

Urban Development Segment

The Urban Development segment provides optimal services for a variety of needs related to urban real estate such as development and management of office buildings and commercial facilities, complex redevelopment projects, real estate investment trust management, and management of rental housing.

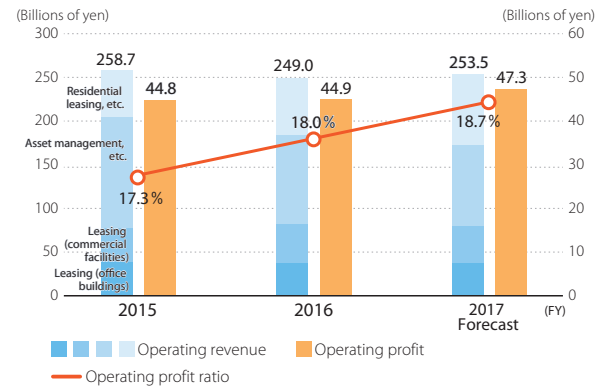
Segment Overview (As of March 31, 2017)

Office building floor space 586,000 m² 58 buildings	No. of rental housing under management 124,000* units No. of corporate housing under management 97,000 units
Commercial facility floor space 872,000 m² 28 buildings	Assets under management ¥787.3 billion

* Including student residences

Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

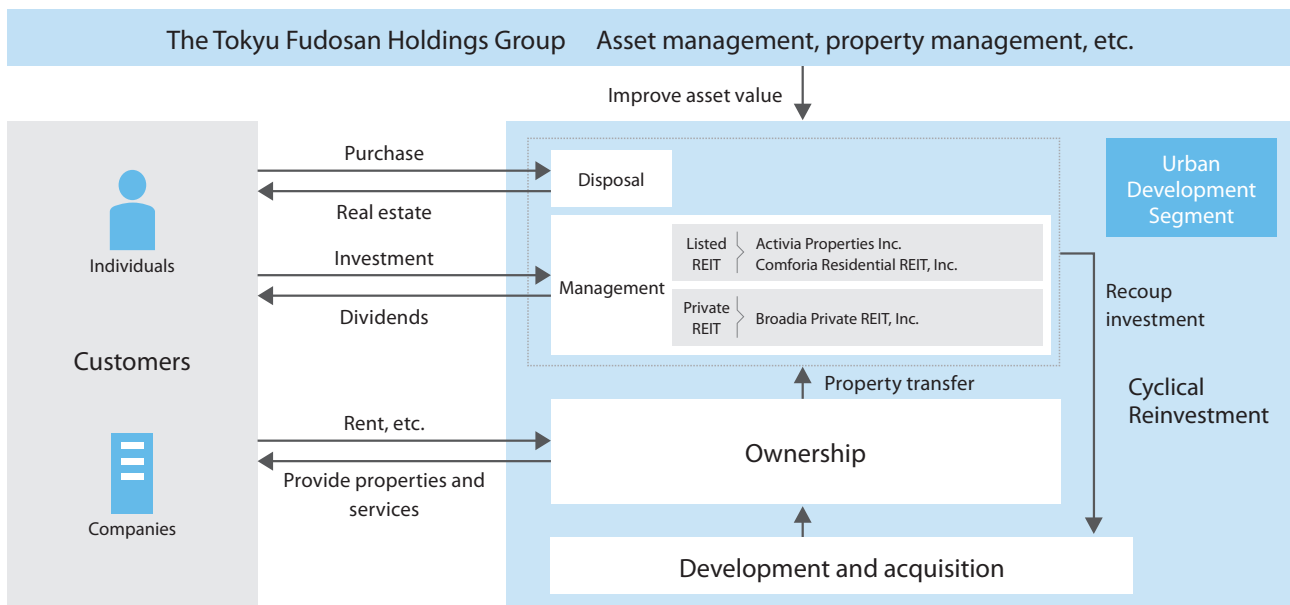
In fiscal 2016, the fiscal year ended March 31, 2017, the segment posted operating profit of ¥44.9 billion, up 0.1% compared with the previous fiscal year, on operating revenue of ¥249.0 billion, down 3.8% year on year. Sales of buildings for investors were down ¥24.9 billion, resulting in a decrease in revenue. Profits fell due to the decrease in gains on sales of buildings for investors, but operating profit was up as a result of contributions from operation of Tokyu Plaza Ginza, which opened in fiscal 2015, improvement in lease revenues from existing properties, and other factors.

In fiscal 2017, the fiscal year ending March 31, 2018, operating revenue is projected to reach ¥253.5 billion, up 1.8%, and operating profit is forecast to grow 5.5% to ¥47.3 billion on a year-on-year

basis. Revenue is expected to increase due to contributions during the entire fiscal year from the National Students Information Center, which was acquired in fiscal 2016, among other factors, while profit is expected to increase due to an increase in gains on sales of properties including buildings for investors, improvement in existing properties, and other factors.

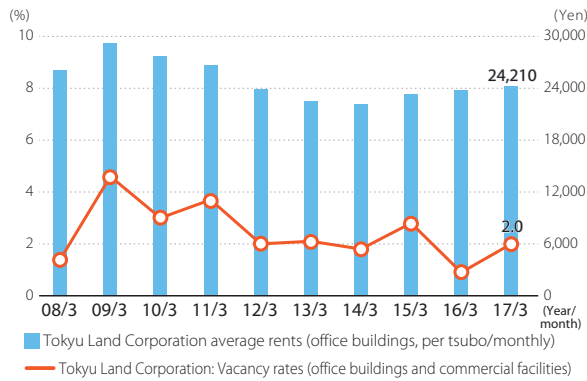
With regard to the greater Shibuya area redevelopment project, a large-scale development project that will be undertaken in the future, new work on the Shibuya Dogenzaka 1-chome Block Development Project in front of Shibuya Station and the Nampeidai Project (tentative name) was commenced and is proceeding steadily.

Business Model



▶ Market Environment Trends

● Trends in vacancy rate (left scale) and rents (right scale)



▶ Segment Strengths

- Development of unique facilities and ability to drive business
- Excellent office building portfolio (As of March 31, 2017)
 - Ratio of assets in four central wards of Tokyo: **81%**
 - Ratio of relatively new assets since 2001: **65%**
- Brand development for rental housing



Medium- and Long-Term Targets and Strategies

Solid and Unique Urban Development Business

In addition to global competition among cities, competition among areas in Tokyo is expected to intensify ahead of the expected massive supply of large-scale office buildings. With regard to commercial facilities, consumer preferences are shifting from products to services. In addition, interest in investing in attractive domestic assets remains high as returns expected by investors in the profit-generating real estate transaction market hits historical lows.

