

**FY2017 Financial Results Briefing:
Results for the Year Ended
March 31, 2017**

May 29, 2017

Takara Leben Co., Ltd.



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Corporate Profile

Company name:	Takara Leben CO., LTD.
Representative:	Kazuichi Shimada, President
Established:	September 1972
Stock listing:	Tokyo Stock Exchange Section 1 (Code: 8897)
Paid-in capital:	4,819.8 million yen
Number of employees:	265 (standalone), 690 (consolidated) (As of March 2017)
Address (Head Office):	16F Tekko Bldg., 1-8-2 Marunouchi Chiyoda-ku, Tokyo 100-0005 Japan
Main business operations:	Sales of own-brand condominiums, real estate leasing, power generation, etc.



**Takara Leben Head Office
(Tekko Building)**

Corporate History

1972	Established Takara Komuten Co., Ltd. (now Takara Leben) Commenced sales and resales of detached houses	2011	Celebrated 40th anniversary of the company's founding
1982	Launched real estate leasing business	2012	Introduced two new condominium brands: LEBEN and THE LEBEN Established Yokohama branch Made Takara Housing Co., Ltd.(now Takara Property Co., Ltd.) a subsidiary Launched rental management business
1988	Established Takara Management Co., Ltd. (now Leben Community) Launched real estate management business	2013	Launched mega solar business Commenced operation of first mega solar site: LS Shiotani Power Plant Established Takara Asset Management Co., Ltd. Established Takara Investments Co., Ltd. Made Sunwood Corporation an affiliate company (accounted for by the equity method)
1994	Announced "Leben Heim" series of own-brand condominiums Launched condominium sales business	2014	Established Hokuriku Office Established Tohoku Office Made Oasis Co., Ltd. (now Takara Leben Realnet) a subsidiary Made Nikko Kensetsu Co., Ltd. a subsidiary
2000	Changed company name to "Takara Leben Co., Ltd."	2015	Made Livenet Home Co., Ltd. (now Takara Leben Tohoku) a subsidiary Relocated Tohoku Office to Sendai, Miyagi and closed old Tohoku Office Made Jutakujoyouhoukan Co., Ltd. a subsidiary
2001	Listed on the JASDAQ stock exchange Established Tafuko Co., Ltd. and launched financial brokering business	2016	Celebrated 45th anniversary of the company's founding Made Nikko Property Co., Ltd. a subsidiary Changed company name of Nikko Kensetsu to "Nikko Takara Corporation" Listed Takara Leben Infrastructure Fund, Inc. on the stock market, as the first company to be listed on the infrastructure fund market
2003	Listed on the second section of the Tokyo Stock Exchange	2017	Established Osaka Office Established Sapporo Office Changed company name of Jutakujoyouhoukan to "Takara Leben West Japan" Relocated Takara Leben head office to Marunouchi, Chiyoda-ku, Tokyo
2004	Listed on the first section of the Tokyo Stock Exchange Established AS Partners Co., Ltd. Launched real estate sales agency business and nursing care businesses for seniors		
2008	Made Marunouchi Servicer Co., Ltd. a subsidiary Launched debt collection business Announced new Takara Leben brand (and corporate logo)		
2010	Launched new detached housing business (selling houses built by Takara Leben) Increased paid-in capital by rights issue (a first for Japan)		



LEBEN Shiki EXECUTIA

Key Topics for the Year Ended March 2017

Stock market listing of Takara Leben Infrastructure Fund, Inc.

Outline	Company name	Takara Leben Infrastructure Fund, Inc.
	Representative	Masahide Kikuchi, Executive Officer
	Address	16F Otemachi Nomura Building, 2-1-1 Otemachi, Chiyoda-ku, Tokyo
	Operating company	Takara Asset Management Co., Ltd.
	Account settlement period	May/November

History

- Aug 03, 2015: Submission of notice pertaining to the company's establishment pursuant to Article 69 (Paragraph 1) of the Act on Investment Trusts and Investment Corporations made by Takara Asset Management (the company responsible for planning the establishment)
- Aug 05, 2015: Registration of the company's establishment in accordance with Article 166 of the Act Takara Leben Infrastructure Fund, Inc. is now an officially established entity.
- Aug 14, 2015: Application for registration in accordance with Article 188 of the Act
- Sep 02, 2015: Registration by the Prime Minister in accordance with Article 187 of the Act (Kanto Local Finance Bureau Chief No.105)
- Apr 04, 2016: Approval of the company's listing on Tokyo Stock Exchange's infrastructure fund market



June 2, 2016: Listed the company on the stock market, as the first company to be listed on the infrastructure fund market

Key Topics for the Year Ended March 2017 (2)

Participation in Greater Tokyo Area redevelopment projects,
in addition to regional (local) redevelopment projects

- Examples of regional city redevelopment projects

Toyama City, Toyama
Chuo-dori Zone F
Type 1 Urban District Redevelopment
Project



LUCIDA TOWER

Toyama City, Toyama
Front of Toyama sta. Sakura-machi
Redevelopment project

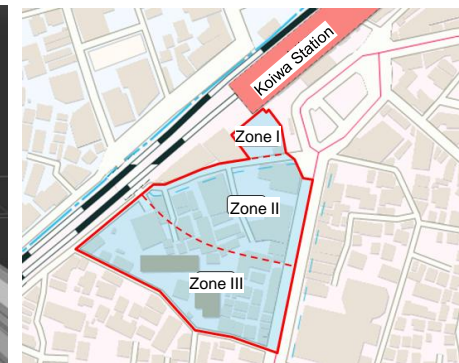


Takaoka City, Toyama
Suehiro West Zone
Lifestyle & Liveliness Regeneration
Project



