

# **Earnings Results Briefing for the Six Months Ended September 30, 2013**

November 6, 2013

**Takara Leben Co., Ltd.**



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# Four Decades of Business

1972年

- Established Takara Komuten Co.,Ltd. (the present Takara Leben)  
Launched sales of detached houses

1982年

- Launched real estate leasing business

1988年

- Established Takara Management Co.,Ltd. (the present Leben Community)  
Launched real estate management business

1994年

- Launched sales of condominiums "Leben Heim"

2000年

- Changed company name to "Takara Leben Co.,Ltd."

2001年

- Launched financial brokering business  
Established Tafuko Co.,Ltd.

2003年

- Listed on the second section of the Tokyo Stock Exchange

2004年

- Listed on the first section of the Tokyo Stock Exchange
- Established Relivel Leben Co.,Ltd.(the present Live Net Home Co.,Ltd.)  
Launched trustee division for real estate sales  
Established AS Partners Co.,Ltd.  
Launched nursing care businesses for seniors

2008年

- Made Marunouchi Servicer Co.,Ltd. its subsidiary

- Released new corporate logo

2010年

- Launched detached housing business (buidt by Takara Leben)

- Capital increase based on Japan's first rights offering

2011年

- Joined an open house and began sales of custom-built houses

- 40th anniversary of the founding

2012年

- Introduced New Condominium Brand

- Introduced Corporate character

- Establish Yokohama branch

- Made Takara Housing Co.,Ltd.(the present Takara Property Co.,Ltd.) its subsidiary  
Rental business management operations

2013年

- Entry to mega-solar business

Expectations for *Abenomics*

Monetary easing of different  
dimension by BOJ

Correction of excessively strong yen and a rising stock market,  
rising business sentiment

Increases in capital expenditures,  
wage increases at some companies

**Will these boost private demand ?**

Railroad companies sharing the same lines

Traffic convenience improving in suburban areas

*Zaibatsu* conglomerates aggressively supply properties in the suburbs of the Tokyo area

	Takara Leben	<i>Zaibatsu</i>
Target	<ul style="list-style-type: none"><li>■ Narrow target area</li><li>■ Area demands</li><li>■ Annual salary 4-6million yen</li></ul>	<ul style="list-style-type: none"><li>■ Broad target area</li><li>■ Urban area (around Tokyo) demand</li><li>■ Annual salary 6-12 million yen</li></ul>
Location	<ul style="list-style-type: none"><li>■ Emphasis on living environment (near school, supermarkets, parks, etc)</li><li>■ 10-15 mins from station</li></ul>	<ul style="list-style-type: none"><li>■ Near station</li><li>■ Prime commercial locations</li></ul>

Increasing contract ratios due to inflows of customers from central Tokyo



## Summary for the Six months Ended September 30, 2013

# Consolidated Income Statements

(Unit Amount=Million yen)

