

**Earnings Results Briefing
for the Six Months Ended
September 30, 2016**

October 31,2016

Takara Leben Co.,Ltd.



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1972 Established Takara Komuten Co.,Ltd.
(the present Takara Leben)
Launched sales of detached houses

1982 Launched real estate leasing business

1988 Established Takara Management Co.,Ltd.
(the present Leben Community)
Launched real estate management business

1994 Launched sales of condominiums "Leben Heim"

2000 Changed company name to "Takara Leben Co.,Ltd."

2001 Launched financial brokering business
Established Tafuko Co.,Ltd.

2003 Listed on the second section of the Tokyo Stock Exchange

2004 Listed on the first section of the Tokyo Stock Exchange

Established AS Partners Co.,Ltd.
Launched nursing care businesses for seniors

2008 Made Marunouchi Servicer Co.,Ltd.
its subsidiary

Released new corporate logo

2010 Launched detached housing business (buidt by Takara Leben)

2011 40th anniversary of the founding

2012 Introduced New Condominium Brand

Established Yokohama branch

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

2013 Entry to mega-solar business
Established Takara Asset Management Co.,Ltd.
Launched investment management business
Esstablished Takara Investments Co.,Ltd.
Launched real estate investment business
Made Sunwood Corporation it's associated company
accounted for by the equity method

2014 Established Hokuriku Office
Established Tohoku Office

Made Oasis Co.,Ltd.(the present Takara Leben Realnet) its subsidiary

2015 Made Nikko kensetsu Co.,Ltd. its subsidiary

Made Livenet home Co.,Ltd.(the present Takara Leben Tohoku) its subsidiary

Made Jutakujoyouhoukan Co.,Ltd. its subsidiary

2016 Made Nikko property Co., Ltd. its subsidiary

Changed company name from Nikko kensetsu Co., Ltd. to "Nikko Takara Co., Ltd."
Takara Leben Infrastructure Fund, Inc. was the first to be listed on the
infrastructure fund market



LEBEN Shiki Executia

Summary for The Six months Ended September 30, 2016

Consolidated Income Statements

(Unit Amount=Million yen)

	Six months ended September 30, 2015	Six months ended September 30, 2016	YOY change (%)
Net sales	26,536	37,120	39.9%
Operating profit	1,812	2,994	65.2%
Ordinary profit	1,461	2,457	68.1%
Net income	875	1,549	77.0%

Segment Information 【 Net Sales 】

(Unit Amount=Million yen)

	Six months ended September 30, 2015	Ratio (%)	Six months ended September 30, 2016	Ratio (%)
Real estate sales business	20,541	77.4%	22,296	60.1%
Real estate rental business	2,107	7.9%	2,470	6.7%
Real estate management business	1,660	6.3%	1,814	4.9%
Mega-Solar business	429	1.6%	9,194	24.8%
Other businesses	1,797	6.8%	1,344	3.6%
Total	26,536	100%	37,120	100%

Consolidated Balance Sheets

(Unit Amount=Million yen)

	Year ended March 31, 2016	Six months ended September 30, 2016	YOY change
Current assets	75,753	73,085	△3.5%
Cash and cash equivalents	28,515	19,878	△30.3%
Inventories	40,208	47,262	17.5%
Real estate held for sale	4,073	6,181	51.7%
Real estate for sale under construction	36,134	41,081	13.7%
Fixed assets	53,945	55,173	2.3%
Total assets	129,744	128,325	△1.1%
Current liabilities	42,859	41,676	△2.8%
Notes and accounts payable, trade	12,037	2,012	△83.3%
Debts (short-term borrowings, long-term debt within one year)	19,823	30,203	52.4%
Fixed liabilities	53,207	53,560	0.7%
Long-term borrowings	50,147	50,434	0.6%
Total liabilities	96,066	95,237	△0.9%
Net assets	33,677	33,088	△1.7%
Capital	4,819	4,819	—
Other shareholder equity	28,857	28,268	△2.0%
Total liabilities and net assets	129,744	128,325	△1.1%



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Metropolitan area condominium market trends

