

A History of Creating New Value

The Tokyu Fudosan Holdings Group can trace its history back to the pioneering Den-en Toshi Company, which was established in 1918 to develop the ideal community. The DNA of taking on new challenges has been handed down as Tokyu Fudosan grew into a comprehensive real estate group. We will continue to propose and create lifestyles that go beyond the sale of properties and products in order to create an enriching and healthy society as we unceasingly pursue new value.

–Seeking to be a Great Local Brand– Starting with garden cities, we focused on urban development in Shibuya, Daikanyama, and other locations

We developed ideal suburban housing based on Japan's first garden city plan and developed Den-en Chofu. After setting up Tokyu Land Corporation, we sought to establish a local brand focused on development of mainly the Tokyu Group's high-affinity areas, such as Shibuya, and laid the foundation for business against a backdrop of high economic growth.

–Comprehensive Life Producer– A corporate group that creates lifestyles through business diversification

We quickly expanded into related business areas derived from real estate such as property management, real-estate agents, retail business, fitness clubs, and resort hotels. We have grown into a corporate group that creates lifestyles through business diversification. Tokyu Community Corporation, Tokyu Livable, Inc., and Tokyu Hands, Inc., our current core companies, were born during the course of this business diversification.

1950

Social trends

- History of the Company**
- 1918 Den-en Toshi Co. established
 - 1953 Established Tokyu Land Corporation
 - 1955 Completed construction of Daikanyama Tokyu Apartments
 - 1956 Entered the Real Estate Agents business
 - 1958 Completed construction of Tokyu Skyline

1960

- 1960 Income doubling plan announced
- 1964 Tokyo Olympics

- 1965 Completed construction of Shibuya Tokyu Building

1970

- 1970 Japan World Exposition held in Osaka
- 1972 Plan for Remodeling the Japanese Archipelago
- 1973 First oil shock

- 1970 Established Tokyu Community Corporation
- 1972 Established Tokyu Livable, Inc.
- 1975 Entered the golf business
- 1975 Began business in Indonesia
- 1976 Established Tokyu Hands, Inc.

1980

- 1985 Plaza Accord
- 1989 Consumption tax introduced

- 1982 Began the Asumigaoka New Town business
- 1982 Entered the skiing business
- 1984 Opened Palau Pacific Resort
- 1986 Opened first Tokyu Sports Oasis store
- 1988 Opened first Tokyu Harvest Club facility

1918

Establishment of Den-en Toshi Co.

Purpose of establishment

"Transfer the middle class, who live on the dusty streets of the capital and are subject to pressures from all directions including their livelihoods, sanitation, and public morals, to the clean air of the suburbs to protect their health and establish various facilities to enhance their lives."



Eiichi Shibusawa

Den-en Toshi Co. was established in 1918 with Eiichi Shibusawa at its center. Based on the garden city concept that originated in the United Kingdom, Den-en Chofu was created as a beautiful and convenient community where residences and gardens existed side by side.



Den-en Chofu at the time of its development

1953

Established Tokyu Land Corporation

Tokyu Land Corporation was created by splitting off the real estate division of Tokyu Corporation. The new company assumed the garden city business, gravel business, amusement park business, and advertising business. Since then, Tokyu Land has consistently pursued the creation of value through new real estate businesses.



1970s

Diversification of Business

Business fields expanded in conjunction with changes in the time and social environment. Tokyu Community Corporation, Tokyu Livable, Inc., and Tokyu Hands, Inc. were established, and the Group expanded from the development business to enter the Property Management, Real Estate Agents, and Retail businesses.



1980s

Development of Suburban Residences and Resorts

The Group began developing large-scale new towns such as Asumigaoka New Town and opened Tokyu Harvest Club, a membership resort hotel. Full-scale development of resort towns where guests can enjoy golf and skiing also began.



