

Attributes that Underpin the Group's Efforts to Create Value

A Message from the Chairman of the Board of Directors

The Tokyu Fudosan Holdings Group set a target to “Become a Corporate Group that Continues to Create Value” in its medium- to long-term vision, and our mission is to continue resolving management and social issues while providing value to customers. To achieve this, as chairman of the Board of Directors, I have pursued highly dynamic Group management and strengthened governance while ensuring fair and transparent management. In fiscal 2016, we launched an initiative to assess the effectiveness of the Board of Directors and elected multiple independent outside directors to the Board. The Nomination and Compensation Advisory Committee also began operations as an advisory body to the Board of Directors. In fiscal 2017, we have made steady improvements including the introduction of a stock-based compensation program for directors and managing officers who have entered into commission agreements, with the aim of raising awareness of contributing to increasing corporate value by enhancing financial results over the medium to long term.

In recent years, the corporate management environment has undergone major changes including the adoption of the Japanese version of the Stewardship Code and the Corporate Governance Code as well as the global Sustainable Development Goals (SDGs), and change will almost certainly continue in the future. In order to accurately understand societal changes and carry out Group management from a multifaceted perspective, the Group has positioned corporate governance, work style reforms, social needs, and the environment as priority management topics and is practicing environmental, social, and governance (ESG) management.

Going forward, we will maintain our efforts to be a corporate group that resolves social issues and continues to provide value to a broad spectrum of stakeholders while maximizing the Group's capital and continuously strengthening governance.



Kiyoshi Kanazashi

Chairman and Representative Director,
Chairman of the Board of Directors
Tokyu Fudosan Holdings Corporation

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Roundtable Discussion with Independent Outside Directors

Working to Increase the Corporate Value of the Group

The independent outside directors discussed the Tokyu Fudosan Holdings Group's current status and issues and the roles of the independent outside directors.



New Medium-Term Management Plan and Governance Reforms



Please tell us your impression of the past year.

Iki: I've been an independent outside director since 2014, and I feel that there have been some changes as a result of the increase to three independent outside directors. It's become easier for me to speak up, and I feel that debate within the Board of Directors as a whole has become much more active.

I believe that if we don't speak our minds clearly at Board of Directors meetings, there's no point in us being there, so this has been a significant change.

Tsuda: Mr. Enomoto and I were appointed to the board in FY 2016. I don't know that much about the real estate industry, so I felt there was a good amount of trial and error in the company explaining things and so on. This type of accountability is extremely important for a company, and I believe that it is always necessary to carry out business while incorporating outside perspectives.

Enomoto: The other directors may have been surprised by how freely I speak up in Board of Directors meetings. I think this may have caused some problems for the secretariat staff. However, I believe that everyone understands that I speak as I do based on a desire to make the Group even better. It is the role of the independent outside directors to incorporate opinions from an outside perspective into actual business operations and seek broad understanding to ensure proper implementation of the PDCA cycle.

What are your opinions of the new Medium-Term Management Plan submitted in May of this year?

Enomoto: In light of current social conditions, I believe that it is very much the right approach to address the transformation from a flow-oriented society to a stock-oriented society and to raise the percentages of stock-oriented businesses such as the Property Management segment and the Real-Estate Agent segment. The Group has also acquired the National Student Information Center. I think that it is extremely positive that the Medium-Term Management Plan clearly states that the Group will maintain relationships with customers over long periods from when they are young until they are old. The message that the Group is reinforcing its capabilities to respond in support of this will differentiate us from other companies.

Tsuda: Like Mr. Enomoto, I believe that the proposal to shift to stock-oriented business is important. In this environment where companies generally do not grow quickly, I would like the Group to reinforce its strengths as a business while retaining the good and discarding the less good.

The Group Corporate Strategy Department was newly established, and I hope that debate about what we're going to do in society in the future will take a more long-term perspective than in the past. I think it would be beneficial to reflect these results in the next Medium-Term Management Plan.

Iki: One of the strengths of the Group is that we have businesses that other companies do not. I would like to see the Group develop a portfolio for the future while skillfully making use of this strength. Amid many the rapid changes that are occurring, including a declining birth rate, aging population, shrinking workforce, and technological advances in artificial intelligence, the Group cannot simply follow the path of its existing businesses.

I believe that it is necessary to have discussions that take into account these future changes.

Putting ESG Management into Practice

The new Medium-Term Management Plan calls for ESG management to be put into practice. What are your thoughts on ESG management?

Enomoto: I think that a good start has been made with regard to



the governance aspect of ESG including strengthening the role of independent outside directors. I feel that further debate is needed with regard to environment and society. As an enterprise that is engaged in the real estate business, which is closely related to people's lives, we need to re-examine

how we can contribute to the environment and society and formulate corporate policies to achieve this.

Iki: It's important that ESG isn't just a slogan, but something is the Group takes seriously and puts into practice.

Tsuda: In order to do that, it is necessary to start by reconfirming what value our business has from the perspective of society, linking the work of each employee to society, and assessing how we can contribute to society. In the case of the Tokyu Fudosan Holdings Group, our business provides places for people to live, work, and create communities. Consequently, I believe that it is quite easy for us to create value from a social perspective.

Iki: I believe that responding to the aging of society is also an important issue for putting ESG management into practice.

The percentage of the total population accounted for by seniors will increase even further, and it is key for us to address how we can support comfortable and pleasant lifestyles for seniors. Community development that anticipates the coming super-aged society will look very different from community development that doesn't.

Development of housing for seniors is already underway, but I would also like to see initiatives in this area that go beyond the bounds of physical frames. I believe that it is necessary to change each business individually so that, for example, even when planning a single golf course, we take into consideration how seniors can play comfortably too.

Enomoto: I think that this will be difficult, but it is precisely for this reason that it will create business opportunities. If we are able to overcome these issues, it will be a tremendous asset for the Group.

The Roles of Independent Outside Directors

Finally, please describe what you each believe are your roles as independent outside directors.

Enomoto: I believe that the role of independent outside directors is to oversee management while determining whether the Group is executing strategies that will lead to continuous and stable growth. In addition to monitoring short-term profits, I seek to continuously monitor whether the Group is properly laying foundations and taking appropriate action for the medium to long term.

To give my personal opinion, I would like the Group to have the persistence to maintain a medium- to long-term perspective with regard to investment and to conduct strategic investment.

Iki: Put simply, the role of the outside director is to avoid unquestioning adherence to precedents. Rather than following prior practice simply because that's the way it's always been done, we need to change things if we think something isn't right. If we fail, we need only think up a different method. I hope to create a corporate culture that fosters this type of thinking.

Tsuda: Various types of business are conducted within the Group, and it is not easy to create synergy effects among Group companies. I believe that my role is to create forums for debate that can identify the issues that need to be overcome in order to generate additional synergy effects.

