

# TOKYU FUDOSAN HOLDINGS

2017 Integrated Report





Tokyu Fudosan Holdings Group's Medium- and Long-Term Management Plan

# Value Frontier 2020

To Become a Corporate Group that  
Continues to Create Value

Tokyu Group slogan

## Toward a Beautiful Age — The Tokyu Group

Tokyu Group Philosophy

**We hold this philosophy in common as we work together to  
create and support the Tokyu Group.**

Mission  
Statement:

We will create a beautiful living environment, where each person can pursue individual happiness in a harmonious society.

Management  
Policy:

Work independently and in collaboration to raise Group synergy and establish a trusted and beloved brand.

- Meet current market expectations and develop new ones.
- Manage in harmony with the natural environment.
- Pursue innovative management from a global perspective.
- Value individuality and make the most of each person.

Through these means, we will fulfill our corporate social responsibilities.

Guidelines for  
Action:

Fulfill your responsibilities. Collaborate to enhance each other's abilities.  
Reinvent yourself with a global awareness.

### Editorial Policy

The Tokyu Fudosan Holdings Group issues integrated reports to provide stakeholders with a better overall understanding of the Group's creation of value through all of its business activities. This report discloses the Group's medium- and long-term management policies and business strategies as well as financial and non-financial data prepared in accordance with the international integrated reporting framework of the International Integrated Reporting Council (IIRC). This fiscal year, the report focuses on the Group's medium- to long-term objectives with an emphasis on identified medium- to long-term materialities and the Medium-Term Management Plan (FY2017–FY2020) prepared to reflect those materialities. For more detailed financial and CSR information, please refer to the Company's website.

Investor Relations Information

<http://www.tokyu-fudosan-hd.co.jp/english/ir/>

CSR information

<http://www.tokyu-fudosan-hd.co.jp/english/csr/>

Tokyu Fudosan Holdings Corporation 2017 Integrated Report  
TABLE OF CONTENTS

<b>1st Chapter</b> .....	<b>03</b>
<b>Company Profile</b>	
At a Glance .....	03
Major Business Areas .....	05
Financial and Non-Financial Highlights .....	07
<b>2nd Chapter</b> .....	<b>09</b>
<b>A Commitment from Top Management</b>	
<b>3rd Chapter</b> .....	<b>17</b>
<b>The Story of Value Creation</b>	
A History of Creating New Value .....	17
The Value Creation Process .....	19
Identification of Materialities & Opportunities and Risks .....	21
Medium-Term Management Plan .....	23
<b>4th Chapter</b> .....	<b>27</b>
<b>Value Creation Strategy</b>	
Urban Development segment .....	27
Residential segment .....	29
Property Management segment .....	31
Real Estate Agents segment .....	33
Wellness segment .....	35
Tokyu Hands segment .....	37
Innovation Business segment .....	39
<b>5th Chapter</b> .....	<b>40</b>
<b>Attributes that Underpin the Group's Efforts to Create Value</b>	
A Message from the Chairman of the Board of Directors .....	40
Roundtable Discussion with Independent Outside Directors .....	41
ESG Management .....	43
Corporate Governance .....	44
Work Style Reforms .....	49
Social Needs .....	50
Environment .....	51
Executive Board .....	53
Independent Verification .....	56
Major Financial/Non-Financial Data .....	57
Consolidated Financial Statements .....	59
Corporate Data/Stock Information .....	93

**Note on forward-looking statements**

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, the statements herein do not constitute assurance regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.



## At a Glance

Operating revenue  
**¥808.5 billion**

Market conditions for the real estate market were stable, but gains on the sale of buildings for investors was down, and as a result, operating revenue declined slightly (down 0.9% year on year).

Operating profit  
**¥73.2 billion**

Operating profit was up 6.5% year on year. Profit from condominiums increased and the Real Estate Agents and the Wellness businesses performed well, resulting in higher profits for the fifth consecutive year, and the target of 73 billion yen set in the Medium-Term Management Plan was achieved.

Profit attributable to owners of parent  
**¥31.5 billion**

Profit attributable to owners of parent was up 9.7% year on year. This was the fourth consecutive increase and the first time in five years that this figure exceeded 30 billion yen.

No. of customers  
**Approx. 10 million**

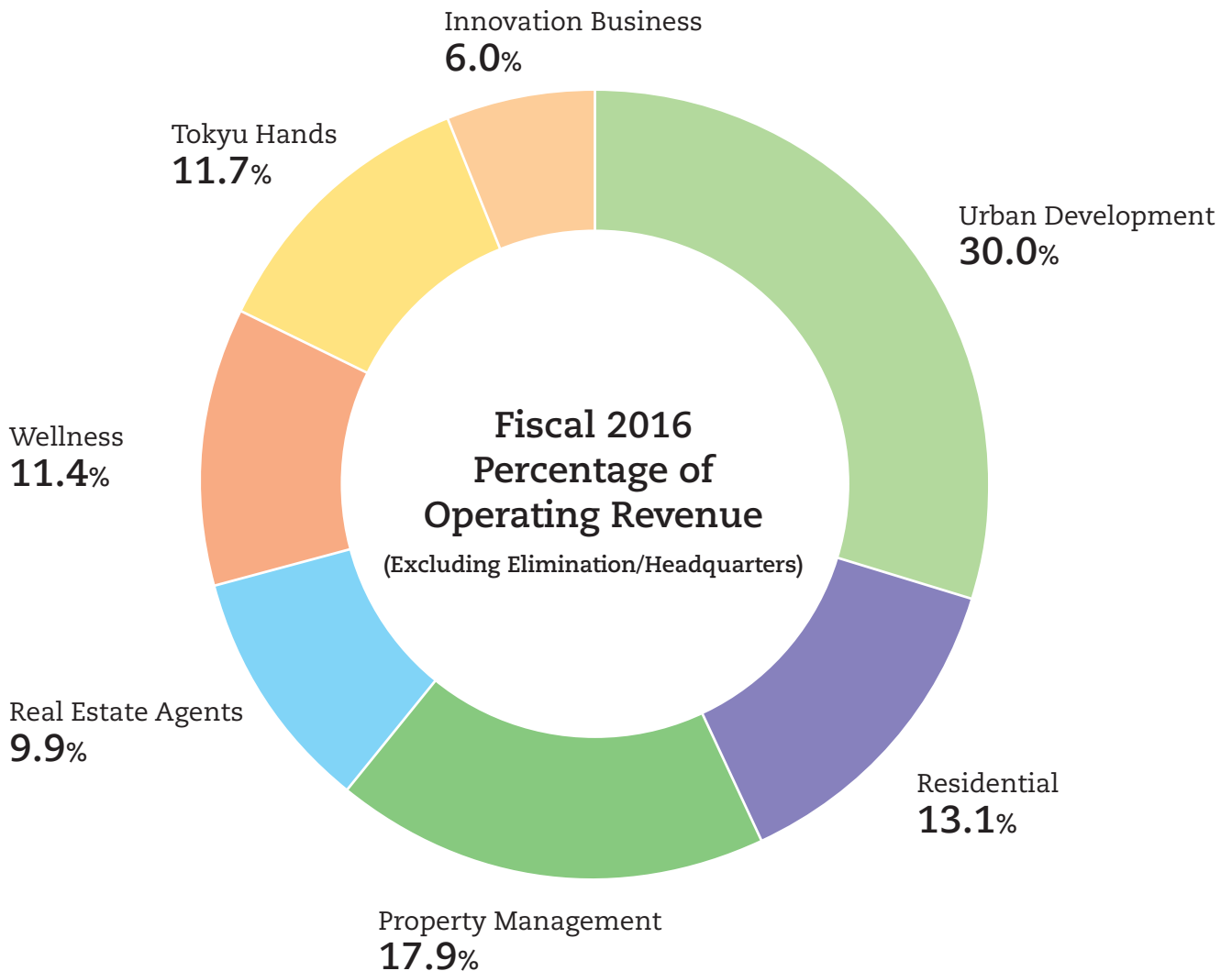
The Group's wide-ranging business activities, which include the purchase of condominiums, resort and sports facility management, and Tokyu Hands membership programs, continue to attract a large customer base.

No. of Group employees  
**20,421**

As a result of the acquisition of the National Students Information Center in fiscal year 2016 and other factors, the number of group employees increased.

Percentage of full-time employees who are female  
**27%**

Various viewpoints are essential for maintaining a high level of competitiveness as a business enterprise, and consequently, the Group encourages diversity in its workforce including increased employment of women.





## Business Segment

Core Businesses

Asset Utilization Type Business  
**Innovation and Reinforcement**

### Urban Development Segment



Office Buildings and Commercial Facilities  
Floor space

**1,458,000 m<sup>2</sup>**

No. of rental housing under management

**124,000 units**

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.

### Residential segment



Cumulative No. of  
condominiums supplied

**90,000 units**

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.

Stock Utilization Type Business  
**Rapid Growth**

### Property Management segment



No. of condominiums under  
management

**742,000 units**

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.

### Real Estate Agents segment



Sales agency trading volume

**¥1.1 trillion**

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.

Mature Markets

Growth Markets

Increasing Group Added Value

### Tokyu Hands segment



No. of stores

**Tokyu Hands 46**  
(Including FC stores and  
overseas stores)

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.

New Core Business

### Wellness segment



No. of facilities

**161**

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.

Future Growth Drivers

### Innovation Business segment



Overseas Business Development

**United States**

**Indonesia**

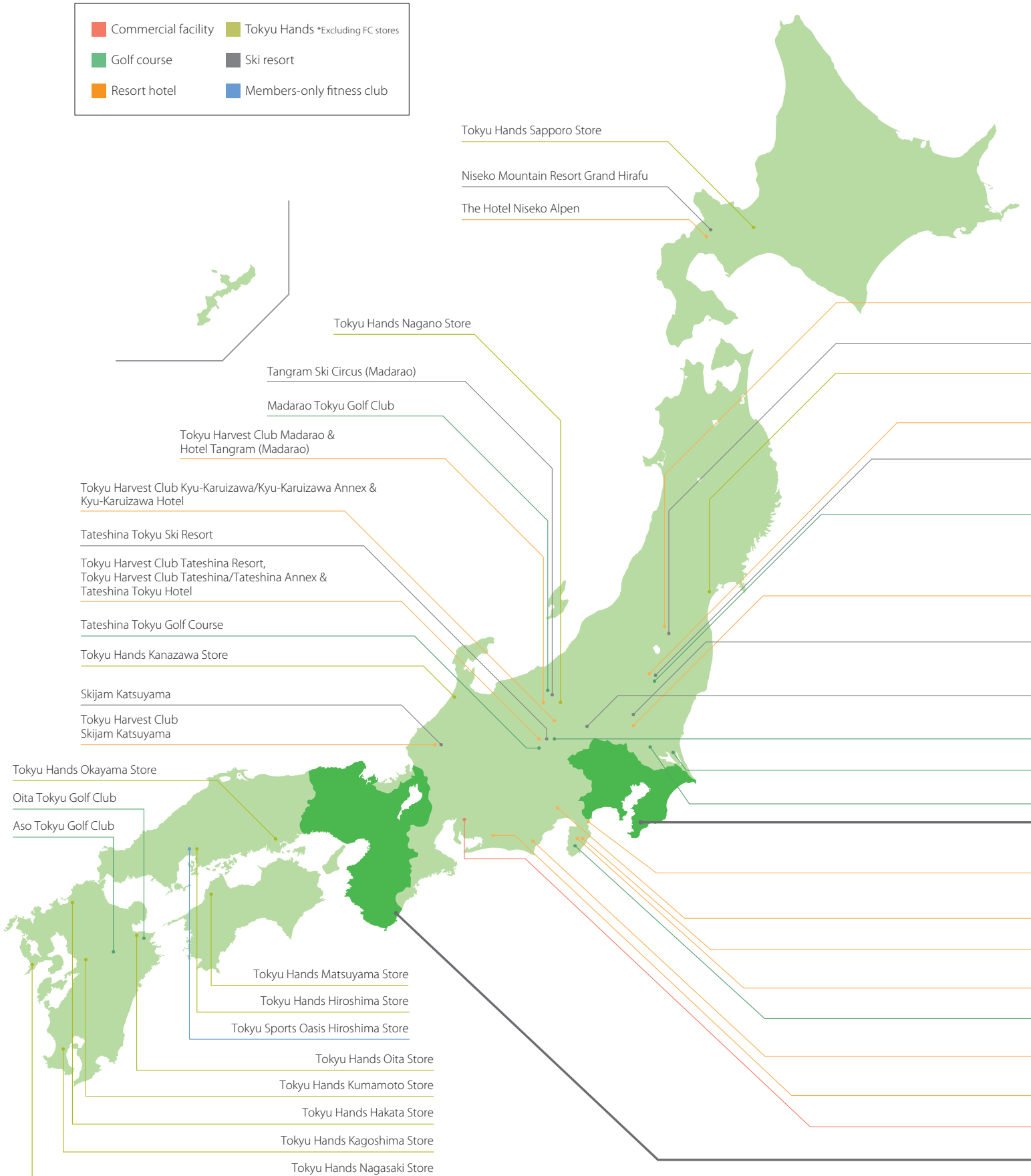
**China**

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

Strategic Business

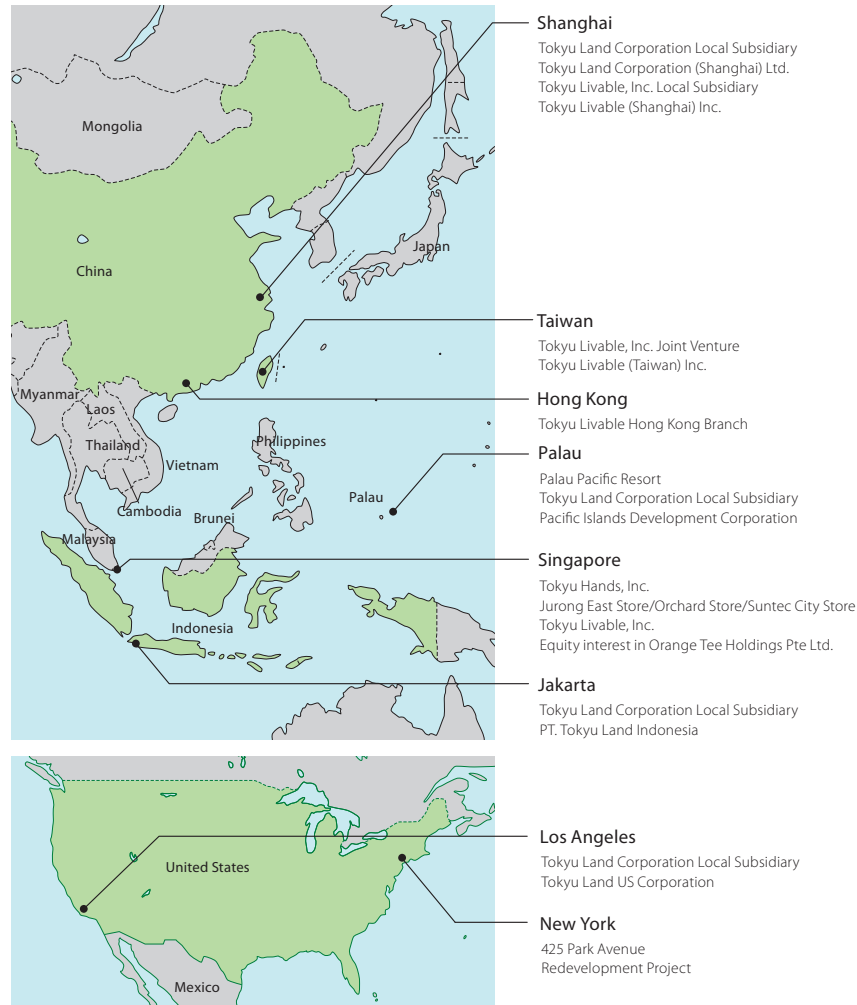
# Major Business Areas

- Commercial facility
- Golf course
- Resort hotel
- Tokyu Hands \*Excluding FC stores
- Ski resort
- Members-only fitness club





## Overseas Business of the Tokyu Fudosan Holdings Group



- Tokyu Harvest Club  
Urabandai Grandeco &  
Urabandai Grandeco Tokyu Hotel
- Grandeco Snow Resort
- Tokyu Hands Sendai Store
- Tokyu Harvest Club Nasu
- Mt. Jeans Nasu
- Nasu Kokusai Country Club
- Tokyu Harvest Club Kinugawa
- Hunter Mountain Shiobara
- Tambara Ski Park
- Mochizuki Tokyu Golf Club
- Tsukuba Tokyu Golf Club
- Sashima Country Club
- Tokyu Harvest Club  
Atami Izusan & VIALA
- Tokyu Harvest Club  
Yamanakako Mount Fuji
- Tokyu Harvest Club Ito
- Tokyu Harvest Club  
Amagi Kogen
- Amagikogen Golf Course
- Tokyu Harvest Club  
Shizunamikaigan
- Tokyu Harvest Club Hamanako
- Market Square Sasashima

### Metropolitan Area (Tokyo metropolitan area and three adjoining prefectures)

Office buildings	55	<div style="width: 55%;"></div>
Commercial facilities	21	<div style="width: 21%;"></div>
Resort hotels	4	<div style="width: 4%;"></div>
Golf courses	7	<div style="width: 7%;"></div>
Senior residences	14	<div style="width: 14%;"></div>
Tokyu Hands stores	17	<div style="width: 17%;"></div>
Members-only fitness clubs	19	<div style="width: 19%;"></div>
Tokyu Stay	17	<div style="width: 17%;"></div>

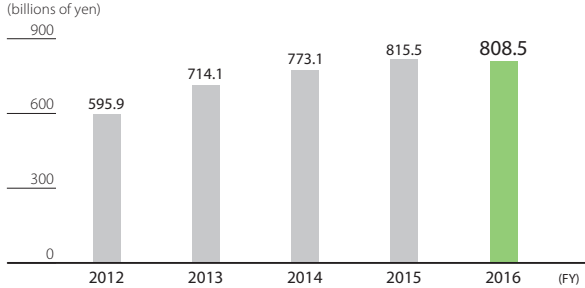
### Kansai Area (six prefectures)

Office buildings	3	<div style="width: 3%;"></div>	Golf courses	4	<div style="width: 4%;"></div>
Commercial facilities	7	<div style="width: 7%;"></div>	Tokyu Hands stores	7	<div style="width: 7%;"></div>
Resort hotels	3	<div style="width: 3%;"></div>	Members-only fitness clubs	13	<div style="width: 13%;"></div>

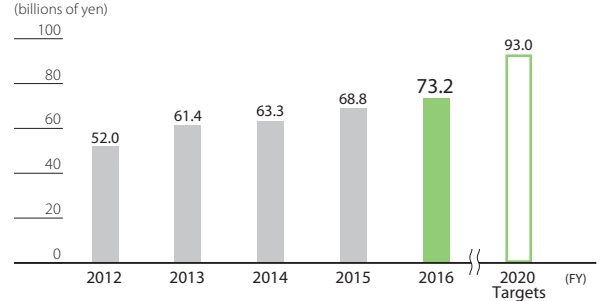
# Financial and Non-Financial Highlights

## Financial Highlights

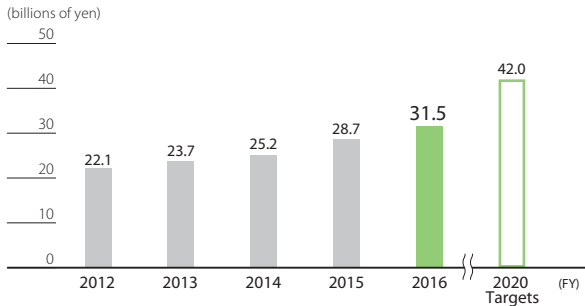
### Operating revenue



### Operating profit

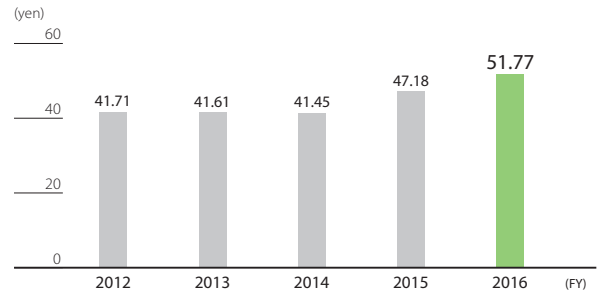


### Profit attributable to owners of parent \*1



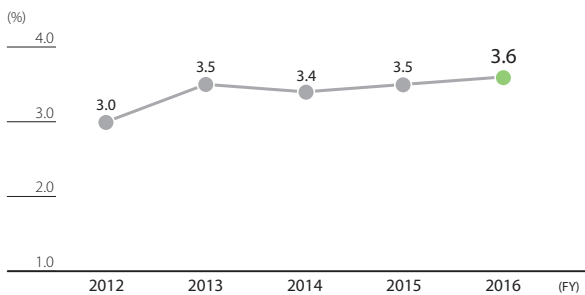
\*1 Net income has been reclassified as profit attributable to owners of parent from fiscal 2015.

### EPS\*2



\*2. Earnings per share (EPS): Net profit per share  
 Profit attributable to owners of parent ÷ No. of shares issued as of the end of the period  
 A profit per share indicator.

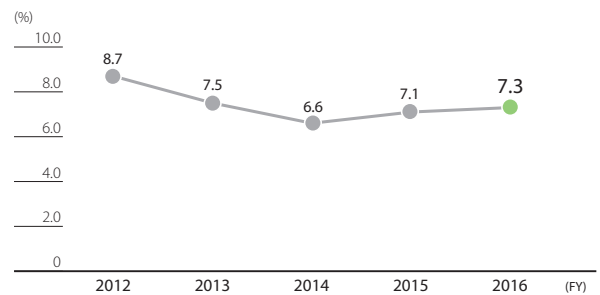
### ROA\*3



\*3 ROA: Return on Assets  

$$\frac{\text{Operating profit} + \text{Interest income} + \text{Dividend income}}{\text{Total assets (average for the period)}}$$
  
 An indicator that measures the profitability of investments in total assets.

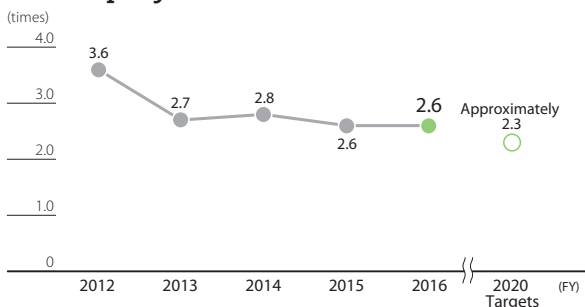
### ROE\*4



\*4 ROE: Return on Equity  

$$\frac{\text{Profit attributable to owners of parent}}{\text{Equity (average for the period)}}$$
  
 An indicator that measure the profitability of investments in equity

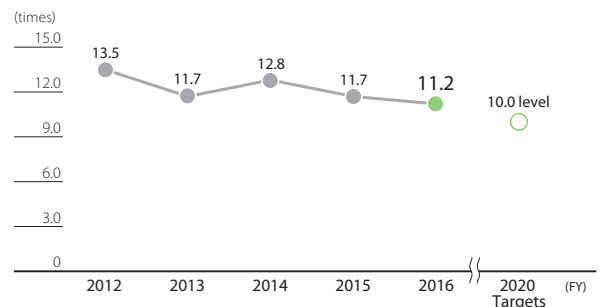
### Debt equity ratio\*5



\*5 Debt equity ratio:  

$$\frac{\text{Interest-bearing debt}}{\text{Equity}}$$
  
 An indicator that measure financial soundness.