Asumigaoka New Town

**–From Residential Development to Urban Development–
After the bubble burst, steps were taken
to strengthen the earnings platform,
focusing mainly on leasing**

We entered the hotel business and senior housing business. While pursuing business diversification, we transformed the business profit structure to overcome the crisis of the bubble economy's collapse. We shifted our focus from traditional residential sales to urban development, such as offices and commercial facilities that are less prone to economic fluctuation.

**–To an Era of Group Co-Creation–
Anticipating change, we experienced
sustainable growth through Group co-creation**

Amid an aging population, advancing globalization, and changing traditional values, we shifted to a holdings structure to generate new values by anticipating change. We are pursuing initiatives that leverage the Group's collective strengths with the aim of medium- to long-term growth.

1990

2000

2010

2020

1991 Burst of the economic bubble
1995 Kobe earthquake
1998 Nagano Olympics

2001 September 11 terrorist attacks in the United States
2008 Global financial crisis

2011 Great East Japan Earthquake

2020 Tokyo Olympic and Paralympic Games

1993 Opened first Tokyu Stay hotel
1993 Opened Setagaya Business Square
1994 Completed construction of St. Luke's Garden Tower
1999 Launched the real estate securitization business

2002 Completed construction of Ichiban-cho Tokyu Building
2003 Completed construction of Ebisu Business Tower
2004 Opened first senior housing facility
2006 Completed construction of Nihombashi Maruzen Tokyu
2007 Completed construction of Shiodome Building
2008 Completed construction of Shimbashi Tokyu Building
2008 Completed construction of Nihombashi Front Building

2011 Opened Abeno Q's Mall
2012 Activia Properties Inc. listed
2013 Comforia Residential REIT, Inc. listed
2013 Established Tokyu Fudosan Holdings Corporation
2014 Established Tokyu Housing Lease Corporation
2016 Opened Tokyu Plaza Ginza
2016 Acquired National Students Information Center as a wholly-owned subsidiary

**1990s
Began Full-scale Office
Leasing Business**

Shifted the core of business from conventional suburban detached housing development to the city center leasing office business



Setagaya Business Square

**Since 1999
Real Estate Securitization**

Launched the real estate securitization business including securitization of large-scale shopping centers

**Since 2004
Operation and Development of
Senior Housing**

Against a backdrop of the advent of a superannuated society, the know-how accumulated from residential development was combined with the Group's collective strengths to open Grancreer Azamino and Grandcare Azamino



Grancreer Azamino

**2013
Established Tokyu Fudosan Holdings Corporation**

In order to maximize the Group's collective strengths, Tokyu Land Corporation, Tokyu Community Corporation, and Tokyu Livable, Inc. merged to form Tokyu Fudosan Holdings Corporation.

**Expansion of Overseas
Business**

The Group entered the residential property business in Asia, primarily in Indonesia, and began real estate investment and office building redevelopment in the United States. The Group is actively developing its overseas business.



