the Tohoku-Miyagi Revive Marathon 2018 organized by Sendai Television Inc. and JAAF Miyagi to support recovery efforts in Tohoku. Takara Leben employees participated as runners in the event, which was held on October 13 and 14, 2018 in Miyagi Prefecture, and completed the 42.195 km course.

The Takara Leben Group also contributes to the spread and development of sports and culture by sponsoring events like the Hakkiyoi KITTE Grand Sumo Tournament, Eiosen Shogi Competition, and the grape Award 2018.



Tohoku-Miyagi Revive Marathon 2018

# Corporate Governance

## Basic Approach to Corporate Governance

Rather than simply pursuing profit, Takara Leben strongly believes that it must comply with laws and corporate ethics and carry out its duties as a responsible member of society.

While maintaining close relationships with customers, shareholders, and employees—our core stakeholders—we continuously consider how we can deliver further satisfaction. In addition, we believe that reflecting the feedback received from various other stakeholders in our business

while responding in ways that keep in mind what our company should achieve and for whom will lead to sound and efficient business management as a going concern.

Furthermore, by not limiting ourselves to a systematic check and balance function but rather by spreading the roots as indexes or systems, we will work so that the check and balance across the entire company will function in sync with each person's awareness.

## Corporate Governance System

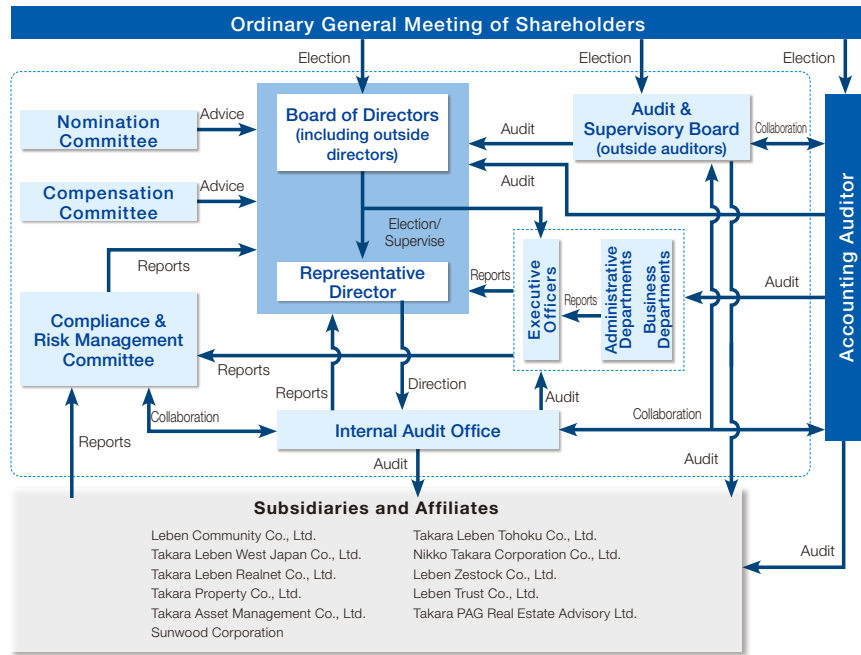
In addition to prudent and swift decision-making by the Board of Directors, Takara Leben has built a system to ensure management proprieties, such as appropriate mutual supervision by directors over the state of business execution, and audit and supervision by auditors over directors' state of business execution. We also introduced an executive officer system to clarify the

management supervisory roles of directors and the business execution responsibilities of executive officers.

### Board of Directors

Takara Leben has appointed 13 directors, three of whom are outside directors. All three outside directors have been designated as independent officers. In addition to carrying

### Corporate Governance System



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 also at extraordinary board meetings which are held on an as-required basis.

Auditors are always in attendance at the 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 the Board of Directors' meetings and the status of business execution. Also in attendance at the 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 issue or reporting matter. Moreover, the Company holds Executive Committee meetings to deliberate on topics with regard to management, and a Sales Conference to discuss sales progress. In addition to sharing the achievement status of management targets among each department, the Company glean information on problem areas and issues in the form of business reports from each department and deliberates on important matters relating to overall management. The content of those reports is raised at Board of Directors' meetings on an as-required basis.

### Evaluating the Effectiveness of the Board of Directors

All Takara Leben directors including outside directors and corporate auditors complete self-evaluation questionnaires and the Board of Directors analyzes and evaluates the effectiveness of the Board of Directors. With regard to the evaluation of effectiveness during the 47th fiscal term, each director and corporate auditor suggested that even more vigorous debate be conducted within the Board of Directors, but expressed the opinion that overall, the Board operates appropriately and effectiveness is achieved. To ensure that adequate deliberations take place within the Board of Directors, we will continue to provide feedback to the Board based on future analysis and evaluation results.

### Executive Officer System

Having introduced an executive officer system, Takara Leben 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.

### Audit & Supervisory Board

As a system for check and balance of decision making, all three auditors of Takara Leben are outside corporate auditors. Each auditor is equipped with adequate background, experience, and mettle to objectively carry out assessments and verifications. Besides audits for Takara Leben, the auditors are also involved in audits for our Group companies, such as attending their board meetings and interviewing their directors, maintaining firm relationships with these companies. Furthermore, the auditors and the accounting auditor work to further improve the effectiveness and efficiency of audits by understanding and adjusting each other's annual schedules; going together to events such as ground inspections and checks on display homes, and exchanging information as appropriate.

