



Innovation for a New Lifestyle.



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.



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.

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
Growth Strategy	10
Previous Medium-Term Management Plan Review	10
Overview of Medium-Term Management Plan (Fiscal Year Ended March 2019 to Fiscal Year Ending March 2021)	12
Measures Adopted in Each Business	14
Real Estate Sales Business	14
Real Estate Rental Business/Real Estate Management Business	16
Electric Power Generation Business/Other Businesses	17
ESG Management	18
Environment	20
Social	21
Corporate Governance	22
Introduction of Directors	27
Interview with an Outside Director	28
Financial Section/Corporate Data	
Financial Review	30
Six-Year Financial Summary	32
Non-Financial Data/Stock Information	33

Main Businesses

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.

Flow Businesses



The core of flow businesses is the new built-for-sale condominium business, and targets families, dual-income and single-person households in metropolitan areas such as the

Tokyo metropolitan area, and active seniors in regional city centers. In addition, the Takara Leben Group is engaged in renovating and redeveloping buildings in partnership with government.

Real Estate Rental Business 3.5%



In this business segment, the Group leases the condominiums, office buildings, hotels and other properties it holds. Leveraging the Group's real estate information network to the maximum extent, we have been actively acquiring rental properties throughout Japan.

Real Estate Management Business 3.0%



In this business segment, the Group manages and operates properties. In addition to managing our own properties through our unique and detailed services, the Group also manages properties handled by other companies on a contract basis and is steadily growing the number of properties it manages.

Electric Power Generation Business 12.5%

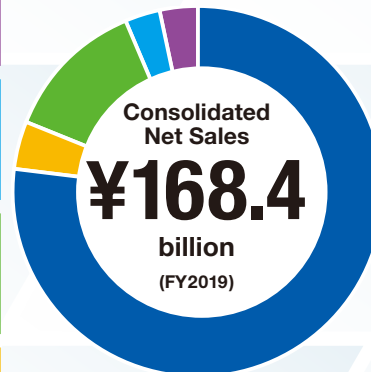


The Takara Leben Group generates a stable flow of earnings by selling electricity to electric power companies. The Group also works diligently to contribute to society by producing renewable energy. In addition to revenue gained from the sale of electric power, we are also conducting sales of power generation facilities to Takara Leben Infrastructure Fund.

Other Businesses 4.1%



The Takara Leben Group receives commissions derived from other segments, and is active across a wide range of fields, including construction contracting. Management fees have expanded along with the increase in assets such as infrastructure funds and REITs, and future large-scale repair work projects are growing due to the increase in the number of managed units.



Real Estate Sales Business 76.9%

The real estate sales business accounts for nearly 80% of the Takara Leben Group's total net sales. The core of this business segment is new built-for-sale condominiums that represent roughly half of all sales. In a seamless system from the purchase of land for condominiums to planning, development and sale, the Takara Leben Group addresses the changing needs of customers and makes proposals suited to customer lifestyles.

Among a host of other endeavors, the Group is engaged in the sale of detached houses which has firmly established needs, as well as the renovation and resale of condominiums where the market has been expanding in scale over recent years, and liquidation business of profit-generating real estate for both residences and offices.



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, 2020)

Net sales: 168,493 million yen
(Fiscal year ended March 31, 2020)

No. of employees: 334
(Male, 261; Female, 73)
(As of March 31, 2020)

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.
- Leben Leben Realnet Co., Ltd.
- Leben Zestock Co., Ltd.
- Leben Trust Co., Ltd.
- Takara Asset Management Co., Ltd.
- Takara PAG Real Estate Advisory Ltd.
- Sunwood Corporation

Other Disclosure Information

<https://www.leben.co.jp/en/>

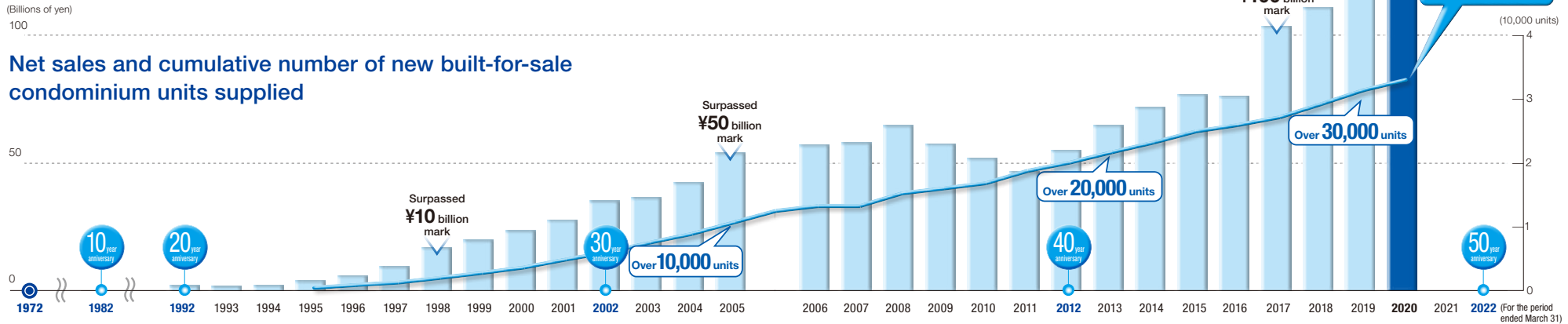
- Materials related to the Company's Settlement of Accounts
- Quarterly Financial Results Reports
- Business Report
- Ordinary General Meeting of Shareholders Information
- Other

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, 2020, 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, 2020. 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.

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 11 Group subsidiaries, and our business area now extends broadly throughout Japan.












Harmonic Circle



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.

History

- | | | | | | | | | |
|---|---|---|---|---|---|--|---|---|
| <p>1972 Established as Takara Komuten Co., Ltd. in Yamato-cho, Itabashi-ku</p>  | <p>1994 Commenced sales of the "Leben Heim" series of condominiums</p>  | <p>2000 Changed the name of Takara Komuten Co., Ltd. to Takara Leben Co., Ltd.</p>  | <p>2003 Listed on the Second Section of the Tokyo Stock Exchange</p> | <p>2008 Launched the new Takara Leben brand</p>  | <p>2013 Entered the electric power generation business</p>  | <p>2015 Made Live Net Home Co., Ltd. (current Takara Leben Tohoku Co., Ltd.) into a subsidiary company; relocated to Sendai City, Miyagi Prefecture</p> | <p>2018 Changed the name of TAFUKO Co., Ltd. to Leben Zestock Co., Ltd.</p> | <p>2019 Changed the name of Nikko Property Co., Ltd. to Leben Trust Co., Ltd.</p> |
| <p>1975 Purchased the Company's head office to the Nakaitabashi Head Office Buildings (Dai-ichi Takara Building)</p> | <p>1996 Changed the name of Takara Management Co., Ltd. to Leben Community Co., Ltd.</p> | <p>2001 Relocated the Company's head office to Ikebukuro following completion of the Takara Leben Head Office Building</p> | <p>2004 Listed on the First Section of the Tokyo Stock Exchange</p>  | <p>2010 Launched the detached house business with detached house built by the company in its own right</p> | <p>2010 Established Takara Asset Management Co., Ltd. as an investment management business</p> | <p>2016 Made Nikko Property Co., Ltd. into a subsidiary company</p> | <p>2018 Made PAG Investment Management Ltd. (current Takara PAG Real Estate Advisory Ltd.) into a subsidiary company</p> | <p>2019 Leben Trust Co., Ltd. merged (absorption-type) with Takara Property Co., Ltd.</p> |
| <p>1982 Launched the real estate rental business</p> | <p>1999 Undertook the absorption-type merger of Takara Jyuhan Co., Ltd.</p> | <p>Listed on the JASDAQ market</p>  | <p>2006 Relocated the Company's head office to the Shinjuku-Sumitomo Building</p> | <p>2011 Commenced sales of custom-built houses; exhibited products at the Tachikawa Housing Exhibition Center</p> | <p>2014 Set up the Hokuriku Office</p> | <p>2016 Completed steps for Takara Leben Infrastructure Fund to be the first to list on the Tokyo Stock Exchange Infrastructure Fund Market</p> | <p>2018 Launched the new NEBEL condominium brand</p>  | <p>2019 Leben Community Co., Ltd. established Leben Community Vietnam Co., Ltd. as a local subsidiary in the Socialist Republic of Vietnam</p> |
| <p>1986 Established Takara Jyuhan Co., Ltd. in an effort to expand sales and intermediary operations</p> | | <p>Established TAFUKO Co., Ltd. as a financial brokering business</p> | | <p>2012 Launched the new LEBEN condominium brand</p>  | <p>Made Sunwood Corporation into an affiliate accounted for by the equity method</p> | <p>2016 Made Nikko Kensetsu Co., Ltd. into a subsidiary company</p> | <p>2018 Established representative office of TAKARA LEBEN CO., LTD. in Hanoi City</p> | <p>2019 Takara Leben Real Estate Investment Company was listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market</p> |
| <p>1988 Established Takara Management Co., Ltd. as a real estate management company</p> | | | | <p>Made the real estate rental and management business Takara Housing Co., Ltd. (current Leben Trust Co., Ltd.) into a subsidiary company</p> | <p>Made Oasis Co., Ltd. (current Takara Leben Realnet Co., Ltd.) into a subsidiary company</p> | <p>2017 Set up the Sapporo Office</p> | <p>2018 Changed the name of Jyutaku-jyuhoukan Co., Ltd. to Takara Leben West Japan Co., Ltd.</p> | <p>2019 Relocated the Company's head office to the TEKKO BUILDING in Marunouchi, Chiyoda-ku</p> |