### Debt/EBITDA ratio\*6

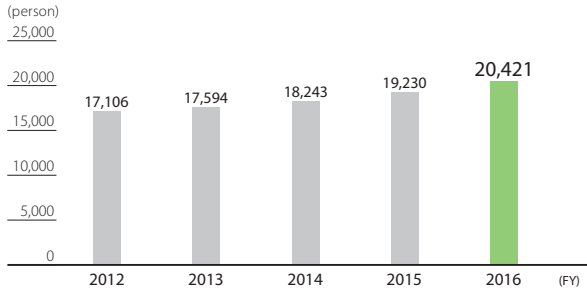


\*6 Debt/EBITDA ratio: Interest bearing debt ÷ EBITDA  
 An indicator of whether the level of interest-bearing debt compared to cash flows generated from business activities is appropriate.

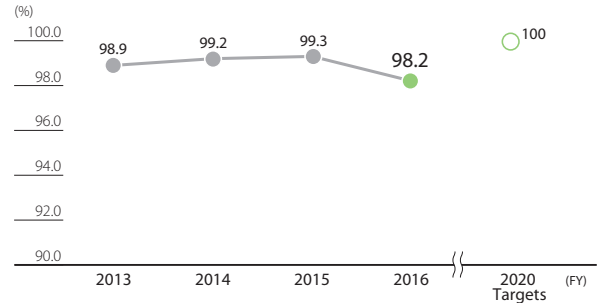


## ▶ Non-Financial Highlights

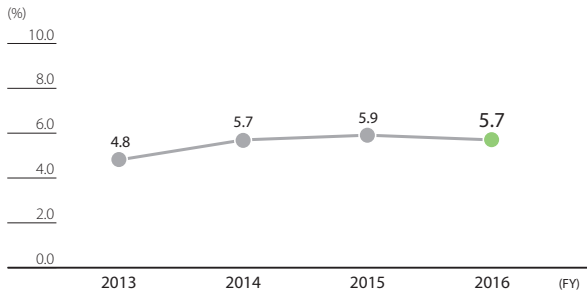
### No. of employees



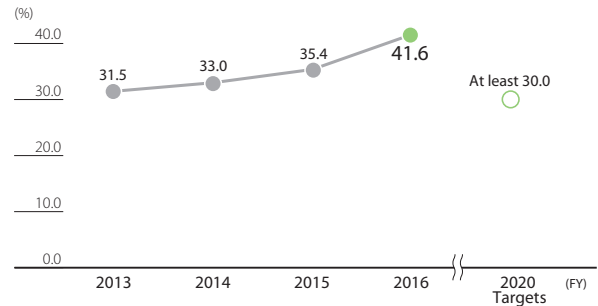
### Percentage of employees undergoing medical examinations



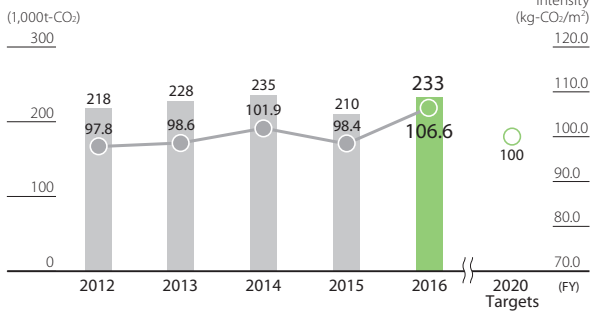
### Ratio of female managers



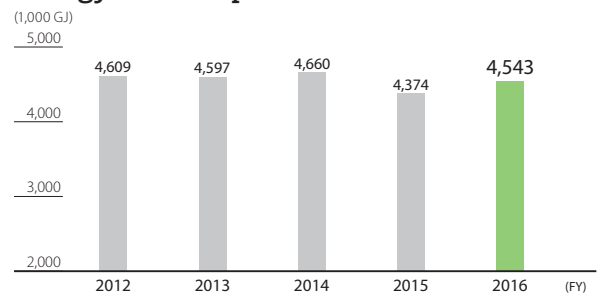
### Ratio of new female employee hires to total hires



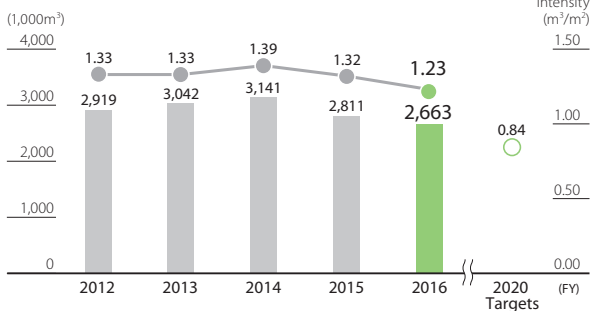
### CO<sub>2</sub> emissions



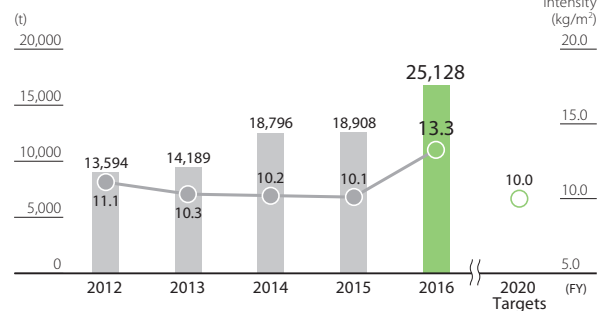
### Energy consumption



### Water use\*7



### Waste emissions



\*7 Publicly-released values changed due to changes in the calculation method

## A Commitment from Top Management





**With our strengths of wide-ranging business development and long-term, continuous contact with customers, we propose lifestyles that are always a half-step ahead of the times. We are working to become a corporate group that continues to create value.**

President and Representative Director  
Tokyu Fudosan Holdings Corporation

Yuji Okuma



## Entering the Second Half of the Medium and Long-Term Management Plan (Stage 2)

We have reached the halfway mark of Value Frontier 2020: Becoming a Corporate Group that Continues to Create Value, our seven-year medium and long-term management plan.

I would like to begin by reviewing the first half of the medium and long-term management plan (stage 1). In fiscal 2016, operating profit was ¥73.2 billion (¥61.4 billion in fiscal 2013) and the D/E ratio was 2.6 (2.7 in fiscal 2013), reaching the targets set in the 2014–2016 Medium-Term Management Plan. I am proud to note that in the past three years, we have achieved steady profit growth and reinforcement of financial foundations. In March 2016, we opened the Tokyu Plaza Ginza, a large-scale commercial facility that will serve as the Tokyu Group's eastern base in Ginza, Japan's preeminent commercial district. We will assimilate with local communities and practice urban development that is supported by communities, the strong points of the Group, and continue our efforts to integrate with the Ginza district to inject new energy into the area.

Fiscal 2017 marks the first year of the second half of the medium and long-term management plan (stage 2). When we formulated a new Medium-term management plan amidst major changes in our business environment, society, and the economic environment, we began by identifying long-term social issues that are important to the Group (materialities). We further identified the intensification of global inter-city competition, rising inbound demand, expansion of stock-related and senior-related markets, and other factors as environmental changes worthy of particular attention. It was with this awareness that we formulated the 2017–2020 Medium-Term Management Plan and set our targets for fiscal 2020: operating profit of ¥93.0 billion, net profit\* of ¥42.0 billion, a D/E ratio of 2.3, and an EBITDA ratio of approximately 10. When the medium and long-term management plan was established in 2014, the operating profit target for fiscal 2020 was set at ¥100 billion. However, due to changes in the schedule of large projects and other factors, we determined that stable growth over a longer period would contribute to increasing our corporate value, and as such, we adjusted our trajectory. At the same time, we set a new target for net profit and will strive to respond to the expectations of shareholders even more than in the past by practicing management with an awareness of shareholder returns.

\* With regard to this and subsequent references, net income has been reclassified as profit attributable to owners of parent as of fiscal 2015.



## Creating Value by Using the Group's Diversity and Uniqueness

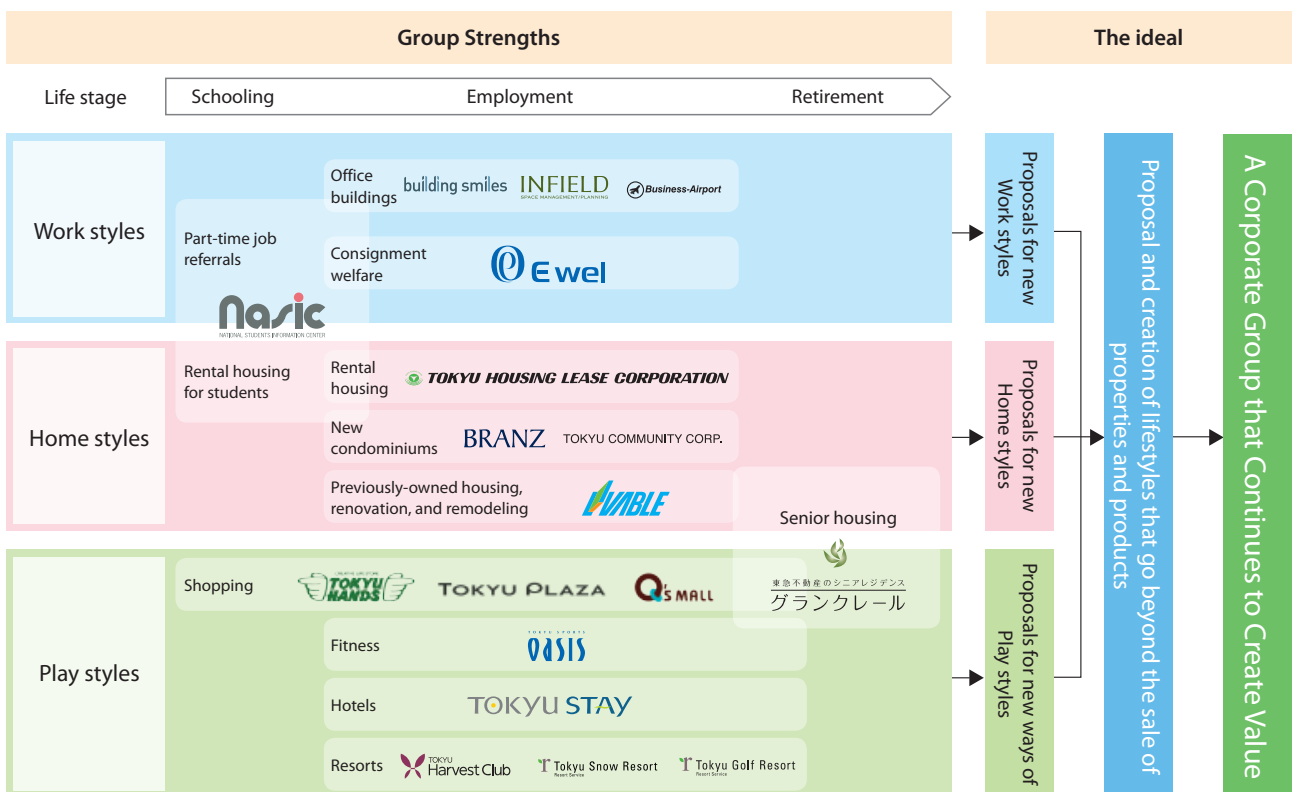
We engaged in repeated internal discussions when formulating the Medium-Term Management Plan regarding our image of the Group in the future and a concrete image of the Group's essential nature. We have set "becoming a corporate group that continues to create value" as the ideal that we will pursue for the group. It is the role of managers to draw an ideal image of such creation of value and put it into practice.

I believe that the ability of the Group as a whole to provide products and services tailored to customers' life stages by using wide-ranging business development and long-term, continuous contact with customers is a strength of the Group not found in other companies. By combining our highly varied products and services and providing value that integrates the physical and non-physical, proposal and creation of lifestyles that go beyond the sale of properties and products. This is the creation of value that manifests the essential nature of the Group through its diversity and uniqueness.

Condominiums, senior housing, and student residences will become starting points that propose new Home styles. Office buildings centered on leasing and property management will propose

new Work styles. Commercial facilities, resort facilities, hotels, and other assets where operating capabilities express true value will propose new Play styles. There is an abundance of opportunities for us to build long-term relationships with local communities and customers as we provide products and services for all lifestyle stages from attending school to employment and into retirement. We will work to make maximum use of those opportunities and solve social issues through our business activities including long-term and continuous urban development and responding to the shift to a stock-based society while sustainably increasing corporate value.

During the second half (stage 2) of the plan, we will continue to pursue the two fundamental policies of the Value Frontier 2020 plan—expansion of associated assets and creation of new demand— while looking ahead to the next stage starting in fiscal 2021 and taking measures to establish new profit foundations for the future and generate stable cash flows. In concrete terms, we will use the combined strength of the entire Group to present the creation of new value to society while carrying out our three growth strategies.



## Concepts Applied to the Three Growth Strategies

### Urban Development That Proposes Lifestyles

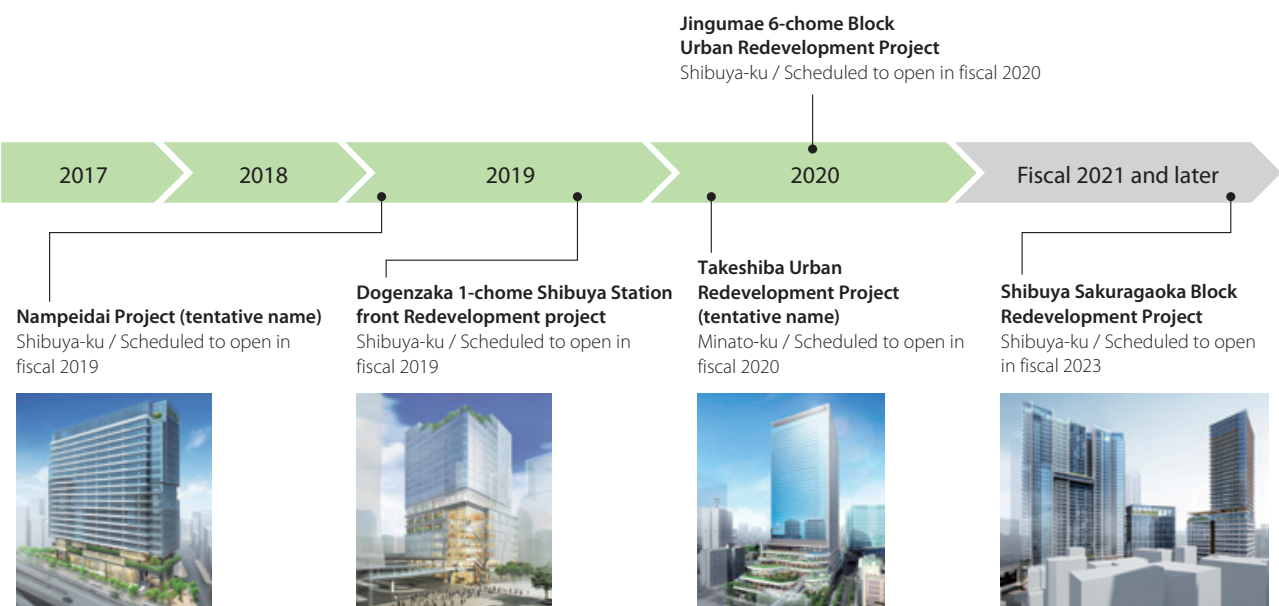
The first growth strategy is urban development that proposes lifestyles. As mentioned above, one way of creating value that is unique to the Group is proposing new styles of living, new styles of working, and new ways of spending time for all lifestyle stages while creating long-term relationships with local communities. We will use this strength to propose lifestyles that are always one half-step ahead of the times while engaging in unprecedented urban development.

One of the pillars of this strategy is the concept of the greater Shibuya area. Our home territory of Shibuya is a dynamic area that links several districts with unique characteristics including Aoyama, Omotesando, Harajuku, Ebisu, and Daikanyama. It offers diverse urban development functions including employment, residence, leisure, academia, relaxation, and creativity. We have designated the entire area around Shibuya Station as the greater Shibuya area and positioned it as a key base for the Group. Under the greater Shibuya area concept, we will propose urban development unique to the Group covering development of individual projects to area management and property management and operation in this area, which contains a high concentration of the Group's key properties.

In this way we will increase the value of associated assets. I believe that making the transition from sites to areas and undertaking long-term, continuous, and expansive urban development will require not just asset holdings, but also enhancement and differentiation in non-physical realms that make use of our knowledge of the particulars of those assets including property management and operation.

As a part of redevelopment of the Shibuya Station area, we are working to make Entertainment City Shibuya a reality as a member of the Tokyu Group. By doing this, we can further enhance the potential of Shibuya including the concentration of IT firms, abundance of residential properties, generation of commerce, culture, and trends, and ease of access.

The other pillar is urban development that promotes interaction among generations and lifestyle continuity from one generation to the next. Through the Setagaya Nakamachi Project, under which a new community will open in September 2017, the Tokaichiba Project, scheduled for completion in fiscal 2019, and other projects, the Group is developing complex condominium units and senior housing. These projects aim to present solutions for the issue of an aging population and childcare, which are important social issues in Japan.





We are responding to diverse residential styles and social needs for healthy living by conducting urban development that fosters links with local communities. This involves community management that supports the transition from condominiums to senior housing and establishing public community facilities and nursery schools. We hope to create urban lifestyles that promote interaction among generations and build communities where diverse life stories can grow.

**Expanding the Scope of the Cyclical Reinvestment Business**

The second growth strategy is expanding the scope of the cyclical reinvestment business. The Group has long worked with listed and private REITs to promote the cyclical reinvestment business, which seeks to expand our rental business portfolio through the cycle of development, ownership and operation, sale, and reinvestment, and we are working to establish a continuous business cycle.

In the past, the reinvestment cycle business focused on office buildings, commercial facilities, and rental housing. Under this growth strategy, the scope will be expanded to include infrastructure, industry, hotels and resorts, and student residences in order to



reinforce earnings capacity while expanding associated assets. Through these efforts, we plan to increase the Group's assets under management (AUM) to ¥1.3 trillion by fiscal 2020 (compared to ¥0.8 trillion in fiscal 2016).

In addition, continued economic growth is expected in the United States, and we will use our presence at 425 Park Avenue, a large-scale multipurpose building under development in New York City's Manhattan borough, to establish business foundations at an early stage and actively expand business.

**Reinforcing Use of Stock**

The third growth strategy is reinforcing our use of stock. New demand in the Japanese market is declining as the population shrinks and the shift from a flow-based society to a stock-based society is accelerating.

We will take the expanding stock-based market as an opportunity to achieve dramatic growth in the Property Management business, which already boasts an industry-leading number of units under management, and in the Real Estate Agents business, which has a nationwide network of real estate sales agents. Both are stock-utilization businesses that symbolize the Group's expansion, and we are aware that they are real estate businesses that will be necessary in the coming era.

The Group is involved in a diverse range of real estate not limited to just condominiums, office buildings, commercial facilities, and rental housing, but also including public housing, airports, and other public facilities.

Going forward, we will expand our management stock even further, as well as actively acquiring business opportunities derived from portfolio assets and customers while maximizing use of real estate transaction information in the Real Estate Agents business. We plan to repeatedly undertake these types of initiatives and expand our stock utilization business.

## Exhibiting Group Strengths in Wide-Ranging Business Domains

### Four Core Business Segments

Next, I will explain our business strategies for each segment. The Group is building a portfolio comprising seven business segments that enables the entire group to respond flexibly to social issues and changes in the business environment. Of these seven segments, the Urban Development, Residential, Property Management, and Real Estate Agents businesses are positioned as core businesses and the pillars of the Group's profits.

In the Urban Development business, we are actively working to create urban and area value and expand the scope of the cyclical reinvestment business with the aim of establishing a solid and unique business at the core of the Group. For large-scale projects such as the Shibuya redevelopment, a project to which I have a strong personal attachment, and the Hamamatsucho and Takeshiba Projects, we will maximize the potential of each area and conduct appealing and energetic urban development that exceeds expectations.

In the Residential business, we are expanding the scale of business in city centers, redevelopment, and complex development with the aim of establishing a unique presence that can make use of the total capabilities of the Group.

In the property management business, we seek to become the leading comprehensive property management company and we are expanding associated assets even further, reinforcing collaboration among Group companies, and working to acquire business opportunities derived from the Real Estate Agents business and from stock such as the remodeling business.

In the Real Estate Agents business, which is the industry leader in terms of number of transactions and transaction value, we are utilizing wide-ranging business domains to find optimal solu-

tions tailored to each customer's needs with the aim of becoming a real estate information multi-value creator that can add many types of value.

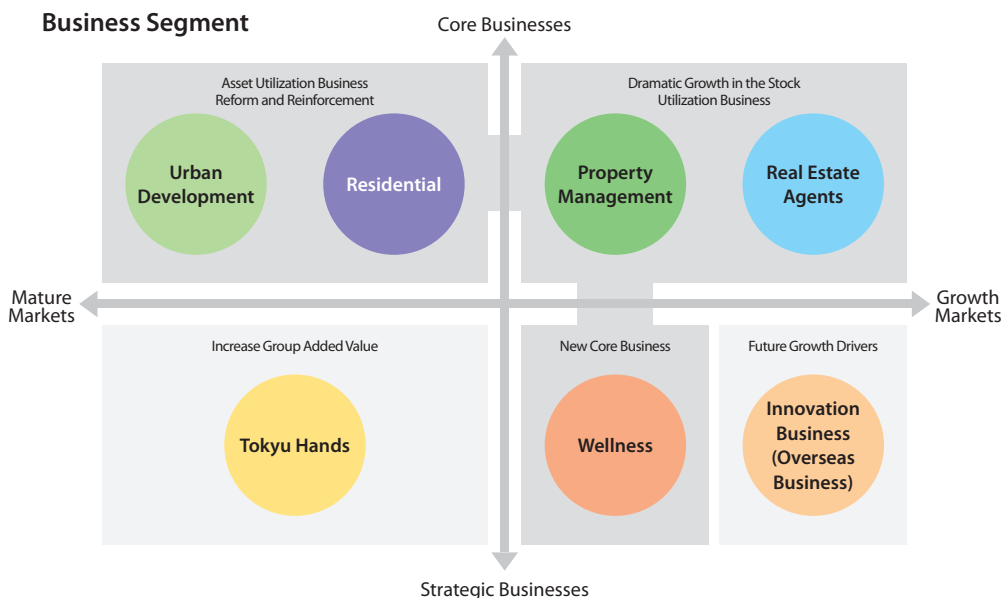
### Wellness Business Seeks to Become Fifth Pillar

In the Wellness business, which provides enriching and fulfilling lives and experiences in the leisure, health, and senior fields, we are using development and management capabilities developed over many years as strengths to establish an industry-leading position in the area of wellness. The Group's Wellness business has a history of developing and operating various facilities and services that are ahead of their times and has become a unique and prominent presence in the real estate industry.