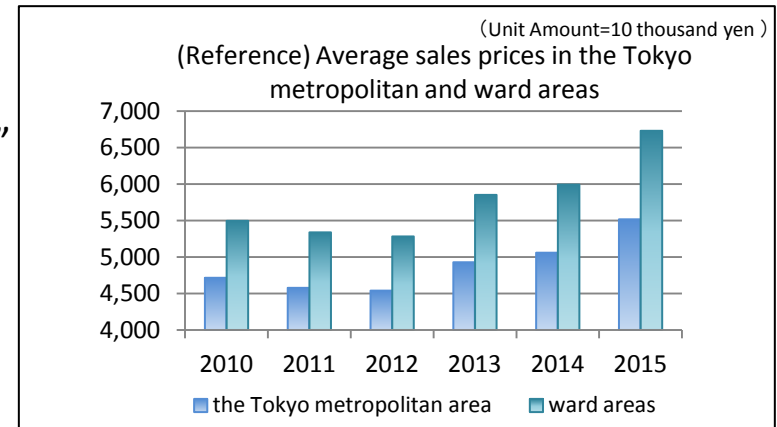
Inner city condominium market trends

■ Background

- Elected to host the 2020 Tokyo Olympics and Paralympics
- The expectations for it to escape deflation by “ABEnomics”

Sales prices rising

Exodus of first-time buyers from the metropolitan area to the suburbs



(Source: Condominium Market Trends by Real Estate Economic Institute Co., Ltd)

Metropolitan area suburbs condominium market trends

- ### ■ Background
- Decline in the number of developers and supplied units after the Lehman Shock

The market environment remained sound as a sustained demand for condominiums continued to be strong.

[Types of existing suppliers of built-for-sale suburban condominiums]

- (i) Suppliers that emphasize proximity to stations and convenience
- (ii) Suppliers that emphasize locations within 10 minutes of the nearest station and in a good housing environment
- (iii) Suppliers that emphasize prices (supply at low prices) irrespective of the distance from the nearest station

Supply of properties with high specifications in good locations = Differentiation from competitors ⇒ Solid progress in contracts signed



LEBEN Shinkoiwa innovia

Progress in the business during the first half of
the 45th term

Contract Progress - Gross margin

Contract Progress

Contract Progress Ratio (Sep.2016)

Condominiums ⇒ 79.3% (Last year 86.1 %)

Detached house ⇒ 87.0% (Last year 52.1%)

Contraction (Condominiums+ Detached house)

Sep. from Apr. 2015 TOTAL : 745 units

Sep. from Apr. 2016 TOTAL : 811 units

Solid progress in contracts sign

Sales units - Gross margin

Number of units sold

Completions were concentrated in the second half as usual.

Sales were concentrated in the fourth quarter

Gross profit margin

1st half: Numerous JV and building wholesale projects

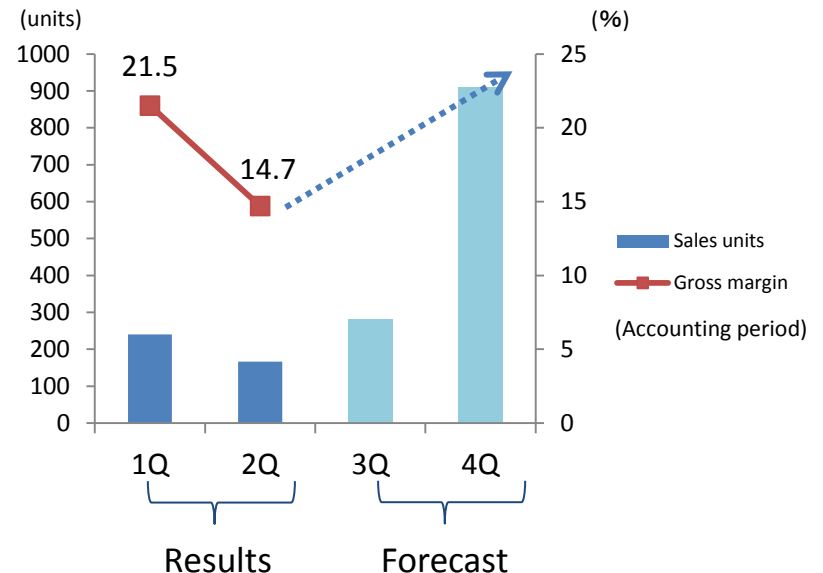
⇒ Low gross profit margin

2nd half: Many single projects

⇒ High gross profit margin

Gross profit margin for the full year:

Expected to be approx. 22%



Project of the area to advance newly

■ Kanazawa-Otemachi Project

Address : Otemachi, Kanazawa, Ishikawa
Number of units : 18 units (Planned)