Real Estate-Related Milestones

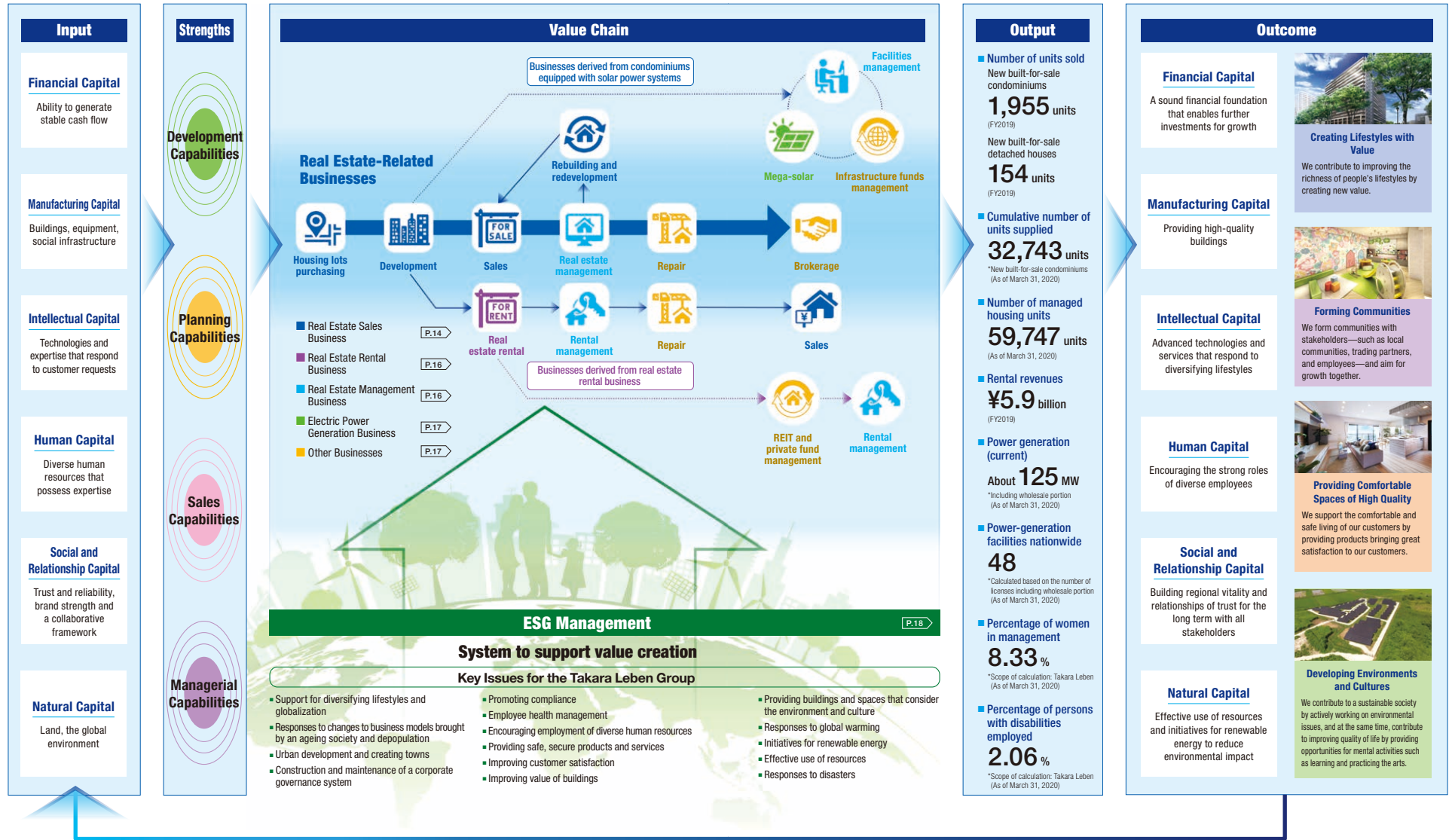
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|---|---|--|---|---|---|---|---|
| <p>◆ 1970s</p> <p>New availability of home loans</p> | <p>◆ 1980s</p> <p>Land prices soar in the bubble economy</p> | <p>◆ 1990s</p> <p>After the bubble bursts, corporate factories and housing are sold off and the development of condominium buildings on vacant land moves forward</p> | <p>◆ 2001</p> <p>The J-REIT market is established enabling real estate investment trusts to list on the Tokyo Stock Exchange for the first time.</p> | <p>◆ 2006</p> <p>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</p> | <p>◆ 2008</p> <p>The financial crisis sparked by the Lehman Shock leads to ongoing consolidation among real estate companies</p> | <p>◆ 2011</p> <p>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</p> | <p>◆ 2016</p> <p>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</p> |
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Housing Trends

- | | | | | | | | | |
|--|--|--|---|---|--|---|---|--|
| <ul style="list-style-type: none"> • Wide-spread availability of combined living room, dining room, kitchen type urban condominiums | <ul style="list-style-type: none"> • Intensifying condominium product planning competition • Desire for detached houses with gardens | <ul style="list-style-type: none"> • "Expensive, Far, Small" during the bubble economy • Mass supply oriented towards "Inexpensive, Near, Large" | <ul style="list-style-type: none"> • Rising popularity of energy-saving, Good Design, and other added-value properties | <ul style="list-style-type: none"> • Growing number of rental properties allowing for DIY, pets, and greater lifestyle freedom | <ul style="list-style-type: none"> • Shift from assumption of relocation to a preference to permanent residency • Focus on community formation | <ul style="list-style-type: none"> • Wide-spread availability of environmentally responsible housing | <ul style="list-style-type: none"> • Growth of dual-residence lifestyles (lifestyles based in two locations) and IoT housing | <ul style="list-style-type: none"> • Wide-spread use of telework and home office demand |
|--|--|--|---|---|--|---|---|--|

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

With a determination that remains unwavering even in the face of the changing business environment, Takara Leben aims to further evolve through the creation of a business cycle that best leverages our strengths

Using the core new built-for-sale condominium business as a key pillar for growth, we will develop the Real Estate-related businesses while contributing to local communities, actively advancing our ESG efforts, and continually bolstering corporate value.

Q 1

Please tell us about the recently completed review of the second year of the Medium-Term Management Plan (FY2018-FY2020) and your outlook for the real estate sector moving forward.

In the new built-for-sale condominium business, our core business, net sales and the number of units sold both reached record levels, with the gross profit margin for the business remaining at 20%. On the other hand, operating income, ordinary income, and net income attributable to owners of parent fell short of our forecasts in the hotel business, largely on the booking of impairment losses and valuation write-downs on inventory assets. Aside from this, earnings were generally in line with our expectations and the spread of COVID-19 near the end of the fiscal year ended March 31, 2020 had no significant impact on performance for the year. We are showing solid earnings in our core business and think we need to correct the earnings trajectory in the hotel business by accurately forecasting changes in the operating environment and moving

quickly to take the initiative.

We think there are some tough obstacles as we move forward, including uncertainties contributing to buyer restraint. However, the number of new built-for-sale condominiums supplied is declining in the Tokyo metropolitan area, and the supply-demand balance remains favorable. In regional cities, in a trend that takes into consideration convenience, a move away from detached houses in the suburbs to condominiums in the city centers is flourishing. This has ensured that demand for condominiums remains high.

Q 2

Please tell us about initiatives and results in areas in which the Company is focusing its attention.

Strong condominium sales can be attributed not only to purchase of the land being in a prime location, but also to the strength of our sales capabilities, which we have built up through a long tradition of proprietary branded sales, as well as our commitment to delivering all units at the

Achieving Happiness through Real Estate



time of completion. A company that does not have its own sales divisions is forced to outsource sales activities to an external entity. In contrast, Takara Leben is committed to handling sales on its own and has acquired in the process a wealth of knowledge in sales. In addition, our sales division is involved throughout the construction of the condominiums, from the planning stage to the actual handover, so that its members can offer proposals specific to the needs of each customer. In recent years, about 80%–90% of those we have concluded contracts with decided to visit our model rooms after seeing them on the Internet. We think that being among the first in the industry to fine tune our sales activities using the Internet, offering more than a one-size-fits-all approach and making proposals in line with the customers' needs, has produced clear results.

Lifestyles are changing as a result of COVID-19. As we move forward, we will have to accurately predict other changes in the market and create homes that are suitable for telecommuting and remote working. Takara Leben will continue to work to understand the needs of our customers and continuously enact reviews to our purchasing and product planning systems to meet these needs.

Q 3

Please outline the Company's long-term vision and your efforts to achieve sustainable growth.

Our efforts in ESG reflect one of our long-term growth strategies. We think that it is our responsibility and mission as a developer to not only sell homes, but also

to work continuously to promote revitalization and build neighborhoods through close ties with the community. We understand that regional revitalization in cooperation with local governments and communities takes time and will not lead to immediate profits. However, we are taking a long-term approach in our efforts, which are spearheaded by the specialized department we established within the Company in 2016.

Conducting our business with a focus on ESG, including the enhancement of corporate governance and working in regional areas, requires us to first be profitable. With this in mind, we have expanded our operations into real estate related businesses such as real estate management business and real estate rental business, where synergies can be created with the core new built-for-sale condominium business. Moving forward, we intend to continue building on the strengths of the new built-for-sale condominium business while at the same time fostering growth in the related businesses. Our goal is not to rest on our laurels, but rather to keep evolving through the continued development of our unique condominium business. Indeed, we look to create a company that is recognized and appreciated as an independent general real estate business developer and one that is sought out by its customers.

We think sustainable growth at the Company requires a business model that is not entirely dependent on the new built-for-sale condominium business, which is considered a flow business. Rather, our strategy for growth moving forward focuses on solidifying as a group a business cycle tied to the stock and fee-based businesses derived from that core business.

Interview with the CFO



Masashi Yamamoto
Director, CFO and
Managing Executive Officer

The company is charting greater earnings potential as a general real estate business developer by building internally retained funds from cash flows and a sound financial standing through our long-term financial strategies.

Q 1

Please discuss the performance results and the related factors during FY2019.

The consolidated financial results for the fiscal year ended March 31, 2020, saw net sales increase 27.6% year on year to 168,493 million yen, operating income increase 18.5% year on year to 11,901 million yen, and ordinary income increase 24.1% year on year to 11,201 million yen. Meanwhile, net income attributable to owners of parent declined 16.6% year on year to 5,361 million yen.

The real estate sales business experienced continued favorability in the supply-demand balance with the number of new built-for-sale condominiums available in the Tokyo Metropolitan Area decreasing 15.9% year on

year to 31,238 units. It allowed us to deliver 1,955 new built-for-sale condominiums, the highest number in our history. I am proud to say that at 20% gross profit margin is high even for our industry. In terms of liquidation business, we sold five properties worth 10,755 million yen to Takara Leben Real Estate Investment Corporation, which when combined with other sales amounted to a total of 37,854 million yen. In the electric power generation business, we sold power generation facilities worth a total of 15,983 million yen to Takara Leben Infrastructure Fund and other purchasers.

