



Takara Leben Group  
**CSR Report 2018**



# THINK HAPPINESS AND MAKE THE HAPPINESS

Making our customers dreams real — Takara Leben was established in 1972 with this aim.

Since then, to realize the aim, Takara Leben has repeatedly taken on the challenge of creating new businesses and ceaseless innovation.

With the times, our key business has changed from providing detached houses to newly-built condominiums. Moreover, Takara Leben set up new businesses to meet the needs of the times, and was listed on the Tokyo Stock Exchange in 2001.

Today, Takara Leben's vision is "THINK HAPPINESS AND MAKE THE HAPPINESS." Through embodying this vision, Takara Leben will continue to respond to stakeholders' expectations while increasing our corporate value.

## Editorial Policy

This report has been designed to provide stakeholders with a deeper understanding of the Takara Leben Group's responsibilities and initiatives for building a sustainable society, and at the same time serve as a form of internal and external communication.

The Takara Leben Group has formulated four CSR themes to be undertaken in the medium-to long-term, to enhance our CSR initiatives with the purpose of offering increased, concrete value to society. Based on these four themes, we are creating new value through our businesses to solve various social issues. Moving forward, we will continue to work on the transparent and timely disclosure of information. We hope you can provide us with your opinions and feedback.

## Disclaimer

This report was generated based on data as of March 2018. Opinions and forecasts stated in this report are our assessments at the time this report was generated, and thus their accuracy and completeness are not guaranteed.

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## Target Period

While the report covers fiscal year 2017 (April 1, 2017 to March 31, 2018), certain information stated in this report falls outside this time period.

## Scope

Twelve companies under the Takara Leben Group

## Date Published

June 2018

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**Continuing to Create Places Where People Can Live at Ease by Providing Ideal, Affordable Housing That Anyone Can Buy with Confidence and Peace of Mind**

**Kazuichi Shimada**  
Representative Director and President  
Takara Leben Co., Ltd.

### Creating Homes to be Treasured and Serve as Cornerstones for Living

I would like to express my sincere gratitude to everyone for your strong support and kindness.

The Takara Leben Group started in 1972 as a small real estate company named Takara Komuten Co., Ltd. We hoped to provide housing which would serve as the foundation for people's lives, to be treasured and filled with smiles and warmth. Such hopes are reflected in our company name "Takara", which means "treasure" in Japanese. Subsequently, we came up with the concept of "ideal, affordable housing that anyone can buy with confidence and peace of mind" to promote sales of detached houses and our renovation business with first-time owners as our main target group. In 1994, we commenced sales of the "Leben Heim" series of condominiums. Currently, we are pursuing a wide range of businesses centered on our business for new condominiums not just limited to real estate, but including redevelopment, comprehensive land-use planning, estate management, and electric power generation business.

There was a general air of excitement and high expectations for the real estate market in recent years, following the implementation of Abenomics after the change in government, and the announcement of Tokyo hosting the next Olympics. However, rising construction costs in FY 2017 led to an increase in condominium prices. Customers showed more caution when purchasing housing, and this was reflected in the trend of longer time periods between sales pitches to the final signing of contracts. In addition, there were years when changes in lifestyles were clearly changing consumer preferences in housing. Specifically, the demand for small-size condominiums among singles, working couples without children, and the elderly increased not only in the Tokyo metropolitan area but also in regional cities. Such trends are expected to continue into the future.

For customers to continuously choose the Takara Leben Group in times of bewildering change, continuing to evolve as a company that is sensitive in detecting changes in times and needs, and avoiding fixation on traditional methods and common practices in the industry is a necessity. What are the demands from society and customers, and how are we responding to these demands? It is important to think about the value we can provide to society through our businesses and incorporate these into our CSR activities.

### CSR Initiatives are Essential for a Sustainable Company

The sixth condominium boom occurred from 1994 to 2002 due to factors such as the long-drawn drop in land prices following the burst of the economic bubble, and people returning to urban centers. Amid the unprecedented, continuous high-volume supply of condominium units, I sensed an impending crisis. I thought, "The real estate industry cannot continue like this." "We cannot just pursue profits. As a company with social responsibilities, we must change and evolve." The case of falsified earthquake-resistant condominiums which surfaced in 2005 can be said to be the event which affirmed my sense of crisis.

To transform the company, we changed our company name to the current Takara Leben Co., Ltd. in 2000. In 2008, we established "THINK HAPPINESS AND MAKE THE HAPPINESS" as our vision, and "Creating Together" as our mission to clearly show the direction we should take as a company. This trajectory, which started from a sense of crisis more than ten years ago, has now led to the compilation and delivery of our CSR Report to all our stakeholders.

However, the Takara Leben Group's CSR initiatives are still in their initial stage. Each and every employee in the Takara Leben Group must understand that CSR initiatives are essential for the sustainable continuance of the company. Initiatives must be incorporated into the daily actions of employees, pertaining to their individual roles. Such efforts must be conveyed to our stakeholders. And most of all, it is of utmost importance to continue with such activities.





**Providing New Value to Society, Providing Places Where People Can Live At Ease**

Our businesses are here owing to our customers. The Takara Leben Group can continue to carry on because of our customers' existence. As defined by our corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS," the purpose of the Takara Leben Group and the CSR initiatives we strive for are to bring joy and happiness to our customers.

As a company supplying housing, what can we do to bring happiness to our customers? One is to give shape to the dreams of our customers through our own unique strategy and added value, and continue to create places where people can live at ease, that is to say, create housing that can truly be treasured. Another is to discern the changes in times and the needs of customers and society, propose new lifestyles to people, and provide new value to society. We call this "Bringing New Norms to Lifestyles," and have established it as our slogan as we work toward the 50th anniversary of our establishment.

The Takara Leben Group will not cease to fulfill healthy and stable corporate growth and contribute to society so that we continue to have the support of all stakeholders such as our shareholders, suppliers, and employees. We hope you will continue to give us your support.

June 2018

Representative Director and President  
Takara Leben Co., Ltd.

**Vision**

**THINK HAPPINESS AND MAKE THE HAPPINESS**

We are most serious in giving thought to the happiness of people and lifestyles, and realize housing which gives shape to each and every dream.

We think on the happiness of communities and society, and contribute to the development of towns where all people can live at ease.

We are most positive in a happy future, and propose the eco-friendly creation of a sustainable environment.

Think happiness and make the happiness.  
This is what we, the Takara Leben Group, do.

**Mission**

**Creating Together**

**With a Rich Heart**

Creating together new value for the market by cherishing our customers with a rich heart.

**With Sincerity**

Creating together, safety and peace for people and society with sincerity toward partners.

**With Power to Act**

Creating together perpetual growth into the future, with power to act demonstrated by each and every employee.



**Harmonic Circle**

The Takara Leben Group's symbol is the Harmonic Circle, which is comprised of three rings expanding organically as if performing a harmony while connecting and complementing each other. This symbol, reminiscent of the bonds between family and people, expresses our wish to give shape to the happiness of each and every customer by realizing our vision of "THINK HAPPINESS AND MAKE THE HAPPINESS."

The three rings also signify our customers, partners, and employees, and expresses them "Creating Together" with the Takara Leben Group. The gradation of striking blue to deep navy expresses the intelligence and sincerity being pursued by everyone in the Group.

# Company Profile

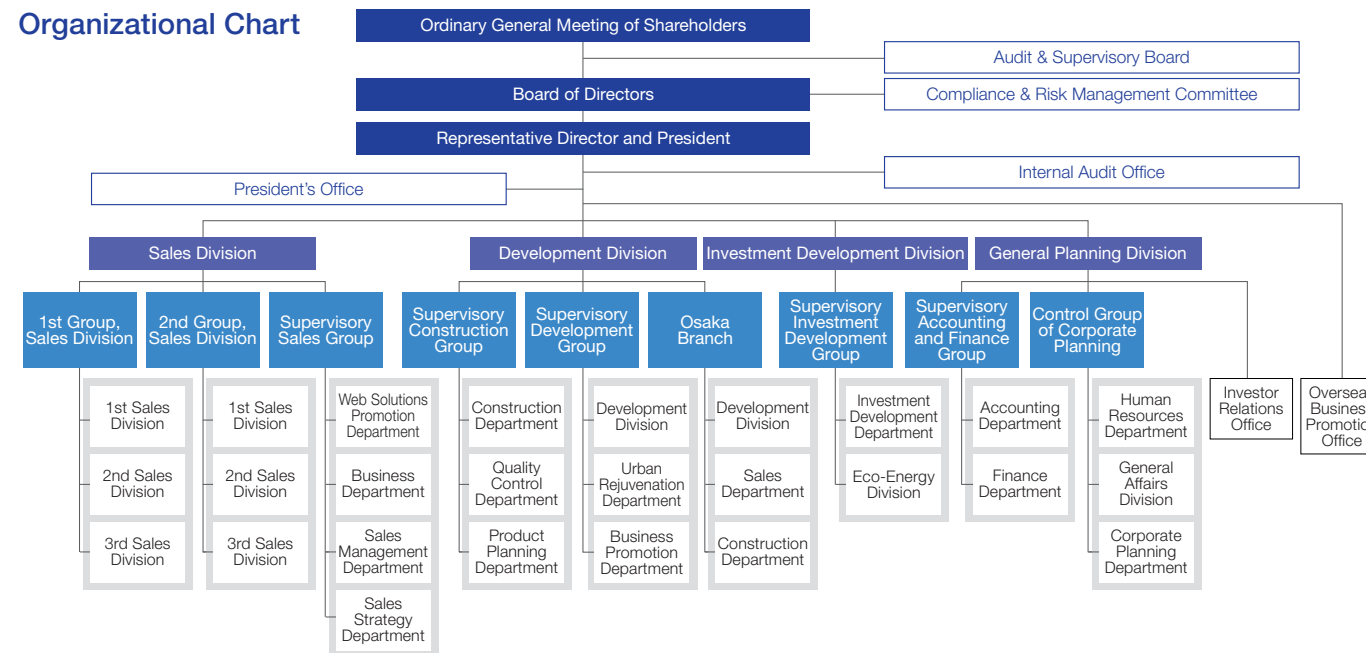
## Company Profile

<b>Company Name</b>	Takara Leben Co., Ltd.
<b>Representative</b>	Kazuichi Shimada, Representative Director and President
<b>Established</b>	September 1972
<b>Listed on</b>	First Section, Tokyo Stock Exchange (Code: 8897)
<b>Capital Stock</b>	¥4,819 million
<b>Net Sales</b>	¥110,851 million (Fiscal year ended March 31, 2018)
<b>No. of Employees</b>	286 (213 male, 73 female)
<b>Average Age</b>	34.1 years old (35.1 for male, 31.4 for female)

(as of the end of March)

<b>Head Office</b>	TEKKO BUILDING 16F, 1-8-2 Marunouchi, Chiyoda-ku, Tokyo
<b>Takara Leben Group</b>	Leben Community Co., Ltd. Takara Leben Tohoku Co., Ltd. Takara Leben West Japan Co., Ltd. Nikko Takara Corporation Co., Ltd. Takara Leben Realnet Co., Ltd. Leben Zestock Co., Ltd. Takara Property Co., Ltd. Nikko Property Co., Ltd. Takara Asset Management Co., Ltd. Takara PAG Real Estate Advisory Ltd. Sunwood Corporation

## Organizational Chart



## Main Businesses

### Real Estate Rental Business

In the real estate rental business segment, the Group mainly leases condominiums and office buildings. The Takara Leben Group will establish funds building on its nationwide portfolio, and is taking positive steps toward entering the real estate investment trust (REIT) market.



### Electric Power Generation Business

Through its mega-solar power business activities, the Takara Leben Group generates a stable flow of earnings by marketing electricity to electric power companies. The Group also works diligently to contribute to society by producing renewable energy.

### Other Businesses

The Takara Leben Group is active across a wide range of fields, including construction contracting, and large-scale repair work.

### Real Estate Management Business

The Group is actively engaged in the management and operations of properties. In addition to managing our own properties, the Group also manages properties handled by other companies on a contract basis.

### Flow Businesses

The built-for-sale condominium building business that targets families, singles, working couples without children, and active seniors across the whole of Japan, as well as its redevelopment and rebuilding businesses, is a key revenue source.

### Stock and Fee-Based Businesses

The Takara Leben Group is working to roll out its real estate rental, real estate management, electric power generation business, and other businesses. In particular, we have established Takara Leben Infrastructure Fund Inc. in a bid to promote the effective use of renewable forms of energy, and are also steadily increasing the number of operating facilities.