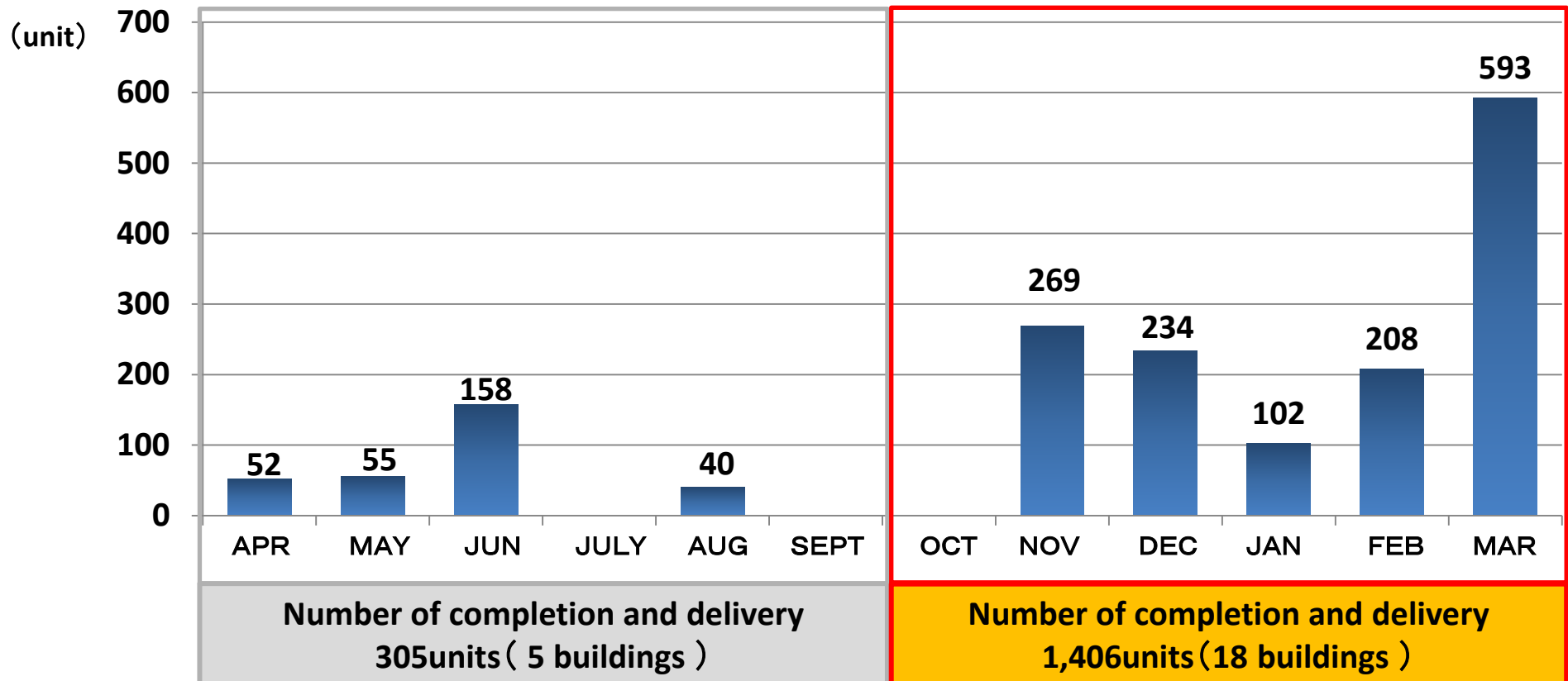
	Six months ended September 30, 2012	Six months ended September 30, 2013	YOY change (%)
Net sales	34,560	17,916	△48.2%
Operating profit	3,088	542	△82.4%
Ordinary profit	2,827	159	△94.4%
Net income	2,054	257	△87.5%

(Unit Amount=Million yen )

	Six months ended September 30, 2012	Ratio (%)	Six months ended September 30, 2013	Ratio (%)
Real estate sales business	31,788	92.0%	15,172	84.7%
Real estate rental business	707	2.0%	833	4.7%
Real estate management business	1,264	3.7%	1,353	7.6%
Other businesses	800	2.3%	557	3.1%
Total	34,560	100%	17,916	100%



