








Takara Leben Co., Ltd.

Mid-Term Management Plan

47th to **49th**

Year Ending March 2019 to Year Ending March 2021

May 14, 2018

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Previous Mid-Term Management Plan Review

Unit: ¥million






Plan	FY2016/3 (44th)	FY2017/3 (45th)	FY2018/3 (46th)	FY2019/3 (47th)
Units Sold (New built-for-sale condominiums + detached houses)	1,686	1,600 350	1,850 400	2,200 500
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



Unit: ¥million

Results	FY2016/3 (44th)	FY2017/3 (45th)	FY2018/3 (46th)	FY2019/3 (47th) Forecast
Units Sold (New built-for-sale condominiums + detached houses)	1,448 205	1,503 275	1,619 116	1,700 190
Power Generation (MW)	16	51	103	147
Net Sales (¥ million)	76,268	103,599	110,851	130,000
Operating Income (¥ million)	7,563	10,349	12,597	10,700
Ordinary Income (¥ million)	6,708	9,496	11,792	9,600
Net Income (¥ million)	4,308	6,107	7,367	6,300

Target	FY2016/3 Results	FY2017/3 Results	FY2018/3 Results	FY2019/3 Forecast
ROE 20%	13.3%	17.3%	18.5%	14.0%
Stock and fee-based businesses profit ratio 35%	18.1%	30.8%	33.7%	21.7%
Net income 10 billion yen	4.3 billion	6.1 billion	7.3 billion	6.3 billion
Return rate 35% (dividends + purchase of treasury shares)	55.7% (Dividends only: 33.2%)	55.3% (Dividends only: 26.6%)	23.5%	27.5%

Target	FY2018/3 Results	FY2019/3 Forecast	Expected Attainment
Mega-solar power business Electric power generation 130 MW	103 MW	147 MW	
Real estate management business Managed units 50,000 units	49,650 units	53,375 units	
Real estate rental and management business Managed units 6,200 units	6,128 units	7,310 units	
Real estate rental business Annual sales 6.0 billion yen	5.47 billion	5.5 billion	
Real estate distribution business Annual sales 1.0 billion yen	0.43 billion	0.8 billion	

Significant increase in net sales

Expansion of the liquidation business

Shortfall: **Approx. 3.7** billion yen (net income)