The Nampeidai Project (tentative name) and Shibuya Dogenzaka 1-chome Block Development Project in the vicinity of Shibuya Station are scheduled to be completed in fiscal 2019, and the Takeshiba Project (tentative name) is scheduled for completion in fiscal 2020. Through these projects, the Group is creating city areas that will be chosen by urban residents and will generate stable cash flows. At the same time, we are promoting the cyclical reinvestment business and expanding the Group's associated assets. In addition to earlier investment targets such as office buildings and commercial facilities, the Group is expanding investment in areas where growth can be expected as a result of changes in industry structures such as infrastructure. By expanding the scope of cyclical reinvestment, we seek to reinforce earnings capacity while increasing assets under management from ¥0.8 trillion today to ¥1.3 trillion by the end of fiscal 2020.

Expanding associated assets through growth of the rental housing property management business is also an important issue. We plan to

increase the number of rental housing units under management by Tokyu Housing Lease Corporation and the National Students Information Center from 124,000 units currently to 150,000 units by the end of fiscal 2020.

We are also pursuing improvements in environmental performance under our development plan and are planning sustainable facilities where people, local communities, and the earth can coexist through measures such as reduction of environmental impact, tree planting, and protection of biodiversity.

Column

Hibiya Parkfront Proposes Optimal Work Styles with the Concept of "Office in a Park"

Hibiya Parkfront, which was constructed under the concept of "office in a park", is the first property under the Green Work Style Project. Based on our past experience of introducing greenery to offices, we believe that vegetation maintains and promotes good mental and physical health. We have established methods of effectively introducing vegetation based on scientific knowledge from expert researchers. As a company that provides offices, we will continue to create spaces that are pleasant for office workers and contribute to work style reforms by businesses.



Nampeidai Project (tentative name)

Shibuya Dogenzaka 1-chome Block Development Project



Tokyu Plaza Ginza



Hibiya Parkfront (Sky Garden)

Residential Segment

The Residential segment offers comprehensive support for enriching lifestyles of customers through the sale of high-quality, comfortable residential properties including condominiums and detached housing.

Segment Overview (As of March 31, 2017)

Fiscal 2016

Number of houses built for sale supplied

1,401 units

Tokyo metropolitan area

799 units

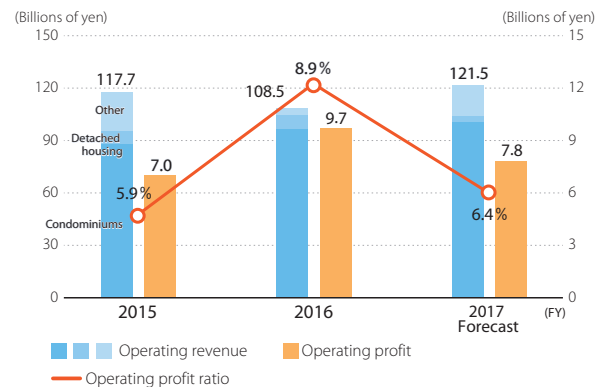
Kansai and other areas

602 units



Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



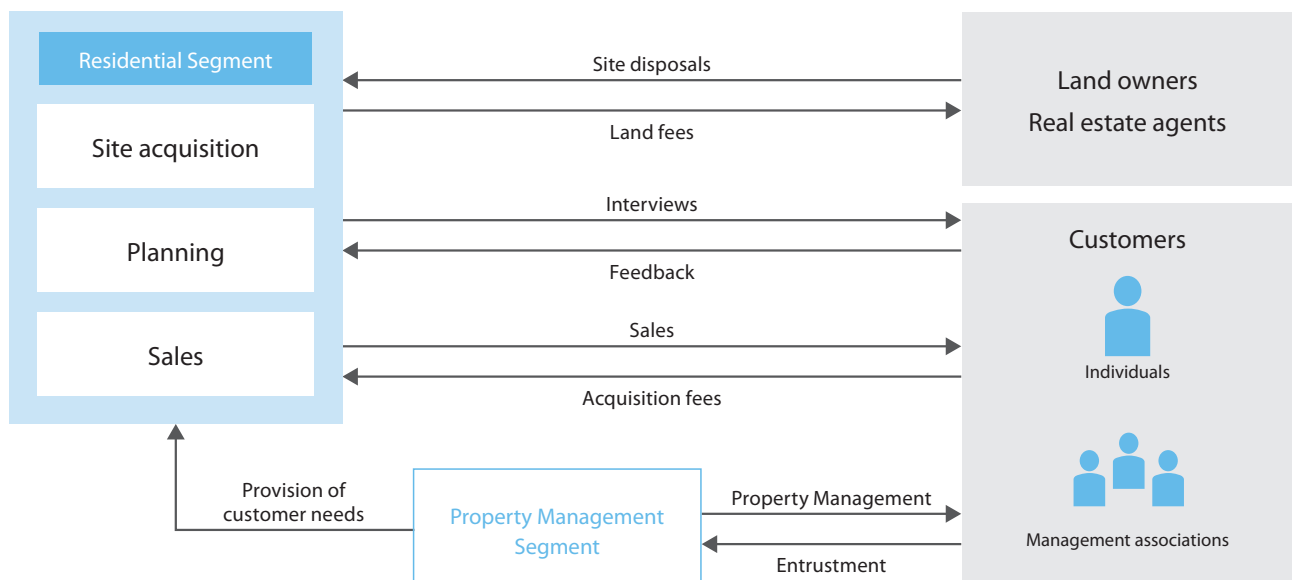
Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

In fiscal 2016, the fiscal year ended March 31, 2017, the segment posted operating profit of ¥9.7 billion, up 38.8% compared with the previous fiscal year, on operating revenue of ¥108.5 billion, down 7.8% year on year. Revenues were down because of bulk sales of land in the previous year and other factors, but the gross margin for condominiums increased, resulting in higher profit. BRANZ Tower Minato Mirai (Yokohama-shi, Kanagawa), BRANZ The House Ichibancho (Chiyoda-ku, Tokyo), BRANZ Yoyogi (Shibuya-ku, Tokyo), and BRANZ Mikuni Station Residence (Osaka-shi, Osaka) are included in condominiums.