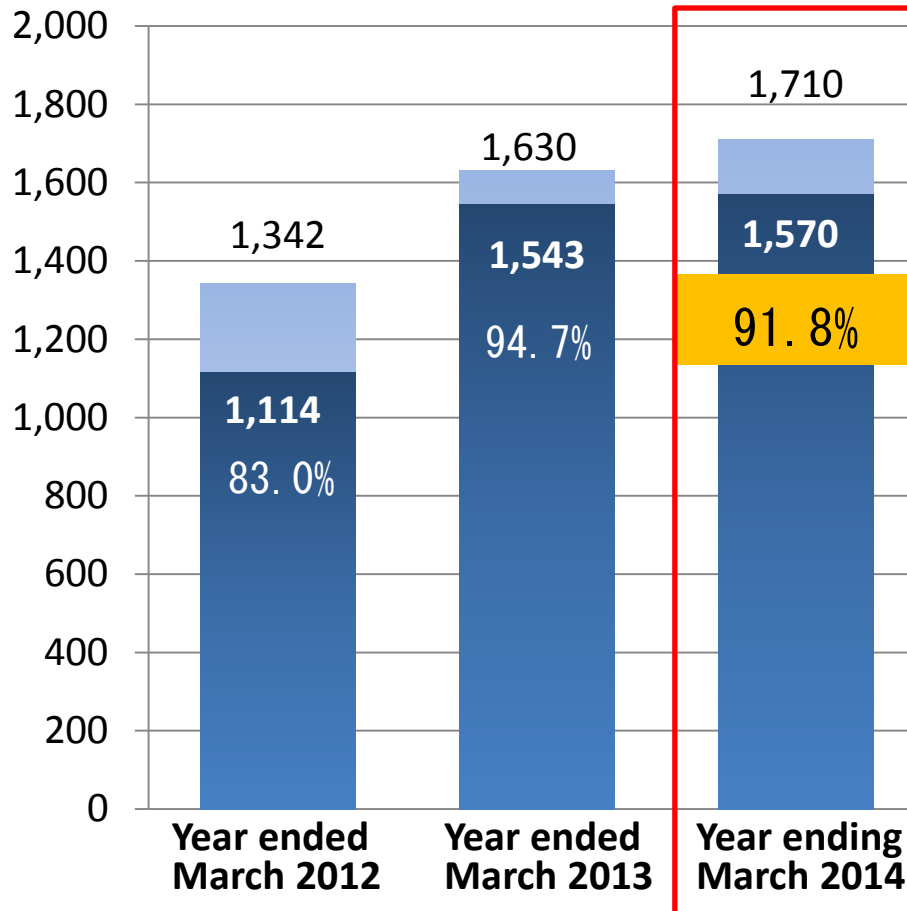
## Schedule of completion and delivery in the year ending March 2014



Collection of proceeds from properties completed in the fiscal year under review concentrates in the second half.

## Contracted ratio status ( at the Six Months Ended September 30, 2013 )

(unit)



■ Year ending March 31, 2014 (42th)  
**Scheduled for delivery**  
**1,710 units**

**91.8% of units(1,570 units)**  
**for delivery Year ending March 2014**  
**contracted**  
 (at the year end of September 30, 2013)

### 【consultation】

- Year ended March 31, 2013 (41th)  
 Delivered : 1,543 Units, 94.7% of units for delivery  
 Year ended March 2013 contracted
- Year ended March 31, 2012 (40th)  
 Delivered : 1,114 Units, 83.0% of units for delivery  
 Year ended March 2012 contracted

**Contracts are concluded in line with the plan.**

# Consolidated Balance Sheets

(Unit Amount=Million yen )

		Year ended March 2012	Six months ended September 30, 2013	YOY change ( % )
<b>Current assets</b>		55,932	60,576	8.3%
	Cash and cash equivalents	17,911	19,045	6.3%
	Inventories	35,376	37,825	7.0%
	Real estate held for sale	2,067	466	△77.5%
	Real estate for sale under construction	33,308	37,386	12.2%
<b>Fixed assets</b>		19,081	20,418	7.0%
<b>Total assets</b>		75,013	80,994	8.0%
<b>Current liabilities</b>		29,025	32,585	12.3%
	Notes and accounts payable, trade	7,920	5,374	△32.1%
	Debts (short-term borrowings, long-term debt within one year)	14,004	19,384	38.4%
<b>Fixed liabilities</b>		21,840	26,219	20.0%
	Long-term borrowings	20,849	25,149	20.6%
<b>Total liabilities</b>		50,866	58,804	15.6%
<b>Net assets</b>		24,147	22,190	△8.1%
	Capital	4,819	4,819	—
	Other shareholder equity	19,328	17,370	△10.1%
<b>Total liabilities and net assets</b>		75,013	80,994	8.0%