# Financial Highlights

## Statement of Income (Millions of yen)

	2016	2017	2018	Rate of increase/decrease 2017/2018
Net sales	¥76,268	¥103,599	¥110,851	7.0%
Real estate sales business	63,383	79,638	79,341	△ 0.4
Real estate rental business	4,307	5,056	5,472	8.2
Real estate management business	3,362	3,665	4,000	9.1
Electric power generation business	909	11,108	18,239	64.2
Other businesses	4,305	4,130	3,797	△ 8.1
Gross profit	17,835	21,869	25,779	17.9
Operating income	7,563	10,349	12,597	21.7
Ordinary income	6,708	9,496	11,792	24.2
Net income	4,308	6,107	7,367	20.6

## Balance Sheet (Millions of yen)

	2016	2017	2018	Rate of increase/decrease 2017/2018
Total assets	¥129,744	¥139,874	¥177,975	27.2%
Net assets	33,677	36,792	42,907	16.6

## Per Share Information (Yen)

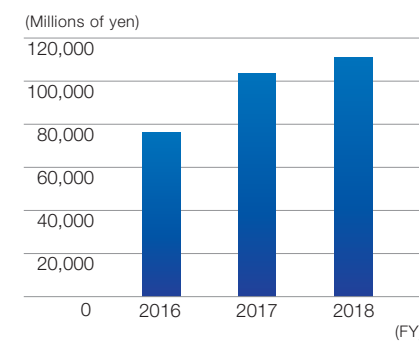
	2016	2017	2018	Rate of increase/decrease 2017/2018
Net income per share	¥38.99	¥56.14	¥68.12	21.3%
Net assets per share	304.71	339.29	394.90	16.4
Dividends per share	13.0	15.0	16.0	6.7

## Financial Indicators (%)

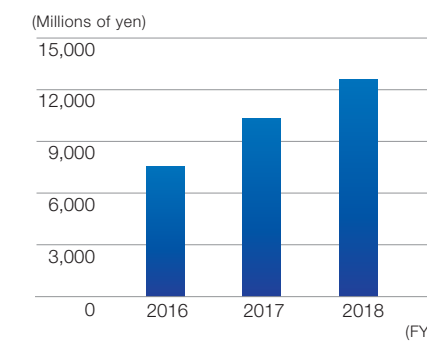
	2016	2017	2018	Point of increase/decrease 2017/2018
ROE	13.3%	17.4%	18.6%	1.2 pt
ROA	3.7	4.5	4.6	0.1
Equity ratio	25.8	26.2	24.0	△ 2.2
Dividend payout ratio	33.3	26.7	23.5	△ 3.2

## Highlights of the Takara Leben Group's Results (Consolidated)

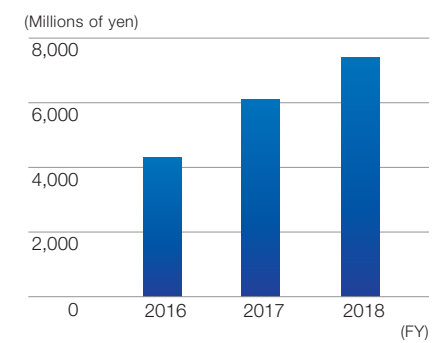
### Net sales



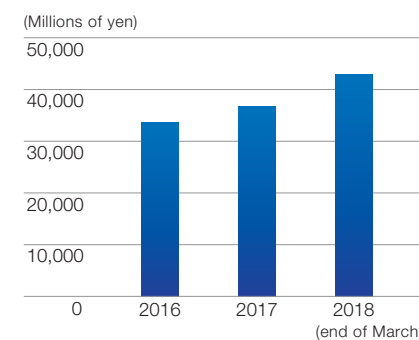
### Operating income



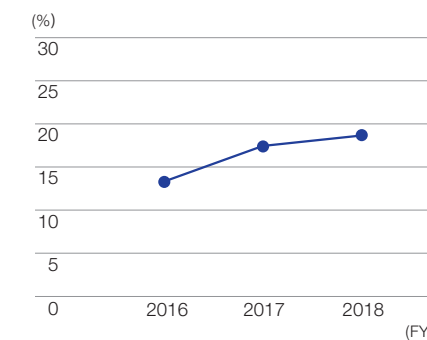
### Net income



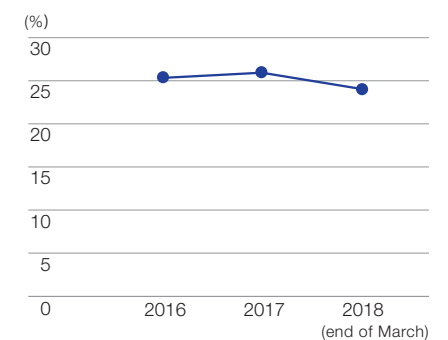
### Net assets

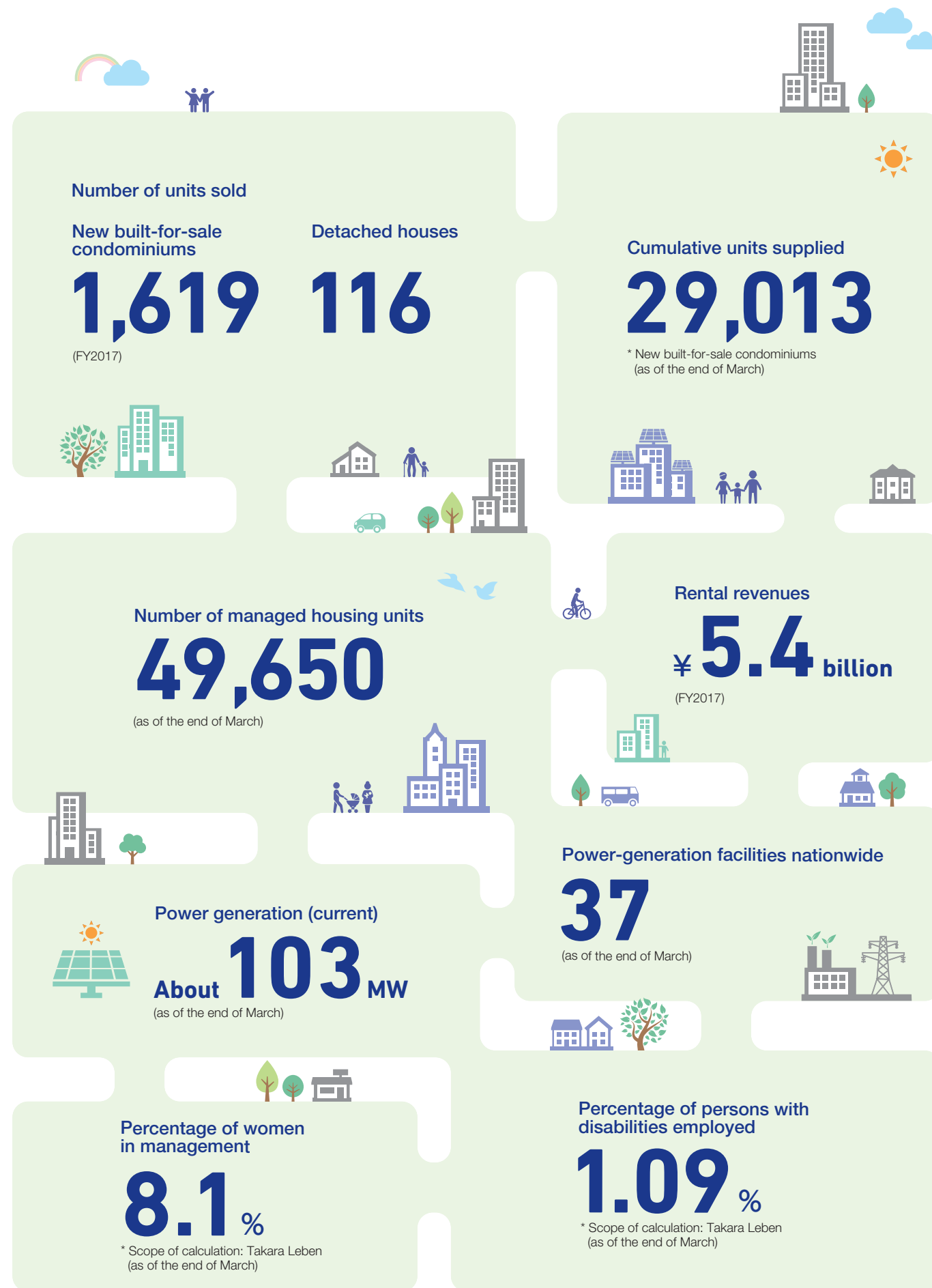


### ROE



### Equity ratio





CSR Basic Policy

The Takara Leben Group will realize our corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS," and work hard to earn the trust of various stakeholders and society. We will strive for continuous growth by incorporating CSR initiatives into our business (e.g. supplying housing, utilizing natural energy) to leverage our strengths in contributing to solving social issues.



CSR Themes

The Takara Leben Group is working on the identification of critical issues (materiality).

In FY 2017, we worked on grasping the current situation, sorting information, and promoting understanding within the company as a preparation stage.

Moving forward, we will be identifying critical issues based on Takara Leben's perspective, and the priorities from the perspectives of stakeholders. We aim to report the results in our report for FY 2018 together with information disclosure adhering to the Global Reporting Initiative (GRI) Standards.

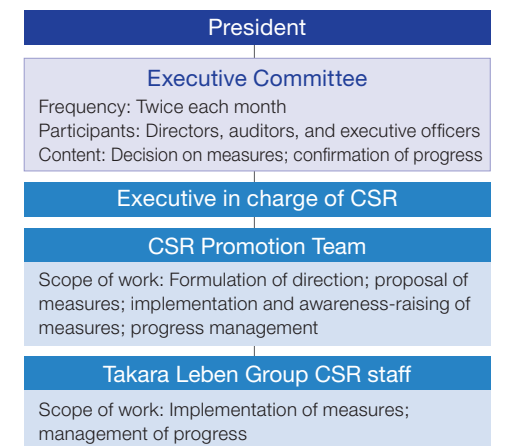
<b>1</b> Creating lifestyles with value	We contribute to improving the richness of people's lifestyles by creating new value.	<b>2</b> Providing comfortable spaces of high quality	We support the comfortable and safe living of our customers by providing products bringing great satisfaction to our customers.
<b>3</b> Developing environments and cultures	We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving quality of life by providing opportunities for mental activities such as learning and practicing the arts.	<b>4</b> Forming communities	We form communities with stakeholders—such as local communities, trading partners, and employees—and aim for growth together.

CSR Promotion Framework

To link CSR activities to the improvement of corporate value for all Group companies, we are building a promotion framework which spans across all companies. We are also building a vertical promotion framework unifying management with business activities by making decisions and reporting at our Executive Committee meetings as appropriate.

In addition, we are organizing training for executives of all Group companies and staff in charge of CSR. We are also considering opportunities for information sharing and discussion with ground staff.

Moving forward, we will create new value by creating environments where employees can take ownership in working on CSR, and further strengthen our activities by reaffirming awareness of critical issues.



Message from Executive in Charge of CSR



**Masashi Yamamoto**  
 Director and General Manager of General Planning Division

The Takara Leben Group sets "THINK HAPPINESS AND MAKE THE HAPPINESS" as our corporate vision. To fulfill this vision, our own employees must first be happy themselves, think about the happiness of those around them, and bring happiness to those people. It is important to build organizations and environments in which employees can experience happiness while carrying out our CSR activities. Together with each and every employee always making "THINK HAPPINESS AND MAKE THE HAPPINESS," a reality, it is important to not just have conversations within the management of our Group, but to thoroughly understand the issues to focus on and set priorities for management through both internal and external dialogue with stakeholders so as to definitely and efficiently carry out CSR initiatives.

Furthermore, in recent years, ESG is being emphasized in corporate evaluation by corporate investors in medium- to long-term perspectives. The Takara Leben Group will work as one to actively focus on addressing ESG, recognizing that it is essential for the further improvement of our corporate value.

We will improve the quality of management by always recognizing our social responsibilities as a company while we carry out management, and work on the continuous improvement of our corporate value. We appreciate your continued support.



### Basic Approach

Rather than simply pursuing profit, Takara Leben strongly believes in the compliance of laws and corporate ethics, carrying out the duties as a responsible member of society.

While maintaining close-knit relationships with our shareholders, customers, and employees—our basic stakeholders—we constantly think and improve on how we can deliver further satisfaction.

In addition, we believe that reflecting feedback received from other diverse stakeholders in our business, while responding in ways that constantly keep in mind what our company should achieve and whom for, will eventually lead to the realization of sound and efficient business management.

Furthermore, by not limiting ourselves to a systematical check and balance function but rather by spreading the roots as indexes or systems, we will work so that the check and balance across the entire company will function in sync with each person's awareness.

### Board of Directors

Takara Leben has appointed 10 directors, three of whom are outside directors. All three outside directors have been designated as independent officers. In addition to carrying out prudent and swift decision making, directors mutually supervise the status of business execution at Board of Directors' meetings, which in principle are held once a month, and also at extraordinary board meetings which are held on an as-required basis.

Auditors are always in attendance at the Board of Directors' meetings and state their opinions as necessary. At the same time, auditors work closely with outside directors and, as necessary, audit and oversee the running of the Board of Directors' meetings and the status of business execution.

Also in attendance at the Board of Directors' meetings are executive officers, the head of the Internal Audit Office, and the heads of other departments, who have received requests from the Board of Directors based on internal regulations, and express their opinions on each issue or reporting matter.