Under a favorable business environment supported by increasing inbound demand and a growing senior market, we will work to expand the scale of business while promoting cyclical reinvestment business in this field. We plan to establish the Wellness business as a fifth profit pillar (a new core business) for the Group by fiscal 2020.

The Tokyu Hands business, which enjoys overwhelming brand strength, is positioned as a business that contributes to increasing the Group's added value. We plan to strengthen the brand even further and transform profit structures with the aim of becoming the No. 1 lifestyle creation and proposal brand.

In the Innovation business, we will continue to reinforce overseas business with a focus on the United States and Indonesia so that the Group can exhibit its presence as a comprehensive developer. We believe that stable growth, particularly in the United States, will be an opportunity for substantial growth for the Group. Our policy is to reinforce this business from the perspective of asset allocation.



## Strengthening Our Financial Base for Future Growth

Next, I will explain our financial strategy. First is our investment plan. Gross investment during the four years of the second half of the plan period (stage 2) will be ¥1.23 trillion.

In the Urban Development business, in addition to investment in existing major projects such as the Shibuya redevelopment, we expect to invest in new areas including office buildings, commercial facilities, infrastructure, and industry. These investments, along with investment in non-current assets and inventory assets, are expected to total ¥780 billion. In the Wellness business, which is expected to grow into a new core business, we plan to invest ¥135 billion in hotels, senior housing, and other areas. We also plan to invest in the residential business including condominiums and rental housing for investors as well as overseas business with a focus on the United States and Indonesia.

The gross investment amount will be ¥1.23 trillion, but returns are expected from the cyclical reinvestment business, so net investment

is expected to be approximately ¥370 billion. This is premised on the balance of interest-bearing debt at the end of fiscal 2020 standing at ¥1.26 trillion and a D/E ratio of approximately 2.3.

I am aware that reinforcing our financial base is a key management issue for achieving stable growth in the future and making timely and appropriate investments in a dynamic manner.

The D/E ratio, an indicator of financial health, improved to 2.6 in fiscal 2016 (from 2.7 in fiscal 2013) as a result of the addition of equity capital. We aim to further improve the ratio to approximately 2.3 in fiscal 2020 by increasing equity by means such as accumulating yearly profits.

At the same time, we are very much aware of the need to increase our capacity to generate cash flows in preparation for operation of large-scale projects in the future, and we have set a new EBITDA ratio target of approximately 10 for fiscal 2020.

## Building Long-Term Ties and Mutual Trust with Shareholders and Investors

The Tokyu Fudosan Holdings Group will continue to actively foster long-term close-knit ties with its shareholders and investors.

As a part of efforts to provide returns to our shareholders, we will ensure the stable payment of cash dividends and have set a dividend payment ratio target of at least 25%.

In fiscal 2016, the annual dividend was ¥13 per share, and it was the fourth consecutive year in which the dividend was increased. In fiscal 2017, we plan to pay a dividend of ¥14.5 per share. We will seek to increase dividends through continuous growth in profits with an awareness of net profit, for which a new target was recently set.

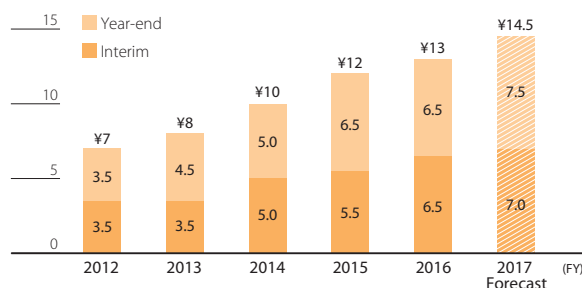
Tokyu Fudosan Holdings also places considerable emphasis on upgrading and expanding its shareholders' incentive programs. With the aim of attracting long-term investment, we provide a wide range of Tokyu Hands products as well as vouchers for many of the Group's facilities for the benefit of shareholders.

Six briefing sessions for individual investors were held in fiscal 2016. The briefings are intended to provide individual investors with a deeper understanding of the Group's management strategies and business activities.

We also introduced a new stock-based remuneration program for officers. The objective is to raise awareness regarding increasing

corporate value over the medium to long term by having officers share the benefits and risks of fluctuations in share prices with shareholders. We will meet shareholders' expectations by conducting management integrated with their interests.

### Trends in Cash Dividends per Share



Data prior to the fiscal 2013 interim dividend reflects dividends paid by Tokyu Land Corporation.



## ESG Management Leads to Sustainable Growth

In order to achieve sustainable growth and increase corporate value over the long term, we have positioned ESG (environment, society, governance) as a key management issue and practice ESG management in accordance with the Group CSR vision of raising the level of satisfaction among stakeholders by finding solutions to social issues through our business activities.

As discussed above, when we formulated our Medium-Term Management Plan, the Group worked with outside experts in various fields to identify the Group's key materialities (social issues). Based on the results, we established four themes—corporate governance, workstyle reforms, social needs, and the environment—from an ESG perspective and set key performance indicators (KPI) for fiscal 2020 for each theme. Going forward, we will conduct management using these KPI.

In the area of corporate governance, which enhances the fairness and transparency of management, starting in fiscal 2016, we adopted

a system of three independent outside directors, established a Nomination and Compensation Advisory Committee, introduced a stock-based remuneration program for officers, conducted evaluations of the effectiveness of the Board of Directors, and made other steady improvements.

Based on the belief that there is no organizational energy that can surpass meaningful work by each employee, we are undertaking workstyle reforms throughout the group from the perspectives of diversity, work-life balance, and healthy management.

In the future, I will continue to carry out ESG management as the Group's leader and strive to gain the confidence of all stakeholders including investors by externally disclosing fair and transparent information.

## Leading Reforms by Using Our DNA as a Challenger

It is extremely difficult to accurately ascertain the business environment in 2020, when the Tokyo Olympic Games will be held, and later, but I believe that the Group's mission will not undergo significant changes.

As a corporate group that continues to create value, we will propose and create lifestyles that go beyond the sale of properties and products. We will propose new styles of living, new styles of working, and new ways of spending time and become a presence that is chosen in all lifestyle scenarios. This is the ideal that we are pursuing and is the significance of the Group's existence to society.

To remain needed by customers and society, establishing solid management foundations as well as the DNA of a challenger that flexibly and boldly responds to change will be essential. We will exhibit the challenger DNA that we have developed over many years and lead management reforms with an eye towards an uncertain future.

As we work towards achieving these goals, I request your continued support and understanding.



**Yuji Okuma**  
President and Representative Director

# A History of Creating New Value

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

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

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

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

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

1950

1960

1970

1980

**Social trends**

1960 Income doubling plan announced  
1964 Tokyo Olympics

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

1985 Plaza Accord  
1989 Consumption tax introduced

**History of the Company**

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

1965 Completed construction of Shibuya Tokyu Building

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

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

1918

## Establishment of Den-en Toshi Co.

**Purpose of establishment**

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



Eiichi Shibusawa

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



Den-en Chofu at the time of its development

1953

## Established Tokyu Land Corporation

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



1970s

## Diversification of Business

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



1980s

## Development of Suburban Residences and Resorts

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



Asumigaoka New Town

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

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

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

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

**1990**

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

**2000**

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

**2010**

2011 Great East Japan Earthquake

**2020**

2020 Tokyo Olympic and Paralympic Games

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

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

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

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

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



Setagaya Business Square

**Since 1999  
Real Estate Securitization**

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

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

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



Grancreer Azamino

**2013  
Established Tokyu Fudosan Holdings Corporation**

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

**Expansion of Overseas  
Business**

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



BRANZ Simatupang in Jakarta

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

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

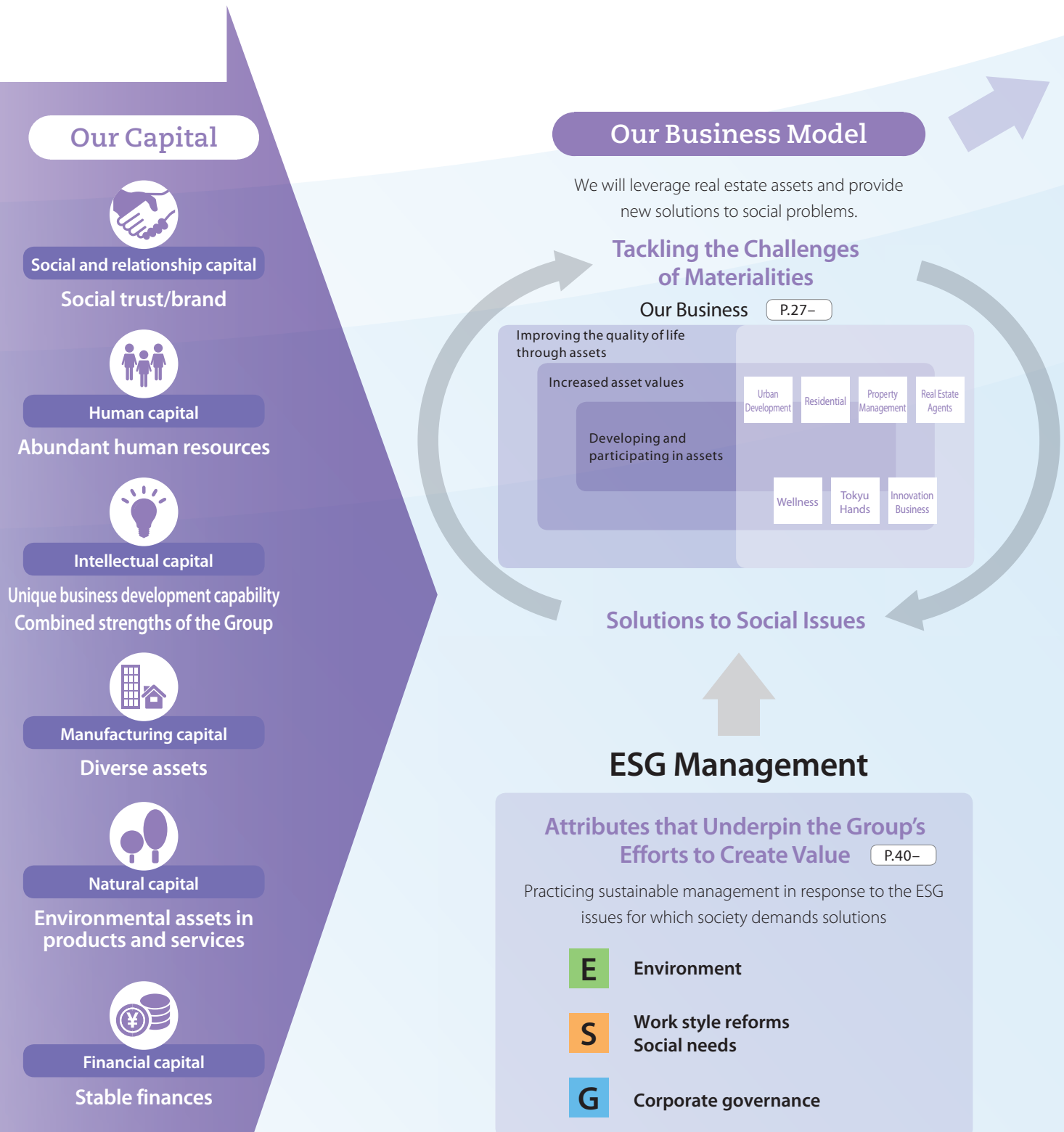


Shibuya Station area development (artist's impression)



# The Value Creation Process

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



# To Become a Corporate Group that Continues to Create Value

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

## Maximization of capital



### Social and relationship capital

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

#### Corporate Brand



#### Customer Contacts

Approx. **10** million

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



### Manufacturing capital (asset holdings)

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

#### Diversity of assets and services

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



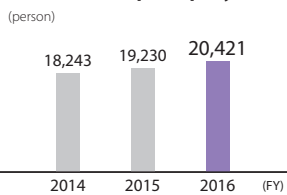
### Human capital

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

#### Employees with specialized qualifications

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

#### No. of Group employees



### Natural capital

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

#### Environment friendliness

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

#### Natural resources that enhance the added value of assets

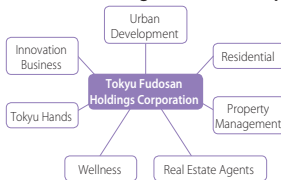
- Nature adds color to life and workplaces
- Nature surrounding resort facilities



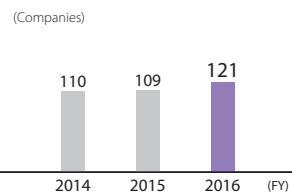
### Intellectual capital

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

#### Combined strengths of the Group



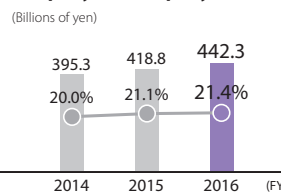
#### Consolidated Subsidiaries



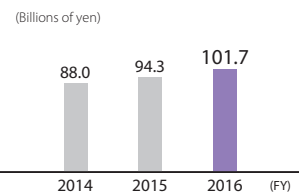
### Financial capital

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

#### Equity and equity ratio



#### EBITDA



# Identification of Materialities & Opportunities and Risks

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

## Selection Process

Step 1

### Determination and organization of social issues

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



Step 2

### Integration and consolidation of issues

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

Step 3

### Interviews of management staff and experts

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

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

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



**Step 4**

## Identification of Materialities

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

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



## Materialities of the Tokyu Fudosan Holdings Group

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

Medium-Term Management Plan

P.23-

ESG Management

P.43-

# Medium-Term Management Plan

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



Awareness of Materialities

P.21–

2017–2020

From 2021

# Value Frontier 2020

To Become a Corporate Group that Continues to Create Value

Creation of new demand

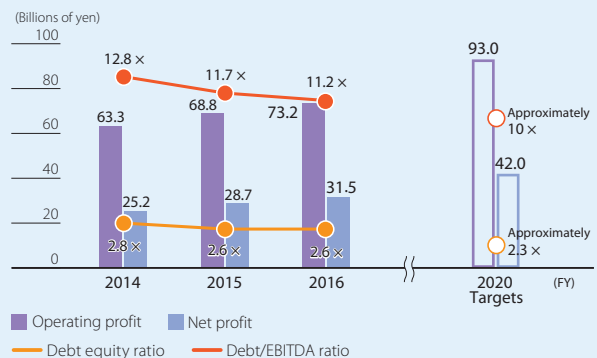
Entering a New Stage

### 3 Reinforcing stock utilization

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

#### ▶ Targets (fiscal 2020)

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



# Medium-Term Management Plan

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

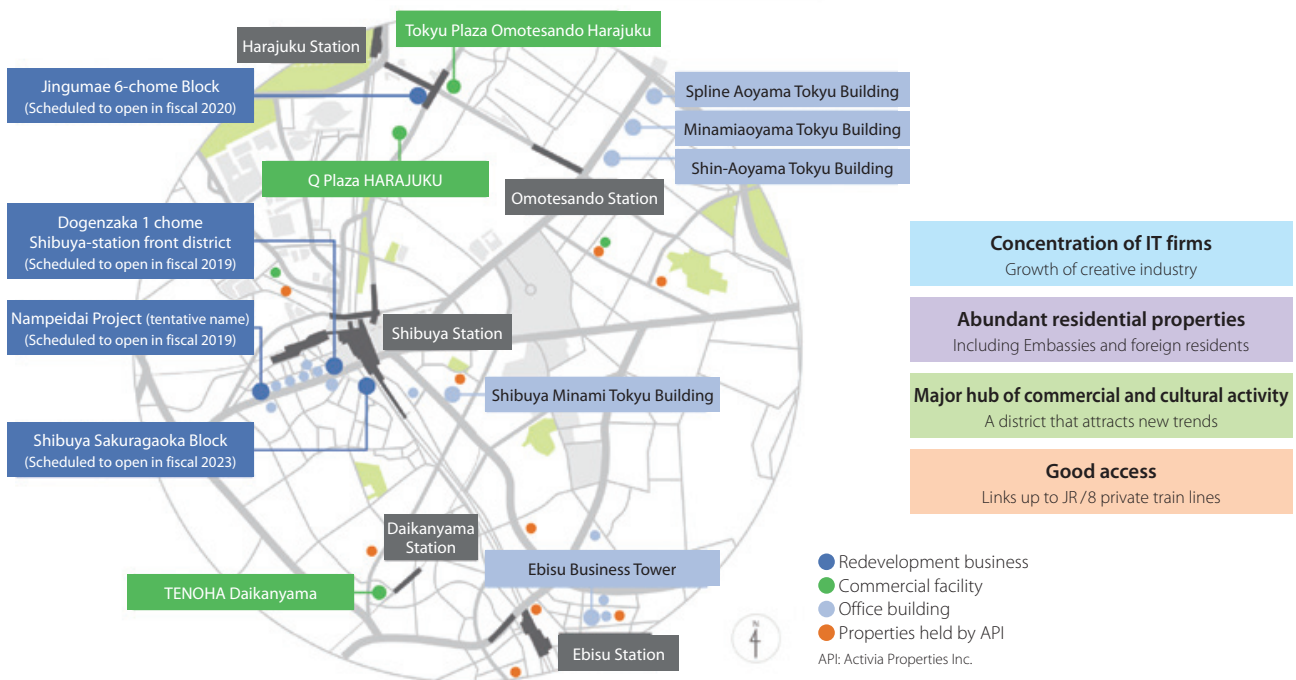
**New value created from intra-Group collaboration to go beyond the bounds of physical frames and create lifestyles**

## ▶ The Greater Shibuya Area Concept

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

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

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



### Creating appealing communities through intra-Group collaboration

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

### Making Shibuya into the world’s leading entertainment city

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

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



## ▶ Lifestyle Community with Alteration of Generations

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

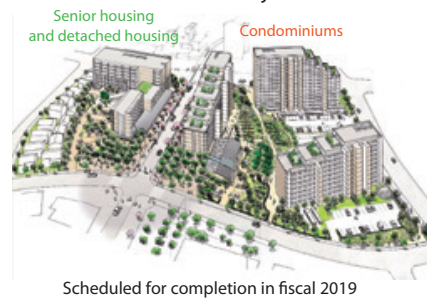
ment that promotes interaction among generations with the key concepts of a sense of security provided by neighbors, diverse living styles, and mental and physical. We will create the value needed by society in new fields that combine residential units with senior housing to promote links among individuals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



Setagaya Nakamachi Project



Tokaichiba Project



### Setagaya Nakamachi Project

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

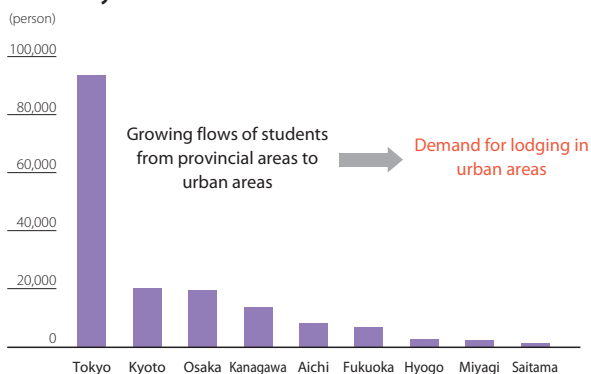
community plaza will create various styles of living. We will also introduce mechanisms that enable mutual use of the services of each property and shared facilities as well as programs that facilitate the transition to senior housing according to residents' life stages so that residents will be able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

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

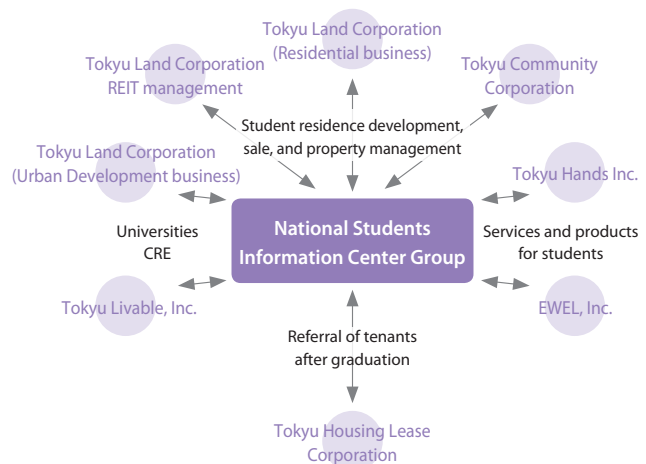
In November 2016, the Group acquired the National Students Information Center, which is engaged mainly in the student resident business in major metropolitan areas has extensive networks with school corporations. As a result, the Group is able to perform student residence development, property acquisition,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

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

### Population movement caused by migration of university students



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



# 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.

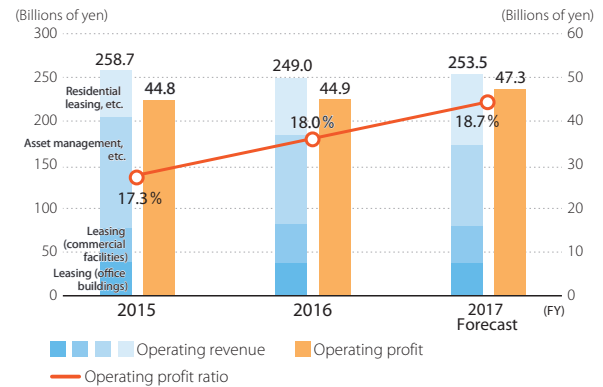
## Segment Overview (As of March 31, 2017)

Office building floor space <b>586,000 m<sup>2</sup></b> <b>58 buildings</b>	No. of rental housing under management <b>124,000* units</b> No. of corporate housing under management <b>97,000 units</b>
Commercial facility floor space <b>872,000 m<sup>2</sup></b> <b>28 buildings</b>	Assets under management <b>¥787.3 billion</b>

\* 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

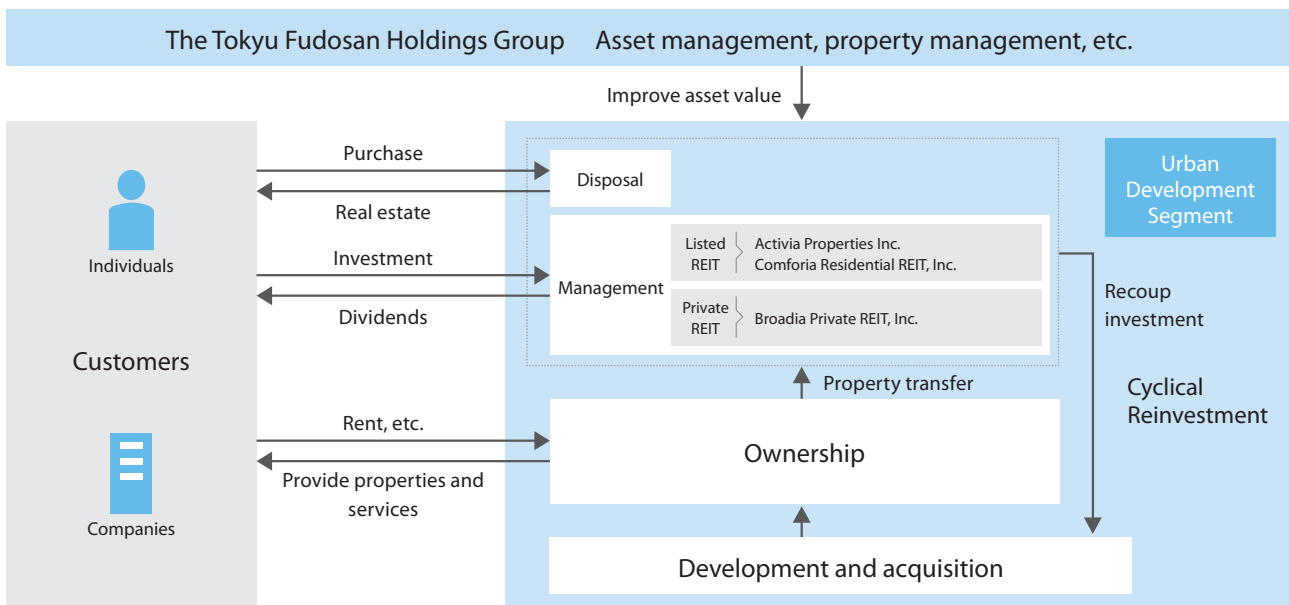
In fiscal 2016, the fiscal year ended March 31, 2017, the segment posted operating profit of ¥44.9 billion, up 0.1% compared with the previous fiscal year, on operating revenue of ¥249.0 billion, down 3.8% year on year. Sales of buildings for investors were down ¥24.9 billion, resulting in a decrease 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.