## Topics for the Six Months Ended September 30, 2013



## Completion and commencement of power generation on August 29, 2013

- Location : Shioya-gun, Tochigi Prefecture
- Site area : 36,727.35m<sup>2</sup>
- Installed number of solar panel : 11,949 units (250W/per)
- Power class : About 3 MW

## Next-generation energy system for condominiums

# The Solar Power Project



Unit-based Solar-powered  
Condominium Supply Ranking

# Nationwide Ranked 1st

※Unit-based Solar-powered Condominium Supply Ranking(available in each individual home unit)

※Source: Real Estate Economic Institute Co., Ltd.



**GOOD DESIGN  
AWARD 2013**



Our views on the hosting of the Olympics  
and Inflation, and our initiatives

**Before 2013    Deflation**



**From 2013    Inflation expectations  
and rising consumer sentiment**



**2020    The Tokyo Olympic Games**



## Land purchasing prices

Redevelopment of central Tokyo associated with the Olympics  
→ Land prices in central Tokyo are expected to rise further as the Olympics approaches.

## Construction costs

Flows of people and goods associated with projects related to the Olympics  
→ Material costs and labor costs are expected to rise as the Olympics approaches.

## Real estate sales prices

Rising consumer confidence due to inflation expectations and increasing income associated with the government's initiatives  
→ Sales prices are expected to rise after a time lag.

## Financial trends

Heavy supply by the Bank of Japan → Continued low interest rates are forecast

## Main Measures of Takara Leben Next Stage 2016

【 From FY2013/3 through FY2016/3 】

- 1** Steady increase in number of units sold
- 2** Promote solar-powered condominiums
- 3** Entry to mega - solar business
- 4** Stable supply of condominiums in central area in local cities
- 5** Restructure the detached house business

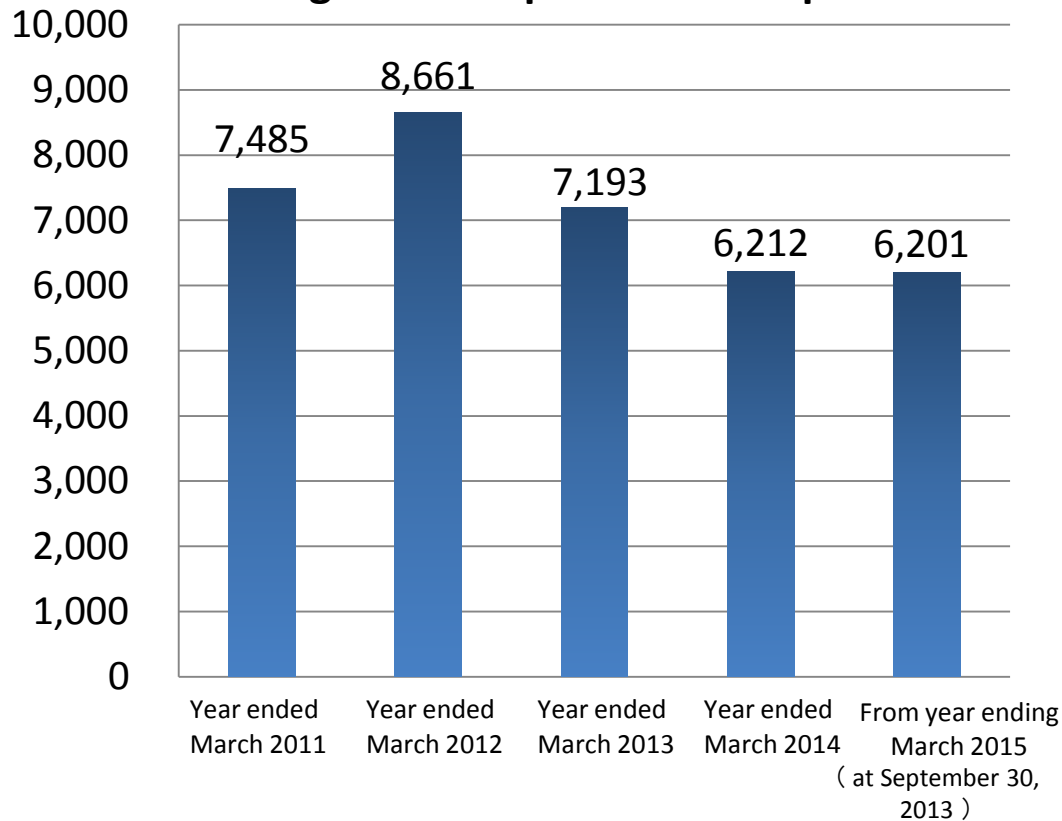
**Responding flexibly to the times  
under the mid-term management plan**

