

Third Quarter Consolidated Financial Report

for the Nine Months Ended December 31, 2018 (Japan GAAP)

January 28, 2019

Takara Leben CO., LTD.

Shares listed on: Tokyo Stock Exchange, First Section
 Security code: 8897
 URL: <https://www.leben.co.jp>
 Representative: Kazuichi Shimada, President and Representative Director, CEO
 Masashi Yamamoto, Director, Executive officer and General Planning Division
 Contacts: Tel: +81-3-6551-2130

Scheduled date for release of Quarterly Report: February 8, 2019
 Scheduled date for commencement of dividend payments: --
 Has the Company prepared supplementary briefing materials for the Quarter: No
 Has the Company held briefings concerning its quarterly financial results: No

1. Consolidated Operating Results for the Nine Months Ended December 31, 2018 (April 1- December 31, 2018)

(Amounts are rounded down to the nearest million)

(1) Consolidated Operating Results (Year-to-Date)

(Percentage figures represent year-on-year changes)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | |
|-------------------------------------|-----------------|--------|------------------|--------|-----------------|--------|-----------------|--------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % |
| Nine months ended December 31, 2018 | 74,293 | 63.3 | 2,662 | 15.5 | 1,789 | 7.4 | 1,190 | 27.8 |
| Nine months ended December 31, 2017 | 45,507 | (15.3) | 2,305 | (35.1) | 1,665 | (39.7) | 930 | (49.4) |

(Note) Comprehensive income: Nine months ended December 31, 2018: ¥969 million ((8.7)% / Nine months ended December 31, 2017: ¥1,061 million ((44.0)%)

| | Net Income per Share | Diluted Net Income per Share |
|-------------------------------------|----------------------|------------------------------|
| | Yen | Yen |
| Nine months ended December 31, 2018 | 10.99 | 10.93 |
| Nine months ended December 31, 2017 | 8.61 | 8.57 |

(2) Consolidated Financial Position

| | Total Assets | Net Assets | Equity Ratio |
|-------------------------|-----------------|-----------------|--------------|
| | Millions of yen | Millions of yen | % |
| As of December 31, 2018 | 185,804 | 42,298 | 22.5 |
| As of March 31, 2018 | 177,588 | 42,907 | 24.1 |

<Reference> Shareholders' equity at end of period: December 31, 2018: ¥41,854 million / March 31, 2018: ¥42,747 million

2. Cash Dividends

| | Annual Cash Dividends per Share | | | | |
|--------------------------------------|---------------------------------|------|-----|----------|-------|
| | 1Q | 2Q | 3Q | Year-End | Total |
| | Yen | Yen | Yen | Yen | Yen |
| Year Ending March 31, 2018 | - | 5.00 | - | 11.00 | 16.00 |
| Year Ending March 31, 2019 | - | 5.00 | - | | |
| Year Ending March 31, 2019(Forecast) | | | | 11.00 | 16.00 |

(Note) Has the Company changed its dividend forecast for the current quarter: No

3. Consolidated Operating Results Forecast for the Fiscal Year Ending March 31, 2018 (April 1, 2018-March 31, 2019)

(Percentage figures represent year-on-year change)

| | Net Sales | | Operating Income | | Ordinary Income | | Net Income | | Net Income per Share |
|-----------|-----------------|------|------------------|--------|-----------------|--------|-----------------|--------|----------------------|
| | Millions of yen | % | Millions of yen | % | Millions of yen | % | Millions of yen | % | yen |
| Full year | 130,000 | 17.3 | 10,700 | (15.1) | 9,600 | (18.6) | 6,300 | (14.5) | 58.20 |

(Note) Has the Company changed its consolidated forecast during this quarter: No

*Notes

(1) Changes in significant subsidiaries during the current fiscal year

(Changes in specified subsidiaries resulting in changes in scope of consolidation): No

Newly consolidated companies (--) Newly excluded companies (--)

(2) Application of Special Accounting Treatment Made in Preparation of the Quarterly Consolidated Financial Statements: No

(3) Changes in Accounting Policies, Changes in Accounting Estimates or Restatement