As a result, performance for the fiscal year ended March 31, 2020, trended strongly and enabled net sales, operating income, and ordinary income to achieve double digit growth year on year. Meanwhile, the hotel

business was affected by fluctuation in the Kyoto hotel market, which led us to book impairment losses and valuation write-downs on hotel project inventories. This in turn led to a year-on-year decrease in net income attributable to owners of parent.

Q 2

In light of the performance during FY2019, please discuss the measures for FY2020, as the final year of the Medium-Term Management Plan (FY2018-FY2020).

We have yet to determine when we will forecast the results for the upcoming period as the final year of the Medium-Term Management Plan because reasonably estimating the impact that the spread of COVID-19 will have on our business activities and operating results is difficult.** As of March 31, 2020, however, the number of new built-for-sale condominiums under contract that have yet to be delivered stands at 1,062 units (792 units during the last period).

The primary impact that the spread of COVID-19 will potentially have on the Company in the future is the placement of restrictions on sales activities using model rooms in each area. The Company, however, supplies condominiums for real market demand, not for investment purposes that are easily affected by changes in economic trends and environment. Therefore, we expect to see stable demand. Moreover, we are expanding the supply area to cover the entire country in order to distribute the risk of concentrating on specific areas. We are also actively pursuing new approaches to addressing changes in the environment, including developing and introducing non-face-to-face sales methods using VR systems, which are likely to see demand in the future.

In the liquidation business, we will focus on acquisition and development while maintaining an awareness of the overall portfolio balance in order to chart a path to greater stability.

As far as the internal organization goes, we are

building an environment in which our employees will desire to work over the long term as a means of reducing employee turnover. For example, we are improving labor conditions through revisions to the personnel system and reducing overtime through efficiency improvements.

** As of May 25, 2020

Q 3

Please discuss the concept behind your financial strategies.

In the real estate sales business, which accounts for approximately 80% of the Group's net sales, interest-bearing debt tends to accumulate in step with business expansion because we borrow from financial institutions when acquiring land and profit-generating real estate. We are therefore continuing efforts to build internally retained funds from cash flows and a sound financial standing to also ensure stable financing.

The targets are 30% for the equity ratio, less than 60% for the loan to value ratio, less than three times for the debt-to-equity ratio, and 15% for ROE. During the fiscal year ended March 31, 2020, we achieved the targets for the loan to value (LTV) and debt-to-equity ratios, but at 25.9% we did not meet our target for the equity ratio. If we exclude the impact of the valuation and impairment losses I mentioned above, ROE stood at 17.2%, which does achieve the target value.

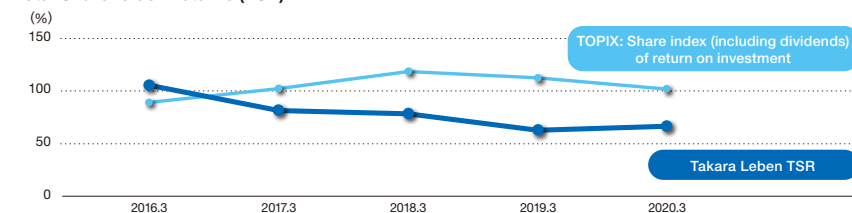
To support sustained growth profitably, we are promoting management that has an awareness of the cost of capital. Although total shareholder returns (TSR) fell below 100% due in part to a drop in the share price, our target for the dividend payout ratio in the Medium-Term Management Plan as a part of our target for shareholder returns is 25-30%. We are also considering raising this target once we have achieved our target equity ratio. In line with business expansion, we are working to increase net sales and operating income, and will chart a path to greater earnings potential as a general real estate business developer.

Management Index

		FY2018	FY2019	The Medium-Term Management Plan
Equity ratio	(%)	25.6	25.9	30% (Fiscal year ending March 2021)
LTV (Loan to value)	(%)	60.5	58.3	less than 60% (Every fiscal year ending March)
D/E ratio	(Times)	2.3	2.2	less than 3 times (Every fiscal year ending March)
ROE	(%)	14.3	10.9**1	15% (Every fiscal year)

** 17.2% excluding special factors such as loss on valuation of inventories and impairment loss

Total Shareholder Returns (TSR)



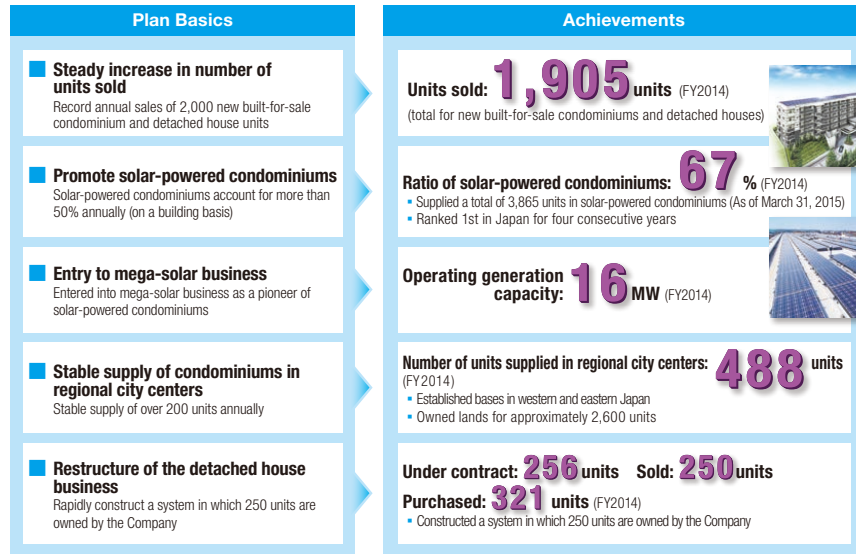
Growth Strategy

This section reviews the previous two Medium-Term Management Plans and organize the basic policies for the current Medium-Term Management Plan.

Previous Medium-Term Management Plan Review

Next Stage 2016 Fiscal Year Ended March 2013 to Fiscal Year Ended March 2016

Theme **“For Solid Steps towards Regrowth”** — As a Pioneer of Solar-Powered Condominiums —

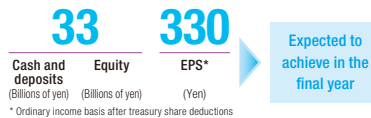


Review

Performance Goals



Quantitative Goals



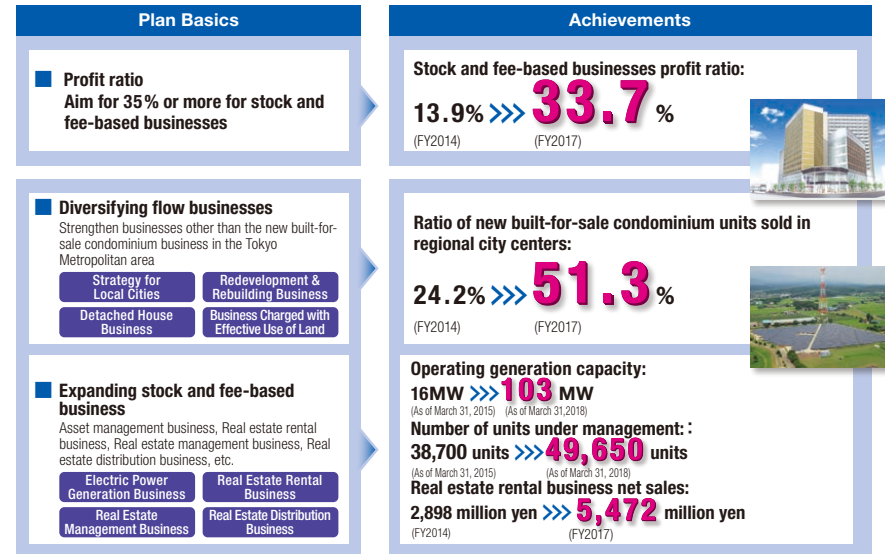
Dividends / Capital Policy



Updated the Medium-Term Management Plan one year ahead of schedule following the achievement of performance goals and changes in the benefit structure

Next Stage 2019 Fiscal Year Ended March 2016 to Fiscal Year Ended March 2019

Theme **“Beginning of a New Era for Takara Leben”** —Diversifying Flow Businesses and Expanding Stock and Fee-Based Businesses—



Review

Performance Goals



External Environment

Changes to the market environment

- Rise in construction costs (remaining high)
- Postponement of schedule for completion of construction (prolonged construction schedules)
- Decline in workforce due to aging population and dwindling birthrate, difficultly in retaining human resources

Internal Environment

Increased human resources-related costs

- Increase in personnel expenses (workstyle reforms, etc.)
- Increased recruitment costs
- Increase in prior investment due to business diversification
- Significant increase in fixed assets and debt, etc.
- Overseas investment

Updated in response to a major divergence from the plan due to changes in the market environment and expanded fields of business

Growth Strategy

Overview of Medium-Term Management Plan (Fiscal Year Ended March 2019 to Fiscal Year Ending March 2021)

Theme Evolution through Sustainable Change
— Innovation for a New Lifestyle. —

Basic Policy

- Establishing stable and sustainable foundations for growth
- Diversifying the business portfolio
- Responding to ESG

Strategies by Segment

Real Estate Sales Business

New Built-for-sale Condominiums

- Targets centered on families, also single-person/DINKs, active seniors
- Supply of location-oriented, compact condominiums

New Detached Houses

- Outskirts of Tokyo metro area, within 10 minutes walk of station
- Thorough implementation of short-term return cycle to complement long-term cycle of condominiums

Renewal Resale

- Uptake of expanding used condominiums needs
- Increase number of owned units, develop a business cycle

Liquidation

- Diversification of exit points, such as REITs, private funds, bridge funds

Real Estate Rental Business

- Development of residences utilizing knowhow, ensuring stable revenue

Real Estate Management Business

- Replace other companies in management with competitive services
- Spin-off into Other businesses, such as large-scale repair works

Electric Power Generation Business

- Development of environment-friendly renewable energy
- Expanded size of infrastructure funds, incorporation of post-sale commission income

Other Businesses

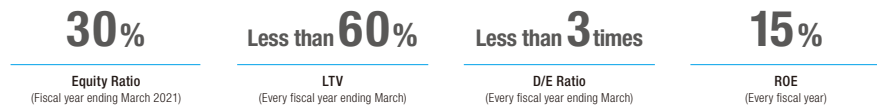
- Expansion of revenue derived from each segment
- Overseas expansion to supplement domestic businesses

