

Takara Leben Co., Ltd.

**FY2018 Financial Results Briefing:
Results for the Year Ended
March 31, 2018**

May 18, 2018



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Summary of Business Results
for the Year Ended March 2018



LEBEN ASAKA REGENES

Achieved record profits again with an upward revision to final profits of about 1 billion yen

- The gross profit margin for condominiums improved.
- Power generation facilities were also sold.
- Sales, general and administrative (SG&A) costs were reduced.

Achieved the delivery plan in the new built-for-sale condominium business

- Net sales decreased slightly from the plan; however, the gross profit margin rate improved significantly due to efforts to reduce the cost of sales.

Expansion of the investment area

- Revenue-generating real estate and power generation facilities were actively acquired. (Infrastructure funds, REIT, private placement funds, funds for long-term holding, etc.)

Real estate sales business

Improvement of the gross profit margin rate

New condominiums: 20.6% → 22.1%

New condominiums

1,619 units recovered against the planned 1,600 units

Detached houses

116 units recovered against the planned 160 units

- Change in lifestyle => Increase in needs for compact and used properties
- Establishment of a position for supply in the Tohoku area (ranked first in supply for three consecutive years)
- Replacement of revenue-generating real estate

Real estate rental business

Purchases of hotels, offices and residences

Increase in rent revenues

- Active investment toward formation of a REIT
- Increase in hotel business

Real estate management business

Steady increase in the number of units under management (49,650 units)

- Almost achieved the target under the previous Mid-Term Management Plan, 50,000 units, one year ahead of the plan (an increase of 4,944 units from the previous fiscal year; including replacement of other companies, 3,436 units)
- Replaced other companies in large-scale management business (1,100 units)
- Outlook for securing an order for management of a high-rise condominium

Power generation business

Additional sales

- First PO by the infrastructure fund
- Additional sales of three facilities
- The gross profit margin rate decreased slightly due to mixing of the business in the secondary market
- Revenue from sale of electricity increased due to the increase in the scale of power generation

Consolidated Income Statement (Highlights)

(Units: million yen)

	FY2017/3 (45th)	FY2018/3 (46th)	Percentage change
Net sales	103,599	110,851	7.0%
Operating profits	10,349	12,597	21.7%
Ordinary profits	9,496	11,792	24.2%
Net income	6,107	7,367	20.6%

	Initial planned	FY2018/3 (46th)	Percentage change
Net sales	110,000	110,851	0.8%
Operating profits	10,550	12,597	19.4%
Ordinary profits	9,500	11,792	24.1%
Net income	6,300	7,367	17.0%

- Achieved record profits again.
- Upward revision and dividend increase were made.
- The respective items of profits rose due to the improved profitability and the effect of reduced sales, general and administrative (SG&A) costs.

(Units: million yen)

	FY2017/3 (45th)	FY2018/3 (46th)	Percentage change
Real estate sales business	79,638	79,341	-0.4%
Real estate rental business	5,056	5,472	8.2%
Real estate management business	3,665	4,000	9.1%
Power generation business	11,108	18,239	64.2%
Other businesses	4,130	3,797	-8.1%
Total net sales	103,599	110,851	7.0%

- Real estate sales business: a slight decrease, mainly due to the failure to achieve the targets in the detached houses business
- Real estate rental business: an increase in fixed assets
- Real estate management business: a significant increase in the number of units under management
- Power generation business: an increase in the scale of sales of power generation facilities
- Other businesses: a decrease in sales from contract works for construction

Consolidated Balance Sheet

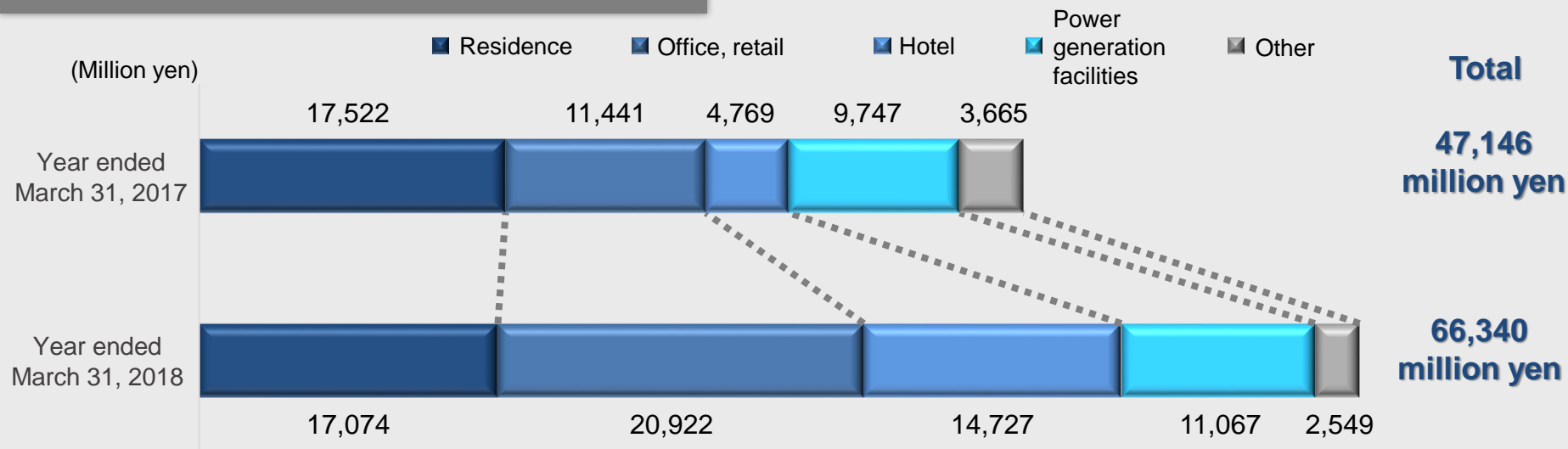
(Million yen)	Year ended March 31, 2017	Year ended March 31, 2018	YoY change
Current assets	86,585	103,498	19.5%
Cash and deposits/cash equivalents	29,780	29,223	-1.9%
Inventory assets	49,933	68,438	37.1%
Real estate held for sale	9,658	20,279	110.0%
Power generation facilities for sale	7,885	4,090	-48.1%
Real estate for sale under construction	32,390	44,068	36.1%
Fixed assets	53,237	74,437	39.8%
Total assets	139,874	177,975	27.2%