- Examples of Greater Tokyo redevelopment projects

Edogawa City, Tokyo
Minamikoiwa 6-Chome
Type 1 Urban District Redevelopment Project



Takara Leben is currently engaged in
redevelopment projects throughout Japan

Proactive development and expansion of investment projects

Mega solar power generation facilities



Revenue-generating real estate



Business scale:
approx. ¥5.1 billion projects acquired

Approx. ¥17 billion worth of
real estate purchased



LEBEN Mito THE PREMIERE

Summary of Business Results for the Year Ended March 2017

Consolidated Income Statement (Planned vs. Actual)

(Units: million yen)

	Year ended March 31, 2017 (Initial planned)	Year ended March 31, 2017 (Actual results)	Percentage change
Net sales	105,000	103,599	-1.3%
Operating profits	15,000	10,349	-31.0%
Ordinary profits	13,900	9,496	-31.7%
Net income	9,000	6,107	-32.1%

Consolidated Income Statement (Planned vs. Actual)

Main factors in adjustment of business results

Power generation business

Factor	Net sales	Gross profits
Shift in timing of sale of power generation facilities, originally planned for the 2 nd half of the year	-¥13 billion	-¥5.2 billion

Real estate sales business

Factor	Net sales	Gross profits
Change in business plan for one new 64-unit condominium building (shift from sale to rental use)	-¥3.4 billion	-¥0.8 billion
Failure to meet planned targets (37 units)		
Sale of fixed assets due to asset swapping	¥11.5 billion	¥1.2 billion

Consolidated Income Statement (YoY Comparison)

(Units: million yen)

	Year ended March 31, 2016	Year ended March 31, 2017	YoY change
Net sales	76,268	103,599	35.8%
Operating profits	7,563	10,349	36.8%
Ordinary profits	6,708	9,496	41.6%
Net income	4,308	6,107	41.8%

Takara Leben set a new record for maximum profits this year

Consolidated Segment Information (Net Sales)

(Units: million yen)

	Year ended March 31, 2016	Percentage segment	Year ended March 31, 2017	Percentage segment
Real estate sales business	63,383	83.1%	79,638	76.9%
Real estate rentals business	4,307	5.6%	5,056	4.9%
Real estate management business	3,362	4.4%	3,665	3.5%
Power generation business (of which facility sales)	909 (-)	1.2%	11,108 (8,405)	10.7% (-)
Other businesses	4,305	5.6%	4,130	4.0%
Total	76,268	100%	103,599	100%

Consolidated Segment Information (Gross Profits)

(Units: million yen)

	Year ended March 31, 2016	Percentage segment	Year ended March 31, 2017	Percentage segment
Real estate sales business	14,614	81.9%	15,126	69.2%
Real estate rentals business	1,137	6.4%	1,296	5.9%
Real estate management business	453	2.5%	520	2.4%
Power generation business (of which facility sales)	49 (-)	0.2%	3,419 (3,271)	15.6%
Other businesses	1,580	8.9%	1,507	6.9%
Total	17,835	100%	21,869	100%

Consolidated Balance Sheet

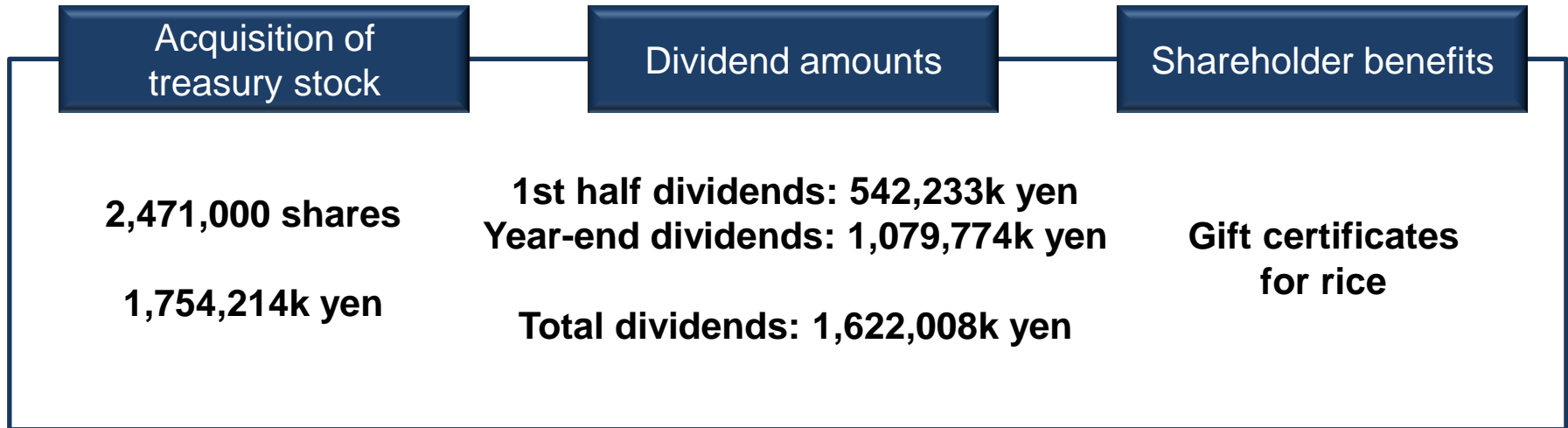
	Year ended March 31, 2016	Year ended March 31, 2017	YoY change
Current assets	75,753	86,585	14.3%
Cash and deposits/cash equivalents	28,515	29,780	4.4%
Inventory assets	40,208	42,048	4.6%
Real estate held for sale	4,073	9,658	137.1%
Real estate for sale under construction	36,134	32,390	-10.4%
Fixed assets	53,945	53,237	-1.3%
Total assets	129,744	139,874	7.8%
Current liabilities	42,859	50,482	17.8%
Notes and accounts payable-trade	12,037	12,173	0.8%
Loans payable (short-term borrowings and current portion of long-term borrowings)	19,823	29,588	49.3%
Fixed liabilities	53,207	52,599	-1.1%
Long-term borrowings	50,147	48,439	-3.4%
Total liabilities	96,066	103,081	7.3%
Net assets	33,677	36,792	9.3%
Capital	4,819	4,819	-
Other shareholder equity	28,857	31,972	10.8%
Total liabilities and net assets	129,744	139,874	7.8%