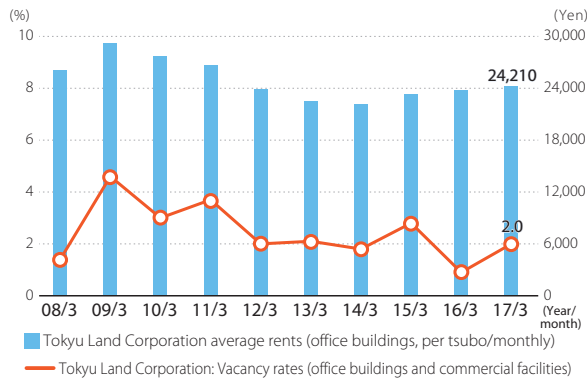
With regard to the greater Shibuya area redevelopment project, a large-scale development project that will be undertaken in the future, new work on the Shibuya Dogenzaka 1-chome Block Development Project in front of Shibuya Station and the Nampeidai Project (tentative name) was commenced and is proceeding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

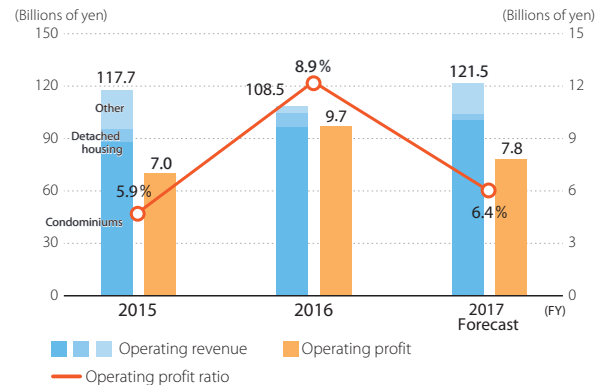
Kansai and other areas

**602 units**



## Business Results Trends

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



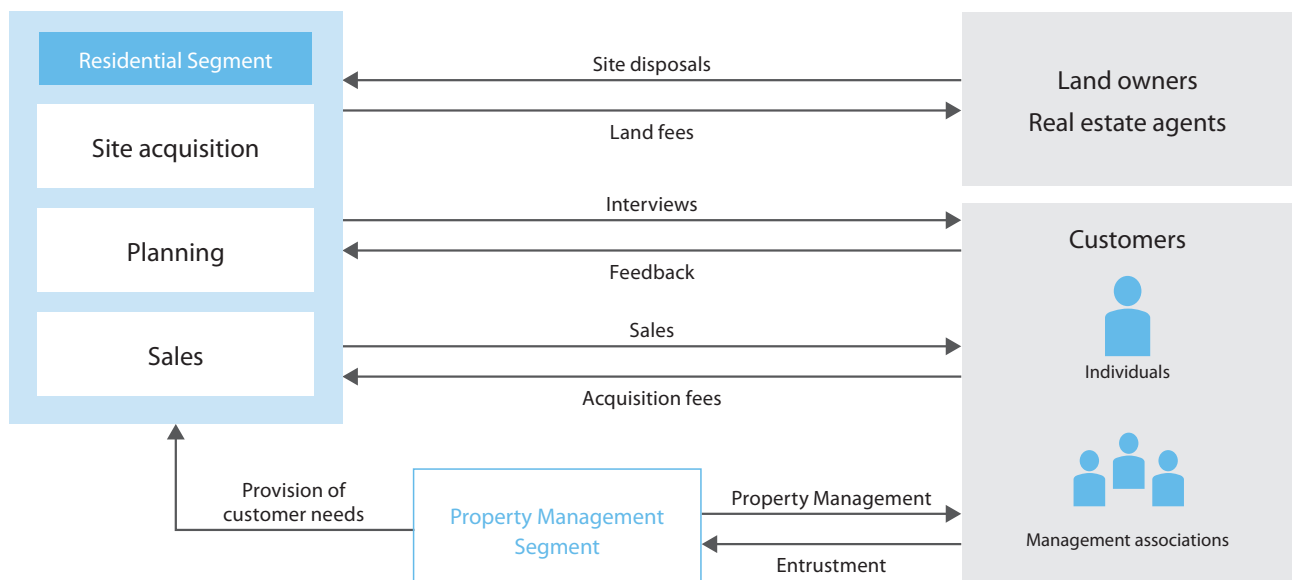
## Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

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.

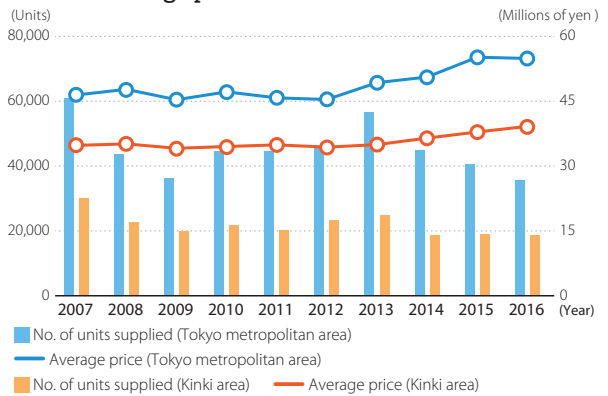
## Business Model





## ▶ 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**

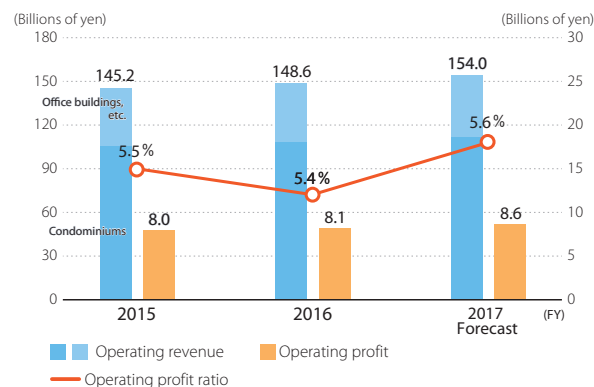
\* Number of units under comprehensive management: The number of units under management entrusted by condominium management associations

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)



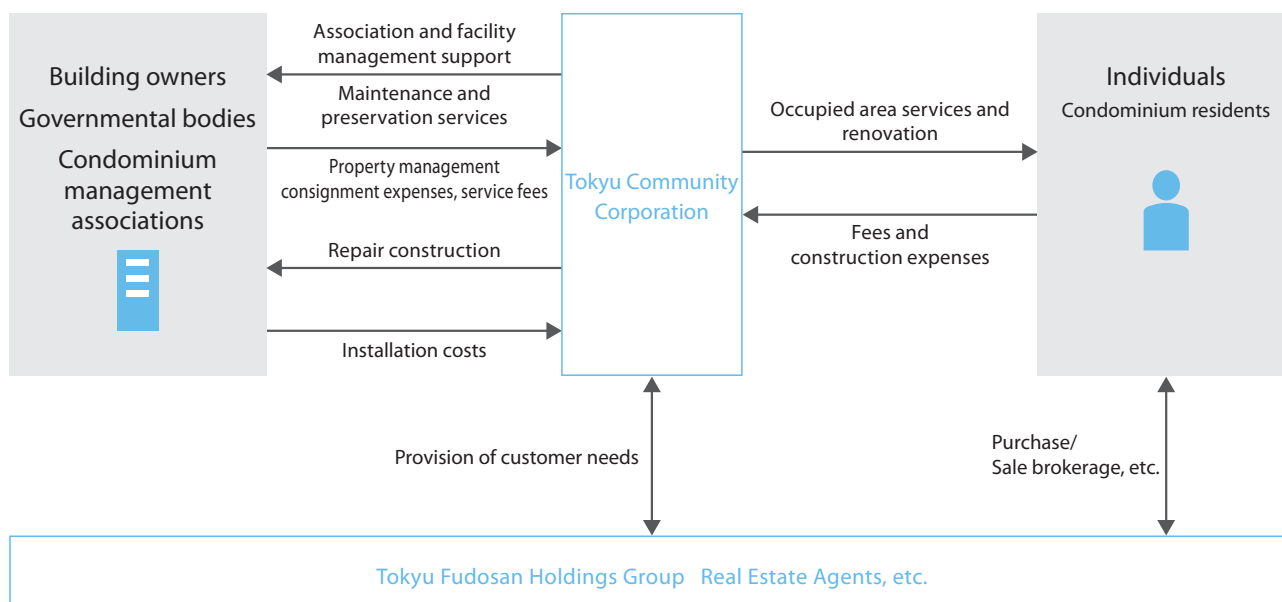
## Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

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.

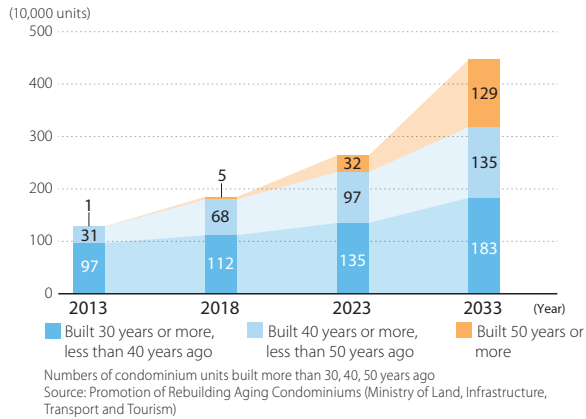
For fiscal 2017, the fiscal year ending March 31, 2018, the segment is expecting its operating revenue to increase 3.6% year on year to ¥154.0 billion, and its operating profit to climb 5.9% to ¥8.6 billion. We expect that stock of condominiums and office buildings to continue to increase and operating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

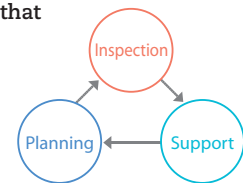
## ▶ Segment Strengths

- 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)

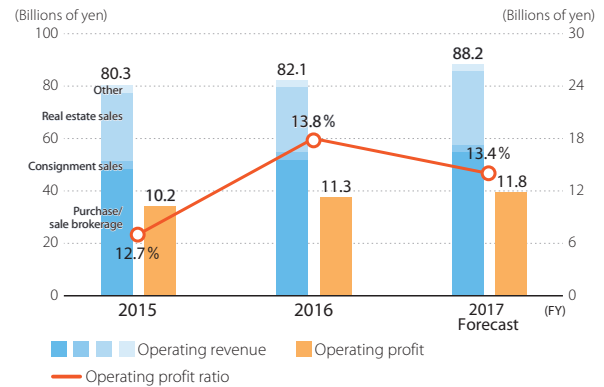


Fiscal 2016  
 No. of real estate agent transactions  
**23,278**

No. of real estate agent sales staff  
**1,395**

## Business Results Trends

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



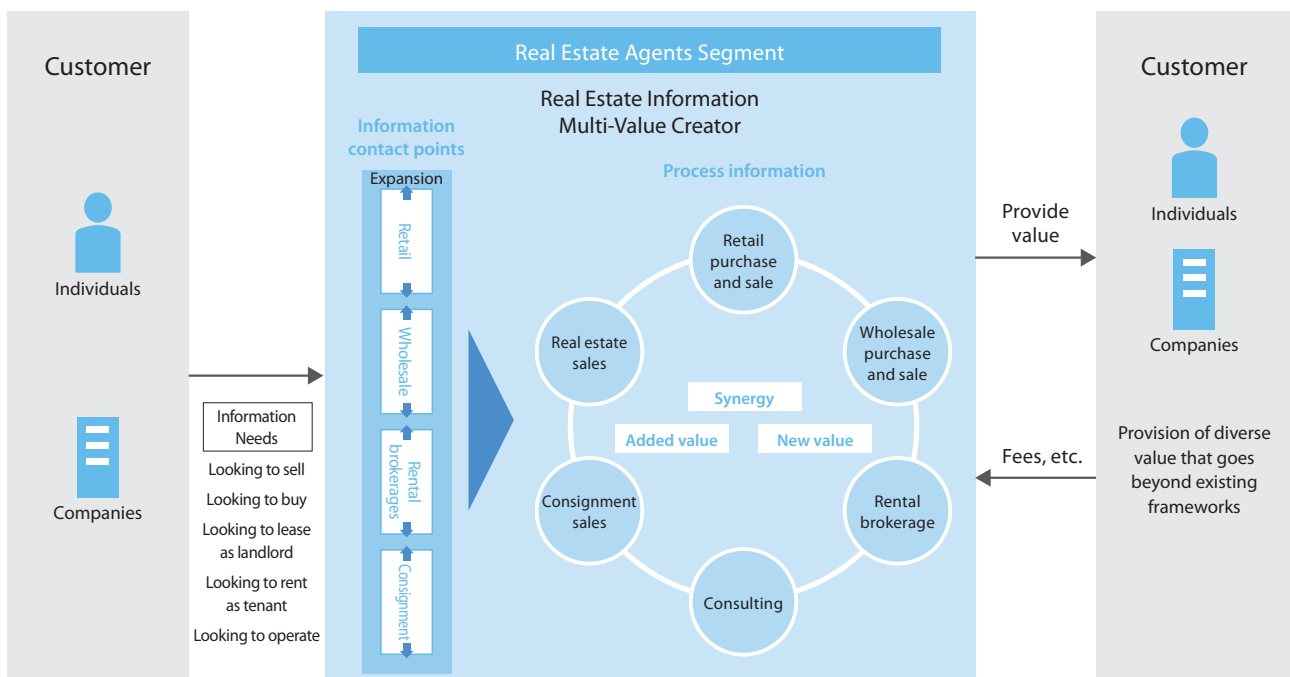
## Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

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.

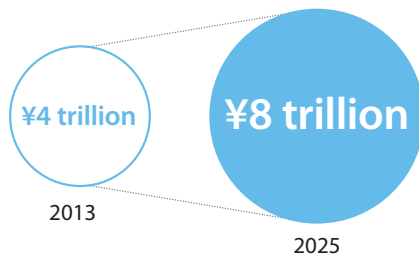
## Business Model





## ▶ 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

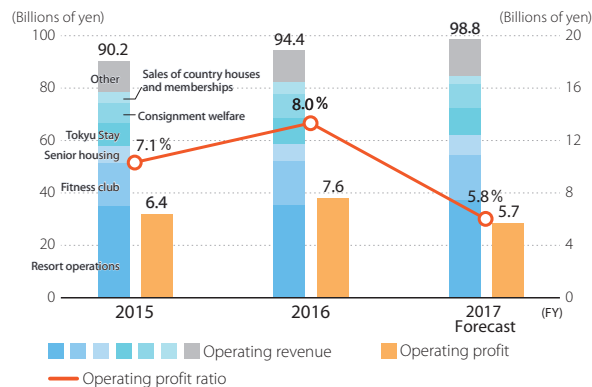
The Wellness segment helps customers create a wealth of high-quality time through cross-business collaboration in the fields of leisure, health and senior citizens, by developing and managing resorts, leisure facilities, sports clubs and senior housing.

## Segment Overview (As of March 31, 2017)

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

## Business Results Trends

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



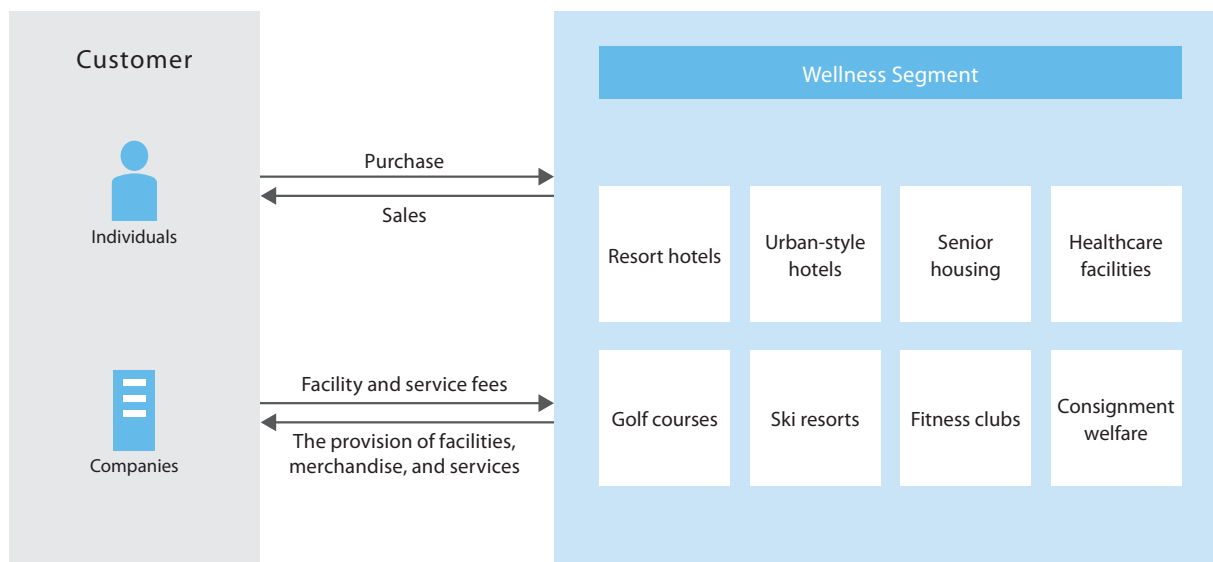
## Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

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

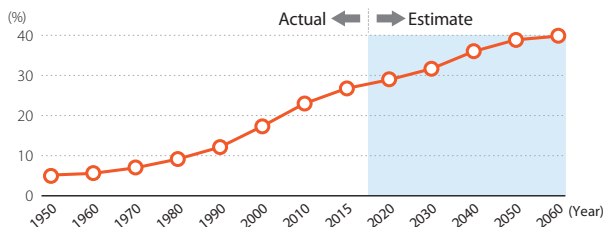
resorts in the resort operations segment and new operation of senior housing and Tokyu Stay will result in higher revenues, but profit is expected to decline as a result of the reporting of income from country house real estate and reporting of registration income in conjunction with the sale of memberships 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)

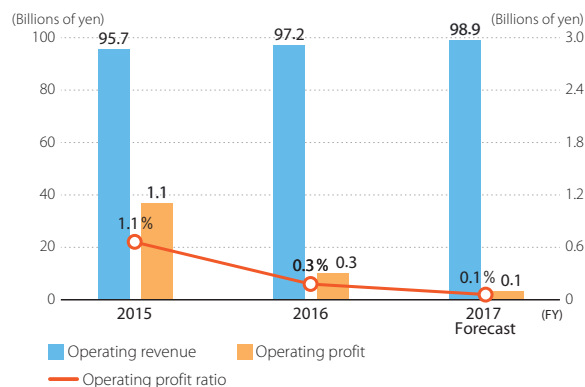
### No. of stores

	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)



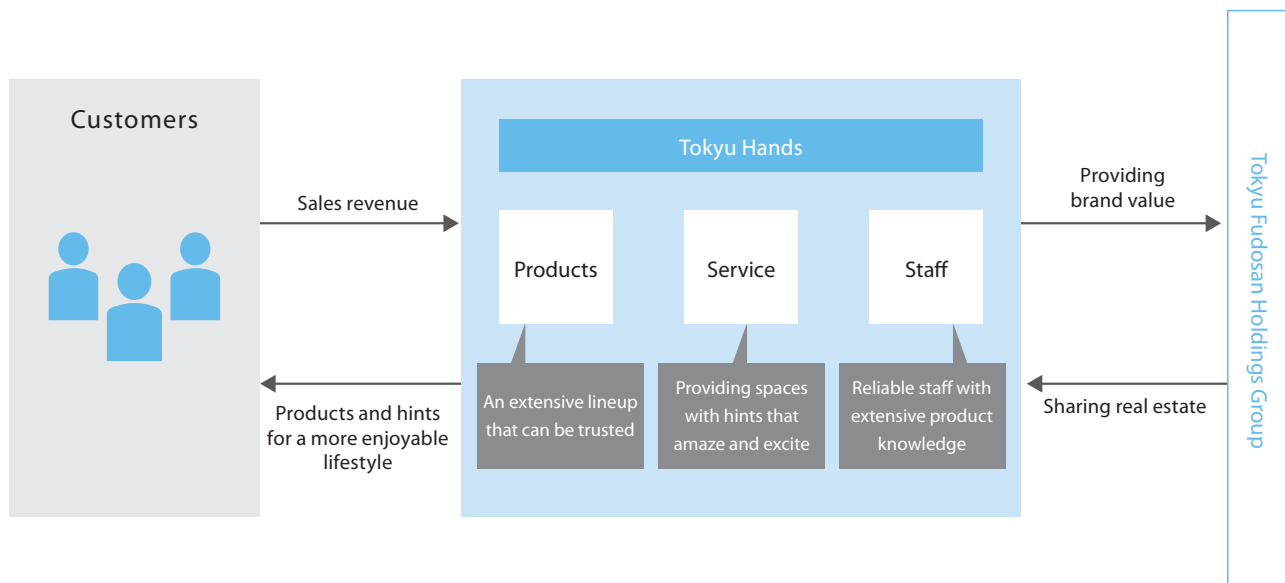
## Overview of Fiscal 2016 Results and Outlook for Fiscal 2017

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.