Takara Leben holds an Executive Committee meeting (to discuss topics with regard to management) once every two weeks and a business conference (to discuss sales progress) on a weekly basis. In addition to sharing the achievement status of management targets at these and other meetings, the Company gleans information on problem areas and issues in the form of performance reports from each department and deliberates important matters relating to overall management. The content of those reports is raised at the Board of Directors' meetings on an as-required basis.

### Executive Remuneration

Directors' remuneration is determined on the basis of the degree of each director's contribution to business expansion and improvement in corporate value towards sustainable growth. The limit of the annual amount of remuneration is deemed to be ¥600 million (not including, however, the employee portion of the salary), and the limitation of the special stock option remuneration to ¥300 million annually, is decided by a resolution at the Ordinary General Meeting of Shareholders.

The remuneration of the Audit & Supervisory Board member is limited to an annual amount of ¥60 million or less.

### Audit & Supervisory Board

As a system for check and balance of decision making, all three auditors of Takara Leben are outside corporate auditors. Each auditor is equipped with adequate background, experience, and mettle to objectively carry out assessments and verifications. In addition, we have also appointed a reserve auditor to prepare for situations where we are unable to fulfill the legally required number of auditors. Besides audits for Takara Leben, the auditors are also involved in audits for our Group companies, such as attending their board meetings and interviewing their directors, maintaining firm relationships with these companies. Furthermore, the auditors and the accounting auditor work to further improve the effectiveness and efficiency of audits by understanding and adjusting each other's annual schedules; going together to events such as ground inspections and checks on display homes, and exchanging information as appropriate.

Takara Leben also formulated guidelines for internal audits as well as establishing an Internal Audit Office as an independent organization directly reporting to the President to enhance and strengthen our internal audits. In the proposal and execution of the internal audit plan, the office coordinates the schedules of auditors and the Accounting Auditor and adjusts the scopes of audits to seek efficient operation of various functions. Auditors accompany and witness operation audits conducted by the Internal Audit Office, and work on building an effective and efficient audit system by means such as verifying the scope of the audit and collecting opinions as appropriate.

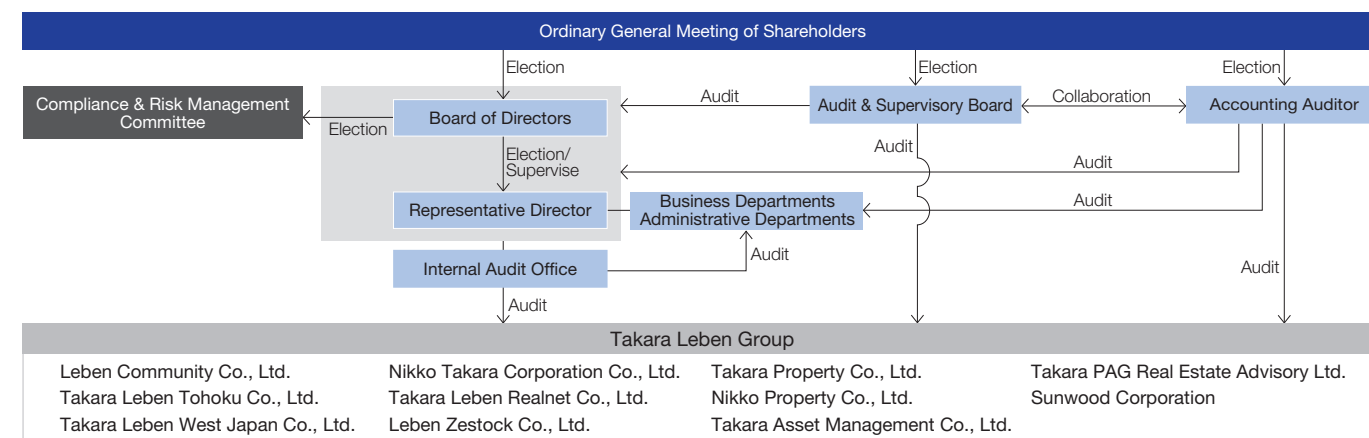
### Executive Officer System

Having introduced an Executive Officer system, Takara Leben has clarified its directors' management supervision responsibilities and the business execution responsibilities of its executive officers and is working to further speed up its decision-making process and strengthening its business execution.

### Corporate Governance System

In addition to prudent and swift decision-making by the Board of Directors, Takara Leben has built a system to ensure management proprieties, such as appropriate mutual supervision by directors

over the state of business execution, and audit and supervision by auditors over directors' state of business execution.



### Compliance

#### Compliance Basic Policy

To fulfill our corporate social responsibility, all organizations, officers, and employees of the Takara Leben Group will comply with laws and regulations, social norms, and separately-established ethical rules to be an example to society.

#### Compliance Promotion Framework

Takara Leben has established a Compliance & Risk Management Committee chaired by our President. The Committee validates and reports all business-related risks, holds discussions and makes decisions on measures and management to counter or reduce risks, and works thoroughly on strengthening internal controls and preventing misconduct, lack of compliance, and other similar incidents. In addition, subcommittees—such as for business strategy, finance, IT & administration, and compliance—are established as necessary, and build systems which enable proactive proposals appropriate to risk management in each category. Furthermore, the scope of discussions for each subcommittee is reported and validated at the Compliance & Risk Management Committee as appropriate based on our Compliance & Risk Management Committee Rules. These are reported to our Board of Directors' meetings as necessary to build a system for swift decision-making that would be prepared for occurrences of risk.

#### Conduct of Training

The Takara Leben Group seeks to heighten our employees' awareness on compliance through various opportunities, such as during training for new employees.

In FY 2017, we conducted compliance and anti-harassment training mainly targeting our Group's officers and those in management positions. We invited lawyers who specialize in these areas as lecturers, using actual cases, such as specific lawsuits, in the training to deepen understanding.

#### Conduct of Stress Checks

The Takara Leben Group aims to create environments where people can work with peace of mind, and develop individuals and organizations with vigor. To create workplaces with little stress or resilience to stress, we conduct stress checks for all employees, and report the results at our Executive Committee meetings.

#### Internal Whistle-Blowing System

The Takara Leben Group has established a compliance hotline as a means for reports and consultation on matters relating to compliance. Depending on the matter reported or consulted on, investigation and fact checks are conducted.

In addition, through formulating regulations for whistleblower protection and establishing a framework for the appropriate handling of consultations and reports regarding legal violations at the organizational or individual level by employees and others, we work on strengthening compliance management by discovering and rectifying acts such as misconduct at an early stage.

For FY 2017, there were no reports with severe impact on our Group's businesses or local communities.

#### Dealing with Anti-Social Forces

The Takara Leben Group's basic policy against anti-social forces is to adopt a firm stance in dealing with them. In addition to actively participating in activities to eliminate organized crime under the guidance from our legal advisor, we also collaborate with external specialized agencies, such as local police stations and legal advisors, establish a system to deal with anti-social forces.

With regard to our trading partners, we are also thorough in implementing measures for the elimination of anti-social forces through steps such as exchanging memorandums on severing ties with anti-social forces, and including clauses on the elimination of anti-social forces in our various contracts and agreements.



# Life Style

## Creating Lifestyles with Value

The Takara Leben Group aims to create lifestyles with value through providing housing pursuing comfort and design under the concept of realizing the optimal form of harmony between occupants and the surrounding environment. Our initiatives to achieve this aim have received recognition from many parties, and several initiatives have received Good Design Awards.

**GOOD DESIGN AWARD 2013**

“LUIC” Project  
“Solar Power” Project

Double awards in fiscal 2013

**GOOD DESIGN AWARD 2016**

“JIJO KYOJO (Self-Help Mutual Assistance) Project”  
“KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project  
“MOTTO ATTARA IINA (We Wish to Have More)” Project

Triple awards in fiscal 2016

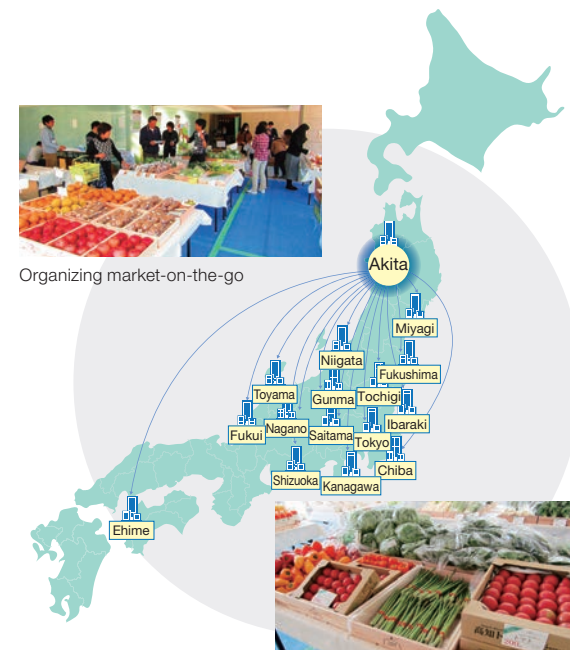
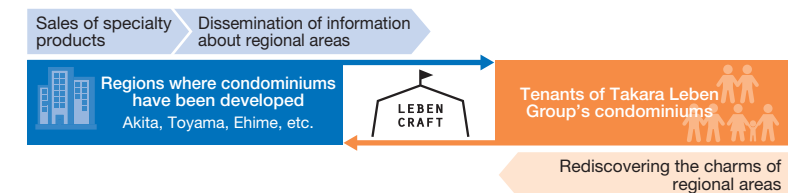
**GOOD DESIGN AWARD 2017**

“MOTTO ATTARA IINA (We Wish to Have More)” Project  
“SOCOPOS” Project  
“LEBEN CRAFT” Project

Triple awards in fiscal 2017

### “LEBEN CRAFT” Project

Regional Revitalization Project Linking Regional Areas with Urban Centers  
LEBEN CRAFT is a system where local specialty products from regions where Takara Leben has developed condominiums can be purchased by tenants using a Condominium Concierge smartphone app. Linking residents of urban condominiums with regional communities contributes toward regional revitalization. This initiative by the Takara Leben Group, which not only develops urban areas but also works on businesses to revitalize regional cities, is unique even among developers.



### VOICE



In contributing to the revitalization of regional areas, we did not just donate, but aimed for a system which generates links between urban and regional areas that can also stand as a business. With the spirit and network of producers who are connected by our businesses to revitalize regional cities, we select and sell specialty products which, as much as possible, are only available in those regions. In March 2018, we held a market-on-the-go by producers for our condominiums. Furthermore, we also plan events such as tours to regional areas for tenants to experience and learn about their foods, so that it is not just things which are exchanged, but that there is also interaction between people.

**Hiroaki Suzuki**  
Product Planning Section, Product Planning Department, Supervisory Construction Group, Development Division\*

\*Currently assigned to Overseas Business Promotion Office

### “Solar Power” Project

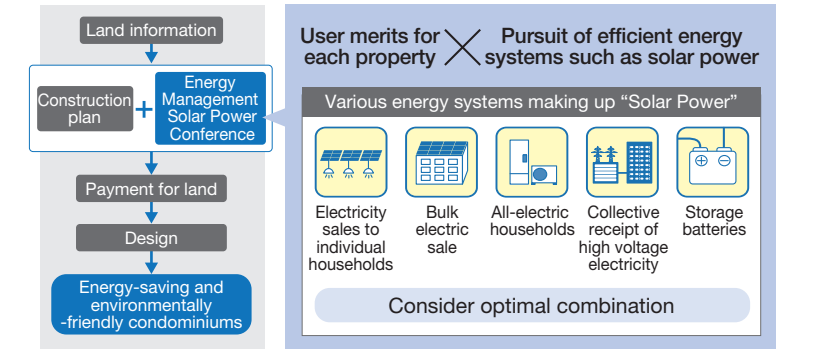
#### Next Generation Energy System for Condominiums

In addition to using our expertise as a real estate developer in the installation and operation of solar power generation systems to install efficient power generation systems for condominiums and detached houses, we also construct buildings for mega-solar power generation using idle land and other areas to solve environmental issues such as through CO<sub>2</sub> reduction.

In general, energy systems for condominiums are implemented according to the land area and shape after land has been purchased. However, in the Solar Power Project, planning, design, and construction were carried out from the time of land purchase based on the assumption of the installation of energy systems such as solar power. This enables utility costs to be held down to less than half what they were previously.

Moving forward, we seek to install new power generation facilities not limited to solar power and spread the use of electricity utilizing even lower-cost renewable energy.