Performance Goals

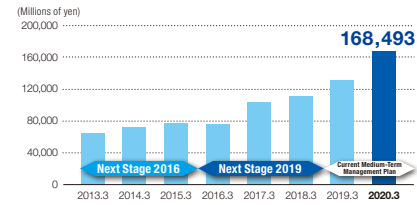


Dividend payout ratio
25~30%
(Every fiscal year)

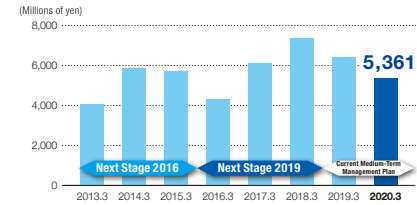
Management Index



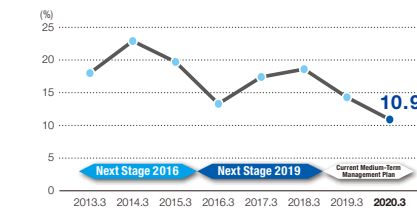
Net Sales



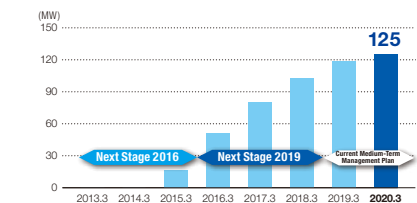
Net Income



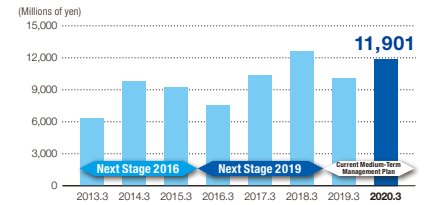
ROE



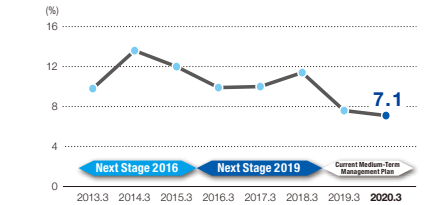
Power Generation



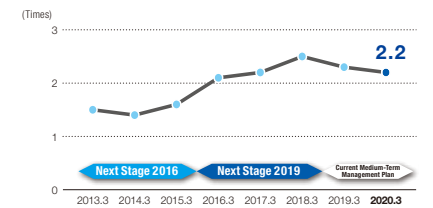
Operating Income



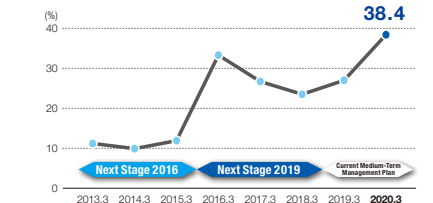
Operating Income Margin



D/E Ratio



Dividend Payout Ratio

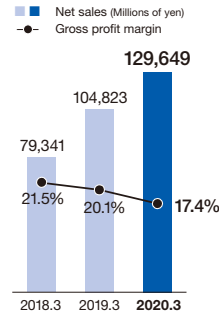


Measures Adopted in Each Business

Real Estate Sales Business



The Takara Leben Group supplies condominiums that flexibly address changes in the lifestyles and value of our customers. With the full-scale launch of the liquidation business that leverages the Group's real estate development capabilities, the Company is now diversifying flow businesses beyond the new built-for-sale condominium business. In the fiscal term under review, net sales in the business reached 129,649 million yen, up 23.7% year on year, including sales of 77,171 million yen in the new built-for-sale condominium business, 7,808 million yen in the new detached house business, 3,431 million yen in the renewal resale business, and 37,854 million yen in the liquidation business. Despite some concern over the effects from the COVID-19 pandemic, the Company in fiscal 2020 will work in product planning to capture the essence of the times, particularly in the LEBEN series of company-planned new built-for-sale condominiums.



New Built-for-Sale Condominium Business

As part of our commitment to offering condominium brands tailor-made to the increasing diverse lifestyles of our customers, the new built-for-sale condominium business in addition to mainstay brand LEBEN and high-average-grade THE LEBEN condominiums, now offers urban-based compact condominiums for single-person and double-income-no-kids couples under the NEBEL brand. In the fiscal term under review, the business sold 1,955 units, exceeding the initial forecast of 1,950 units, with net sales and gross profit both living up to our forecasts. Net sales during the year rose a strong 34.9% year on year. We have seen smooth progress in our efforts to acquire land in regional cities over the past few years, with metropolitan area* ratio dropping from 57.8% in fiscal 2018 to 42.7% in fiscal 2019 as our range of supply expands to encompass the entire country. In regional city centers, there is a government-led trend toward compact city development, and strong demand for condominiums in regional city centers continues.



LEBEN Tsuruse Grandrex

*The Tokyo Metropolitan area, Chubu and Kinki

ESG Initiatives through Business

Reconstruction Project for JR Odawara Ekimae Condominium

Rebuilding apartment buildings, such as condominiums and housing complexes, that have deteriorated or aged considerably provides a sense of reassurance in the event of a disaster, revitalizes local areas, and encourages young families to move into local areas. Through our redevelopment business, we seek to improve the functionality and habitability of cities while addressing issues faced by regional cities, such as shrinking and aging populations, and contributing to the development of safe and appealing towns that set residents at ease. The Odawara Ekimae Condominium Reconstruction Project, in which Takara Leben is participating, began in 2020. This is a project to rebuild a 42-year-old, deteriorated condominium building adjacent to the Odawara Station West Exit Rotary on the JR Tokaido Main Line and the adjacent municipal motorcycle parking area. The reconstructed building is planned to have 187 residential units as well as stores and a medical facility on the lower floors.



(Tentative name) Odawara Ekimae Condominium (image)

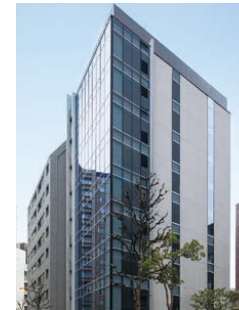
Renewal Resale Business

The market for used condominiums has been booming in the last few years, and in order to capture demand for used condominiums in areas where land value is considered high, the Company has been making full use of its nationwide information network to seek out and purchase used condominiums that are mainly being used for rental purposes. Once these locations are vacated by the leaseholders, they are restored and refurbished before being resold. This business model enables a stable earnings cycle because condominiums under lease can be purchased less expensively than vacant condominiums, while at the same time generating rental income from the leaseholder while occupied. The renewal resale business produced net sales of 3,431 million yen in the fiscal year under review, exceeding the forecast by 26.2%, with the number of units purchased exceeding the forecast by 31 year on year to 271. The number of units held at the end of the fiscal year rose steadily to 386 units.



Typical condominium following refurbishment

Liquidation Business



L.Biz Suidobashi

The liquidation business is a new earnings pillar for the Company that makes the most out of the Group's development capabilities, information collection capabilities, and other knowhow as a general real estate business developer. In the fiscal year under review, the business invested a total of 30,200 million yen in residences and offices. Sales amounted to 37,854 million yen, including five properties sold for a total of 10,755 million yen to Takara Leben Real Estate Investment Corporation (TLR)—listed on the Tokyo Stock Exchange Real Estate Investment Trust Securities Market in July 2018 and backed by investment from four companies, including Takara Leben—and sales to private and bridge funds of 7,768 million yen. While maintaining a firm eye on conditions in regard to COVID-19, the business in fiscal 2020 aims to continue investing in new and high-quality properties. With the goal of creating an optimal portfolio for the business, we closely monitor market trends to determine the appropriate timing for any sales.

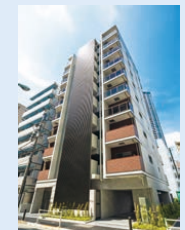
Takara Leben Growth Strategies

Comprehensive J-REIT Takara Leben Real Estate Investment Corporation

Takara Leben Real Estate Investment Corporation was listed on the Tokyo Stock Exchange REIT Securities Market in July 2018 under the joint sponsorship of four companies—Takara Leben Co., Ltd., PAG Investment Management Limited, Kyoritsu Maintenance Co., Ltd., and Yamada Denki Co., Ltd.

The Investment Corporation aims to realize "steady growth" and "stable management" by utilizing a multi-sponsor-type management system that combines the expertise and knowhow of sponsor companies that possess different strengths.

Seeking synergistic effects from the business models of each company, including the REIT composition, the Takara Leben Group will work to further expand its business.



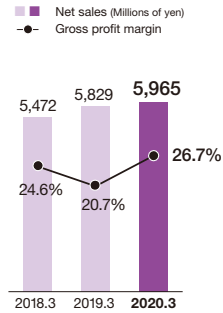
LUXENA KACHIDOKI

Measures Adopted in Each Business

Real Estate Rental Business



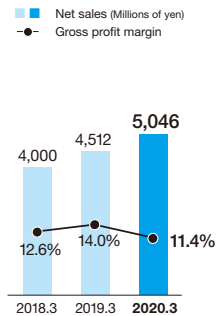
The Company as a lender is developing a business that leases out condominiums, office building and other real estate throughout Japan. In the fiscal year under review, we actively acquired rental properties and secured stable profits. The Real Estate Rental Business recorded sales of 5,965 million yen, up 2.3% year on year, with its gross profit margin rising from 20.7% to 26.7%, exceeding our initial forecast by 6.8 percentage points. Due to the COVID-19 pandemic, rental income may be affected in the next fiscal year, but we will mainly develop and purchase residences for which there is expected to be stable demand and that are relatively unaffected by the economy and diversify area risks through nationwide expansion. We will accumulate stable rental income as a stock business.



Real Estate Management Business



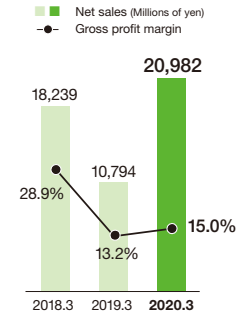
In addition to Group properties, the Company also manages and operates rental properties and condominiums owned by other companies. For the fiscal term under review, the number of units under management expanded by 5,711 year on year (1,784 units owned by Takara Leben Group and 3,927 units owned by other companies) to 59,747. Moreover, the renewal rate for general management contracts has remained at a high level, reaching 99.8% as of the end of March 2020. Sales in the business, stemming mainly from management revenue, improved 11.9% year on year to 5,046 million yen. While the increase in non-Group properties over the past few years has contributed to a lower gross profit margin, the number of future large-scale repair projects derived from consigned management properties is increasing. Going forward, the Group aims to capture consigned management properties through aggressive efforts to gain replacement contracts.