### Internal Audit Office

Takara Leben also formulated guidelines on internal audits and established an Internal Audit Office as an independent organization reporting directly to the representative director to enhance and strengthen internal audits. In the proposal and execution of the internal audit plan, the office coordinates the schedules of auditors and the Accounting Auditor and adjusts the scopes of audits to seek efficient operation of various functions. Auditors accompany and witness operation audits conducted by the Internal Audit Office, and work on building an effective and efficient audit system by means such as verifying the scope of the audit and collecting opinions as appropriate.

### 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. In his capacity as advisor, he provides the Company with accurate advice and guidance and therefore Mr. Shida has been appointed as an Outside Director.	26/26
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.	25/26
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.	24/26

## Corporate Governance

### 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 yen or less (not including, however, the employee portion of the salary), and the limitation of the special stock option remuneration to 300 million yen or less annually which is decided by a resolution at an Ordinary General Meeting of Shareholders.

The remuneration of the Audit & Supervisory Board member is determined at the Ordinary General Meeting of Shareholders limited to an annual amount of 60 million yen or less.

### Amounts of Director and Auditor Remuneration (As of March 31, 2019)

Position	Number of people	Amount of remuneration (Millions of yen)
Directors	11	446
Auditors	5	22
Total	16	468

- (Notes) 1. The amount paid to directors does not include the employee salaries of directors concurrently serving as employees.  
 2. The remuneration limit for directors is up to a limit of 600 million yen per year (excluding any salaries as employees), as approved at the 45th Ordinary General Meeting of Shareholders held on June 27, 2017. In addition, at the 43rd Ordinary General Meeting of Shareholders, held on June 24, 2015, it was resolved that the annual amount of stock option remuneration would be up to a limit of 300 million yen.  
 3. At the Extraordinary General Meeting of Shareholders held on July 16, 1999, a remuneration limit of 60 million yen per year was decided for corporate auditors.  
 4. The total amounts of the aforementioned remuneration, etc. include the following amounts as the amount of expenses in the fiscal year related to stock acquisition rights allocated as stock option remuneration.  
 • Seven directors 71 million yen

### Support Structure for Outside Officers

The Company has put in place a structure capable of offering to outside directors and outside auditors, upon their request and at any time, support for their duties or operations. It is the role of the Corporate Planning Department to provide such support services. It also makes available advance briefings or materials concerning agenda items at

the Board of Directors' meetings or other various structured meetings, upon request by outside officers, as well as giving notice of these meetings' schedules, adjusting itineraries, and performing other tasks.

### Nomination and Remuneration Committees

With the objectives of increasing objectivity and transparency in decision-making processes relating to personnel appointments and compensation of directors and others and further enhancing and reinforcing corporate governance structures by providing appropriate opportunities for outside directors to participate and give advice, Takara Leben established Nomination and Remuneration Committees as voluntary advisory bodies of the Board of Directors.

Each committee comprises three or more directors selected by resolution of the Board of Directors, of which a majority are independent, outside directors. The chairman of each committee is also selected by resolution of the Board of Directors.

The committees deliberate and submit reports primarily on the matters indicated below based on advice from directors.

#### Nomination Committee

- Matters relating to nomination of candidate directors, executive officers, and others;
- Matters relating to nomination and succession of the representative director;
- Matters relating to basic policies and criteria on nomination of directors and others; and
- Other matters referred to the Nomination Committee by the Board of Directors.

#### Remuneration Committee

- Matters relating to remuneration of directors and executive officers;
- Matters relating to basic policies and criteria on remuneration of directors and others; and
- Other matters referred to the Remuneration Committee by the Board of Directors.

## Risk Management

### Basic Policy

The fundamental risk management policies of the Takara Leben Group are to ensure to safety of customers, business partners, officers, employees, and their family members, fulfill our social responsibilities, protect the global environment, maintain ongoing business activities, and raise corporate value. To this end, we identify and manage individual risks. We established the Compliance & Risk Management Committee as a body to carry out these measures, and we implement comprehensive risk management throughout the Group.

### Management Structures

The Takara Leben Group established a Compliance & Risk Management Committee chaired by the representative director. The Committee verifies and reports on all business-related risks, deliberates and makes decisions on measures and management to avoid or mitigate risks, and takes comprehensive measures to strengthen internal controls and prevent misconduct, non-compliance, and other similar incidents. In addition, subcommittees—such as for business strategy, finance, IT & administration, and compliance—are established as necessary to establish systems that make proactive proposals appropriate to management of individual risks.

Furthermore, the scope of deliberations within each subcommittee is reported to and verified by the Compliance & Risk Management Committee as appropriate in accordance with the Compliance & Risk Management Committee Rules. These matters are also reported to the Board of Directors as necessary, forming a structure for timely decision-making in preparation for the occurrence of risks.

### Preventive Approach to Risk

In order to respond promptly to the occurrence of emergency situations such as corporate scandals, accidents, natural disasters, administrative action, serious criminal conduct by employees, and so on, the Takara Leben Group has established crisis management structures and adopted Crisis Management Rules and a Crisis Management Manual. The Crisis Management Rules define crises and specify procedures from initial responses to formation and disbanding of response organizations. There are also two sets of detailed crisis control rules regarding crisis responses and disaster countermeasures. With regard to crisis responses, rules specify crisis management levels, responsibilities and authority, and information sharing lines, as well as responsive measures to be implemented as disaster countermeasures during a disaster.

In addition, each division works with the division responsible for crisis management to formulate risk recovery and prevention plans and makes reports to the Compliance & Risk Management Committee at its monthly meetings. As a part of our business continuity planning (BCP), we adopt a preventive approach to risk management including the preparation of manuals for the continuation and recovery of business operations in the event an emergency situation occurs.

