

Value Creation Story

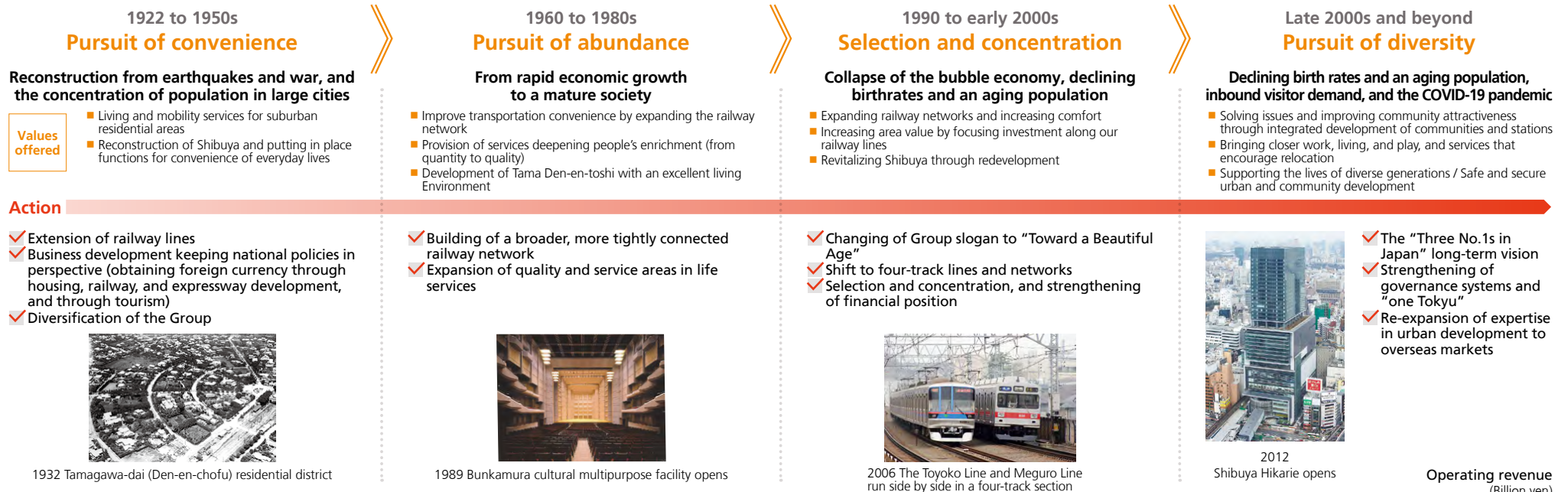
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History of Value Creation

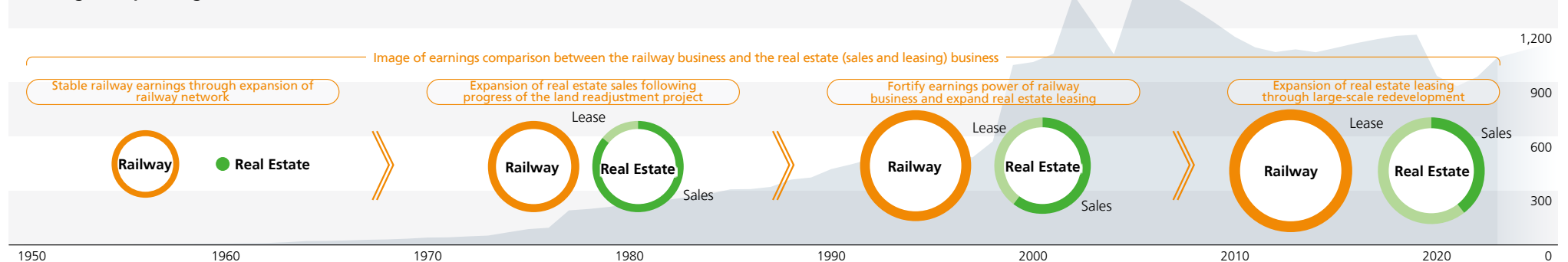
Since its establishment, we have been promoting urban and community development, while balancing the public and private aspects of our business with the development of public transportation and residential areas. In response to the social concerns that arise as times change, we have been working to continuously enhance the value of areas by recommending life services and lifestyles from a new perspective.