BRANZ Simatupang in Jakarta

**Entering a high-growth
stage through development
of the greater Shibuya area**

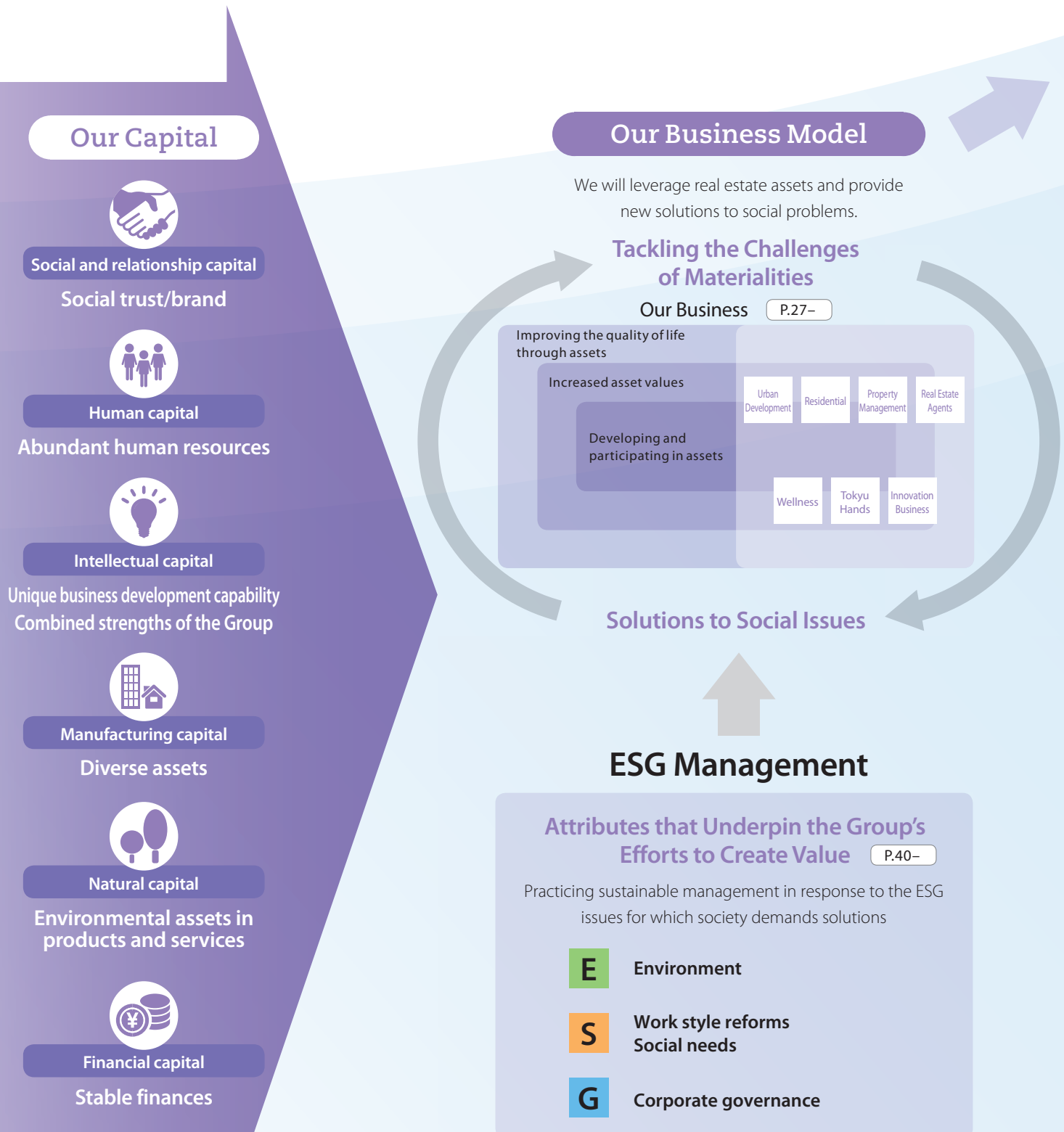
In addition to the redevelopment business in the vicinity of Shibuya Station, the Group is conducting a development project for the greater Shibuya area that will dynamically link refined and unique districts including Aoyama, Omotesando, Harajuku, Ebisu, and Daikanyama. The Group is entering a stage of even higher growth by conducting expansive community development and achieving area management.



Shibuya Station area development (artist's impression)

The Value Creation Process

The Tokyu Fudosan Holdings Group is a corporate group that continues to create value while using the Group's diversity and uniqueness as tools to maintain the challenger DNA and consideration for customers that it has developed over many years. Through the Group's business activities, we will maximize capital and achieve continuous growth and rising corporate value over the long term.



To Become a Corporate Group that Continues to Create Value

Proposal and creation of lifestyles that go beyond the bounds of physical frames and create lifestyles

Maximization of capital



Social and relationship capital

The Group's greatest strength as an urban development enterprise is strong relationships with customers and communities. We are building a highly trusted brand and contacts with more than 10 million customers.