1. Controlling costs for purchases and construction
2. Strengthening projects in the central areas of provincial cities
3. Supplying high-priced products in central Tokyo
4. Enhancing renovated properties
5. Entering the fund business

## Land purchasing prices

( million yen )

### Changes in unit prices of land purchased



### Change in competitive situation

Competitors are declining in the suburbs of the Tokyo area, on which we are focusing.



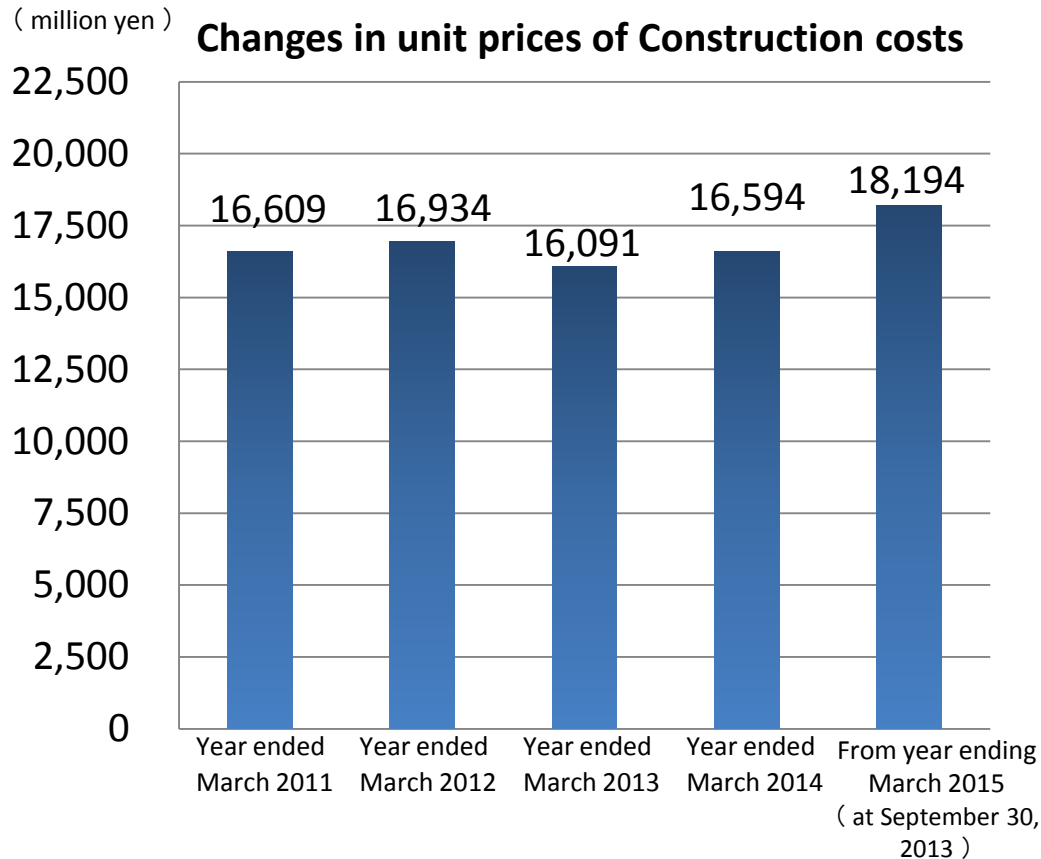
We expect that land prices will not rise sharply.