[Origin / DNA] Solving social issues through urban and community development

Offering Solutions from a Creative Perspective



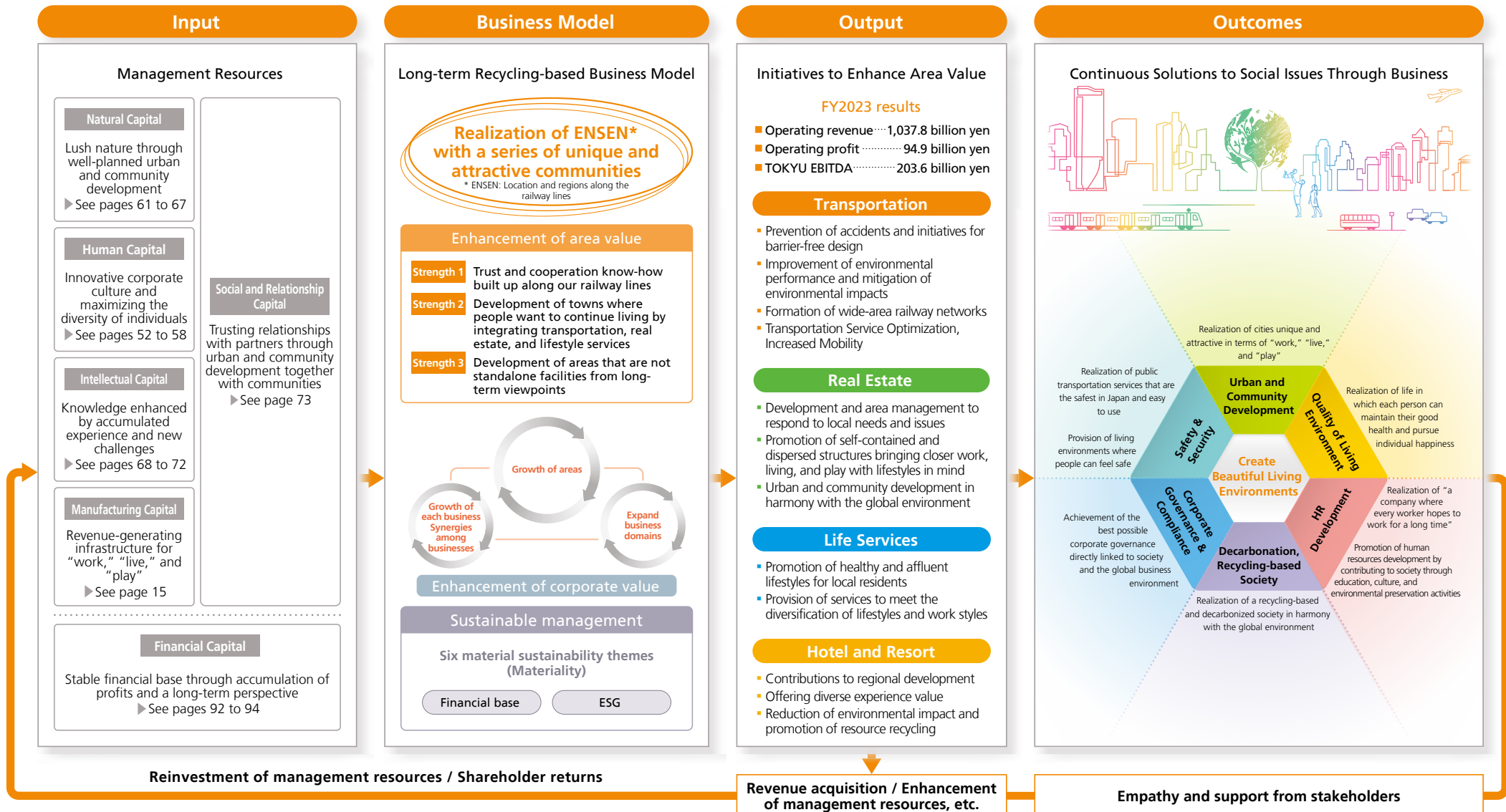
▼ Change in Operating Revenue



* Consolidated accounts have been applied since FY1977, the new consolidated accounts system and annual securities reports amendment have been applied since FY1999, and the Accounting Standard for Revenue Recognition has been applied since FY2021.