#### “Energy Management Solar Power Conference” which looks at optimal energy systems



#### Six Effects of Solar Power Project

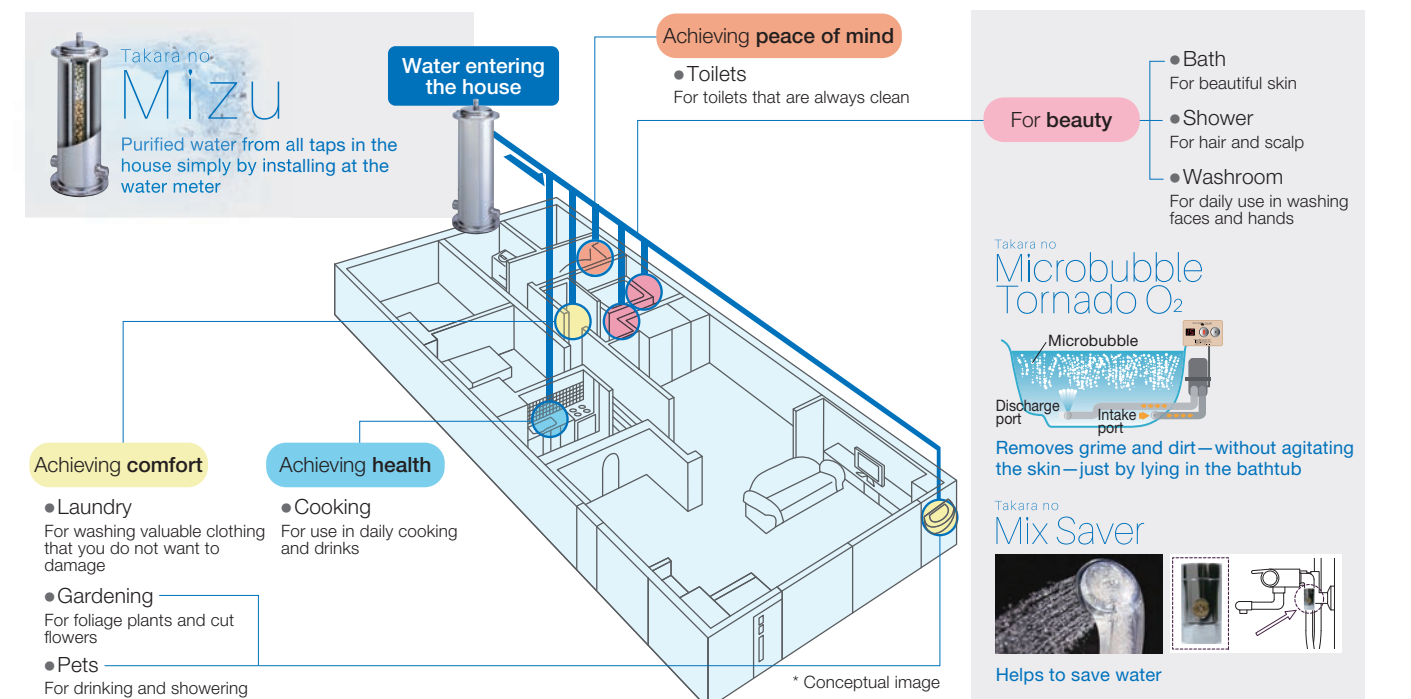
Secure	Down	Eco
Secure energy with little operating and maintenance burden	Significantly reduce utility costs	Eco-effect from reducing energy consumption
Secure minimum power supply for times of disasters	Reduce cost by implementing during construction	Raise eco-awareness through appearance (panels stretching across the roof)

### “LUIC” Project

#### Housing Incorporating Unprecedented Water Systems

The LUIC Project is a proposal focusing on water—essential for life—that offers housing incorporating unprecedented water systems. It utilizes Takara no Mizu, which is a water purification system across the whole house which allows purified water to be available from all taps in the house; Takara no Microbubble Tornado O<sub>2</sub>, which is a bath system which can remove grime and dirt—

without agitating the skin—just by lying in the bathtub; and Takara no Mix Saver, which is a water-saving air-and-water mixer that can save water without changing the strength of its flow. We pursue ideal lifestyles not just through comfort, but also through the ideal state of the body and mind.







## LEBEN LABO ETHICAL ACTION

LEBEN LABO ETHICAL ACTION is an organization within the Company that was launched to realize various kinds of feedback from our customers based on the theme of contributing to society by doing good things. It gave birth to the “JIJO KYOJO (Self-Help Mutual Assistance)” Project, the “KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project, the “MOTTO ATTARA IINA (We Wish to Have More)” Project, and the “SOCOPOS” Project, all of which went on to receive the Good Design Award.



### VOICE



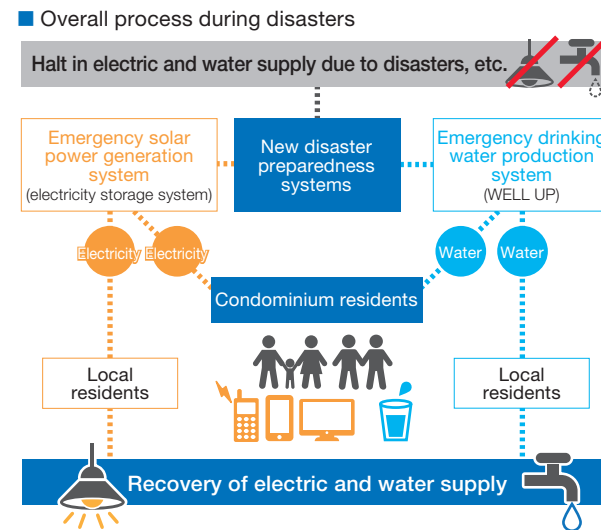
LEBEN LABO ETHICAL ACTION can be said to be an initiative putting into practice our corporate vision of “THINK HAPPINESS AND MAKE THE HAPPINESS.” The theme of our activities can be summarized as contributing to society. Whether it is leveraging our intellectual property, logistics, disaster prevention, or local communities, projects born from LEBEN LABO ETHICAL ACTION and going on to receive Good Design Awards look at issues of modern society from a high-level perspective, and at the same time place importance on convenience, peace of mind and satisfaction which can be felt by each and every consumer in their daily lives. This is what we think “ethical” should be, and we will continue to create and actively spread various measures bringing happiness to society and individuals.

Shinya Yokota, Mika Takaara, and Rie Iwamoto (from left to right)  
LEBEN LABO Secretariat Office

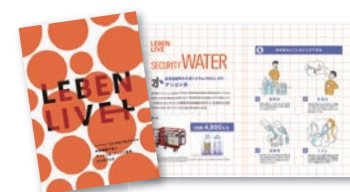
### “JIJO KYOJO (Self-Help Mutual Assistance)” Project

**Disaster Water Supply and Power Supply Life Support System via Condominiums Installed with Solar Power Generation Systems**  
After the Great East Japan Earthquake, amid emphasis on disaster preparedness measures for housing, there has been a need for the concept of “JIJO KYOJO (self-help mutual assistance)” where people do not just depend on public assistance, but residents also help each other and do what they can by themselves. Takara Leben—which offers condominiums installed with solar power generation systems which can be used even during disasters—spreads the usage value of condominiums installed with solar power generation systems. We are deploying new initiatives on mutual assistance-type condominiums for times of disaster—which give shape to innovative disaster preparedness with consideration for times of emergency—and condominiums which come ready to contribute to occupants and local communities.

The JIJO KYOJO (Self-Help Mutual Assistance) Project is a disaster water and power supply life support system using condominiums installed with solar power generation systems. Anshin Mizu and Anshin Denki installed at Leben Koiwa—a condominium installed with solar power generation systems—aim to contribute to creating environments of mutual assistance through providing electricity and water not just to condominium residents but also to local residents by increasing electricity and the water level of water storage tanks. In addition, it shows new perspectives on the ideal state of condominium facilities as a part of social infrastructure, such as its abundant disaster preparedness facilities (oven benches, manhole toilets, and many security cameras), and the giving of access to its premises for the conduct of disaster preparedness training using open space within the premises.



#### Leben Koiwa Emergency and Disaster Handbook



We share information so that condominium and local residents can help each other in times of emergency.

### “KOJIN BOSAI KIT (Individual Disaster Preparedness Kit)” Project

**KOJIN BOSAI KIT (Individual Disaster Preparedness Kit) Dissemination Activities that Raise Disaster Preparedness Awareness**

The KOJIN BOSAI KIT (Individual Disaster Preparedness Kit) Project is an initiative which develops and disseminates disaster preparedness kits with emphasis on designs which raise interest—whether at workplaces or outside—to bring attention to disaster preparedness awareness in daily lives so that these kits can always be placed fashionably and smartly at users’ sides.

Thorough review of structural measures—such as seismic resistance—and installation of disaster preparedness storerooms have been carried out for condominiums and detached houses, and disaster preparedness goods have also been stocked in homes. However, the ideal state for individual disaster preparedness to prepare for disasters when outside the house is still inadequate. The Takara Leben Group does not only create buildings that can withstand disasters and strengthen measures for safety and peace of mind within housing. We also conceptualized the wrapping cloth disaster preparedness kit “FUROSHIKI BOSAI KIT, ANSHIN, KANSHIN” from the perspective of supporting the safety and peace of mind for the people who live there, while they are outside until the time they return home. We think it will contribute to improving and spreading disaster preparedness awareness under all circumstances if disaster preparedness kits are disseminated more fashionably and smartly.

#### Wrapping cloth disaster preparedness kit “FUROSHIKI BOSAI KIT, ANSHIN, KANSHIN”

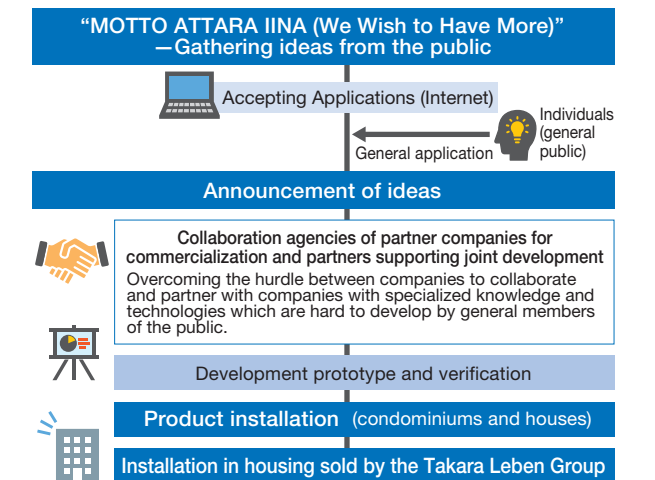


### “MOTTO ATTARA IINA (We Wish to Have More)” Project

**System to Realize Housing Ideas**

This is an initiative where the Takara Leben Group gathers ideas from members of the public, turns those ideas into actual products, and reflects them in future housing to make housing more comfortable and easier to use. The aim of this system for realizing ideas is to raise interest in the housing industry and create opportunities for experts and the general public to both have input and collaborate in the creation of housing facilities, and to reassess the current state in which decisions are left entirely to experts. It gives birth to the new value of “user first” to be incorporated into the next generation of housing construction by directly fulfilling and satisfying the wishes of residents.

#### Chart of “We Wish to Have”



### “SOCOPOS” Project

**Private Delivery Lockers with Mailboxes in Condominiums**

SOCOPOS is a collaboration facility with the post office which makes it seem as if post office functions are available at your own condominium. A private post box which comes with delivery lockers. With functions for receiving registered mail and automatically accepting Yu-Pack parcels for sending, it is possible to collect mail within condominiums. Furthermore, it is also possible to use various functions through SOCOPOS that brings convenience to people, such as dedicated boxes for receiving food products.

With the sudden increase in overall logistics and delivery products becoming a social issue, home delivery operators need to improve their systems. Amid such needs, improvements for the handling of home deliveries and mail should not just be asked of home delivery operators. We hope to improve the infrastructure on the side of users, and maintain the balance of co-existence in society.

#### Concept of SOCOPOS





# Quality & Comfort

## Providing Comfortable Spaces of High Quality

For everyone to live with peace of mind. The Takara Leben Group pursues performance of housing to support the happiness of families. We provide definite quality combining both design and habitability, and comfortable spaces where people can live with peace of mind all the time.

### Obtaining Housing Performance Evaluation Reports

Based on Japan's housing performance indication system, which indicates and evaluates housing performance using a certain standard, we obtain housing design performance evaluation reports, which evaluate the design stage, and housing construction performance evaluation reports, which evaluate the completion stage.



Symbol of housing construction performance evaluation



Symbol of housing design performance evaluation

## Defined Quality—Quality of the Takara Leben Group

### Condominium Management, the Foundation of Reliability and Peace of Mind, and Our Service Quality Management System (SQMS®)



Leben Community, which is responsible for our condominium management operation, adopts our unique service quality management system (SQMS®) to continue managing our customers' important assets over the long-term. This system was adapted from ISO 9001, the international standard for quality management systems, and was born from continuously adding feedback from our many years of experience to become an original management foundation of expertise of our Company. Management support service is provided with

condominium management being organized into four categories. Quality management and operations management are carried out in parallel, and it is possible to maintain the quality standard of services being provided even when consultants and management staff change.

Leben Community uses this service quality management system (SQMS®) as the foundation for reliability and peace of mind to work as one company together with staff on the ground to improve our level of quality.