There are many things that we can do precisely because we are



outsiders. Mr. Iki mentioned eliminating unquestioning adherence to precedent, and different perspectives are necessary for eliminating such adherence in management. By presenting our opinions, I hope we can initiate discussion that will lead to understanding different viewpoints.

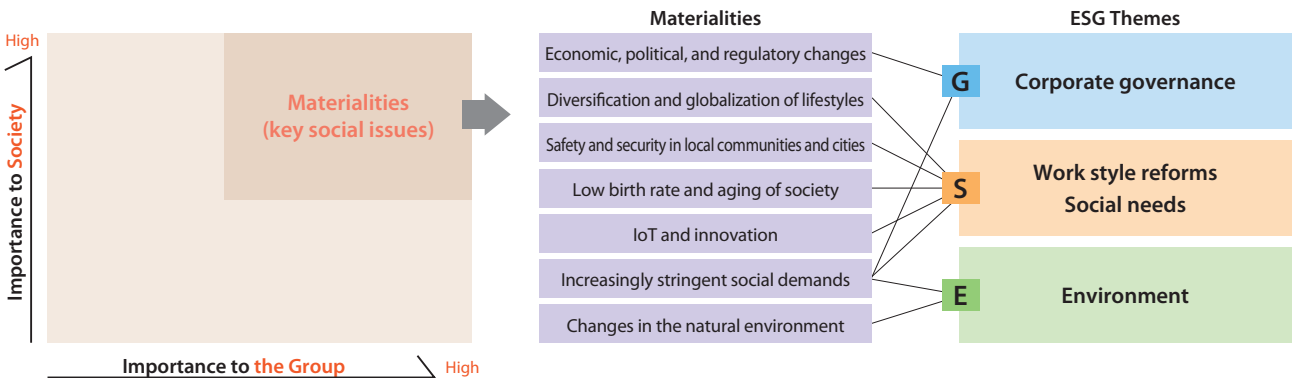
Iki: The role of the holdings company is important in creating synergy effects. When business companies are considered individually, it is easy to fall into partial optimization. I would like to see the holdings company promote change across the Group as a whole by calling on the business companies to make changes from a somewhat longer perspective.

Enomoto: The results of a recent questionnaire evaluating the Board of Directors included many comments from directors who are also managing officers, seeking even closer communications with the independent outside directors. Many members of the Board indicated that our comments during Board of Directors meetings were interesting, and for this I am truly grateful. In the future, I hope to have more opportunities to meet directly with the heads of the business companies and exchange opinions with them.

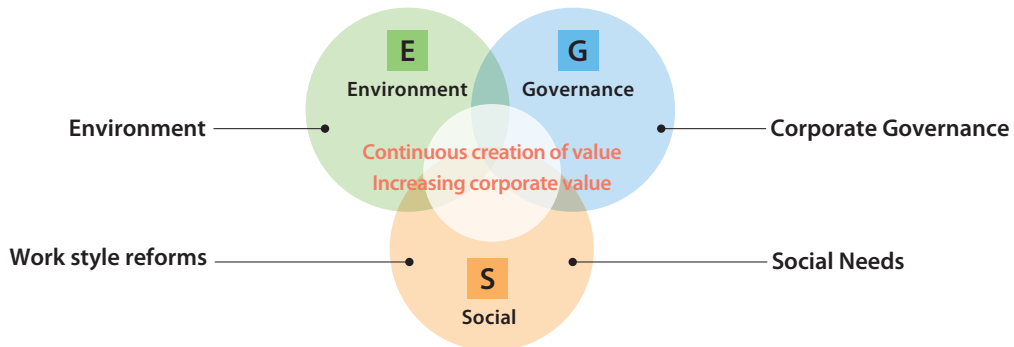
ESG Management

The Tokyu Fudosan Holdings Group has positioned environmental, social, and governance (ESG) practices as a priority management issue in order to continuously create value. In fiscal 2016, we identified Group materialities (key social issues) in the medium and long-term management plan and organized them into four themes from the perspective of ESG. We set KPI targets for each theme for fiscal 2020, the final year of the medium and long-term management plan, and are working towards achieving those targets while measuring progress.

Identification of Materialities See pages 21–22 for details



Tokyu Fudosan Holdings Group's ESG Management



KPI Targets for Fiscal 2020

	Item	Fiscal 2020 Targets	Fiscal 2016 results
E Environment	CO ₂ emissions	25% reduction compared to fiscal 2005	-20% reduction compared to fiscal 2005
	Water use	25% reduction compared to fiscal 2005	+10% reduction compared to fiscal 2005
	Waste emissions	25% reduction compared to fiscal 2005	+0.7% reduction compared to fiscal 2005
	Acquisition of environmental certifications such as CASBEE and DBJ	100%	100%
	Green buildings (roofs, walls, etc.)	100%	100%
	Midori wo Tsunagu Project	2,000 ha	1,223 ha
S Social	Working hours	(Internal target)	15.6 hours
	Percentage of employees who undergo stress tests	100%	85.3%
	Percentage of female hires	At least 30%	41.6%
	Percentage of female managers	(Internal target)	5.7%
	Percentage of disabled employees	2.2%	1.96%
	Percentage of employees who undergo physical examinations	100%	98.2%
	Securing space for use during disasters*1	100%	100%
	Building certified under the Barrier Free Act*1	100%	100%
S Social needs	Condominiums with stockpiles of disaster relief goods*2	100%	100%
	Persons who are nursing care workers or have other professional qualifications	80%	67%
	Number of outside directors	At least 1/3 (approximately 33%)	3/13 (23%)
G Governance	Board of Directors meeting attendance rate	100%	100%
	Female directors	At least one person	0
	Compliance with the Compliance Code of Conduct	100%	94%
	Awareness of the Compliance Helpline Counter	100%	74%

*1. Tokyu Land Corporation office buildings, commercial facilities, and new large properties

*2. Tokyu Land Corporation new condominiums

*3. Nursing care workers

Corporate Governance

The Tokyu Fudosan Holdings Group places the utmost emphasis on fulfilling its corporate social responsibility (CSR) while complying strictly with all statutory and regulatory requirements as well as socially accepted norms. Not only does the Group strive earnestly to enhance the transparency and accountability of its management, but it also endeavors to strengthen corporate governance in a bid to ensure bold and timely decisions.

