

Business Strategies

Creating cities that bustle with activity

Urban Development Segment

The Urban Development segment aims to be a solid and unique business at the core of the Group by providing 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.

Overview (As of March 31, 2018)

Office building floor space 592,000 m²/60 buildings	Commercial facility floor space 846,000 m²/31 buildings	Assets under management (AUM) ¥988.6 billion
No. of rental housing units under management* 128,000	No. of corporate housing units under management 90,000	

*Including student residences

Strengths Excellent office building portfolio primarily in inner-city locations, development of unique facilities, and ability to drive business	Opportunities Increasing needs for area development and changing work styles
Weaknesses Insufficient large flagship buildings	Risks Overheated investment environment and intensifying inter-area competition

Value Delivered and Future Strategies

In the Urban Development segment, we are improving the value of Tokyo as a global city through various urban development projects that maximize the potential of each area, including the greater Shibuya area.

At our office buildings, we provide safe, secure and comfortable working environments for businesspeople and offer support for work style reforms. At our commercial facilities, we communicate new culture and trends to consumers and offer support for enriching lifestyles. We deliver value to communities by helping to resolve various issues. This includes reinforcing disaster prevention functions through urban development and redevelopment, environmental initiatives including curbing CO₂ emissions, promoting renewable energy, and improving logistics efficiency.

The Urban Development segment is at the core of the Group. It develops, manages and operates many unique office buildings and commercial facilities. About 80% of the office buildings we operate are in the four central wards of Tokyo, and over half of our properties have been constructed since 2001. With more than 50 years of experience in commercial facilities, we are differentiated by flexible facility development that makes the most of location characteristics.

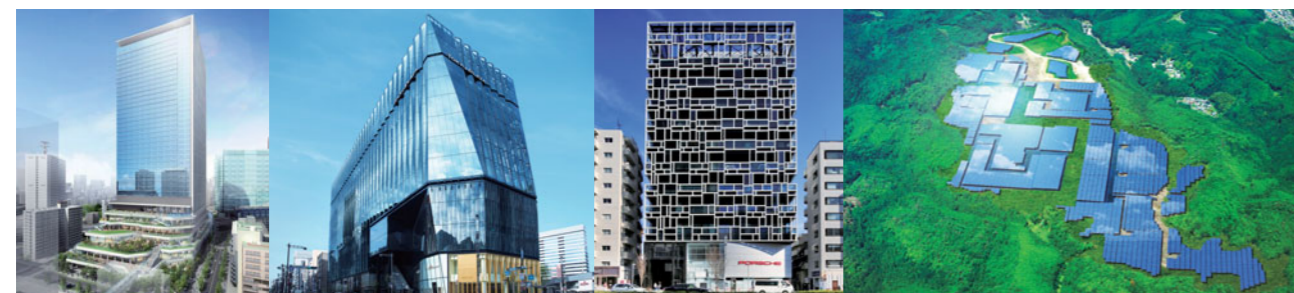
In recent years, competition among cities around the world and competition among areas in Japan have intensified. The Tokyu Fudosan Holdings Group carries out urban development in the

greater Shibuya area, Takeshiba and elsewhere in cooperation with governments and local residents to attract excellent companies and promote entrepreneurship, with the aim of improving area value.

By 2020, large-scale projects such as the Nampo-dai Project (tentative name), the Dogenzaka 1-chome Shibuya Station Front Redevelopment Project, and the Takeshiba District Development Project will open in succession. The development of the city through these flagship urban properties will generate stable cash flow. In addition, the number of units managed by the rental housing property management business is also growing steadily. We plan to increase the number of rental housing units managed by Tokyu Housing Lease Corporation and National Students Information Center Co., Ltd. from 128,000 units currently to 150,000 units by the end of fiscal 2020.

In the cyclical reinvestment business, which is one of our growth strategies, the Group will accelerate expansion of associated assets by broadening the scope of investment from office buildings, commercial facilities and rental housing to infrastructure and industry, areas where growth can be expected as a result of changes in the industrial structure.

We will actively pursue the realization of a sustainable society by promoting the renewable energy business and the development of logistics facilities under the brand name LOGI'Q.