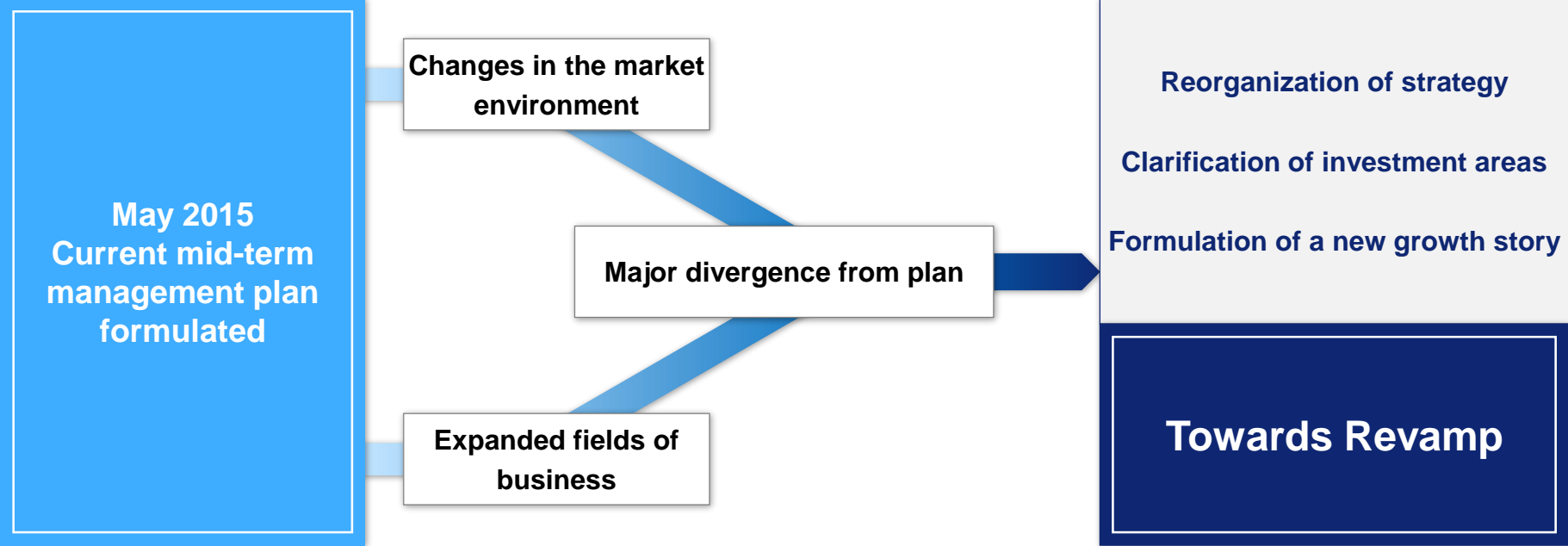
External Environment

- **Changes to the market environment**
 - Rise in construction costs (remaining high)
 - Postponement of schedule for completion of construction (lengthening construction schedules)
 - Decline in workforce due to aging population and dwindling birthrate, difficulty in retaining human resources

Internal Environment

- **Increased human resources-related costs**
 - Increase in personnel expenses (workstyle reforms, etc.)
 - Increased recruitment costs
- **Increase in prior investment due to business diversification**
 - Significant increase in fixed assets and debt, etc.
 - Overseas investment





External Environment and Issues Surrounding the Takara Leben Group

Environmental Changes in Japan	Environmental Changes in the Industry	Environmental Changes in Society
Dwindling birthrate and aging population	Lifestyle changes	Heightened recognition of ESG initiatives
Workstyle reforms	Return to urban areas	
Diversity	Sharp rise in construction costs	
	Sharp rise in sales prices	Incorporating the social environment into investment decisions
	Stricter customer perspective	

Internal Environment

Schedules for completion of construction postponed due to lengthened project schedules	Increase in assets and debt due to expanded areas of investment
Completion of construction concentrated in the fourth quarter for a large number of projects	Rising personnel expenses due to increase in personnel and workstyle reforms



Thorough project schedule management	Further efforts to establish a stable revenue base	Precisely understanding needs Responding to change	ESG response
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Expand to peripheral businesses from each segment
Respond quickly to changes in each field and aim for sustainable growth

Theme

Evolution through Sustainable Change

—— Innovation for a New Lifestyle. ——

Establishing stable and sustainable foundations for growth

Diversifying the business portfolio

Responding to ESG

Leverage the collective strength of the Group to provide one-stop real estate-related services

Maximizing Group synergy with derived businesses



■ Real estate sales business
 ■ Real estate rental business
 ■ Real estate management business
 ■ Power generation business
 ■ Other businesses

Maximize Group synergy with the aim of reaching net income of 10 billion yen by FY2022/3 (50th)

Performance (Quantitative) Goals

Planned Income Statement		FY2019/3 (47th)	FY2020/3 (48th)	FY2021/3 (49th)
Real estate sales business	(millions of yen)	105,700	120,920	129,950
Real estate rental business	(millions of yen)	5,500	6,000	6,300
Real estate management business	(millions of yen)	4,300	5,000	5,400
Power generation business	(millions of yen)	10,800	21,100	21,200
Other businesses	(millions of yen)	3,700	6,980	7,150
Total net sales	(millions of yen)	130,000	160,000	170,000
Operating income	(millions of yen)	10,700	13,000	14,500
Ordinary income	(millions of yen)	9,600	11,800	13,000
Net income attributable to owners of parent	(millions of yen)	6,300	8,000	9,000