## Business Risks

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

### Natural disaster such as earthquake

Earthquakes and other natural disasters may directly damage the Takara Leben Group 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 Takara Leben Group, and thus impact the performance and financial position of the Takara Leben Group.

### Effects from purchaser attitudes

The Takara Leben Group'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 Takara Leben Group.

### Effects from housing 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 Takara Leben Group.

### Effects from competition, etc.

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 Takara Leben Group.

Other risks are identified as follows.

- Legal restrictions
- Overreliance on borrowed funds
- Effects from supply trends
- Subcontractors
- Opposition by neighboring residents when constructing condominiums
- Possibility of litigation, etc.
- Personal information

### Committee Composition

Committee Name	Total No. of Members	No. of Standing Committee Members	No. of Internal Directors	No. of Outside Directors	No. of Outside Experts	Others	Committee Head (Chairman)
Voluntary committee equivalent to the Nomination Committee	3	0	1	2	0	0	Outside Director
Voluntary committee equivalent to the Remuneration Committee	3	0	1	2	0	0	Outside Director

## Introduction of Directors

(As of June 26, 2019)



**Yoshio Murayama**  
Director and Chairman

Sep. 1972 Established the Company, Senior Managing Director  
Mar. 1979 Representative Director and President  
Apr. 2012 Representative Director and President and CEO  
Apr. 2014 Representative Director and Chairman  
Jun. 2016 Director and Chairman (Incumbent)



**Kazuichi Shimada**  
Representative Director, CEO and President, Executive Officer

May 1987 Joined the Company  
Jun. 2006 Representative Director, Vice President and Executive General Manager of Development Division  
Apr. 2014 Representative Director, President, CEO, COO and CFO  
Jun. 2019 Representative Director, CEO and President, Executive Officer (Incumbent)



**Kazuyuki Shimizu**  
Director, COO and Vice President, Executive Officer

Oct. 2004 Joined Leben Community Co., Ltd.  
May 2014 Senior Managing Director, Leben Community Co., Ltd.  
May 2016 Representative Director and Vice President, Leben Community Co., Ltd.  
Jun. 2018 Representative Director, Takara Leben West Japan Co., Ltd. (Incumbent)  
Jun. 2019 Director, COO and Vice President, Executive Officer (Incumbent)



**Yoshitaka Tejima**  
Director and Senior Managing Executive Officer

Mar. 1997 Joined the Company  
Jun. 2014 Director, Sunwood Corporation (Incumbent)  
Apr. 2018 Senior Managing Director, Executive Officer and Executive General Manager of Development Division  
Jun. 2018 Director, Takara Leben West Japan Co., Ltd. (Incumbent)  
Jun. 2019 Director, Senior Managing Executive Officer, Executive General Manager of Development Division, and General Manager of Eco-Energy Division (Incumbent)



**Masahiro Yoshida**  
Director and Managing Executive Officer

Mar. 2001 Joined the Company  
Oct. 2011 General Manager of 2nd Sales Division, Sales Division  
Apr. 2018 Executive Officer and General Manager of 2nd Group of Sales Division  
Jun. 2015 Representative Director, Takara Leben Tohoku Co., Ltd.  
Jun. 2019 Director, Managing Executive Officer, and Executive General Manager of Sales Division (Incumbent)



**Masashi Yamamoto**  
Director, CFO and Executive Officer

May 2016 Joined the Company  
May 2017 Director, Leben Community Co., Ltd. (Incumbent)  
Jun. 2017 Director, Executive Officer, Executive General Manager of General Planning Division,  
General Manager of Control Group of Corporate Planning Division,  
General Manager of Personnel and General Manager of Corporate Planning Division  
Apr. 2019 Director, CFO, Executive Officer, and Executive General Manager of General Planning Division (Incumbent)



**Shoichi Akisawa**  
Director and Executive Officer

May 2019 Representative Director, Leben Zestock Co., Ltd. (Incumbent)  
Jun. 2019 Director, Executive Officer, and Executive General Manager of Investment Development Division (Incumbent)



**Mika Takaara**  
Director and Executive Officer

Jan. 2000 Joined the Company  
Jun. 2016 Director, Executive Officer, General Manager of Overall Sales Group - Sales Division, General Manager of Sales Promotion Division, and General Manager of Business Division  
Apr. 2019 Director, Executive Officer and Vice Executive General Manager of Sales Division (Incumbent)



**Takeshi Okabe**  
Director (non-permanent)

Apr. 1998 Joined the Company  
Apr. 2015 Senior Managing Director, Executive Officer, and Executive General Manager of Sales Division  
May 2019 Representative Director, Takara Leben Plainnet Co., Ltd. (Incumbent)  
Jun. 2019 Director (Incumbent)



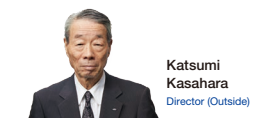
**Tadayuki Hara**  
Director (non-permanent)

Aug. 2002 Joined the Company  
Apr. 2017 Managing Director, Executive Officer, Executive General Manager of Sales Division,  
General Manager of 1st Group of Sales Division,  
General Manager of 1st Sales Division, and General Manager of 2nd Sales Division  
Jun. 2019 Representative Director, Takara Leben Tohoku Co., Ltd. (Incumbent)  
Director (Incumbent)



**Hitoshi Shida**  
Director (Outside)

Apr. 1961 Joined Nippon-Sogo Bank, Ltd. (Now Sumitomo Mitsui Banking Corporation)  
Jun. 1994 President, The Taiheyo Bank Ltd. (Now Sumitomo Mitsui Banking Corporation)  
Jun. 1997 Representative Director, Vsel Co., Ltd.  
Jun. 2014 Outside Director, Takara Leben Co., Ltd. (Incumbent)