### VOICE



Leben Community sees condominium management operations fully as a service. To manifest the concept of our service quality management system (SQMS®), we work on improving quality under our policy of quality: speed, peace of mind, and sincerity. To achieve long-lasting relationships with our customers, we firmly believe the importance of quality related to condominium management will be recognized by continually providing management support services based on our quality standards. Japan's embarkation on studies into standardization of service quality can be said to be proof supporting our belief. A condominium to be used for 100 years requires high quality management for 100 years. Our condominium management is getting stronger, just as the ties with our customers have been strengthened over many years. We look forward to your continued support and patronage for 100 years.

**Masahiko Kuramochi**  
SQMS Quality Management Office, SQMS Promotion Unit, Leben Community Co., Ltd.

## Initiative to Improve Quality Through Obtaining ISO 9001 Certification

For the purpose of improving the quality of our comprehensive support to customers in building comfortable living environments, Leben Community and Nikko Takara Corporation have prepared quality management systems in accordance with ISO 9001, the international standard for quality management systems formulated by the International Standards Organization, and obtained this certification.



### Details of Leben Community's Initiative

Comprehensive condominium management	<ul style="list-style-type: none"> <li>Administrative management</li> <li>Association accounting</li> <li>Management and repair of buildings and equipment</li> <li>Management staff operations</li> </ul>
Condominium repair work	<ul style="list-style-type: none"> <li>Repair of condominium common areas</li> <li>Management of interior renovations within residences</li> </ul>

### Details of Nikko Takara Corporation's Initiative

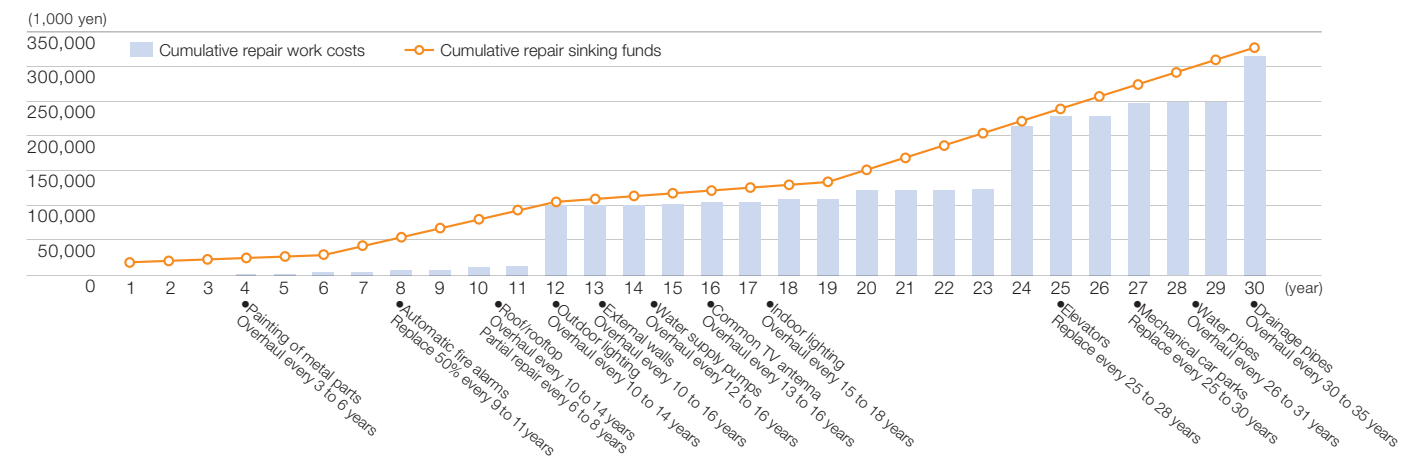
- Make clear legal requirements, and validate conformance of processes which must be observed
- Give clarity to the risks and opportunities that have the chance of affecting capacity for customer satisfaction improvement, and address them appropriately
- Encourage the conduct of PDCA on stakeholders' requirements

## For Living Comfortably All the Time—Long-Term Repair Plan

Long-term repair plans are put in place to ensure the long lifespans of condominiums and maintain their conditions as if they were newly-built. There are many items which require maintenance and repair, such as the waterproofing of rooftops, painting of metal parts, repair of external walls, and maintenance of water supply and drainage equipment. Defining the maintenance period of each

item in detail and carrying out repair in accordance with the plan is essential for the maintenance of condominiums. The Takara Leben Group calculates the funds required for repairs together with the long-term repair plan and make revisions as appropriate. At the same time, we assist in customers reserving funds for repairs to support their comfortable lifestyles.

### Graph of plan for repair sinking funds



\* The above graph is a general approximation for long-term repair plans.

### Leben Community Taking on Management of Condominiums as an Asset

Leben Community, which is in charge of management operations of condominiums, proposes long-term repair plans, utilizing knowledge and experience of maintenance and repairs for buildings accumulated by many years of condominium management. For peace of mind, safety, and asset maintenance, appropriate credentials in building inspection is a must. In addition, Leben Community properly supports daily management activities, and provides customers with full range of services.

#### Administrative management

- Management of condominium accounts
- Planning and coordination of building maintenance and repair; support for general/board meetings

#### Cleaning

Daily cleaning by management and cleaning staff; regular cleaning using machines such as polishers; other cleaning services

#### Management staff operations

Based on the scale of the condominium, staff are dispatched to carry out daily maintenance management operations for equipment and facilities

#### Maintenance management of buildings and equipment

Conduct of maintenance and inspections of condominium equipment (such as fire-fighting equipment, water supply and drainage equipment, and electrical equipment), etc.



## Pursuit of Habitability

### Nurturing Pride of Residents and Pursuing Timeless Beauty

We go beyond just the aesthetics of design and aim for functionality for everyday living, as well as environmental friendliness. This is the Takara Leben Group's design concept. We pay attention not just to the design of external appearances, but also common and private spaces, and pursue designs that residents can take pride in and be fully satisfied with.

For example, instead of the lobby being a place where people just pass through, we see it as a place of hospitality for receiving guests. We therefore carefully consider the materials for the walls and floors, and the tables and sofas placed there. This creates lobbies with meticulously selected modern interiors generating calm atmospheres, providing residents with spaces where they can enjoy the happiness of a refined lifestyle.



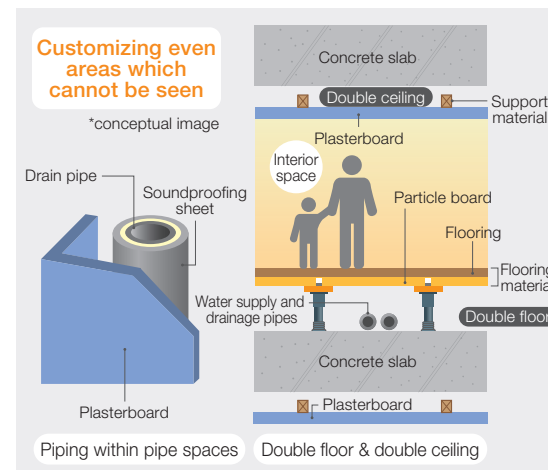
Lobbies with high-class interior

### Customization According to the Land and Customers

We change specifications for each property—not just the interior designs such as floors, doors, and kitchen/bathroom, but also the internal structure of buildings such as double floors, double ceilings, and piping within pipe spaces—according to the land and customers staying there to give the most fitting combination of structure and equipment.



Introducing the most fitting equipment for each property



### Thorough Quality Management

To provide housing where people can live for a long time with peace of mind, the Takara Leben Group conducts stringent checks starting from the construction stage. We put effort in ensuring thorough quality management, with our staff regularly visiting construction sites to inspect building structures and conduct checks within the construction process for hidden areas, foundations, and finishing.



Site management during construction stage

### VOICE



At the Construction Department, staff regularly visit construction sites—from the start of construction until handover—to check individual processes for specifications, materials, construction methods, and finishing of properties worked on by the Product Planning Department.

Regular inspections of properties are undertaken by both the Construction Department and Quality Control Department. We carry out inspections to improve the quality of the overall property and to ensure the safety of buildings.

Our greatest joy is when customers tell us “we look forward to moving in” when they come for private viewings, and when customers who have moved in feel that the customized specifications and details by Takara Leben increase convenience in life for them. This is “THINK HAPPINESS AND MAKE THE HAPPINESS” for the Construction Department.

**Takeru Mikami, Kenji Hosaka, Daisuke Suzuki, Hideaki Ichinokawa, Kazuaki Fukuhara and Takako Kosedo** (From left to right)  
Construction Section, Construction Department, Supervisory Construction Group, Development Division

## Earthquake Resistant and Isolated Structures & Fire Resistance

To maintain comfortable and safe living for families, all housing provided by the Takara Leben Group have earthquake and fire resistance.

### Robust Structures and Earthquake Resistance

In the construction of condominiums, buildings are firmly supported by choosing the most appropriate construction method for the characteristics of the subsoil and its capacity to support the foundation. This includes the use of pile foundations, where strong piles are directly driven into the ground to the support layer, and spread footing foundations, which provide support directly using firm subsoil. We also adopt seismic isolation equipment which distributes the energy from earthquakes to reduce strong and lengthy tremors.

For detached houses, we adopt mat-slab foundations, where

reinforced concrete is used for the entire floor area supporting the building. At the same time, shock absorbers (damping system) are installed on pillars to absorb the seismic energy from earthquakes. This reduces vibrations experienced by people and impact on furniture within the building to one-third.

The excellent structural strength protecting housing from the impact of earthquakes, typhoons, and other phenomena has also been certified in various housing performance evaluation reports obtained by our Group so far.

### Fire Resistance

We pursue excellent fire resistance under strict standards for all housing provided by our Group. For example, we use autoclaved lightweight concrete (ALC)—a building material for external walls

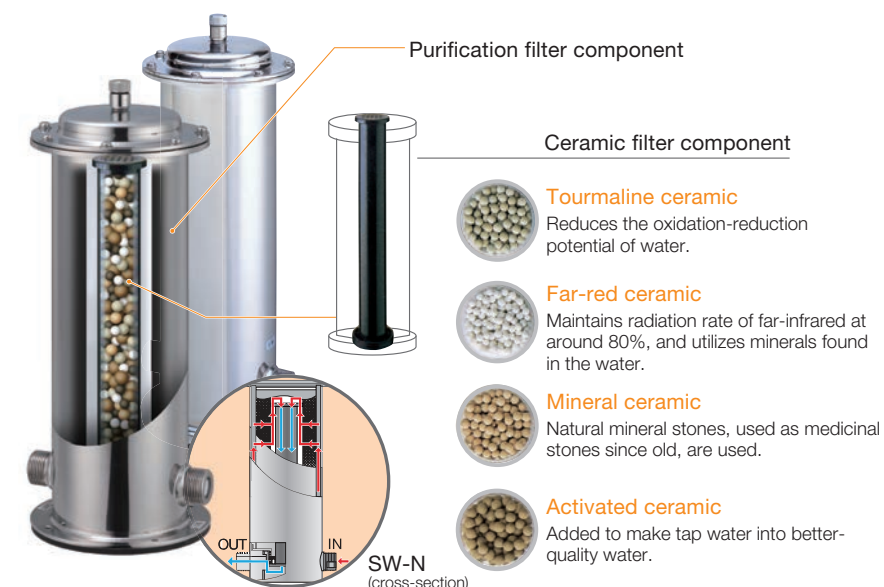
which is resistant to fire, and does not give off smoke or gas—in our detached houses.

### Takara no Mizu (Takara Water)

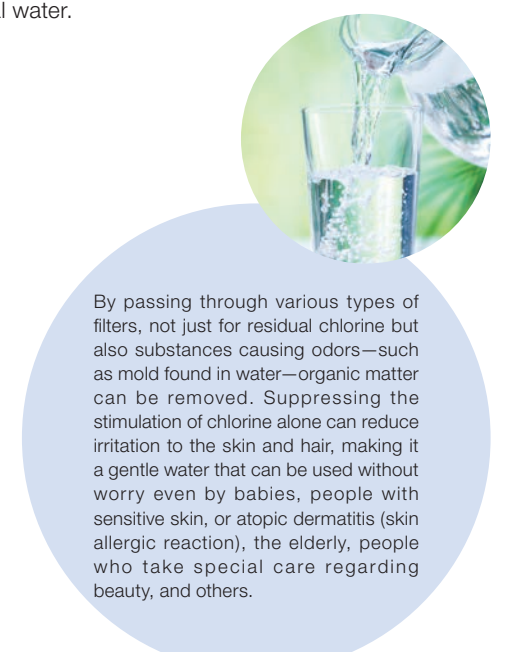
Takara no Mizu (Takara Water) is a water system which filters all water within a home into safe, tasty water. The Takara Leben Group uses Takara no Mizu, which allows purified water to be used from all faucets within the home. As part of the home's equipment, the health of our customers can be supported through such purified water.

Compared to most water purifiers, it has a high processing capability of 500 tons (about 250,000 PET bottles of 2-liter volume), and can therefore be used all the time without worry. Not only can it be used as drinking water, it can be readily used for rice, coffee, soup, and other cooking purposes, as well as for other times such as for washing the face, hair, and bathing. In addition, it leads to a reduction of waste, such as the PET bottles left from buying drinks such as mineral water.