Value Creation Process – Creating beautiful living environments

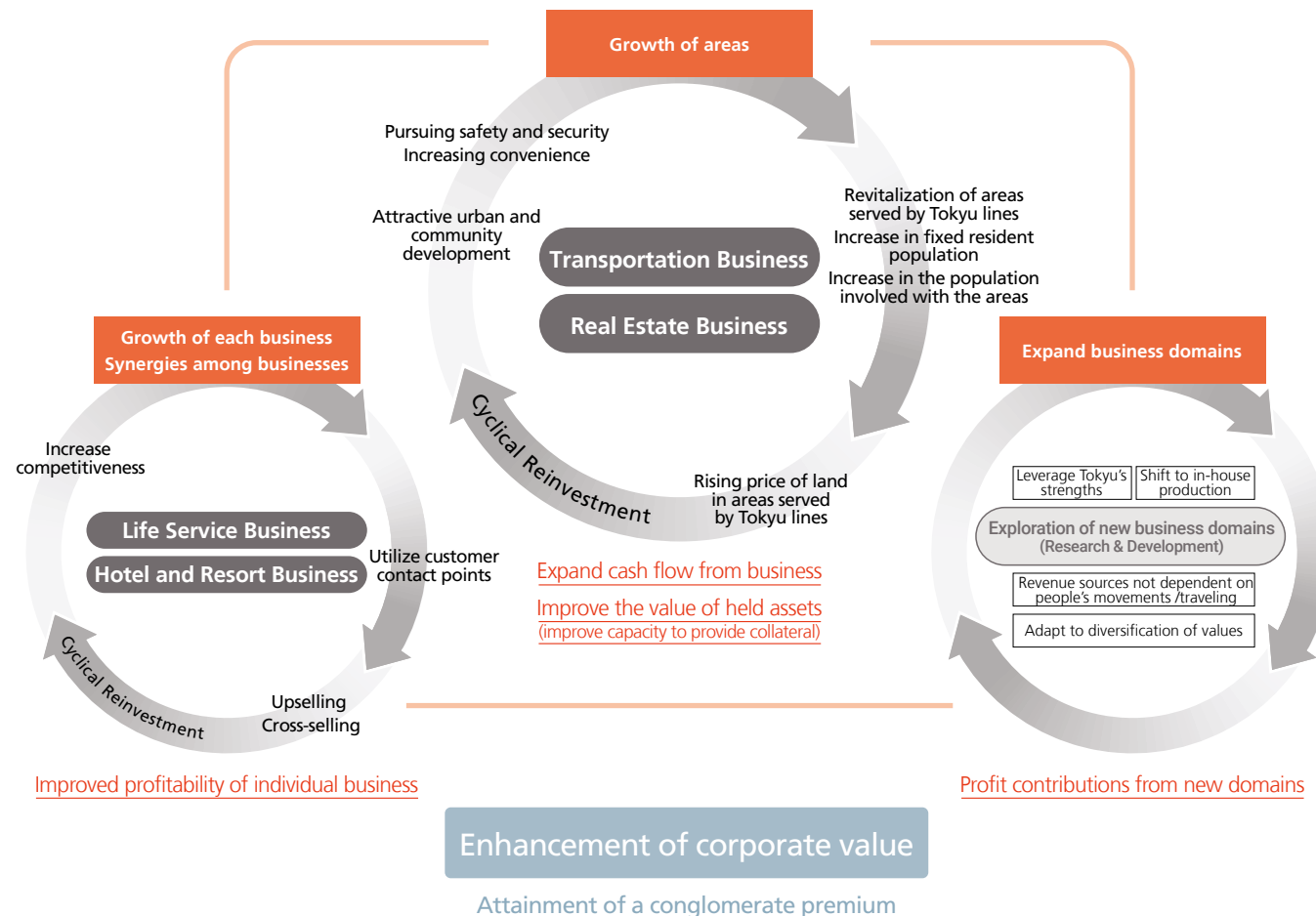
We will realize our Mission Statement of “Create beautiful living environments” by addressing the social issues surrounding us and utilizing our management resources to increase the value of the area and the company.