Corporate Brand



Customer Contacts

Approx. **10** million

- Condominium purchasing
- Resort and sports facility use
- Tokyu Hands members



Manufacturing capital (asset holdings)

As a comprehensive real estate group, our strengths are our diverse assets and services. We are expanding the value that we can provide throughout the lifecycle from new housing to senior residences.

Diversity of assets and services

- Office buildings and commercial facilities
 - Detached residences
 - Senior housing
 - Resorts
 - Urban style hotels
 - Fitness clubs
 - Retail stores (Tokyu Hands)
 - BRANZ SUPPORT
 - Livable Intermediary Guarantee Service
- and more



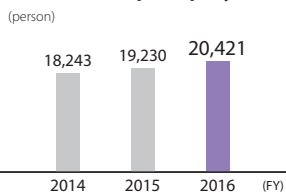
Human capital

The human resources that create the diverse and unique assets and services that are our Group strength are also important capital. We are increasing the number of employees who can provide specialized value.

Employees with specialized qualifications

- First-class registered architects: 352
- Second-class registered architects: 434
- Real estate brokers: 5,372
- Condominium managers: 584

No. of Group employees



Natural capital

The surrounding environment is also an important asset for the Group, which provides lifestyles and resorts. In order to maximize asset value, we are intensifying our measures to protect the natural environment.

Environment friendliness

- DBJ Green Building–certified properties
- 19**
- 5 stars (2 properties)
 - 4 stars (6 properties)
 - 3 stars (11 properties)

Natural resources that enhance the added value of assets

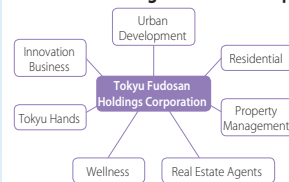
- Nature adds color to life and workplaces
- Nature surrounding resort facilities



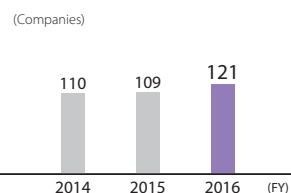
Intellectual capital

Business companies that generate uniqueness and the overall capabilities of the Group are sources of differentiation from other companies. We are incorporating external resources and reinforcing collaboration within the Group.

Combined strengths of the Group



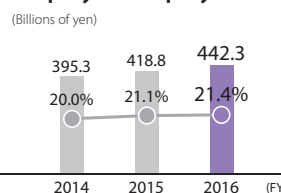
Consolidated Subsidiaries



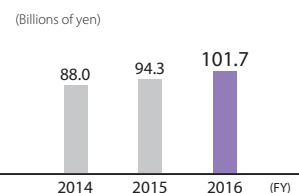
Financial capital

We are strengthening our financial base so that we can conduct dynamic, large-scale investment and maintain stable and continuous growth. We are working to expand stable profits and increase equity capital.

Equity and equity ratio



EBITDA



Identification of Materialities & Opportunities and Risks

When formulating the Medium-Term Management Plan, the Tokyu Fudosan Holdings Group identified key social issues that will be important to the Group over the long term and then identified materialities while taking into consideration the opinions of experts with advanced knowledge regarding the low birthrate and aging society, lifestyles, the environment, work styles, and ESG investment. We verified opportunities and risks in our business activities associated with these key issues with an awareness of social problems that affect the Group. In order to achieve sustainable increases in value, we will undertake measures to address social issues through our business activities in accordance with the Value Frontier 2020 Medium-Term Management Plan.

Selection Process

Step 1

Determination and organization of social issues

When identifying key issues, the Group ascertained social issues while making reference to the Group's management plans, the GRI Guidelines, ISO 26000, the Sustainable Development Goals, issues recognized by the Japanese government and economic organizations, and other information, and generated a long list comprising 470 items.



Step 2

Integration and consolidation of issues

We integrated and consolidated the 470 social issues by organizing similar items and taking into account relevancy to the Group. Based on the results, we tentatively evaluated importance based on relevancy to the Group's value creation process and stakeholder expectations and demands and identified 31 materialities.