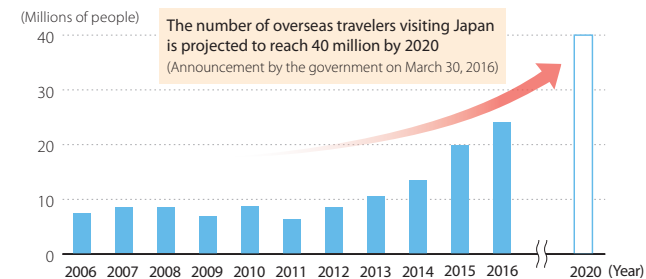
## Business Model





## ▶ 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**

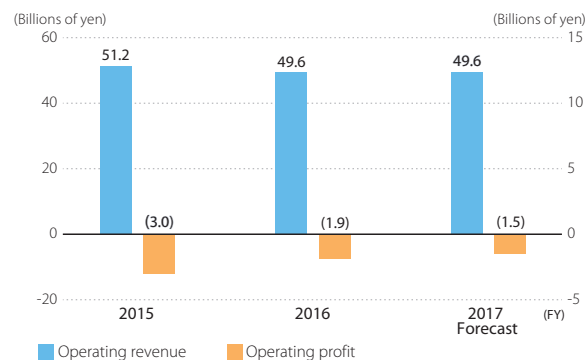
No. of units currently under construction as a part of condominium complex development projects in Indonesia

**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

# 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

Roundtable Discussion with Independent Outside Directors	41
ESG Management	43
Corporate Governance	44
Work Style Reforms	49
Social Needs	50
Environment	51
Executive Board	53



## 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.

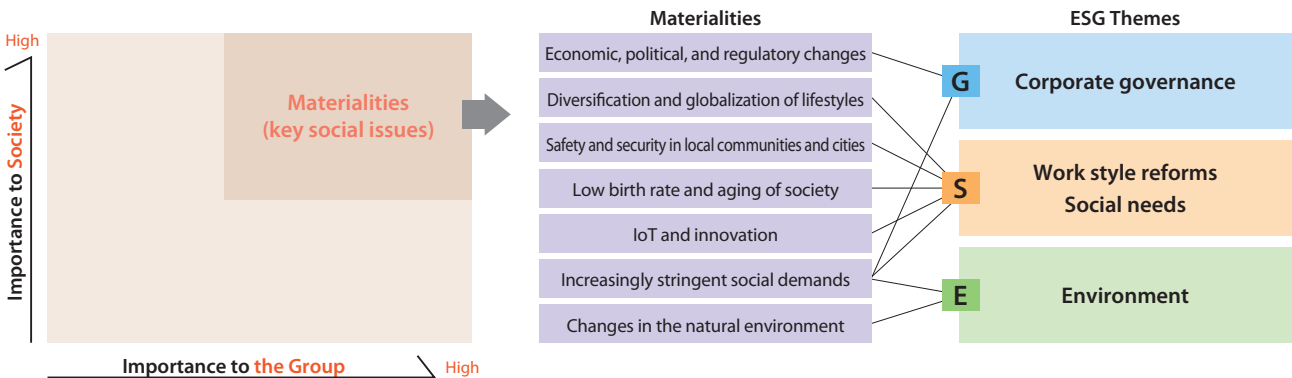
**Iki:** The role of the holdings company is important in creating synergy effects. When business companies are considered individually, it is easy to fall into partial optimization. I would like to see the holdings company promote change across the Group as a whole by calling on the business companies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

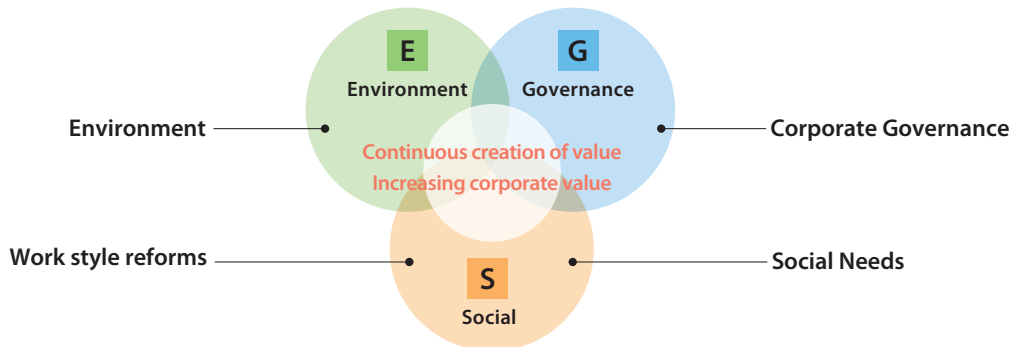
# ESG Management

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
<b>E</b> Environment	Environment P.51–	CO <sub>2</sub> 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
<b>S</b> Social	Work style reforms P.49–	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%
	Social needs P.50–	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%
<b>G</b> Governance	Corporate governance P.44–	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%)
		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

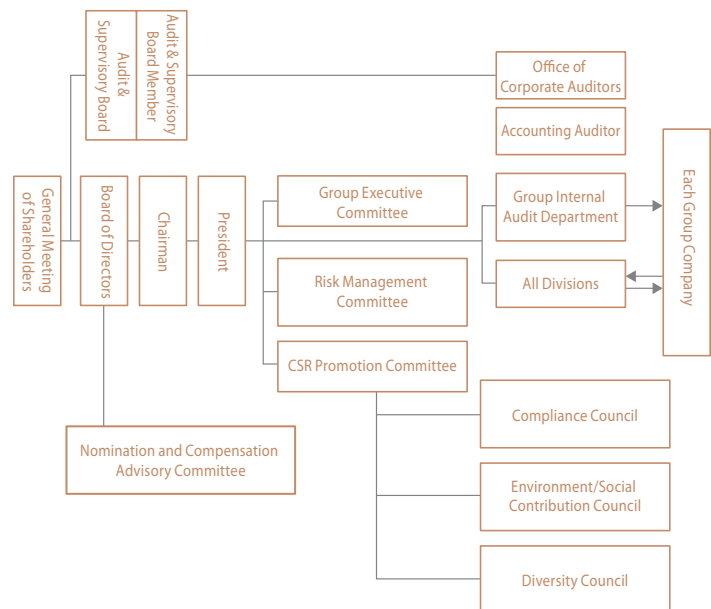
Taking into consideration people's needs and lifestyles, The Group is a comprehensive lifestyle company that creates beautiful living environments together with its customers under the slogan of "Toward a Beautiful Age." As a member of the Tokyu Group, the Company is committed to enhancing the value 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



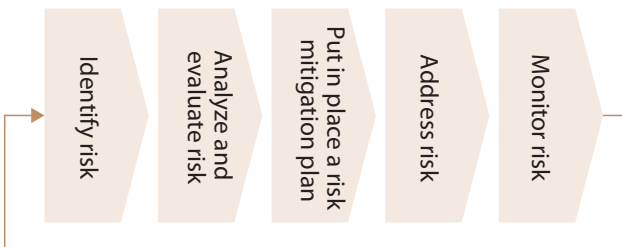
\*1 Incident: Incidents, accidents, or disaster that have occurred or are likely to occur

\*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

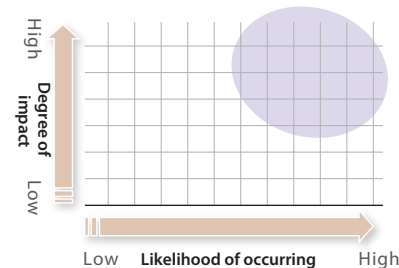


#### ● Major risks

- 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 CO<sub>2</sub> 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

### ● CO<sub>2</sub> emissions and energy-derived emissions

FY	2005	2016	2020 (Target value)	2030 (Target value)
CO <sub>2</sub> emissions (Unit: t-CO <sub>2</sub> )	65,540	232,770	—	—
CO <sub>2</sub> emissions (Unit: kg-CO <sub>2</sub> /m <sup>2</sup> )	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 <sup>3</sup> )	—	2,662	—
Water use (Unit: m <sup>3</sup> /m <sup>2</sup> )	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 <sup>2</sup> )	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. 200,000m<sup>2</sup>  
**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**

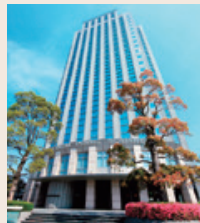
Location: Uchisaiwaicho, Chiyoda-ku, Tokyo  
 Completion date: May 2017



**Amagasaki Q's MALL**

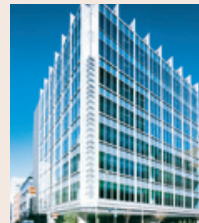
Location: Amagasaki-shi, Hyogo Prefecture  
 Completion: October 2009

### 3 stars (11 property)



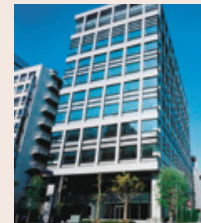
**Ebisu Prime Square Tower**

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



**Nihombashi Honcho Tokyu Building**

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



**Ichigaya Tokyu Building**

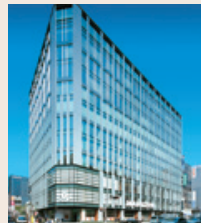
Location: Kudankita, Chiyoda-ku, Tokyo  
 Completion: October 2004

### 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

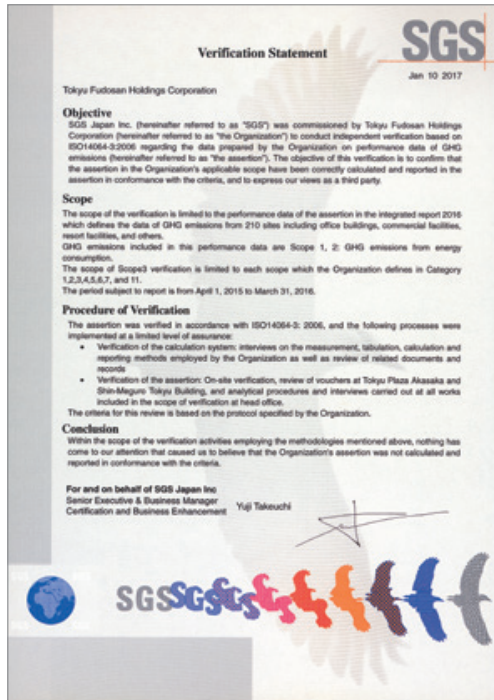
Responsible for Group General Administration Department, Group Legal Affairs Department, Group Human Resources Department

# Independent Verification

The Tokyu Fudosan Holdings Group receives independent verification of the disclosed data as indicated below in order to raise the reliability of information disclosure.

## Verification of Environmental Data

The scope of environmental data covers greenhouse gas emissions data (scope 1, scope 2, scope 3).



## Verification of Social Data

The scope of social data covers nine items including the ratio of female managers, years of service, and ratio of female new hires to total new hires.



# Major Financial/Non-Financial Data

Financial Data	(Unit)	2006	2007	2008	2009
Operating revenue	Billions of yen	573.5	633.4	574.4	552.1
Operating gross profit	Billions of yen	136.4	159.9	114.3	106.5
Operating profit	Billions of yen	65.9	82.1	35.0	35.5
Ordinary profit	Billions of yen	60.4	75.4	27.7	28.2
Net profit*1	Billions of yen	31.4	28.7	10.2	11.1
<b>Total assets</b>	Billions of yen	954.1	1,013.9	1,035.7	1,055.4
<b>Current assets</b>	Billions of yen	310.0	302.1	289.0	283.5
Real estate for sale*2	Billions of yen	185.2	202.4	200.0	172.2
<b>Non-current assets</b>	Billions of yen	644.0	711.8	746.7	771.9
<b>Total net assets</b>	Billions of yen	196.3	218.2	222.5	231.0
Equity	Billions of yen	173.7	192.8	195.7	203.1
Interest-bearing debt	Billions of yen	370.5	411.5	477.0	478.9
<b>Cash flows from operating activities</b>	Billions of yen	13.8	24.9	13.4	72.5
<b>Cash flows from investing activities</b>	Billions of yen	(106.4)	(79.9)	(83.0)	(26.7)
<b>Cash flows from financing activities</b>	Billions of yen	24.2	36.9	68.0	(30.9)
<b>Capital investment</b>	Billions of yen	42.5	52.9	40.0	46.9
<b>Depreciation</b>	Billions of yen	11.3	12.3	13.3	13.2
<b>EPS (Net profit per share of common stock)</b>	Yen	59.00	54.00	19.18	20.82
<b>BPS (Net assets per share of common stock)</b>	Yen	326.74	362.88	368.39	382.43
<b>Dividends (per share)</b>	Yen	7.00	8.00	8.00	7.00
<b>ROA</b>	%	7.3	8.4	3.5	3.4
<b>ROE</b>	%	19.7	15.7	5.2	5.5
<b>Equity ratio</b>	%	18.2	19.0	18.9	19.2
<b>Debt equity ratio</b>	Times	2.1	2.1	2.4	2.4
<b>Dividend payout ratio</b>	%	11.9	14.8	41.7	33.6
<b>EBITDA*3</b>	Billions of yen	77.2	94.4	48.3	48.7
<b>Debt/EBITDA ratio*4</b>	Times	4.8	4.4	9.9	9.8

\*1 Net profit has been reclassified as profit attributable to owners of parent from fiscal 2015.

\*2 Real estate for sale: includes real estate for sale in process and costs of uncompleted construction contracts

\*3 EBITDA: Initialization of earnings before interest, taxes, depreciation, and amortization. Calculated as operating profit + depreciation + amortization of goodwill

\*4 Debt/EBITDA ratio: Interest bearing debt ÷ EBITDA

Non-Financial Data	(Unit)	2013	2014	2015	2016
Number of employees	Person	17,594	18,243	19,230	20,421
Ratio of female managers	%	4.8	5.7	5.9	5.7
Female directors	Person	0	0	0	0
Female audit & supervisory board member	Person	0	0	0	0
Female managing officer	Person	1	2	2	2
Average years of service (male employees)	Year	13.2	13.2	13.0	12.9
Average years of service (female employees)	Year	8.8	9.0	8.7	8.8
Ratio of full-time employees (female employees)	%	23.7	24.2	25.3	26.5
Ratio of new female employee hires to total hires	%	31.5	33.0	35.4	41.6



	2010	2011	2012	2013	2014	2015	2016
	571.4	556.8	595.9	714.1	773.1	815.5	808.5
	131.7	123.3	126.8	145.3	148.8	163.8	173.0
	62.5	50.1	52.0	61.4	63.3	68.8	73.2
	54.9	34.9	39.9	50.6	51.7	56.4	63.6
	11.6	34.2	22.1	23.7	25.2	28.7	31.5
	1,161.4	1,744.8	1,718.4	1,789.8	1,973.8	1,984.4	2,067.2
	274.9	300.7	324.0	416.0	572.6	491.9	588.0
	155.7	172.7	175.3	245.9	394.7	364.4	418.6
	886.5	1,444.1	1,394.4	1,373.8	1,401.2	1,492.4	1,479.1
	239.8	275.3	307.0	369.2	398.3	422.4	446.3
	208.6	240.8	268.7	364.5	395.3	418.8	442.3
	559.8	1,064.0	974.1	991.0	1,125.4	1,106.1	1,137.9
	66.2	44.9	70.2	(13.5)	(38.5)	87.9	68.9
	(146.2)	(28.8)	42.5	19.7	(100.3)	(112.4)	(71.0)
	79.0	(16.4)	(90.5)	3.0	139.2	(30.5)	23.0
	199.5	41.6	43.8	77.5	126.7	78.8	60.3
	14.9	20.8	20.2	20.0	20.2	21.0	23.5
	21.84	64.40	41.71	41.61	41.45	47.18	51.77
	392.87	453.46	505.99	598.73	649.40	687.92	726.59
	7.00	7.00	7.00	8.00	10.00	12.00	13.00
	5.7	3.5	3.0	3.5	3.4	3.5	3.6
	5.6	15.2	8.7	7.5	6.6	7.1	7.3
	18.0	13.8	15.6	20.4	20.0	21.1	21.4
	2.7	4.4	3.6	2.7	2.8	2.6	2.6
	32.1	10.9	16.8	19.2	24.1	25.4	25.1
	77.4	71.0	72.4	84.6	88.0	94.3	101.7
	7.2	15.0	13.5	11.7	12.8	11.7	11.2

## Non-Financial Data

	(Unit)	2013	2014	2015	2016
Energy consumption	GJ	4,596,778 <sup>*1</sup>	4,660,185 <sup>*2</sup>	4,374,341 <sup>*3</sup>	4,542,902 <sup>*4</sup>
CO <sub>2</sub> emissions	t-CO <sub>2</sub>	228,267 <sup>*1</sup>	234,798 <sup>*2</sup>	210,707 <sup>*3</sup>	232,770 <sup>*4</sup>
Basic unit	kg-CO <sub>2</sub> /m <sup>2</sup>	98.6	101.9	98.4	106.6
Water use	m <sup>3</sup>	3,042 <sup>*1</sup>	3,141 <sup>*2</sup>	2,811 <sup>*3</sup>	2,663 <sup>*4</sup>
Basic unit	m <sup>3</sup> /m <sup>2</sup>	1.33	1.39	1.32	1.23
Waste emissions	t	14,189 <sup>*5</sup>	18,796 <sup>*6</sup>	18,908 <sup>*7</sup>	25,128 <sup>*8</sup>
Basic unit	kg/m <sup>2</sup>	10.3	10.2	10.1	13.3

\*1 Number of target facilities: 213 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*2 Number of target facilities: 226 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*3 Number of target facilities: 210 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*4 Number of target facilities: 190 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*5 Number of target facilities: 124 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*6 Number of target facilities: 152 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*7 Number of target facilities: 161 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

\*8 Number of target facilities: 140 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

• Energy consumption and CO<sub>2</sub> emissions: Increased because of the opening of new properties and due to an improved coverage of measurements (CO<sub>2</sub> emissions for fiscal 2015 were SGS-verified values)

• Water usage: Publicly-released values revised due to changes in the calculation method

• Waste volume: Increased due to an improved coverage of measurements

# Consolidated Balance Sheets

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Assets</b>			
<b>Current assets</b>			
Cash and deposits	¥ 40,230	¥ 62,885	\$ 561,473
Notes and accounts receivable-trade	24,217	27,391	244,563
Securities (Note 4,11)	1,272	5,403	48,241
Merchandise	11,620	12,023	107,348
Real estate for sale (Note 8,11)	199,285	213,239	1,903,920
Real estate for sale in process	159,337	199,431	1,780,634
Costs on uncompleted construction contracts	5,751	5,948	53,107
Supplies	823	779	6,955
Deferred tax assets (Note 21)	9,818	12,474	111,375
Other	39,752	48,591	433,848
Allowance for doubtful accounts	(165)	(143)	(1,277)
<b>Total current assets</b>	<b>491,942</b>	<b>588,025</b>	<b>5,250,223</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures	398,216	394,607	3,523,277
Accumulated depreciation	(159,028)	(169,750)	(1,515,625)
Buildings and structures, net (Note 8)	239,187	224,857	2,007,652
Land (Note 7,8)	857,528	815,232	7,278,857
Construction in progress	56,887	77,129	688,652
Other	58,961	62,025	553,795
Accumulated depreciation	(35,588)	(38,465)	(343,438)
Other, net	23,373	23,560	210,357
<b>Total property, plant and equipment (Note 11)</b>	<b>1,176,976</b>	<b>1,140,779</b>	<b>10,185,527</b>
<b>Intangible assets</b>			
Leasehold right	16,796	9,567	85,420
Goodwill	75,873	87,975	785,491
Other	13,933	13,772	122,964
<b>Total intangible assets</b>	<b>106,603</b>	<b>111,315</b>	<b>993,884</b>
<b>Investments and other assets</b>			
Investment securities (Note 5, 8, 11)	110,757	119,314	1,065,304
Long-term loans receivable (Note 8)	2,211	3,547	31,670
Lease and guarantee deposits	63,405	68,664	613,071
Net defined benefit asset (Note 20)	642	644	5,750
Deferred tax assets (Note 21)	6,489	13,047	116,491
Other	26,230	22,515	201,027
Allowance for doubtful accounts	(877)	(701)	(6,259)
<b>Total investments and other assets</b>	<b>208,858</b>	<b>227,032</b>	<b>2,027,071</b>
<b>Total non-current assets</b>	<b>1,492,439</b>	<b>1,479,126</b>	<b>13,206,482</b>
<b>Total assets</b>	<b>¥1,984,382</b>	<b>¥2,067,152</b>	<b>\$18,456,714</b>

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	As of March 31, 2016	As of March 31, 2017	As of March 31, 2017
<b>Liabilities</b>			
<b>Current liabilities</b>			
Notes and accounts payable-trade	¥ 37,281	¥ 40,791	\$ 364,205
Short-term loans payable (Note 8,9,10)	215,450	257,025	2,294,866
Commercial papers	58,000	60,000	535,714
Current portion of bonds (Note 9)	20,000	20,000	178,571
Accounts payable-other	27,565	37,862	338,054
Income taxes payable	9,355	9,781	87,330
Deferred tax liabilities (Note 21)	1,668	517	4,616
Advances received	33,031	39,748	354,893
Deposits received from consignment sales	10,252	7,533	67,259
Deposits received	23,552	26,029	232,402
Deposits received for special joint ventures	11,500	11,600	103,571
Provision for bonuses	9,100	9,183	81,991
Provision for directors' bonuses	191	221	1,973
Provision for warranties for completed construction	244	316	2,821
Other provision	1,186	1,233	11,009
Other	17,579	15,891	141,884
<b>Total current liabilities</b>	<b>475,960</b>	<b>537,737</b>	<b>4,801,223</b>
<b>Non-current liabilities</b>			
Bonds payable (Note 9)	80,000	120,000	1,071,429
Long-term loans payable (Note 8, 9)	732,664	680,867	6,079,170
Deferred tax liabilities (Note 21)	30,630	30,015	267,991
Deferred tax liabilities for land revaluation (Note 7)	4,981	4,981	44,473
Long-term lease and guarantee deposited	174,058	175,218	1,564,446
Deposits received for special joint ventures	9,000	17,500	156,250
Net defined benefit liability (Note 20)	28,473	29,062	259,482
Provision for loss on guarantees	123	11	98
Provision for directors' retirement benefits	56	71	634
Other (Note 8)	26,052	25,379	226,598
<b>Total non-current liabilities</b>	<b>1,086,039</b>	<b>1,083,106</b>	<b>9,670,589</b>
<b>Total liabilities</b>	<b>1,562,000</b>	<b>1,620,844</b>	<b>14,471,821</b>
<b>Net assets</b>			
<b>Shareholders' equity (Note 25)</b>			
Capital stock	60,000	60,000	535,714
Capital surplus	118,638	118,704	1,059,857
Retained earnings	219,855	243,131	2,170,813
Treasury shares	(1,789)	(1,790)	(15,982)
<b>Total shareholders' equity</b>	<b>396,704</b>	<b>420,045</b>	<b>3,750,402</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities (Note 21)	16,713	15,792	141,000
Revaluation reserve for land (Note 7)	7,741	8,069	72,045
Foreign currency translation adjustment	990	1,089	9,723
Remeasurements of defined benefit plans (Note 20)	(3,364)	(2,675)	(23,884)
<b>Total accumulated other comprehensive income</b>	<b>22,080</b>	<b>22,275</b>	<b>198,884</b>
<b>Non-controlling interests</b>	<b>3,596</b>	<b>3,987</b>	<b>35,598</b>
<b>Total net assets</b>	<b>422,381</b>	<b>446,307</b>	<b>3,984,884</b>
<b>Total liabilities and net assets</b>	<b>¥1,984,382</b>	<b>¥2,067,152</b>	<b>\$18,456,714</b>

See accompanying notes to the consolidated financial statements.