Business Model – Long-term Recycling-based Business Model

Our growth is intertwined with community growth, and enhancement of area value drives enhancement of corporate value. Our Long-term Recycling-based Business Model aims to achieve sustained enhancement of corporate value by area growth and synergies among businesses.

Leveraging strengths (▶ see pp.15–17) to realize Tokyu service areas with a series of unique and attractive communities



Achieving Conglomerate Premium by Maximizing Three-cycle Synergy

Area Growth Cycle

In addition to forming a highly convenient transportation network with our Transportation Business, we also plan for area growth by conducting wide-area real estate development centered around areas served by our railway lines. We then cyclically and cumulatively reinvest the revenues earned from each area back into the same area, continuously making the community and area more valuable. This cyclical reinvestment strategy serves to increase our revenue base.

Growth of Each Business and Synergies among Businesses Cycle

Through our Life Services Business and Hotel and Resort Business, we offer services attuned to the various life stages of each and every resident, thereby making communities more livable and thus more desirable. We utilize each businesses' customer contacts to achieve cross-selling and upselling, thereby maximizing synergies among businesses.

Expand Business Domains Cycle

By continuously responding to changing and diversifying values, we strive incessantly for services necessary to "globally admired communities." By entering into new domains where we can leverage the Group's strengths, we express our strategy of reconciling further area value enhancements with higher profits.

Competitive Advantages

Linking Strengths to Enhance Area Value

Strength1 Trust and cooperation know-how built up along our railway lines

Through Den-en-toshi Company and community-based urban development that began with Denen-toshi Company and continued thereafter in the Tama Den-en-toshi area following World War II, we are building strong relationships of trust through partnerships with local residents, visitors, governments, companies, and academic and research institutions. This relationship of trust and collaborative know-how is the source of our long-term recycling-based business model.

<Related pages>

▶ Case History (page 16) ▶ Intellectual Capital (pages 68 to 72)
▶ Co-creation with Stakeholders (page 73)

Strength2 Development of towns where people want to continue living by integrating transportation, real estate, and lifestyle services

In addition to improving transportation convenience, we are developing properties to take advantage of needs and opportunities in the area. At the same time, we will design a community that retains residents by providing services in tune with various life stages, resolving social issues and enhancing area value. We continue to refine and actualize our vision, leadership, and various practical experience in urban and community development.

<Related pages>

▶ Case History (page 17) ▶ Strategies and Achievements by Business (pages 36 to 44)

Strength3 Development of areas that are not standalone facilities from long-term viewpoints

The many distinctive communities along our railway lines are not developed in isolation, but are fully interconnected with other transportation networks. By combining the elements of each community, we are pursuing long-term, continuous enhancement of area value over a wide area that spans multiple municipalities along the railway lines.

By supporting urban infrastructure with more than just standalone facilities, we will expand urban and community development where people can feel the “richness” of people, nature, and society safeguarded by nature and culture in a safe and secure setting.

<Related pages>

▶ Case History (page 16) ▶ Fields of Business Expansion (pages 9 and 10)
▶ The Future of Railway Service Areas (page 18)

Major Management Resources (Inputs)

(As of March 31, 2024)

Manufacturing Capital		Social and Relationship Capital	
Number of Tokyu Railways stations and passenger carriages	99 stations 1,307 passenger carriages	Number of TOKYU POINT members	2.44 million
Office building space for lease	Approx. 361,000m ²	Number of Tokyu Lines Application downloads (excluding discontinued versions)	Approx. 430,000
Number of (directly managed) satellite shared office storefronts	126	Number of households connected to cable television	1.16 million
Department stores and Shopping centers	51	Number of Tokyu Hotels Comfort Members	850,000
Supermarkets	91		
Hotels/ Members-only resorts	65		
Human Capital		Natural Capital	
Number of employees (consolidated)	23,583	Urban landscape that systematically incorporates lush greenery and nature	
Percentage of female managers (Tokyu Corporation)	13.9%	Promotion of decarbonization and energy creation along Tokyu's railway lines	
Intellectual Capital		Financial Capital	
Accumulation and utilization of knowledge, acquisition of new knowledge		Cash flows from operating activities	145.3 billion yen
Realization of DX		Equity ratio	29.8%
		Interest-bearing Debt/TOKYU EBITDA* multiple	6.2 times
		Long-term senior debt rating	AA-(JCR) A+(R&I)