Shareholder Returns (Projected Dividends & Benefits)

	1st half dividends	Year-end dividends	Total
Year ended March 31, 2016 (Actual)	4 yen	9 yen	13 yen
Year ended March 31, 2017 (Forecast)	5 yen	10 yen	15 yen

Benefits (annual)	Gift certificates for rice
100~499 shares	1 kg equivalent
500~999 shares	3 kg equivalent
1,000 shares or more	5 kg equivalent

Shareholder Return Rates



Shareholder return rate



Takara Leben continues to make proactive returns to shareholders

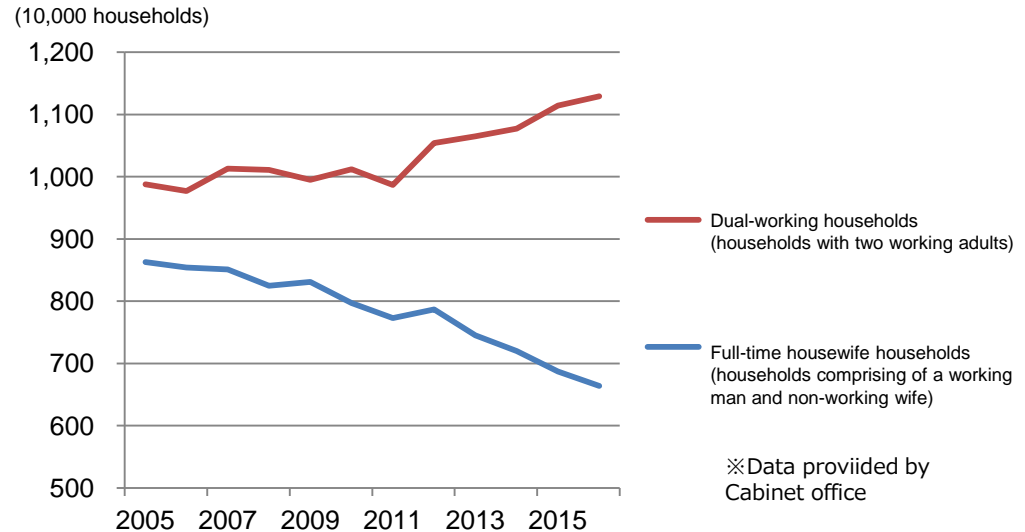


LEBEN Sendai THE GRANDE

Business Progress for the Year Ending March 2018

Condominium market conditions in the Greater Tokyo Area

- Fall in number of units being supplied
- Prices remain high due to rising selling prices
- Construction costs also remain high
- Increasing number of dual-working households
- Buyers receive financial support to purchase homes from parents, etc.
- Needs are compact properties are increasing



Changes in buyer attributes

Rise in level of selection criteria



Polarization of strong and poor performance in the same area

Future outlook

- Slight increase in supply of new units
- Discount sales of poorly-performing property inventory
- Selling prices will remain high

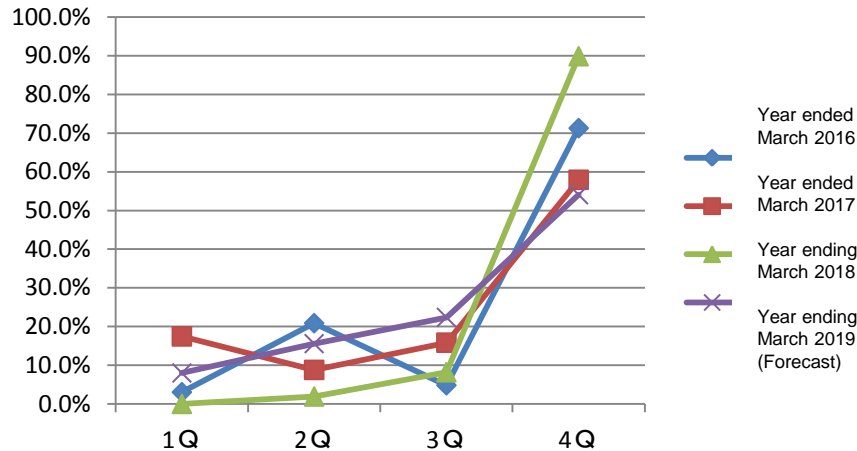


We predict no major changes in the state of the market

Progress of Condominium Contracts-1

Completion schedule and rate of progress for condominium contracts

Completion schedule



Approx. 90% of completions are concentrated around the 4th quarter (4Q)