Step 3

Interviews of management staff and experts

We conducted interviews of management staff and experts with high levels of knowledge in specialized fields. We also gathered opinions regarding the importance of social issues from within the Company and society.

Management	Comment
President and Representative Director Yuji Okuma	<ul style="list-style-type: none"> Sound and sustainable management requires an emphasis on the opinions of independent outside directors, arrangement of issues, and investigation of the details of measures. In order to enhance our competitiveness even further, we need to emphasize items that will make use of the Group's diversity and differentiate the Group from other companies.
Director, Operating Officer Hironori Nishikawa Responsible for general administration divisions	<ul style="list-style-type: none"> In a society with an aging population and advances in the Internet of things (IoT), business will be born from services that combine various issues and can be provided in an integrated manner When engaging in the resort business, it is necessary to take measures to mitigate environmental impact from business activities with regard to the issue of climate change.
Specialized Field Expert	Comment
Low Birthrate, Aging Society Tomoo Matsuda Research Director and Chief Producer Platinum Society Center, Mitsubishi Research Institute, Inc.	<ul style="list-style-type: none"> It is important to create business from means of preventing the elderly from needing nursing care (such as sports, diet, and lifelong learning)—in other words, the perspective of preventing rather than addressing issues. In an aging society, there is potential for the Internet of things (IoT) including the use of big data relating to health to play extremely important roles and become a new growth business.
Living/Lifestyles Research institution (anonymous)	<ul style="list-style-type: none"> It is important to consider what type of space people will come to in order to spend their time. Businesses need to realize that minority groups are becoming the majority (e.g., unmarried persons, double-income no-kids households, at-home workers)
Environment Shiro Wakui Professor, Department of Environmental and Information Studies, Tokyo City University	<ul style="list-style-type: none"> Platform-like spaces and services that can change flexibly according to the diversity of individual consumers will be expected in the future. The key is how to create value with environmental measures.
Work Styles Keiko Tsuchiya General Manager, Personnel Division and Director, Adecco Ltd.	<ul style="list-style-type: none"> With regard to changes in work styles, emphasis will be placed on flexible working styles not limited to a single site, such as work from anywhere (a work style whereby employees can work not just at a single office, but also at home, satellite offices, and other locations). As society becomes increasingly diverse, there will be calls for this to be reflected in buildings and the environment.
ESG Investment Masaru Arai Chairman, Japan Sustainable Investment Forum (JSIF)	<ul style="list-style-type: none"> What is currently being emphasized with regard to ESG investment is governance. Whether boards of directors are functioning properly is being called into question. Policies, plans, and structures must be formulated, PDCA implemented, and the information disclosed.

* Titles are as of June 2016 when the interviews were conducted.

Step 4

Identification of Materialities

Based on the interview results, we verified the appropriateness of the importance of each issue that should be prioritized by the Group. The evaluation results were plotted and organized as a materiality map and categorized into seven groups.

The materialities were reported to the Board of Directors by the CSR Promotion Committee and identification was finalized.