For fiscal 2017, the fiscal year ending March 31, 2018, revenue is again expected to climb. Profit, on the other hand, is anticipated to

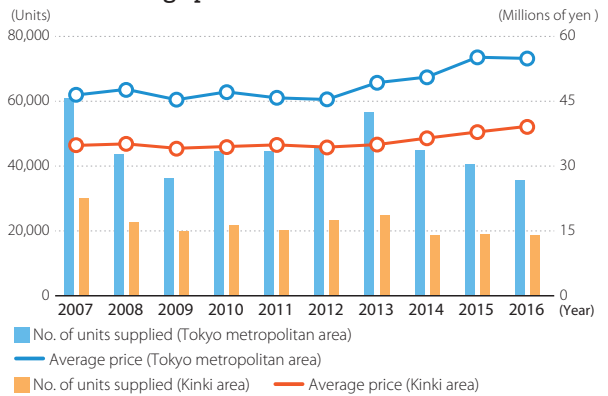
decline. Operating revenue is projected to reach ¥121.5 billion, up 11.9%, and operating profit is forecast to fall 19.5% to ¥7.8 billion on a year-on-year basis. We anticipate higher profit as a result of an increase in the number of condominium units sold and an increase in gains on sales of rental housing to investors, but high-end properties were recorded in the previous fiscal year, which will lead to a decline in the average price per unit, and gross margin will fall. Consequently, operating profit is expected to decline. Sales of condominiums remain strong, primarily sales of inner city properties, and the ratio of contracted amount for sale to the planned sales amount for fiscal 2017 for condominiums reached 54% as of the beginning of the period.

Business Model



▶ Market Environment Trends

- By sales area, stable number of units supplied and rises in average prices



Source: Real Estate Economic Institute Co., Ltd.

Medium- and Long-Term Targets and Strategies

Exhibiting a Unique Presence through Complex Development Projects

The market environment for new condominiums is changing year-by-year including sustained high sales prices, decreases in the number of units supplied, and polarization of sales trends. Under these circumstances, the Group is steadily undertaking business with higher added value such as inner-city properties, redevelopment projects, complex development, and development in new business areas so that it can provide residences that customers will choose.

The Group is reinforcing its area-dominant strategies in inner-city districts, a Group strength, and is developing high added value properties that will become flagship properties. In response to changing customer needs including preferences for residences that are near their workplaces and properties that are close to stations, we are undertaking urban development that proposes lifestyles including redevelopment of highly convenient properties in front of and near stations and development of a large complex that combines condominiums with senior housing facilities. We have also launched business in new business areas including student residences and are reinforcing profit foundations.

In order to become a brand that customers think of when they are considering the purchase of a residence, we are reinforcing structures that integrate development, sales, property management, and after-sales services and are working to enhance brand strength. We will

▶ Segment Strengths

- Services for unified Group subscribers (sales, after-sales services, management)

BRANZ
— SUPPORT —

- Numerous points of contact with customers
Number of BRANZ Club members **189,000**

(As of March 31, 2017)

also undertake additional BRANZ Voice activities to gather various opinions from customers so that we can create product plans that reflect customer needs. Moreover, we are working to raise customer satisfaction by creating value over the long term through BRANZ Support, which provides services to customers at each stage of their lives through property management and after-sales services.

Column

BRANZ the House Ichibancho, the Flagship of the BRANZ Series

Construction of BRANZ the House Ichibancho, a condominium in Chiyoda-ku, Tokyo, was completed in January 2017. The property is near Chidorigafuchi Park, known for its cherry blossoms, and the British Embassy and offers a high level of convenience. All units have been sold despite having the highest-ever sales price of BRANZ series. In addition to lighting designs that exhibit nighttime beauty, common areas with abundant traditional Japanese art, and a garden that can be enjoyed in all four seasons, the building also features a seismically isolated structure to provide safety and peace of mind. A variety of services are available 24 hours a day, 365 days a year.



BRANZ City Setagaya Nakamachi
(Setagaya-ku, Tokyo)



BRANZ The House Ichibancho
(Chiyoda-ku, Tokyo)



BRANZ Tower Midosuji Honmachi
(Osaka-shi, Osaka)

Property Management Segment

The Property Management segment plays a vital role in the formation of quality social infrastructure through total support in real estate management, including building and equipment maintenance, operation, and repairs, for condominiums, office buildings, commercial and public facilities.

Segment Overview (As of March 31, 2017)

No. of condominium under management
741,624 units

No. of condominium under comprehensive management included in the above
515,066 units

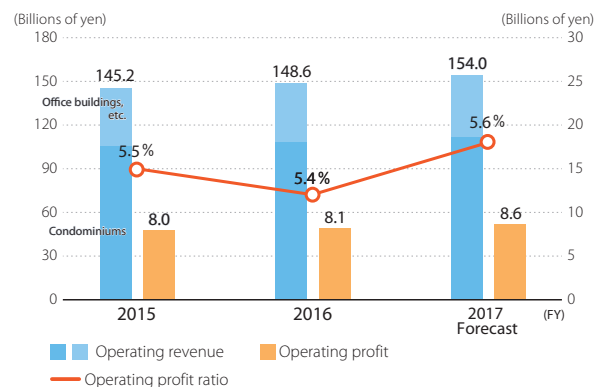
* Number of units under comprehensive management: The number of units under management entrusted by condominium management associations

No. of residential properties under designated management
95,145 units

No. of buildings and other properties under management (including designated management properties and PFI properties)
1,483 properties

Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



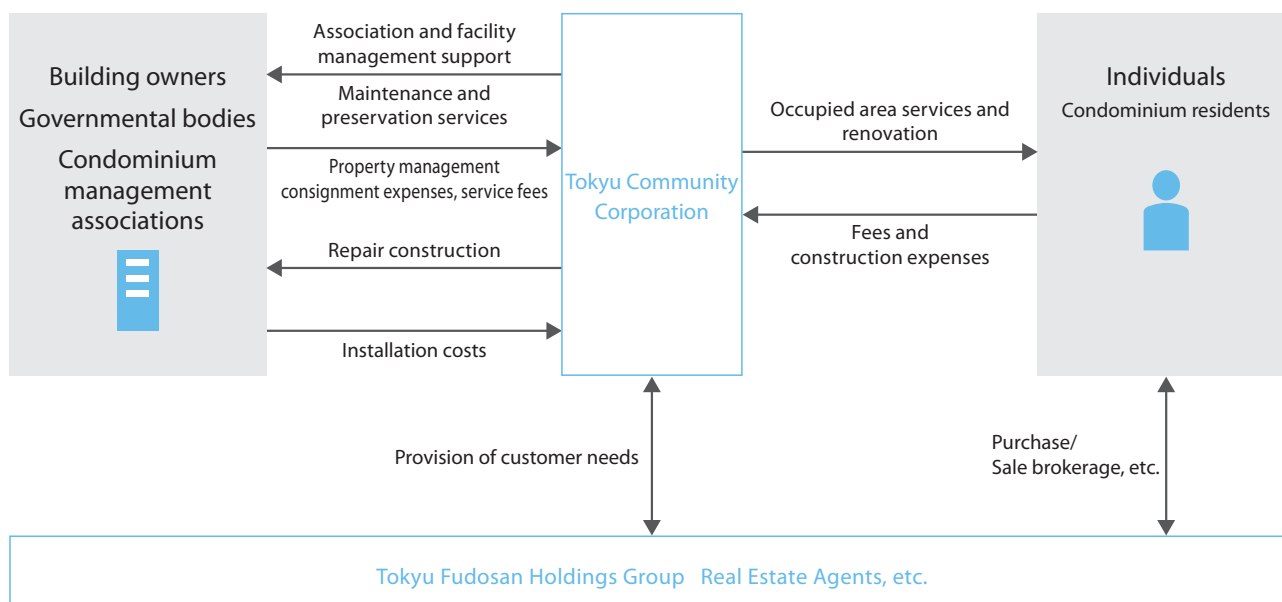
Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

