

Takara Leben Next Stage 2019

「Beginning of a new era for Takara Leben」

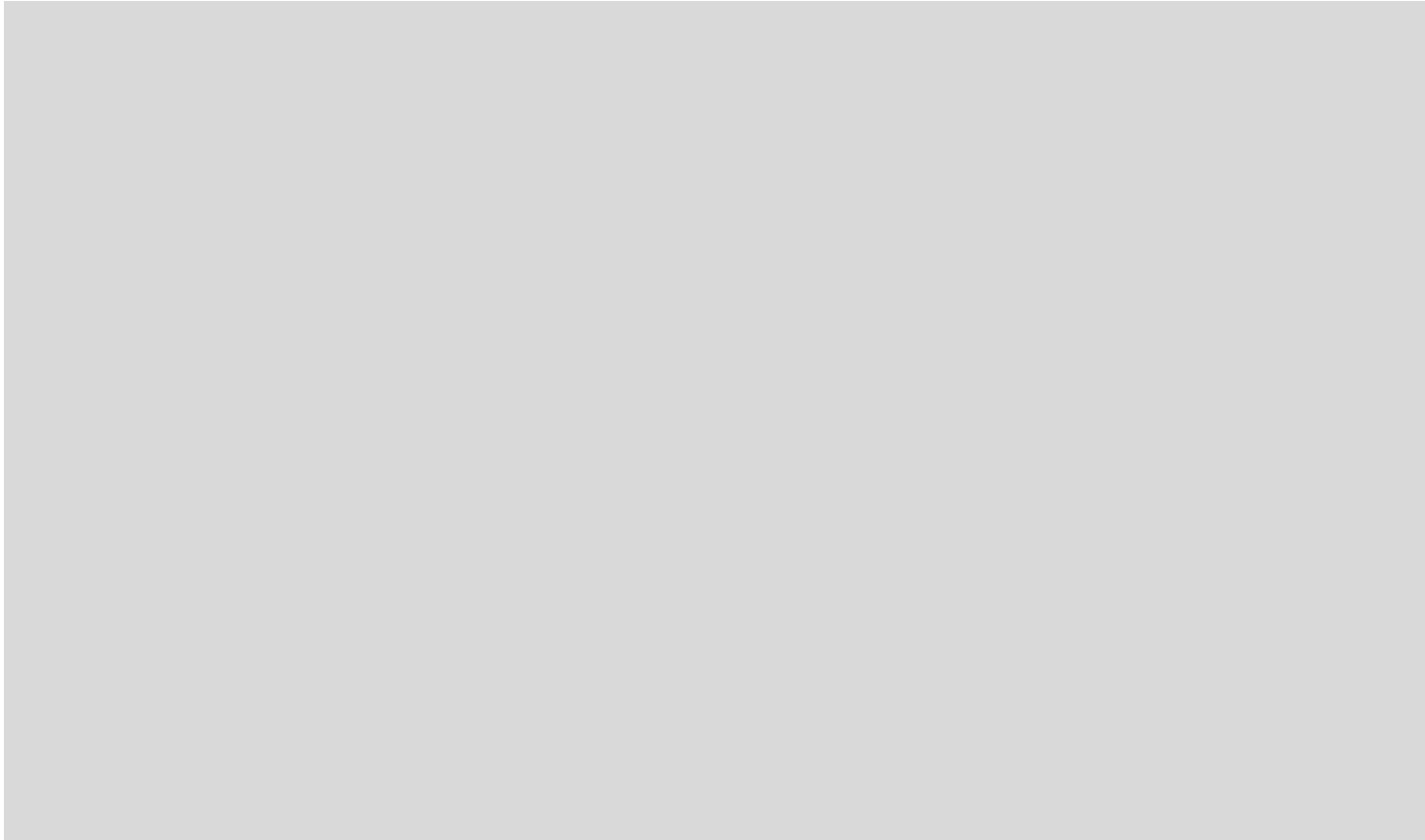
～Diversifying flow businesses and
expanding stock and fee-based businesses～



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Previous Mid – Term Management Plan Review



Previous Mid – Term Management Plan Review【Summary】

Theme of mid-term management plan

「For Solid Steps towards Regrowth」

～As a Pioneer of Solar-Powered Condominium～

[From 2013/3 through 2016/3]

Performance Goals

Achieved ahead of
schedule

Quantitative Goals

A level achievable in the
final fiscal year

Dividends / Capital Policy

Achieved in all of the fiscal
years

Execution of main measures

Goal achievement
(FY2014/3)

Changes in the benefit structure
(FY2016/3)

Begin a new stage

Previous Mid – Term Management Plan Review【1】

	FY2013/3 (41th)	FY2014/3 (42th)	FY2015/3 (43th)	FY2016/3 (44th)
Units sold [New built-for-sale condominium + detached house]	1,762	1,860	1,940	2,020
Net sales [¥ million]	63,950	68,400	71,900	75,000
Operating income [¥ million]	7,000	8,000	8,800	9,500
Ordinary income [¥ million]	6,100	7,200	8,000	8,700

	FY2013/3 (41th)	FY2014/3 (42th)	FY2015/3 (43th)
Units sold [New built-for-sale condominium + detached house]	1,786	1,828	1,905
Net sales [¥ million]	64,907	71,963	76,966
Operating income [¥ million]	6,361	9,886	9,246
Ordinary income [¥ million]	5,792	9,269	8,543

Achievement in March 2014 period.