# Consolidated Statements of (Comprehensive) Income

## (Consolidated Statements of Income)

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands)
	2016 (From April 1, 2015 to March 31, 2016)	2017 (From April 1, 2016 to March 31, 2017)	2017 (From April 1, 2016 to March 31, 2017)
Operating revenue	¥815,479	¥808,503	\$7,218,777
Operating cost (Note 12)	651,714	635,495	5,674,063
Operating gross profit	163,765	173,008	1,544,714
Selling, general and administrative expenses	95,014	99,781	890,902
Operating profit	68,750	73,227	653,813
Non-operating income			
Interest income	121	94	839
Dividend income	749	614	5,482
Other	378	590	5,268
Total non-operating income	1,249	1,300	11,607
Non-operating expenses			
Interest expenses	9,609	8,362	74,661
Foreign exchange losses	1,396	912	8,143
Other	2,614	1,621	14,473
Total non-operating expenses	13,620	10,896	97,286
Ordinary profit	56,379	63,631	568,134
Extraordinary income			
Gain on sales of non-current assets	214	128	1,143
Gain on sales of investment securities	18	82	732
Other	44	–	–
Total extraordinary income	277	211	1,884
Extraordinary losses			
Impairment loss (Note 13)	9,567	15,439	137,848
Other	314	2,543	22,705
Total extraordinary losses	9,882	17,982	160,554
Profit before income taxes	46,774	45,860	409,464
Income taxes-current	21,023	19,226	171,661
Income taxes-deferred (Note 21)	(3,200)	(5,341)	(47,688)
Total income taxes (Note 21)	17,823	13,884	123,964
Profit	28,950	31,975	285,491
Profit attributable to non-controlling interests	231	457	4,080
Profit attributable to owners of parent	¥ 28,718	¥ 31,518	\$ 281,411

See accompanying notes to the consolidated financial statements.



# Consolidated Statements of (Comprehensive) Income

## (Consolidated Statements of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2016 (From April 1, 2015 to March 31, 2016)	2017 (From April 1, 2016 to March 31, 2017)	2017 (From April 1, 2016 to March 31, 2017)
Profit	¥28,950	¥31,975	\$285,491
Other comprehensive income			
Valuation difference on available-for-sale securities (Note 14)	1,569	(920)	(8,214)
Deferred gains or losses on hedges (Note 14)	73	–	–
Revaluation reserve for land (Note 14)	277	–	–
Foreign currency translation adjustment (Note 14)	(245)	442	3,946
Remeasurements of defined benefit plans, net of tax (Note 14)	(311)	688	6,143
Share of other comprehensive income of entities accounted for using equity method (Note 14)	(233)	(353)	(3,152)
Total other comprehensive income (Note 14)	1,130	(141)	(1,259)
Comprehensive income	30,081	31,833	284,223
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	29,851	31,385	280,223
Comprehensive income attributable to non-controlling interests	¥ 230	¥ 448	\$ 4,000

See accompanying notes to the consolidated financial statements.

# Consolidated Statements of Changes in Equity

Tokyu Fudosan Holdings Corporation

2016 (from April 1, 2015 to March 31, 2016)

Account title	Yen (millions)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	60,000	118,638	195,774	(1,785)	372,628
Changes of items during period					
Dividends of surplus			(6,392)		(6,392)
Profit attributable to owners of parent			28,718		28,718
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			1,757		1,757
Change of scope of consolidation			(4)		(4)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(0)	24,080	(3)	24,076
Balance at end of current period	60,000	118,638	219,855	(1,789)	396,704

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	15,143	(73)	9,222	1,466	(3,052)	22,705	2,948
Changes of items during period								
Dividends of surplus								(6,392)
Profit attributable to owners of parent								28,718
Purchase of treasury shares								(4)
Disposal of treasury shares								0
Reversal of revaluation reserve for land								1,757
Change of scope of consolidation								(4)
Net changes of items other than shareholders' equity	1,569	73	(1,480)	(476)	(311)	(625)	648	23
Total changes of items during period	1,569	73	(1,480)	(476)	(311)	(625)	648	24,099
Balance at end of current period	16,713	-	7,741	990	(3,364)	22,080	3,596	422,381

2017 (from April 1, 2016 to March 31, 2017)

Account title	Yen (millions)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	60,000	118,638	219,855	(1,789)	396,704
Changes of items during period					
Dividends of surplus			(7,913)		(7,913)
Profit attributable to owners of parent			31,518		31,518
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		65			65
Reversal of revaluation reserve for land			(327)		(327)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	65	23,276	(1)	23,340
Balance at end of current period	60,000	118,704	243,131	(1,790)	420,045

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	16,713	-	7,741	990	(3,364)	22,080	3,596
Changes of items during period								
Dividends of surplus								(7,913)
Profit attributable to owners of parent								31,518
Purchase of treasury shares								(1)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								65
Reversal of revaluation reserve for land								(327)
Change of scope of consolidation								-
Net changes of items other than shareholders' equity	(920)		327	99	688	194	390	585
Total changes of items during period	(920)	-	327	99	688	194	390	23,925
Balance at end of current period	15,792	-	8,069	1,089	(2,675)	22,275	3,987	446,307

# Consolidated Statements of Changes in Equity

Tokyu Fudosan Holdings Corporation

2017 (from April 1, 2016 to March 31, 2017)

Account title	U.S. dollars (thousands) (Note 3)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	535,714	1,059,268	1,962,991	(15,973)	3,542,000
Changes of items during period					
Dividends of surplus			(70,652)		(70,652)
Profit attributable to owners of parent			281,411		281,411
Purchase of treasury shares				(9)	(9)
Disposal of treasury shares		(0)		0	0
Change in ownership interest of parent due to transactions with non-controlling interests		580			580
Reversal of revaluation reserve for land			(2,920)		(2,920)
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	580	207,821	(9)	208,393
Balance at end of current period	535,714	1,059,857	2,170,813	(15,982)	3,750,402

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	149,223	-	69,116	8,839	(30,036)	197,143	32,107
Changes of items during period								
Dividends of surplus								(70,652)
Profit attributable to owners of parent								281,411
Purchase of treasury shares								(9)
Disposal of treasury shares								0
Change in ownership interest of parent due to transactions with non-controlling interests								580
Reversal of revaluation reserve for land								(2,920)
Change of scope of consolidation								-
Net changes of items other than shareholders' equity	(8,214)		2,920	884	6,143	1,732	3,482	5,223
Total changes of items during period	(8,214)	-	2,920	884	6,143	1,732	3,482	213,616
Balance at end of current period	141,000	-	72,045	9,723	(23,884)	198,884	35,598	3,984,884

# Consolidated Statements of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2016 (From April 1, 2015 to March 31, 2016)	2017 (From April 1, 2016 to March 31, 2017)	2017 (From April 1, 2016 to March 31, 2017)
<b>Cash flows from operating activities</b>			
Profit before income taxes	¥ 46,774	¥ 45,860	\$ 409,464
Depreciation	21,008	23,529	210,080
Amortization of goodwill	4,548	4,911	43,848
Share of (profit) loss of entities accounted for using equity method	792	264	2,357
Increase (decrease) in net defined benefit liability	1,695	518	4,625
Increase (decrease) in other provision	836	(112)	(1,000)
Impairment loss	9,567	15,439	137,848
Loss on valuation of inventories	3,635	5,036	44,964
Loss on retirement of non-current assets	1,121	1,044	9,321
Interest and dividend income	(657)	(709)	(6,330)
Interest expenses	9,609	8,362	74,661
Decrease (increase) in notes and accounts receivable-trade	1,231	(3,334)	(29,768)
Decrease (increase) in inventories	19,428	(25,735)	(229,777)
Increase (decrease) in notes and accounts payable-trade	(14,325)	2,354	21,018
Increase (decrease) in deposits received for consignment sales	243	(2,719)	(24,277)
Increase (decrease) in deposits received for special joint ventures	(2,500)	8,600	76,786
Other, net	15,610	12,294	109,768
<b>Subtotal</b>	<b>118,621</b>	<b>95,606</b>	<b>853,625</b>
Interest and dividend income received	825	785	7,009
Interest expenses paid	(9,787)	(8,337)	(74,438)
Income taxes paid	(21,736)	(19,130)	(170,804)
<b>Net cash provided by (used in) operating activities</b>	<b>¥ 87,922</b>	<b>¥ 68,925</b>	<b>\$ 615,402</b>
<b>Cash flows from investing activities</b>			
Payments of loans receivable	(2,444)	(1,780)	(15,893)
Collection of loans receivable	48	50	446
Purchase of short-term and long-term investment securities	(35,115)	(11,985)	(107,009)
Proceeds from sales and redemption of short-term and long-term investment securities	4,700	1,100	9,821
Purchase of shares of subsidiaries resulting in change in scope of consolidation	-	(18,847)	(168,277)
Payments for sales of shares of subsidiaries resulting in change in scope of consolidation	-	(601)	(5,366)
Payments for lease and guarantee deposits	(6,278)	(8,835)	(78,884)
Proceeds from collection of lease and guarantee deposits	6,468	3,914	34,946
Purchase of non-current assets	(85,045)	(53,336)	(476,214)
Proceeds from sales of non-current assets	6,432	19,669	175,616
Other, net	(1,138)	(336)	(3,000)
<b>Net cash provided by (used in) investing activities</b>	<b>¥(112,372)</b>	<b>¥(70,988)</b>	<b>\$(633,821)</b>



# Consolidated Statements of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2016 (From April 1, 2015 to March 31, 2016)	2017 (From April 1, 2016 to March 31, 2017)	2017 (From April 1, 2016 to March 31, 2017)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	¥ 18,280	¥ 32,540	\$ 290,536
Net increase (decrease) in commercial papers	(15,000)	2,000	17,857
Proceeds from long-term loans payable	287,387	148,298	1,324,089
Repayments of long-term loans payable	(323,705)	(192,127)	(1,715,420)
Proceeds from long-term lease and guarantee deposited	25,970	29,257	261,223
Repayments of long-term lease and guarantee deposited	(25,871)	(27,552)	(246,000)
Proceeds from issuance of bonds	20,000	60,000	535,714
Redemption of bonds	(10,000)	(20,000)	(178,571)
Cash dividends paid	(6,392)	(7,913)	(70,652)
Proceeds from share issuance to non-controlling shareholders	669	467	4,170
Dividends paid to non-controlling interests	(234)	(73)	(652)
Repayments of finance lease obligations	(1,617)	(1,463)	(13,063)
Payments for investments in silent partnership that do not result in change in scope of consolidation	–	(390)	(3,482)
Net decrease (increase) in treasury shares	(3)	(1)	(9)
Net cash provided by (used in) financing activities	¥ (30,518)	¥ 23,042	\$ 205,732
Effect of exchange rate change on cash and cash equivalents	883	1,021	9,116
Net increase (decrease) in cash and cash equivalents	¥ (54,084)	¥ 22,000	\$ 196,429
Cash and cash equivalents at beginning of period	93,949	39,864	355,929
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	0	–	–
Cash and cash equivalents at end of period (Note 15)	¥ 39,864	¥ 61,865	\$ 552,366

See accompanying notes to the consolidated financial statements.

# Notes to the Consolidated Financial Statements

TOKYU FUDOSAN HOLDINGS CORPORATION AND CONSOLIDATED SUBSIDIARIES

## 1. Summary of Significant Accounting Policies

### (a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

### (b) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries controlled directly or indirectly by the Company. Significant affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by applying the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated nor accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

There were 121 consolidated subsidiaries as of March 31, 2017. The following companies have become consolidated subsidiaries: Silent Partnership MATSUMAE WIND FARM, Silent Partnership ZENIBAKO WIND FARM, Silent Partnership PHOENIX, Silent Partnership AMORE, Silent Partnership PEGASUS, and Silent Partnership LIBRA because of new investments made; National Students Information Center Co., Ltd., Sigma Japan Co., Ltd., KK Homic, Nasic I support. Co., Ltd., Nasic Educational Solution Co., Ltd. and Hokuwa Construction Inc. because of the acquisition of shares, Dong Lian (Tianjin) Investment Partnership, Tianjin Lian Dong Investment Partnership, and O-IRV LLC, which have been newly established; and TLC Houston ROHV, LLC, TLC WFNY, LLC, TLC Fullerton, LLC, and TLC 425 Park SMM, LLC because of an increase in their importance.

Meanwhile, the following companies have been excluded from the scope of consolidation: Yoko Building System Co., Ltd. because of

its absorption in an absorption-type merger where Community One Co., Ltd. is the surviving company; Silent Partnership ORION, Silent Partnership GEMINI, Silent Partnership PEGASUS, Silent Partnership MARE, and Silent Partnership CLASSE because of a decrease in their importance due to sales of assets; and TOKYU LOAN & GUARANTEE CORPORATION, because of the sale of shares.

### (c) Securities

The Company classifies its securities into the following three categories; trading, held-to-maturity, or other securities. Based on this classification, all of the Company's securities were classified as either held-to-maturity or other securities.

Held-to-maturity securities are carried at amortized cost.

Other securities with determinable market values are carried principally at market value. The difference between the acquisition cost and the carrying value of these securities, consisting of unrealized gains and losses, is recognized net of the applicable income taxes in "Valuation difference on available-for-sale securities" in "Net assets." Other securities without determinable market values are carried principally at cost. The cost of other securities sold is principally determined by the moving average-method.

For investments in silent partnerships and preferred equity securities of special purpose companies, the ownership interest equivalent profits and losses attributable to the Group are recorded as operating revenue or operating cost, and the corresponding amounts are added or deducted to the securities or investment securities account.

### (d) Inventories

Inventories are stated at the lower of cost or market. Real estate for sale, real estate for sale in process and costs on uncompleted construction contracts are determined by the gross average method or individual method, merchandise by the retail method and supplies by the moving average method.

### (e) Property, Plant and Equipment (except for leased assets)

Property, plant and equipment are stated at cost except for land revalued pursuant to the Law Concerning Land Revaluation. Property, plant and equipment are principally depreciated by the declining-balance method over their estimated useful lives.

Depreciation for buildings acquired after April 1, 1998 is computed by the straight-line method.

Estimated useful lives are as follows:

Buildings and structures 3 to 65 years

Repairs and maintenance that do not improve or extend the life of the respective assets are charged to expense as incurred.

#### (f) Intangible Assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software (for internal use) are amortized over their estimated useful lives of 5 years.

#### (g) Leases

Finance leases are principally recognized as assets. Leased property is depreciated over the lease term by the straight-line method with no residual value.

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases.

#### (h) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide for an allowance for doubtful accounts to cover the estimated probable losses on collection. The allowance consists of a general reserve calculated based on the historical write-off rate, and a specific reserve calculated based on the estimate of uncollectible amounts with respect to each identified doubtful account.

#### (i) Provision for Bonuses

The estimated amount of bonus payments relevant to the consolidated fiscal year is provided to cover the payment of bonuses to employees.

#### (j) Provision for Warranties for Completed Construction

A warranty reserve for completed construction contracts is provided at an estimated amount, based on the historical level of warranty costs incurred on completed construction contracts.

#### (k) Retirement benefit liability

Liability for retirement and severance benefits for employees is recorded based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

Actuarial gain and loss are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over the period of principally from 3 to 10 years, which is shorter than the average remaining years of service of the employees.

Prior service cost is amortized by the straight-line method over the period of principally from 5 to 12 years, which is shorter than the average remaining years of service of the employees.

#### (l) Recognition of Revenue

Revenue from the sale of real estate is recognized when they are delivered and accepted by the customers.

#### (m) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of

the balance sheet date, and the translation gain or loss is included in other non-operating income or expenses.

The assets and liability accounts and the revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the year end rates and the average rates in effect during the period, respectively. Differences resulting from the translation are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in the "Net assets" section.

#### (n) Derivative Financial Instruments

The Company and certain consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps), but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes recognized in income or expense, except for those which meet the criteria for deferral hedge accounting under which the gain or loss is deferred and presented in "Deferred gains or losses on hedging".

When the Company enters into interest rate swap agreements to hedge the interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are eligible for a special treatment. Under the special treatment, the hedged debt is accounted for as if it had the interest of the debt and the interest rate swap combined, not the original interest rate of the debt by itself.

#### (o) Amortization of Goodwill

Goodwill is amortized by the straight-line method over the estimated period (from one year to twenty years) of its effect.

#### (p) Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash equivalents are defined as low-risk, highly liquid, short-term investments (maturing within three months from the acquisition date) which are readily convertible to cash.

#### (q) Income Taxes

Deferred tax assets and liabilities are determined based on differences between the carrying amounts and the tax bases of the assets and liabilities, using the enacted tax rates in effect for the year in which those temporary differences are expected to be reversed. Deferred tax assets are also recognized for the estimated future tax effects attributable to tax operating loss carry forwards. Valuation allowances are provided in order to reduce the deferred tax assets in case some or all are not realized.

#### (r) Reclassification

Certain reclassifications have been made to the previous year's consolidated financial statements to conform to the presentation used for the year ended March 31.

## 2. Change in Accounting Policy

Following the revision to the Corporation Tax Act, the Company has applied the "Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016" (ASBJ PITF No. 32, June 17, 2016) from the fiscal year ended March 31, 2017 and changed the depreciation method for structures acquired on or after April 1, 2016 from the declining balance method to the straight line method.

In addition, the effect of this change on operating income, ordinary income and profit before income taxes of the consolidated financial statements for the fiscal year ended March 31, 2017 is immaterial.

## 3. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of 112=U.S. \$1, the approximate exchange rate prevailing on the

Tokyo Foreign Exchange Market on March 31, 2017. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

## 4. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships and TMK holding properties for sale, and operational investment securities included in securities at March 31, 2016 and 2017 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Investments in silent partnership	–	1,219	10,884
Securities	¥1,272	¥4,078	\$36,411

## 5. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in and loans to unconsolidated subsidiaries and affiliates at March 31, 2016 and 2017 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Investment securities	¥40,141	¥49,598	\$442,839

## 6. Contingent Liabilities

At March 31, 2016 and 2017 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 6,878	¥ 206	\$ 1,839
Employees for their purchase of residential houses	24	12	107
PT. TTL Residences	216	214	1,911
425 Park Owner LLC	10,457	10,411	92,955
Tokyu Land US Corporation*1	28,091	–	–
PT.Tokyu Land Indonesia*2	–	2,940	26,250
Shiba Daimon TMK	–	10,000	89,286
	¥45,667	¥23,785	\$212,366

\*1 Represents the guarantee for borrowings that were made by Tokyu Land US Corporation a consolidated subsidiary, whose closing date is different from the consolidated closing date, which took place between those dates.

\*2 Represents the guarantee for borrowings that were made by PT.Tokyu Land Indonesia a consolidated subsidiary, whose closing date is different from the consolidated closing date, which took place between those dates.

## 7. Revaluation of Land

Land owned by Tokyu Land Corporation and IZU KANKOU KAI-HATSU, subsidiaries of the company, were revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998).

### Method of revaluation

Value of land is determined based on the price which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain portions of the land is determined based on Item 2, 3, and 4 of the Government Ordinance.

### Date of revaluation

Tokyu Land Corporation	March 31, 2000
(Revaluation on merger of subsidiaries)	March 31, 2001
IZU KANKOU KAIHATSU	January 31, 2001

The market value of the land revaluated was higher than the book value after revaluation at March 31, 2016 and 2017, respectively. As such, the difference is not stated.

## 8. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2016 and 2017 are summarized as follows:

### (1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Inventories (Real estate for sale)	¥ 55,628	¥ 14,121	\$ 126,080
Buildings and structures	103,438	95,194	849,946
Land	588,364	583,485	5,209,688
Investment securities	153	164	1,464
Long-term loans receivable	237	223	1,991
	¥747,822	¥693,188	\$6,189,179



## (2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Short-term loans payable	¥ 39,664	¥ 98,808	\$ 882,214
Long-term loans payable	354,072	257,337	2,297,652
Other noncurrent liabilities	2,261	2,261	20,188
	¥395,997	¥358,407	\$3,200,063

In addition to the above, investment securities of ¥983 million and ¥889 million (U.S. \$7,938 thousand) at March 31 2016 and 2017 were pledged as collateral for guarantee of the real estate trading business.

Tokyu Land Corporation, a subsidiary of the Company, transferred land to another company in which Tokyu Land Corporation has made preferred equity investment and treated the transaction as a finance transaction according to the Practical Guidelines on

Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA) dated November 4, 2014).

Accordingly, the figures above include such assets offered as security and the secured obligations as follows.

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Real estate for sale	¥2,261	¥2,261	\$20,188
Other noncurrent liabilities	¥2,261	¥2,261	\$20,188

Of the long-term loans payable, the following are in the form of non-recourse loans whereby the allowances for the payment of such debt are limited to certain specified assets.

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Short-term loans payable (Current portion of long-term loans payable)	¥ 30,681	¥ 98,684	\$ 881,107
Long-term loans payable	¥362,676	¥257,251	\$2,296,884

Specified assets subject to allowances for the payment of such debt are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Real estate for sale	¥ 52,216	¥ 10,680	\$ 95,357
Land	585,538	580,658	5,184,446
Buildings and structures	¥100,981	¥ 94,242	\$ 841,446

## 9. Short-term Loans Payable and Long-term Debt

Short-term loans payable at March 31, 2016 and 2017 consist of loans principally from banks with weighted average interest rates of 0.57% in 2017.