- Real estate held for sale: strategic carrying-over of completed inventories
- Real estate for sale under construction: steady progress in purchases
- Fixed assets: expansion of the investment area

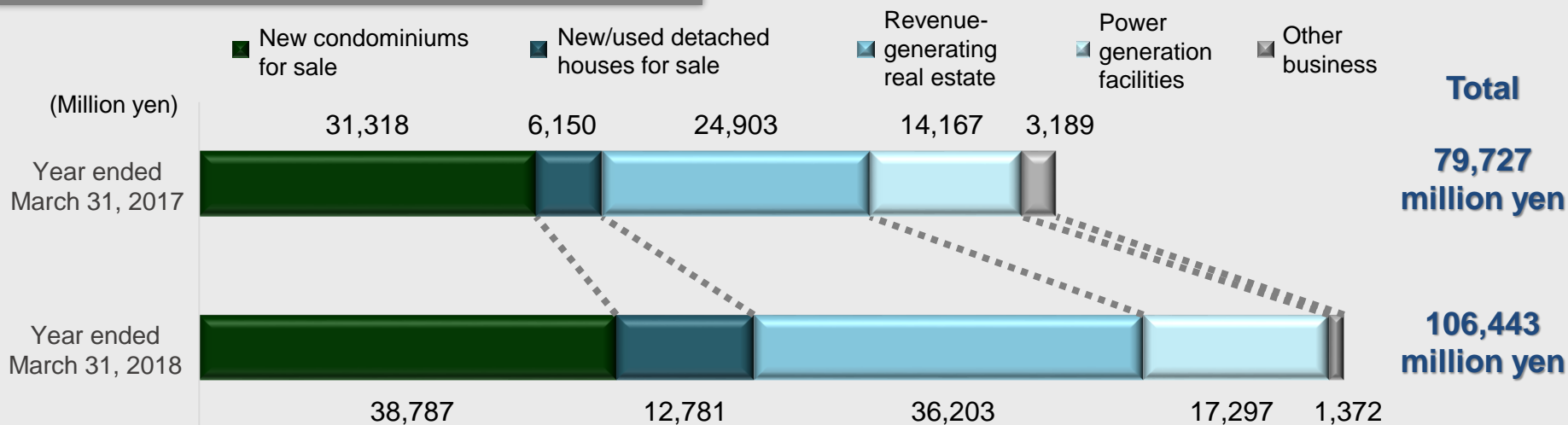
(Million yen)	Year ended March 31, 2017	Year ended March 31, 2018	YoY change
Current liabilities	50,482	56,876	12.7%
Notes and accounts payable-trade	12,173	15,786	29.7%
Loans payable (short-term borrowings and current portion of long-term borrowings)	29,588	31,227	5.5%
Fixed liabilities	52,599	78,191	48.7%
Long-term borrowings	48,439	75,015	54.9%
Total liabilities	103,081	135,067	31.0%
Net assets	36,792	42,907	16.6%
Capital	4,819	4,819	-
Total liabilities and net assets	139,874	177,975	27.2%

- Increase in borrowings: active acquisition of revenue-generating real estate
- Equity ratio: 24.0%
- ROE: 18.6%