Breakdown by Segment (Net sales / gross profit)		FY2019/3 (47th)		FY2020/3 (48th)		FY2021/3 (49th)	
		Net Sales	Gross Profit	Net Sales	Gross Profit	Net Sales	Gross Profit
New built-for-sale condominium business	(millions of yen)	60,000	13,000	76,000	16,500	84,500	18,600
New detached house business	(millions of yen)	12,000	1,600	13,200	1,700	14,850	1,950
Renewal resale business	(millions of yen)	1,700	220	2,720	320	3,400	400
Liquidation business	(millions of yen)	30,000	5,500	26,000	4,700	24,000	4,400
Other businesses	(millions of yen)	2,000	340	3,000	400	3,200	400
Total	(millions of yen)	105,700	20,660	120,920	23,620	129,950	25,750

Basic Policy

Stable and sustained growth as a core business

Reconfirm targets

Thorough management of
construction completion schedules

Product supply adapted to change

Tokyo Metropolitan Area

Market Predictions

- Reduction in prospective customers due to population decline, dwindling birthrate and aging population
- Increased oligopolization of supply players
- Increased tendency to place importance on sites
- Good supply and demand balance



Tendency to Favor Convenience



Targets

Families

Leben Brand Policy

- 10 minutes walk from the station
- Access to city center within 45 mins.
- Total unit count less than 100
- Sales price: 43-45 million yen

Singles, DINKS

Nebel Brand Policy

- 5-8 minutes walk from the station
- Access to city center within 30 mins.
- Total unit count less than 50
- Sales price: 35-40 million yen

Regional Cities

Market Predictions

- Reduction in prospective customers due to population decline, dwindling birthrate and aging population
- Further extension of compact cities
- Acceleration of redevelopment



Proper understanding of demand and supply balance



Targets

Active Senior Demographic

Leben Brand Policy

- Central urban areas
- Total unit count of about 100
- Sales price: 35-36 million yen

Nebel Brand Policy

- Central urban areas
- Total unit count of about 100
- Sales price: 25-30 million yen

Basic Policy

Stable and sustained growth as a core business

Reconfirm targets

Thorough management of
construction completion schedules

Product supply adapted to change

Reconstruction Business

Market Predictions

- Increased reconstruction of condominiums with old seismic reinforcement
- Increased reconstruction results



Our Strengths

- Total support through dedicated department
- Information derived from contracted management

Detailed Examination of Site Value and Demand

Redevelopment Business

Market Predictions

- Expansion of redevelopment projects in the Tokyo Metropolitan Area and regional cities (seek a joint venture)



Our Strengths

- Pioneer in regional cities
- Total support through dedicated department

Enhanced Planning and Proposal Capabilities

Unit: ¥million

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Units Sold	1,503	1,619	1,700	1,950	2,200
Net Sales	52,988	60,368	60,000	76,000	84,500
Gross Profit Margin	20.6%	22.1%	21.7%	21.7%	22.0%
Percentage in Tokyo Metro / Osaka Metro Areas	52.8%	48.7%	55.5%	50%	50%

Tokyo Metro Osaka Metro	Leben Brand	900 units
	Nebel Brand	200 units
Regional Cities	Leben Brand	1,000 units
	Nebel Brand	100 units

Land Inventory	6,000 - 7,000 units (constantly maintain three-years of inventory)
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Basic Policy

Complementary Roles of New Built-for-sale Condominium Business as a Short-term Recovery Business

Reconfirming Areas and Targets

Capturing Strongly-rooted Detached Home Needs

Thorough Implementation of Short-term Recovery Cycle

Leben Paltz Brand Policy

- Outskirts of Tokyo metro area
- Within 10 minutes' walk of station
- Access to city center within 60 minutes
- Sales price of 50-60 million yen