Takara no Mizu



\* Cartridges need to be changed (fees apply).  
\* The device purifies water to within standards defined in the Waterworks Act.  
\* Effects may differ from person to person.



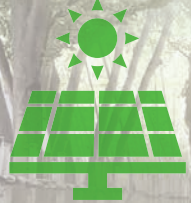
By passing through various types of filters, not just for residual chlorine but also substances causing odors—such as mold found in water—organic matter can be removed. Suppressing the stimulation of chlorine alone can reduce irritation to the skin and hair, making it a gentle water that can be used without worry even by babies, people with sensitive skin, or atopic dermatitis (skin allergic reaction), the elderly, people who take special care regarding beauty, and others.



# Environment & Culture

## Developing Environments and Cultures

The Takara Leben Group not only improves the environment through adopting renewable energy, but also contributes to improving energy self-sufficiency and regional revitalization including the use of idle land. In addition, we work on improving the quality of life for people by providing opportunities for cultural and social activities.



**Total power generation:** Approximately **103 MW**  
Aim to achieve 200 MW by FY 2020

SOLAR POWER

## SOLAR POWER

### Providing Condominiums Installed with Solar Power Generation Systems

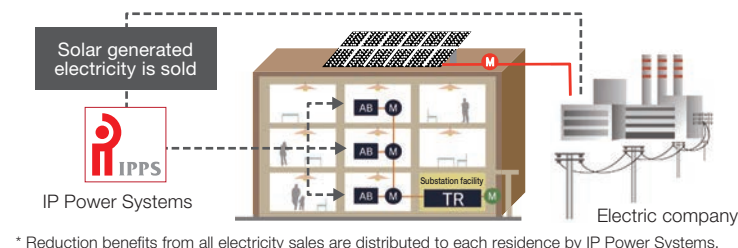
The Takara Leben Group provides condominiums installed with solar power generation systems, which utilize renewable energy that does not emit CO<sub>2</sub>—a greenhouse gas, during the operation of systems. Solar panels are installed on the rooftops of condominiums, which allows for all the electricity generated by the panels to be sold to electric companies over a long-term period (20 years). In addition, all-electric condominiums also adopt good-value electricity rate plans.



### Reducing Electricity Costs by Selling Solar Generated Electricity

Case LEBEN Shinkoiva innovia

All electricity generated by the solar power generation system is sold by the management association to the electric company, and the money is refunded to residences according to the ratio of their private space. This allows electricity costs to be significantly reduced.



## Electric Power Generation Business

The Takara Leben Group constructs mega-solar power plants at places such as on idle land for large-scale solar power generation. Since entering this business in 2013, we have been involved in developing facilities for mega-solar power generation centered on the Kanto area, and currently operate 37 facilities. Total power generation is approximately 103 MW, and we aim to achieve 200 MW by FY 2020.

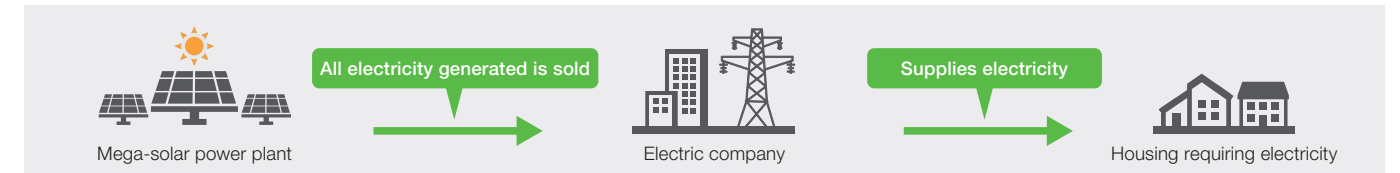
The implementation of such facilities to generate renewable energy take on the role of reducing CO<sub>2</sub> emissions and improving the rate of energy self-sufficiency, and is expected to significantly contribute to the solution of Japan's energy policy issues.

Moving forward, our Group will continue to actively expand electric power generation utilizing renewable energy.

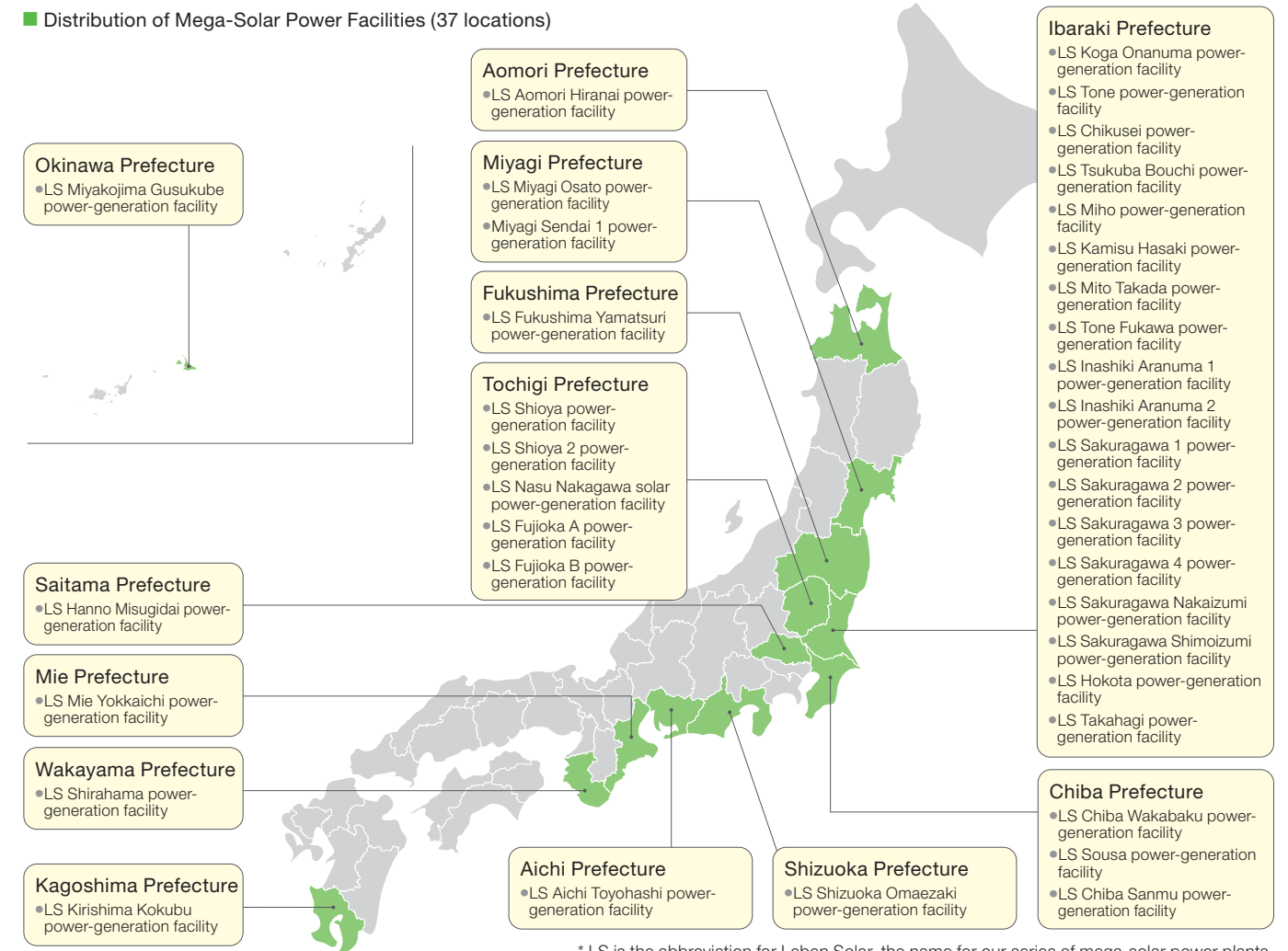
### Advantages of Electric Power Generation Business

- 1 | Zero CO<sub>2</sub> emission and environment-friendly
- 2 | Stable earnings and spread of management vision
- 3 | Most appropriate for effective utilization of idle land

### Framework of Electric Power Generation Business



### Distribution of Mega-Solar Power Facilities (37 locations)



\* LS is the abbreviation for Leben Solar, the name for our series of mega-solar power plants.



## Botanical Garden “Art Biotop”

### New Form of Resort: Merging Nature and Art

As a symbolic business toward Takara Leben’s 50th anniversary since our founding, we are working jointly with nikissimo Inc. on the botanical garden project “Art Biotop.”

Located in the Yokozawa area at the foot of the Nasu mountains amid abundant nature, the Art Biotop botanical garden project is a new form of resort which proposes a new relationship between humans and nature. Beside the enormous farm garden “Water Garden,” there are other facilities, including a farm restaurant which uses fresh vegetables grown locally, a cottage which blends into the forest, a gallery café, a pottery studio, and a glass studio. Merging nature and art, it proposes the future shape of resort business as a resort which grows.

Besides harmonizing with nature, it seeks to fulfill its role as a platform for social and cultural activities, such as through the operation of a restaurant which uses local produce, and the support for nurturing artists through the Artist in Residence program.

As a company that cares about the environment, the Takara Leben Group will continue to promote proposals leading to resorts and business models of the future.



Botanical garden “Water Garden” which opened in June 2018



Resort facilities which merge with the rich natural environment

### Water Garden—A Farm Garden Fully Utilizing the Nature Found at the Foot of the Nasu Mountains

The Water Garden, a representative feature of the resort, is a piece of landscape art utilizing the natural environment of the Yokozawa area that combines trees, water, and moss. Its design as a garden linking humans and nature evoked a vision of co-existence where people live and learn together with nature.

Unlike traditional farm gardens which prioritize agricultural efficiency, it seeks to be a place where visitors can communicate and feel the sense of time flowing as if they are spending time in a garden.

The Water Garden was designed by Junya Ishigami, an architect who has won numerous awards such as the Institute of Architecture Japan Award and the Golden Lion Prize at the 12th Venice Biennale.



#### Resort Overview

Name: Botanical Garden Art Biotop  
 Facilities developed: “Art Biotop Nasu” (in operation)  
 Farm garden “Water Garden” (opened in June 2018)  
 Cottage “Ten to Chi (Heaven and Earth)”  
 (tentative name; planned to open in 2020)  
 Farm restaurant (planned to open in 2020)



#### VOICE



The botanical garden “Art Biotop” was conceptualized as a piece of art spanning the entire land area. Located on a piece of land that was left as it is after being cleared for a pasture, the water garden was designed using 320 trees replanted from neighboring land, 160 ponds, and moss. Studios amid nature where people can fully experience making glass and pottery. A restaurant that blends in with nature. A cottage where people can enjoy private time while surrounded by beautiful greenery.

It is born as a resort of the future co-existing with nature that incorporates our corporate vision of “THINK HAPPINESS AND MAKE THE HAPPINESS.”

**Seiko Tsunashima**  
 Product Planning Section, Product Planning Department, Supervisory Construction Group, Development Division

### Attaining ISO 14001

At Nikko Takara Corporation, we consider proactive initiatives to deal with environmental issues as an important management issue. Therefore, we attained the ISO 14001 certification—the international standard for environmental management systems—in 2008.

The execution of ISO 14001 at Nikko Takara Corporation follows our management manual, and is audited annually by an external agency. For FY 2018, an on-site audit by an external agency was conducted in May, and we have renewed our existing certification.

#### Details of Nikko Takara Corporation’s Initiative

- Separate waste at construction sites and encourage recycling
- Carry out waste separation and reduction at each business location
- Encourage use of environmentally-friendly and compact vehicles for company vehicles
- Adopt plans, designs, and proposals for saving energy

#### VOICE



The ISO initiative is a continuation from the time when we were known as Nikko Kensetsu. We have attained both the ISO 9001\* and ISO 14001 certification. At first, the certification only pertained to our Yokohama Main Office, but we attained certification for our Tokyo Head Office in October 2017 and shifted toward making it a company-wide initiative. Currently, we have set two goals each for quality and the environment. Our quality goals are (1) compliance with laws and regulations (100% compliance), and (2) improvement of customer satisfaction (A ratings based on our company’s index: 65% and above). Our environmental goals are (1) reduction of general office administrative waste (of 5% or more compared to the previous year), and (2) reduction of industrial waste at sites (of 68% or more for separation rate). The ISO certification is also an evaluation criterion when bidding for public works or to attain certification as a Yokohama Model Regional Contribution Company. We utilize it in our daily work so that our company initiatives can lead to social contribution.

**Hidefumi Kamon**  
 Managing Director Nikko Takara Corporation Co., Ltd.

\* Refer to page 18

## Sponsoring Festivals and Events

### Sponsoring Tohoku Rakuten Golden Eagles

To deepen communication with local residents, Takara Leben sponsors the Tohoku Rakuten Golden Eagles, a professional baseball team based in Miyagi Prefecture. At the Eagles Kids Day held in May 2017, we gave away kids’ uniforms to 5,000 children.