Breakdown of property, plant and equipment



Breakdown of borrowings

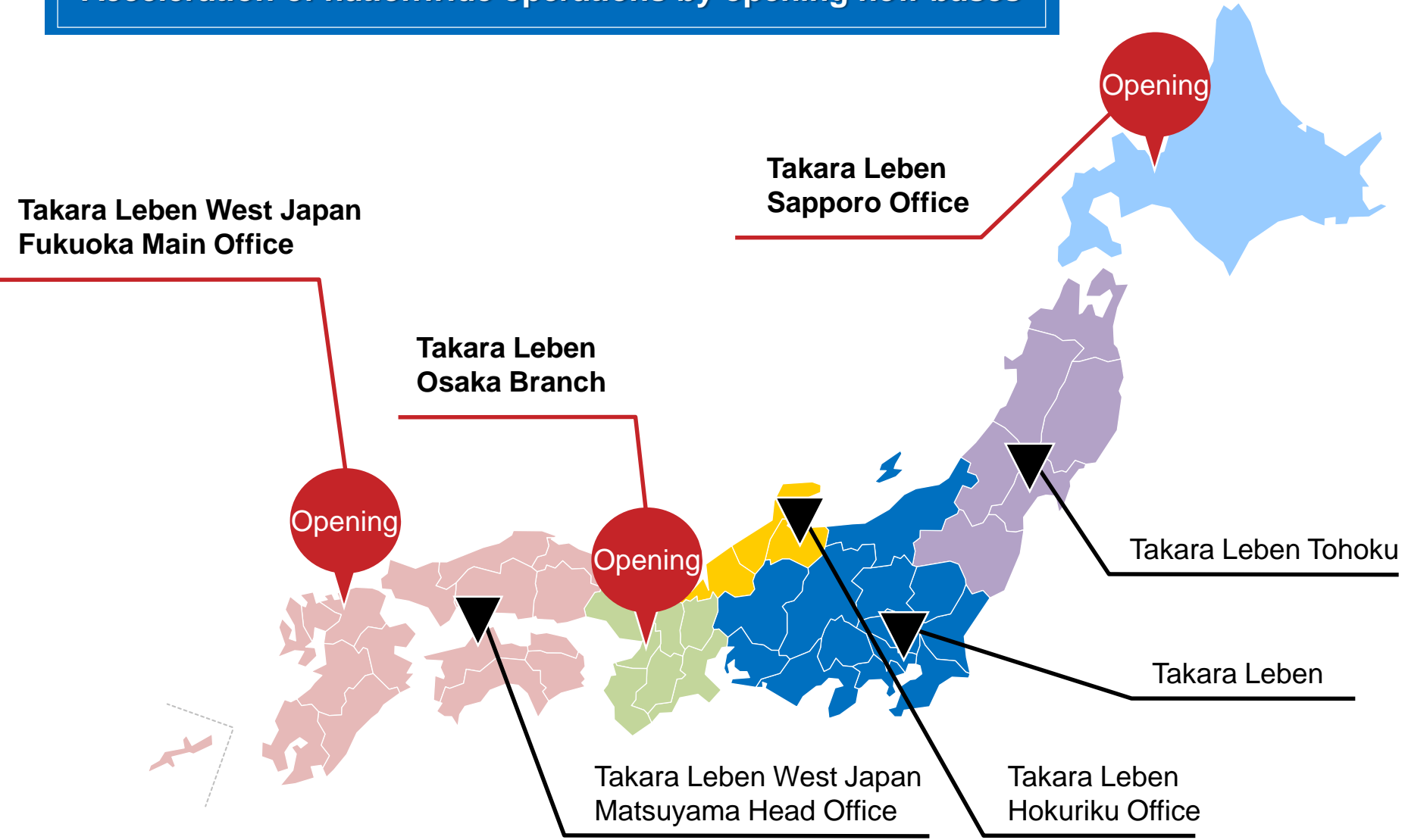


Key Topics
for the Year Ended March 2018



LEBEN MORIYA-HIGASHINO THE PRESIUS

Acceleration of nationwide operations by opening new bases

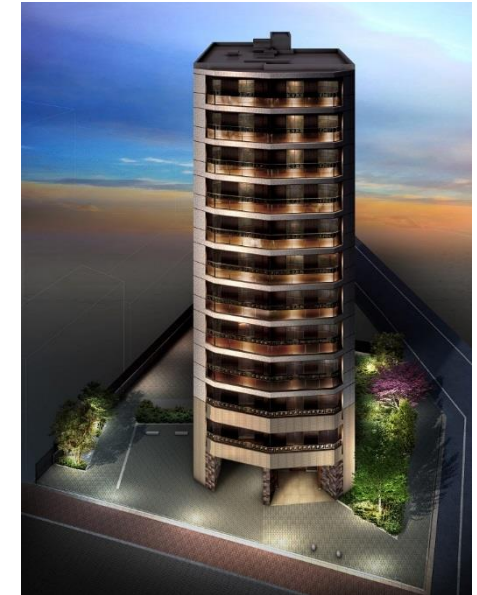


Urban-style compact properties for single-person households and double-income households without children

Birth of the "NEBEL" series

NEBEL

- Properties already sold: "Warabi Chuo," "Sugamo," "Togoshi-Koen"
- Properties to be sold: "Takinogawa," "Kachidoki," Hiroo 1-chome," "Hatchobori"



NEBEL Togoshi-Koen

NEBEL Sugamo

A salon established on a permanent basis was opened in Ginza.

SALON DE NEBEL

Yoei Ginza Building 4F,
8-8-5, Ginza, Chuo-ku, Tokyo



Salon of SALON DE NEBEL



Hotels

December 8, 2017:
Dormy Inn Matsuyama opened



Dormy Inn Matsuyama

"Dormy Inn" series

To be opened in Mito, Morioka,
etc.

- Actively acquired and developed the land for hotels.
- In addition, projects of 10 hotels in total are underway in Nagoya, Kyoto, Osaka and Fukuoka.

Guest Houses

December 26, 2017:
HOTEL REJOICE STAY Kyoto Karasuma Oike opened

Changed from apartments for rent to
guest houses

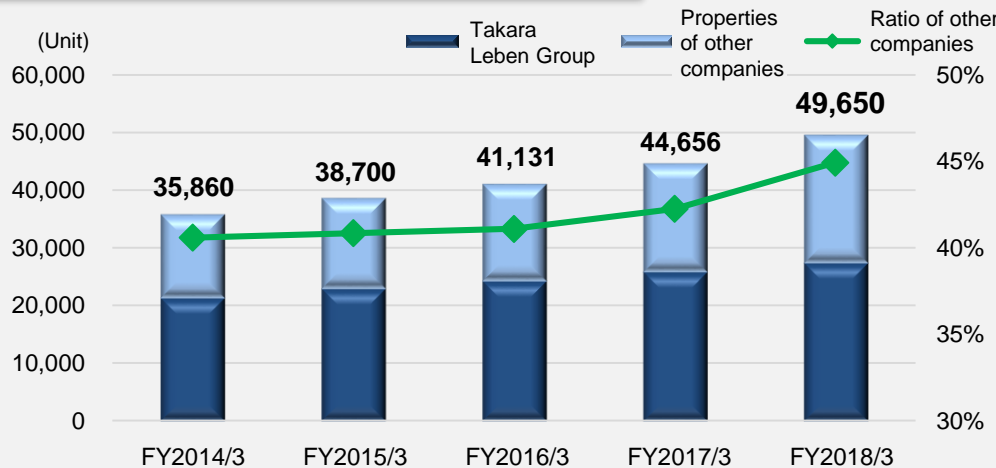


HOTEL REJOICE STAY Kyoto Karasuma Oike

- In addition, projects for 8 guest house-style hotels are underway in Kyoto, Osaka and Tokyo.