Firm Reestablishment of Business Cycle

- Firm reestablishment of short-term recovery cycle
- Stricter schedule management
* Project duration generally within six months
- Cost reductions aimed at boosting gross profit margins



Unit: ¥million

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Units Sold	275	116	190	230	270
Net Sales	11,237	6,335	12,000	13,200	14,850
Gross Profit Margin	15.1%	13.1%	13.3%	12.9%	13.1%

Basic Policy

Appropriate uptake of expanding used property needs

Securing Appropriate Inventory

Development of a Business Cycle

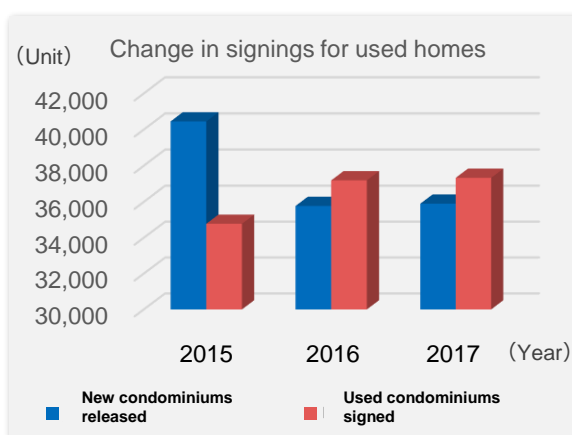
Uptake of New Needs

Market Sentiment

- Lively used market due to sharp rise in new homes
- Changing lifestyles (reduced inclination towards new homes)
- Rediscovery of highly convenient sites

Purchase Policy

- Area criteria: nationwide
- Within 10 minutes walk of station (8 minutes)
- Sale price: 30-35 million yen



Unit: ¥million

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Purchased Units	18	75	150	240	300
Owned Units	—	59	160	320	500
Net Sales (Revenue from Sale)	468	588	1,700	2,720	3,400
Gross Profit Margin (From Sale)	28.0%	13.4%	12.9%	11.8%	11.8%

Business Model

Purchase of currently rented family-type properties

- Can be purchased cheaper than vacant properties
- Actual demand rather than for investment

Maintained as rental real estate until vacated

Carry out renovations once vacated

Sell

Utilization of Group Network

- Utilize network of internal Group information
- Conduct repair and construction work within the Group

Basic Policy

Asset liquidation utilizing development capabilities

Diversifying Exit Points

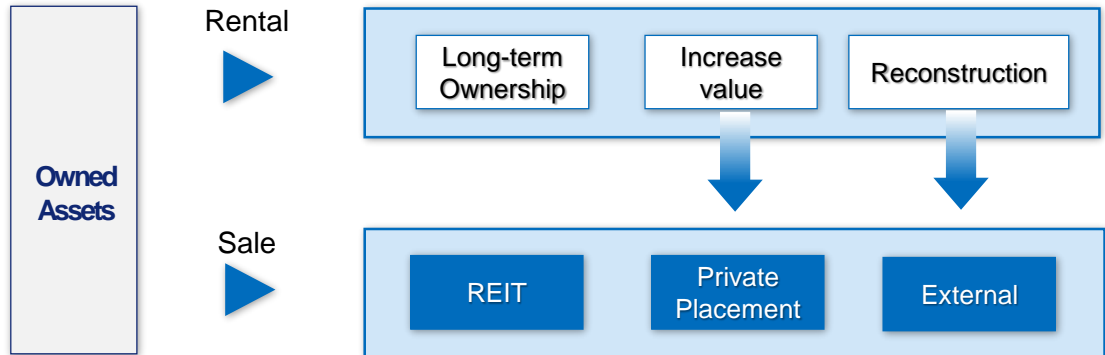
Balance Sheet Optimization

Development Track Record

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



Diversifying Exit Points



Investment Policy

- Maintain stable and ongoing pipelines
- Set investment criteria with awareness of balance sheet
- Utilize external development