A. Changes in accounting policies accompanying revision of accounting standards: No

B. Changes in accounting policies other than those in A: No

C. Changes in accounting estimates: No

D. Restatement: No

(4) Number of shares issued (common stock)

a. Number of shares outstanding at the end of the period (including treasury stock)

b. Number of shares of treasury stock at the end of the period

c. Average number of shares during the period (quarter year-to-date)

| | | | | |
|----|--------------------------------------|--------------------|--------------------------------------|--------------------|
| a. | Nine months ended December 31, 2018: | 124,000,000 shares | As of March 31, 2018: | 124,000,000 shares |
| b. | Nine months ended December 31, 2018: | 15,614,907 shares | As of March 31, 2018: | 15,750,907 shares |
| c. | Nine months ended December 31, 2018: | 108,298,155 shares | Nine months ended December 31, 2017: | 108,129,292 shares |

*This quarterly earnings report is exempt from the quarterly review based on the Financial Instruments and Exchange Act.

*Explanation concerning appropriate use of the projected operating results and other items to note

The forward-looking statements, including business results forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions deemed to be reasonable. Actual business results may differ substantially due to a number of factors.

○Attachments Table of Contents

| | |
|--|---|
| 1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter | 2 |
| (1) Qualitative Information Pertaining to Consolidated Operating Performance | 2 |
| (2) Qualitative Information Pertaining to Consolidated Financial Position | 2 |
| (3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results | 3 |
| 2. Quarterly Consolidated Financial Statements | 4 |
| (1) Quarterly Consolidated Balance Sheets | 4 |
| (2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income | 7 |
| Quarterly Consolidated Statements of Income Third-Quarter Year-to-Date Period | 7 |
| Quarterly Consolidated Statements of Comprehensive Income Third-Quarter Year-to-Date Period | 8 |
| (3) Notes on Quarterly Consolidated Financial Statements | 9 |
| (Notes on Assumption of Going Concern) | 9 |
| (Notes on A Significant Change in Shareholders' Equity) | 9 |

1. Qualitative Information Pertaining to Consolidated Operating Results for the Quarter

(1) Qualitative Information Pertaining to Consolidated Operating Performance

a. Performance by business segment

In the third-quarter year-to-date period of the Takara Leben Group's fiscal year ending in March 2019, sales from the real estate sales business amounted to ¥53,424 million, up 170.9% on a year-on-year basis. This reflected sales in the new built-for-sale condominium business, as well as sales in the newly-built detached housing business.

In the real estate rental business, sales totaled ¥4,361 million, up 7.6% on a year-on-year basis. This reflected sales from the rental of apartments, condominium units, and offices.

In the real estate management business, sales from the management of 52,883 units of residential condominiums were ¥3,341 million, up 12.4% on a year-on-year basis.

In the electric power generation business, sales totaled ¥8,904 million, down 47.1% on a year-on-year basis, mainly due to revenues from the sale of 5 facilities that were already operating and revenues from the sale of electricity generated by other electric power generation facilities.

Sales from other businesses amounted to ¥4,262 million, up 122.8% on a year-on-year basis, mainly attributable to revenues from management compensation, revenues from contracts for construction works and orders for large-scale repair work.

As a result, Net sales for the third-quarter year-to-date period of the current consolidated fiscal year amounted to ¥74,293 million, up 63.3% on a year-on-year basis; Operating income amounted to ¥2,662 million, up 15.5% on a year-on-year basis; Ordinary income amounted to ¥1,789 million, up 7.4% on a year-on-year basis; and Net income amounted to ¥1,190 million, up 27.8% on a year-on-year basis.

b. Contracted ratio status

With regard to sales performance in the third-quarter year-to-date period of the current consolidated fiscal year, contracts were concluded for 1,435 units, compared with a full-year target of 1,700 units scheduled for delivery. The contract ratio was at 84.4%, showing a steady growth in the business.