This is the greatest weighting of the completion schedule towards the second half of the year seen in recent years

Condominium contract acquisition rate

Recovered units	Contracted units	Progress rate at beginning of fiscal year	Year ending	Units completed	Units sold at beginning of fiscal year	%age of units for which sales have commenced
1,452	829	57.1%	March 2016	1,390	1,155	83.1%
1,600	714	44.6%	March 2017	1,731	1,124	64.9%
1,600	526	32.9%	March 2018	1,674	735	43.9%

Factors in falling rate of progress

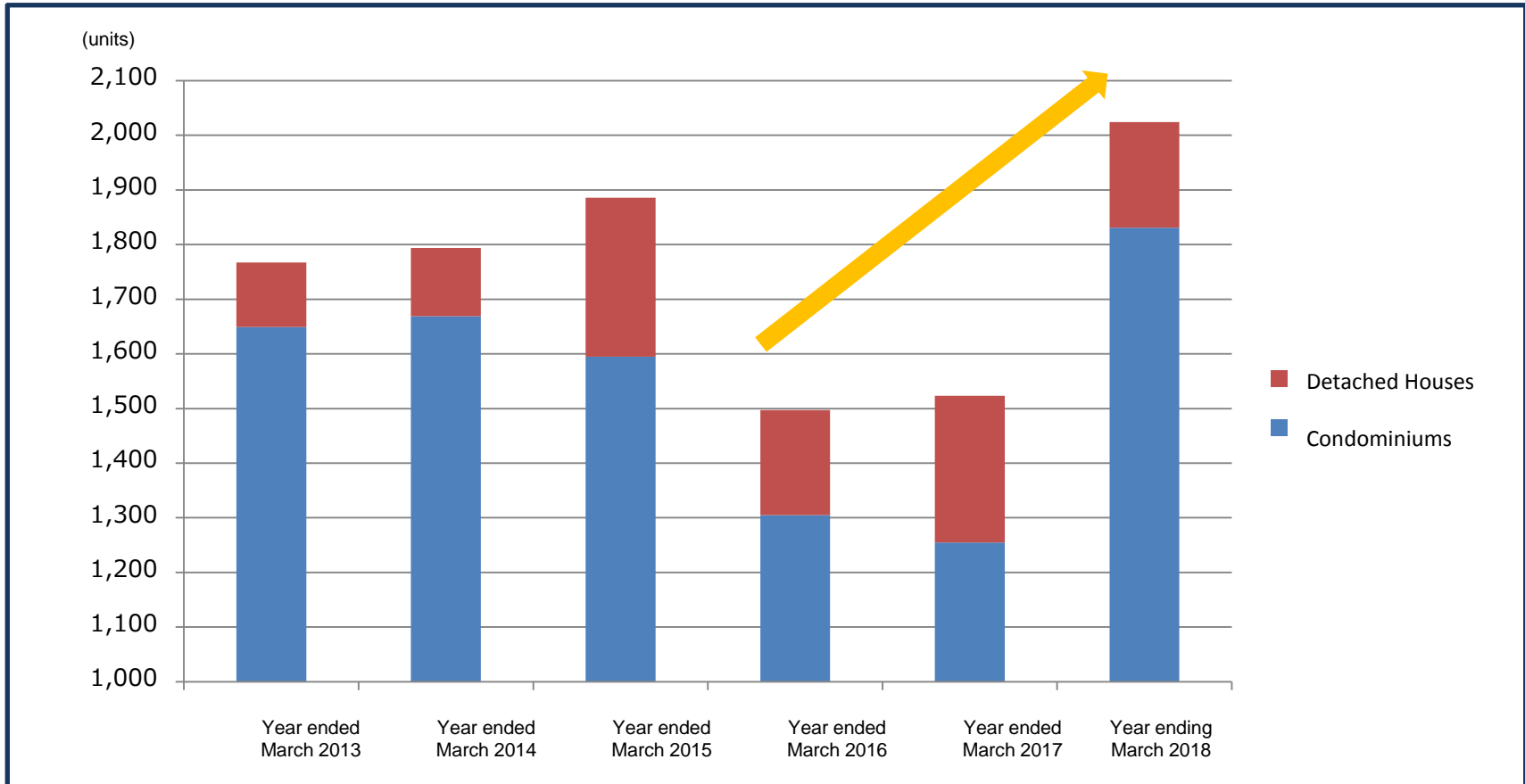


Timing of commencement of sales is later than for a typical year due to the weighting of the completion schedule towards the second half of the year



Commencement of sales is concentrated around the first half of the year

Expected increase in condominium contracts secured



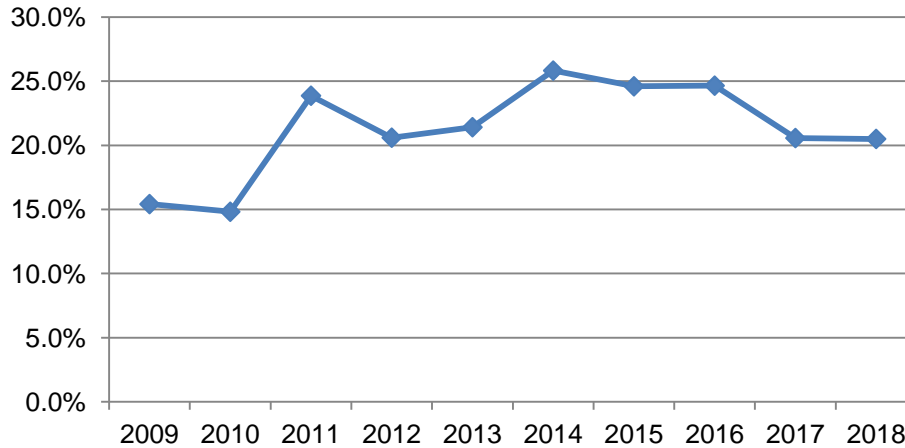
A major increase in condominium contracts is expected in comparison with the previous year