Materialities of the Tokyu Fudosan Holdings Group

Materialities	Opportunities	Risks
<p>Economic, political, and regulatory changes</p> <p>Issues of social security by the Japanese government, privatization, uncertainty in the global economy, and other factors will have major impacts on business opportunities and capital procurement</p>	<ul style="list-style-type: none"> • Capturing new business opportunities 	<ul style="list-style-type: none"> • Risk of long-term interest rate increases
<p>Diversification and globalization of lifestyles</p> <p>As an urban development enterprise, diversification in life and work styles, increasing importance of multifaceted responses to consumer needs, invigoration of local communities, and other changes will have major impacts on business opportunities.</p>	<ul style="list-style-type: none"> • Inbound demand • Expanded Opportunities for Overseas Business 	<ul style="list-style-type: none"> • Decline in total domestic demand (diversification of demand)
<p>Safety and Security in Local Communities and Urban Areas</p> <p>As a real estate developer, the increase and aging of existing stock and rising need to respond to disasters will have a major impact on business opportunities</p>	<ul style="list-style-type: none"> • Expansion of markets related to existing stock • Accelerated privatization of public asset processing and operation 	<ul style="list-style-type: none"> • Issue of vacant homes • Deterioration of existing stock
<p>Progression of a low birthrate and aging society</p> <p>As a Group that develops business in residences and senior housing, the low birth rate, aging population, and declining population in Japan will have a major impact on business opportunities</p>	<ul style="list-style-type: none"> • Increasing demand related to seniors 	<ul style="list-style-type: none"> • Falling demand in conjunction with the decline of the working age population
<p>IoT & Innovation</p> <p>As a company that provides both products and services, advances in IoT technology will have a major impact on innovation and changes in business models</p>	<ul style="list-style-type: none"> • Business Innovation 	<ul style="list-style-type: none"> • Lowering of barriers to entry into existing business fields, delayed market entry, and increasingly rigorous information security and control
<p>More stringent social demands</p> <p>Diverse demands from consumers, corporate governance, and various other factors will have a major impact on management systems</p>	<ul style="list-style-type: none"> • Increase in non-financial value 	<ul style="list-style-type: none"> • Increasingly stringent responses to various types of risk
<p>Changes in the natural environment</p> <p>As a company that performs urban development, changes in infrastructure development and investor interests in conjunction with intensifying climate change will have a major impact on business opportunities and continuity</p>	<ul style="list-style-type: none"> • Expansion of environmental markets 	<ul style="list-style-type: none"> • Expansion of climate change risks

Medium-Term Management Plan

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ESG Management

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Medium-Term Management Plan

In fiscal 2017, the Tokyu Fudosan Holdings Group launched the 2017–2020 Medium-Term Management Plan as the second stage of its Value Frontier 2020 medium- and long-term management plan. The Medium-Term Management Plan maintains the Group’s two core policies—expansion of associated assets and creation of new demand—while implementing the three growth strategies and measures for Tokyu Fudosan Holdings to become a corporate group that continues to create value.



Awareness of Materialities

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2017–2020

From 2021

Value Frontier 2020

To Become a Corporate Group that Continues to Create Value

Creation of new demand

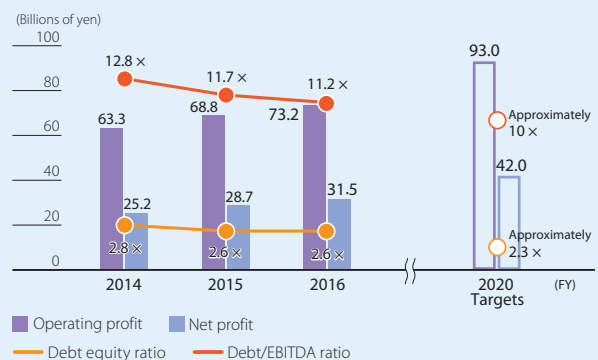
Entering a New Stage

3 Reinforcing stock utilization

In response to the environmental shift from a flow-based society to a stock-based society, we are reinforcing stock utilization business with a focus on the Property Management business and the Real Estate Agents business. We will raise profits by maximizing utilization of management stock, real estate information in the Real Estate Agents business, and other assets, taking advantage of business opportunities, and conducting business that does not involve investment.

▶ Targets (fiscal 2020)

Operating profit	¥93 billion
Profit attributable to owners of parent	¥42 billion
Debt equity ratio	Approximately 2.3
Debt/EBITDA ratio	Approximately 10



Medium-Term Management Plan

With the aim of becoming a corporate group that continues to create value, the Medium-Term Management Plan emphasizes exercise of the Group’s overall capabilities through intra-Group collaboration. The Group has established a clear ideal urban development concept with a focus on the greater Shibuya area, a priority area for the Group, and is working in concert to achieve that concept.