Previous Mid – Term Management Plan Review【2】

Cash and deposits
(¥100 million)

Equity (¥100 million)

E P S (¥)

330

Dividends + Treasury
share purchase

= 30%

Cash and deposits	35.9 bil.	(as of March 31, 2015)
Equity	31.1 bil.	(as of March 31, 2015)
E P S	79.22yen	(FY2014/3)

Ensure achievement!

	FY2013/3 (41th)	FY2014/3 (42th)	FY2015/3 (43th)
Reduction rate	30.5%	51.7%	33.1%

**Achieved in the respective
fiscal years!
Cancellation of treasury stock
also undertaken!**

【Main Measures】

■ **Steady increase in number of units sold**

Aim for annual sales of 2,000 units in new built-for-sale condominium and detached house

■ **Promote solar-powered condominiums**

Increase the ratio of solar-powered condominium (by building) to over 50% annually

■ **Entry to mega-solar business**

Entered into mega-solar business as a pioneer of solar-powered condominium

■ **Stable supply of condominiums in central area in local cities**

Aim for stable supply of over 200 units annually

■ **Restructure the detached house business**

Aim for early construction of own-construction system for 250 units



Aim for solid and stable growth without major organization changes

Previous Mid – Term Management Plan Review【4】

Steady increase in number of units sold

Aim for annual sales of 2,000 units in new built-for-sale condominium and detached house

Pursuit of profit per unit



Achievement of high gross margin rate

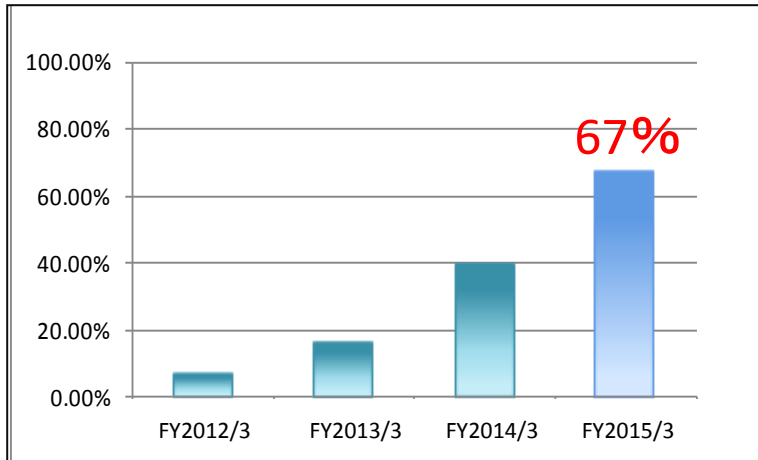
Units sold	FY2013/3 (41th)	FY2014/3 (42th)	FY2015/3 (43th)
Condominium	1,686	1,719	1,655
Detached house	100	109	250
Total	1,786	1,828	1,905



LEBEN THE TSUKUBA

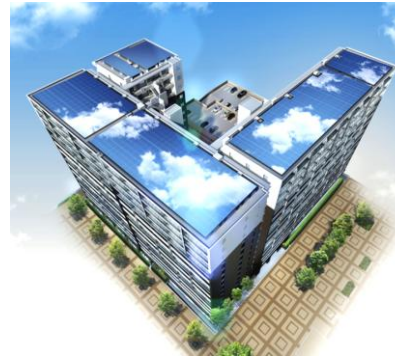
Promote solar-powered condominiums

Increase the ratio of solar-powered condominium (by building) to over 50% annually



The ratio of solar-powered condominiums

Supply Ranking Nationwide
Ranked 1st(4 consecutive years)



Leben Chiba New Town Chuo THE PREMIUM



Leben Yachiyomidorigaoka LUCE

Supply of 34 solar-powered
condominiums(3,865 units)

(as of March 31, 2015)

Previous Mid – Term Management Plan Review【5】

■ Entry to mega-solar business

Entered into mega-solar business as a pioneer of solar-powered condominium

Targeting 10MW

Achievement 16MW

(as of March 31, 2015)



LS Shioya



LS Tsukuba Bouchi

■ Restructure the detached house business

Aim for early construction of own-construction system for 250 units

	Contract s signed units	Units sold	Units stock
FY2013/3 (41th)	92	100	154
FY2014/3 (42th)	122	109	227
FY2015/3 (43th)	256	250	321

Constructed own-construction system for 250 units



LEBEN PLATZ Kashiwa BRIGHT HILL



LEBEN PLATZ Kashiwashintomi

Previous Mid – Term Management Plan Review【6】

■ Stable supply of condominiums in downtown area in local cities

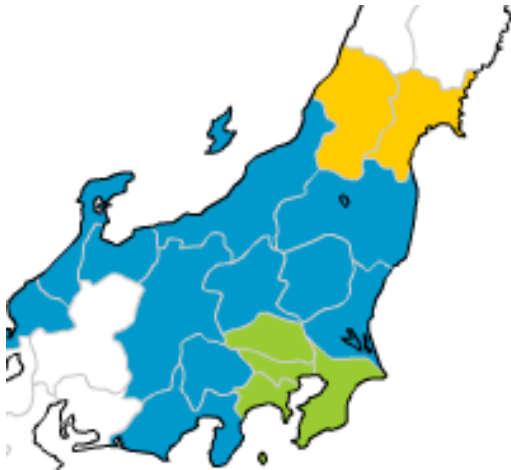
Aim for stable supply of over 200 units annually