Aim to Develop REIT Composition

Increasingly diverse revenue structures

After selling asset

Dividend revenue

+

AM / PM compensation

Unit: ¥million

Income Real Estate	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Investment Amount	17,000	27,000	30,000	30,000	30,000
Sale Amount	11,830	9,707	30,000	26,000	24,000

Basic Policy

Ensuring Stable Revenue as a Stock Business

Ensuring Stable Revenue

Developing a Portfolio with Exit Points In Mind

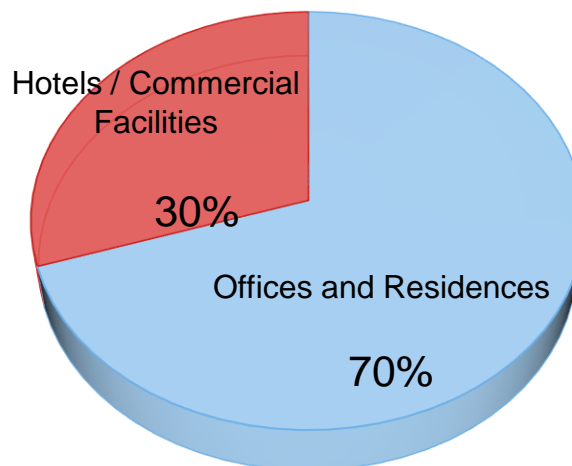
Ensuring stable revenue

- Ensuring stable revenue as a stock business
- Asset acquisition with exit points in mind

Asset ownership policy

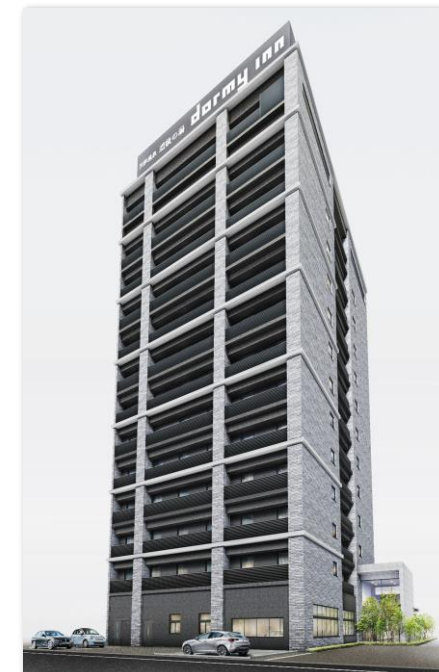
- Developing a portfolio with the selling off of assets in mind

Asset Ownership Policy (Percentage)



Growth of the hotel business

- Gain proper understanding of demand
- Ensure stable revenue with fixed rent of entire blocks
- Retain partner firms



Unit: ¥million

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Net Sales	5,056	5,472	5,500	6,000	6,300
Gross Profit Margin	25.6%	24.6%	25.5%	25.0%	25.0%

Basic Policy

Ensuring Stable Revenue as a Stock Business

Ensuring Stable Revenue

Pursuing Economies of Scale

Spin-off into Other Businesses

Management Business Market

- Increase in management replacements
- Intensifying cost competition
- Rising awareness of management

Strengths of our Group

- Overwhelming track record in replacing other companies in management
- High contract renewal rate(99.9%)
- Consulting services for management companies

Intensifying Competitive Environment

Reduced Profit Margins

Increased number of managed units
Revenue opportunities derived from management

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

Unit: ¥million

	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Number of Managed Units	44,656	49,650	53,300	57,600	61,900
(Percentage of Non-Group Units Managed)	42.3%	44.9%	46.7%	48.1%	49.3%
Net Sales	3,665	4,000	4,300	5,000	5,400
Gross Profit Margin	14.2%	12.6%	13.7%	13.0%	13.0%