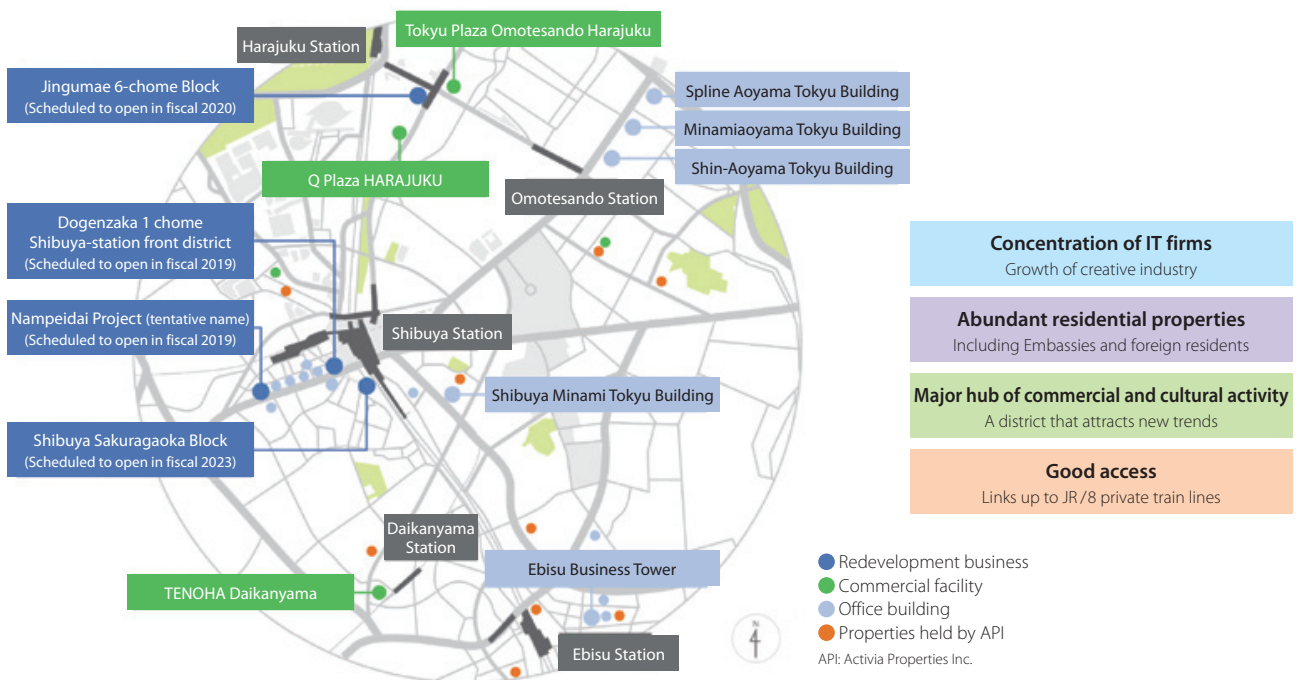
New value created from intra-Group collaboration to go beyond the bounds of physical frames and create lifestyles

▶ The Greater Shibuya Area Concept

Shibuya has tremendous potential in terms of work, residences, and leisure

The Group is undertaking expansive community development with a priority on urban development in an area centered on Shibuya, the Group’s base. The development will dynamically link districts with unique characteristics including Aoyama, Omotesando, Harajuku, Ebisu, and Daikanyama. This area has a concentration of creative elements including cultural facilities and IT firms and is a source of cutting-edge culture and information. The area also includes residen-

tial districts that offer appealing lifestyles and contribute to enhancing lives in Tokyo, where many people from inside and outside of Japan gather. At the same time, however, there are various barriers within the area including topographical, infrastructure, and discontinuities in bustling areas that impede pedestrian networks and streets. By resolving these issues, it will be possible to expand communities and create more attractive areas.