Corporate Governance Systems

Basic Stance on Corporate Governance

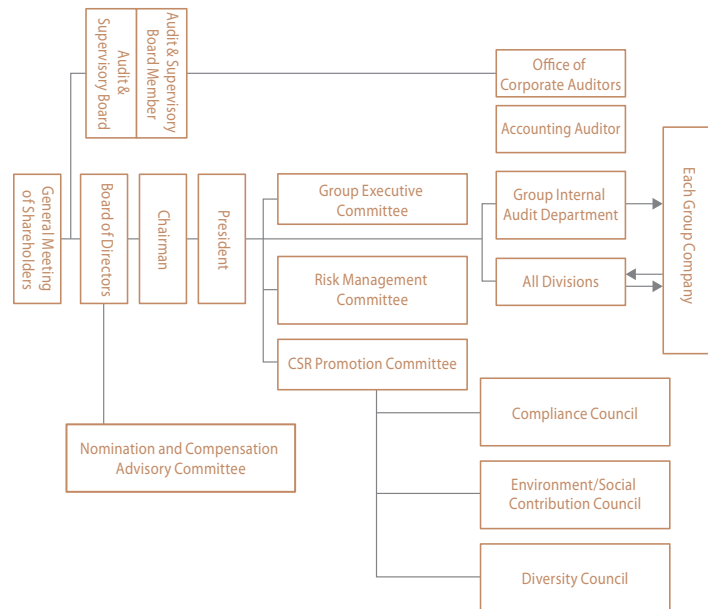
Taking into consideration people's needs and lifestyles, The Group is a comprehensive lifestyle company that creates beautiful living environments together with its customers under the slogan of "Toward a Beautiful Age." As a member of the Tokyu Group, the Company is committed to enhancing the value of the Tokyu brand, which has come to be associated with "comfort and reliability." It will continue to faithfully pursue a stable growth path and respond

to the drastically changing operating environment. At the same time, the Group strives to improve corporate value by placing "challenge" as the key word for its management strategy, constantly taking on the challenges of new businesses and tackling new issues. As such, the Group sees improving management efficiency and building a healthy and transparent management structure as important issues, and is putting its best efforts into the area of corporate governance.

Basic Policies

1. The Company will respect shareholders' rights and secure effective equal treatment of shareholders.
2. The Company will strive to cooperate appropriately with its stakeholders.
3. The Company will disclose information proactively and fulfill its duty of accountability to its stakeholders.
4. The Company will clarify the roles and responsibilities of various organizations within its structure to ensure that the management oversight function of the Board of Directors and the management monitoring and auditing functions of Audit & Supervisory Board Members and the Audit & Supervisory Board are adequately performed.
5. The Company will engage in constructive dialogue with shareholders in order to contribute to its sustainable growth and increase corporate value over the medium and long term.

Schematic Diagram of the Corporate Governance System



Corporate Governance Reforms Undertaken by the Tokyu Fudosan Holdings Group

Nomination and Compensation Advisory Committee Established

A Nomination and Compensation Advisory Committee, chaired by an independent outside director, was established as an advisory body to the Board of Directors to enhance the objectivity and transparency of management with regard to the nomination of candidates for director and managing officer and compensation of directors and managing officers.

Evaluating the Effectiveness of the Board of Directors

The effectiveness of the Board of Directors has been evaluated since fiscal 2016. Evaluations and opinions of its effectiveness according to each director and Audit & Supervisory Board Member are reported to and shared with the Board of Directors, and issues

for reassessment are identified to raise effectiveness even further. Going forward, these issues will be addressed and the status of improvements will be continuously verified through annual assessments of effectiveness.

Introduction of Stock-Based Compensation

The Company seeks to create a compensation system that will raise awareness of contributing to corporate value by enhancing financial results over the medium to long term. A stock-based compensation program was introduced in fiscal 2017 in order to clarify the link between share prices and the remuneration of directors and others and to create a common interest with shareholders regarding the gains and risks from fluctuations in share prices.

▶ Board of Directors

The Board of Directors functions as a supreme decision-making body second to the General Meeting of Shareholders, and makes decisions on important issues related to business operations. The Board of Directors develops internal rules such as the Board of Directors Regulations and the Duty Authority Regulations in addition to the matters stipulated in laws and regulations and the Articles of Incorporation. Based on these, the Board of Directors conducts decision-making on important matters related to the Group's management, such as the management policies, business plans, and large-scale investment plans. Authority for the execution of business and decisions relating to the execution of duties for issues other than the important matters listed above is delegated to the Group Executive Committee and other subordinate meeting bodies, and officers and so forth in charge of business operations. Meanwhile, the Board of Directors monitors the performance of duties of the meeting bodies as well as officers and so forth. In principle, the Board of Directors meets once a month. Extraordinary meetings are held as and when deemed necessary. In order to clarify the management responsibility of directors and establish a system that is able to respond rapidly to changes in the management environment, the term of office of directors is set at one year.

▶ Audit & Supervisory Board

The Company has adopted a statutory auditor system. Under this system, Audit & Supervisory Board Members attend important meetings including those of the Board of Directors to receive business reports from Directors and other officers. Audit & Supervisory Board Members peruse documentation on important decisions and listen to reports as well as other presentations from the Internal Audit Department, subsidiaries, other parties, and the accounting auditor as a part of their audit of the status of business execution at

Appointment of Directors

In appointing directors, the Company nominates personnel who are considered to have the appropriate character and knowledge, as well as no health issues that would impede them from executing their duties. The nominated candidates are also deemed to have insight and appropriate judgment capabilities with a view to achieving the management indicators and other objectives set out in the medium- and long-term management plan.

A Nomination and Compensation Advisory Committee, chaired by an independent outside director, was established as an advisory body to the Board of Directors to enhance the objectivity and transparency of procedures relating to nomination of candidates for director. When deciding on candidates for the position of director, the Company strives to maintain a balance between personnel who are able to exercise their management strengths in each of the fields within the Group's wide-ranging business domain in the general life-style industry; and personnel who are suited for corporate management and so forth. In this manner, the Company seeks to secure a balance while maintaining diversity with respect to the overall knowledge, experience, and capabilities of the Board of Directors.

the Company, its subsidiaries, and related companies.

Audit & Supervisory Board Members form fair audit opinions by accurately grasping information based on on-site visits and other activities, which are mainly conducted by full-time Audit & Supervisory Board Members, and effectively audit directors in the performance of their duties as an independent body under the mandate of shareholders by utilizing the mobility and flexibility of the Audit & Supervisory system.

▶ Independent Outside Directors

For the Company's corporate governance, independent outside directors are to have rich experience in management and a high level of discernment and character as well as other pertinent attributes together with an understanding of the Group's wide-ranging business fields and the value they create. They are to provide advice from a broad, high-level perspective, while appropriately supervising executives from an independent position. Tokyu Fudosan Holdings recognizes this as an important duty and has currently appointed three independent outside directors.

To enable appropriate and flexible decision-making on business activities and the supervision of execution, the Company considers it advantageous for the Board of Directors to be composed of directors from inside the Company who have specialist capabilities and insight into business fields, management plans, personnel, finance and accounting, and so forth, and independent outside directors who are able to proactively offer opinions on growth strategies as well as the enhancement of governance, and raise concerns, from the perspectives of diverse stakeholders and society.