Revised upward to 500 units a year

Smooth land purchases

Installation of base in eastern and western Japan

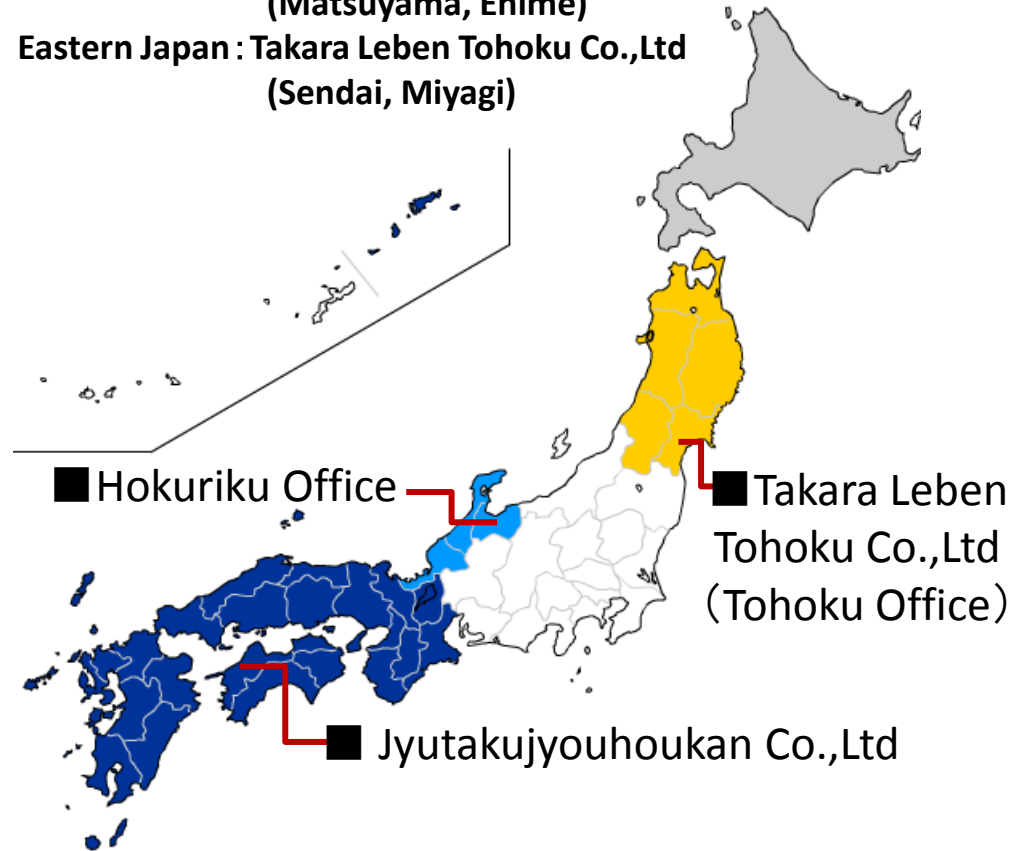
	FY2013/3 (41th)	FY2014/3 (42th)	FY2015/3 (43th)
supplies units	206	641	488



Holds land for projects totaling around 2,600 units in central areas of provincial cities

Western Japan : Jyutakujoyouhoukan Co.,Ltd
(Matsuyama, Ehime)

Eastern Japan : Takara Leben Tohoku Co.,Ltd
(Sendai, Miyagi)



Previous Mid – Term Management Plan Review【7】

Capital Policy

Continual stock buy-back

	No. of acquired shares (thousand shares)	Ratio of acquired shares (%)	Sum of acquired shares (million yen)
FY2012/3 (40th)	1,469	4.40	595
FY2013/3 (41th)	1,124	3.37	792
FY2014/3 (42th)	1,400	4.31	2,496
FY2015/3 (43th)	2,668	2.08	1,217

Cancellation of treasury stock

	No of cancelled shares (thousand shares)	Ratio of cancelled shares (%)
FY2012/3 (40th)	—	—
FY2013/3 (41th)	—	—
FY2014/3 (42th)	886	1.52
FY2015/3 (43th)	2,000	1.54

Continuous dividend increase

	Mid-term	Year-end	Total
FY2012/3 (40th)	1.0 (4.0)	2.25 (9.0)	3.25 (13.0)
FY2013/3 (41th)	1.25 (5.0)	2.5 (10.0)	3.75 (15.0)
FY2014/3 (42th)	1.5 (6.0)	3.5 (14.0)	5.0 (20.0)
FY2015/3 (43th)	2.0	4.0	6.0

※Figures in parentheses are amounts before split-up

Implemented proactive shareholder return programs in the real estate industry



New Mid – Term Management Plan

Takara Leben Next Stage 2019

Next Stage 2019

Theme of new mid-term management plan
「Beginning of a new era for Takara Leben」
**～Diversifying flow businesses and
expanding stock and fee-based businesses～**
【From 2016/3 through 2019/3】

Next Stage 2016

「For Solid Steps towards Regrowth」
～As a Pioneer of Solar-Powered Condominium～
【From 2013/3 through 2016/3】