Creating appealing communities through intra-Group collaboration

The Group will propose new lifestyles that incorporate a variety of elements including commerce, business, and day-to-day activities through intra-Group collaboration to reinforce development of sites that organically and dynamically link diverse needs in Shibuya. We will also build connections that further raise the value of the essence of Shibuya by attracting various people from Japan and overseas who share these values.

Making Shibuya into the world’s leading entertainment city

It is possible to shift the focus of urban development from individual sites to entire communities through collaboration between the Tokyu Group and local communities and making use of their respective assets. By forming new streets along the roadsides in Shibuya and its surrounding areas to link them, we will enhance the overall potential of the district and develop the greater Shibuya area as a site where bustling activity, culture, and lifestyles are fused with the streets.

We will make Shibuya into the world’s leading entertainment city—a district that continuously spreads news of the various elements of the greater Shibuya area including work, residential, amusement, academic, leisure, and creative aspects as well as appealing lifestyles.

▶ Lifestyle Community with Alteration of Generations

As the birthrate declines, the population ages, interest in health increases, and the pursuit of links between individuals and their communities increases, it is essential for urban development to collaborate with not only households with children, but a wide range of households including single-person households and senior households and to maintain positive and active lifestyles. The Group is undertaking urban develop-

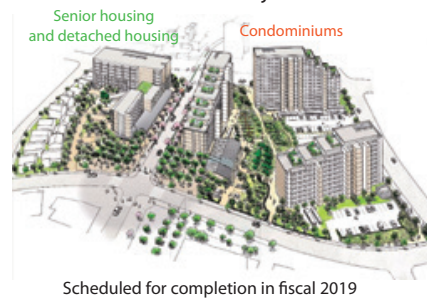
ment that promotes interaction among generations with the key concepts of a sense of security provided by neighbors, diverse living styles, and mental and physical. We will create the value needed by society in new fields that combine residential units with senior housing to promote links among individuals and between individuals and communities and by reinvigorating communities.



Setagaya Nakamachi Project



Tokaichiba Project



Setagaya Nakamachi Project

The Group is creating lifestyle community with alteration of generations so that people can live comfortably from childhood to their senior years. In addition to construction of a large complex that combines condominiums with senior housing facilities, we are creating a community plaza that will be open to the community. As a site for interaction among generations and for comprehensive community care, the

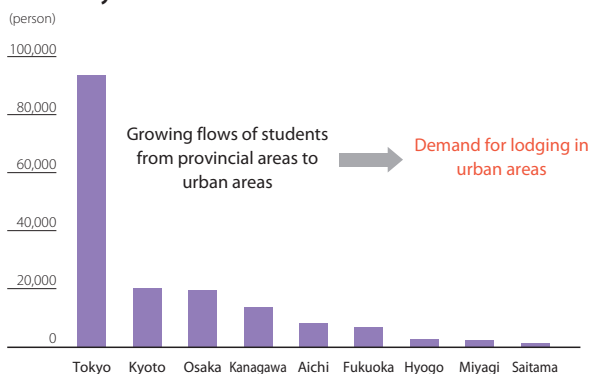
community plaza will create various styles of living. We will also introduce mechanisms that enable mutual use of the services of each property and shared facilities as well as programs that facilitate the transition to senior housing according to residents' life stages so that residents will be able to continue living in the same location for long periods with a sense of confidence.

▶ New and expanding group synergy effects from the National Students Information Center

In November 2016, the Group acquired the National Students Information Center, which is engaged mainly in the student resident business in major metropolitan areas has extensive networks with school corporations. As a result, the Group is able to perform student residence development, property acquisition, renovation, and operation.

Capturing the new student residence market will lead to accelerated growth in the rental housing property management business, while contacts with new customers including students and educational institutions will generate derivative business and business opportunities for Group companies.

Population movement caused by migration of university students



Source: Mitsubishi UFJ Research and Consulting Co., Ltd., Thoughts on Education for Regional Revitalization (2016)