Criteria for Determining Independence

The Company deems independent outside directors to be independent when, in addition to meeting the independence standards for independent officers stipulated by the Tokyo Stock Exchange, none of the following have applied for any of the previous three fiscal years.

- 1) An executive of a business partner to which the Company's net sales account for 2% or more of the Company's consolidated net sales
- 2) An executive of a business partner whose net sales to the Company account for 2% or more of the business partner's net sales
- 3) An executive of a lender from which the Company borrows funds that account for 2% or more of the Company's consolidated total assets
- 4) An executive of a major shareholder or investor of the Company with an investment ratio of 10% or more
- 5) A consultant, accounting professional, or legal professional who receives remuneration of more than ¥10 million a year from the Company besides officer remuneration
- 6) A spouse or relative within two degrees of kinship of a Director, etc. of the Company or a consolidated subsidiary

Activities of Outside Directors and External Audit & Supervisory Board Members in fiscal 2016

Title	Name	Attendance		Major Activity Details
		Board of Directors	Audit & Supervisory Board	
Directors	Koichi Iki	12/12	–	• Attended all 12 meetings of the Board of Directors held during the fiscal year under review. Provided his insight on matters subject to deliberation.
Directors	Noboru Tsuda	10/10	–	• Attended all 10 meetings of the Board of Directors held during the fiscal year under review following his appointment. Provided his insight on matters subject to deliberation.
Directors	Takashi Enomoto	10/10	–	• Attended all 10 meetings of the Board of Directors held during the fiscal year under review following his appointment. Provided his insight on matters subject to deliberation.
Audit & Supervisory Board Members	Tomoyasu Asano	12/12	12/12	• Attended all 12 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Board held during the fiscal year under review. Provided his insight necessary to fulfill his duties of auditing the execution of duties by directors at Board of Directors meetings and Audit & Supervisory Board meetings.
Audit & Supervisory Board Members	Toshio Imamura	12/12	12/12	• Attended all 12 meetings of the Board of Directors and all 12 meetings of the Audit and Supervisory Board held during the fiscal year under review. Provided his insight necessary to fulfill his duties of auditing the execution of duties by directors at Board of Directors meetings and Audit & Supervisory Board meetings.

Policy Regarding the Determination of Remuneration and Details

With regard to the amounts of remuneration for directors and Audit and Supervisory Board Members, the General Meeting of Shareholders adopted a resolution setting the total amount of remuneration for directors at no more than ¥600 million annually and that for Audit & Supervisory Board Members at no more than ¥120 million annually. When determining officer compensation, the Company seeks to create a compensation system that will raise awareness of contributing to corporate value by enhancing financial results over the medium to long term. Specifically, a decision was made that variable remuneration shall comprise a certain percentage of total remuneration, and the amount is determined taking into consideration the degree of attainment of various management indicators specified in the Medium-Term Management Plan, the degree of contribution to achieving plans, and other factors.

In addition, a stock-based compensation program separate from

the amounts of remuneration specified above was introduced in order to clarify the link between share prices and the remuneration of directors and others and to create a common interest with shareholders regarding the gains and risks from fluctuations in share prices.

The specific method by which remuneration is determined is a decision by the Board of Directors within the limits set by the General Meeting of Shareholders, taking into consideration the results of consultations with the Nomination and Compensation Advisory Committee regarding director remuneration. Remuneration of Audit & Supervisory Board Members is determined by discussion among Audit & Supervisory Board Members.

The Company plans to determine future remuneration in consideration of the balance with levels of remuneration paid at other companies in the same industry and that paid to employees so that it can recruit excellent human resources.

Total amount of compensation paid to directors and Audit & Supervisory Board Members in fiscal 2016

Category	Number of persons	Total amount of compensation (Millions of yen)
Directors	14	233
(of which, independent outside directors)	(3)	(25)
Audit & Supervisory Board Members	4	62
(of which, External Audit & Supervisory Board Members)	(2)	(8)
Total	18	295
(of which, outside officers)	(5)	(33)

Group Executive Committee

The Group Executive Committee was set up as an entity to deliberate, discuss and report on matters in two areas: important plans and proposals relating to Group management policy, management strategies and Group management; and important investment

plans and proposals as well as business strategy proposals for subsidiaries. Comprising the chairman and representative director, president, the following directors as well as managing officers, the Group Executive Committee convenes, in principle, once a month.

Internal Control

The Tokyu Fudosan Holdings Group has taken active steps to put in place and implement internal control systems for all members of the Group, including the Board of Directors and other organizations, management and employees, with the aims of thoroughly implementing compliance-based management, ensuring proper business operations, achieving management priorities such as earnings targets by raising the levels of efficiency and effectiveness, and undertaking

the appropriate disclosure of information; all of which will contribute to the sustainable development of the Group and the consistent improvement of its corporate value. In addition, Audit & Supervisory Board Members are monitoring and validating the progress of developments in its internal control system in accordance with the Audit Practice Standards for Internal Control Systems.

Risk Management

Basic Stance on Risk Management

Guided by its Basic Risk Management Policy, Tokyu Fudosan Holdings has put in place and maintains a risk management structure and systems. The Company recognizes all internal and external factors that negatively impact the Group's business operations resulting in a financial loss, damage to its brand or reputation, or interruption and suspension of activities as a going concern as potential risks. Tokyu

Fudosan Holdings evaluates, analyzes, and manages all of these risks as they apply to each Group company.

The Company has classified the aforementioned risks into three broad categories: operating and management risks; business process risks, and; other major risks including crisis management. The Company manages each risk on an individual basis as follows.

● Basic Risk Management Policy

The Company makes every effort to clearly identify all major risks as they apply to the Group as a whole and takes systematic and continuous steps to implement all necessary measures on a priority basis in order to comprehensively manage all risks that have the potential to hinder the Group from achieving its objectives or to create a loss.

<Individual Risks>

- | | |
|--------------------------------|---|
| 1. Investment risks | 5. IT strategy risks |
| 2. Financial and capital risks | 6. Information management and leakage risks |
| 3. Personnel and labor risks | 7. Crisis management risks |
| 4. Legal and compliance risks | |

Risk Management System

In addition to the Group Executive Committee and Board of Directors, Tokyu Fudosan Holdings has established the Risk Management Committee to ensure the proper management of risks on a comprehensive Group-wide basis. A department has also been put in place to oversee individual risks within the Company. This department is responsible for ascertaining, evaluating, and analyzing the Group's risk management structure and systems as well as the status of operations. Complementing these initiatives, Tokyu Fudosan Holdings takes

steps to confirm the efficacy of its risk management structure and systems as well as its risk management operations through internal audits. Audits of major risks are systematically undertaken in accordance with their priority.