* TOKYU EBITDA = Operating profit + Depreciation + Amortization of goodwill + Disposal cost of fixed assets + Interest and dividend income + Investment gains (loss) from equity method

Competitive Advantages

Strength1

Trust and cooperation know-how built up along our railway lines



Strength3

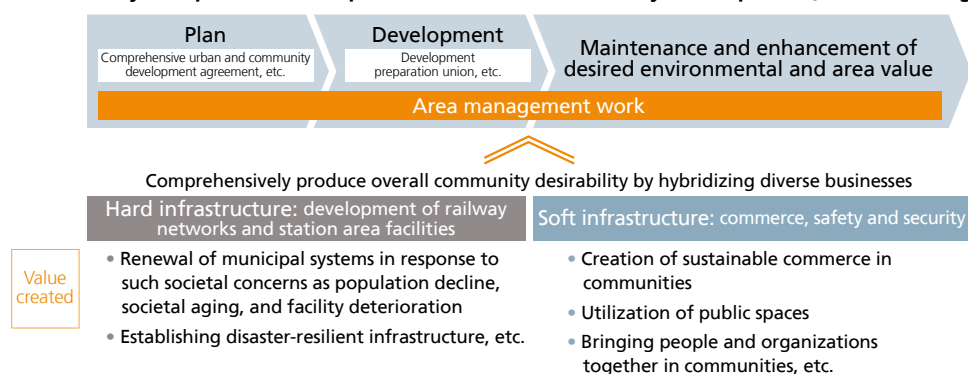
Development of areas that are not standalone facilities from long-term viewpoints

Urban and Community Development Promoted from Long-term Viewpoints in Unison with Communities

Tokyu Corporation continues to engage in community development with residents, visitors, government entities, businesses, academic institutions, and R&D organizations.

One of our techniques in doing so is area management, in which the various parties collaborate to make desirable communities by problem-solving and deregulation. This brings sustained growth and overall post-development community added value.

▼ How Tokyu Corporation Participates in Urban and Community Development (Reference Image)



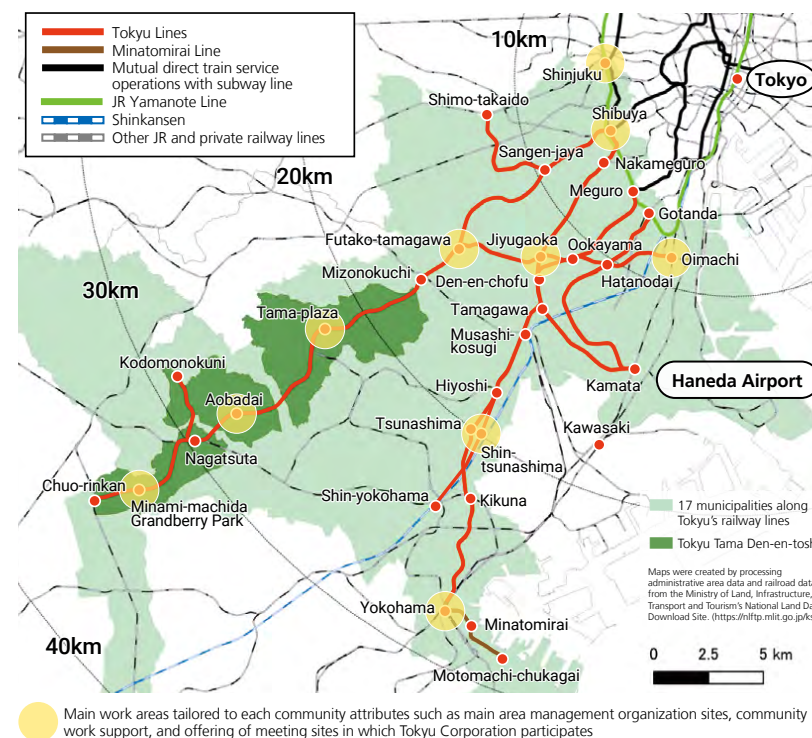
▼ Area Management Overview



Source: Based on Ministry of Land, Infrastructure, Transport and Tourism Land and Water Bureau Area Management Promotion 2010

Area Management Work Expanding in Areas Served by Tokyu's Railway Lines

Tokyu Corporation supports participation in the establishment and operation of Area management promotion organizations in all areas centered on areas served by Tokyu's railway lines, as well as community and organizational works. By putting down roots and taking a long-term viewpoint, we achieve service areas contiguous with unique and attractive communities.