Giving away uniforms

### Minami Koiwa Bon Odori Festival and Koiwa Charity Performance Festa

Takara Leben is involved in an association-organized urban redevelopment project, the first in Edogawa Ward, in the Minami Koiwa 6-chome area located at the south exit of JR Koiwa Station. We contribute to the regional revitalization of the Koiwa area through sponsoring local events such as matsuri festivals.

Besides taking part in the bon odori festival at Minami Koiwa held over two days in September 2017, we also sponsored the 1st Koiwa Charity Performance Festa held in March 2018. At the charity performance festa, we set up a booth within the venue to introduce the Koiwa area redevelopment project. Together with the redevelopment project’s designated representative Shimizu Corporation, and Nomura Real Estate Development Co., Ltd., we explained the future outlook of Koiwa to visitors. Donations collected during this event have been donated to Edogawa Ward for the specific use of “maintaining the living environment in the Koiwa area.”



Top: Koiwa Charity Performance Festa  
 Bottom: Minami Koiwa bon odori festival

#### VOICE



The redevelopment project takes in feedback not just from the beneficiaries but also local residents, and through direct interaction, shares deep consideration while passing down the town’s history, culture, and charms to the next generation. Through the redevelopment project of Minami Koiwa in which I am currently involved, I felt that the Koiwa area is an energetic town with various local events throughout the year. I think the opportunities to interact with the local residents, and being able to hear all kinds of opinions regarding the redevelopment of Koiwa are very important in proceeding with this project. Ties are deepened between owners, local residents, and companies involved in the project by working together, and we will work hard so that we can share the joy together when the project is completed.

**Osamu Hirata**  
 Redevelopment Section, Urban Rejuvenation Department, Supervisory Development Group, Development Division



# Community

## Forming Communities

The Takara Leben Group works on regional revitalization—such as participation in redevelopment and local events—and the strengthening of communications with customers, employees, and shareholders. We build ties with stakeholders, and contribute to the formation and growth of communities.



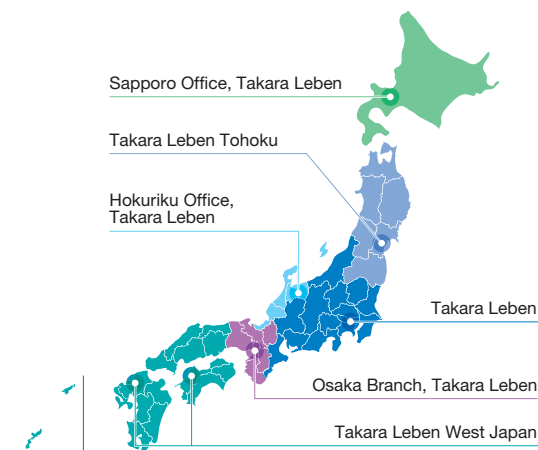
### Attainment of Omotenashi Standard One-Star Certification (Gold Certification)

This is a third-party certification under the Omotenashi Standard Certification System created by Japan's Ministry of Economy, Trade and Industry for companies which provide service beyond customers' expectations, and maintain a certain quality in terms of facilities and non-personal services.

## Together with Local Communities

### Regional City Strategy

To meet the demand from active seniors who wish to replace—by selling their existing detached houses in suburban areas—or buy condominiums in city centers, as well as singles and households where both partners are working who wish to stay in compact condominiums, the Takara Leben Group actively acquires housing lots and supplies condominiums in regional cities. Acquisition of housing lots in regional cities is carried out as one by Group companies such as Takara Leben Tohoku and Takara Leben West Japan. We will continue to actively acquire housing lots to work toward supplying 1,100 units of housing each year in regional cities.



### Community Activities of Leben Community

Leben Community proactively proposes and supports activities for forming communities amongst condominium residents. The types of communication required by condominiums differ based on the age of the condominium, the age groups of the residents, community characteristics, and other factors. Leben Community uses our knowledge of all kinds of properties accumulated over

many years to propose community building suiting each condominium. Besides supporting the management association's board meetings and operation of general meetings, we also support the building of good communities from all angles through supporting the coordination of events such as matsuri festivals and fire-fighting training.

## Regional Revitalization Through Redevelopment Business

Through our redevelopment business, we solve various issues faced by modern cities, such as shrinking and aging populations; improve the functionality and habitability of cities; and realize safe and charming towns that set residents at ease.

We plan for redevelopment which brings out regional characteristics while achieving lifestyles of high quality. Some examples of such redevelopment include putting in place infrastructure to improve convenience, creating places of activity by maintaining parks and downtown areas, and establishing facilities to support childcare. Together with the owners of land and buildings, we utilize the easing of construction regulations, grants, and subsidies while cooperating with governments to form a triad partnership to rejuvenate cities with vitality.

Currently, we are involved in four redevelopment projects, starting with Toyama City's downtown redevelopment project based on its Basic Plan for City Center Revitalization and Japan's Urban Renewal Act, the first development business recognized under Japan's City Center Revitalization Act.

Moving forward, we will continue to actively participate in redevelopment projects in major cities across Japan, and work on our redevelopment business co-existing with local residents working toward improving comfort and convenience, and reinvigorating lifestyles.

## Rebuilding Business

Takara Leben carries out the rebuilding of apartments, such as condominiums and housing complexes, which show deterioration or have gained many years after their initial construction. Rebuilding leads to peace of mind during disasters, regional revitalization, and attracts younger generations. The Takara Leben Group efficiently carries out the condominium rebuilding business based on the Act on Facilitation of Reconstruction of Condominiums. We give them new life as an even richer life stage and create environments for the future that will make the towns and people radiant.



Case LUCIDA TOWER in Toyama City under its downtown redevelopment project based on its basic plan for city center revitalization and Japan's Urban Renewal Act



Case Takaoka City's lifestyle reinvigoration project for the western area of Suehiro LEBEN Takaoka MID RISE TOWER

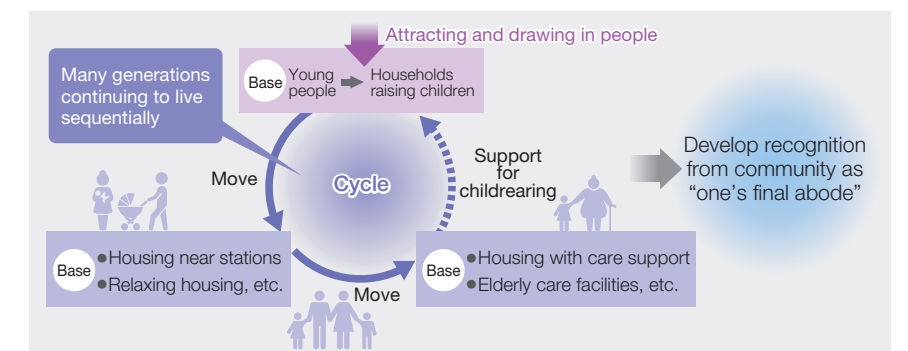


Case LEBEN Tama Center Beaut

### Aim of Rebuilding Business

- Peace of mind during disasters** Create housing that is resistant to disasters through new seismic resistance standards and new housing facilities
- Regional revitalization** Reorganize into urban infrastructure and base structure friendly to people and the environment
- Entry of younger households** Realize towns that draw people and make people want to continue living there

### Framework for Sustainable Towns



### VOICE



Currently, the Urban Rejuvenation Department is mainly involved in work such as collaboration with land owners on businesses while receiving government grants, and the rebuilding or exchange of residential complexes which are deteriorating.

There are many different ways of doing business. In principle, besides the demands of land owners, we collaborate with local administrative bodies to develop facility plans suitable for that region, based on the "town planning master plans" formulated for each region. Time is spent in the planning stage, but the real charm is that this process allows us to deepen our interactions with land owners and become close to the region, providing us with knowledge of the place to develop and implement even better plans.

In addition, I think the role of the Urban Rejuvenation Department in Takara Leben's regional city strategy is to contribute in regions where rejuvenation is a pressing need so that Takara Leben becomes the foundation for regional revitalization.

**Akira Sagae**  
Urban Rejuvenation Department, Supervisory Development Group, Development Division



## Together with Our Customers

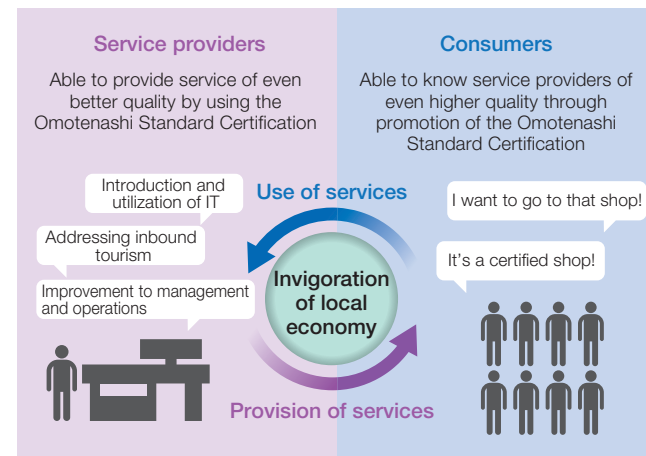
### Omotenashi Standard

In 2017, Takara Leben attained the Gold Certification under the Omotenashi Standard Certification System created by Japan's Ministry of Economy, Trade and Industry. This certification is awarded to companies which have an excellent record of providing service beyond customer expectations, and maintaining quality in facilities and non-personal services.

The Omotenashi Standard Certification System is a system which awards certification symbols to Japanese service providers which have cleared a variety of criteria, such as facilities and framework building necessary for increasing the satisfaction of customers, employees, and local communities. The certification and color awarded provides visualization of service quality. Takara Leben cleared 19 out of 30 criteria. We have received recognition for our "hospitality that can be felt stemming from the heart," with daily care and consideration for our customers being manifested in each criterion.

We are using this opportunity of attaining the Omotenashi Standard Certification to proliferate employee awareness of hospitality to work toward improving customer satisfaction.

#### Aim of Rebuilding Business



### CLUB LEBEN

CLUB LEBEN is a member organization for friends of Takara Leben. We provide content with variety, such as photo albums of completed projects under the LEBEN brand and information on seasonal spots through our web site, email newsletters, club newsletters, and other channels for customers to enjoy while searching for housing.



Club newsletter "T's POOL"

### &Leben

"&Leben" is a magazine (circulation: 4,000 copies) published monthly by Takara Leben with information on condominiums for sale. The target audience include our trading partners as well as financial institutions, government agencies, and major corporations using corporate partnerships to provide housing support as employee benefits. Properties for sale are published together with information regarding the Takara Leben Group, route charts, and maps to increase stakeholders' recognition of our Group. At the same time, it serves as an aid for people who wish to purchase housing one day.



Condominium information magazine "&Leben"

### VOICE



Takara Leben works with organizations such as major corporations and government agencies to collaborate in encouraging home ownership as part of employee benefits.

In recent years, the decreasing birthrate and aging population has resulted in manpower shortages. There is an increasing trend of companies enhancing their employee benefits schemes to secure talented people. An area of strong focus is housing, with more companies implementing collaboration to encourage home ownership. Our daily work revolves around providing information on properties in the area through means such as the intranet and internal circulation of partner companies. We also work on improving recognition of Takara Leben and our brand such as through exhibitions at housing exhibitions organized by major corporations. As our competitors also provide such collaboration, we also put effort in advertising to show our properties in more attractive ways.

**Hidekazu Sano, Koji Kato** (From left to right)  
Corporate Sales Section, Web Solutions Promotion Department, Supervisory Sales Group, Sales Division

## Together with Our Employees

### Various Training Systems

Takara Leben conducts a variety of training to develop our employees and improve our overall strength as an organization.

#### New employee training

Using our three-year development plan, regular training is conducted for employees in their first three years with Takara Leben.

#### Training for all employees

Employees are required to attend training every six months. The scope of training can be chosen and repeated as desired.

#### Training for female employees

To support women in the workplace, training is conducted to develop female employees for management positions.

#### Training for officers

Besides individual training with consultants, training camps for officers are also conducted to strengthen cohesion amongst officers.

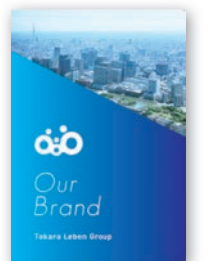
#### Compliance training and anti-harassment training

Both compliance training and anti-harassment training are conducted annually for officers and those in management positions to deepen awareness about corporate ethics. Compliance training touches issues such as the importance of compliance in corporate management, while anti-harassment training touches on issues such as the various cases of harassment and methods for preventing harassment.

### Strengthening Communication with Employees

To realize an even better working environment, we conduct surveys targeting all Group employees to gather feedback from them. In FY 2017, we conducted surveys on topics such as our own corporate image and the proliferation of our Group vision.

In addition, to heighten individual awareness and further strengthen links within the Group, we have standardized our corporate symbol across the Group and published "Our Brand," which is a booklet on our brand. We make clear the vision for our Group, and work on developing the awareness of our employees.