In the event of a major loss or emergency that could cause serious damage to the Group, the Company takes appropriate steps in line with its Emergency Response Provisions. This includes the distribution of information and decisive action as necessary to minimize damage.

Risk Management Structure



*1 Incident: Incidents, accidents, or disaster that have occurred or are likely to occur

*2 Each company, individual unit, etc.: Tokyu Fudosan Holdings Corporation, each unit of Tokyu Land Corporation, (the Urban Development, Residential, and Wellness segments), other businesses (overseas businesses, Tokyu Homes Corporation, Ishikatsu Exterior, Inc.), Tokyu Community Corporation, Tokyu Livable, Inc., Tokyu Hands, Inc., Tokyu Housing Lease Corporation, and National Students Information Center

Risk Management Process

Tokyu Fudosan Holdings takes steps to identify the wide variety of risks to which the Group is susceptible. At the same time, the Company undertakes an evaluation and analysis of risks in line with

Risk Management Process

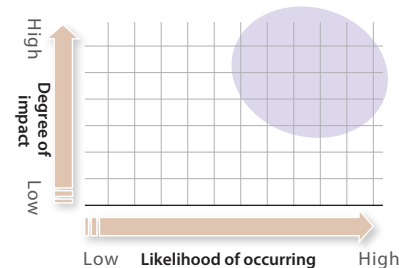


● Major risks

- Incidence of an accident that negatively impacts the safety of customers, business partners, and employees
- Leakage or loss of confidential or personal information
- Prolonged working hours and unpaid overtime
- Inadequate customer service and product quality
- Breach of statutory or regulatory requirement (industrial, financial, commercial, and other legislation) and compliance
- Inadequate crisis management systems
- Improper or inappropriate work-related conduct by officers and employees
- Inadequate internal control system development and operation

the degree of impact and likelihood of occurring. Based on the results of evaluations and analyses, the Risk Management Committee has identified the following parameters with respect to the continuous management of important risks.

Risk Evaluation Method



● Major risks relating to investment and financing capital

- Deviations from or delays in new investment strategies
- Inappropriate decision-making with respect to changes in the external environment
- Changes in economic and business conditions
- Delays in the application of Group management resources (personnel, customers, information, etc.); errors in the use, education, and training of human resources
- Sharp rise in personnel and raw material prices including the prices of lumber; changes in construction costs
- Inadequate medium- and long-term IT strategies; errors in systems investment
- Slump in overseas business development
- Drop in the values of assets held (drop in operating rents)
- Errors in identifying customers' needs

▶ Compliance

The Company has positioned the establishment of risk management through compliance-based management as a priority management issue. We are keenly aware that the practice of such risk management is the management foundation of the Group, and we undertake educational measures so that all officers and employees not only comply with laws and regulations applicable to our corporate activities, but also make decisions and act in accordance with the Tokyu Fudosan Holdings Group Code of Conduct.

The Company also created the Tokyu Fudosan Holdings Group Compliance Manual as a concrete manual for understanding the Code of Conduct and putting it into practice. All officers and employees are thoroughly informed about compliance through periodic training.

Compliance helpline counters were established at the Company and individual Group companies for consultations and reporting relating to violations of laws and regulations, internal rules, and the Tokyu Fudosan Holdings Group Code of Conduct.

The Company's helpline counter can be used by all Group employees (including contract employees, temporary employees, and part-time workers). There is an internal reporting desk that allows anonymous reports to be made and an external reporting desk handled by an outside advising attorney. The aim of these desks is to discover and rectify violations at the earliest possible time.

A total of 102 consultations and reports including consultations and questions on minor matters were received by the Company and Group companies in fiscal 2016.

▶ Reinforcing Information Security

The Company has established rules on proper information retention and management, and as a part of its efforts to raise information security levels even further and reinforce development of the internal control environment, we adopted a fundamental policy on information management, reorganized the Fundamental Rules on Information Management, and put them into practice on April 1, 2017.

The Fundamental Rules on Information Management clarify responsibility for information management and specify basic

requirements and principles of information management pursuant to the fundamental policy on information management.

In addition, a Group Information Security Committee was established. The committee is establishing PDCA cycles including receipt of reports on annual activities from each Group company.

Similar rules have been established by each company of the Tokyu Fudosan Holding Group, and measures are being taken throughout the Group.

Work Style Reforms

The Group is undertaking work style reforms in order to create workplaces where each employee can work with enthusiasm and to the best of their abilities.

▶ Approach

The Tokyu Fudosan Holdings Group believes that creating workplaces where each employee can work to the best of his or her abilities, healthily, and with enthusiasm is crucial for continuous corporate development. To this end, the Group is undertaking work style reforms from the perspectives of diversity, work-life balance, and health management with the aim of creating companies that facilitate work and have a high job satisfaction.

● Management Systems

- Group-wide management is conducted through the Diversity Council, a subsidiary organization of the CSR Promotion Committee, which is under the direct authority of the president.
- Numerical targets are set and progress in achieving KPI is confirmed for the core operating companies.
- Labor-management information relating to health and safety is shared through the Group Labor Liaison Committee.
- Annual stress checks are conducted.
- Physical examinations are performed.

Responsible division Group Human Resources Department

▶ Main Achievements

Work style reforms

● Telework programs introduced

Tokyu Land Corporation, Tokyu Community Corporation, and Tokyu Livable, Inc. introduced telework programs as a part of their work style reforms in order to raise efficiency and productivity and achieve a good balance between work and life through diverse work formats.

The programs use IT to enable employees to work flexibly, regardless of location and time.

The programs are already being used by many employees, leading to effective use of time, higher productivity, and increased employee satisfaction.

when PCs can be used will increase individual work efficiency, raise awareness of working time management, and lead to greater awareness of employee health.

Four Companies Certified as Outstanding Health and Productivity Management Companies in 2017

Tokyu Fudosan Holdings, Tokyu Land Corporation, Tokyu Livable, Inc., and Tokyu Sports



Oasis were certified as outstanding health management and productivity companies in 2017 under a program that began operating this fiscal year.

Health and productivity management under the Group's health policies was recognized.

Telework enables effective use of idle time

Due to the nature of my work, I spend considerable time traveling between properties and have a lot of idle time. Previously, I would return to the office to perform administrative work.

Now that I can make use of teleworking, I can easily make calls, make various arrangements, deal with email, and prepare materials even while outside the office, resulting in a substantial increase in work efficiency.



Tokyu Land Corporation
Hiroko Yagi

Building Sales Group, Office Building Leasing & Marketing Department, Urban Development Division, Urban Business Unit

Promotion of Equal Opportunity for Women

● Tokyu Community receives Eruboshi Certification, the Highest Level of Recognition, under the Act on Promotion of Women's Participation and Advancement in the Workplace

Eruboshi certification is granted by the Minister of Health, Labour and Welfare to companies with excellent results promoting the active involvement of female employees. Evaluation is performed based on five criteria. Tokyu Community Corporation satisfied the requirements for all criteria and received the highest of the three levels of recognition.