Tokyu Corporation's Function

• Promotion of new value creation in areas

Further growth

• Power to solve various societal problems
• Power to rapidly and flexibly act to implement urban and community development work

Competitive Advantages

Strength2

Development of towns where people want to continue living by integrating transportation, real estate, and lifestyle services

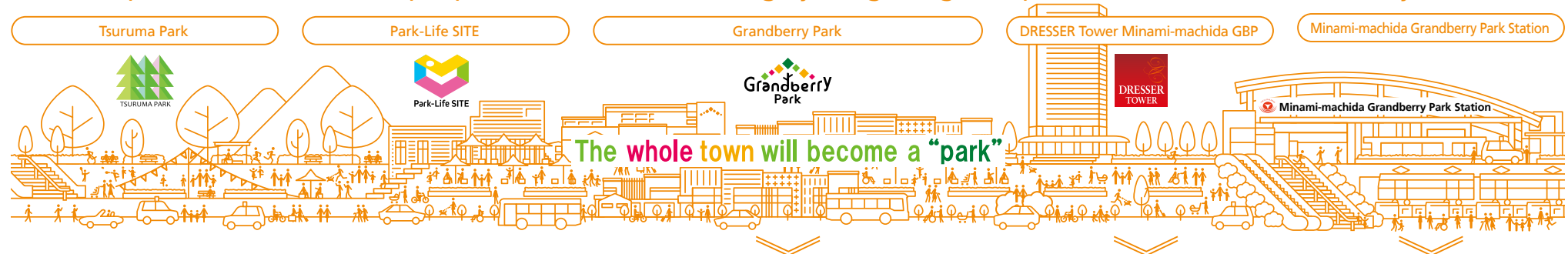
Minami-machida Grandberry Park

Minami-machida Grandberry Park, opened November 2019, is a project in which Machida City and Tokyu Corporation collaborate to create a “new center for living” by comprehensively redeveloping and reconstructing urban infrastructure, urban parks, commercial facilities, and urban housing. Our objective is a community in which nature and commerce come together, making entire communities into parks by seamlessly integrating train stations, commercial facilities, and parks, as part of a concept of the whole town will become a “park.” In March 2024, in addition to the initially established stations and commerce facilities, we completed the DRESSER Tower Minami-machida Grandberry Park condominiums with direct station connections, thereby expanding the community's residence functions.

▼ Urban and Community Development Benefits

	April 2017	April 2024	Change
Area population (people in 1km radius)	18,907	21,723	+14.9%
Machida overall	429,114	430,558	+0.3%
Area land value	With January 2017 being 100	119.6	+19.6%
Machida overall	With January 2017 being 100	103.4	+3.4%
	FY2016	FY2023	Change
Annual ridership (thousands)	12,522	16,504	+31.8%

Development of towns where people want to continue living by integrating transportation, real estate, and lifestyle services



- Tokyu Corporation and Machida City (establish the General Foundation Minami-machida wo Minna no Machi, an organization supporting work in area invigoration and branding)



- Tokyu Corporation (facilities development and operation)
- Tokyu Malls Development Corporation (commercial facilities operation)
- Tokyu Corporation, Tokyu Store Chain Co., Ltd., Tokyu Department Store Co., Ltd., Tokyu Gourmet Front Co., Ltd., Tokyu Recreation Co., Ltd., its communications Inc. (opening stores in commercial facilities, etc.)
- Tokyu Card, Inc. (billing and payment service), etc.



- Tokyu Corporation (condominium construction)
- Tokyu Lilia Corporation (sales agents) etc.



- Tokyu Railways Co., Ltd. (station renewals/express train stops)

The Future of ENSEN

– Urban and Community Development with an Eye toward Lifestyle Change and Diversification

Turning to urban and community development in areas served by our railway lines, we promote invigorated economic activity including strategically installing Work, Live, and Play functions in city centers, areas around city centers, and suburbs; creating community mobility demand which maximizes local resources that communities possess; and growth including but not necessarily limited to resident and transient populations.