**Katsumi Kasahara**  
Director (Outside)

May 1973 Registered in the Rol of Attorneys (registration no.: 13897); joined the Tokyo Bar Association  
May 1979 Established the Lawyer Kasahara Katsumi Law Office (now Lawyer Kasahara Katsumi Linnight Law Office) (Incumbent)  
Apr. 2013 Legal Counsel and Member of the Ethics Committee, The Society for Preservation of Japanese Art Swords (Incumbent)  
Jun. 2015 Outside Director, Takara Leben Co., Ltd. (Incumbent)



**Kenji Kawada**  
Director (Outside)

May 2003 Representative Director and President, Resona Holdings, Inc.  
Jan. 2016 Representative of TMA KAWADA OFFICE (Incumbent)  
Jun. 2017 Outside Director, PE&HR Co., Ltd. (Incumbent)  
Outside Director, Takara Leben Co., Ltd. (Incumbent)  
Jun. 2018 Outside Auditor, Konishi Co., Ltd. (Incumbent)

## Six-Year Financial Summary

	2014.3	2015.3	2016.3	2017.3	2018.3	2019.3
Millions of yen						
Net sales	¥71,963	¥76,956	¥76,268	¥103,599	¥110,851	<b>¥132,005</b>
Gross profit	18,199	18,311	17,835	21,869	25,779	<b>26,886</b>
Operating income	9,798	9,257	7,563	10,349	12,597	<b>10,046</b>
Ordinary income	9,181	8,540	6,708	9,496	11,792	<b>9,027</b>
Net income	5,869	5,718	4,308	6,107	7,367	<b>6,426</b>
Cash flows from operating activities	22,996	(8,155)	2,428	22,644	9,869	<b>22,428</b>
Cash flows from investing activities	(4,567)	(7,998)	(19,816)	(27,540)	(34,463)	<b>(34,347)</b>
Cash flows from financing activities	(366)	6,314	19,663	6,129	24,012	<b>3,427</b>
Capital expenditure	4,163	8,095	22,756	20,814	30,302	<b>29,902</b>
Depreciation and amortization	437	717	1,192	2,397	1,943	<b>2,447</b>
Total assets	95,891	101,738	129,744	139,874	177,588	<b>184,893</b>
Current assets	72,524	67,319	75,753	86,585	102,931	<b>98,512</b>
Cash and deposits	35,964	26,281	28,515	29,780	29,223	<b>21,165</b>
Inventory	33,445	35,345	40,208	49,933	68,438	<b>68,681</b>
Real estate for sale	1,156	4,901	4,073	9,658	20,279	<b>18,821</b>
Power generation facilities for sale	—	—	—	7,885	4,090	<b>—</b>
Real estate for sale in progress	32,288	30,444	36,134	32,390	44,068	<b>49,860</b>
Fixed assets	23,366	34,400	53,945	53,237	74,618	<b>86,286</b>
Net assets	27,138	31,189	33,677	36,792	42,907	<b>47,734</b>
Interest-bearing debt	37,765	48,812	70,396	79,864	106,663	<b>111,821</b>
<b>Per Share Information:</b>						
Net income per share (Yen)	50.64	50.61	38.99	56.14	68.12	<b>59.33</b>
Net assets per share (Yen)	237.53	279.11	304.71	339.29	394.90	<b>436.68</b>
Dividends per share (Yen)	5.0	6.0	13.0	15.0	16.0	<b>16.0</b>
<b>Operating Indices:</b>						
ROE (%)	22.9	19.7	13.3	17.4	18.6	<b>14.3</b>
ROA (%)	6.9	5.8	3.7	4.5	4.6	<b>3.5</b>
Operating income margin (%)	13.6	12.0	9.9	10.0	11.4	<b>7.6</b>
Debt ratio (Times)	2.5	2.3	2.9	2.8	3.1	<b>2.9</b>
Current ratio (%)	192.3	193.4	176.7	171.5	182.0	<b>168.3</b>
Inventory turnover (Times/Year)	2.1	2.2	2.0	2.3	1.9	<b>1.9</b>
Equity ratio (%)	28.2	30.6	25.8	26.2	24.1	<b>25.6</b>
Dividend payout ratio (%)	9.9	11.9	33.3	26.7	23.5	<b>27.0</b>

# Financial Review

## Summary of Overall Results

During the fiscal year ended March 31, 2019, the Japanese economy continued to recover moderately amid improved corporate earnings, employment and income, due to a range of fiscal measures implemented by the government. Meanwhile, the global economy still required attention, given factors such as uncertainty due to geopolitical risks in neighboring countries, the trends of US economic policies and growing tension in international situations, among others.

In the real estate sales market in which the Company operates, sales are increasingly divided between weak and strong results due to persistently high selling prices caused by soaring condominium construction costs. Rising trends are seen in demand for locations that are convenient for daily life and for compact condominiums, reflecting

changes in every end-user lifestyle caused by an increase in single-person households and dual-income households and changes in consumer values. On the other hand, there is noticeably high demand in regional city centers, due in part to the demand of active seniors, which continues to be high, and the trend of compact city development.

The number of nationwide condominium units sold reached the 80,000 level for the first time in four years, reflecting a slight increase in the number of units sold in the Tokyo metropolitan area. The Company ranked eighth in the condominium developer ranking based on the number of condominium units sold, ranking among the top 10 for the sixth consecutive year, and plays the role of a stable supplier in the real estate sales market as an independent general real estate business developer.