An increase in contracts expected for next year and onwards

Condominiums: Gross Profit Margin Rate

Gross profit margin rate



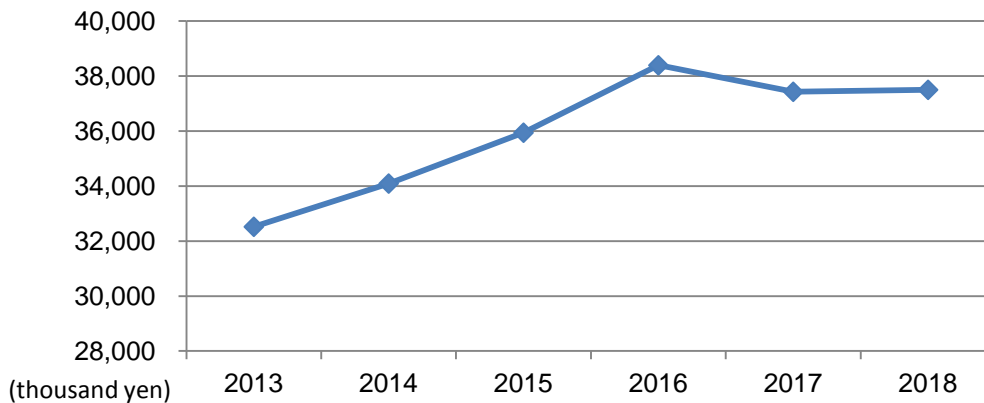
Gross profit margin rate forecast for this year: 20.5%

Selling prices rise and remain high
+
Construction costs remain high also



Future target: 20~21%

Unit selling price (average)



Average unit selling price: ¥37.5 million

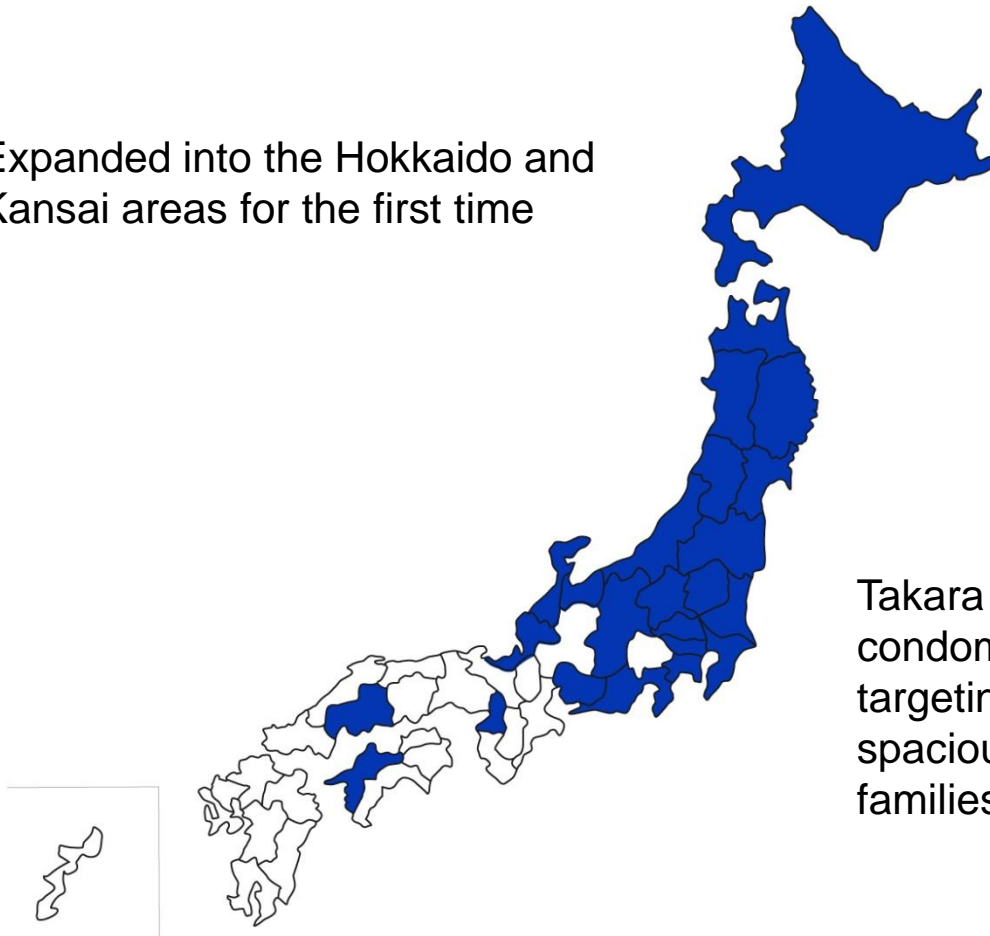
Increase in number of dual-working households
+
Financial support from parents, etc.