Takeshiba District Development Project (Tentative name) (Artist's rendering) | Tokyu Plaza Ginza | Shin-Aoyama Tokyu Building | Solar power generation facility (Nara Prefecture) (Artist's rendering)

Shining a new light on housing

Residential Segment

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

Overview (As of March 31, 2018)

Number of condominium units sold in fiscal 2017 1,627	BRANZ	CAMPUS VILLAGE	MAJES
BRANZ Club members Approximately 108,000			

Strengths Complex developments that make the most of comprehensive developer strengths and unified Group services for residents	Opportunities Diversification of lifestyles, growing need for residences that are near workplaces, population movement into inner-city areas
Weaknesses Business scale (number of units)	Risks Rising cost of land acquisition and construction for business use

Value Delivered and Future Strategies

In the Residential segment, we build housing that responds to societal changes, such as the aging of the population, the declining birthrate and diversification of lifestyles. In addition, we contribute to local communities in ways including disaster countermeasures, revitalization of communities, and initiatives to conserve energy and the environment.

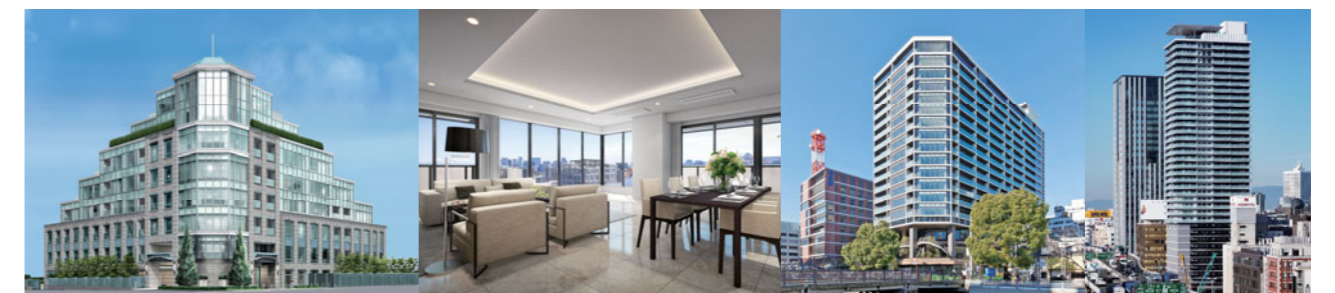
Since the completion of the industry's first houses built for sale, Tokyu Skyline, in 1958, we have provided home buyers with timeless designs and residences and services that support safe, comfortable and high-quality living. Our BRANZ series embodies the collective experience and insight that we have cultivated in multi-dwelling residences. We deliver value to local communities through redevelopment that contributes to safety, security and comfort in ways such as improving disaster prevention in areas with high wooden housing density, remodeling and renovating aging condominiums, and revitalizing communities. In addition, we contribute to building up superior housing stock over the long term by improving landscaping through better designs and greenery and by reducing CO₂ emissions.

In the Residential segment, we aim to leverage the combined strengths unique to the Group to establish a distinctive presence in the industry. The condominium business underpins these efforts. The Group's system for providing integrated planning, sales, property

management and after-sales service helps to improve brand strength.

The housing market environment is constantly changing due to economic trends, national economic policies, personal consumption trends, and the like. In tandem with the development of inner city properties, which is a Group strength, as part of our growth strategies we are carrying out urban development that promotes interaction among generations and lifestyle continuity from one generation to the next. Our objective is to secure a stable earnings base that is resilient to changes in the operating environment. Specifically, in complex developments that include condominiums, senior housing, commercial facilities and other components, we are developing "life story towns" that provide services that integrate tangible elements and associated services. In this way, we are working to foster links with communities and respond to social needs for diverse living styles and healthy living.

In addition, National Students Information Center Co., Ltd., which handles management of student residences in major metropolitan areas, joined the Group in 2016. In 2017, we established the CAMPUS VILLAGE brand for our student residence business, and are actively engaged in development.



BRANZ Roppongi The Residence (Artist's rendering) | BRANZ Rokuban-cho (Model room) | BRANZ Yokohama (Completed in 2018) | BRANZ Tower Midosuji Honmachi (Completed in 2017)

Providing lifelong support for buildings and customers

Property Management Segment

The Property Management segment contributes to building up quality social stock by providing total real estate-related support, including maintenance, operation and repairs for condominiums, office buildings, commercial facilities and public facilities. We aim to be the overwhelming No. 1 comprehensive property management company.