In fiscal 2016, the fiscal year ended March 31, 2017, revenue and profit increased compared with the previous fiscal year. In specific terms, operating revenue climbed 2.3% to ¥148.6 billion and operating profit increased 0.6% to ¥8.1 billion on a year-on-year basis. As a result of measures to raise the quality of services provided to condominium residents including the establishment of a customer center and reinforced efforts to acquire management contracts for public housing and other properties, management stock of condominiums and office buildings increased and both revenues and profit were higher. The Group was entrusted to manage the Kusanagi Sports Complex in

Shizuoka Prefecture and the Yokohama Red Brick Warehouse in the buildings business and the Higashiosaka Cultural Creation Hall in the PFI business. By making use of our high added value operational know-how, we are expanding business not just for office buildings, but for public facilities and in other areas as well.

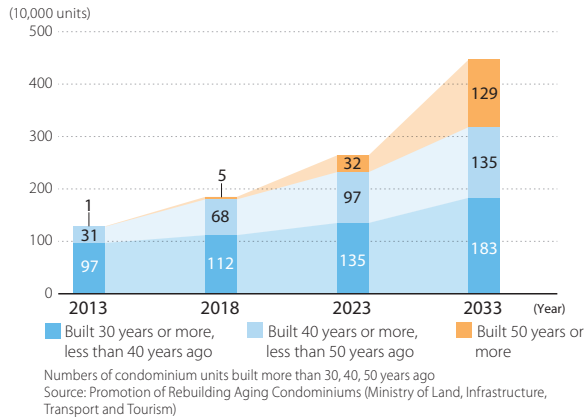
For fiscal 2017, the fiscal year ending March 31, 2018, the segment is expecting its operating revenue to increase 3.6% year on year to ¥154.0 billion, and its operating profit to climb 5.9% to ¥8.6 billion. We expect that stock of condominiums and office buildings to continue to increase and operating revenue in the construction business to rise.

Business Model



▶ Market Environment Trends

● Increased demand for improvements and renovations due to condominium aging



Medium- and Long-Term Targets and Strategies

Overwhelming No. 1 Comprehensive Property Management Company

The supply of new condominiums in Japan is expected to decline, but private outsourcing of property management for public facilities will increase and repair and renovation demand will rise in conjunction with the aging of condominiums and office buildings. Under these circumstances, the Group is undertaking strategies to be No.1 in customer satisfaction and trust, technical capabilities, labor environment, and business fields and productivity in the property management business and seeks to achieve an overwhelming No.1 status as a comprehensive property management company so that it can secure high-quality information and management resources over the medium to long term.

With regard to customer satisfaction and trust, we will use data accumulated by the customer center established in 2016 to create an organization that can accurately determine customer needs. To address technical capabilities, we will start renovation of training centers and build the industry's leading training system using new centers. In the area of the labor environment, we will further reinforce measures to become a business enterprise that employs the industry's best human resources. With regard to business fields and productivity, we will continue to bolster the use of IT and raise business productivity.

To acquire new orders, we will use the Tokyu Community and Community One brands to reinforce our efforts to attract replacement demand so that we can increase the stock of managed condominiums

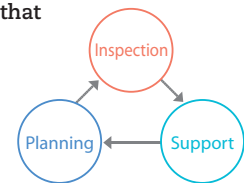
▶ Segment Strengths

- Top-class in its industry for the number of properties under management
- Comprehensive property management business that manages a wide variety of properties
- Human resources with advanced technical skills

- Industry-leader in number of engineers: (1,090)
- No.1 in the industry for number of condominium repair technicians: (529)

* Figures are for Tokyu Community Corporation on a non-consolidated basis.

- Providing one-stop services that help maintain asset values



and continue to strengthen orders for public facilities. We will also use the existing stock of managed properties to expand the construction business for common and occupied areas and increase the occupied area service business. We will develop overseas business through condominium management in Indonesia, where the Group is undertaking development, and we will investigate new businesses such as online condominium management services.

We will reinforce collaboration among Group Companies as a growth area for the Group and work to expand associated assets and acquire additional business opportunities originating from current stock.

Column

No.1 in Real Estate Industry in "Companies That Maximize People" Survey

Tokyu Community Corporation was ranked 40th overall in the 2016 "Companies That Maximize People" survey and maintained its industry-leading position from 2015. The survey examines companies in four areas: hiring and human resource development; diversity management; childcare and nursing care; and workplace environments and communications. Tokyu Community Corporation ranked 17th for childcare and nursing care.

* Conducted jointly by Nikkei Inc., Nikkei Human Resources, Inc. and Nikkei Research Inc., the survey targeted around 1,260 major corporations in Japan and ranked the 462 companies that responded



Futako Tamagawa Rise (Condominium and commercial facility)



House of Councilors Members' Building
(Facility used by Diet upper house members)



Condominium property management services

Real Estate Agents Segment

The Real Estate Agents segment offers comprehensive solutions in real estate transactions, including real estate brokerage, consignment sales, and real estate sales, tailored to diverse customer needs.