Trend towards rising prices

Nationwide expansion

Expanded into the Hokkaido and Kansai areas for the first time



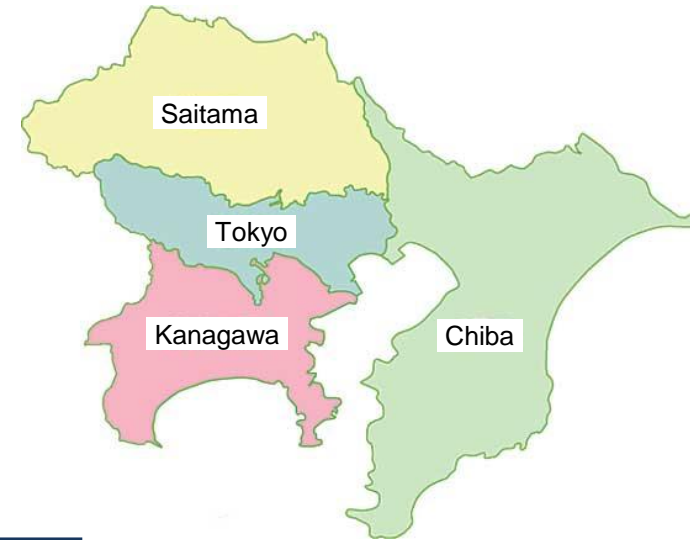
Takara Leben has a diverse lineup of condominiums from compact units targeting single people and DINKs to spacious (100m² and up) properties for families and wealthy buyers

Takara Leben has secured development land for approximately 5,000 condominium units

Detached House Sales Business

Main features

- Targets: Tokyo and its three surrounding prefectures (mainly Tokyo)
- Walking distance from station: within 15 mins (in Tokyo), within 10 minutes (areas other than Tokyo)
- Product features: stylish, diverse designs, built by Takara Leben



Unit sales & unit selling price

	Year ended March 31, 2017	Year ending March 31, 2018
Units	275 units (actual)	160 units (budgeted)
Selling price	approx. ¥38 million	approx. ¥61 million

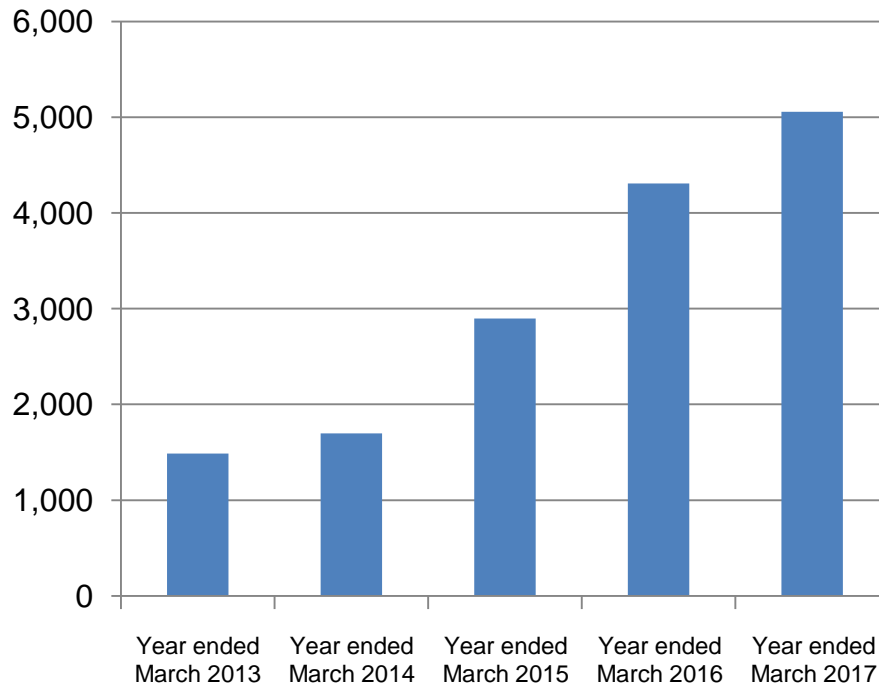
Our strategy is to draw a clear line between Takara Leben and “Power Builders”

Proactive acquisition of revenue-generating real estate and acceleration of asset swapping

Expansion of rentals business

Net sales

(million yen)



About REIT

Up until March 2017:

- Acquisition of working properties
- Progression of development projects
- Swapping of assets (i.e. sale of old properties)



From April 2017 onwards:

- Increasing scale of assets
- Inclusion of development projects
- Securing pipelines
- Clarification of growth strategies



Initial target for formation of REIT 2017 → Postponed

Steady increase in number of units of property under management

■ Key features of Takara Leben's management business



Financial management support services

- Accounting services
- Incomings & outgoings
- Reminder letters, etc.
- Tax consultations

Operational management support services

- Board meeting support services
- General meeting support services
- Union information management services
- Data gathering, analysis, feedback