■ Yonezawa-Montomachi Project

Address : Montomachi, Yonezawa, Yamagata
Number of units : 54 units (Planned)

■ Fukuyama-Konan-cho Project

Address : Konan-cho, Fukuyama ,Hiroshima
Number of units : 28 units (Planned)

■ Morioka-Chuoudori Project

Address : Chuoudori, Morioka, Iwate
Number of units : 96 units (Planned)

■ Hiroshima-Tenmacho Project

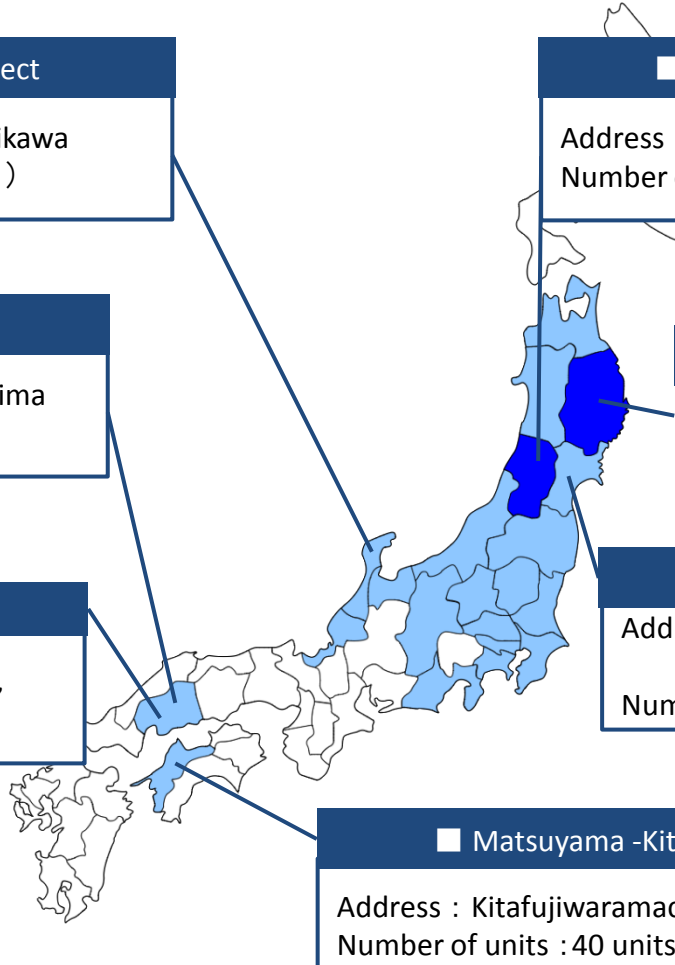
Address : Tenma-cho,Nishi-ku,Hiroshima,
Number of units : 70 units (Planned)

■ Sendai-Yatomachi Project

Address : Yatomachi, Wakabayashi,
Sendai, Miyagi
Number of units : 27 units (Planned)

■ Matsuyama -Kitafujiwaramachi Project

Address : Kitafujiwaramachi, Matsuyama, Ehime
Number of units : 40 units (Planned)



Steady expansion of areas toward the establishment of a system capable of managing 1,000 units per year in regional cities.

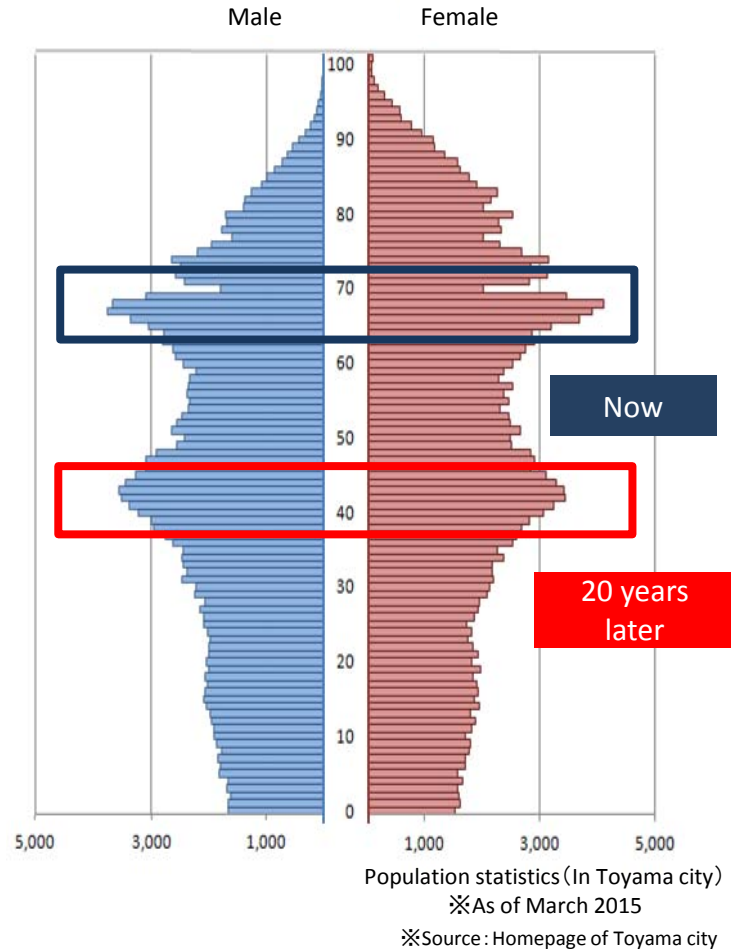
Active seniors are the main target for properties