Segment Overview (As of March 31, 2017)

Tokyu Livable, Inc. network
174 locations
 (4 overseas locations)

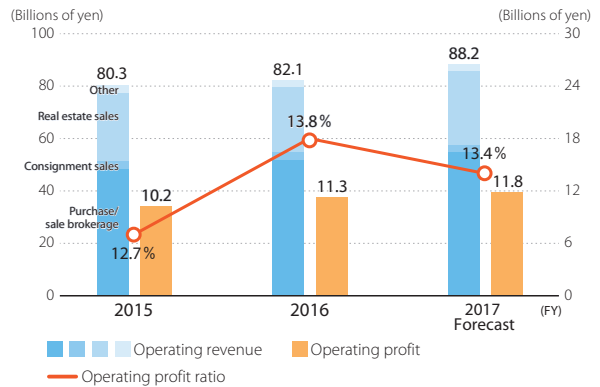


Fiscal 2016
 No. of real estate agent transactions
23,278

No. of real estate agent sales staff
1,395

Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



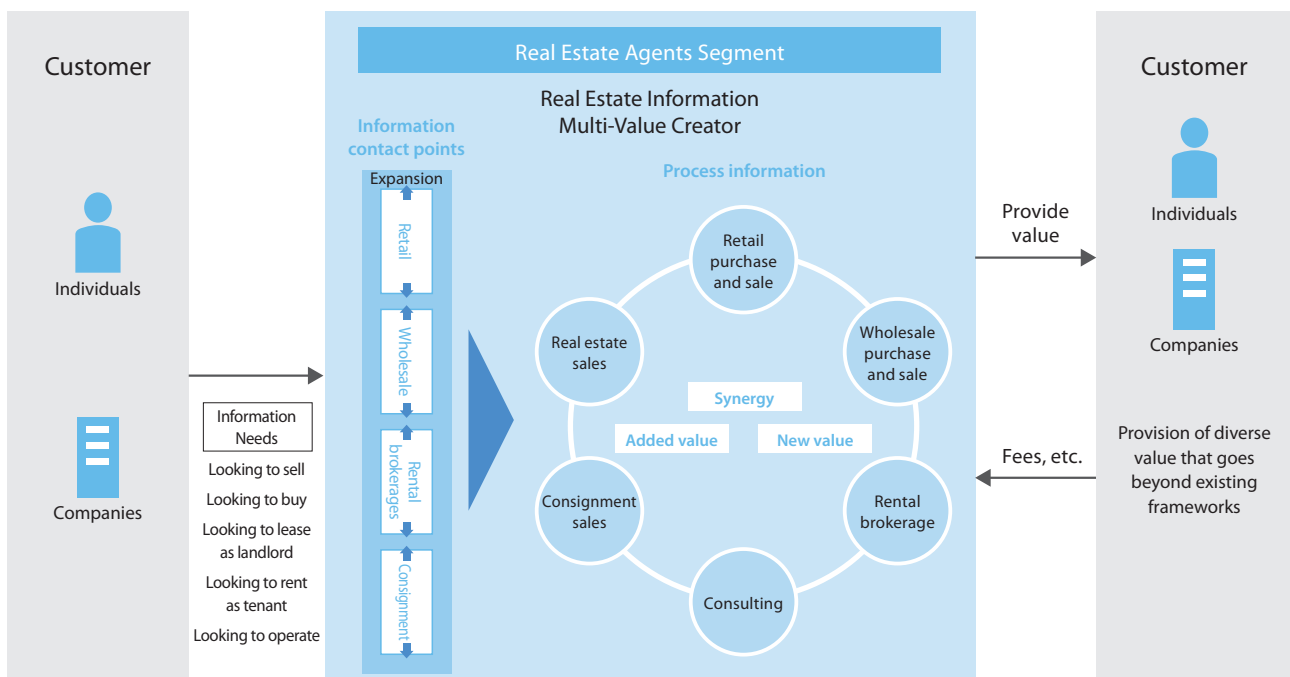
Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

In fiscal 2016, the fiscal year ended March 31, 2017, revenue and profit increased compared with the previous fiscal year. In specific terms, operating revenue climbed 2.2% to ¥82.1 billion and operating profit increased 10.4% to ¥11.3 billion on a year-on-year basis. Against a backdrop of strong performance in the real estate transaction market, we took measures regarding real estate agent sales including opening 14 new outlets in the retail divisions and reinforcing Condominium Sales Premium Support services, resulting in a steady increase in the number of transactions. In the wholesale divisions, the average transaction amount declined because of effects from contracts for large properties in the previous fiscal year and the number of transactions fell, but the transaction commission rate improved.

As a result of the launch of Lideas brand of condominium renovation services and expansion of the investment steel-frame apartment building business, overall both revenues and profits increased.

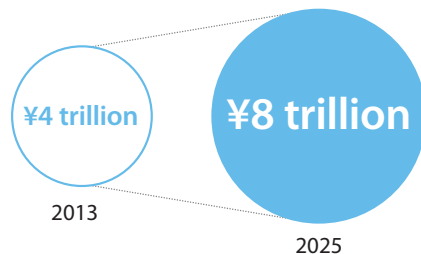
For fiscal 2017, the fiscal year ending March 31, 2018, operating revenue is forecast to reach ¥88.2 billion, up 7.5% compared with the previous fiscal year. Operating profit is projected to total ¥11.8 billion, an increase of 4.6% year on year. This forecast increase in revenue and earnings reflects a wide range of factors. We expect increases in the number of transactions (up 11.4%) and in transaction amounts (up 10.2%) in both the retail and wholesale divisions.

Business Model



▶ Market Environment Trends

- Expansion of previously-owned residential property transactions and the renovation market



Policy objective set by the government of Japan
Source: "Basic National Housing Plan" issued by Japan's Ministry of Land, Infrastructure, Transport and Tourism

▶ Segment Strengths

- Wide-ranging customers contacts and information contact points
- Extensive real estate transaction information
- Broad business fields
- Brand strength (customer recognition)

Medium- and Long-Term Targets and Strategies

Real Estate Information Multi-Value Creator

Market growth for the new residential properties will remain limited, but we expect the markets for existing residential properties and renovation to expand as a result of increases in high-quality existing housing stock and support from government policies. We also anticipate changes in the provision of value to customers as a result of rapid increase in use of the Internet and artificial intelligence, market entry by companies in other industries, and other factors.

Under this market environment, we will work to achieve three No.1 positions in the Real Estate Agents business—customer evaluation, business competitiveness, and meaningfulness of work—while pursuing the industry's highest level of operating profit. In addition, we will make use of our extensive information contact points and broad business fields as a comprehensive real estate transaction firm, particularly in the real estate sales agent retail and wholesale divisions, to become a Real Estate Information Multi-Value Creator that can provide diverse value to customers.

To achieve this, in the real estate sales agent retail divisions, we will continue to open new outlets in regions around the country in order to expand information contact points even further and expand the scale of business through differentiation from our competitors by promoting unique services. In the field-estate sales agent wholesale divisions, we will reinforce Real Estate Agents of general businesses and bolster our operational asset management business model for hotels, logistics facilities, and other properties in order to expand the scale and scope of business. In the real

estate sales segment, by responding dynamically to information obtained from real estate sales agents, we are expanding development of existing residential products and renovation services while taking on non-residential products such as small stores and small offices to expand business areas. In addition, we will continue to invest in IT and carry out IT strategies, develop human resource development environments, and invest in the real estate sales agents retail and wholesale divisions' brands.