Workplace management support service

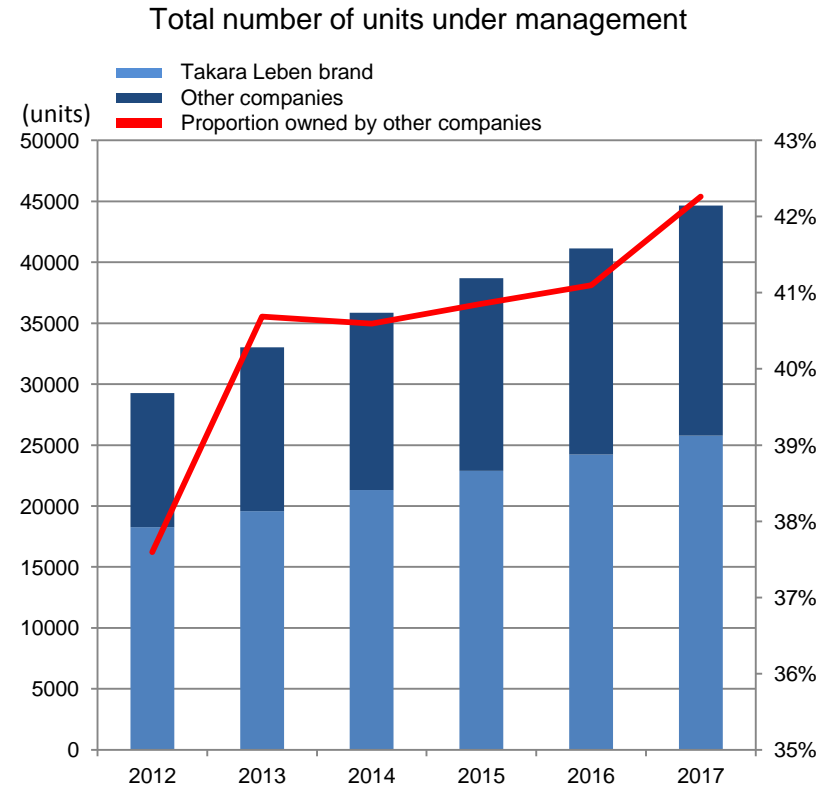
- Manager/custodian services
- Front (reception) desk services
- Daily cleaning services
- Regular cleaning services

Asset management support services

- Long-term improvement planning proposal creation services
- Inspection services
- Remote monitoring and emergency response services
- Smilax 24 call center services



■ Number of units under management and proportions of other properties



Continuity rate for management outsourcing contracts: 99.7%
Takara Leben has secured a high level of support from its customers

Main topics

- Mar 31, 2016 Approx. 51MW of facilities in operation
- Jun 2, 2016 Sold 17.88MW worth facilities to infrastructure funds
- Mar 31, 2017 Approx. 80MW of facilities in operation
- Jun 1, 2017 Scheduled to sell 30.94MW of facilities to infrastructure funds
- Mar 31, 2020 Target: 200MW of facilities in operation



Market environment

- Recognition of Takara Leben increasing due to stock market listing
- Increase in number of projects being brought in (secondary / large-scale)

Our current pipeline is extensive

Falling FIT prices

We were also investigating and considering the possibilities of other forms of renewable energy aside from solar power

Overseas business operations

House/condominium sales and property rentals

Real estate related businesses

Power generation businesses



Takara Leben is considering participation in overseas businesses, primarily in the Southeast Asia region.



We have established a new project team, under the direct supervision of the president, with a view towards participation in overseas business projects



LEBEN Nagaoka Vertier

Key Topics for the Year Ending March 2018

Strengthen organization

For expanding Investment business,
Newly established Specialized dept.