Significant increase in the number of units under management

Number of units of condominiums under management



Property management contract retention rate
99.9%
 (as of the end of March 2018)

- Steady acquisition of replacement of other companies
- Increase of 4,994 units including 1,558 units of Takara Leben Group and 3,436 units of other companies

Market conditions for management of condominiums

- Increased awareness of management
- Increase in replacement
- Intensifying cost competition



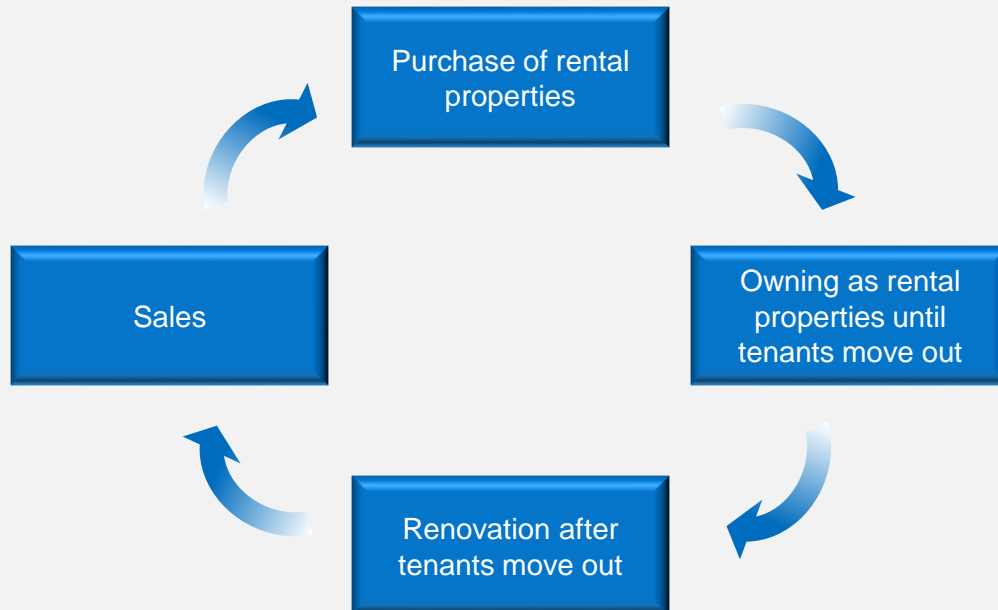
Increase in the number of units under management
Opportunities for revenues derived from management

- Large-scale repairs
- Insurance agent business
- Management company consulting, etc.

New entry into renewal resale business

- Lively used market due to sharp rise in new homes
- Change in lifestyle
- Less negative feeling regarding used condominiums
- Growth of the market for used condominiums

Business model



- Rental properties can be purchased at a lower price than vacant units.
- Rent revenues can be obtained until tenants move out.

Establishment of the model to cover the fixed costs with rent revenues from the inventories owned

Owning about 60 units as of the end of March 2018

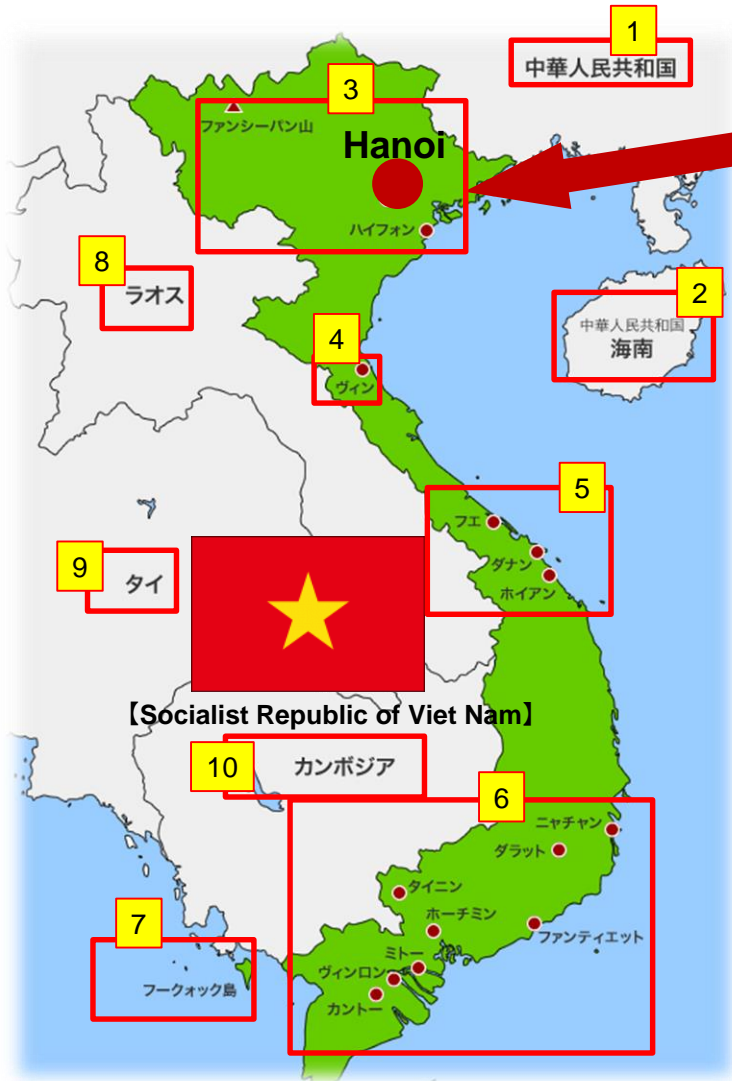
Aim to own 500 units by the end of March 2021