Overview (As of March 31, 2018)

No. of condominium units under management 822,231 (No. of condominium units under comprehensive management included in the above: ¹ 520,390)	No. of public housing properties under designated management 205,856 ³
No. of buildings and other properties under management (including designated management properties and PFI ² properties) 1,500	Number of engineers 1,554

1. Entrusted by condominium management associations 2. Private finance initiative 3. As of April 1, 2018

Strengths Top-class in its industry for the number of properties under management, broad scope of management and human resources with advanced technical skills and expertise	Opportunities Growing demand for repairs and renovations and development and outsourcing of public projects to the private sector
Weaknesses A business model that makes rapid growth difficult	Risks Securing a workforce, intensification of competition in condominium replacement and decline in the number of new condominium units built for sale

Value Delivered and Future Strategies

In the Property Management segment, Tokyu Community Corporation is responsible for building up quality social stock through total real estate management support that includes management, operation and repair for various buildings and facilities such as condominiums, office buildings, commercial facilities and public facilities based on real estate management know-how accumulated over roughly half a century. For condominium residents, while contributing to the creation of high-quality living environments, we strive to maintain and improve asset value and to optimize management costs. Through these services, we support the formation of communities with multigenerational residents. For office building owners, we provide detailed management services according to the individual characteristics of each building by making full use of our proposal capabilities that are based on our experience and know-how in managing a variety of buildings. We will contribute to maintaining and improving asset value and maximizing revenue by providing services on a one-stop basis, such as timely and appropriate repair proposals and entrusted management.

While the supply of new condominium units is declining in Japan, private outsourcing for public facilities and services is expected to increase and repair and renovation demand is expected to rise in conjunction with the aging of condominiums and office buildings. Given these circumstances, by achieving an overwhelming No. 1

status in customer satisfaction and trust, technical capabilities, labor environment, and business fields and productivity, the Property Management segment aims to secure high-quality management resources that are essential for maintaining and expanding its businesses, such as sales data and human resources.

As a future strategy, we intend to expand business by building up stock of various managed properties such as condominiums, office buildings, commercial facilities and public utility assets. In condominiums, we will accelerate the expansion of replacement orders by taking advantage of the brand strengths of Tokyu Community Corporation and Community One Co., Ltd. In office buildings and other areas, we will step up our advance into airports and logistics facilities. We will also use the existing stock of managed properties to expand the construction business for the common and occupied areas of condominiums and increase the occupied area service business.

Based on its philosophy that "employees are the most important management resource," Tokyu Community Corporation is working to secure its workforce, maintain and improve employees' physical and mental health, and create a comfortable workplace. For example, it has expanded its retirement age extension system and earned recognition as a "White 500" company with outstanding health and productivity management from the Ministry of Economy, Trade and Industry and Nippon Kenko Kaigi.



Sendai Airport Terminal Building Nippon Seinenkan Futako Tamagawa Rise Ogasayama Sports Park (Ecopa Stadium)

Connecting customers and real estate

Real Estate Agents Segment

The Real Estate Agents segment addresses diverse customer needs in real estate transactions by using the combined strengths it has nurtured in a broad range of businesses, including real estate brokerage, consignment sales and real estate sales, to offer an advanced service menu and optimal solutions as a real estate information multi-value creator.

Overview (As of March 31, 2018)

Tokyu Livable, Inc. network 182 locations in Japan and 3 overseas locations	Fiscal 2017: Total amount of transactions ¥1,315.6 billion
No. of real estate agent sales staff 1,477	Fiscal 2017: No. of units sold* 728

*Including purchased, resold and newly developed units



Strengths Strong brands, wide-ranging customer contacts, extensive real estate transaction information and broad scope of business unmatched by other companies	Opportunities Expanding transaction market for existing residential properties, and continuing strong purchasing environment due to low interest rates
Weaknesses Business model susceptible to the real estate market (prices)	Risks Reduction in the value of the information we provide and of our ability to match buyers and sellers due to greater use of the Internet and artificial intelligence

Value Delivered and Future Strategies

As the population and birthrate decline and the population ages, the Real Estate Agents segment contributes to vitalizing transactions for existing residential properties as social stock. Tokyu Livable, Inc., which is responsible for the Real Estate Agents segment, aims to be a real estate information multi-value creator that uses its extensive information contact points and broad business scope. It aims to achieve three No.1 positions in the industry: in customer recognition, business competitiveness and meaningfulness of work. We continue to deliver diverse value to customers by leveraging our wide-ranging service menu that includes real estate brokerage, rental brokerage, real estate sales and consulting to provide value-added information that meets needs related to selling, buying, renting and operating real estate, among others.