Next Stage 2013

Redevelop strategies towards
“regrowth”
【From 2011/3 through 2013/3】

Main Measures

【Leverage the Group's strengths to the full】

Diversifying flow businesses

Strengthening of non-New built-for-sale condominium business

Expanding stock and fee-based business

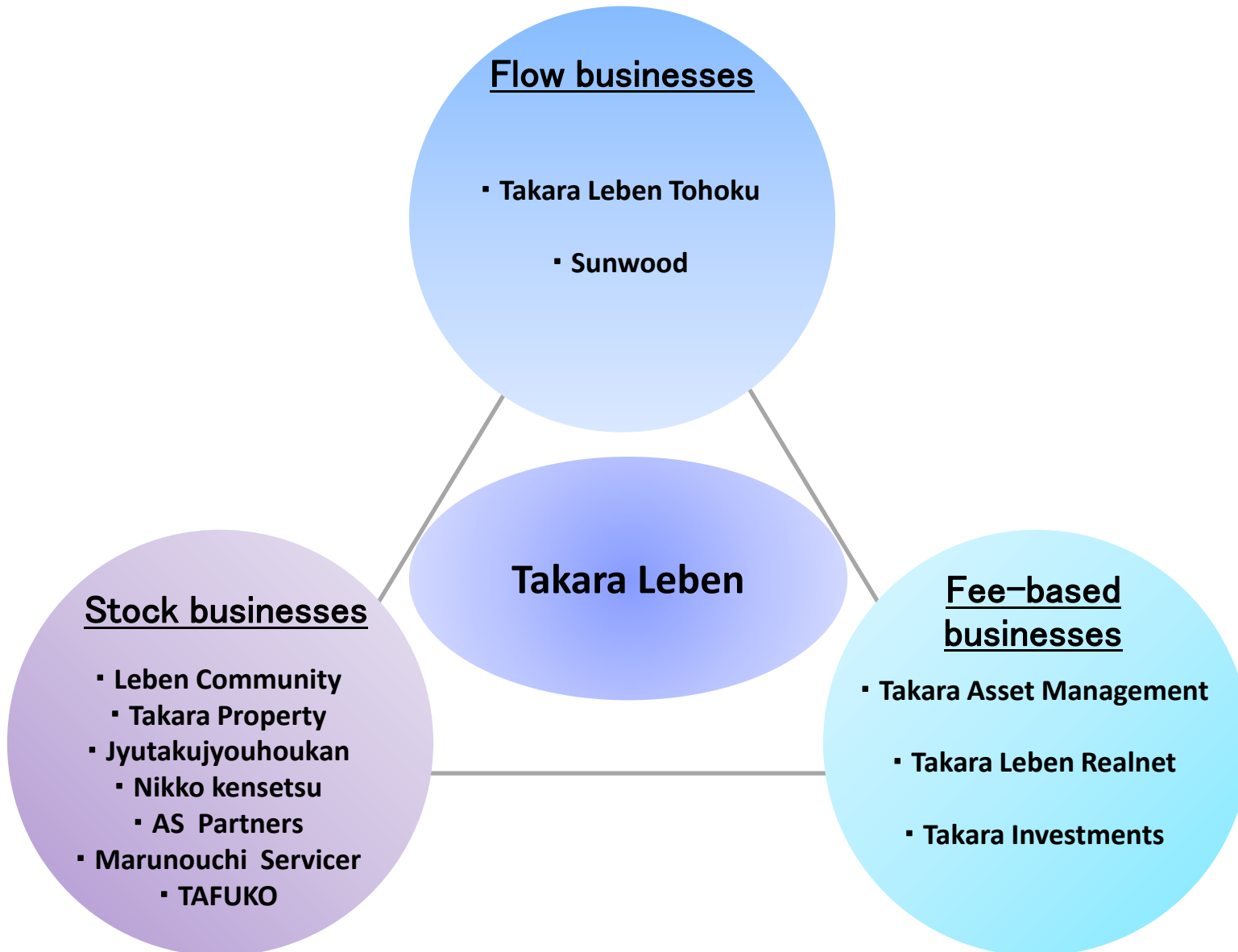
**Asset management business, Real estate rental business,
Real estate management business, Real estate distribution business**



Profit ratio

Aim for 35% for stock and fee-based businesses

Roles of Group Companies



Roles of Group Companies

Company name	Flow businesses	Stock businesses	Fee-based businesses	Expected role
Takara Leben	• Real estate sales business	• Real estate rental business • Mega-solar power business	—	New built-for-sale condominiums business in the metropolitan area and central areas in local cities
Leben Community	—	• Real estate management business • Real estate rental business	• Insurance agency • Rehabilitation and day service	Expansion of management businesses
Takara Asset Management	—	—	• Asset management business	Management of infrastructure funds
Takara Leben Tohoku	• Real estate sales business	• Real estate rental business	• Consignment • Real estate distribution business	Development of businesses in the Tohoku area
Takara Leben Realnet	• Real estate sales business	• Real estate rental business	• Real estate distribution business	Expansion of the real estate distribution business
Takara Property	—	• Real estate rental business • Real estate rental and management business	—	Expansion of the units for the real estate rental business
Takara Investments	—	—	• Asset management business	Management of REIT and private funds
TAFUKO	—	• Account receivable business	—	Management of loans
Nikko kensetsu	• Construction Industry	• Real estate rental business • Real estate rental and management business	—	Operation of businesses that promote effective use of land
Jyutakujoyouhoukan	• Real estate sales business	• Real estate rental and management business • Real estate management business	• Real estate distribution business	Development of businesses in western Japan
Marunouchi Servicer	—	• Receivables management and collection	—	Gathering of real estate information
AS Partners	—	• Nursing care business	—	Operation of care facilities
Sunwood	• Real estate sales business	—	• Real estate distribution business	Operation of condominium businesses in downtown Tokyo