	Office	Residence	Hotel	Commercial/others
Takara Leben Co., Ltd.	Records of a wide range of developments and stable supply as the general developer of real estate			
	A lot of records of value increase/enhancement including renovation			
	Expertise in stable management of properties by taking advantage of the value chain of the Takara Leben Group			
PAG Investment Management Limited	Records of investment in real estate amounting to as much as 1.7 trillion yen in aggregate, mainly offices			
	A lot of records of value increase/enhancement			
	Records of management of real estate funds in Japan over 20 years			
Kyoritsu Maintenance Co., Ltd.		Records of management of a wide variety of dormitories and hotels throughout Japan		
		Records of operation of dormitories and hotels for as long as 40 years		
Yamada Denki Co., Ltd.				Information network utilizing the store networks consisting of 12,029 stores all over Japan
				Know-how on management of commercial facilities available to the largest distributor of consumer electronics

Comprehensive REIT established and managed jointly by the four companies by taking advantage of the unique business models and real estate networks of those companies

Aim for formation and listing of REIT during FY2018

Development of the overseas business



The representative office in Hanoi, the capital of Vietnam, opened.

Name: REPRESENTATIVE OFFICE OF TAKARA LEBEN CO., LTD. IN HANOI CITY

1. China
 2. Hainan, China
 3. Fansipan Mountain
 4. Haiphong
 5. Vinh
 6. Hue
 7. Da Nang
 8. Hoi An
 9. Nha Trang
 10. Da Lat
- Tay Ninh
Ho Chi Minh
Phan Thiet
My Tho
Vinh Long
Can Tho
Phu Quoc
Laos
Thailand
Cambodia

- Collect project information
- Discover partner companies
- Analyze the market
- Perform construction schedule management, etc.

Business expansion with extension of the investment area beyond the real estate sales business



Specific projects already commenced

Projected Results
for the Year Ending March 2019



LEBEN MAKUHARI HONGO THE RESIDENCE

		FY2018/3 (46th) Actual	FY2019/3 (47th) Forecast	YoY change
Units sold (units) (new condominiums for sale and detached houses for sale)		1,619 (excluding JV: 1,612 units) 116	1,700 (excluding JV: 1,500 units) 190	81 (excluding JV: -112 units) 74
Net sales	(million yen)	110,851	130,000	17.3%
Operating profits	(million yen)	12,597	10,700	-15.1%
Ordinary profits	(million yen)	11,792	9,600	-18.6%
Net income	(million yen)	7,367	6,300	-14.5%

- Net sales: an increase in net sales is expected given growth in the liquidation business
- Operating profits: a decrease in profits from the sale of power generation facilities
a decrease in operating profits due to an increase in sales, general and administrative (SG&A) costs (including personnel expenses and expansion of the group companies)

Aim to construct a new strategic base for long-term growth in the
"time for reconstruction of portfolios"

Outlook (by Business Segment)

(Units: million yen)

Breakdowns by segment (Net sales/gross profits)	FY2018/3 (46th) Actual		FY2019/3 (47th) Forecast	
	Net sales	Gross profits	Net sales	Gross profits
Real estate sales business	79,341	17,086	105,700	20,660
Condominiums	60,368	13,313	60,000	13,000
Detached houses	6,335	830	12,000	1,600
Renewal resale	588	78	1,700	220
Liquidation	9,707	2,322	30,000	5,500
Other	2,340	541	2,000	340
Real estate rental business	5,472	1,346	5,500	1,400
Real estate management business	4,000	504	4,300	590
Power generation business	18,239	5,273	10,800	1,630
Sale of facilities	14,687	5,068	7,000	1,430
Revenue from sale of electricity	3,552	204	3,800	200
Other businesses	3,797	1,568	3,700	2,120
Total	110,851	25,779	130,000	26,400

Real estate sales business

Plan to recover 1,700 units of new condominiums (excluding JV: 1,500 units)
Sell revenue-generating real estate

- Promote purchases at new bases
- Promote purchases in the renewal resale business
- Establish a short detached houses recovery cycle

Real estate rental business

Acquire and develop revenue-generating real estate with an awareness of exits
Operate the hotel business stably

- Promote purchases at new bases
- Accelerate the replacement of assets
- Diversify exits

Real estate management business

Achievement of 50,000 units under management/additional increase in the number of units under management