Column

Development of Human Resources Who Can Provide Diverse Value

Tokyu Livable Inc. pays particular attention to the development of human resources so that it can properly handle real estate, which is a high-priced product, respond to customer needs, and provide diverse value. All employees strive to achieve the No.1 position in customer evaluation and are enhancing their specialization as real estate professionals through means such as from new employee training to on-the-job training, property management training, and support for self-improvement efforts. As of May 2017, 94% of real estate agents (including managers) were certified real estate transaction specialists. The company also provides active support for employees to acquire other qualifications such as certification as financial planners.



Working to strengthen branding with the aim of increasing recall rate
Leveraging the popularity of well-known personalities through TV commercials and other advertising



Virtual reality viewing system introduced

Wellness Segment

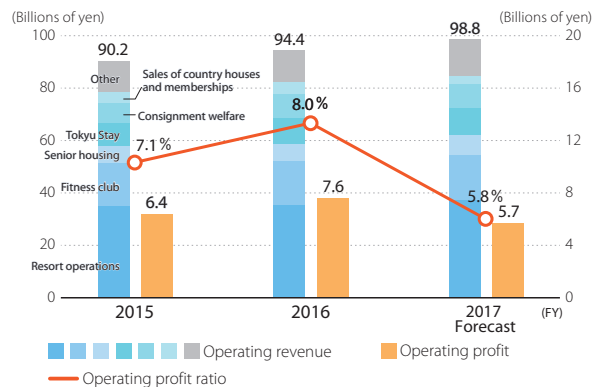
The Wellness segment helps customers create a wealth of high-quality time through cross-business collaboration in the fields of leisure, health and senior citizens, by developing and managing resorts, leisure facilities, sports clubs and senior housing.

Segment Overview (As of March 31, 2017)

Membership resort hotels 24 hotels 2,656 rooms	Senior housing 15 facilities 1,081 units
No. of public hotels 23 hotels 3,214 rooms	Members-only fitness clubs 33
Golf courses 20	No. of WELBOX members Approximately 1,470,000
Ski resorts 8	

Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



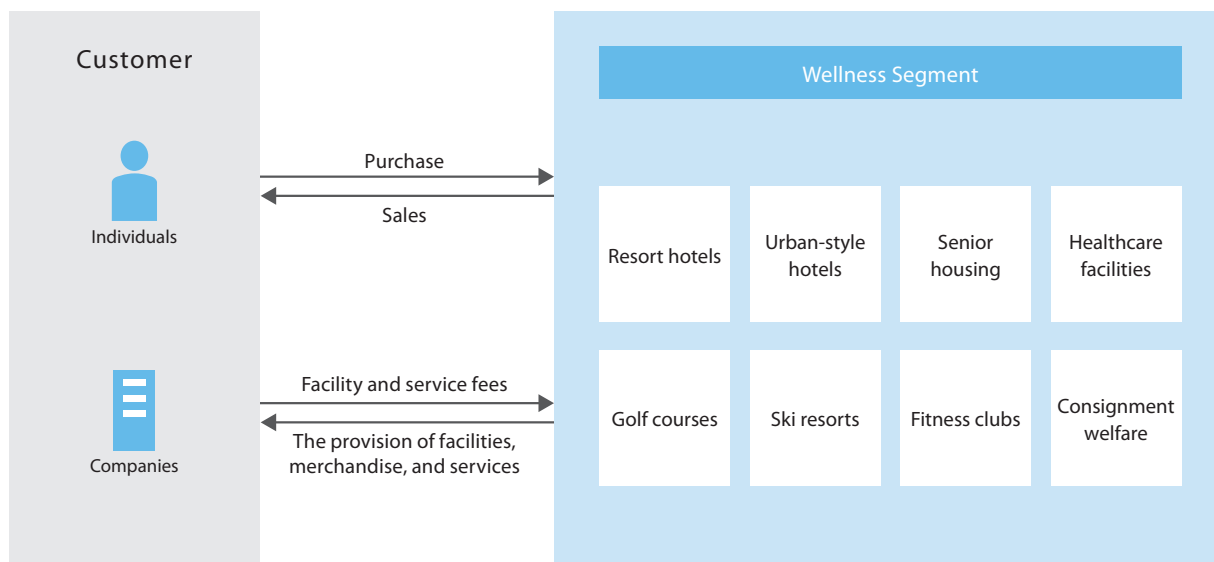
Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

In fiscal 2016, the fiscal year ended March 31, 2017, revenue and profit increased compared with the previous fiscal year. In specific terms, operating revenue grew 4.7% to ¥94.4 billion and operating profit climbed 18.2% to ¥7.6 billion. This was the result of an increase in room rates at Tokyu Stay, an urban-style hotel, as well as reporting of operating revenue from country house real estate in the country house and membership segment and an increase in registration income in conjunction with the sale of memberships to Tokyu Harvest Club Karuizawa & VIALA.

For fiscal 2017, the fiscal year ending March 31, 2018, revenue is again expected to climb. Profit, on the other hand, is anticipated to decline. Operating revenue is projected to reach ¥98.8 billion, up 4.6%, and operating profit is forecast to fall 24.1% to ¥5.7 billion on a year-on-year basis. Improvement of existing facilities including ski

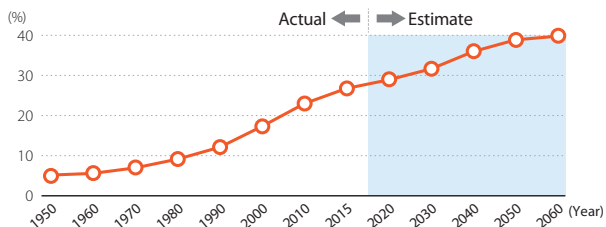
resorts in the resort operations segment and new operation of senior housing and Tokyu Stay will result in higher revenues, but profit is expected to decline as a result of the reporting of income from country house real estate and reporting of registration income in conjunction with the sale of memberships in the previous fiscal year. The Kyu Karuizawa Hotel was acquired in March 2017, and during fiscal 2017 we plan to begin operation of Tokyu Stay Kyoto Ryogaemachi-dori, the first Tokyu Stay facility opened outside Tokyo, Tokyu Stay Sengakuji (tentative name), which features excellent access in Tokyo, and Grancreer Setagaya Nakamachi, a complex development project that combines condominiums with senior housing. As a result, the Wellness segment is expanding at a steady pace.