Basic Policy

Improving the infrastructure environment and ensuring stable revenue

Ensuring Stable Revenue

Expansion of Peripheral Businesses

Recognition of the Current Environment

- Falling FIT prices
- Concern over decline of high FIT licenses
- Increase in secondary market (already operating)
- Expanding size of infrastructure market
- Promotion of renewable energy to meet government targets

Future Outlook

- Expanded size of solar power generation in medium-term
- Consideration of other energy sources
Wind, biomass, etc.
(Under consideration, aiming for operation in FY2021/3)
- Incorporation of fees incurred after facility sale

Post-Sale Revenue Base

Power generating revenue –
minimum guaranteed rent

+

AM Compensation

+

OP Compensation

+

Facility Management Revenue

+

Dividend Revenue

Unit: ¥million

		FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
	Cumulative Generation Capacity (MW)	80	103	147	200	250
Sale of Facilities	Net Sales	8,405	14,687	7,000	17,000	17,000
	Gross Profit Margin	39.0%	34.5%	20.4%	15.9%	15.9%
Revenue from Sale of Electricity	Net Sales	2,703	3,552	3,800	4,100	4,200
	Gross Profit Margin	5.9%	5.7%	5.3%	5.0%	5.0%



Basic Policy

Expansion of Peripheral Businesses Derived from Other Segments

Economies of Scale

Expansion of Peripheral Businesses

Expansion of Businesses Derived from Each Segment

Real estate sales business

Sales agent commission and brokerage fees

Real estate rental business

Hotel rent (directly operated)

Real estate management business

Repair business, insurance agency business

Increase in repair business (increase in condominiums at suitable age for large-scale repair work)

Power generation business

AM compensation

Expanded compensation due to increase in managed assets

Other businesses

Construction business (businesses to effectively utilize land, etc.)

Unit: ¥million

Net Sales	FY2017/3	FY2018/3	FY2019/3	FY2020/3	FY2021/3
Sale and brokerage fees	660	436	800	1,100	1,200
Management compensation	23	262	600	800	1,000
Revenue from repair work	417	718	1,000	1,600	2,000
Revenue from construction work	1,902	1,394	1,500	2,100	2,600



Basic Policy

Positioned as Supplement to Domestic Businesses

Portfolio Diversification

Accumulation of Expertise

Current Target Countries

- Vietnam
- Other Southeast Asian countries

Site Openings

- Opening of local office in the capital Hanoi
- Collect project information
- Analyze the market
- Perform construction schedule management, etc.

Clarification of Investment Criteria

- Diversification of joint venture companies
- Recovery period: 2-3 years
- Investment amount: in general up to 2 billion yen per project



Aiming for recovery of investment by FY2021/3



Expansion of businesses derived from housing businesses (management business, etc.)

ESG Initiatives

Environment	Renewable energy initiatives (Ongoing) Mega-solar, measures to preserve the global environment through solar power generation
	Natural Environmental Conversation Initiatives (New) Development of new growth resorts in which people and nature coexist * Reducing CO ₂ emissions through the creation of forests and water, measures to combat global warming
Social	Female Empowerment and Development of Workstyle Reforms (Ongoing) Introduction of maternity leave, childcare leave, shortened working hours and flex-time (New) Introduction of 37.5-hour workweek and telecommuting programs (New) Secondary usage of model rooms for temporary child-minding (New) Retention of talented human resources through 5% company-wide wage increase
	Cooperation with Regional Creation and Revitalization Efforts (New) Ongoing reconstruction support for areas affected by earthquakes
	Enhanced Corporate Governance (New) Review and development of crisis management systems * Compliance and Risk Management Committee
Governance	Stronger Communication with Investors (New) Provision of a CSR report for investors