### Obtain lands for medium- to long-term projects

- Kenkyugakuen Tsukuba : About 200 units
- Chiba New Town Chuouo : About 300 units
- Sendai city : About 400 units

**Purchasing land for projects over the medium to long term at standard prices in areas**

## Construction costs



### Revenue and expenditure plan

Expecting rising construction costs, we will make income plans on the assumption of a unit cost of ¥18.5 million at the time of purchase. The gross margin will be kept at 24% to 25%.

### Use of local general contractors

Using our network of regional banks, we will make the most of local general contractors.

↓  
Cost control

**Maintaining a certain gross margin through careful income planning and cost control**

## Stepping up land purchases in provincial cities



Sendai, Miyagi  
about 400 units

Mito, Ibaragi  
about 150 units

### Boosting the number of housing units we supply annually

- Boosting purchases in central areas of provincial cities
- The number of built-for-sale condominium delivered (annual goal)

■ Medium-term Management Plan	200~300units
	↓
■ Year ending March 2017	500 units

## Developing new areas where we supply housing

## Sunwood Corporation becoming a Group company



*Company Name :* Sunwood Corporation  
*Founded :* February 27, 1997  
*Headquarters :* 7th Floor, Toranomom 30  
Mori Building, 3-2-2 Toranomom,  
Minato-ku, Tokyo 105-0001  
*President :* Yoshimi Sasaki  
*Paid-in Capital :* 1,266 million yen (as of March 31, 2013)  
*Employees :* 52 (as of March 31, 2013)  
*Scope of Business :*

- Development and sales of condominium
- Real estate agency and brokerage services
- Real estate operation and management

**Area**

Mature areas especially in central Tokyo  
(Minato-ku, Shibuya-ku, Meguro-ku)

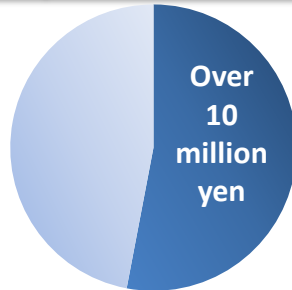
**Target**

High-income class, Second-time buyer bracket,  
The middle-aged and elderly

### Developing new targets

## Characteristics of buyers of housing units from Sunwood

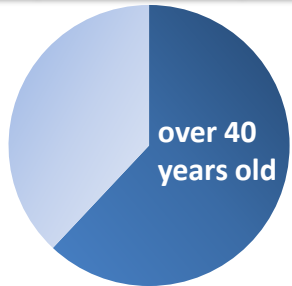
Annual income:  
Ratio of buyers with annual salary over 10 million yen



←----- **53%**

**High-income class**

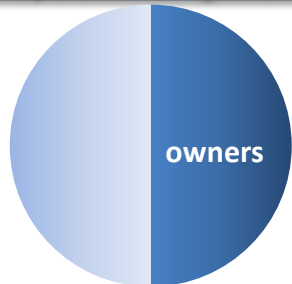
Age:  
Ratio of buyers over 40 years old



←----- **62%**

**The middle-aged and elderly**

Home ownership:  
Ratio of buyers owning their homes



←----- **50%**

**Second-time buyer bracket**



**Enhancing the Le Art brand in central Tokyo and in front of stations in the suburbs**

**Developing properties in areas where asset value is high**



"LE ART" is a series of renovation condominium. Our aim is to expand our profits and business scope by creating added value through the use of redevelopment methods.