Electric Power Generation Business



Takara Leben is developing a nationwide electric power generation business using renewable energy sources. For the fiscal year under review, the business recorded net sales of 20,982 million yen, up a sharp 94.4% year on year, due mainly to the sale of seven facilities for 13,858 million yen to Takara Leben Infrastructure Fund. Since the business is not particularly susceptible to boom and bust market trends, we intend to carry out our buying and selling activities on an ongoing basis. Cumulative operating generation capacity at the power generation facilities, including those sold, improved from 119 MW at the end of the previous fiscal year to 125 MW. In the fiscal year under review, the Group purchased 57MW, which includes projects currently under development. As a result, total power generation capacity stood at 206 MW, which includes 114 MW at sold facilities, 11 MW at facilities not yet sold, and 81 MW at facilities under development.

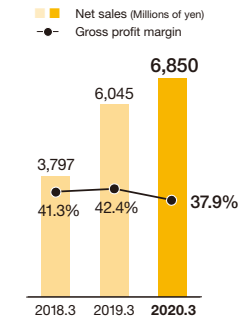


Other Businesses



The Other businesses segment includes sales and brokerage fees, management compensation, revenue from contract construction work, revenue from repair work, and other income not included in reportable segments. In the fiscal term under review, revenues from other businesses totaled 6,850 million yen, up 13.3% year on year, with growth driven in part by building construction revenue rising 66.0% year on year to 2,652 million yen, which exceeded forecasts by 26.3%.

In the overseas business, the Company in December 2019 established *Leben Community Vietnam Co., Ltd.* as a subsidiary in Hai Phong, Vietnam to carry out condominium management operations for THE MINATO RESIDENCE, a joint development project between the Company and Fujita Corporation. Takara Leben will continue to contribute to urban development in line with the expected expansion in housing needs in countries overseas.



ESG Initiatives through Business

GRESB Assessments Acquired

Takara Leben Infrastructure Fund took part in the FY2019 Global Real Estate Sustainability Benchmark (GRESB)* infrastructure assessment, and was rated four out of five stars for both asset and fund assessments. Furthermore, in the fund assessment, it was the first Japanese infrastructure fund to be selected as a Sector Leader in Asia. In the FY2019 GRESB real estate assessment, Takara Leben Real Estate Investment Corporation received a Green Star, indicating high evaluations in both the "Management & Policy" and "Implementation & Measurement" ESG assessments.

* Global Real Estate Sustainability Benchmark (GRESB):
The name of the benchmarks used to measure the environmental, social, and governance (ESG) performance of real asset (real estate, infrastructure facility, etc.) portfolios, established by a group of major European pension funds that led the Principles for Responsible Investment (PRI), as well as the name of the organization that manages this benchmarking.



Takara Leben Growth Strategies

THE MINATO RESIDENCE Project

We are advancing the first large-scale condominium development project by an all-Japanese consortium in Hai Phong, Vietnam's third most populous city. Under the concept of Eternal Value, THE MINATO RESIDENCE condominium complex—featuring 26 floors above ground, a total of 924 units in two buildings, and commercial facilities—is expected to become a new symbol of the new Water Front City area located along the Lach Tray river.

In the years to come, we will meet the housing needs in Hai Phong, which is expected to grow significantly as an international port city, and thus contribute to Vietnam's urban development.



The exterior (image)

ESG Management

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.

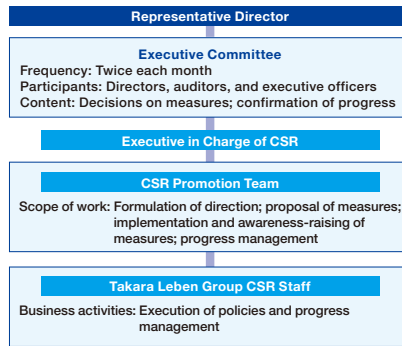


CSR Promotion Framework

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 providing opportunities for information sharing and discussion with ground staff.

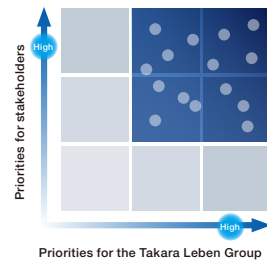
Moving forward, we will further strengthen our activities and create new value by creating environments where employees can take ownership in working on CSR activities, and by reaffirming awareness of critical issues.



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, 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.



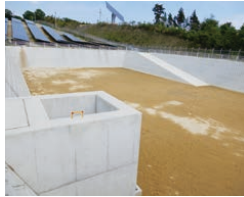
Key CSR Themes	Key Issues	Related SDGs	Policies
Creating Lifestyles with Value We contribute to improving the richness of people's lifestyles by creating new value. 	<ul style="list-style-type: none"> Support for diversifying lifestyles and globalization Responses to changes to business models brought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

Environment

Renewable Energy “Solar Power”

The Takara Leben Group conducts electric power generation business utilizing renewable energy that contributes to reductions in the emissions of CO₂, a greenhouse gas. Since 2013, we have been constructing mega-solar power generation facilities on idle land all over Japan for large-scale solar power generation.

The LS Hiroshima Mihara Power Generation Facility in Yamanakano, Kui-cho, Mihara City, Hiroshima Prefecture, where the ceremony marking the completion of construction was held in May 2019, has three disaster preparedness ponds. These also play a role in disaster preparedness for the community, such as helping to prevent flood damage during the heavy rains experienced by western Japan in July 2018. In December 2019, we launched two projects: the LS Tottori Daisen Power Generation Facility (tentative name), which utilizes land that was formerly a golf course at the foot of Mt. Daisen, the highest peak in the Chugoku region; and the LS Miyagi Matsushima Power Generation Facility (tentative name), which uses the former site of a gravel quarry located on the north side of the Matsushima Kita interchange on the Sanriku Expressway. In both projects, we are contributing to the local community by acquiring idle land and using it for power generation facility lots. The Takara Leben Group will continue to value the relationships of trust it has established with local communities while actively investing in renewable energy.



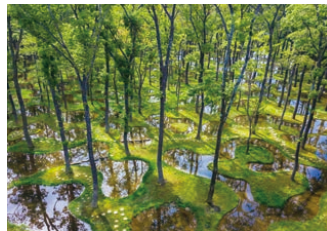
Art Biotop

We are collaborating with nikissimo Inc. on the Art Biotop Botanical Garden project as one of our symbolic businesses to mark the 50th anniversary of Takara Leben's founding. Located in the Yokozawa area at the foot of the Nasu mountains amid abundant nature, the Art Biotop project is a new form of resort that proposes a new relationship between humans and nature.

“Water Garden” Landscape Art Selected for Good Design Award 2019 Best 100



Created at the Art Biotop resort in Nasu Town, Tochigi Prefecture, the Water Garden interweaves a carefully calculated arrangement of 318 trees and 160 biotopes (ponds) of varying sizes. In the judging, the Water Garden was evaluated highly for the beauty of the artistic biotopes, which differ from natural biotopes. These artistic biotopes were recognized as embodiments of the living spirit of Japanese gardens. The Water Garden has been introduced by countless media, both Japanese and international, as a special meditation space in which visitors can clear their senses and feel the ties between people and nature. It is already drawing attention from around the world.



Name: Art Biotop

Development facilities: Water Garden landscape art (currently in operation)/Suite Villa (planned to open in October 2020)/Residence (currently in operation)/Restaurant μ (planned to open in October 2020)/Café Kantan (currently in operation)

Social

Creating Workplace Environments that Facilitate Work

The Takara Leben Group works to create workplaces where employees can demonstrate their enthusiasm and full capabilities. We act with respect for the fundamental human rights of all stakeholders, including employees, while observing laws and regulations, social ethical norms, and matters specified in ethical rules within the Group.

Cleaning Time

The Takara Leben Head Office has “cleaning times” twice per month for personnel to clean and organize their offices. At a designated time, an announcement is played in the workplace, and all personnel stops working and spend 15 minutes organizing around the desk and cleaning the area specified for the day. No more wasted time spent looking for documents and materials, and the less that is within their range of vision, the greater their concentration becomes.



Introduction of a Telework System

From April 2019, Takara Leben introduced a telework system, supporting more diverse employee work styles. Employees who meet specific conditions, such as conditions related to the content of their work or family circumstances, can work remotely, without coming to the office, up to three times a week. With the aim of becoming a company that can work flexibly regardless of location or time, we will promote this telework system from the perspective of the Business Continuity Plan (BCP).



Initiatives Geared toward Local Communities

As a developer involved in urban development, the Takara Leben Group promotes the formation and development of communities and is continuing efforts that lead to regional revitalization, such as redevelopment and its participation in regional events.

Winner of Kids Design Award for “Yajirushi” Emergency Shelter Guidance Signs

Realizing the need for emergency shelter guidance signs that are clear and easy to understand for everyone, including small children, in residential areas with few landmarks, Nikko Takara Corporation manufactured and installed “Yajirushi” evacuation shelter guidance signs on its subdivisions. In the future, if requested, we will also supply these signs to other companies' subdivisions, government agencies, and other organizations, aiming to contribute to the overall disaster preparedness of local communities. These “Yajirushi” signs contain only essential information to make them easier to understand for children, and use highly creative, expressive approaches. In recognition of this, they were awarded the Encouragement Prize in the 2019 Kids Design Award.



“USE OF MODEL ROOMS AND SALES CENTERS AS DISASTER RESPONSE SITES” Project



The model rooms created when selling built-for-sale condominiums show customers what completed built-for-sale condominiums will be like and serve as sales negotiation sites. We are promoting the outfitting of model rooms with the supplies and equipment needed in the event of a disaster—including daily necessities such as water, and charging facilities for mobile phones using in-house generators—and opening them to the general public as disaster relief sites. As of the end of March 2020, we have begun operating two of these sites, and plan to increase that number to seven. We will actively use our expertise in efforts such as supplying condominium unit buyers with disaster relief kits, and will further expand these sites.



Corporate Governance

Basic Approach

Rather than simply pursuing profit, Takara Leben strongly think 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 think 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, four of whom are outside directors. All four outside directors have been designated as independent officers. In addition to carry-

ing 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.

The Takara Leben Executive Committee meets twice a month to discuss management issues and a Sales Conference is held once every month to discuss sales progress. In addition to sharing the achievement status of management targets at these and other meetings, the Company gleans information on problem areas and issues in the form of performance reports from each department and deliberates important matters relating to overall management. The content of those reports is raised at the Board of Directors' meetings on an as-required basis.