## Profit and Loss

In the fiscal year under review, the Company recorded consolidated net sales of ¥132,005 million, up 19.1% year on year, consolidated operating income of ¥10,046 million, down 20.3%, consolidated ordinary income of ¥9,027 million, down 23.4%, and net income attributable to owners of parent of ¥6,426 million, down 12.8%.

In performance by business segment, revenues from the real estate sales business amounted to ¥104,823 million, up 32.1% year on year. This was the result of revenues of ¥57,203 million from the sales of new built-for-sale condominiums, revenues of ¥33,502 million from the sale of profit-generating real estate, and revenues of ¥14,117 million gained from the sales of new detached houses and used condominiums, among others.

Net sales from the real estate rental business amounted to ¥5,829 million, up 6.5% year on year, including rental income from apartments, condominium units and offices.

Net sales from the real estate management business representing management fees from 54,036 units under management amounted to ¥4,512 million, up 12.8% year on year.

Net sales from the electric power generation business amounted to ¥10,794 million, down 40.8% year on year, including revenue from sales of power generation facilities that were already operating and revenues from the sale of electricity generated by other power generation facilities.

Net sales from other business totaled ¥6,045 million, up 59.2% year on year, including revenues from contracts for construction works, orders for large-scale repair works, and various commission

income, among others.

Cost of sales increased 23.6% year on year, to ¥105,119 million, mainly due to an increase in sales of the real estate sales business. Gross profit was also up 4.3%, to ¥26,886 million, and the gross profit margin fell 2.9 percentage points from the previous fiscal year, to 20.4%.

Selling, general and administrative expenses increased 27.7% year on year, to ¥16,839 million, chiefly owing to higher advertising expenses associated with an increase in units sold and an increase in personnel associated with business expansion.

As a result, consolidated operating income came to ¥10,046 million, down 20.3% year on year, and the operating income margin declined 3.8 percentage points year on year, to 7.6%.

Non-operating income decreased 21.0% year on year, to ¥310 million, due largely to a decrease of equity in profit of equity method affiliates. Non-operating expenses, on the other hand, rose 10.9% from the previous fiscal year, to ¥1,328 million, which is attributable to equity method investment loss of affiliates and an increase in borrowed average balance during the year associated with new borrowings for project funds.

Extraordinary income amounted to ¥312 million due to the recording of sales of investment securities and compensation received for damage. Extraordinary losses decreased 98.5% year on year, to ¥14 million, reflecting the posting of Group company office relocation expenses. As a result, net income attributable to owners of parent was ¥6,426 million, down 12.8% year on year, in the fiscal year under review.

retaining the funds necessary to expand its business and strengthen its business operations.

As a part of this basic policy, Takara Leben undertakes the distribution of surplus twice yearly through the payment of an

interim and period-end dividend.

In the fiscal year under review, energies were directed toward ensuring the stability of profits and restructuring the Company's financial condition in a bid to secure the corporate stamina required to overcome changes in the external environment. Emphasis was especially placed on profitability. In fiscal 2019, Takara Leben adopted a stringent approach toward profitability when determining business plans while working diligently to reduce costs. Through these means, positive steps were taken to secure stable profits. Against this backdrop, the Company plans to undertake the payment of dividends while

balancing the need for retaining earnings geared toward future growth.

Looking ahead, Takara Leben will continue to promote stable management as the basis of its operations, pursue renewed growth, and undertake the payment of dividends commensurate with its business performance in accordance with its basic policy. On this basis, the annual dividend for the fiscal year under review has been set at 16 yen per share. This represents an interim dividend of 5 yen per share and a period-end dividend of 11 yen per share, which equates to a dividend payout ratio of 27.0%.

## Financial Position

### Funding Demand and Management of Liquidity

While recognizing that such factors as the market environment can have a significant impact on the Group's operating results, Takara Leben pays particular attention to monitoring its dependence on borrowings. As far as the core real estate sales business is concerned, operations are largely predicated on the level of borrowings. In principle, we target a borrowing dependency level of less than 60% in order to ensure stable business growth while securing the proper amount of shareholders' equity.

Turning to the source of the Takara Leben Group's capital as well as its overall funding liquidity, steps are taken to procure a portion of the finance necessary to fund activities undertaken by the core real estate sales business from financial and other institutions. These activities include the purchase of housing lots as well as construction. In addition, Takara Leben has concluded a commitment line of credit

agreement totaling 60,118 million yen with its major banks and other institutions, enabling the Company to procure funds in a timely manner. While borrowings have increased in recent years in line with efforts to expand the scope of the Group's business and engage in investment activities, energies have been channeled toward putting in place an investment and return cycle while at the same time improving the equity ratio. Coupled with efforts to build an optimal portfolio, these endeavors are helping to secure stable funding.

The balance of interest-bearing debt stood at 111,821 million yen as of the end of the fiscal year under review, compared with 106,663 million yen as of March 31, 2018. The ratio of interest-bearing debt to total assets and the current ratio as of the end of fiscal 2019 were 60.5% and 168.3%, respectively. Based on the aforementioned, the equity ratio came in at 25.6%.

## Cash Flows

Cash and cash equivalents as of March 31, 2019 amounted to 20,642 million yen, a decrease of 8,399 million yen from March 31, 2018.

### Cash Flows from Operating Activities

Cash flows from operating activities was ¥22,428 million (cash provided of ¥9,869 million in the previous fiscal year). The major component was a decrease in inventories.