Five Criteria Relating to Employment of Women

1. Hiring
2. Continuous employment
3. Work formats including working hours
4. Percentage of women in management positions
5. Diverse career paths



● PC Shutdowns

Tokyu Land Corporation, Tokyu Livable, Inc., and Tokyu Housing Lease Corporation began shutting down PCs and in principle prohibit the use of PCs during the late-night hours in order to curtail excessive work. The Group believes that restricting the hours

Social Needs

The Group sees the social issues that various stakeholders need to resolve as social needs, and we are working to address them through our business activities.

▶ Approach

The Tokyu Fudosan Holdings Group believes that creating products and services that can solve social issues and providing them to society will lead to the development of an enriching society and sustainable companies. We strive to understand social issues and needs and work in collaboration with all stakeholders to create a sustainable and enriching society through our business activities.

● Management Structure

- The CSR Promotion Committee, which is under the direct authority of the president, promotes individual projects to solve social issues and create value through business in areas such as urban revitalization, reducing environmental impact, and creating barrier-free buildings.
- Targets for KPI are set in each business segment and progress is monitored

Responsible division Related divisions

▶ Main Achievements

Pursuit of Safety and Security

● Reinforcement of Disaster Prevention Functions

In the Shibuya redevelopment business, which handles area management, the Group is actively reinforcing urban disaster prevention functions. The Group is developing temporary lodging within its facilities for people who may have difficulty returning to their homes, as well as temporary living spaces and disaster relief warehouses. We are working to maintain safe and secure neighborhoods even during disasters. Entire facilities are being prepared for all eventualities by introducing cogeneration systems and emergency generators as highly independent power supplies. The Group is working to secure temporary lodging facilities in all new Tokyu Land Corporation large-scale office buildings and commercial facilities.

● Adopting Universal and Barrier-Free Designs

Tokyu Land Corporation is adopting barrier-free and universal designs at its office buildings to ensure that all office workers, visitors, and others can safely use the facilities. The Group has established the Office Building Universal Design Guidelines in order to ensure uniform responses. All newly-constructed office buildings are subject to these guidelines. The guidelines are implemented at existing office buildings as much as possible during renovations.

Contributions to Local Communities

● Creating Local Employment Opportunities Functions

Ewel Inc. established operations centers in Matsue City, Shimane Prefecture and Yonago City, Tottori Prefecture to perform administrative processing.

The Yonago Operations Center, which began operating in February 2015, plans to hire approximately 300 employees over five years, contributing to the creation of local employment opportunities.



Yonago Operations Center
(Yonago City, Tottori Prefecture)

● Community Contributions in Palau, a Tourism-Oriented Country

Tokyu Land Corporation has operated the Palau Pacific Resort for approximately 30 years, contributing to environmental preservation, handing down of local traditions, job creation, infrastructure development, and more. Over 80% of the resort's employees are Palauan. The creation of employment opportunities and human resource development for the hotel industry contributes to the local community in Palau, which is a tourism-oriented country.



Palau Pacific Resort

Group-wide Efforts for Customer Satisfaction

The Group has for some time engaged in a wide range of activities aimed at improving the quality of its products and services. Each Group company and department, for example, has conducted surveys to ascertain the level of customer satisfaction. In fiscal 2016, a group-wide policy governing customer satisfaction activities was established and put into practice in order to raise customer satisfaction even further.

The policy clarifies the link between enhancing customer satisfaction and generating sustainable company growth and introduces theory and techniques for effectively carrying out measures.

In this manner, the Group will focus on increasing customer satisfaction and generate mutual growth.

Environment

Tokyu Fudosan Holdings addresses five environmental issues from three viewpoints with its Environmental Vision.

Basic Stance

The Tokyu Fudosan Holdings Group understands that these five environmental issues—climate change, biodiversity conservation, pollution and resources, water use, and supply chains—are key topics that can have a major impact on business activities.

The Group takes active measures through its business activities to address these five environmental issues in the development and operation of business sites and office buildings, commercial facilities, resort facilities, and so on that the Group owns. We believe that a business that excels in environmental initiatives will lead to increased competitiveness and the creation of business opportunities. The Group cooperates with various stakeholders including design companies, construction companies, and customers to carry out ongoing measures.



● Environmental Vision (Basic Policy developed in 1998, revised in 2015)

- **Environmental Philosophy**
We will create value to connect cities and nature, and people with the future
- **Environmental Policy**
We will make efforts to harmonize the environment and the economy through business activities
- **Environmental Action**
We will tackle five environmental issues from three viewpoints.

● Management Structure

- **The Environment/Social Contribution Council performs group-wide management. It is a sub-group of the CSR Promotion Committee, which is under the direct authority of the president.**
- **Targets are set for CO₂ emissions, waste generation, and water use, and progress on KPI is monitored**

Division with Authority and Responsibility

Group Planning Policy Department
CSR Promotion Group

Five environmental issues

- Climate Change
- Biodiversity Conservation
- Pollution and Resources
- Water Use
- Supply Chain

Three viewpoints

- Publicize a goal and implement action.
- Endeavor to implement progressive activities.
- Conduct community-based activities in collaboration with local people.

Main Achievements

● CO₂ emissions and energy-derived emissions

FY	2005	2016	2020 (Target value)	2030 (Target value)
CO ₂ emissions (Unit: t-CO ₂)	65,540	232,770	—	—
CO ₂ emissions (Unit: kg-CO ₂ /m ²)	133	106.6	100	93
Achievement rate	(Base year)	-20%	-25%	-30%

● Water use

FY	2005	2016	2020 (Target value)
Water use (Unit: 1,000m ³)	—	2,662	—
Water use (Unit: m ³ /m ²)	1.12	1.23	0.84
Achievement rate	(Base year)	+10%	-25%

● Waste generation

FY	2005	2016	2020 (Target value)
Waste generation (Unit: t)	—	25,128	—
Waste generation (Intensity: kg/m ²)	13.2	13.3	10.0
Achievement rate	(Base year)	+0.7%	-25%

Futako Tamagawa Rise Acquires the World's First LEED-ND (Neighborhood Development) Gold Certification

Futako Tamagawa Rise, an urban redevelopment project being implemented by the Futako Tamagawa Rise District 2 Urban Redevelopment Association, Tokyu Corporation, Tokyu Land Corporation, and Setagaya Ward in the eastern area of Futako

Tamagawa took measures to acquire LEED certification, a global green certification program. The project obtained the world's first gold (Stage 3)* certification for its final certification in November 2015.