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.

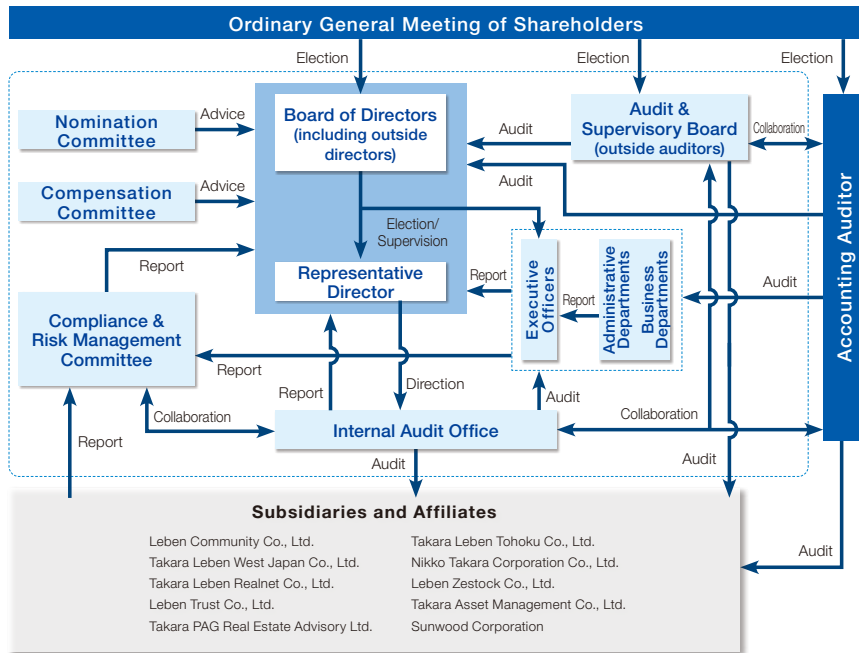
Audit & Supervisory Board

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 model rooms, and exchanging information as appropriate.

Internal Audit Office

Takara Leben also established 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.

Corporate Governance System



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 in the fiscal year 2019, 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

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 was nominated for his involvement in the management of financial institutions and business firms, his wealth of experience and achievements regarding management, and his possession of extensive knowledge and insight.	21/23
Outside Director	Katsumi Kasahara	Mr. Kasahara was nominated for his wealth of experience and achievements as a lawyer, his extensive knowledge and insight, and his possession of a highly mindful compliance with laws and regulations.	22/23
Outside Director	Kenji Kawada	Mr. Kawada was nominated for his involvement in the management of financial institutions and business firms, his wealth of experience and achievements regarding management, and his possession of extensive knowledge and insight.	22/23
Outside Director (newly appointed)	Kentaro Taniguchi	Mr. Taniguchi was nominated for his having served many years as Representative Director and President of business firms, his wealth of experience and achievements as a manager, and his possession of extensive knowledge and insight.	—

Corporate Governance

Executive Compensation

Directors' compensation 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 compensation 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 compensation to 300 million yen or less annually which is decided by a resolution at an Ordinary General Meeting of Shareholders.

The compensation 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 Compensation (As of March 31, 2020)

Position	Number of people	Amount of compensation (Millions of yen)
Directors	13	404
Auditors	3	24
Total	16	429

- (Notes) 1. The amount paid to directors does not include the employee salaries of directors concurrently serving as employees.
 2. The compensation 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 compensation would be up to a limit of 300 million yen.
 3. At the Extraordinary General Meeting of Shareholders held on July 16, 1999, a compensation limit of 60 million yen per year was decided for corporate auditors.
 4. The total amounts of the aforementioned compensation, etc. include the following amounts as the amount of expenses in the fiscal year related to stock acquisition rights allocated as stock option compensation.
 • Seven directors 31 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

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 Compensation Committee	3	0	1	2	0	0	Outside Director

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 Compensation 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 Compensation 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.

Compensation Committee

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

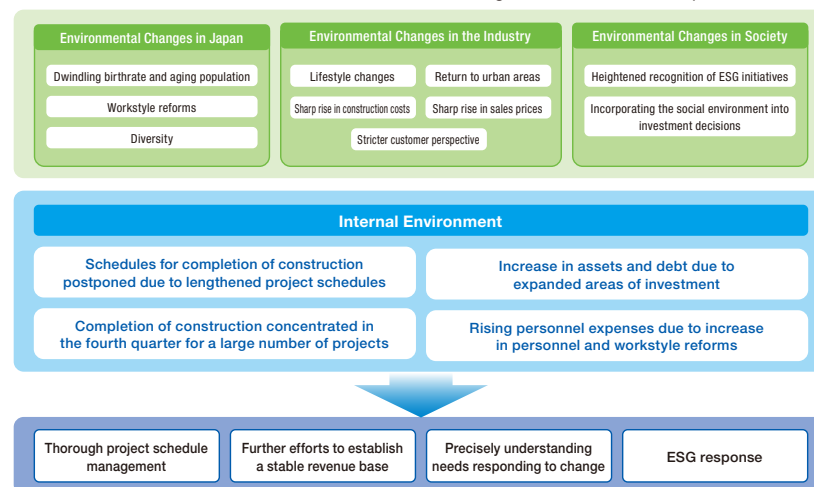
Risk Management

The fundamental risk management policies of the Takara Leben Group are to ensure the 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.

External Environment and Issues Surrounding the Takara Leben Group

External Environment and Issues Surrounding the Takara Leben Group



Risk Management Structure

Business Strategy, Finance, IT & Administration, and Compliance subcommittees are established as necessary in order to promote active proposals appropriate to the management of individual risks. In accordance with the Compliance & Risk Management Committee Rules, the scope of deliberations held by these subcommittees is reported to and verified by the Compliance & Risk Management Committee chaired by the representative director. This committee, which meets once per month, deliberates and makes decisions regarding measures and management approaches that must be taken to avoid and mitigate risks, and takes comprehensive measures to strengthen internal controls and prevent misconduct, non-compliance, and other similar incidents. 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.



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.

One countermeasure includes expanding the condominium supply area throughout the country in order to disperse the risks of concentration on a specific area.

Legal Restrictions

The business of the Group is subject to the National Land Use Planning Act, Building Lots and Buildings Transaction Business Act, Building Standards Act, City Planning Act, Money Lending Control Act, Act on Advancement of Proper Condominium Management, Long-Term Care Insurance Act and other applicable national laws as well as applicable ordinances, etc., of the various local governments. Should these laws, ordinances, etc., be revised or new ones created, this may create new burdens for the Group and potentially impact its performance and business development.

The Group accurately collects required information by joining various industry groups, and establishes legal compliance structures through the Compliance & Risk Management Committee.

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 of Supply Trends

Sales of new build-for-sale condominiums, a core business of the Group, are greatly affected by supply trends, such as land procurement cost and subcontracting cost fluctuations and interest rate changes. For these reasons, conditions which impact supply trends may potentially impact the performance and financial position of the 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.

One countermeasure includes accurately identifying trends among competitors and flexibly adjusting sale timing and price as a means of avoiding excessive price competition.

Subcontractors

The Group entrusts the construction of its condominiums to building contractors. However, increases in building material costs and labor costs may raise building contract costs, thus depressing profitability. Also, construction companies entrusted with the construction work may become insolvent, which may delay construction work or force the construction company to default on its contract. Any of these events, as well as failure by the construction company to provide the due compensation in the future, may impact the performance and financial position of the Group.

Personal Information

The Group handles many types of personal information in the course of selling and managing condominiums, etc. If a leak of personal information occurs, it may potentially impact the performance and financial position of the Group. Therefore, the Group takes measures such as introducing software designed to prevent personal information leaks, creating and maintaining relevant rules, creating employee manuals, and providing employee training seminars.

Other risks are identified as follows.

- Overreliance on borrowed funds
- Impact of declining asset values
- Opposition by neighboring residents when constructing condominiums
- Possibility of litigation, etc.



Yoshio Murayama
Director and Chairman

Sep. 1972 Established the Company, Senior Managing Director
Mar. 1973 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. Director and Vice President
Apr. 2020 Director, COO and Vice President Executive Officer (Executive General Manager of Construction Division) (Incumbent)
May 2020 Director, Leben Community Co., Ltd. (Incumbent)



Masashi Yamamoto
Director, CFO, and Managing 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. 2020 Director, CFO, Managing Executive Officer, and Executive General Manager of General Planning 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. 2014 Executive Officer and General Manager of 2nd Group of Sales Division
Jan. 2015 Representative Director, Takara Leben Tohoku Co., Ltd.
Apr. 2020 Director, Managing Executive Officer, Executive General Manager of Sales Division, and Manager of the Sales Management Office (Incumbent)
May 2020 Director, Takara Leben West Japan Co., Ltd. (Incumbent)



Shoichi Akisawa
Director and Managing Executive Officer

May 2019 Representative Director, Leben Zestock Co., Ltd. (Incumbent)
Jun. 2019 Director, Executive Officer, and Executive General Manager of Investment Development Division
Apr. 2020 Director, Managing Executive Officer and Executive General Manager of Investment Development Division (Incumbent)



Hiroshi Iwamoto
Director and Executive Officer

Oct. 2001 Joined the Company
Apr. 2015 General Manager of 1st Sales Division, 1st Sales Group, Sales Division
Apr. 2017 Executive Officer and General Manager of Overall Development Group, Development Division
Jun. 2020 Director, Executive Officer, Executive General Manager of Development Division, General Manager of Eco-Energy Business Division, and General Manager of Overseas Business Promotion Office (Incumbent)



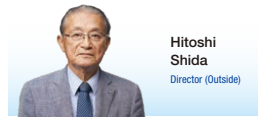
Mika Takaara
Director and Executive Officer

Jan. 2006 Joined the Company
Jun. 2010 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)



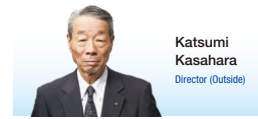
Yoshitaka Tejima
Director (non-mermanent)

Mar. 1997 Joined the Company
Apr. 2018 Senior Managing Director, Executive Officer and Executive General Manager of Development Division
Jun. 2019 Director, Senior Managing Executive Officer, Executive General Manager of Development Division, and General Manager of Eco-Energy Business Division
May 2020 Representative Director, Takara Leben West Japan Co., Ltd. (Incumbent)
Jun. 2020 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, Yoei Co., Ltd.
Jun. 2014 Outside Director, Takara Leben Co., Ltd. (Incumbent)