## Areas

**Stepping up purchases in central Tokyo and in front of stations in the suburbs**



**Providing renovated properties that meet the needs of the high-income class and the elderly**

**Responding to the aging of society**

## Takara Asset Management Co., Ltd.

【 Principal businesses 】 Investment Management, Type II Financial Instruments Services,  
Investment Advisory and Agency Business

【 Date of establishment 】 October 28, 2013

Establishing an investment corporation (mega-solar fund)

Aiming to be listed on the J-REIT market or a new infrastructure market

## Takara Investments Co., Ltd.

【 Principal businesses 】 Real Estate Investment Business

【 Date of establishment 】 October 28, 2013

Management of public-private funds etc.

## Mega solar project

Name	Location	scale	status
LEBEN SOLAR SHIOYA	Shioya, Tochigi	2.98MW	working
LEBEN SOLAR KOGA ONANUMA	Koga, Ibaragi	58.14kW	working
LEBEN SOLAR TONE	Kitasouma, Ibaragi	162kW	working
LEBEN SOLAR MIHO	Inashiki, Ibaragi	1.06MW	under preparation
LEBEN SOLAR CHIKUSEI	Chikusei, Ibaragi	1.08MW	under preparation
LEBEN SOLAR TSUKUBA BOUNAI	Tsukuba, Ibaragi	2.48MW	under preparation
LEBEN SOLAR CHIBA SOSA	Sosa, Chiba	2.52MW	under preparation

**Total power generation is planned to be 10.3 MW.**  
(including electricity already generated)



Year Ending March 2014 Dividends  
financial result forecast for the year

# Year Ending March 2014 Outlook **【Consolidated】**

(Unit Amount=Million yen )

	Year ended March 31, 2013	Year ending March 31, 2014 (Forecast)	Year ending March 31, 2014 revision to the results forecast	YOY change
<b>Units sold</b> [New built-for-sale condominium+ detached house]	1,786	1,860	1,860	—
<b>Net sales</b>	64,907	71,650	72,250	0.8%
<b>Operating profit</b>	6,361	9,300	9,500	2.2%
<b>Ordinary profit</b>	5,792	8,515	8,715	2.3%
<b>Net income</b>	4,074	5,030	5,380	7.0%

# Cash Dividends, Preferential treatment

	1 <sup>st</sup> half dividends	Year-end dividends	Total
Year ended March 2013	<b>5</b> yen	<b>10</b> yen	<b>15</b> yen
Year ending March 2014 Forecast*	<b>1.5</b> yen <small>(prior to the stock split ¥6)</small>	<b>3</b> yen <small>(prior to the stock split ¥12)</small>	<b>4.5</b> yen <small>(prior to the stock split ¥18)</small>

\*The Company has conducted a 4-for-1 stock split, with an effective date of July 1, 2013.

The annual dividend (forecast) for the fiscal year ending March 31, 2014 takes the effect of the stock split into consideration.

	gift certificates for packages of rice
100 shares or more to less than 500 shares	1kg (440yen)
500 shares or more to less than 1,000 shares	3kg (1320yen)
1,000 shares or more	5kg (2200yen)

■ Type of shares acquired : Common stock of the Company

■ Total number of shares for acquisition : 8,000,000 shares (Upper limit)

\* Ratio to total number of outstanding shares (Excluding treasury stock) 6.7%

■ Total acquisition value : 4,000,000,000 yen(Upper limit)

■ Acquisition period : From May 13,2013 to March 31,2014

■ Acquisition method : Open market repurchase and repurchase through off-auction own share repurchase trading (ToSTNeT-3) on the Tokyo Stock Exchange

■ Status of acquisition (Total number of shares acquired as at the end of October) :  
4,000,000 shares \* / 2,000,000,000 yen

\*The Company has conducted a 4-for-1 stock split, with an effective date of July 1, 2013.

The annual dividend (forecast) for the fiscal year ending March 31, 2014 takes the effect of the stock split into consideration.

## Enquiries Relating to These Materials

Marketing Planning Office  
Management Planning Section



**Takara Leben**

E-mail : [irinfo@leben.co.jp](mailto:irinfo@leben.co.jp)

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