In the Den-en-toshi Line Saginuma Station redevelopment business, plans call for diverse facilities including plaza, city hall, commercial facilities, and residential facilities.



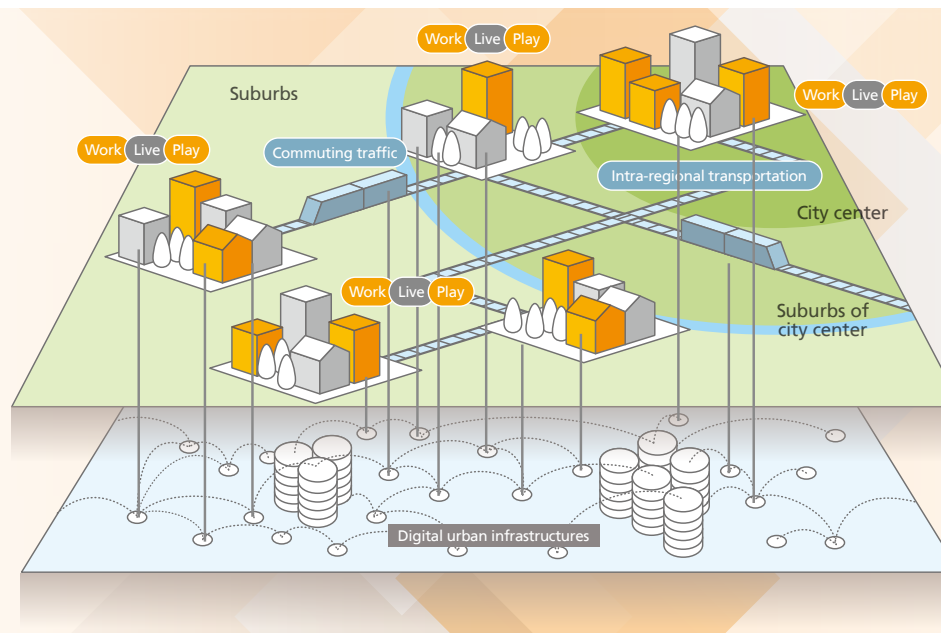
At Den-en-toshi Line Fujigaoka Station, we are planning urban and community development in which station-area facilities, hospital, and park are integrated.



nexus Challenge Park Hayano



Project for the Reorganization, Development, and Operation of Todoroki Ryokuchi



Functional arrangement of work, live, and play

We are proceeding to spread lifestyles in which people choose diverse styles of work and home life.

We aim for ENSEN* with a series of unique communities with various functions that further enhances value by satisfying the elements of people's lives such as work, live and play, according to the characteristics of each area.

* ENSEN: Location and regions along the railway lines

Stimulation and enhancement of demand for intra-regional travel

In order to transform the conventional profit structure centered on commuting to and from the city center, stimulate and enhance demand for intra-regional mobility, and link this with business growth, we will work on area branding that takes advantage of the individuality of the community, revitalization through collaboration with industry, government, and academia, and innovation in transportation such as MaaS.

Fusion of real and digital

By harnessing the Group's business characteristics closely tied to customers, we will scientifically understand changing lifestyles and optimize and transform them with the power of digital technology so that everyone can live more comfortably. We aim to offer new value that nurtures daily living and people's lives based on an understanding of customers and local communities.



Redevelopment Around Shibuya Station

We are carrying out improvement in flow lines and laying infrastructure together with developing multi-purpose buildings in the vicinity of Shibuya Station, which serves approximately a billion passengers annually. We are laying out a safe and comfortable community by increasing pedestrian convenience and improving disaster resilience.