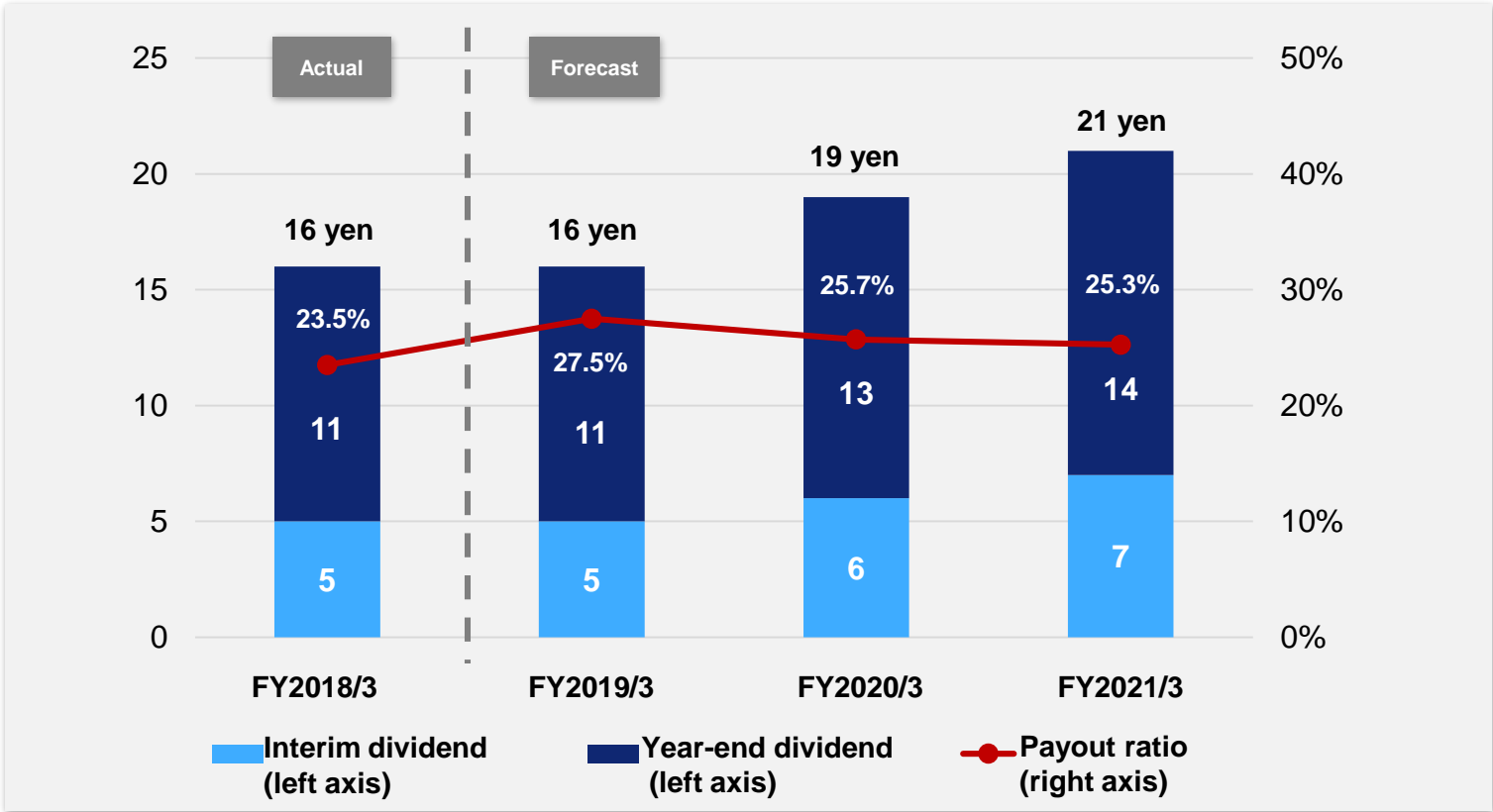


Think happiness and make the happiness

Basic Policy

Offer Stable Dividends

Shareholder Return of at least 25%



Payout Ratio **25 - 30%**

These materials were prepared based on data current as of April 30, 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.

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