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
130MW

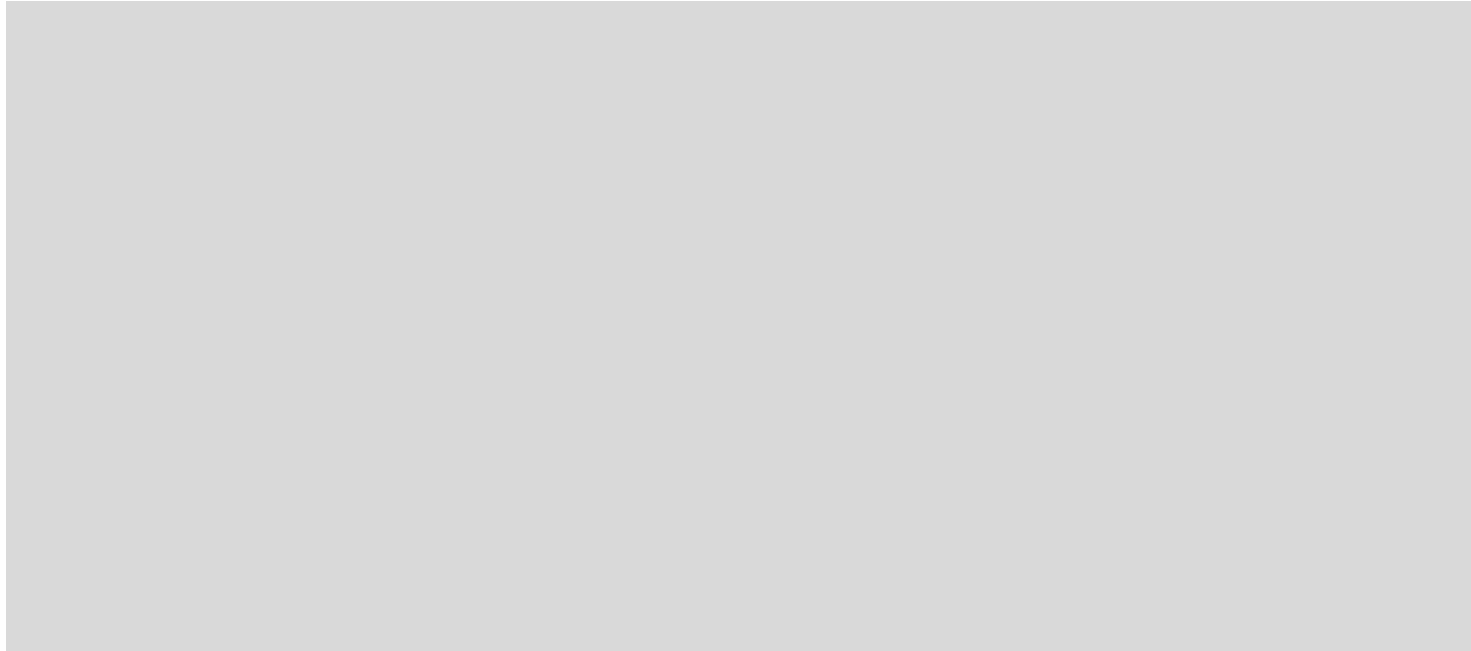
The management units
50,000units

The management units
6,200units

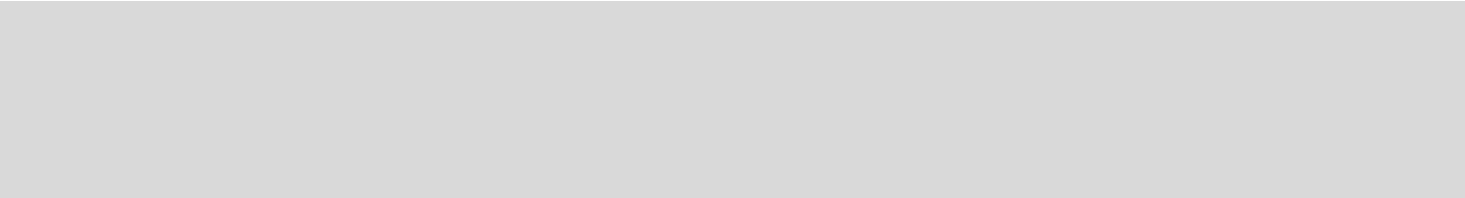
Annual sales
6.0billion

Annual sales
1.0billion

(FY2019/3)



Quantitative Goals



Quantitative Goals

ROE

20% or more

Stock and fee-based
businesses
profit ratio

35% or more

Net income

10 billion

※ FY2019/3



Specific Strategies

Overview of Strategies

Beginning of a new era for Takara Leben

Diversifying flow businesses

**Strategy for
local cities**

**Redevelopment
&
Rebuilding
Business**

**Detached house
business**

**Business
charged with
effective use of
land**

Expanding stock and fee-based businesses

**Mega-solar
business**

**Real estate
rental business**

**Real estate
management
business**

**Real estate
distribution
business**

Maximize the Group's strengths

Diversifying flow businesses 【1】

【 Metropolitan area 】

Metropolitan area condominium market trends

- Strengthened oligopoly by top 20 suppliers (approx. 50% in 2004 → approx. 70% in 2014)
- Enhanced convenience in suburban areas as a result of mutual direct train services between different railway companies
- Prices surge in the metropolitan area
- Exodus of first-time buyers from the metropolitan area to the suburbs