LEED (Leadership in Energy and Environmental Design) is an environmental performance assessment standard administered by the U.S. Green Building Council. It prioritizes energy efficiency and certifies sustainable architecture.

*Gold (stage 3) certification: Certification that can be acquired for all buildings, infrastructure, and so on within the certification area after the completion of construction.

BRANZ City Shinagawa Katsushima Wins Environmental Award

Tokyu Land Corporation was recognized for its efforts to use native species to create three-dimensional green spaces that include tall trees, low bushes, and grasses at BRANZ City Shinagawa Katsushima, which was completed in July 2015. It won the prize for tree planting under the Shinagawa Green Honor program.

Under this program, Shinagawa City recognizes architectural structures for which a notice of completion of tree planting is submitted. The program commends properties where exceptional tree planting makes a noteworthy contribution to improving the local environment and scenery.



Green Building Certification

The DBJ Green Building Certification was established in April 2011 by the Development Bank of Japan in order to support real estate (green buildings) recognized to have a high level of environmental and social awareness.

In May 2016, (tentative name) the Takeshiba District Development Plan (Office Building) being developed mainly by Tokyu Land Corporation was recognized as one of the properties with the best class environmental & social awareness.



Property Overview

(Tentative Name) Takeshiba District Development Plan (Office Building)

Location: Minato-ku, Tokyo
Total floor space: Approx. 200,000m²
Completion: 2020 (planned)
Structure: 39 above ground levels and 2 basement levels



Properties with the best class environmental & social awareness

As of today, Tokyu Land Corporation has received DBJ Green Building certification for 19 buildings in total

5 stars (2 property)



Hibiya Parkfront

Location: Uchisaiwaicho, Chiyoda-ku, Tokyo
 Completion date: May 2017



Amagasaki Q's MALL

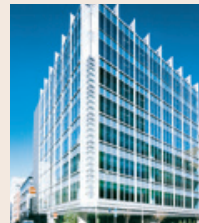
Location: Amagasaki-shi, Hyogo Prefecture
 Completion: October 2009

3 stars (11 property)



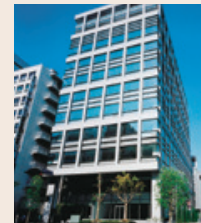
Ebisu Prime Square Tower

Location: Hiroo, Shibuya-ku, Tokyo
 Completion: January 1997



Nihombashi Honcho Tokyu Building

Location: Nihombashi Honcho, Chuo-ku, Tokyo
 Completion: October 2004



Ichigaya Tokyu Building

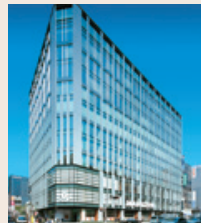
Location: Kudankita, Chiyoda-ku, Tokyo
 Completion: October 2004

4 stars (6 property)



Shin-Aoyama Tokyu Building

Location: Minamioyama, Minato-ku, Tokyo
 Completion: January 2015



Nihombashi Maruzen Tokyu Building

Location: Nihombashi, Chuo-ku, Tokyo
 Completion: November 2006



Spine Aoyama Tokyu Building

Location: Minamioyama, Minato-ku, Tokyo
 Completion: June 2012



Minamioyama Tokyu Building

Location: Minamioyama, Minato-ku, Tokyo
 Completion: June 2008



Hamamatsucho Square

Location: Hamamatsucho, Minato-ku, Tokyo
 Completion: September 2004



Nihombashi Front

Location: Nihombashi, Chuo-ku, Tokyo
 Completion: June 2008



Kasumigaseki Tokyu Building

Location: Kasumigaseki, Chiyoda-ku, Tokyo
 Completion: November 2010



Shibuya Minami Tokyu Building

Location: Shibuya, Shibuya-ku, Tokyo
 Completion: January 2005



Ebisu Business Tower

Location: Ebisu, Shibuya-ku, Tokyo
 Completion: November 2003



Uchisaiwaicho Tokyu Building

Location: Uchisaiwaicho, Chiyoda-ku, Tokyo
 Completion: July 2006



Shin-Meguro Tokyu Building

Location: Kamiosaki, Shinagawa-ku, Tokyo
 Completion: December 2012



Tokyu Plaza Omotesando Harajuku

Location: Jingumae, Shibuya-ku, Tokyo
 Completion: April 2012



Shimbashi Tokyu Building

Location: Shimbashi, Minato-ku, Tokyo
 Completion: April 2008



Tokyu Plaza Akasaka

Location: Nagatacho, Chiyoda-ku, Tokyo
 Completion: September 1969

Executive Board

▶ Director System



Kiyoshi Kanazashi

Chairman and Representative Director

Chairman, Tokyu Land Corporation

Outside Director, Tokyu Corporation

Chairman, Tokyu Hands, Inc.

Director, Tokyu Recreation Co., Ltd.



Yuji Okuma

President and Representative Director

President and Representative Director,
Tokyu Land Corporation



Shinji Sakaki

Director

President and Representative Director, Tokyu Livable, Inc.



Hitoshi Uemura

Director

Vice Chairman & Senior Executive Officer,
Tokyu Land Corporation



Katsuhide Saiga

Director

President and Representative Director,
Tokyu Community Corporation



Toshihiko Kitagawa

Director

President and Representative Director,
Tokyu Housing Lease Corporation

Chairman and Representative Director,
National Students Information Center Co., Ltd.



Hironori Nishikawa

Director

Representative Director

Responsible for general administration divisions
Responsible for Innovation Business



Masatake Ueki

Director and Executive Advisor

Director & Executive Advisor, Tokyu Land Corporation

Honorary Chairman, Real Estate Fair Trade Council



Hirofumi Nomoto

Director

President and Representative Director, Tokyu Corporation
Director, Tokyu Recreation Co., Ltd.
Outside Director, Toei Company, Ltd.
Outside Director, Tobu Railway Co., Ltd.
Outside Director, Japan Post Bank Co., Ltd.



Yoshihiro Nakajima

Director

Chairman and Representative Director, Tokyu Livable, Inc.
Chairman and Representative Director, Tokyu Housing Lease Corporation



Kouichi Iki

Director (Independent Outside Director)

April 1970 Joins The Dai-ichi Life Insurance Company
June 2001 Audit & Supervisory Board Member, Tokyu Land Corporation
April 2007 Director & Executive Vice President, The Dai-ichi Life Insurance Company
June 2008 President and Representative Director, The Dai-ichi Building Co., Ltd.
June 2009 Chairman & CEO, DIAM Co., Ltd.
June 2014 Independent Director, Tokyu Fudosan Holdings Corporation (current)
July 2014 Representative Director, Toho Kinzoku Co., Ltd.