(Contracts signed versus number of units forecast for New built-for-sale condominium delivery)

| | Units scheduled for delivery (units) | Number of contracts signed (units) | Contracted ratio (%) | Number of contracts signed from April 1-December 31, 2018 (units) |
|-------------------------------------|--------------------------------------|------------------------------------|----------------------|---|
| Nine months ended December 31, 2017 | 1,600 | 1,414 | 88.4 | 1,178 |
| Nine months ended December 31, 2018 | 1,700 | 1,435 | 84.4 | 1,411 |

(2) Qualitative Information Pertaining to Consolidated Financial Position

Assets, Liabilities and Net Assets

With regard to the assets, liabilities, and net assets of the Group at the end of the third-quarter consolidated accounting period under review, total assets were ¥185,804 million, an increase of ¥8,215 million compared with the end of the previous consolidated fiscal year. The increase mainly reflected an increase in inventory in conjunction with new purchases and purchases of business assets.

(Current Assets)

Current assets increased ¥9,089 million compared with the end of the previous consolidated fiscal year to ¥112,021 million. This mainly reflected an increase in inventory in conjunction with new purchase.

(Fixed Assets)

Fixed assets decreased ¥936 million compared with the end of the previous consolidated fiscal year to ¥73,681 million, mainly due to transferring business assets to real estate held for sale.

(Current Liabilities)

Current liabilities increased ¥4,448 million compared with the end of the previous consolidated fiscal year to ¥61,325 million, mainly due to increase in short-term borrowings and the reclassification from long-term borrowings to short-term borrowings.

(Fixed Liabilities)

Fixed liabilities increased ¥4,375 million compared with the end of the previous consolidated fiscal year, to ¥82,180 million, mainly due to the increase borrowings with new purchase.

(Net Assets)

Total net assets decreased ¥608 million compared with the end of the previous consolidated fiscal year to ¥42,298 million. The decrease was attributed to the net income for the third-quarter was less than distribution of surplus.

(3) Qualitative Information Pertaining to Forecasted Consolidated Operating Results

There is no change from the projected consolidated operating results released on May 14, 2018.

2. Quarterly Consolidated Financial Statements

(1) Quarterly Consolidated Balance Sheets

(Millions of yen)

| | As of March 31, 2018 | As of December 31, 2018 |
|---|----------------------|-------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and deposits | 29,223 | 16,194 |
| Notes and accounts receivable, trade | 1,539 | 1,498 |
| Real estate held for sale | 20,279 | 25,663 |
| Power generation facilities for sale | 4,090 | — |
| Real estate held for sale in progress | 44,068 | 56,412 |
| Costs incurred on uncompleted contracts | 129 | 912 |
| Other | 3,709 | 11,446 |
| Allowance for doubtful accounts | (110) | (107) |
| Total current assets | 102,931 | 112,021 |
| Fixed assets: | | |
| Property, plant and equipment | | |
| Buildings and structures (net) | 18,281 | 13,588 |
| Land | 35,899 | 33,234 |
| Other (net) | 12,159 | 16,472 |
| Total property, plant and equipment | 66,340 | 63,295 |
| Intangible assets | | |
| Goodwill | 1,265 | 1,433 |
| Other | 543 | 527 |
| Total intangible assets | 1,808 | 1,960 |
| Investments and other assets | | |
| Other | 6,474 | 8,434 |
| Allowance for doubtful accounts | (6) | (9) |
| Total investments and other assets | 6,468 | 8,425 |
| Total fixed assets | 74,618 | 73,681 |
| Deferred assets | 38 | 101 |
| Total assets | 177,588 | 185,804 |
| LIABILITIES | | |
| Current liabilities: | | |
| Notes and accounts payable, trade | 15,786 | 4,178 |
| Short-term borrowings | 18,389 | 25,179 |
| Current portion of long-term borrowings | 12,838 | 22,615 |
| Income taxes payable | 3,547 | 134 |
| Reserve | 888 | 671 |
| Other | 5,425 | 8,546 |
| Total current liabilities | 56,876 | 61,325 |
| Fixed liabilities | | |
| Long-term borrowings | 75,015 | 77,330 |