Active seniors	Government
Traffic convenience improving ▪ Maintenance of detached houses ▪ Problem of driving	Promotion of compact city ▪ Central city revitalization ▪ Efficiency of administrative services



Additional purchases or replacements in favor of condominiums located in the central areas of regional cities, instead of detached houses in the suburbs There are approximately 70 cities nationwide with such demand.

Demand for condominiums located in central areas will increase in the future once the second-generation baby boomers begin to retire.



Increase to 1,000 units per year

Start of new sales – Tohoku district

■ LEBEN Nagaoka-Terajimamachi Verticalier

Address: 308-11, Terajima-machi, Nagaoka, Niigata
Access: 13-minutes bus from Nagaoka Sta.
Number of units: 131 units



■ LEBEN Sendai THE GRANDE

Address: 1-414, Odawara, Miyagino-ku, Sendai, Miyagi
Access: 17 minutes walk from Sendai Sta. on JR Tohoku Senseki line
Number of units: 234 units



■ LEBEN Akita THE MID TOWER

Address: 3-114, Nakadoori, Akita, Akita
Access: 13-minutes walk from Akita Sta. on Tohoku Shinkansen
Number of units: 55 units



■ LEBEN Kitarokuban-Cho AUTHORS

Address: 251-1, Umedamachi, Aobaku, Sendai, Miyagi
Access: 9-minutes walk from Tousehoku Sta. on JR Senzan line
Number of units: 32 units



Solid progress in contracts signed for respective properties

Mega-solar power generation facilities

- Mar.2016 Approximately 51MW in operation
- June 2 .2016 17.88MW Sell to the infrastructure fund
- Sep.2016 Approximately 61MW in operation (including sold)
- Mar.2017 Approximately 80MW will be in operation
- Mar.2020 Expected to be 200MW

(Approx. 170MW, including all plants that are either operating or not-yet, as well as projects under examination)



Making steady progress to achieve goals

Procured properties to be posted as revenue for this term

Moving forward with the proactive acquisition of properties to establish a REIT

【 Major acquired properties 】

■ Amare Tokaido

Address : Minato-ku, Nagoya , Aichi
Access : 3 minutes walk from TOKAIDORI
Sta. in Nagoya Meiko line



Amare Tokaido

■ Nakano –daiichi OS building

Address : 2-19-2, Nakano, Nakano-ku, Tokyo
Access : 5 minutes walk from NAKANO
Sta. on JR line



Nakano-daiichi
OS building

Making steady progress in procurement to achieve goals



LEBEN Sendai THE GRANDE

Topics for The Six months Ended September 30,
2016 Strategies going forward

Takara Leben Infrastructure Fund, Inc. was first to be listed on the infrastructure fund market

The first company to be listed on the infrastructure fund market of Tokyo Stock Exchange Inc.