Throughout its 46-year history, the Real Estate Agents segment has created advanced services and businesses unique to the Tokyu Fudosan Holdings Group, and today it boasts real estate agent transaction volume and value that are top class in the industry. However, customer behavior is diversifying due to the emergence of information provision and new methods for matching buyers and sellers via the Internet and artificial intelligence. We will therefore respond to the needs of customers by reviewing the value provided by the existing Real Estate Agents business to evolve into a Real Estate Agents business that provides value-added information by

taking advantage of wide-ranging information contact points and a broad business scope.

As future initiatives, we will open new outlets nationwide to expand the scale of our business, broaden its scope by taking on operational assets such as logistics facilities and hotels and non-residential products, and continue to differentiate ourselves from competitors with unique services and branding strategies. In this way, we will achieve the three No.1 industry positions, which will enable us to continue proposing new value that only a real estate information multi-value creator can deliver.

Human resource development is essential to achieving the three No.1 positions in our industry and to becoming a real estate information multi-value creator. Tokyu Livable, Inc. incorporates systematic education and training programs aimed at acquiring excellent business manners and customer service skills. We are also implementing various measures to achieve the No. 1 position in meaningfulness of work. Great Place to Work® Institute Japan, which conducts surveys to evaluate whether companies meet or exceed globally shared standards, ranked Tokyu Livable, Inc. 24th in the Large Enterprise Division (more than 1,000 employees) in its Best Workplaces 2018 ranking. Tokyu Livable has also received the highest level of Eruboshi certification based on the Act on the Promotion of Women's Participation and Advancement in the Workplace.



With the goal of improving mindshare, we strengthen branding and use media such as television commercials featuring celebrities.

Office of GRANTACT, a real estate sales agent brand for high-grade condominiums in Minato-ku and Shibuya-ku

Providing quality time and experiences

Wellness Segment

Aiming for the top position in its industry, the Wellness segment helps customers create 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.

Overview (As of March 31, 2018)

Hotels	Membership resort hotels included:	Golf courses	Ski resorts
49 hotels/6,082 rooms	24 hotels/2,578 rooms	20	8
Senior housing	Members-only fitness clubs	No. of consignment welfare members	
16 facilities/1,332 units	34 outlets/97,000 members	Approximately 3.74 million	

Strengths	Varied asset portfolio, strong brand presence and operating know-how as an industry leader, and a rich variety of contacts with customers	Opportunities	Expanding senior-related and inbound demand
Weaknesses	Weather-sensitive business model (hotels and resorts)	Risks	Labor shortage (decline of the working age population)

Value Delivered and Future Strategies

In the Wellness segment, through asset development and operation we aim to respond to the demands of a new era by helping to solve problems caused by the aging of the population, and by contributing to regional revitalization, while proposing new lifestyles that will lead to a better way of living.

For customers who use our resort facilities, we provide experiences and quality time throughout the year by creating comfortable spaces and environments that transcend everyday life. In the fitness club business, we meet members' needs for maintaining and promoting physical and mental health and extending healthy life expectancy. For senior housing and assisted living facility residents, we provide a full array of services geared to senior lifestyles, as well as caregiving, nursing and other health-related services for peace of mind to help overcome or ease concerns about the future.

In its Wellness business, the Tokyu Fudosan Holdings Group has a history of developing and operating diverse leading-edge facilities and services, and stands out in the real estate industry for its distinctive approach. Our results have been improving steadily, driven by factors such as the arrival of the super-aged society, which has been called "the era of living to 100 years old," increasing awareness of health among the general population, expansion of the wealthy class and inbound demand, and growth of investment in hotel and health care-related operational assets.

In this favorable business environment, our strategy is to capture the benefits of being a forerunner to secure the top industry position in the wellness domain, based on the resources of urban hotels and resorts and senior housing, and the health business that we have pioneered as a comprehensive developer. In line with this strategy, we are working to build businesses that leverage the development and management capabilities and broad menu that we have cultivated over many years, and construct mechanisms for benefitting from economies of scale. Specifically, we are working to manage the entire area where a facility is located and create opportunities for complex businesses that extend beyond our own facilities. We plan to respond to the difficulty of hiring people – an industry-wide problem caused by Japan's labor shortage – by combining multiple measures such as using IT and labor-saving tools and developing multi-skilled human resources. Furthermore, by considering the cyclical reinvestment business, we plan to grow the Wellness segment into the Group's fifth revenue pillar (new core business) by fiscal 2020.