(Millions of yen)

| | As of March 31, 2018 | As of December 31, 2018 |
|--|----------------------|-------------------------|
| Bonds payable | 200 | 200 |
| Reserve | 73 | 88 |
| Liabilities related to retirement benefits | 436 | 493 |
| Other | 2,078 | 4,067 |
| Total fixed liabilities | 77,804 | 82,180 |
| Total liabilities | 134,681 | 143,505 |

(Millions of yen)

| | As of March 31, 2018 | As of December 31, 2018 |
|--|----------------------|-------------------------|
| NET ASSETS | | |
| Shareholders' equity | | |
| Capital stock | 4,819 | 4,819 |
| Capital surplus | 4,823 | 4,823 |
| Retained earnings | 38,717 | 38,175 |
| Treasury stock | (5,875) | (5,824) |
| Total shareholders' equity | 42,485 | 41,994 |
| Accumulated other comprehensive income | | |
| Net unrealized losses on available-for-sale | | |
| Securities | 262 | (140) |
| Total accumulated other comprehensive income | 262 | (140) |
| Subscription rights to shares | 159 | 209 |
| Non-controlling interest | — | 234 |
| Total net assets | 42,907 | 42,298 |
| Total liabilities and net assets | 177,588 | 185,804 |

(2) Quarterly Consolidated Statements of Income and Quarterly Consolidated Statements of Comprehensive Income
 Quarterly Consolidated Statements of Income
 Third -Quarter Year-to-Date Period

(Millions of yen)

| | Nine Months Ended December 31, 2017 | Nine Months Ended December 31, 2018 |
|---|--|--|
| Net sales | 45,507 | 74,293 |
| Cost of sales | 34,329 | 60,231 |
| Gross profit | 11,177 | 14,061 |
| Selling, general and administrative expenses | 8,871 | 11,399 |
| Operating income | 2,305 | 2,662 |
| Non-Operating income: | | |
| Interest income | 1 | 0 |
| Dividend income | 37 | 76 |
| Commissions received | 23 | 44 |
| Profit from equity method investment | 61 | — |
| Miscellaneous income | 103 | 49 |
| Total Non-Operating income | 227 | 170 |
| Non-Operating expenses: | | |
| Interest expense | 787 | 826 |
| Losses from equity method investment | — | 77 |
| Miscellaneous losses | 79 | 138 |
| Total Non-Operating expenses | 866 | 1,043 |
| Ordinary income | 1,665 | 1,789 |
| Extraordinary income | | |
| Compensation damages received | — | 121 |
| Gain on sales of investment securities | — | 191 |
| Total Extraordinary income | — | 312 |
| Extraordinary losses | | |
| Loss on disposal of non-current assets | 20 | — |
| Loss from compensation for complete work | 72 | — |
| Office transfer expenses | 93 | 14 |
| Total extraordinary losses | 186 | 14 |
| Net income before income taxes | 1,478 | 2,087 |
| Income taxes, inhabitant taxes and business taxes | 919 | 452 |
| Income tax adjustments | (371) | 263 |
| Total income and other taxes | 547 | 716 |
| Net income | 930 | 1,371 |
| Profit attributable to non-controlling interests | — | 181 |
| Profit attributable to owners of parent | 930 | 1,190 |

Quarterly Consolidated Statements of Comprehensive Income
Third -Quarter Year-to-Date Period

(Millions of yen)

| | Nine Months Ended December 31, 2017 | Nine Months Ended December 31, 2018 |
|--|--|--|
| Net income | 930 | 1,371 |
| Other comprehensive income: | | |
| Net unrealized gains on available-for-sale securities | 130 | (402) |
| Total other comprehensive income | 130 | (402) |
| Comprehensive income | 1,061 | 969 |
| (Comprising) | | |
| Comprehensive income attributable to parent | 1,061 | 787 |
| Comprehensive income attributable to non-controlling interests | — | 181 |

(3) Notes on Quarterly Consolidated Financial Statements
(Notes on Assumption of Going Concern)

The Company had no pertinent matters to report.

(Notes on a Significant Change in Shareholders' Equity)

The Company had no pertinent matters to report.