Business Model



▶ Market Environment Trends

● Aging of society



The Aging of Society and Future Estimates (Proportion of the Population Aged Over 65)
Source: Fiscal 2018 Annual Report on the Aging Society (in Japanese only) issued by Japan's Cabinet Office

● Inbound demand expansion

Medium- and Long-Term Targets and Strategies

Establish the industry's top position in the wellness domain

The wellness domain is an area where substantial growth is expected in facilities for seniors and nursing care services as the population ages. In addition, expansion of lodging facilities and tourism demand is expected in conjunction with the rapid increase in foreign tourists. Under this market environment, we aim to establish the industry's top position in the Wellness business by proposing new lifestyles and supporting the healthy lives of our customers.

To achieve this, we will expand the scale of business in the wellness domain by making use of our development and operating capabilities. Specifically, we will accelerate the development of senior housing and expand the range of business by developing public hotels and condominium hotels and through other means.

We will also establish a cyclical reinvestment model in the wellness domain and take measures to expand associated assets, improve asset efficiency, and reinforce earnings capacity.

To achieve growth in the wellness business, responding to changes in the employment environment and to technological innovation will be essential. With regard to hiring and human resource development, we will bring development in-house and

▶ Segment Strengths

● Varied asset portfolio and a strong brand presence



● Contact with affluent customers 14.07 million users of facilities annually

acquire operations human resources through diverse and flexible human resource strategies and by reinforcing intra-group collaboration. We will also build structures that can efficiently provide advanced services through the use of IT.

Column

First Tokyu Stay Hotel Outside Tokyo to Open

Tokyu Stay, a chain of urban-style hotels with "a comfortable space for one night or a medium- to long-term stay" as its concept, has 17 hotels (2,445 rooms) in the 23 wards of central Tokyo. The Group is planning additional locations in Minato-ku in Tokyo, Kyoto, Sapporo, Fukuoka, and other cities and aims to increase the number of rooms to 4,400 by fiscal 2020. Demand remains firm, particularly for business use, and the Group will open new locations primarily in regional cities where inbound demand is expected to increase continuously.



Tokyu Harvest Club Karuizawa & VIALA
(scheduled to open in fiscal 2018)



Hyatt Regency Seragaki Island Okinawa
(scheduled to open in fiscal 2018)



Services in senior housing

Tokyu Hands Segment

Under the banner of “its hint market” brand slogan, the Group offers an extensive and diverse range of products and provides hints to discovery unique to Tokyu Hands to customers as a means of helping customers establish their own individual lifestyles.

Segment Overview (As of March 31, 2017)

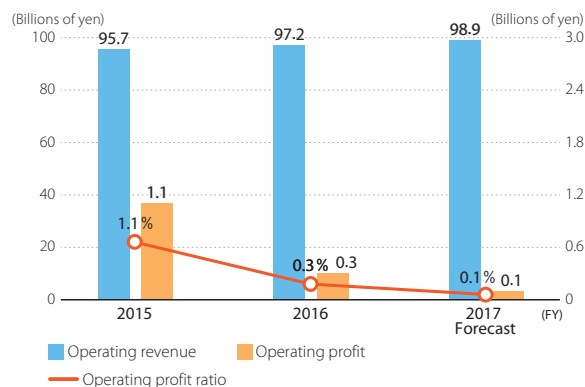
No. of stores

	Tokyu Hands	hands be	Other specialty stores
Domestic retail stores	36	26	15
Franchised stores	7	1	1
Overseas stores	3	0	0
Total	46	27	16

* Other: hands cafe, HANDS EXPO, etc.

Business Results Trends

Operating revenue (left scale) and operating profit (right scale)



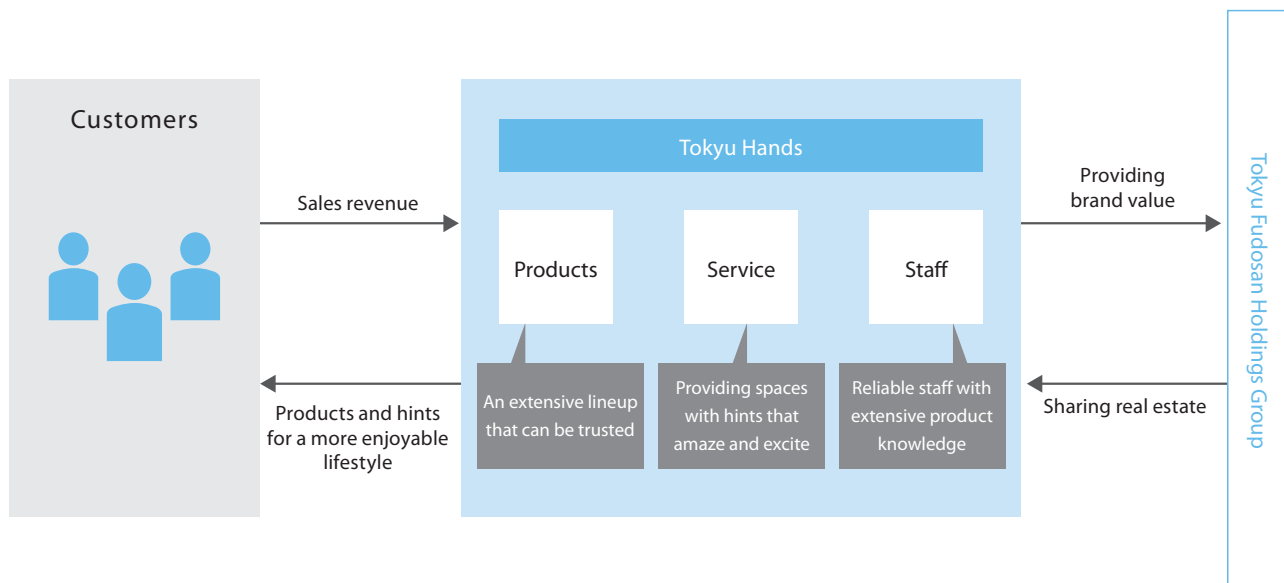
Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

In fiscal 2016, the fiscal year ended March 31, 2017, our Tokyu Hands business achieved operating revenue of ¥97.2 billion, a year-on-year increase of 1.5%, while posting operating profit of ¥0.3 billion, a year-on-year decline of 76.3%. In fiscal 2016, we marked 40 years since the establishment of Tokyu Hands and conducted various commemorative campaigns and works to enhance the Hands brand value by reinforcing contacts with customers through a product demonstration program called Hint Show and other unique events. Revenue increased as a result of new store openings and other factors, but lower revenues at existing stores and increased sales promotion expenses in conjunction with the implementation of commemorative events resulted in lower profits. A total of nine new stores

(including FC stores) were opened including the Tokyu Hands Nagasaki Store, Tokyu Hands LaLaport Shonan Hiratsuka Store, Tokyu Hands Kanazawa Store, and the Tokyu Hands Suntec City Store in Singapore, the third overseas store.