Opening price : 109,900 yen Yield: 5.3% (on a net income basis)

High price : 145,000 yen Yield: 4.0% (on a net income basis)

Effects on the Company group of the listing

- Significant change in income structures
- Increase in the number of offered projects due to the increased market recognition
- Establishment of the image of a company that always takes on new challenges

Segment Goals

Flow businesses

New built-for-sale condominium
business

Redevelopment &
Rebuilding Business

Detached house business

Units sales per year
2,020units



Units sales per year
2,700units
Condominium **2,200units**
Detached house **500units**

(FY2019/3)

Stock and fee-based businesses

Mega-solar power business

Real estate management business

Real estate rental
and management business

Real estate rental business

Real estate
distribution business

Electric power generation
16MW

The management units
38,700units

The management units
4,500units

Annual sales
2.9billion

Annual sales
0.4billion



Electric power generation
200MW (FY2020/3)

The management units
50,000units

The management units
6,200units

Annual sales
6.0billion

Annual sales
1.0billion

(FY2019/3)

Expand the fund business

Infrastructure Fund

Commencement of the operation of existing facilities at an early stage

Purchase from the secondary market

Search for energy besides solar power generation

Enhancement of recognition of the infrastructure fund



**Aiming to at the target of asset scale,
100 billion yen**

REIT

Proactive purchasing of properties by the Group

Acceleration of the development of hotels and other properties in regional areas

Establishment of a project office within Takara Asset Management Co., Ltd.



Aiming to be listed as a REIT in 2017

Year Ending March 2020, target of asset scale, 200 billion yen

Participation in large-scale redevelopment projects

MINAMIKOIWA 6-chome Type 1 Urban Area Redevelopment Project

【 Plan summary 】

- Operation area
6-chome, Minamikojiwa, Edogawa-ku, Tokyo and so on
- Name of executor
Minamikojiwa 6-chome Urban Area Redevelopment Association (Plan)
- Access
JR Sobu line 「KOIWA sta.」1-minute walk
- Designated business agent
Takara Leben CO.,LTD.
Nomura Real Estate Development Co., Ltd
SHIMIZU CORPORATION



Image



Diversification of the business cycle of real estate sales

Search for businesses overseas

Supply of housing units in Southeast Asia

Capital tie-up ▪ Business tie-up ▪ JV etc.

Condominium



Detached house



Energy-related businesses in Southeast Asia

Challenges of the supply of electricity in Southeast Asia

Chronic shortage of electricity due to an increase in the population and the lack of power generation facilities



Demand for a stable supply of electricity



Business opportunities

Investment business

Investment at 0.5~1.0 billion a year

Energy technologies

**New energy
businesses**

Expand the infrastructure fund

Stable revenue in the future



LEBEN Nagaoka-Terajimamachi Verticalier

Year Ending March 2017 Dividends, and Financial Result Forecast for The Year

Year Ending March 2017 Outlook (Consolidated)

(Unit Amount=Million yen)

	Year ended March 31, 2016	Year ending March 31, 2017 (Forecast)	YOY change
Units sold (New built-for-sale condominium +detached house)	1,642	1,888	15.0%
Net sales (¥million)	76,268	105,000	37.7%
Operating profit (¥million)	7,563	15,000	98.3%
Ordinary profit (¥million)	6,708	13,900	107.2%
Net income (¥million)	4,308	9,000	108.9%

Cash Dividends, Preferential treatment

	1 st half dividends	Year-end dividends	Total
Year-end 2016(March)	4 yen	9 yen	13 yen
Year -end 2017(March) Forecast	5 yen	10 yen	15 yen

Preferential treatment	gift certificates of packaged rice
100 shares ~ 499 shares	1kg (440Yen)
500 shares ~ 999 shares	3kg (1,320Yen)
1,000 shares or more	5kg (2,200Yen)

On acquisition of treasury stock

- ◆ Type of shares acquired Common stock of the Company
- ◆ Total number of shares for acquisition **2,000,000** shares (Upper limit)
Ratio to total number of outstanding shares (Excluding treasury stock) **1.81%**
- ◆ Total acquisition value **1,500,000,000** yen (Upper limit)
- ◆ Acquisition period From May 10, 2016 to March 31, 2017
- ◆ Acquisition method Open market repurchase on the Tokyo Stock Exchange
- ◆ Status of acquisition (Total number of shares acquired as at the end of October)
1,996,500 shares / 1,467,866,000 yen



- ◆ Type of shares acquired Common stock of the Company
- ◆ Total number of shares for acquisition **1,500,000** shares (Upper limit)
Ratio to total number of outstanding shares (Excluding treasury stock) **1.38%**
- ◆ Total acquisition value **1,000,000,000** yen (Upper limit)
- ◆ Acquisition period From September 2, 2016 to March 31, 2017

Enquiries Relating to These Materials

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