Metropolitan area

Prices surging
→ will continue to rise going forward

**Acquisition of profitable properties available
in good locations (close to railway stations)**

↓
Land for condominiums in the future

Suburban areas

Incoming population from the central area of
Tokyo will continue to increase
→ Demand for good locations and upscale specifications
will become significant

**Supply properties with upscale specifications
(high specifications and solar power), built in good
locations, at appropriate prices**

There will be stable demand, although the population is expected to decline from 2020.
→ Establishment of a supply system of 1,200 units per year

Diversifying flow businesses [2]

【 Local city strategy 】

Active seniors are the main target for properties

Active seniors

Traffic convenience improving

- Maintenance of detached houses
- Problem of driving

Government

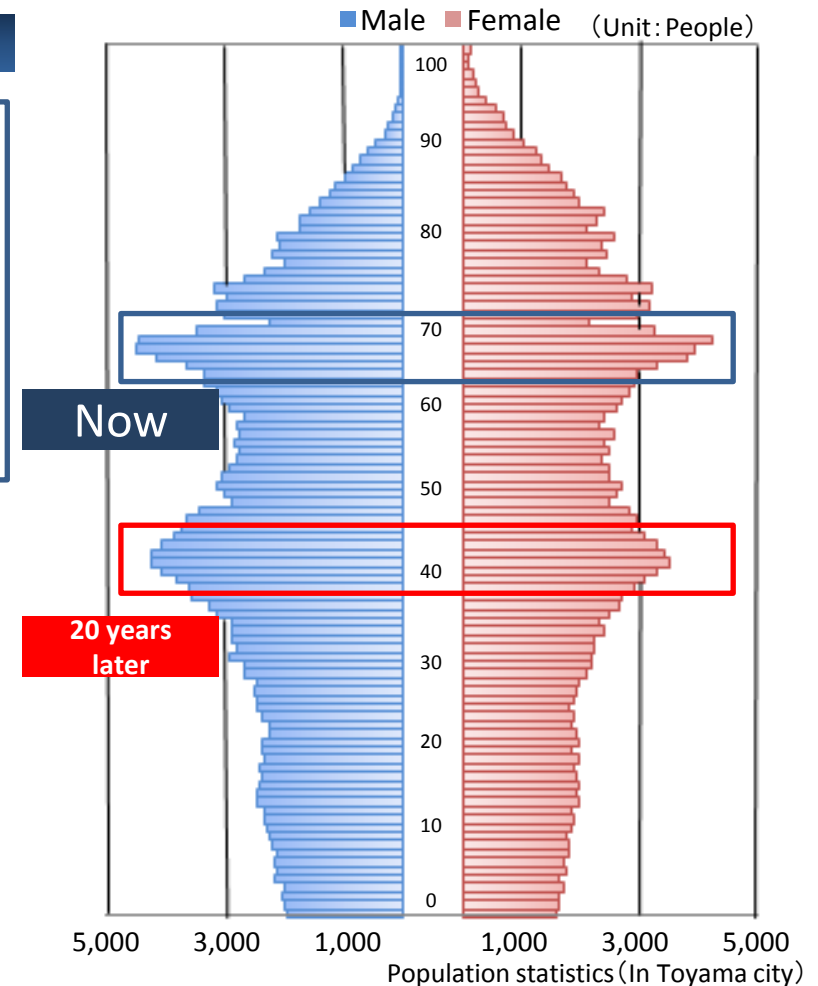
Promotion of compact city

- 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.



An increase in demand is expected in local cities → will increase to **1,000 units** per year

Diversifying flow businesses [3]

【Redevelopment & Rebuilding Business】

Rebuilding business

Revision to the Act on Facilitation of Reconstruction of Condominiums
Rebuilding done based on 100% consent
⇒ Possible with 80% consent

**Potential rebuilding demand for
over 1 million units**

**The number of rebuilding projects is expected to
increase going forward**



Rebuilding Business for Hachioji-shi Matsugaya
Housing Complex Perspective drawing

Redevelopment business in local city

「Results in Toyama city」

Proactive promotion of
redevelopment projects in the
central areas of local cities



Sakura-machi, Toyama-shi Urban Redevelopment Project

Scrap & Build

Acquisition of used properties
available close to railway stations

Land for the construction of
condominiums in the future

Condominiums for active seniors in the
metropolitan area



Kamiyama buld (Monzennaka-cho)

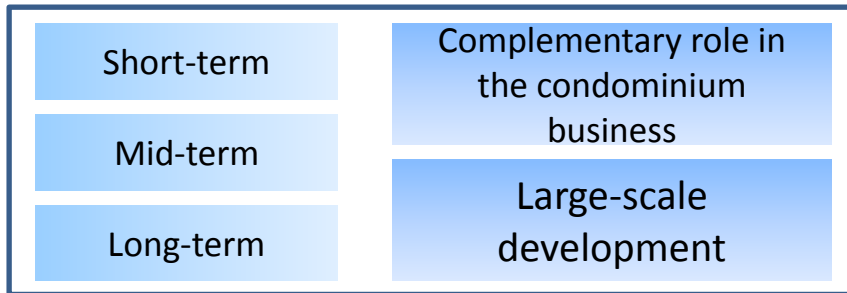
Aim for stable supply of about 300 units annually