### Cash Flows from Investing Activities

Net cash used in investing activities was ¥34,347 million (cash used of ¥34,463 million in the previous fiscal year), mainly due to the purchase of property, plant and equipment.

### Cash Flows from Financing Activities

Net cash provided by financing activities was 3,427 million yen (cash provided of 24,012 million yen in the previous fiscal year), which was primarily attributable to an increase in loans payable.

## Future Outlook

Based on the new medium-term management plan announced on May 14, 2018, the Company has estimated the following business targets for the next fiscal year.

In the sales operation of new built-for-sale condominiums in the real estate sales business, the Company expects the delivery of 1,950 units by promoting active supply in the regional city centers. In the new detached house segment, the Company expects the delivery of 200 units. In the renewal resale segment, the Company plans to accumulate the number of units held for the time being with the aim of building stable business cycles. In the liquidation segment, the Company will replace assets held while actively acquiring and developing profit-generating real estate.

In the real estate rental business, the Company will seek to establish a more stable stock business through carefully selected purchases.

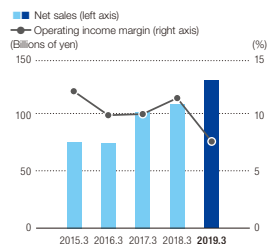
In the real estate management business, the Company has set the target number of units under management at 58,800 units and aims to further expand peripheral operations such as large-scale repair works.

In the electric power generation business, the Company will purchase carefully selected properties and sell power generation facilities that are already in operation.

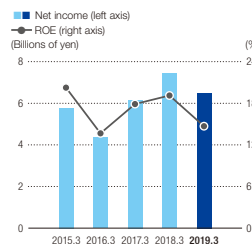
As a result of the above, the Company forecasts the financial results for the next fiscal year as follows:

Net sales: ¥160,000 million (up 21.2% year on year)  
 Operating income: ¥13,000 million (up 29.4% year on year)  
 Ordinary income: ¥11,800 million (up 30.7% year on year)  
 Net income attributable to owners of parent: ¥8,000 million (up 24.5% year on year)

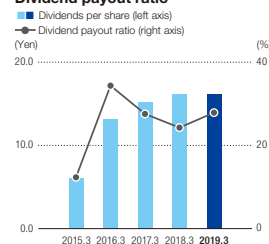
### Net sales/Operating income margin



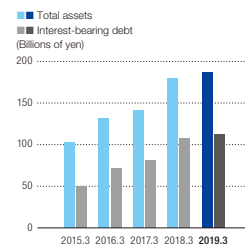
### Net income/ROE



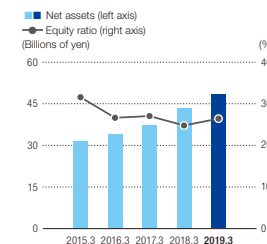
### Dividends per share/Dividend payout ratio



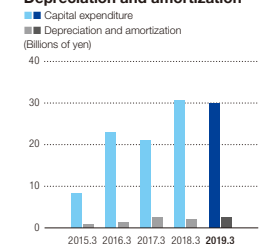
### Total assets/Interest-bearing debt



### Net assets/Equity ratio



### Capital expenditure/Depreciation and amortization



## Consolidated Balance Sheet

	Millions of yen	
	2018.3	2019.3
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	¥ 29,223	¥ 21,165
Notes and accounts receivable—trade	1,539	2,071
Real estate for sale	20,279	18,821
Power generation facilities for sale	4,090	—
Real estate for sale in progress	44,068	49,860
Power generation facilities in progress	29	—
Costs incurred on uncompleted contracts	129	519
Other	3,680	6,192
Allowance for doubtful accounts	(110)	(118)
Total current assets	102,931	98,512
<b>Fixed assets</b>		
Property, plant and equipment		
Buildings and structures	20,866	19,933
Accumulated depreciation	(2,584)	(1,871)
Buildings and structures, net	18,281	18,061
Machinery, equipment and vehicles	5,550	16,176
Accumulated depreciation	(881)	(1,960)
Machinery, equipment and vehicles, net	4,669	14,216
Tools, furniture and fixtures	291	334
Accumulated depreciation	(115)	(175)
Tools, furniture and fixtures, net	176	159
Land	35,899	35,602
Lease assets	273	255
Accumulated depreciation	(92)	(109)
Lease assets, net	180	145
Construction in progress	7,132	7,039
Total property, plant and equipment	66,340	75,224
Intangible assets		
Goodwill	1,265	1,375
Lease assets	27	13
Other	516	451
Total intangible assets	1,808	1,840
Investments and other assets		
Investment securities	2,501	4,597
Long-term loans receivable	1	0
Deferred tax assets	265	727
Other	3,707	3,904
Allowance for doubtful accounts	(6)	(9)
Total investments and other assets	6,468	9,220
Total fixed assets	74,618	86,286
<b>Deferred assets</b>	38	94
Total assets	¥177,588	¥184,893

	Millions of yen	
	2018.3	2019.3
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable – trade	¥ 15,786	¥ 7,790
Short-term loans payable	18,389	17,831
Current portion of long-term loans payable	12,838	19,743
Lease obligations	55	40
Income taxes payable	3,547	2,760
Advance received	2,177	4,274
Provision for bonuses	363	454
Provision for warranties for completed construction	525	447
Other	3,193	5,195
Total current liabilities	56,876	58,539
<b>Fixed liabilities</b>		
Long-term loans payable	75,015	73,882
Bonds payable	200	200
Lease obligations	164	123
Provision for directors' retirement benefits	73	99
Net defined benefit liability	436	543
Asset retirement obligations	22	23
Deferred tax liabilities	17	134
Other	1,873	3,613
Total fixed liabilities	77,804	78,619
Total liabilities	134,681	137,158
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	4,819	4,819
Capital surplus	4,823	4,817
Retained earnings	38,717	42,299
Treasury stock	(5,875)	(4,695)
Total shareholders' equity	42,485	47,241
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	262	121
Remeasurements of defined benefit plans	—	(21)
Total accumulated other comprehensive income	262	100
<b>Share acquisition rights</b>	159	196
<b>Non-controlling interests</b>	—	197
Total net assets	42,907	47,734
Total liabilities and net assets	¥177,588	¥184,893