Investment Development headquarters

【Investment Development dept.】

Purchase assets for
formation of REIT

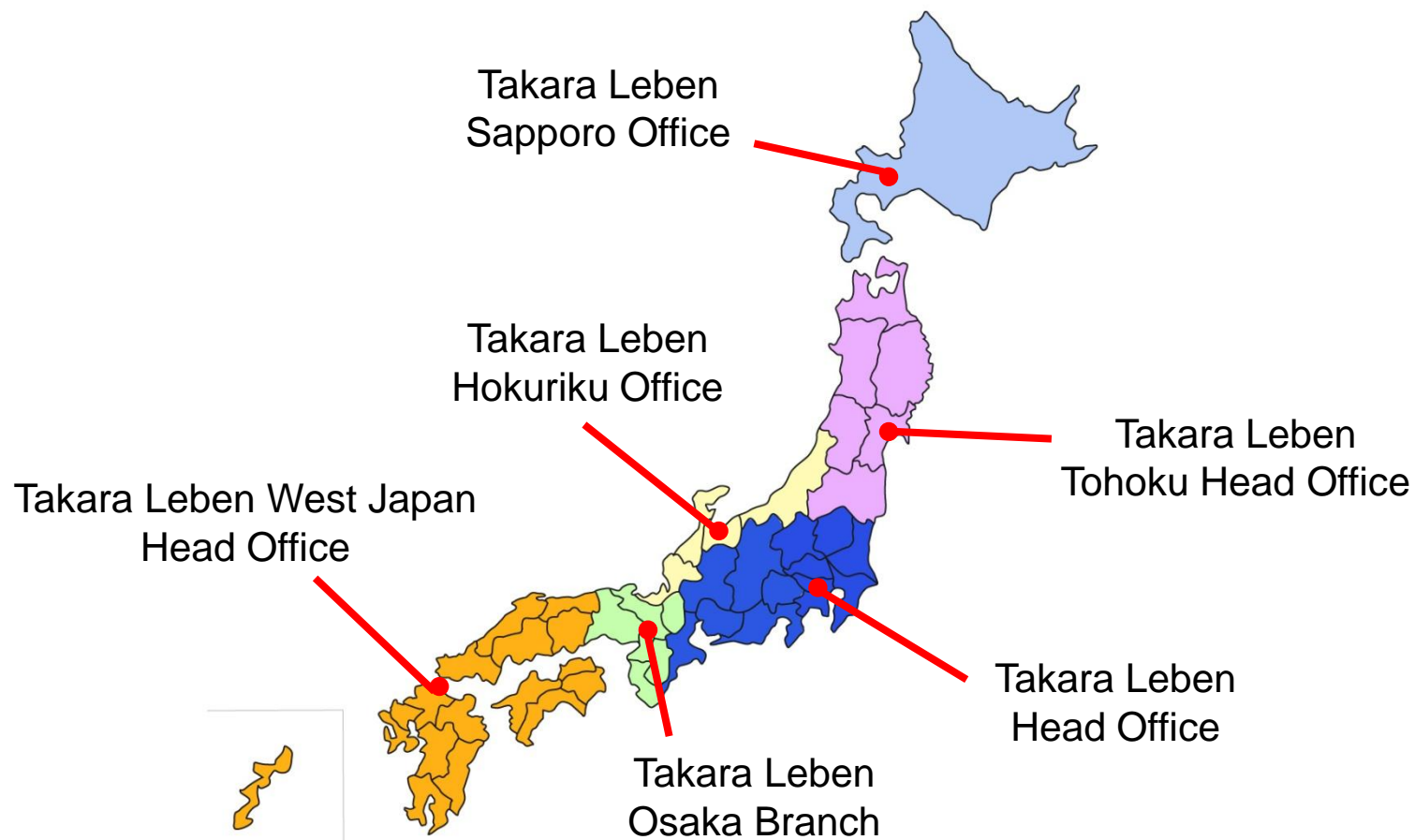
【Eco & Energy dept.】

Purchase assets for
Infrastructure fund

Specialize in Investment business → Aim to expand asset scale

Key Topics for the Year Ending March 2018 (2)

Acceleration of nationwide expansion, through the establishment of new business locations



Dispersal of supply areas and increase of supply volume in regional cities

Key Topics for the Year Ending March 2018 (3)

Sale of mega solar power generation facilities (i.e. disposal by sale)

	June 2016 IPO	June 2017 PO
Number of facilities sold	10 facilities	7 facilities
Scale of selloff	17.88 MW	30.94 MW
Sale amount	¥7,870 million	¥12,607 million
Profit from sale	¥3,136 million	¥4,670 million
Profit margin	39.9%	37.1%



LEBEN KAWASAKI SUZUKI CHO GRAN'NEX

Projected Results, Dividends and Capital Returns Policy for the Year Ending March 2018

Outlook (Consolidated)

(Units: million yen)

	Year ended March 2017 (actual)	Year ending March 2018 (forecast)	YoY change
Condominiums (units)	1,503	1,600	6.5%
Detached houses (units)	275	160	-41.8%
Net sales (millions of yen)	103,599	110,000	6.2%
Operating profits (millions of yen)	10,349	10,550	1.9%
Ordinary profits (millions of yen)	9,496	9,500	0.0%
Net income (millions of yen)	6,107	6,300	3.2%

Outlook (by Business Segment)

(Units: million yen)

	Year ended March 2017 (actual)		Year ending March 2018 (forecast)	
	Net sales	Gross profits	Net sales	Gross profits
Real estate sales business	79,638	15,126	78,972	15,025
(condominiums)	52,988	10,925	60,400	12,380
(detached houses)	11,237	1,701	9,307	1,177
(other real estate)	15,413	2,499	9,265	1,468
Real estate rental business	5,056	1,296	4,755	1,167
Real estate management business	3,665	520	4,296	652
Power generation business	11,108	3,419	15,987	4,806
(of which facility sales)	(8,405)	(3,271)	(12,607)	(4,671)
Other businesses	4,130	1,507	5,990	2,900
Total	103,599	21,869	110,000	24,550

Main factors in increase of sales, general and administrative (SG&A) costs

- ◆ Increase in number of housing unit contracts
An increase of 500 units is anticipated in comparison with the previous year.
- ◆ Increase in fixed costs with the establishment of new business locations
Osaka Branch, Sapporo Branch. Fukuoka Branch...
- ◆ Increase in personnel costs with an increase in employee numbers
Mainly due to infrastructure and REIT-related personnel

Takara Leben is making upfront investments in future growth, a period of change for the company

Midterm Management Plan

	Year ended March 2018 (midterm management plan)	Year ending March 2018 (forecast)	Difference
Condominiums (units)	1,850	1,600	-250
Detached houses (units)	400	160	-240
Net sales (millions of yen)	103,400	110,000	6,600
Operating profits (millions of yen)	15,900	10,550	-5,350
Ordinary profits (millions of yen)	14,900	9,500	-5,400
Net income (millions of yen)	8,900	6,300	-2,600



Adjustments and/or renewals are under consideration

Projected Dividends & Benefits

	1st half dividends	Year-end dividends	Total
Year ended March 31, 2017 (Actual)	5 yen	10 yen	15 yen
Year ending March 31, 2018 (Forecast)	5 yen	10 yen	15 yen

Benefits (annual)	Gift certificates for rice
100~499 shares	1 kg equivalent
500~999 shares	3 kg equivalent
1,000 shares or more	5 kg equivalent

Points for Attention and Enquiries Relating to These Materials

For inquiries:
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