Shibuya Scramble Square
© Shibuya Station Area Joint Building Operators



Shibuya Upper West Project

We are planning a multi-purpose facility combining retail, hotel, residential, and art and culture within the concept of "Tokyo's Urban Retreat"

Image by Proloog /
Copyright: Snøhetta



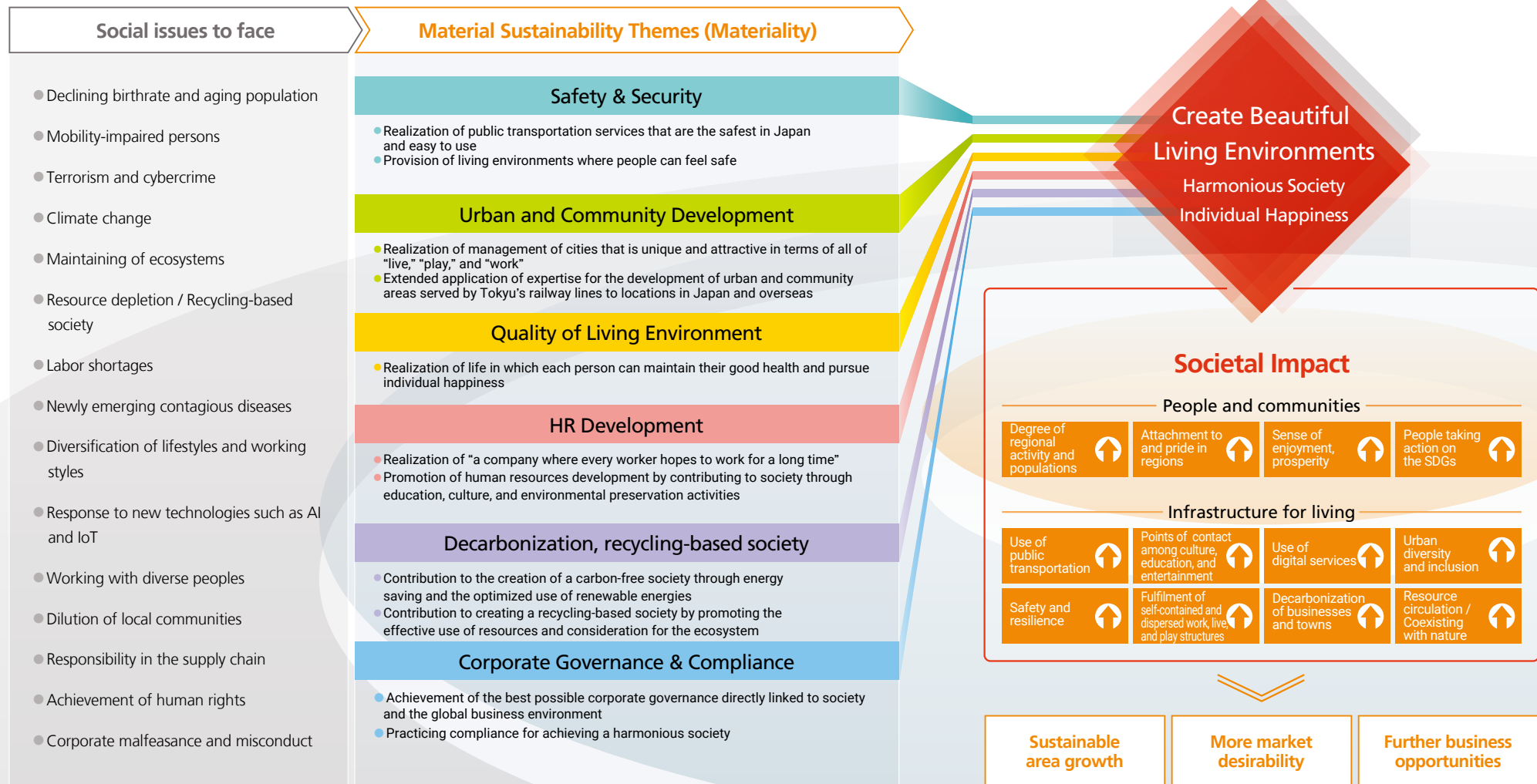
Riding Point began in April 2024



This is a deferred payment train riding service using credit cards, etc.

Create Beautiful Living Environments

Our growth is intertwined with the community growth, and we strive to create beautiful living environments by confronting material sustainability themes (materialities) and engaging with continuous solutions to societal problems through our businesses.



• Identification Process and Relevant Indices: Material Sustainability Themes
 ▶ See pages 47 and 48
 • Index Data: Non-financial Data ▶ See pages 95 and 96

• Index and Data: Non-financial Data ▶ See pages 97 and 98