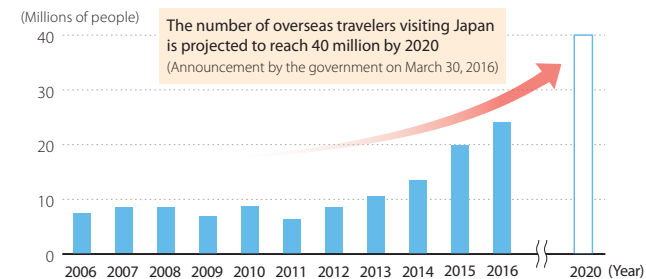
For fiscal 2017, the fiscal year ending March 31, 2018, revenue is again expected to climb. Profit, on the other hand, is anticipated to decline. Operating revenue is projected to reach ¥98.9 billion, up 1.8%, and operating profit is forecast to fall 44.6% to ¥0.1 billion on a year-on-year basis. An increase in revenue is expected as a result of new store openings including the Tokyu Hands Amagasaki Q's Mall, which opened in April, but profit is expected to decrease as a result of higher expenses associated with the opening of new stores.

Business Model



▶ Market Environment Trends

● Inbound demand expansion



No. of overseas travelers visiting Japan
Source: Japan National Tourism Organization website

▶ Segment Strengths

● Highly unique brand

10th in a store strategy survey conducted by Nikkei Research Inc. (2017)

● Numerous points of contact with customers

No. of Hands Club members

Approximately 4,300,000

(Including approximately 690,000 Hands Club application members)

Medium- and Long-Term Targets and Strategies

No.1 brand for lifestyle creation proposals

The current business environment is one of fierce competition, but we anticipate positive elements including the 2020 Tokyo Olympic Games and expansion of inbound demand. In addition, a shift in consumer needs from consumption of just products to consumption of services (consumption of experiences) is forecast. Under this business environment in the Tokyu Hands segment, we will make use of the Tokyu Hands strengths—products, services, and staff—to become a company that is selected as the No.1 brand for lifestyle creation proposals.

Specifically, with regard to merchandising, we will handle not just top-selling products, but will also establish a specialized division for highly-profitable private brands and reinforce the dissemination capabilities of the Tokyu Hands brand.

At the same time, we will make a transition to a structure that can generate stable profits. We will carry out our new store opening strategy by rigorously selecting highly profitable formats and areas including overseas sites. For existing stores, we aim to strengthen initiatives that suit regional customers while increasing the number of contact points with customers.

We will take measures to strengthen the people who are responsible for the stores that are the source of the Tokyu Hands brand power. We are reinforcing practical education and training programs conducted at the Hint House training facility and placing particular emphasis on strengthening the development of human resources who conduct

meticulous customer contacts with extensive proposal capabilities and knowledge. To address the issue of labor shortages, we are establishing work formats that allow for various working styles and standardizing work in order to achieve ongoing growth of the Tokyu Hands brand.

Column

40th Anniversary Tokyu Hands Gratitude Festival

In 2016, Tokyu Hands Inc. marked 40 years since its establishment. The Tokyu Hands Gratitude Festival was held to express 40 years of gratitude. Singer-songwriter Masayoshi Yamazaki wrote an original song, Tokyu Hands staff members conducted a campaign entitled Lend a Tokyu Hand to solve customer issues, and special collaborative programs were conducted with various companies in other industries.

Tokyu Hands hopes to remain a store where customers will be able to continue finding new hints. We are pursuing further growth in the lead up to the store's 50th anniversary.



The 40th Anniversary Tokyu Hands Gratitude Festival



The Tokyu Hands reliable staff has extensive product knowledge



The Tokyu Hands Suntec City Store (Singapore)

Innovation Business segment

The Innovation Business segment develops overseas businesses, and creates and promotes new business fields, such as custom-built houses, renovation projects and greenification.

▶ Segment Overview (As of March 31, 2017)

Global Expansion of the Real Estate Business

United States
Indonesia, China

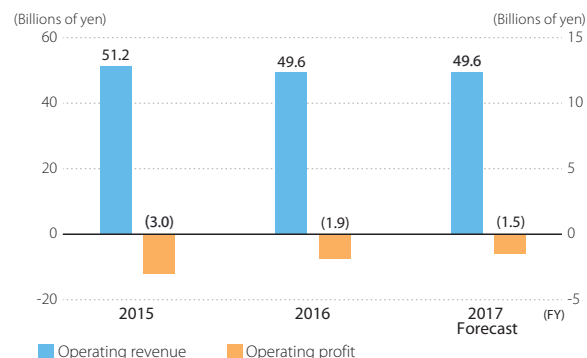
No. of units currently under construction as a part of condominium complex development projects in Indonesia

Approx. 4,000 units

* Includes certain joint business activities.

▶ Business Results Trends

● Operating revenue (left scale) and operating profit (right scale)



Segment Overview

The Tokyu Fudosan Holdings Group's innovation business is made up of its overseas and affiliate operations. In this segment, the Group is channeling its energies toward creating new demand in line with the evolution of its business model. Leveraging the unique strengths of the Group, every effort is being made to generate future growth opportunities. Furthermore, the Group is actively engaged in the sale of custom-built houses, renovation work, and landscaping as a part of strategic endeavors related to its core activities.

Feature Overseas Business Strategies

The Ideal Exhibiting our presence as a comprehensive developer in overseas business

The Group is expanding overseas business with a focus on the United States, where stable growth is expected, and in Asia, particularly Indonesia, where growth is rapid.

In the United States, we are achieving results through steady implementation of the 425 Park Avenue redevelopment project in New York City's Manhattan borough and seek to build a stable business foundation by making use of our presence. We are considering investment from the perspective of asset allocation as well.

Since entering Indonesia in 1975, the Group has established solid results and a strong reputation by developing a cumulative total of roughly 4,500 detached housing residences. We are currently undertaking development of luxury condominiums and selling BRANZ Simatupang and BRANZ BSD. These

efforts have been praised, and PT. Tokyu Land Indonesia was selected as one of Indonesia's top 10 developers in 2017 by BCI Asia. BCI Asia has been preparing such lists in seven Southeast Asian countries since 2011, and this was the first time that a foreign-affiliated developer was selected in Indonesia. Going forward, we will expand and stabilize the residential business by using our own development, sales, and property management structures with the aim of establishing our presence as the leading foreign-affiliated developer.

In China, the Group is engaged in the management of the Towakogu serviced apartments that are mainly for Japanese expatriate use. Making the most of real estate business experience and know-how in Japan, the Group is taking steps to push forward this business.



425 Park Avenue, New York



BRANZ BSD in suburban Jakarta



BRANZ Simatupang in Jakarta