Katsumi Kasahara
Director (Outside)

May 1973 Registered in the Roll of Attorneys (Registration no.: 13897); joined the Tokyo Bar Association
May 1979 Established the Lawyer Kasahara Katsumi Law Office (Now Lawyer Kasahara Katsumi Limelight 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, P&HR Co., Ltd. (Incumbent)
Jun. 2018 Outside Director, Takara Leben Co., Ltd. (Incumbent)
Jun. 2018 Outside Auditor, Konishi Co., Ltd. (Incumbent)



Kentaro Taniguchi
Director (Outside)

Feb. 2000 Joined SOFTBANK E-COMMERCE CORP. (Now SoftBank Corp.)
General Manager of New Business Department
Mar. 2001 Representative Director and Vice President, CMnet Corporation
Jan. 2006 Director and COO, DeeCorp Limited
Apr. 2006 Director and President, DeeCorp Finance Limited (Incumbent)
Jun. 2020 Representative Director and Chairman DeeCorp Limited (Incumbent)
Outside Director, Takara Leben Co., Ltd. (Incumbent)

■ Interview with an Outside Director



Kenji Kawada
Outside Director

Personal History	May 2003 Representative Director and President, Resona Holdings, Inc.	January 2016 Representative of TMA KAWADA OFFICE (Incumbent)	June 2017 Outside Director, PE&HR Co., Ltd. (Incumbent) Outside Director, Takara Leben Co., Ltd. (Incumbent)	June 2018 Outside Auditor, Konishi Co., Ltd. (Incumbent)
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We interviewed Mr. Kenji Kawada, who has been an outside director of Takara Leben since 2017. In 2003, when the Resona Group became Resona Holdings, he served as its Representative Director and President. Mr. Kawada possesses in-depth knowledge of corporate management and governance system building, for example from having been at the helm of the first company in the banking industry to adopt a Company with three Committees system.

Q 1

Mr. Kawada, from your perspective, what kind of company do you consider Takara Leben to be?

Takara Leben is young for a public company but in terms of business performance is a company that is continuing to grow as an independent general real estate business developer. Specifically, with built-for-sale condominiums as its core business, the Company is characterized by adding value to each stage in its value chain, from real estate purchasing to sales and management.

In other words, the Company is establishing the Takara Leben brand in each stage in its value chain, comprising real estate purchasing, development, sales, rental, condominium management, rebuilding and redevelopment. From this point forward, its business portfolio is set to expand year by year, for example in the form of electric power generation business as a derived business and as a REIT for a real estate liquidation business, while developing its infrastructure fund business.

In terms of its corporate culture, the Company has

built a corporate culture in which people work cheerfully and derive enjoyment from their work, and where there is open communication. Including the management team, all employees are proactive and full of motivation to grow. From the perspective of this business overview and corporate culture, I assess Takara Leben as a company with resilience and dedication that is resistant to adverse impacts and external shocks.

Q 2

Please tell us about the characteristics of Takara Leben's corporate governance philosophy and system.

I consider the most important issues in corporate governance are to work to achieve sustainable corporate growth and to foster trust and expectations for management from each stakeholder.

In addition to promoting management reforms every fiscal year, the Company attaches great importance to the transparency of matters approved by the Board of Directors, which is required as a listed company.

Approved matters have to be explainable externally, and the Board of Directors will not approve anything without a clear reason in light of business judgment rules.

I think that it is necessary for a director to emphasize compliance, to deliver results, to have foresight as a manager, to maintain the physical ability to act boldly in business activities, and to possess an affinity that facilitates cooperation. I am therefore proposing that these five requirements be used as the criteria for evaluating the ability of directors. The Nomination Committee and the Compensation Committee, which are mainly composed of outside directors, discuss matters that include the nomination and compensation in light of these criteria and report the content of discussions and decisions to the Board of Directors.

Including CEO Shimada, the Takara Leben management team maintains an awareness of compliance, possesses the ability to improve business performance and foresight as managers while boldly carrying out its business activities. Its spirit of cooperation is also excellent, so that any of them can work together. Daily efforts are essential in demonstrating these abilities. Whereas internal directors are required to improve their expertise in each field, outside directors are required to update their knowledge in accordance with social conditions, in addition to practical experience in corporate management and expertise in legal and accounting fields. Naturally the Company has adopted a corporate governance system, but Takara Leben's is characterized by ongoing management reforms every fiscal year and corporate governance that is substantially and constantly evolving.

Q 3

What are your thoughts on the role of outside directors at Board of Directors' meetings?

The role of internal directors has two aspects: business execution and management oversight by means of the Board of Directors. In contrast, the main role of outside directors is to offer their opinions on the sustainable growth of corporate value through the management oversight function entrusted to them by each stakeholder. Companies are professional groups, and since it is important for outside directors to point things out with regard to the efforts of those companies' businesses from the perspective of broader society, it is imperative that they possess the ability to feel the trending movements of society.

To do that, we first need to understand the history of a company. The expression "pull the heartstrings" is used, but for a company the heartstrings are the DNA lodged

in its history that has been changing in keeping with the times. Moreover, since we are in the here and now, by fully understanding the history, we are able to give advice so that it pulls the heartstrings.

Since outside directors are required to accurately grasp not only the business content of the companies they advise but also social changes, talented and versatile personnel are required. It is important to point out things that are difficult to see from the inside, from a different perspective to that of the internal directors. To make a comprehensive judgment based on different opinions, the Company side should thoroughly deepen its expertise in its core business and strive to adapt the insights they have thereby gained to the times.

Q 4

What do you expect from Takara Leben going forward?

To put CSR initiatives into effect, Takara Leben has adopted ESG compliance at the core of its Medium-Term Management Plan and set out the key SDG-related issues in last fiscal year's annual report.

The Companywide challenge is to first make this concept a familiar presence for the management team and employees. After conducting corporate activities to instill ESG compliance within the Company as a specific management indicator, we have to publicly announce the results and ensure the commitment of each stakeholder through their management practices. Possessing great growth potential, Takara Leben is a company that can look forward to the years ahead.

Under the leadership of its senior management, I expect that the Company will make progress with management reforms through repeated trial and error and continue along a growth path. To that end, I would like all of the Group's employees to develop their abilities on a daily basis and empower each other.



Financial Review

Summary of Overall Results

Overview of Business Results for Fiscal Year Ended March 31, 2020

During the fiscal year under review, the Japanese economy continued to recover moderately amid improved corporate earnings and a stronger employment and income situation, backed by a range of fiscal measures implemented by the government. However, uncertainty has been growing since the beginning of 2020, due to sluggish economic activities in Japan and worldwide due to the COVID-19 pandemic.

In the real estate sales market in which the Company operates, upward trends are seen in demand for convenient locations and daily life and compact condominiums, reflecting changes in end-user lifestyle caused by an increase in single-person households and dual income households and changes in consumer values. Meanwhile, demand in regional city centers remains strong, thanks in part to the demand of active seniors, which continues to be high, and the trend of compact city development.

Profit and Loss

In the fiscal year under review, the Company recorded consolidated net sales of 168,493 million yen, up 27.6% year on year, consolidated operating income of 11,901 million yen, up 18.5%, consolidated ordinary income of 11,201 million yen, up 24.1%, and net income attributable to owners of parent of 5,361 million yen, down 16.6%.

In performance by business segment, revenues from the real estate sales business amounted to 129,649 million yen, up 23.7% year on year. This was the result of revenues of 77,171 million yen from the sales of new built-for-sale condominiums, revenues of 37,854 million yen from the sale of profit-generating real estate, and revenues of 14,623 million yen from the sales of new detached houses and used condominiums, among others.

Net sales from the real estate rental business amounted to 5,965 million yen, up 2.3% year on year, including rental income from apartments, condominium units and offices.

Net sales from the real estate management business representing management fees from 59,747 units under management amounted to 5,046 million yen, up 11.9% year on year.

Net sales from the electric power generation business amounted to 20,982 million yen, up 94.4% 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 6,850 million yen, up 13.3% year on year, including revenues from contracts for

construction works, orders for large-scale repair works, and various commission income, among others.

In the Tokyo metropolitan area, the supply-demand balance continues to be favorable, with the number of condominium units supplied remaining at the 30,000 level in recent years, as shown by the latest number of condominium units supplied of 31,238 units (a survey made by Real Estate Economic Institute Co., Ltd.), or a decrease of 15.9% from the previous year. Sales prices, despite the apparent plateauing of increases in recent years, are still at high levels.

The number of nationwide condominium units supplied decreased by approximately 10,000 from that in 2018, to 70,660 units, reflecting the impact of a decline in the number of units sold in the Tokyo metropolitan area. Under these conditions, the Company ranked eighth in the condominium developer ranking based on the number of condominium units sold, ranking among the top 10 for the seventh consecutive year and plays the role of a stable supplier in the real estate sales market as an independent general real estate business developer.

Cost of sales increased 31.3% year on year, to 137,977 million yen, mainly due to an increase in sales of the real estate sales business. The gross profit margin fell 2.3 percentage points from the previous fiscal year, to 18.1%.

Selling, general and administrative expenses increased 10.5% year on year, to 18,614 million yen, 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 11,901 million yen, up 18.5% year on year, and the operating income margin edged down 0.5 of a percentage point year on year, to 7.1%.

Non-operating income increased 86.7% year on year, to 579 million yen, due largely to an increase in dividend income. Non-operating expenses, on the other hand, decreased 3.7% from the previous fiscal year, to 1,279 million yen, which is attributable to equity method investment loss of affiliates.

Extraordinary income decreased 8.5% year on year, to 286 million yen, reflecting the recording of sales of investment securities and penalty income. Extraordinary losses increased 2,099 million yen year on year, to 2,114 million yen, primarily due to the recording of impairment losses.

As a result, net income attributable to owners of parent was 5,361 million yen, down 16.6% year on year, in the fiscal year under review.

the proper, stable, and continuous payment of dividends in line with operating results while 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 interim and period-end dividends, and the Group set out the payout ratio of approximately 25% to 30% in the Medium-Term Management Plan announced in May 2018.

For the fiscal year under review, the annual dividend has been set at 19 yen per share. This represents an interim dividend of 6 yen per share and a period-end dividend of 13 yen per share, which equates to a dividend payout ratio of 38.4%.