Tokyu Harvest Club Karuizawa & VIALA (Opened in 2018)

Hyatt Regency Seragaki Island Okinawa (Opened in 2018)

Tokyu Sports Oasis

Making life fun

Tokyu Hands Segment

Under the banner of its "hint market" brand slogan, Tokyu Hands is aiming to establish the No. 1 brand for lifestyle creation proposals by offering an extensive and diverse range of products to customers as a means of helping them establish their own individual lifestyles, thus providing "hints" that enrich life.

Overview (As of March 31, 2018)

No. of stores	No. of Hands Club members
79 (49 Tokyu Hands stores, 22 hands be stores, and 8 other specialty stores*)	Approximately 4.7 million



*hands café and HANDS EXPO

Strengths	Unique, powerful brand and identity, a rich product lineup and staff with a wealth of product knowledge	Opportunities	Increasing emphasis on lifestyle, increasing consumption of experiences, and increasing inbound demand
Weaknesses	A business model that is easily affected by the presence of competitors	Risks	• Reduction in sales share of brick-and-mortar stores due to expansion of e-commerce • Increase in showrooming and number of imitators, and intensification of competition

Value Delivered and Future Strategies

Customers of the Tokyu Hands segment are general consumers, especially those who want to make their daily lives richer and more convenient and those who want to enjoy their hobbies and interests. Tokyu Hands offers these customers three types of value: products (full lines of reliable products), experiences (a place for discovering exciting hints), and people (reliable staff with a wealth of product knowledge). Utilizing these three types of value (strengths), the Tokyu Hands segment proposes products that meet customers' needs and provides consulting sales that help resolve issues in areas such as lifestyles and hobbies.

The Tokyu Hands segment boasts overwhelming brand strength and is positioned as a business that helps improve the added value of the Tokyu Fudosan Holdings Group. The business environment is challenging, with many competing companies and, in recent years, factors including the accelerating proliferation of e-commerce. On the other hand, the Tokyu Hands segment will promote product and service measures that respond to contemporary changes such as expansion of inbound demand and growth in the market for do-it-yourself (DIY) projects and other experiences due to an increase in leisure time resulting from the government's work style reform initiative. The segment's goal is to become the No. 1 brand for lifestyle creation proposals and transform its profit structure.

With regard to merchandising, we are making particular efforts to

reinforce the Tokyu Hands brand message through measures such as establishing a specialized department for private brands. At the same time, we are promoting transformation to a structure that can generate stable profits by raising workflow efficiency largely through investment in IT and digitalizing forms to restrain fixed costs and enhance work style efficiency.

We are moving forward with our store opening strategy by carefully selecting locations, including overseas, that attract more customers. In addition, by replacing existing stores and closing stores with low profitability, we are working to steadily raise our earnings capacity, and at existing stores we are striving to expand our contact points with customers by strengthening initiatives tailored to the customer base of each region.

The people who are responsible for the stores are the source of the Tokyu Hands brand power, so to develop them we are working to pass on and improve customer service skills and product knowledge by utilizing senior employees with proposal capabilities and a wealth of knowledge. Meanwhile, in order to address the problematic shortage of human resources, we are working to enhance and expand work systems that accommodate diverse work styles and improve the efficiency of work in order to create an environment where the employees who sustain the Tokyu Hands brand can have a long and secure career.



Tokyu Hands Sapporo Store (Relocated and opened in April 2018)

Senior employee with a wealth of product knowledge

The "Hi! Tenshu" project at Tokyu Hands Shinjuku Store, in which specialists in various fields are shopkeepers

Developing new fields

Innovation Business Segment

The Innovation Business segment develops overseas businesses, and creates and promotes new business fields, such as custom-built houses, detached house renovation projects and greenification. In overseas operations, we aim to exhibit our presence as a comprehensive developer.

Overview: Overseas Business (As of March 31, 2018)

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*

Approximately **4,400**

* Includes certain joint business activities

Strengths	Development know-how cultivated in Japan and strong presence as a foreign-owned developer (Indonesia)	Opportunities	Potential for business development in Asian countries where economic growth continues
Weaknesses	Limitation of overseas development and recognition to only a few countries	Risks	Political risk, deterioration of circumstances overseas, including war, conflict or terrorism, and sudden fluctuations in exchange rates

Value Delivered and Future Strategies: Overseas Business

The Innovation Business segment is made up of the overseas and affiliate operations of Tokyu Land Corporation. In this segment, we are evolving our business model to create new demand in Japan and overseas and leveraging the unique strengths of the Tokyu Fudosan Holdings Group to generate growth opportunities.