Brand booklet "Our Brand"

### Employee Health Management

To maintain and promote the health of employees, we ensure medical examinations are properly undergone, and put in place a self-management system using stress checks.

#### Medical Examinations

To encourage employees to undergo medical examinations as determined by laws and regulations so that medical examinations are not missed, our Personnel Department actively reaches out to employees, and puts in place environments at each business location conducive for undergoing medical examinations. In order to discover various medical conditions at an early stage, those age 30 and above are able to undergo medical examinations for prevention of lifestyle diseases, female employees are able to undergo gynecological examinations, and those age 35 and above can go for a complete medical checkup.



#### Stress Checks

We conduct stress checks as stress management for preventing mental disorders in our employees. The results of these checks are shared at our Executive Committee meetings and lead to improvements in workplace environments. We are also building a system where employees, based on the results of the stress checks, can go for free counselling at a third-party organization independent from our Company. Counselling can be utilized by relatives of our employees up to the second degree.





## Together with Our Employees

### Review of Personnel System

For the sustained growth of a company, it is essential to secure talented people. Takara Leben is revising our personnel system to stably nurture talent required to achieve our management plan.

The new system is based on the 12 actions required to fulfill Takara Leben's promise. Besides setting evaluation criteria for each grade and type of work, revisions have been made so that we have appropriate evaluation and treatment that are highly fair and

transparent. This includes aligning evaluation standards at an evaluation meeting for work evaluation. Through this, we seek to achieve feedback that can be even more readily accepted by employees, and improve the evaluation skills of those in management positions by promoting understanding of definitions and evaluation standards in the evaluation system.

#### Basic Policy for Personnel System

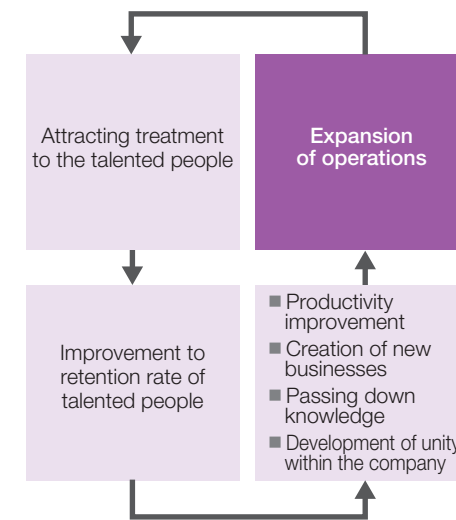
##### Personnel system which stably nurture talent required to achieve management plan

- Clearly state the type of people required by the company to build a framework where employees can set out their career visions
- Review distribution of labor costs to secure and keep talented people as well as improve motivation
- Conduct training and selection to generate talented people for management positions
- Carry out evaluation and treatment that are highly fair and transparent to nurture employees' sense of acceptance and increase their desire to grow

#### 12 Actions for Our Promise

- Fully engage in work
- Enjoy work from the heart
- Speak truthfully from the heart
- Be serious in each and every task
- Respect each other
- Pursue the right things
- Pay attention to feelings
- Act swiftly
- Take initiative to propose, and carry through actions
- Treat teamwork with importance
- Remove existing barriers
- Never give up

#### Effects of Personnel System Revision



### Takara Note

Takara Note is an intranet site where all employees of the Takara Leben Group can vote on each other. By voting on employees who carry out the 12 actions for fulfilling Takara Leben's promise, such as "treat teamwork with importance" and "act swiftly," we hope to spread our vision, mission, and promise, and at the same time promote communication across Group companies, develop a sense of unity amongst employees, and build an environment where employees take pride in being part of the Group.



### Setting up Coffee Break Space

Acting on feedback from employees about the desire to have space for lunchtime meetings and communication with people from other departments, we have coffee break space within our offices set up, which can be used by anyone at any time. Besides placing company-related booklets, such as our Annual Reports, and construction-related magazines so that people can use the space for gathering information and learning, we have also installed vending machines providing real drip coffee and soup as well as snacks for purchase.



## Together with Our Employees

### Company Club Activity 1 Takara Running Club

The Takara Leben Group has club activities that are not just limited to the head office of Takara Leben, but span across our Group companies. One of them is the Takara Running Club. It was started in October 2016 with the aim of improving health through exercise. Officially established as a club in April 2017, it currently has approximately 10 members. Once each week, members run around the Imperial Palace to make up for the lack of exercise in their daily routines. At the same time, this is an opportunity for communication across companies and departments within the Group.



First time participating in an event!  
Taking part in the relay category of FM  
Yokohama Marathon 2017.



High-five with the anchor leg runner!  
Completing 42.195 km, passing the baton  
from member to member.

#### VOICE



The Takara Running Club started with a group of like-minded friends who gathered for runs around the Imperial Palace because we wanted to move our bodies and make up for the lack of exercise in our daily routines. When we started in October 2016, activities were not regular and involved only interested people. Membership gradually increased when we were officially established as a club in April 2017. Each time, we go home taking in more calories than we burn off... We also took part in a relay marathon, and also held other club activities such as year-end parties. While the original aim was to improve health through exercise, it has become an opportunity for communication between Group companies and departments, and a precious moment to refresh ourselves.

**Hiroko Wada**  
Web Marketing Section, Sales Strategy Department, Supervisory Sales Group, Sales Division

### Company Club Activity 2 OTAKARA (Oh-Treasure) Property Expedition (Treasure Property Expedition)

The Oh-Treasure Property Expedition (Treasure Property Expedition) is a club activity where employees from various Group companies gather to share information on properties by Takara Leben and other companies, and at the same time become better acquainted with each other.

Activities are centered on employees who usually do not have opportunities to go on-site. There are approximately 50 members who visit properties handled by the Takara Leben Group to deepen their understanding of our properties.

The first expedition, held in September 2017, was a visit to our property in Monzen-nakacho within Tokyo's Koto Ward.

The second expedition was held in December 2017, during which the planned construction site for NEBEL Hatchobori at Hatchobori in Tokyo's Chuo Ward was visited.

The Takara Leben Group actively supports such activities by our employees to strengthen collaboration within the Group and development of cohesion.

#### VOICE



With more new people joining us and relationships becoming diluted, I think building interpersonal relationships crossing the barriers between departments leads to the creation of a workplace environment that enables open and free communication, the retention of talent, and improvement to work efficiency.

A company cannot grow if its people do not grow. Moving forward, I hope to continue heightening devotion to the Company and widening Takara's wa (circle, harmony, and communication) through understanding the Company's businesses and building lateral ties. The Oh-Treasure Property Expedition (Treasure Property Expedition) is a club that was set up aiming to kill these multiple birds with one stone.

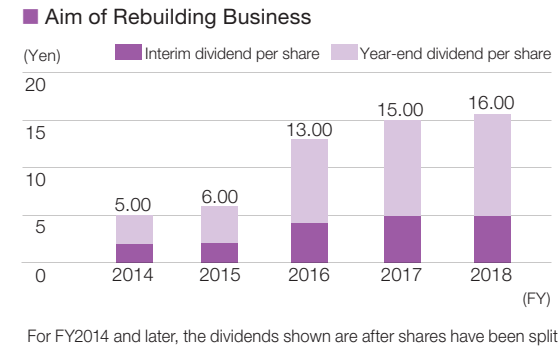
**Yuuji Hamaoka**  
Supervisory Accounting and Finance Group, General Planning Division



## Together with Our Shareholders

### Dividend Policy and Actual Dividends

Our basic decisions on dividends are not biased toward dividend payout ratio, but are comprehensive and take into consideration factors such as dividend on equity (DOE) and dividend yield. We seek to build an attractive company so that our shares can be held stably not in the short term but in the long term, and can be held on for long without being affected by fluctuations in share prices.



### Shareholder Privilege Program

Returning profits is positioned as one of the most important issues for Takara Leben. Our basic policy is to stably and continuously give out appropriate dividends while securing internal reserves necessary for expanding our businesses and strengthening our management foundation. At the same time, we give out rice coupons to all shareholders possessing at least one unit (100 shares) stated or registered in our shareholder registry or substantial shareholder list as of March 31 each year.



- 100 to less than 500 shares  
— 1 rice coupon (1 kg of rice)
- 500 to less than 1,000 shares  
— 3 rice coupons (3 kg of rice)
- 1,000 shares or more  
— 5 rice coupons (5 kg of rice)

### Disclosure Policy

Takara Leben discloses information to the public based on the following disclosure policy.

#### 1 Disclosure Standards

Takara Leben Co., Ltd. (JAT) discloses information in accordance with the Companies Act, the Financial Instruments and Exchange Act, and other laws and regulations, as well as the rules for timely disclosure of corporate information included in the Securities Listing Regulations of the Tokyo Stock Exchange (TSE) (hereafter collectively referred to as the "Timely Disclosure Rules"). At the same time, Takara Leben will proactively disclose information that is deemed to be important or valuable for stakeholders to understand our Company, even when it is not subject to the Timely Disclosure Rules.

#### 2 Method of Disclosure

Information subject to legal disclosure rules is promptly disclosed in accordance with the Rules on Timely Disclosure of Corporate Information by Issuers of Listed Securities via the Timely Disclosure Network (TDnet) operated by Tokyo Stock Exchange. In addition, the information will also be released to the media and disclosed in accordance with procedures established by laws and regulations without delay. Information which has been disclosed will also be promptly published on our website.

#### 3 Limitations

In principle, Takara Leben is not allowed to selectively disclose management-related information to specific third parties. In order that important information which has not been announced is not disclosed to specific parties and ensure fairness to everyone, including the media, investors, and securities analysts, private meetings will only touch on past historical facts and facts which have already been announced.

#### 4 Quiet Period

In order to ensure fairness to all stakeholders, Takara Leben has defined a quiet period from the day after the end of each quarter until the day of our earnings announcement for that quarter. During this period, Takara Leben will refrain from responding to or making comments on questions related to our account settlement and earnings forecast. However, if a large discrepancy from the earnings forecast is found during the quiet period, information will be disclosed in an appropriate and timely manner in accordance with the Timely Disclosure Rules. Note that during the quiet period, Takara Leben will continue to respond to questions and inquiries about information that has already been disclosed.

#### 5 Prevention of Insider Trading

Takara Leben has established an internal regulation to suitably manage important information and prevent insider trading from occurring. Takara Leben has been striving to educate all employees in our Group on these issues and foster their understanding.

#### 6 Spread of Third-Party Information and Rumors

Takara Leben is not responsible for any forecasts or comments about the Takara Leben Group made by third parties.

In addition, Takara Leben does not in principle respond to inquiries regarding market rumors. However, if it is deemed that not responding could have serious ramifications for the Company, Takara Leben may respond to a rumor by taking swift action to determine the cause and take appropriate actions as necessary.

## Third-Party Opinion



**Kenji Kawada**  
Outside Director

The Takara Leben Group is currently moving to position CSR activities as corporate activities themselves. The publication of this CSR Report is truly a combination of the vectors for CSR activities by the top management, the Board of Directors, CSR departments, and employees so as to align their thinking.

Our Group has been continuously carrying out management transformation, and is currently on the path of growth.

For CSR activities, we have formulated four themes which are positioned as the core of the Takara Leben Group's corporate activities. These CSR themes are the credo loudly proclaimed to society by the Takara Leben Group as our corporate strategy to meet the expectations and demands from stakeholders, who are our customers, employees, local communities, and investors.

#### 1 Creating lifestyles with value

We contribute to improving the richness of people's lifestyles by creating new value.

#### 2 Providing comfortable spaces of high quality

We support the comfortable and safe lives of our customers by providing products bringing great satisfaction to our customers.

#### 3 Developing environments and cultures

We contribute to a sustainable society by actively working on environmental issues, and at the same time, contribute to improving the quality of life by providing opportunities for mental activities such as learning and the arts.

#### 4 Forming communities

We form communities with stakeholders—such as local communities, trading partners, and employees—and grow together with everyone.

To achieve the Takara Leben Group's corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS," we believe in setting Kazuo Inamori's doctrine, "Do the right thing as a human being", as our assessment criteria, and starting with the most elementary form of compliance, which is "Don't tell lies," "Don't deceive others," and "Be honest."

The Takara Leben Group has taken our first step as a global company by continuing to publish this CSR Report.

As an outside director, I promise all stakeholders that I will act so that our disclosure of corporate information will adhere to compliance, be highly transparent, and contribute to the continued growth of the Takara Leben Group.

### Editor's Postscript



This is the first CSR Report published by the Takara Leben Group.

The cover uses a geometric pattern and lines to represent blueprints and drawings which are the basis of product planning that our Group is skilled at. Our corporate vision of "THINK HAPPINESS AND MAKE THE HAPPINESS" is expressed through various connections using our Group symbol, the Harmonic Circle.

We will continue to report the direction and results of our Group's CSR initiatives while listening to opinions from all our stakeholders as we actively carry out our CSR activities. We hope you can give us your unreserved opinions and thoughts to serve as future reference.

**Kensuke Suzuki**  
Leader, CSR Promotion Team



## **Takara Leben Co., Ltd.**

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