Looking ahead, Takara Leben would like to 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. However, given the uncertainty over the degree of impact of the coronavirus, it is difficult at this time for the Company to properly and reasonably forecast financial results for the next fiscal year. Therefore, the Company has not made a forecast for the second quarter and for the period-end dividend.

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 commitment line agreements 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 114,036 million yen as of the end of the fiscal year under review, compared with 111,821 million yen as of March 31, 2019. The ratio of interest-bearing debt to total assets and the current ratio as of the end of fiscal 2019 were 58.3% and 175.7%, respectively. Based on the aforementioned, the equity ratio came in at 25.9%.

Cash Flows

Overview of Cash Flow for the Fiscal Year Ended March 31, 2020

Cash and cash equivalents ("funds") as of March 31, 2020, amounted to 34,605 million yen, an increase of 13,963 million yen from March 31, 2019.

Cash Flows from Operating Activities

Net cash provided by operating activities was 47,708 million yen (cash provided of 22,428 million yen 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 32,136 million yen (cash used of 34,347 million yen in the previous fiscal year), mainly due to the purchase of property, plant and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities was 1,608 million yen (cash provided of 3,427 million yen in the previous fiscal year), which was primarily attributable to a decrease in loans payable.

Future Outlook

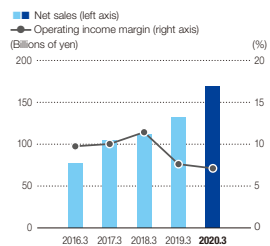
Looking ahead to the next fiscal year, it is expected that measures to prevent the spread of the COVID-19 pandemic will continue for some time. Given the possibility that the impact of the COVID-19 pandemic on economic and social activities will become even more serious, concerns are expected to grow in conjunction with the economic slowdown occurring not only in Japan but globally as well.

The real estate sales industry in which the Group operates may see an impact mainly pertaining to sales conducted in model rooms in different areas, the acquisition and development of offices, residences, commercial stores and hotels, among other properties in the liquidation business, and rental revenue from tenants. The Group seeks to diversify risk by promoting sales nationwide instead of focusing on specific

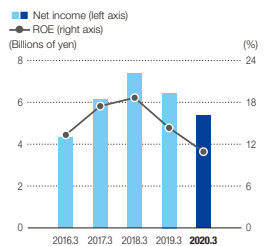
areas while at the same time supplying products tailored to real market demand, among other products, which are not easily influenced by economic trends.

In this situation, the Group will work on sales activities while also continuing to implement measures to prevent the spread of the coronavirus in strict compliance with requests from the government and prefectural authorities. However, given the uncertainty over the degree of impact on economic and social activity in Japan, and how long it will take for the coronavirus to be controlled and business to recover, it is difficult at this time for the Company to properly and reasonably forecast financial results for the next fiscal year. Therefore, it will not yet determine results forecasts and make announcements when it is ready to make such forecasts.

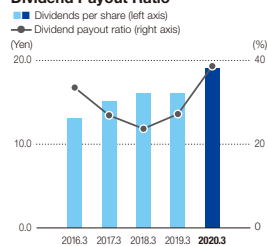
Net Sales/Operating Income Margin



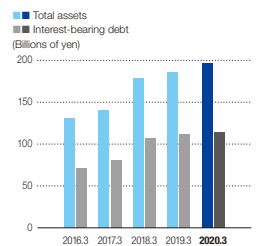
Net Income/ROE



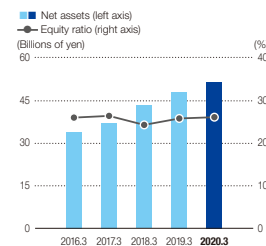
Dividends Per Share/Dividend Payout Ratio



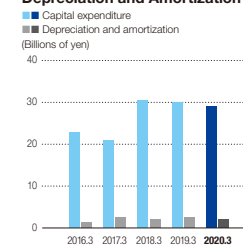
Total Assets/Interest-Bearing Debt



Net Assets/Equity Ratio



Capital Expenditure/Depreciation and Amortization



Six-Year Financial Summary

	Millions of yen					2020.3
	2015.3	2016.3	2017.3	2018.3	2019.3	
Net sales	¥76,956	¥76,268	¥103,599	¥110,851	¥132,005	¥168,493
Gross profit	18,311	17,835	21,869	25,779	26,886	30,516
Operating income	9,257	7,563	10,349	12,597	10,046	11,901
Ordinary income	8,540	6,708	9,496	11,792	9,027	11,201
Net income attributable to owners of parent	5,718	4,308	6,107	7,367	6,426	5,361
Cash flows from operating activities	(8,155)	2,428	22,644	9,869	22,428	47,708
Cash flows from investing activities	(7,998)	(19,816)	(27,540)	(34,463)	(34,347)	(32,136)
Cash flows from financing activities	6,314	19,663	6,129	24,012	3,427	(1,608)
Capital expenditure	8,095	22,756	20,814	30,302	29,902	28,841
Depreciation and amortization	717	1,192	2,397	1,943	2,447	2,031
Total assets	101,738	129,744	139,874	177,588	184,893	195,448
Current assets	67,319	75,753	86,585	102,931	98,512	115,314
Cash and deposits	26,281	28,515	29,780	29,223	21,165	35,311
Inventory	35,345	40,208	49,933	68,438	68,681	69,964
Real estate for sale	4,901	4,073	9,658	20,279	18,821	23,861
Power generation facilities for sale	—	—	7,885	4,090	—	—
Real estate for sale in progress	30,444	36,134	32,390	44,068	49,860	46,102
Fixed assets	34,400	53,945	53,237	74,618	86,286	79,874
Net assets	31,189	33,677	36,792	42,907	47,734	51,139
Interest-bearing debt	48,812	70,396	79,864	106,663	111,821	114,036
Per Share Information:						
Net income per share (Yen)	50.61	38.99	56.14	68.12	59.33	49.45
Net assets per share (Yen)	279.11	304.71	339.29	394.90	436.68	467.05
Dividends per share (Yen)	6.0	13.0	15.0	16.0	16.0	19.0
Operating Indices:						
ROE (%)	19.7	13.3	17.4	18.6	14.3	10.9
ROA (%)	5.8	3.7	4.5	4.6	3.5	2.8
Operating income margin (%)	12.0	9.9	10.0	11.4	7.6	7.1
Debt ratio (Times)	2.3	2.9	2.8	3.1	2.9	2.8
Current ratio (%)	193.4	176.7	171.5	182.0	168.3	175.7
Inventory turnover (Times/Year)	2.2	2.0	2.3	1.9	1.9	2.4
Equity ratio (%)	30.6	25.8	26.2	24.1	25.6	25.9
Dividend payout ratio (%)	11.9	33.3	26.7	23.5	27.0	38.4

Net Sales by Segment (Changes)

	Millions of yen					2020.3
	2015.3	2016.3	2017.3	2018.3	2019.3	
Real estate sales business	66,907	63,383	79,638	79,341	104,823	129,649
Real estate rental business	2,898	4,307	5,056	5,472	5,829	5,965
Real estate management business	2,978	3,362	3,665	4,000	4,512	5,046
Electric power generation business	405	909	11,108	18,239	10,794	20,982
Other businesses	3,766	4,305	4,130	3,797	6,045	6,850
Total sales	76,956	76,268	103,599	110,851	132,005	168,493

Non-Financial Data

	2015.3	2016.3	2017.3	2018.3	2019.3	2020.3
Percentage of women in management (%)	9.43	8.20	9.23	8.10	9.46	8.33
Percentage of persons with disabilities employed (%)	0.34	0.94	1.20	1.09	2.19	2.06

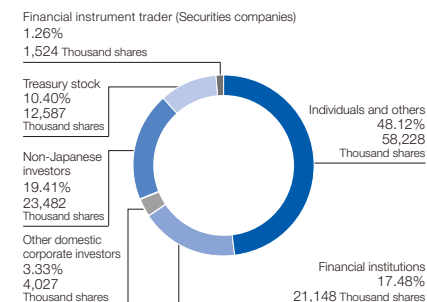
Stock Information

Securities Code	8897	Total Number of Shares Outstanding (As of March 31, 2020)	121,000,000 shares
Stock Exchange Listing	First Section, Tokyo Stock Exchange	Trading Unit of Shares	100 shares
Shareholder Registry Administrator	Sumitomo Mitsui Trust Bank, Ltd. 1-4-1, Marunouchi, Chiyoda-ku, Tokyo	Number of Shareholders	47,085
		(As of March 31, 2020)	

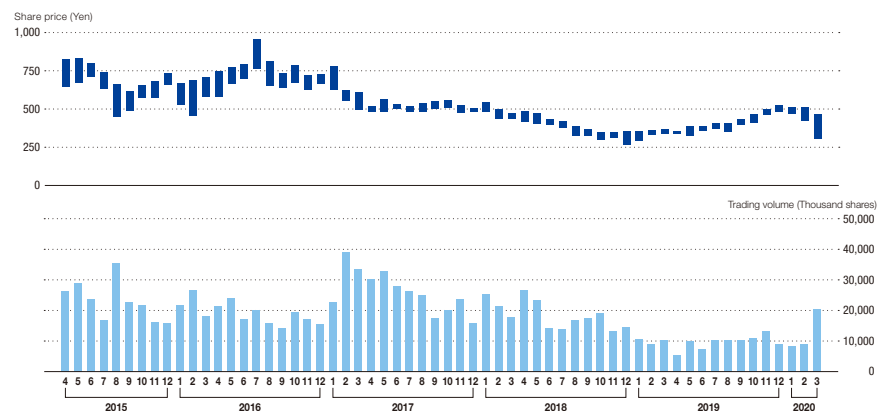
Major Shareholders (Top 10) (As of March 31, 2020)

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)	5,177	4.28
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,843	3.18
JPMC GOLDMAN SACHS TRUST JASDEC LENDING ACCOUNT	2,626	2.17
Japan Trustee Services Bank, Ltd. (Trust Account)	2,408	1.99
Murayama Kikaku Co., Ltd.	2,000	1.65
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,849	1.53
JP MORGAN CHASE BANK 385151	1,380	1.14
SSBTC CLIENT OMNIBUS ACCOUNT	1,337	1.11

Number of Shares Held By Investor Segment (As of March 31, 2020)



Share Price Trends





Takara Leben Co., Ltd.

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