Reasons for nomination

The Company proposes that Mr. Koichi Iki be elected as an Independent Outside Director with the expectation that he will continue to utilize his extensive operational experience as a former executive officer at The Dai-ichi Mutual Life Insurance Group and broad insights of corporate management in general for the management of the Company.



Noboru Tsuda

Director (Independent Outside Director)

April 1973 Joins Mitsubishi Kasei Industries Corporation
October 2005 Managing Officer, Mitsubishi Chemical Holdings Corporation
April 2014 Director & Executive Vice President, Mitsubishi Chemical Holdings Corporation
June 2015 Advisor, Mitsubishi Chemical Holdings Corporation
June 2016 Outside Director, NTN Corporation (current)
June 2016 Independent Outside Director, Tokyu Fudosan Holdings Corporation (current)

Reasons for nomination

The Company proposes that Mr. Noboru Tsuda be elected as an Independent Outside Director with the expectation that he will continue to utilize his extensive operational experience as a former executive officer at Mitsubishi Chemical Holdings Corporation and broad knowledge of holding company management for the management of the Company.



Takashi Enomoto

Director (Independent Outside Director)

April 1975 Joins Nippon Telegraph and Telephone Public Corporation (currently NIPPON TELEGRAPH AND TELEPHONE CORPORATION)
June 2003 Director, NTT DATA Corporation
June 2008 Director & Executive Vice President, NTT DATA Corporation
June 2012 Advisor, NTT DATA Corporation
June 2013 Outside Director, Konica Minolta, Inc.
June 2016 Outside Director, Tokyu Fudosan Holdings Corporation (current)

Reasons for nomination

The Company proposes that Mr. Takashi Enomoto be elected as an Independent Outside Director in the hope that he will continue to utilize his extensive business experience as a former executive officer at NTT DATA Corporation and broad knowledge of overseas business and IT utilization for the management of the Company.

Audit & Supervisory Board System



Ken Sumida

Audit & Supervisory Board Member

April 1973 Joins Mitsui Trust Bank, Limited
 June 1999 Director, Mitsui Trust Bank, Limited
 June 2006 Senior Managing Director, Mitsui Trust Holdings, Inc.
 October 2007 Senior Managing Director, Chuo Mitsui Trust Holdings, Inc.
 June 2010 President, Chuo Mitsui Asset Trust and Banking Company, Limited
 June 2013 Audit & Supervisory Board Member, Mitsui Direct General Insurance Company, Limited
 July 2014 Advisor, Sansen Trust Insurance Service Co., Ltd.
 June 2015 Audit & Supervisory Board Member, Tokyu Land Corporation (current)
 June 2015 Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation (current)



Tomoyasu Asano

External Audit & Supervisory Board Member

April 1978 Joins The Dai-ichi Life Insurance Company
 June 2009 Director and Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited
 April 2010 Director and Managing Executive Officer, The Dai-ichi Life Insurance Company, Limited
 June 2011 Audit & Supervisory Board Member, Tokyu Land Corporation
 October 2013 Outside Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation (current)
 October 2016 Director and Senior Managing Executive Officer of Dai-ichi Life Holdings, Inc. (resigned March 2017)
 June 2017 Advisor, The Cardiovascular Institute (current)



Masahiko Hashizume

Audit & Supervisory Board Member

April 1983 Joins Tokyu Land Corporation
 April 2010 General Manager, Asset Management Division
 April 2014 Managing Officer, Tokyu Land Corporation
 April 2017 Audit & Supervisory Board Member (current)
 April 2017 Audit & Supervisory Board Member, Tokyu Community Corporation (current)
 April 2017 Audit & Supervisory Board Member, Tokyu Livable, Inc. (current)
 April 2017 Audit & Supervisory Board Member, Tokyu Hands, Inc. (current)
 April 2017 Audit & Supervisory Board Member, Tokyu Housing Lease Corporation (current)
 June 2017 Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation (current)



Katsunori Takechi

External Audit & Supervisory Board Member

April 2000 Public Prosecutor, Civil Affairs Bureau, Ministry of Justice
 August 2003 Assistant Judge, Tokyo District Court
 October 2003 Registered as attorney
 October 2003 Joins Anderson Mori & Tomotsune
 January 2006 Partner, Anderson Mori & Tomotsune
 November 2006 Partner, Kataoka & Kobayashi
 July 2011 Founded Takechi & Partners (current)
 June 2017 Audit & Supervisory Board Member, Tokyu Fudosan Holdings Corporation (current)

Managing Officer System

President and Representative Director, and Managing Officer

Yuji Okuma

Responsible for Group Internal Audit Department (President and CEO, Tokyu Land Corporation)

Managing Officer

Shinji Sakaki

Responsible for Real Estate Agent business (President and Representative Director, Tokyu Livable, Inc.)

Managing Officer

Hitoshi Uemura

Responsible for management of Group overseas business (Vice Chairman & Senior Executive Officer, Tokyu Land Corporation)

Managing Officer

Katsuhide Saiga

Responsible for Property Management business (President and Representative Director, Tokyu Community Corporation)

Managing Officer

Toshihiko Kitagawa

Responsible for Urban Development business (President and Representative Director, Tokyu Housing Lease Corporation; Chairman and Representative Director, National Students Information Center Co., Ltd.)

Managing Officer

Hironori Nishikawa

Responsible for general administration divisions and Innovation business (Director responsible for general administration divisions, Tokyu Land Corporation)

Managing Officer

Katsuhiko Yoshiura

Responsible for Urban Development business (President and Representative Director, National Students Information Center Co., Ltd.)

Managing Officer

Kazuo Konno

Responsible for Real Estate Agent business (responsible for general administration divisions, Tokyu Livable, Inc.)

Managing Officer

Shouhei Kimura

Responsible for Wellness business (Manager, Wellness Promotion Unit, Tokyu Land Corporation)

Managing Officer

Masaoki Kanematsu

Responsible for Group Planning Policy Department, Group Finance Department, Group Accounting Department

Managing Officer

Shigeyuki Furusawa

Responsible for Residential business (Manager, Residential Business Unit, Tokyu Land Corporation)

Managing Officer

Masashi Okada

Responsible for Urban Development business (Manager, Urban Business Unit, Tokyu Land Corporation)

Managing Officer

Kazuo Mochida

Responsible for Property Management business (responsible for general administration divisions, Tokyu Community Corporation)

Managing Officer

Seiichi Kimura

Responsible for Tokyu Hands business (President and Representative Director, Tokyu Hands, Inc.)

Managing Officer

Michie Kawai

Responsible for group information development

Managing Officer

Tatsuaki Tanaka

Responsible for Group Management Strategy Department, Group Corporate Planning Department, and Group Marketing IT Strategy Department

Managing Officer

Naruyuki Kameshima

Responsible for Group General Administration Department, Group Legal Affairs Department, Group Human Resources Department