## Consolidated Statements of Income and Comprehensive Income

### Consolidated Statement of Income

	Millions of yen	
	2018.3	2019.3
<b>Net sales</b>	¥110,851	<b>¥132,005</b>
<b>Cost of sales</b>	85,072	<b>105,119</b>
<b>Gross profit</b>	25,779	<b>26,886</b>
<b>Selling, general and administrative expenses</b>	13,182	<b>16,839</b>
<b>Operating income</b>	12,597	<b>10,046</b>
<b>Non-operating income</b>		
Interest income	1	0
Dividend income	95	160
Commission fee	109	99
Share of income of entities accounted for using equity	46	—
Miscellaneous income	139	50
Total non-operating income	393	310
<b>Non-operating expenses</b>		
Interest expense	1,067	1,103
Share of loss of entities accounted for using equity	—	72
Miscellaneous loss	131	152
Total non-operating expense	1,198	1,328
<b>Ordinary income</b>	11,792	<b>9,027</b>
<b>Extraordinary income</b>		
Compensation received for damage	—	121
Gain on sales of investment securities	—	191
Total extraordinary income	—	312
<b>Extraordinary losses</b>		
Loss on retirement of fixed assets	42	—
Loss on sales of fixed assets	4	—
Impairment loss	593	—
Loss from compensation for complete work	174	—
Office transfer expenses	93	14
Loss on transfer of receivables	66	—
Total extraordinary losses	974	14
<b>Net income before income taxes</b>	10,817	<b>9,326</b>
<b>Income taxes – current</b>	4,501	<b>3,130</b>
<b>Income taxes – deferred</b>	(1,051)	<b>(374)</b>
<b>Total income taxes</b>	3,449	<b>2,755</b>
<b>Net income</b>	7,367	<b>6,570</b>
<b>Income attributable to non-controlling interests</b>	—	<b>143</b>
<b>Net income attributable to owners of parent</b>	¥ 7,367	<b>¥ 6,426</b>

### Consolidated Statement of Comprehensive Income

	Millions of yen	
	2018.3	2019.3
<b>Net income</b>	¥7,367	<b>¥6,570</b>
<b>Other comprehensive income</b>		
Valuation difference on available-for-sale securities	257	(140)
Remeasurements of defined benefit plans, net of tax	—	(21)
Total other comprehensive income	257	(161)
<b>Comprehensive income</b>	7,624	<b>6,408</b>
Net income attributable to		
Comprehensive income attributable to owners of parent	7,624	6,264
Comprehensive income attributable to non-controlling interests	—	143

## Consolidated Statement of Changes in Shareholders' Equity

	Millions of yen				
	2018.3				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	¥4,819	¥4,817	¥32,970	¥(5,976)	¥36,630
Changes of items during period					
Dividends of surplus			(1,620)		(1,620)
Net income attributable to owners of parent			7,367		7,367
Disposition of treasury stock		6		101	108
Retirement of treasury stock					—
Transfer to capital surplus from retained earnings					—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	6	5,747	101	5,855
Balance at end of current period	¥4,819	¥4,823	¥38,717	¥(5,875)	¥42,485

	Millions of yen					
	2018.3					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥ 4	¥—	¥ 4	¥157	¥—	¥36,792
Changes of items during period						
Dividends of surplus						(1,620)
Net income attributable to owners of parent						7,367
Disposition of treasury stock						108
Retirement of treasury stock						—
Transfer to capital surplus from retained earnings						—
Net changes of items other than shareholders' equity	257	—	257	2	—	259
Total changes of items during period	257	—	257	2	—	6,114
Balance at end of current period	¥262	¥—	¥262	¥159	¥—	¥42,907

	Millions of yen				
	2019.3				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at beginning of current period	¥4,819	¥4,823	¥38,717	¥(5,875)	¥42,485
Changes of items during period					
Dividends of surplus			(1,732)		(1,732)
Net income attributable to owners of parent			6,426		6,426
Disposition of treasury stock				61	61
Retirement of treasury stock		(1,119)		1,119	—
Transfer to capital surplus from retained earnings		1,112	(1,112)		—
Net changes of items other than shareholders' equity					—
Total changes of items during period	—	(6)	3,582	1,180	4,755
Balance at end of current period	¥4,819	¥4,817	¥42,299	¥(4,695)	¥47,241

	Millions of yen					
	2019.3					
	Accumulated other comprehensive income					
	Valuation difference on available-for-sale securities	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of current period	¥262	¥ —	¥262	¥159	¥ —	¥42,907
Changes of items during period						
Dividends of surplus						(1,732)
Net income attributable to owners of parent						6,426
Disposition of treasury stock						61
Retirement of treasury stock						—
Transfer to capital surplus from retained earnings						—
Net changes of items other than shareholders' equity	(140)	(21)	(161)	36	197	72
Total changes of items during period	(140)	(21)	(161)	36	197	4,827
Balance at end of current period	¥121	¥ (21)	¥100	¥196	¥197	¥47,734