We are promoting businesses that make full use of the development know-how we have cultivated in Japan. We are currently focusing on the United States, where stable growth is forecast. In Asia, where rapid growth is ongoing, we are particularly focused on Indonesia. In the United States, we invest to add value and operate in the office building redevelopment business. We supply properties that are aligned with investor needs, and provide high-grade office space with excellent environmental performance. In Asia, where urbanization is progressing, we will contribute to a better quality of life for residents by providing high-quality Japanese-style living spaces and services, while helping to create employment through our businesses.

One of our themes going forward is to quickly establish a stable business foundation in the United States. To do so, we will leverage the presence we exhibit by first steadily implementing the 425 Park Avenue Project in New York City's Manhattan borough, through

which we will accumulate know-how. Stable growth in the United States is considered a major growth opportunity for the Group, so we intend to further strengthen our business from the perspective of asset allocation.

Another theme is to strengthen our business in Indonesia through the establishment of development, supply and sales systems for stabilizing sales of housing. Since entering Indonesia in 1975, the Group has achieved solid results and established a strong reputation by developing detached housing. We are currently focusing on the development of luxury condominiums in the BRANZ series, as we are in Japan. 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 recognizing developers 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 generate profits through the stable supply of condominiums with the aim of establishing our presence as the leading foreign-affiliated developer.

Furthermore, we are considering new development possibilities in other Asian countries based on factors including country stability and market transparency.



425 Park Avenue Project (New York, USA) (Artist's rendering)

BRANZ BSD (Indonesia) (Artist's rendering)

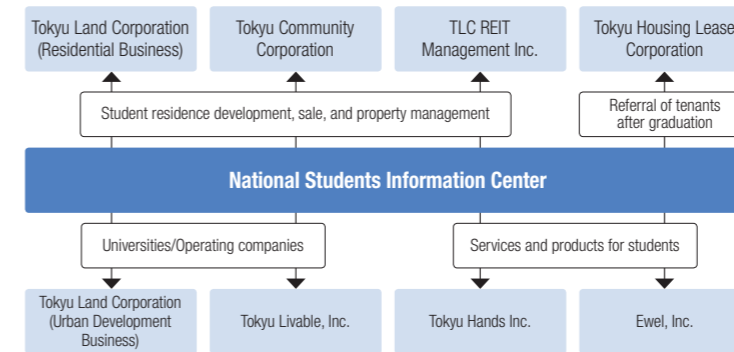
Puri Botanical Project (Indonesia) (Artist's rendering)

Synergy among Our Businesses

The Group leverages its resources (housing stock, customer information and human resources) to generate synergy. In doing so, we also utilize external resources to complement our own resources and to increase added value.

Initiatives to Generate Synergy from National Students Information Center Customers

Synergy with National Students Information Center



Initiatives at National Students Information Center Co., Ltd., which joined the Group in 2016, exemplify synergy creation. This company develops student residences in major metropolitan areas and has a wealth of contacts with students, educational institutions and condominium owners, which enables it to offer students employment support through part-time job referrals and internships. Collaboration with its previously established businesses allows the Group to work together, from the development of student residences to management and operation.

In addition to growing our Urban Development and Residential businesses, we will work to acquire derivative business opportunities in this new student-related market.

CAMPUS VILLAGE: A Student Residence Series from Tokyu Land Corporation

CAMPUS VILLAGE

CAMPUS VILLAGE Shiinamachi (Toshima-ku, Tokyo) is the first student residence developed by Tokyu Land Corporation. It is managed and operated by National Students Information Center Co., Ltd. It was completed in January 2018 and tenants began moving in during March 2018. Based on the concept of safe and secure living environments that offer a new lifestyle to students who will be society's next leaders, we are differentiating the series in ways such as promoting community development and introducing the WELBOX welfare service of Group company Ewel, Inc.



CAMPUS VILLAGE Shiinamachi (Completed in January 2018)

Initiatives to Generate Synergy Using Corporate Venture Capital

The Group has embraced the concept of open innovation and promotes initiatives funded by corporate venture capital (CVC), based on cooperation with external professional institutions.

We are deepening collaboration with entrepreneurial startups. The Tokyu Fudosan Holdings Group launched the TFHD Open Innovation Program in 2017 with a view to expanding the scope of business, enhancing competitiveness, improving productivity and increasing operational efficiency. At the same time, Tokyu Land Corporation launched the SHIBUYA Innovation Program from the perspective of improving the value of the greater Shibuya area.

Through these two programs, we will make flexible investments in entrepreneurial startups, form business alliances, and provide hands-on support to expand the scope of business and create synergy.

CVC Scheme