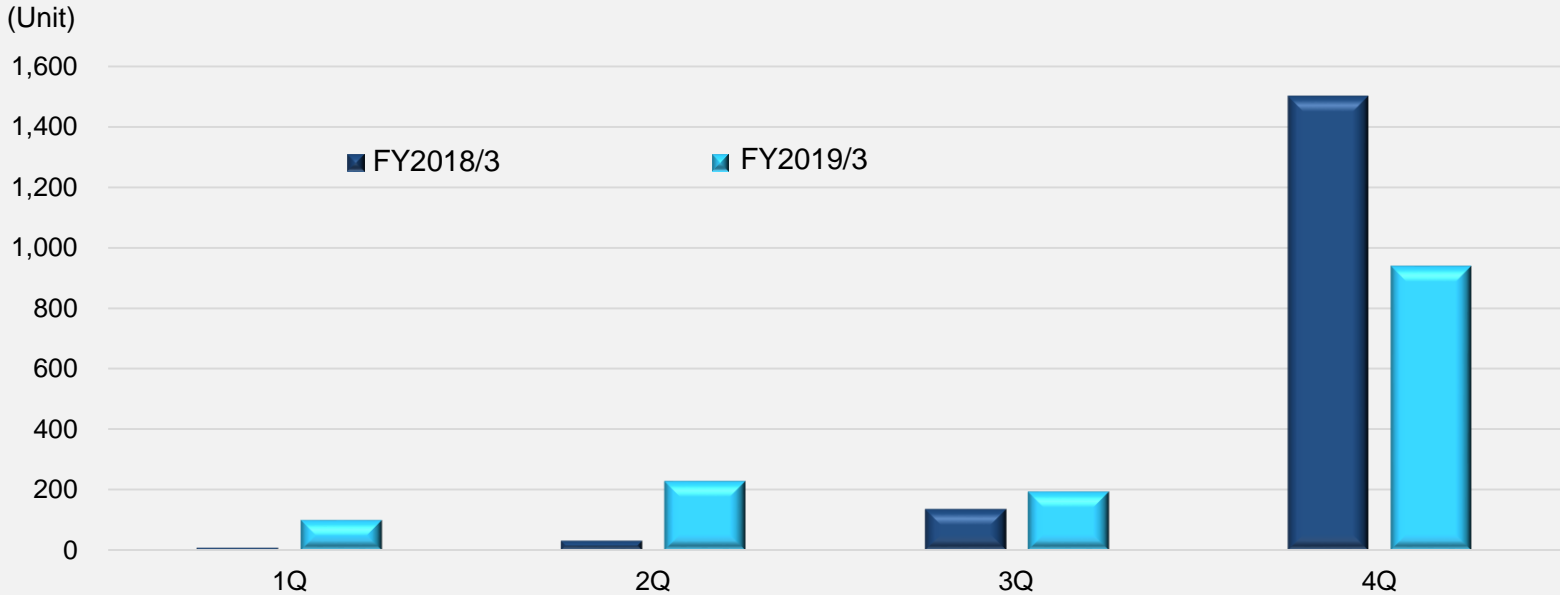
- Acquire new properties of other companies and replace other companies in the management of properties
- Strengthen the system for the management of high-rise condominiums
- Implement cost reduction measures
- Expand fees derived from property management

Power generation business

Decrease in the profitability of sales of power generation facilities
Accelerate the acquisition and development of power generation facilities

- Promote purchases using the commitment line
- Promote acquisitions from the secondary market
- Secure stable pipelines
- Look for other types of renewable energy

Schedule for completion of condominiums



Improvement of extreme concentration on the fourth quarter

Toward the supply of properties to infrastructure funds and REIT

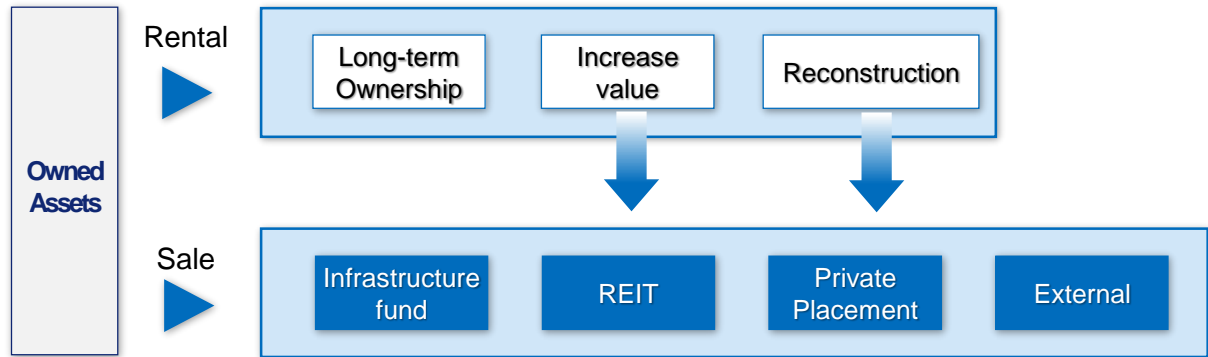
Development track record

- Carried out investments of **approx. 50 billion yen** (April 2015 to March 2018)



(tentative name) LUXENA Heiwadai

Diversifying exit points



Plan for investment and recovery

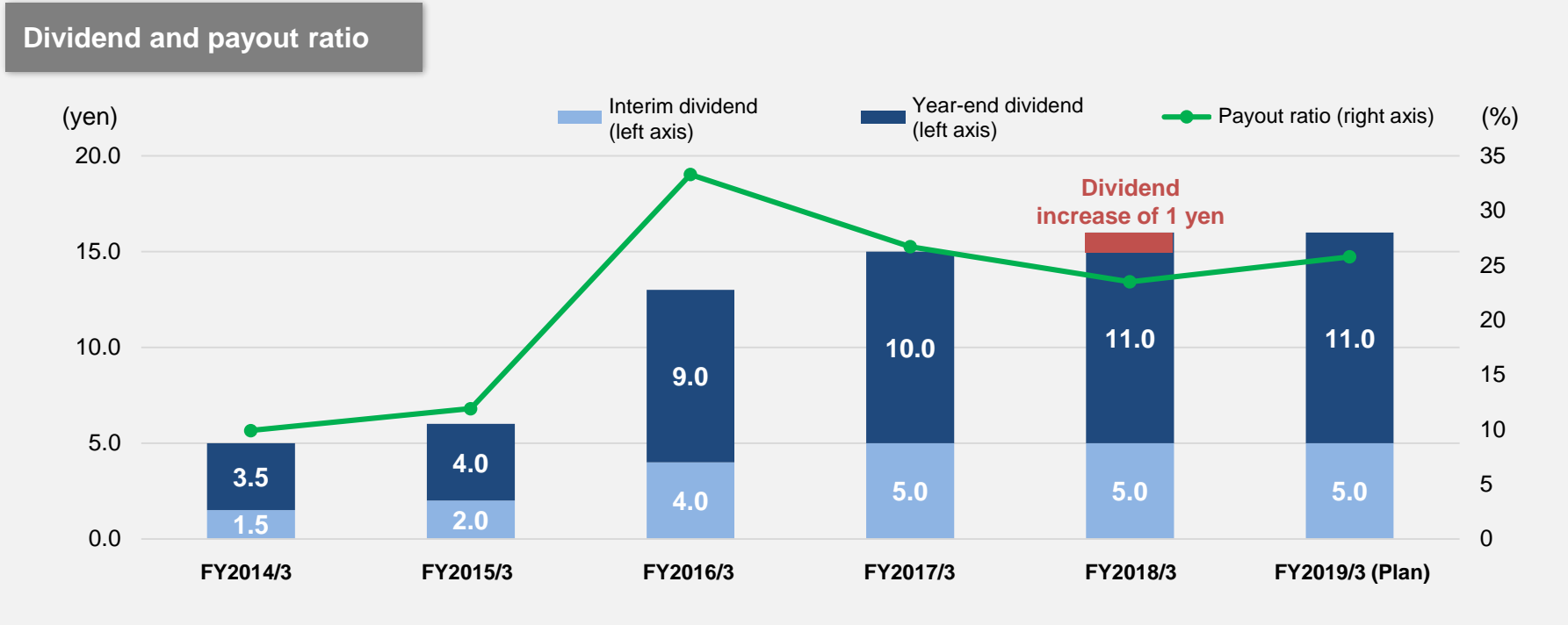
- Aim to establish a pay back cycle
- Secure pipelines as a sponsor
- Balance sheet optimization
- Clarify investment criteria
- Capture fees arising after sales