Diversifying flow businesses 【4】

【Detached house business】

Establishment of short-, mid-, and long-term business cycles

- Acquisition of land in good locations (close to railway stations and good residential environments)
- Development of complex facilities including condominiums → Value for creating a town



LEBEN PLATZ FUJIMINO SOLA RESIDENCE

Aim for supply of about 500 units annually

【Business charged with effective use of land】

One-stop solution for the entire process from business planning to contracting to management

Proposal of land effective utilization

Design/Construction
(Contracting of construction work)

Operational management/Maintenance

Demand of Renovation and Rebuilding



Expansion of both flow and stock businesses

Expanding stock and fee-based businesses 【1-1】

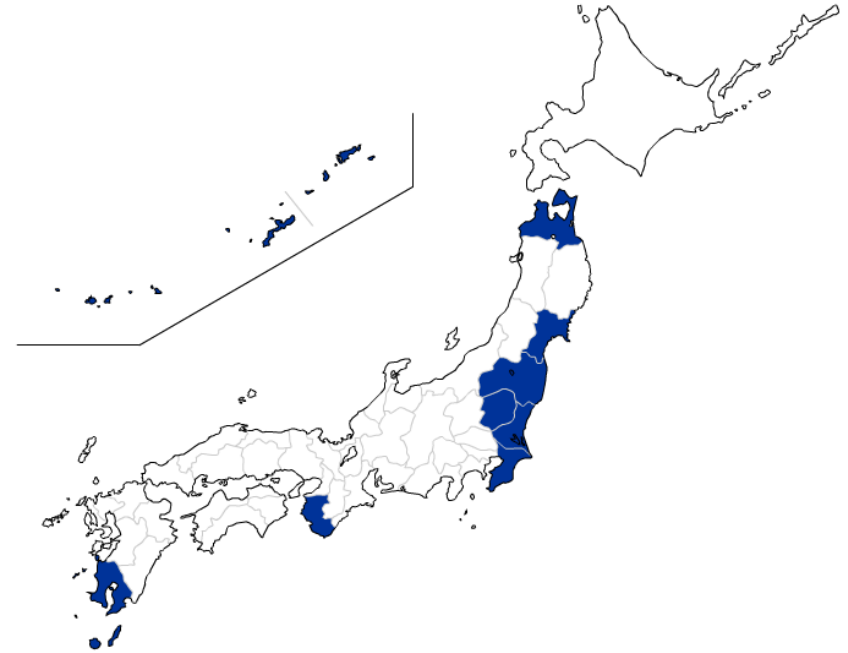
【Mega-solar business】

Opening of the Infrastructure Fund Market in
April 2015



Aim for listing as soon as possible

Stable increase of cash flow



Operating already **16MW**

In preparation of operating **63MW**

※as of March 31, 2015

Revised the operation goal for FY2019/3 upward from **100 MW** to **130 MW**

Expanding stock and fee-based businesses 【1-2】

【 Outlook of mega-solar business 】

The electricity power market is scheduled to be deregulated in 2016

Photovoltaic power plant



Condominiums



Takara Leben

Own power generating facilities
and target customers

Pursue new businesses associated with the deregulation of
the power market

Expanding stock and fee-based businesses 【2】

【Real estate rental business】

Proactive acquisition of used properties located near railway stations
Land for building condominiums for approx. 1,000 housing units in the future