Long-term debt at March 31, 2016 and 2017 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
0.700% unsecured corporate bond, maturing 2017	¥ 10,000	¥ –	\$ –
0.810% unsecured corporate bond, maturing 2017	10,000	–	–
0.630% unsecured corporate bond, maturing 2018	10,000	10,000	89,286
0.560% unsecured corporate bond, maturing 2018	10,000	10,000	89,286
0.390% unsecured corporate bond, maturing 2019	10,000	10,000	89,286
0.639% unsecured corporate bond, maturing 2021	10,000	10,000	89,286
0.298% unsecured corporate bond, maturing 2020	10,000	10,000	89,286
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	89,286
0.968% unsecured corporate bond, maturing 2026	10,000	10,000	89,286
0.371% unsecured corporate bond, maturing 2021	10,000	10,000	89,286
0.190% unsecured corporate bond, maturing 2022	–	10,000	89,286
0.780% unsecured corporate bond, maturing 2032	–	10,000	89,286
0.800% unsecured corporate bond, maturing 2032	–	10,000	89,286
0.180% unsecured corporate bond, maturing 2022	–	10,000	89,286
0.001% unsecured corporate bond, maturing 2021	–	10,000	89,286
0.455% unsecured corporate bond, maturing 2028	–	10,000	89,286
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2018 to 2032 with weighted average interest rates of 0.62% in 2017.			
Secured	395,997	358,407	3,200,063
Unsecured	490,619	485,348	4,333,464
	986,617	983,755	8,783,527
Less current portion	(173,953)	(182,887)	(1,632,920)
	¥ 812,664	¥ 800,867	\$ 7,150,598

The aggregate annual maturates of long-term debt after March 31, 2018 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2019	¥ 96,309	\$ 859,902
2020	87,206	778,625
2021	90,056	804,071
2022	86,338	770,875
2023 and thereafter	440,957	3,937,116
	¥800,867	\$7,150,598

## 10. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 29 banks at March 31, 2017, and commitment lines with 4 banks at March 31, 2017, respectively these contracts at March 31, 2017 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Limit of overdraft	¥229,469	¥259,119	\$2,313,563
Line of credit	54,000	54,000	482,143
Borrowing outstanding	(61,497)	(65,097)	(581,223)
Available commitment lines	¥221,972	¥248,022	\$2,214,482

## 11. Change in Purpose of Possession

The following amount was transferred from property, plant, and equipment to real estate for sale due to a change in the purpose of possession.

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
From property, plant and equipment to real estate for sale	¥23,089	¥40,826	\$364,518
From real estate for sale to property, plant and equipment	26,763	–	–
From investment securities to securities	¥ –	¥ 729	\$ 6,509

## 12. Loss on Valuation of Inventories

The balance of inventories at the end of the fiscal year is the amount after a write-down corresponding to declined profitability. The following loss on valuation of inventories is included in "Operating cost".

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Loss on valuation of inventories	¥3,635	¥5,036	\$44,964

## 13. Impairment Loss on Fixed Assets

### 2016

For the year ended March 31, 2016, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)
Leased assets	Land, buildings and structures, other fixed assets	Toyohashi-shi, Aichi	¥3,674
Leased assets	Land, buildings and structures, other fixed assets	Chuo-ku, Tokyo	¥2,580
Leased assets	Land, buildings and structures, other fixed assets	Osaka-shi, Osaka	¥1,203
Others (7 assets)	Land, buildings and structures, other fixed assets	Other area	¥2,108

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 10 asset groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were

recorded as impairment loss ¥9,567 million (\$85,420 thousand) under extraordinary losses.

The recoverable value of the asset groups was measured by their net selling price. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets.

### 2017

For the year ended March 31, 2017, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Leased assets	Land	Shibuya-ku, Tokyo	¥15,133	\$135,116
Others (9 assets)	Land, buildings and structures, other fixed assets	Other area	¥ 305	\$ 2,723

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 10 asset groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive

years. The amounts written down were recorded as impairment loss ¥15,439 million (\$137,848 thousand) under extraordinary losses.

The recoverable value of the asset groups was measured by their net selling price. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets.

## 14. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2017:

### (1) Recycling associated with other comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥1,728	¥(1,319)	\$(11,777)
Recycling	(18)	(6)	(54)
Total valuation difference on available-for-sale securities	¥1,709	¥(1,326)	\$(11,839)
Deferred gains or losses on hedges:			
Amount arising during the year	110	–	–
Recycling	–	–	–
Total deferred gains or losses on hedges	¥ 110	¥ –	\$ –
Foreign currency translation adjustment:			
Amount arising during the year	(245)	442	3,946
Recycling	–	–	–
Total foreign currency translation adjustment	¥ (245)	¥ 442	\$ 3,946
Remeasurements of defined benefits:			
Amount arising during the year	(953)	(265)	(2,366)
Recycling	925	1,194	10,661
Total remeasurements of defined benefits	¥ (28)	¥ 928	\$ 8,286
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	(233)	(353)	(3,152)
Recycling	–	–	–
Total share of other comprehensive income of entities accounted for using equity method	¥ (233)	¥ (353)	\$ (3,152)
Amount before tax effect	1,313	(308)	(2,750)
Tax effect	(182)	166	1,482
Total accumulated other comprehensive income	¥1,130	¥ (141)	\$ (1,259)

### (2) Tax effect associated with other comprehensive income

	Yen (millions)		
	2016		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥1,709	¥(140)	¥1,569
Deferred gains or losses on hedges	110	(36)	73
Revaluation reserve for land	–	277	277
Foreign currency translation adjustment	(245)	–	(245)
Remeasurements of defined benefits	(28)	(283)	(311)
Share of other comprehensive income of entities accounted for using equity method	(233)	–	(233)
Total accumulated other comprehensive income	¥1,313	¥(182)	¥1,130

	Yen (millions)		
	2017		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥(1,326)	¥ 406	¥(920)
Deferred gains or losses on hedges	–	–	–
Revaluation reserve for land	–	–	–
Foreign currency translation adjustment	442	–	442
Remeasurements of defined benefits	(353)	–	(353)
Share of other comprehensive income of entities accounted for using equity method	928	(240)	688
Total accumulated other comprehensive income	¥ (308)	¥ 166	¥(141)

	U.S. dollars (thousands)		
	2017		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	\$(11,839)	\$ 3,625	\$(8,214)
Deferred gains or losses on hedges	–	–	–
Revaluation reserve for land	–	–	–
Foreign currency translation adjustment	3,946	–	3,946
Remeasurements of defined benefits	(3,152)	–	(3,152)
Share of other comprehensive income of entities accounted for using equity method	8,286	(2,143)	6,143
Total accumulated other comprehensive income	\$ (2,750)	\$ 1,482	\$(1,259)

## 15. Supplementary Cash Flow Information

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with little risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2016 and 2017 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Cash and deposits	¥40,230	¥62,885	\$561,473
Time deposits with maturity over three Months	(366)	(1,019)	(9,098)
Cash and cash equivalents	¥39,864	¥61,865	\$552,366

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥23,089	¥40,826	\$364,518
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate	¥26,763	¥ –	\$ –
The amount transferred from investment security due to security change in purpose of holding the real estate	¥ –	¥ 729	\$ 6,509

Major assets and liabilities of companies that became consolidated subsidiaries in the consolidated fiscal year under review through acquisitions of shares by the Company



The table below shows the relationship between the assets and liabilities of the National Students Information Center at the time of consolidation through the acquisition of shares, stock acquisition cost, and (net) expense for the acquisition.

	Yen (millions)	U.S. dollars (thousands)
Current asset	¥12,879	\$114,991
Noncurrent asset	7,313	65,295
Goodwill	17,014	151,911
Current liability	(8,446)	(75,411)
Noncurrent liability	(3,133)	(27,973)
Stock acquisition cost	25,628	228,821
Cash and cash equivalents at the new consolidated subsidiary	(6,780)	(60,536)
Expense for acquisition of shares at the subsidiary	¥18,847	\$168,277

## 16. Information Regarding Certain Leases

### (Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2016 and 2017 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2016 and 2017 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Acquisition cost	¥7,252	¥7,248	\$64,714
Accumulated depreciation	3,152	3,516	31,393
Carrying amount	¥4,099	¥3,732	\$33,321

(2) Future lease payments at March 31, 2016 and 2017

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Due within one year	¥ 602	¥ 596	\$ 5,321
Due after one year	6,124	5,528	49,357
Total	¥6,726	¥6,124	\$54,679

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2016 and 2017

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Lease payments	¥607	¥602	\$5,375
Reversal of impairment loss account on leased assets	-	-	-
Depreciation expense	372	294	2,625
Interest expenses	¥278	¥206	\$1,839

### (Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2016 and 2017 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Due within one year	¥ 20,567	¥ 19,520	\$ 174,286
Due after one year	189,965	184,541	1,647,688
Total	¥210,533	¥204,061	\$1,821,973

### (Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2016 and 2017 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Due within one year	¥ 30,200	¥ 28,707	\$ 256,313
Due after one year	186,880	177,558	1,585,339
Total	¥217,080	¥206,265	\$1,841,652

## 17. Financial Instruments

Financial instruments at March 31, 2016 and 2017 are summarized as follows:

### Overview

#### (1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plans. In fund management, the Group emphasizes liquidity and avoids market risks as much as possible by investing short-term. The primary purpose of derivative transactions is to hedge interest rate risks and reduce interest payments. The Group does not enter into derivative transactions for the purpose of speculation.

#### (2) Types of financial instruments and related risk

Primary operational investment securities and investment securities are preferred equity securities of special purpose companies under the Asset Liquidation Act, shares in companies with which the Group has business relationships, and bonds held to maturity. The Group has exposures to the credit risks of issuers, interest rate risks, and market price fluctuation risks.

Investments in silent partnerships are investments in special purpose companies and are exposed to the credit risks of issuers and interest rate risks.

Lease and guarantee deposits for leased properties are exposed to the credit risks of counterparties.

The purpose of loans payable and bonds payable is the raising of operating funds (primarily short-term funds) and funds for capital expenditure (long-term funds). Floating-rate loans and bonds are exposed to interest rate risks, but the risks are hedged using derivatives (interest rate swaps).

#### (3) Risk management for financial instruments

(a) Monitoring of credit risk (The risk that customers or counterparties may default)

Each operating department monitors the status of major counterparties and manages the due dates and balances of lease and guarantee deposits made by each counterparty. The Group seeks to identify at an early stage any collectability issues due to financial difficulties of counterparties to mitigate credit risk.

(b) Monitoring of market risks

(The risks arising from fluctuations in foreign exchange rates, interest rates and others)

To minimize the risks arising from fluctuations in interest rates on loans payable, the Group uses interest rate swaps. In relation to investment securities, the Group regularly monitors the fair values and financial positions of the issuers (counterparties). The Group reviews the status of its holdings of financial instruments, other than bonds held to maturity, considering market trends and relationships with counterparties.

(c) Monitoring of liquidity risk

(The risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

#### (4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, if available. When there is no quoted market price, fair value is reasonably estimated. Since various assumptions and factors are used in estimating the fair value, different assumptions and factors could result in different fair value.

## Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2017 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2).

	Yen (millions)		
	Carrying value	Estimated fair value	Difference
(1) Cash and deposits	¥ 62,885	¥ 62,885	¥ -
(2) Securities and investment securities			
Held-to-maturity securities	848	858	10
Other securities	60,595	60,595	-
Total assets	¥ 124,329	¥ 124,340	¥ 10
(1) Short-term loans payable	94,137	94,137	-
(2) Commercial papers	60,000	60,000	-
(3) Bonds payable	140,000	140,121	121
(4) Long-term loans payable	843,755	843,639	(115)
Total liabilities	¥1,137,893	¥1,137,899	¥ 5
Derivatives	¥ (561)	¥ (561)	¥ -

	U.S. dollars (thousands)		
	Carrying value	Estimated fair value	Difference
(1) Cash and deposits	\$ 561,473	\$ 561,473	\$ -
(2) Securities and investment securities			
Held-to-maturity securities	7,571	7,661	89
Other securities	541,027	541,027	-
Total assets	\$ 1,110,080	\$ 1,110,179	\$ 89
(1) Short-term loans payable	840,509	840,509	-
(2) Commercial papers	535,714	535,714	-
(3) Bonds payable	1,250,000	1,251,080	1,080
(4) Long-term loans payable	7,533,527	7,532,491	(1,027)
Total liabilities	\$10,159,759	\$10,159,813	\$ 45
Derivatives	\$ (5,009)	\$ (5,009)	\$ -

Notes:

### 1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

#### Assets

##### Cash and deposits

Since these items are settled in a short period of time, their carrying value approximates fair value.

##### Securities and Investment securities

The fair value of held-to-maturity securities is based on prices provided by Japan Securities Dealers Association. The fair value of other securities is based on quoted market prices.

#### Liabilities

##### Short-term loans payable and Commercial papers

Since these items are settled in a short period of time, their carrying value approximates fair value.

##### Bonds payable (Including current portion of bonds)

The fair value of bonds is based on present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

##### Long-term loans payable (Including current portion of long-term loans payable)

The fair values are estimated by discounting the total principal and interest, using rates at which similar new loans would be made. Floating-rate long-term loans payable satisfy the requirements for special treatment of interest rate swaps and are estimated by discounting the total principal and interest of the loans and the interest rate swaps combined, using rates at which similar loans would be made.

##### Derivatives

Please see Note 19. Derivative Financial Instrument for information on derivative transactions.

## 2. Financial instruments for which it is extremely difficult to determine the fair value

	Yen (millions)	U.S. dollars (thousands)
Operational investment securities	¥ 1,783	\$ 15,920
Unlisted stocks—current	2,294	20,482
Unlisted stocks—noncurrent	56,782	506,982
Investments in silent partnerships—current	1,219	10,884
Investments in silent partnerships—noncurrent	¥ 1,192	\$ 10,643

Because no quoted market price is available and future cash flows cannot be estimated, it is extremely difficult to determine the fair value.

Therefore, the above financial instruments are not included in the table of financial instruments with estimated fair values.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 68,664	\$ 613,071
Long-term lease and guarantee deposited	¥175,218	\$1,564,446

Because no quoted market price is available, calculation of the substantial deposit period is difficult, and the amount is not significant, the above financial instruments are not included in the table of financial instruments with estimated fair values.

## 3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2017

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥62,885	¥ –	¥ –	¥ –
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	140	708	–	–
(2) Corporate bonds	–	–	–	–
Other securities with maturities				
(1) National and local government bonds	–	46	–	–
(2) Corporate bonds	–	–	–	–
<b>Total</b>	<b>¥63,025</b>	<b>¥ 754</b>	<b>¥ –</b>	<b>¥ –</b>

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	\$561,473	\$ –	\$ –	\$ –
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	1,250	6,321	–	–
(2) Corporate bonds	–	–	–	–
Other securities with maturities				
(1) National and local government bonds	–	411	–	–
(2) Corporate bonds	–	–	–	–
<b>Total</b>	<b>\$562,723</b>	<b>\$6,732</b>	<b>\$ –</b>	<b>\$ –</b>

## 18. Securities

Securities held by the Company as of March 31, 2016 and 2017 are summarized as follows:

### (1) Held-to-maturity Securities

2016	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥ 922	¥ 938	¥15
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	922	938	15
Securities whose fair value does not exceed book value:			
National and local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	-	-	-
Total	¥ 922	¥ 938	¥15

2017	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥ 848	¥ 858	¥10
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	848	858	10
Securities whose fair value does not exceed book value:			
National and local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	-	-	-
Total	¥ 848	¥ 858	¥10

2017	U.S. dollars (thousands)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	\$7,571	\$7,661	\$89
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	7,571	7,661	89
Securities whose fair value does not exceed book value:			
National and local government bonds	-	-	-
Corporate bonds	-	-	-
Other	-	-	-
Subtotal	-	-	-
Total	\$7,571	\$7,661	\$89



## (2) Other Securities

2016	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 61,375	¥ 37,121	¥ 24,253
National and local government bonds	71	70	0
Other	–	–	–
Subtotal	61,446	37,192	24,254
Securities whose book value does not exceed acquisition cost:			
Stocks	210	228	(17)
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	210	228	(17)
Total	¥ 61,657	¥ 37,420	¥ 24,236

2017	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 60,540	¥ 37,630	¥ 22,910
National and local government bonds	46	45	0
Other	–	–	–
Subtotal	60,587	37,676	22,910
Securities whose book value does not exceed acquisition cost:			
Stocks	8	9	(0)
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	8	9	(0)
Total	¥ 60,595	¥ 37,685	¥ 22,910

2017	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	\$540,536	\$335,982	\$204,554
National and local government bonds	411	402	0
Other	–	–	–
Subtotal	540,955	336,393	204,554
Securities whose book value does not exceed acquisition cost:			
Stocks	71	80	0
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	71	80	0
Total	\$541,027	\$336,473	\$204,554

### Notes: Securities for which it is extremely difficult to determine the fair value

Other Securities	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Operational investment securities	¥1,272	¥1,783	\$15,920
Unlisted stocks, etc	6,545	9,478	84,625
Investments in silent partnerships	¥2,247	¥2,411	\$21,527

Because these instruments do not have quoted market prices and is considered to be extremely difficult to determine their fair values, they are not included in "Other securities" in the table above.

### (3) Sales of Other Securities

Sales of other securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2016: Not applicable.

Sales of other securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2017:

2017 Type	Yen (millions)		
	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥216	¥82	¥-
National and local government bonds	-	-	-
Other	-	-	-
Total	¥216	¥82	¥-

2017 Type	U.S. dollars (thousands)		
	Sales amount	Aggregate gains	Aggregate losses
Stocks	\$1,929	\$732	\$-
National and local government bonds	-	-	-
Other	-	-	-
Total	\$1,929	\$732	\$-

### (4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2016: Not applicable.

Loss on valuation of securities for the years ended March 31, 2017:

Loss on valuation of investment securities(Note)	Yen (millions)	U.S. dollars (thousands)
	2017	2017
	¥431	\$3,848

Note: Securities which market value is very difficult to determine

## 19. Derivatives

Contract/notional amount and the estimated fair value of the derivative instruments as of March 31, 2016 and 2017 are summarized as follows:

### (1) Derivatives to which hedge accounting is not applied : Currency-related transactions

		Yen (millions)			
2016	Type of derivatives	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain(loss)
Non-market transaction	NDF				
	To sell foreign currency: Indonesian rupiah	¥ 8,415	¥5,950	¥ (49)	¥ (49)
Non-market transaction	Interest rate cap transactions	¥ 9,467	¥ -	¥ (0)	¥ (0)

		Yen (millions)			
2017	Type of derivatives	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF				
	To sell foreign currency: Indonesian rupiah	¥ 7,476	¥ -	¥ (561)	¥ (561)
Non-market transaction	Interest rate cap transactions	¥ 9,144	¥ -	¥ -	¥ -

		U.S. dollars (thousands)			
2017	Type of derivatives	Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF				
	To sell foreign currency: Indonesian rupiah	\$66,750	\$ -	\$(5,009)	\$(5,009)
Non-market transaction	Interest rate cap transactions	\$81,643	\$ -	\$ -	\$ -

Note: The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

## (2) Derivatives to which hedge accounting is applied : Interest rate-related transactions

2016			Yen (millions)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Interest rate swaps				
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 430,681	¥ 355,151	¥(Notes)
2017			Yen (millions)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Interest rate swaps				
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 341,033	¥ 300,511	¥(Notes)
2017			U.S. dollars (thousands)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Interest rate swaps				
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	\$3,044,938	\$2,683,134	\$(Notes)

Notes: Interest rate swaps which qualify for the special treatment for interest swaps is treated together with the hedged long-term debt. Accordingly, the fair value of those interest rate swaps are included in the fair value of the long-term debt.

## 20. Employees' Retirement and Severance Benefits

The Group have defined benefit plans (i.e., welfare pension fund plans and lump-sum retirement benefit plan). The amounts of benefit are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The Company and certain consolidated subsidiaries have adopted a defined contribution pension plan for part of their retirement benefit system. Under the defined-benefit corporate pension plan and lump-sum retirement benefit plan owned by certain consolidated subsidiaries, retirement benefit liability and retirement benefit cost are calculated using the simplified method.

### Defined benefit plan

#### I. Table of reconciliation of retirement benefit obligations as of the beginning and end of the fiscal period

##### 1. Principle method

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Retirement benefit obligations at beginning of year	¥31,120	¥32,708	\$292,036
Service cost	1,853	2,065	18,438
Interest cost	269	224	2,000
Actuarial loss	681	335	2,991
Retirement benefits paid	(1,469)	(1,847)	(16,491)
Increase due to new consolidation	–	237	2,116
The amount of transfer in association with changing from the simplified method to the principle method	252	357	3,188
Prior service cost that occurred in the fiscal year under review	–	(22)	(196)
Retirement benefit obligations at end of year	¥32,708	¥34,059	\$304,098
2. Simplified method			
Retirement benefit obligations at beginning of year	1,825	1,679	14,991
Retirement benefit cost	191	127	1,134
Retirement benefits paid	(177)	(213)	(1,902)
The amount of transfer in association with changing from the simplified method to the principle method	(159)	(454)	(4,054)
Contributions to the system	–	20	179
Increase due to new consolidation	–	46	411
Retirement benefit obligations at end of year	¥ 1,679	¥ 1,205	\$ 10,759

## II. Table of reconciliation of pension assets as of the beginning and end of the fiscal period

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Pension assets at beginning of year	¥6,571	¥6,557	\$58,545
Expected return on plan assets	200	201	1,795
Actuarial loss	(271)	47	420
Contributions from employer	463	332	2,964
Retirement benefits paid	(406)	(506)	(4,518)
Increase due to new consolidation	-	213	1,902
Pension assets at end of year	¥6,557	¥6,846	\$61,125

## III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2016 and 2017 and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Retirement benefit obligations under the savings-type plan	¥ 7,332	¥ 7,407	\$ 66,134
Plan assets at fair value	(6,557)	(6,846)	(61,125)
	774	560	5,000
Retirement benefit obligations under the non-savings-type plan	27,056	27,857	248,723
Net amount of liability and asset recorded in the consolidated balance sheet	¥27,830	¥28,418	\$253,732
Retirement benefit liability	28,473	29,062	259,482
Retirement benefit asset	(642)	(644)	(5,750)
Net amount of liability and asset recorded in the consolidated balance sheet	¥27,830	¥28,418	\$253,732

## IV. Components of retirement benefit cost for the year ended March 31, 2016 and 2017

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Service cost	¥1,853	¥2,065	\$18,438
Interest cost	269	224	2,000
Expected return on plan assets	(200)	(201)	(1,795)
Amount expensed associated with the change from the simplified method to the principle method	92	(96)	(857)
Amortization of actuarial loss	890	1,156	10,321
Amortization of prior service cost	34	37	330
Retirement benefit cost calculated using the simplified method	191	127	1,134
Retirement benefit cost for the defined benefit plan	¥3,131	¥3,312	\$29,571

## V. Remeasurements of defined benefit plans, net of tax

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Prior service cost	(34)	(59)	(527)
Actuarial loss	62	(868)	(7,750)
Total	¥28	¥(928)	\$(8,286)

## VI. Remeasurements of retirement benefit plans

The following items are recorded under remeasurements of retirement benefit plans (before deduction of tax effects) for the year ended March 31, 2017.