Income Real Estate	FY2019/3	FY2020/3	FY2021/3	(Million yen)
Investment Amount	30,000	30,000	30,000	
Sale Amount	30,000	26,000	24,000	
Infrastructure assets	FY2019/3	FY2020/3	FY2021/3	
Investment Amount	20,000	20,000	20,000	
Sale Amount	7,000	17,000	17,000	

Dividend/Capital Policy



LEBEN SENDAI YAMATOMACHI EMBRACE



Continue to actively return profits to shareholders

Appendix

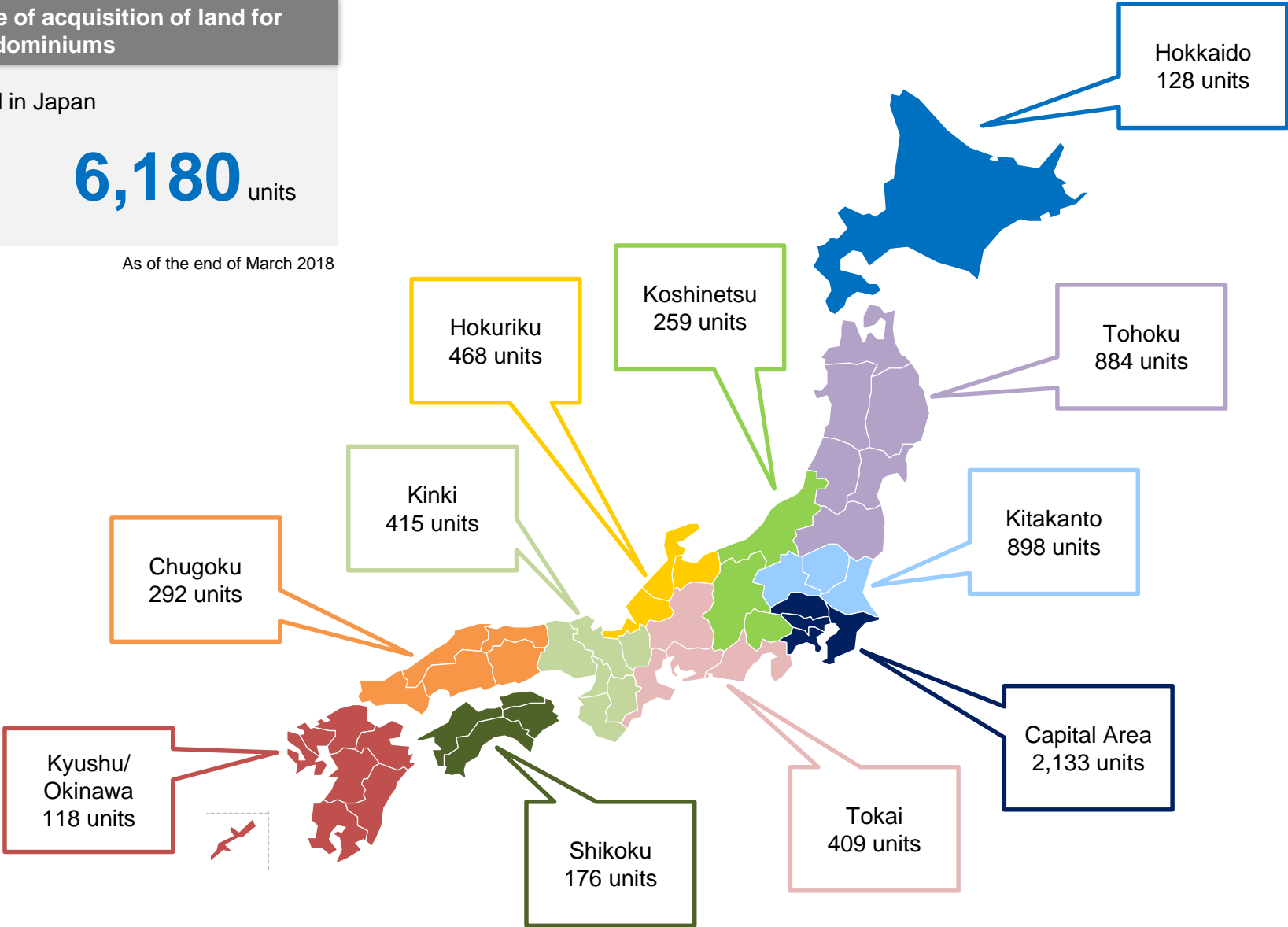


LP ITABASHI SKY RESIDENCE

State of acquisition of land for condominiums

Total in Japan
6,180 units

As of the end of March 2018

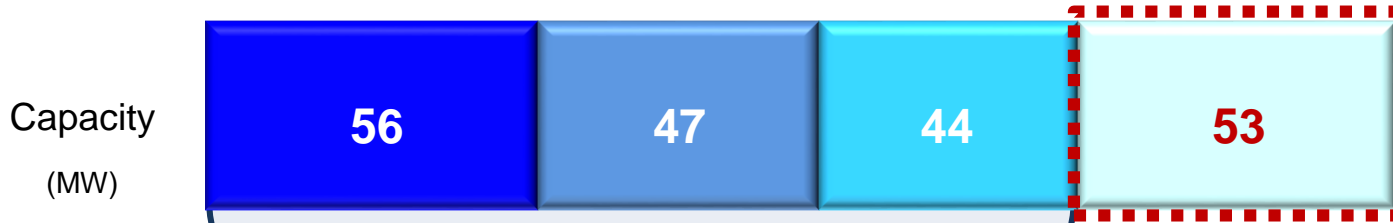


Power-generating capacity of mega solar power generation facilities

Target for year ending
March 2020

200 MW

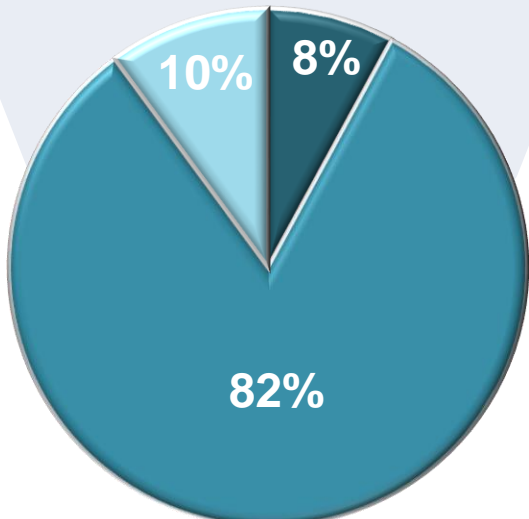
■ Sold ■ Not sold ■ Being developed ■ To be purchased



147 MW
(already developed + pipelines)

FIT rate per KW

- 40 yen
- 33 yen
- 32 yen



- Obtain a high FIT license early
- Obtain a commitment line of ¥10 billion
- Look for other types of renewable energy

Major projects owned and developed

28 buildings

including affiliated companies



Dormy Inn Matsuyama



(tentative name) LUXENA Heiwadai



(tentative name) LUXENA Nagareyama Otakanomori

Type	Property name (tentative name)	Address	Property type
Office	Yamagata Tokamachi Building	Yamagata, Yamagata	Existing
	Nakano Dai-ichi OS Building	Nakano-ku, Tokyo	Existing
	(tentative name) L.Biz Suidobashi	Chiyoda-ku, Tokyo	Development
	Shibuya Udagawacho PJ	Shibuya-ku, Tokyo	Development
	MB Odakyu Building	Sendai, Miyagi	Existing
Hotel	Mito Minamimachi Hotel PJ	Mito, Ibaraki	Development
	Oasaka City Chuo-ku Minamisenba PJ	Osaka, Osaka	Development
	Morioka Hotel PJ	Morioka, Iwate	Development
	Hakata Hotel PJ	Fukuoka, Fukuoka	Development