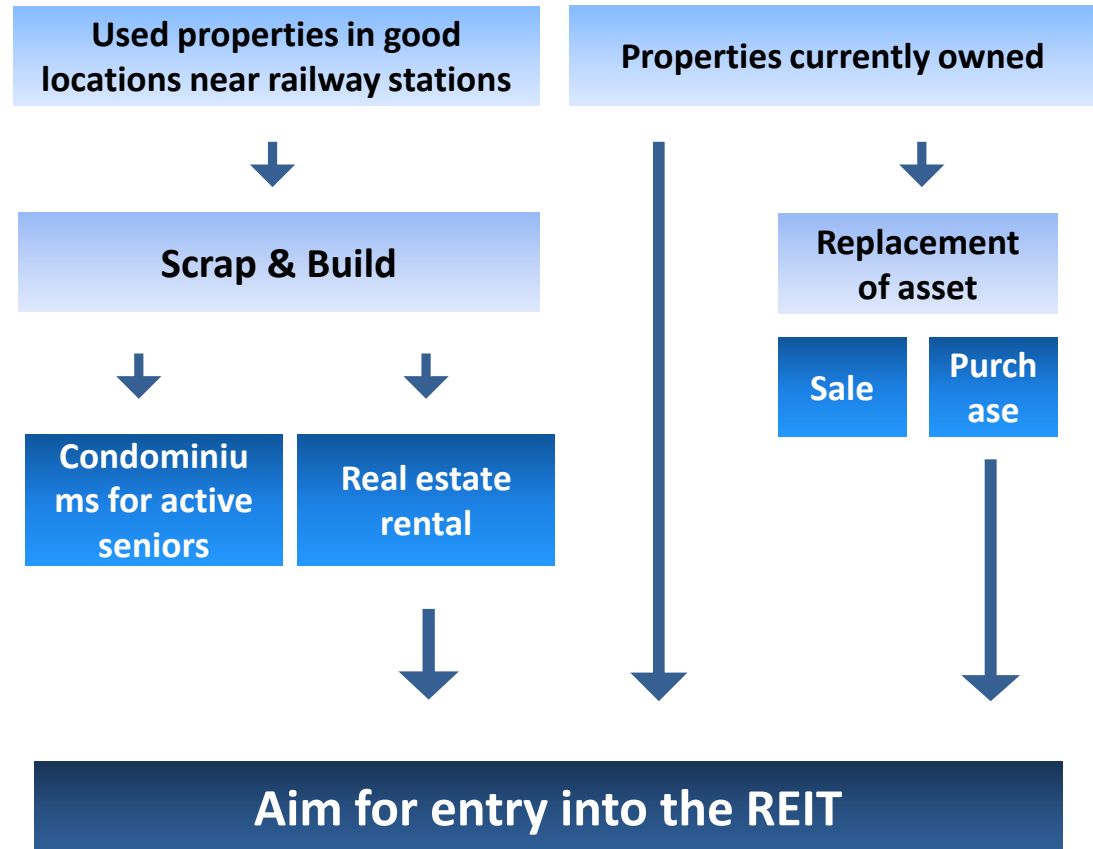
LUXENA Higashikoenji

Income of approx. 2.9 billion yen
from assets worth 23.0 billion yen

※FY2015/03
(Including a sublease)

Aim for annual sales of **6.0** billion yen

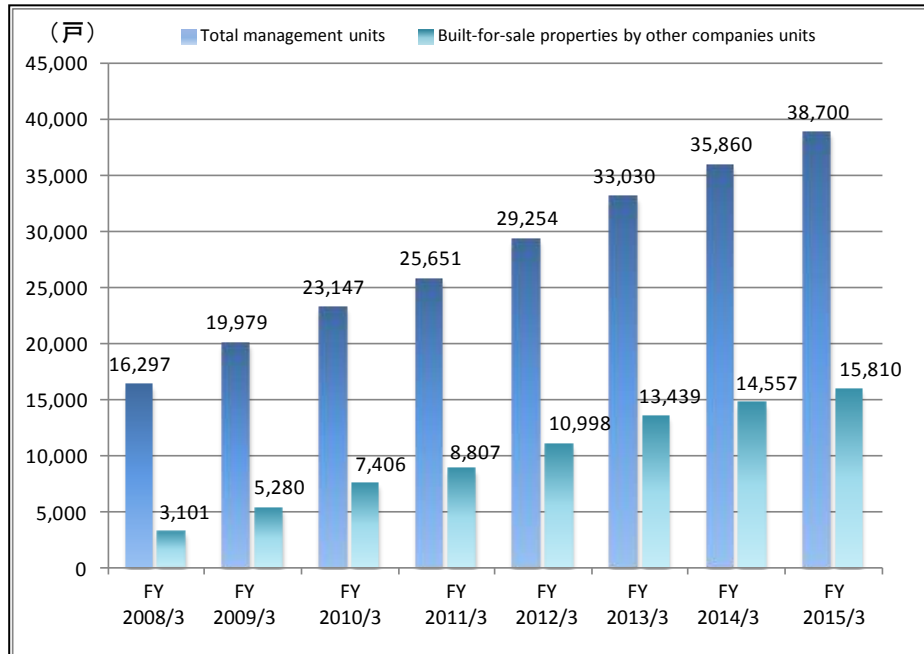
Future business development



Expanding stock and fee-based businesses 【3】

【Real estate management business】

Increase by more than 3,000 units consistently every year



Proactively acquire the management of build-for-sale housing conducted by other companies

Aim for **50,000** managed housing units

【Real estate rental and management business】

Increase in the number of managed housing units

Number of rented and managed housing units including shops and residential houses: approx. 4,500 units (as of March 31, 2015)

Takara Property

Centered around the metropolitan area

Nikko kensetsu

Yokohama area

**Jyutaku
-jyuhoukan**

Shikoku area

Group companies work to achieve a stable increase in the number of managed housing units

Aim for **6,200** managed housing units

Expanding stock and fee-based businesses 【4】

【Real estate distribution business】



Strengthen the real estate trade/distribution businesses

Respond to the replacement needs of active seniors that are expected to increase going forward

Aim for annual sales of 1.0 billion yen



Performance Goals



Performance Goals

	FY2016/3 (44th)	FY2017/3 (45th)	FY2018/3 (45th)	FY2019/3 (46th)
Units sold [New built-for-sale condominium + detached house]	1,686	1,950	2,250	2,700
Electric power generation [MW]	35	70	100	130
Net sales [¥ million]	93,800	96,300	103,400	112,750
Operating income [¥ million]	13,350	14,900	15,900	17,300
Ordinary income [¥ million]	12,400	13,900	14,900	16,300
Net income [¥ million]	8,150	8,300	8,900	10,000



Dividends / Capital Policy

Dividends / Capital Policy

Stock and fee-based
businesses profit ratio = 35%



Dividends + Treasury
share purchase = 35% or more

(※based on net income)

□ Inquiries Relating to the Materials

Contact :
Corporate Planning Division



Takara Leben

TEL : 03-5324-8720

E-mail : irinfo@leben.co.jp

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