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Unrecognized prior service cost	¥ (168)	¥ (108)	\$ (964)
Unrecognized actuarial loss	(4,135)	(3,266)	(29,161)
Total	¥(4,303)	¥(3,374)	\$(30,125)

## VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2016 and 2017 are set forth below.

	2016	2017
Bonds	40%	35%
Stocks	23%	20%
General account	29%	28%
Others	8%	17%
Total	100%	100%

### 2. Method of establishing the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, the current and forecast allocation of pension assets and the current and expected long-term rates of return on various assets constituting the pension assets are considered.

## VIII. Matters regarding assumptions for actuarial calculations

Major assumptions for actuarial calculations as of March 31, 2016 and 2017

	2016	2017
Discount rate	0.00%–1.10%	0.00%–1.10%
Long-term expected rate of return on pension assets	0.75%–5.00%	0.75%–3.20%
Expected rate of salary increase	1.22%–7.47%	1.22%–7.47%

## Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,219 million and ¥1,348 million (\$12,036 thousand) for the year ended March 31, 2016 and 2017.



## 21. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2016 and 2017 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
<b>Deferred tax assets:</b>			
Valuation loss on inventories	¥ 548	¥ 628	\$ 5,607
Valuation loss on securities	2,115	2,364	21,107
Amortization of intangible assets	3,561	3,162	28,232
Allowance for doubtful accounts	190	122	1,089
Accrued expenses	200	155	1,384
Accrued bonuses to employees	3,579	3,618	32,304
Retirement benefit liability	7,789	8,171	72,955
Net operating loss carry forwards	1,445	2,721	24,295
Unrealized inter-company profits	369	427	3,813
Impairment losses on fixed assets	2,088	7,000	62,500
Loss of investments in silent partnerships	372	9	80
Valuation difference on consolidated subsidiaries	1,977	–	–
Undistributed loss from consolidated subsidiaries	636	452	4,036
Accrued enterprise tax/business office tax	1,087	874	7,804
Revaluation of assets for merger	7	7	63
Asset retirement obligations	1,363	1,507	13,455
Assets awaiting handling	–	6,581	58,759
Other	6,679	6,170	55,089
Gross deferred tax assets	34,014	43,977	392,652
Less: valuation allowance	(8,321)	(9,040)	(80,714)
Total deferred tax assets	¥ 25,692	¥ 34,937	\$ 311,938
<b>Deferred tax liabilities:</b>			
Valuation difference on available-for-sale securities	¥ 7,343	¥ 6,937	\$ 61,938
Allowance for doubtful accounts	6	3	27
Valuation difference on consolidated Subsidiaries	28,139	26,993	241,009
Reserve for advanced depreciation of noncurrent assets	2,950	2,960	26,429
Loss on approval for exchange of land rights	206	115	1,027
Property, plant and equipment corresponding to asset retirement obligations	907	887	7,920
Other	2,129	2,049	18,295
Total deferred tax liabilities	41,684	39,947	356,670
Net deferred tax assets	¥(15,991)	¥ (5,010)	\$ (44,732)
	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
Deferred tax assets–current	¥ 9,818	¥ 12,474	\$ 111,375
Deferred tax assets–non current	6,489	13,047	116,491
Deferred tax liabilities–current	(1,668)	(517)	(4,616)
Deferred tax liabilities–non current	(30,630)	(30,015)	(267,991)
	¥(15,991)	¥ (5,010)	\$ (44,732)

Breakdown by major items that caused a significant difference between the effective statutory tax rate and the burden ratio of corporate taxes after applying tax effect accounting is as follows:

	2016	2017
Effective statutory tax rate (Adjustments)	33.1%	Since the difference between the effective statutory tax rate and the burden ratio of corporate taxes after applying tax effect accounting is less than five hundredths of the effective statutory tax rate, the note is omitted.
Items not included in tax deductions permanently, such as entertainment expenses	0.8%	
Items not included in taxable income permanently, such as dividend income	(0.3)%	
Inhabitant tax on a per capita basis	0.6%	
Increase/decrease in the amount of valuation reserve	3.0%	
Amortization of goodwill	3.3%	
Tax breaks to expand income and tax breaks to promote capital investment to improve productivity	(1.4)%	
Elimination of inter-company transactions for gain on sales of investment securities	0.0%	
Equity in earnings of entities accounted for by the equity method	0.6%	
Reduction of deferred tax assets at year end due to changes in tax rates	(1.6)%	
Others	0.1%	
Burden ratio of corporate taxes after applying tax effect accounting	38.1%	

## 22. Business Combinations

### Business Combination Through Acquisitions

#### (1) Outline of business combination

##### (a) Acquired company and their business

Acquired company : National Students Information Center Group

Main business: Student apartments business, School support business, etc.

##### (b) Main reason for business combination

The Company decided to conduct this transaction to expand business in the rental housing management market and to use National Students Information Center Group's wide range of relationships in order to acquire businesses for Group companies and to create opportunities for new businesses.

##### (c) Date of business combination

November 14, 2016

##### (d) Legal form of business combination

Acquisition of shares in return for cash

##### (e) Name of entity after business combination

After the acquisition of shares, the business name has changed to National Students Information Center Co., Ltd.

##### (f) Percentage share of voting rights acquired

Percentage share of voting rights before the business combination: 0.0%

Percentage share of voting rights acquired on the business combination date: 100.0%

Percentage share of voting rights after the business combination: 100.0%

##### (g) Main reason for determining the acquiring entity

Since it was an acquisition of shares by Tokyu Fudosan Holdings Corporation in return for cash

#### (2) Period of which the operating results of the acquired company is included in the consolidated financial statements

From November 14, 2016 to March 31, 2017

#### (3) Acquisition cost and its breakdown

	Yen (millions)	U.S. dollars (thousands)
Acquisition consideration:		
Cash	¥25,628	\$228,821
Acquisition cost	¥25,628	\$228,821

#### (4) Major expense related to the acquisition

Advisory expense etc.: ¥315 million (\$2,813 thousand)

#### (5) Amount of goodwill recognized and reason thereof, amortization method and amortization period

##### (a) Amount of goodwill

¥17,014 million (\$151,911 thousand)

##### (b) Reason

The amount was mainly incurred from the excess earning power that was expected to be generated from future business deployment.

##### (c) Amortization method and amortization period

Straight-line method over 20 years

#### (6) Changes in assets and liabilities on the date of business combination

	Yen (millions)	U.S. dollars (thousands)
Current assets	¥12,879	\$114,991
Noncurrent assets	7,313	65,295
Total assets	¥20,192	\$180,286
Current liabilities	¥ 8,446	\$ 75,411
Noncurrent liabilities	3,133	27,973
Total liabilities	¥11,579	\$103,384

#### (7) Effects on the consolidated statement of income for the fiscal year assuming that the business combination was completed on the commencement date of the consolidated fiscal year and computation method

The effects on the consolidated statement of income are not stated here because the estimated effects are not very material.

## 23. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings for lease in Tokyo and other areas. The carrying value in the consolidated balance sheet and corresponding fair value of those properties are as follows:

Yen (millions)			
	Carrying value		Fair value
As of April 1, 2016	Net change	As of March 31, 2017	As of March 31, 2017
¥866,918	¥(69,429)	¥797,488	¥928,504

U.S. dollars (thousands)			
	Carrying value		Fair value
As of April 1, 2016	Net change	As of March 31, 2017	As of March 31, 2017
\$7,740,339	\$(619,902)	\$7,120,429	\$8,290,214

#### Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. Of the changes during the fiscal year under review, increases were mainly attributable to the acquisition of properties of ¥1,057 million (\$9,438 thousand), decreases were chiefly due to the sales of properties of ¥19,216 million (\$171,571 thousand) and transfers to real estate for sale of ¥30,441 million (\$271,795 thousand).
3. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.
4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥127,353 million (\$1,137,080 thousand) as of March 31, 2017) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

## 24. Per Share Information

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

Diluted net income per share is not presented as there are no dilutive potential shares.

	Yen		U.S. dollars
	2016	2017	2017
Net asset per share of common stock as of March 31	¥687.92	¥726.59	\$6.49
Net income per share of common stock for the year ended March 31	¥ 47.18	¥ 51.77	\$0.46

Bases of calculation for net income per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
For the year ended March 31			
Profit attributable to owners of parent	¥ 28,718	¥ 31,518	\$281,411
Profit attributable to owners of parent of common stock	¥ 28,718	¥ 31,518	\$281,411
Weighted average number of shares of common stock (thousands)	608,769	608,766	

Bases of calculation for net asset per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2016	2017	2017
As of March 31			
Total net assets	¥422,381	¥446,307	\$3,984,884
Amount deducted from total net assets	3,596	3,987	35,598
Non-controlling interests	(3,596)	(3,987)	(35,598)
Net assets of common stock at March 31	¥418,785	¥442,320	\$3,949,286
Number of shares of common stock at March 31 (thousands)	608,767	608,764	

## 25. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of distributions paid in cash be appropriated as a legal reserve until the aggregated amount of the capital reserve and the legal reserve equals 25 percent of common stock.

The portion of such aggregated amount in excess of 25 percent of common stock may become available for distributions subsequent to release of such excess to retained earnings.

## 26. Segment Information

The business of the Company and its consolidated subsidiaries is composed primarily of seven segments:

(1) Urban Development; (i) development, leasing, and operation of office buildings, retail facilities, rental residences and other properties and, (ii) sales of properties for investors, (2) Residential; development and sales of condominiums and detached housing, (3) Property Management; (i) property management of condominiums, buildings and retail facilities and, (ii) construction of common areas of condominiums, (4) Real-Estate Agents; real estate brokerage and property sales, (5) Wellness; (i) development and sales of

membership resort hotels and country houses and, (ii) ownership and management of resort facilities, urban style hotels, senior housing and membership sports clubs, (6) Tokyu Hands; retail sales of materials and products for living and D-I-Y, and (7) Business Innovation and Others, (i) development, sales, and leasing of condominiums and other properties in overseas, (ii) construction of residential homes and others.

Information by geographic areas is omitted as overseas sales of the Company for the year ended March 31, 2016 and 2017 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the year ended March 31, 2016 and 2017 are as follows:

Year ended March 31, 2016	Yen (millions)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	255,924	117,674	136,559	78,821	89,676	95,392	41,429	-	815,479
Inter-segment	2,819	40	8,670	1,499	529	355	9,795	(23,710)	-
Total	258,744	117,714	145,230	80,321	90,205	95,748	51,225	(23,710)	815,479
Operating income	44,791	6,962	8,031	10,226	6,412	1,071	(3,041)	(5,703)	68,750
Total assets	1,377,662	148,644	91,855	59,782	240,247	38,444	56,282	(28,536)	1,984,382
Depreciation expenses	10,285	289	652	1,224	6,752	1,337	281	183	21,008
Amortization of goodwill	-	-	2,080	-	(22)	-	1	2,488	4,548
Investment in equity-method affiliates	-	-	-	47	-	-	37,229	673	37,950
Capital expenditures	60,267	8,367	2,264	1,924	13,999	3,216	349	324	90,713

Year ended March 31, 2017	Yen (millions)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	246,822	108,494	139,658	80,192	93,841	96,575	42,919	-	808,503
Inter-segment	2,198	54	8,976	1,876	574	592	6,674	(20,947)	-
Total	249,021	108,548	148,634	82,069	94,416	97,167	49,593	(20,947)	808,503
Operating income	44,854	9,663	8,079	11,292	7,577	253	(1,909)	(6,584)	73,227
Total assets	1,395,640	168,482	91,028	66,408	251,158	39,302	94,607	(39,476)	2,067,152
Depreciation expenses	11,902	354	1,120	1,194	7,064	1,512	103	278	23,529
Amortization of goodwill	512	-	1,922	-	(13)	-	1	2,488	4,911
Investment in equity-method affiliates	-	-	-	55	-	-	47,936	626	48,618
Capital expenditures	36,332	1,191	1,895	1,215	17,821	1,420	832	750	61,459

Year ended March 31, 2017	U.S. dollars (thousands)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	2,203,768	968,696	1,246,946	716,000	837,866	862,277	383,205	-	7,218,777
Inter-segment	19,625	482	80,143	16,750	5,125	5,286	59,589	(187,027)	-
Total	2,223,402	969,179	1,327,089	732,759	843,000	867,563	442,795	(187,027)	7,218,777
Operating income	400,482	86,277	72,134	100,821	67,652	2,259	(17,045)	(58,786)	653,813
Total assets	12,461,071	1,504,304	812,750	592,929	2,242,482	350,911	844,705	(352,464)	18,456,714
Depreciation expenses	106,268	3,161	10,000	10,661	63,071	13,500	920	2,482	210,080
Amortization of goodwill	4,571	-	17,161	-	(116)	-	9	22,214	43,848
Investment in equity-method affiliates	-	-	-	491	-	-	428,000	5,589	434,089
Capital expenditures	324,393	10,634	16,920	10,848	159,116	12,679	7,429	6,696	548,741

# Independent Auditor's Report

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## Independent Auditor's Report

The Board of Directors  
Tokyu Fudosan Holdings Corporation

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2017, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Opinion*

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries as at March 31, 2017, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

### *Convenience Translation*

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

*Ernst & Young ShinNihon LLC*

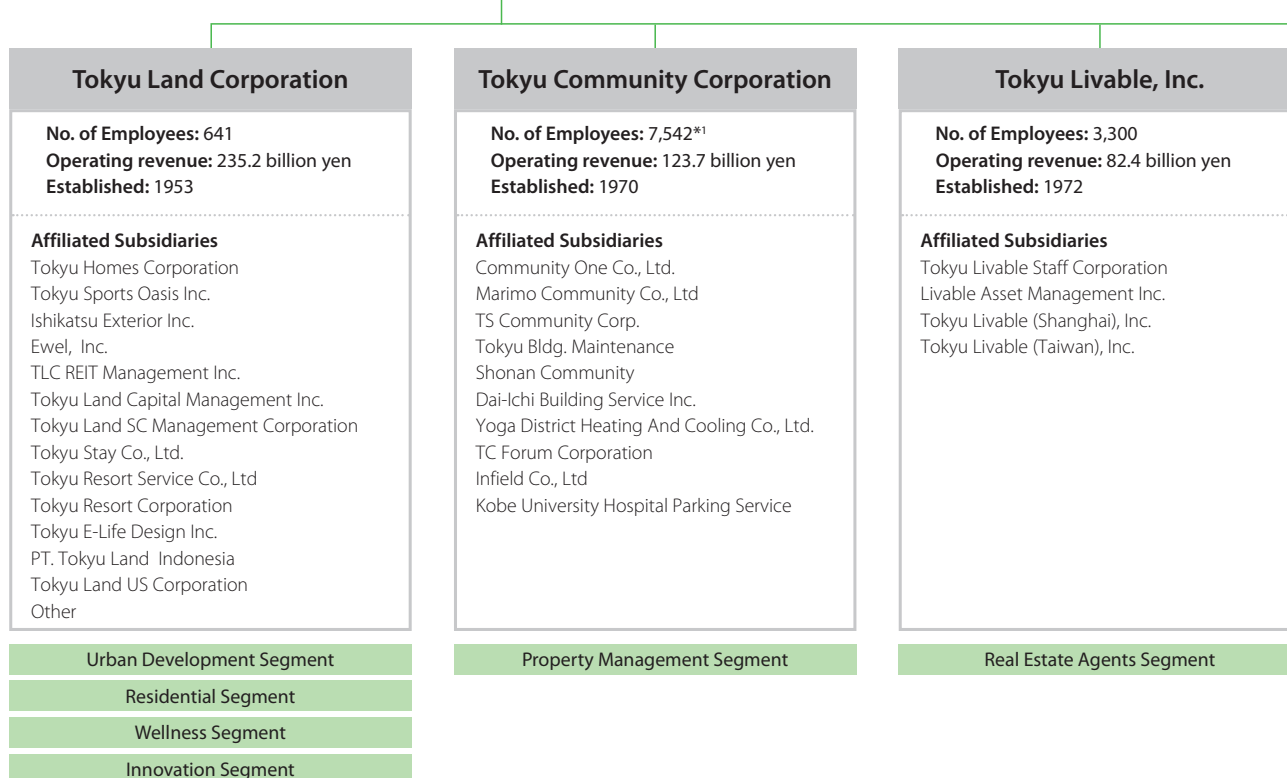
June 15, 2017  
Tokyo, Japan



# Corporate Data/Stock Information

## Tokyu Fudosan Holdings Group

### Tokyu Fudosan Holdings Corporation



## Corporate Data/Stock Information

<b>Corporate name:</b>	Tokyu Fudosan Holdings Corporation
<b>Address:</b>	TK Minami Aoyama Building, 2-6-21 Minami Aoyama, Minato-ku, Tokyo 107-0062
<b>Representative:</b>	Yuji Okuma, President and Representative Director
<b>Capital:</b>	60 billion yen
<b>Business activities:</b>	Management and administration of the Tokyu Fudosan Holdings Group
<b>Established:</b>	October 1, 2013
<b>No. of employees:</b>	52 20,421 (consolidated)

<b>Listed stock market</b>	Tokyo Stock Exchange
<b>Securities code:</b>	3289
<b>Share trading unit:</b>	100 shares
<b>Number of shares authorized to be issued by the Company:</b>	2,400,000,000 shares
<b>Number of shares issued:</b>	640,830,974 shares
<b>Fiscal year:</b>	April 1 to March 31 of the following year
<b>Ordinary General Meeting of Shareholders:</b>	June each year
<b>Shareholders' record date:</b>	Ordinary General Meeting of Shareholders: March 31 Profit distribution: March 31 Interim dividend: September 30 Other: Certain days for which prior notice is provided. The method of public notice is by electronic means.

<b>Shareholder registry administrator:</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited
<b>Handling office of shareholder registry administrator:</b>	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency
<b>Contact:</b>	Sumitomo Mitsui Trust Bank, Limited Network of nationwide branches
<b>Mailing address:</b>	2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063 Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency
<b>Telephone inquiries:</b>	+81 -120-782-031 (free dial)

Tokyu Hands, Inc.	Tokyu Housing Lease Corporation	National Students Information Center Co., Ltd.
<b>No. of Employees:</b> 2,900 <b>Operating revenue:</b> 96.4 billion yen <b>Established:</b> 1976	<b>No. of Employees:</b> 743* <sup>1</sup> <b>Operating revenue:</b> 40 billion yen <b>Established:</b> 2014	<b>No. of Employees:</b> 359* <sup>1</sup> <b>Operating revenue:</b> -* <sup>3</sup> <b>Established:</b> 1988
<b>Affiliated Subsidiaries</b> HANDS LAB INC. Tokyu Hands Segment	<b>Affiliated Subsidiaries</b> Tokyu Corporate Housing Management Inc. Residential Partners Co., Ltd.	<b>Affiliated Subsidiaries</b> Nasic I Support Co., Ltd. Nasic Educational Solution Co., Ltd. Hokuwa Corporation Sigma Japan K.K. K.K. Homic
Tokyu Hands Segment	Urban Development Segment	Urban Development Segment

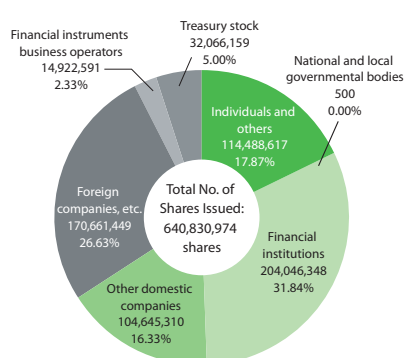
\*1 Figures for Tokyu Community Corporation, Tokyu Housing Lease Corporation, and National Students Information Center Co., Ltd. are as of the end of March 2017

\*2 Net sales data is for fiscal 2016 (non-consolidated)

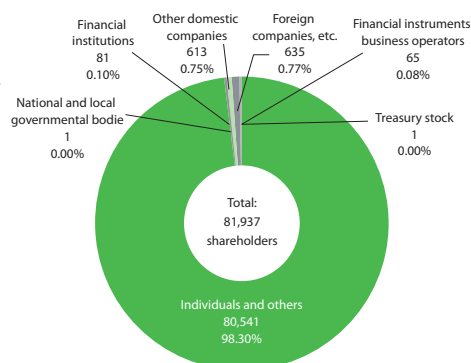
\*3 National Students Information Center Co., Ltd. was established in July 2016, so figures for the fiscal period ending March 2017 are undisclosed

As of March 31, 2017

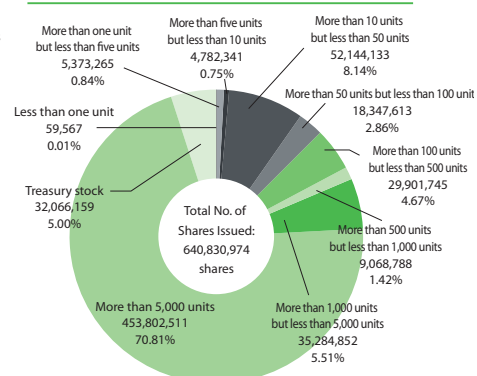
### Breakdown of Shares by Shareholder



### Breakdown of the Number of Shareholders



### Distribution of Stock by the Size of Holdings



Major Shareholders	Number of shares held (thousands)	Percentage of Shares Held
Tokyu Corporation	96,879	15.91%
The Master Trust Bank of Japan Ltd. (Trust Account)	33,301	5.47%
Japan Trustee Services Bank Ltd. (Trust Account)	30,847	5.07%
Sumitomo Mitsui Trust Bank, Limited	21,008	3.45%
The Dai-ichi Life Insurance Company, Limited	14,918	2.45%
Japan Trustee Services Bank Ltd. (Trust Account 9)	9,716	1.60%
Japan Trustee Services Bank Ltd. (Trust Account 5)	8,769	1.44%
CBHK S/A PBG CLIENTS SG	8,687	1.43%
Nippon Life Insurance Company	8,107	1.33%
Japan Trustee Services Bank Ltd. (Trust Account 4)	7,616	1.25%

(Notes)

1. Tokyu Fudosan Holdings Corporation has 32,066,159 shares of treasury stock, which are excluded from the above breakdown of major shareholders.
2. The percentage of shares held is calculated after deducting treasury stock.



**TOKYU FUDOSAN HOLDINGS**



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In Collaboration with RobecoSAM



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Select Leaders Index

**Tokyu Fudosan Holdings Corporation**

Group Finance Department, Investor Relations  
Group Planning Policy Department, CSR Promotion Group

<http://www.tokyu-fudosan-hd.co.jp/english/>



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