	Kyoto Gojo Horikawa Hotel PJ	Kyoto, Kyoto	Development
	Nagoya Higashisakura Hotel PJ	Nagoya, Aichi	Development
	Kyoto Horikawadori Marutamachi PJ	Kyoto, Kyoto	Development
	Onomichi PJ	Onomichi, Hiroshima	Development
	Dormy Inn Matsuyama	Matsuyama, Ehime	Existing

Type	Property name (tentative name)	Address	Property type
Residence	(tentative name) LUXENA Nagareyama Otakanomori	Nagareyama, Chiba	Development
	(tentative name) LUXENA Heiwadai	Nerima-ku, Tokyo	Development
	Fullness Sayama	Adachi-ku, Tokyo	Existing
	(tentative name) LUXENA Yoga	Setagaya-ku, Tokyo	Development
	(tentative name) LUXENA Higashi Kanagawa	Yokohama, Kanagawa	Development
	(tentative name) LUXENA Monzen-nakacho	Koto-ku, Tokyo	Development
	Maison De Klein	Nerima-ku, Tokyo	Existing
	Sanvario Saikon	Koriyama, Fukushima	Existing
	Sophia Court Minami Ogikubo	Suginami-ku, Tokyo	Existing
	RUSSE ISHIKAWDAI	Ota-ku, Tokyo	Existing
Commercial/ others	Dormy Ukima-Funado	Itabashi-ku, Tokyo	Existing
	Gokiso PJ	Nagoya, Aichi	Development
	Coop Sapporo Shunko store	Asahikawa, Hokkaido	Existing
	TA Shonan Kugenuma Kaigan	Fujisawa, Kanagawa	Existing

These materials were prepared based on data current as of March 31, 2018.

These materials, as well as answers, plans, projections and so on provided during the subsequent Q&A session are based on Takara Leben's best judgment at the time the materials were prepared, and do not constitute a guarantee or promise that anything contained herein will be realized or achieved, nor do they provide any guarantees or promises as to the accuracy or completeness of the information contained herein. The contents of these materials are subject to change without notice.

Contact for Inquiries
IR Office, General Planning Division

Tel 03-6551-2130

Fax 03-6551-2139

E-mail irinfo@leben.co.jp