## Consolidated Statement of Cash Flows

	Millions of yen	
	2018.3	2019.3
<b>Cash flows from operating activities</b>		
Net income before income taxes	¥10,817	¥ 9,326
Depreciation	1,943	2,447
Impairment loss	593	—
Amortization of goodwill	176	230
Increase (decrease) in provision	160	50
Increase (decrease) in net defined benefit liability	105	76
Interest and dividend income	(97)	(160)
Share-based compensation expenses	110	100
Interest expense	1,067	1,103
Loss on retirement of fixed assets	42	—
Loss (gain) on sales of investment securities	—	(191)
Decrease (increase) in notes and accounts receivable-trade	(180)	(514)
Decrease (increase) in operating loans receivable	274	—
Decrease (increase) in inventories	(3,379)	20,064
Increase (decrease) in notes and accounts payable-trade	3,613	(7,995)
Increase (decrease) in advances received	(57)	2,097
Other	(483)	658
Subtotal	14,703	27,291
Interest and dividend income received	97	160
Interest expenses paid	(1,010)	(1,107)
Income taxes paid	(3,922)	(3,915)
Cash flows from operating activities	9,869	22,428
<b>Cash flows from investing activities</b>		
Payments into time deposits	(167)	(171)
Proceeds from withdrawal of time deposits	142	186
Decrease (increase) in short-term loans receivable	4	0
Purchase of property, plant and equipment	(30,144)	(30,484)
Proceeds from sales of property, plant and equipment	9	3
Purchase of intangible assets	(132)	(34)
Purchase of shares of subsidiaries and associates	(541)	(225)
Purchase of investment securities	(929)	(2,625)
Proceeds from sales of investment securities	—	200
Proceeds from sales of shares of subsidiaries	70	—
Purchase of shares of subsidiaries	(491)	—
Outflow from acquisition of subsidiaries' stock resulting in change in the scope of consolidation	(2,321)	(1,195)
Other	37	(0)
Net cash used in investing activities	(34,463)	(34,347)
<b>Cash flows from financing activities</b>		
Net increase in short-term borrowings	1,839	(596)
Proceeds from long-term borrowings	62,190	57,468
Repayment of long-term borrowings	(36,829)	(51,657)
Redemption of bonds	(1,500)	—
Repayment of lease obligations	(67)	(56)
Cash dividends paid	(1,619)	(1,730)
Cash flows from financing activities	24,012	3,427
<b>Net increase (decrease) in cash and cash equivalents</b>	(581)	(8,491)
<b>Cash and cash equivalents at beginning of period</b>	29,623	29,042
<b>Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation</b>	—	91
<b>Cash and cash equivalent at end of year</b>	¥29,042	¥20,642

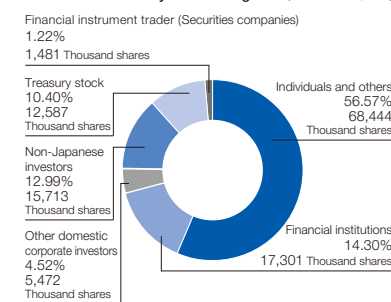
## Stock Information

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, 2019)	121,000,000 shares
Trading unit of shares	100 shares
Number of shareholders (As of March 31, 2019)	44,450

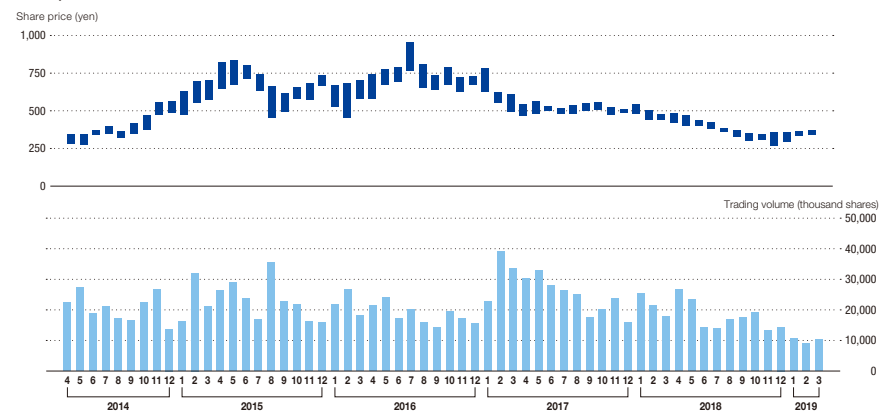
### Major shareholders (Top 10) (As of March 31, 2019)

Name of shareholder	Shares (Thousands)	Percentage share (%)
Yoshio Murayama	25,633	21.18
Takara Leben Co., Ltd.	12,587	10.40
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,806	3.97
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	2,482	2.05
Murayama Kikaku Co., Ltd.	2,000	1.65
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,807	1.49
Japan Trustee Services Bank, Ltd. (Trust Account)	1,688	1.40
JP MORGAN CHASE BANK 385151	1,318	1.09
SSBTC CLIENT OMNIBUS ACCOUNT	1,260	1.04
Japan Trustee Services Bank, Ltd. (Trust Account 1)	1,229	1.02

### Number of shares held by investor segment (As of March 31, 2019)



### Share price trends





**Takara Leben Co., Ltd.**

TEKKO BUILDING 16F, 1-8-2 Marunouchi,  
Chiyoda-ku, Tokyo, Japan 100-0005  
Office of the President  
TEL.: +81-3-6551-2130 FAX: +81-3-6551-2139  
<https://www.leben.co.jp/en/>