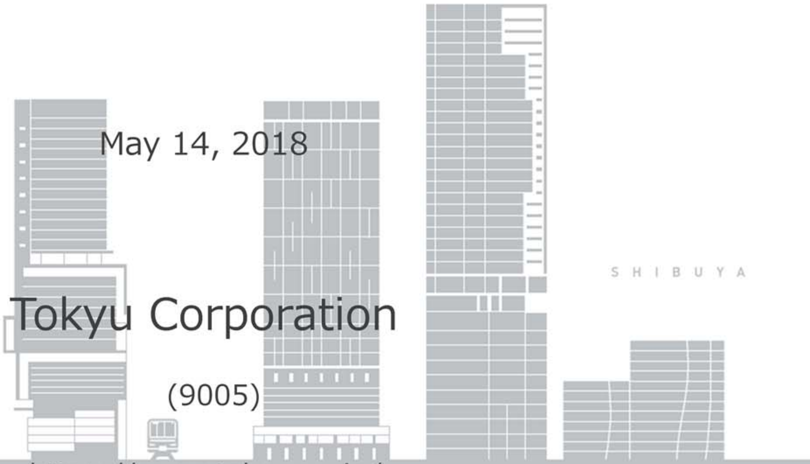
Results in FY2017
Presentation for Investments

May 14, 2018

Tokyu Corporation

(9005)



https://www.tokyu.co.jp/

Contents

Forward-looking statements

All statements contained in this document other than historical facts are forward-looking statements that reflect the judgments of the management of Tokyu Corporation based on information currently available. Actual results may differ materially from the statements.

Ⅰ. Executive Summary

Main Points in the Results for FY2017

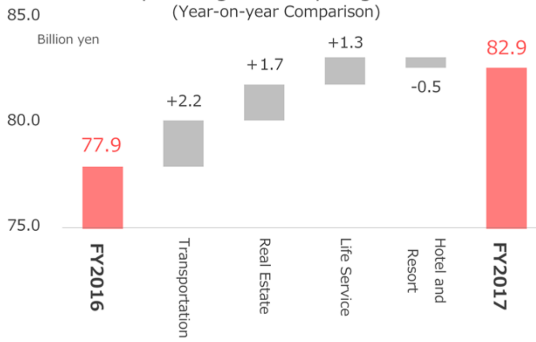
[Year-on-year comparison] Operating profit increased mainly due to increased revenue from the Company's Railway Operations Business as a result of population growth in areas served by the Company's railway lines. Profit attributable to owners of parent increased, mainly reflecting gain on the sale of fixed assets.

[Comparison to February] Progress was made generally as forecast in February.

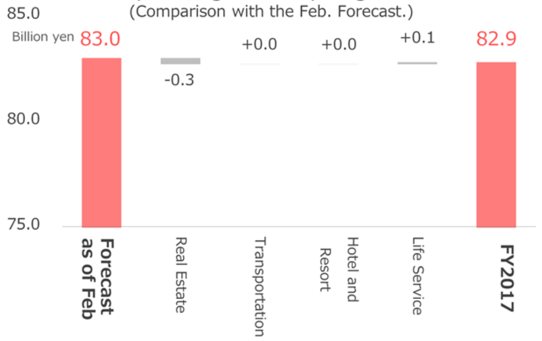
(Billion yen)

	Results	YoY Comparison		Comparison with Forecasts as of Feb.	
Operating Revenue	1,138.6	+ 21.2	(+ 1.9%)	- 0.7	(- 0.1%)
Operating Profit	82.9	+ 4.9	(+ 6.3%)	- 0.0	(- 0.1%)
Recurring Profit	83.7	+ 7.2	(+ 9.5%)	+ 1.0	(+ 1.3%)
Profit attributable to owners of parent	70.0	+ 2.8	(+ 4.2%)	+ 0.0	(+ 0.1%)

Operating Profit by Segment
(Year-on-year Comparison)



Operating Profit by Segment
(Comparison with the Feb. Forecast.)



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Main points in the results for FY2017

Operating revenue increased 21.2 billion yen to 1,138.6 billion yen.
Operating profit increased 4.9 billion yen to 82.9 billion yen.
Profit attributable to owners of parent increased 2.8 billion yen to 70.0 billion yen.

Operating revenue increased 21.2 billion yen and operating profit rose 4.9 billion yen, reflecting strong performances in businesses such as the transportation business and real estate business, which benefited from an increase in revenue from fares and the sale of capital turn over-type properties, respectively. Profit attributable to owners of parent hit a record high, partly reflecting gains on the sale of fixed assets in Hawaii.

In terms of comparisons with the February forecast shown on the lower right of the slide, the businesses are almost in line with projections.

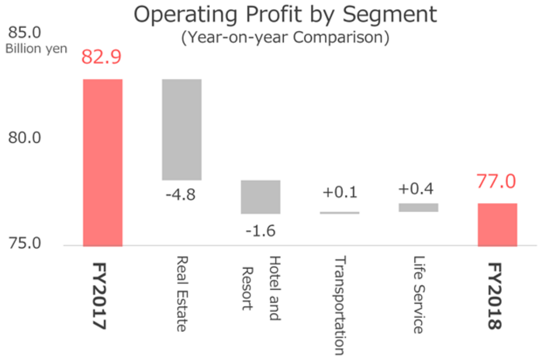
Main Points in Forecasts for FY2018

[Year-on-year comparison] While revenue increased mainly in the Real Estate Business, operating profit declined mainly due to the posting of sales of highly profitable properties in the previous fiscal year in Real Estate Sales of the Company. Profit attributable to owners of parent declined primarily due to the absence of the gain on sales of fixed assets posted in the previous fiscal year, in addition to the factor above.

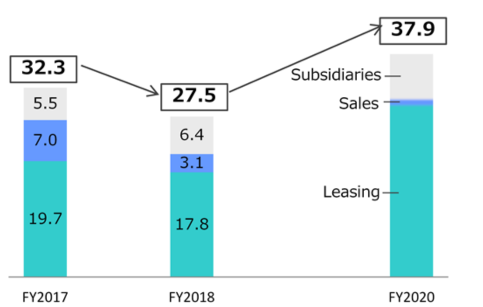
(Billion yen)

	Full Year Forecast	YoY Comparison
Operating Revenue	1,152.3	+ 13.6 (+ 1.2%)
Operating Profit	77.0	- 5.9 (- 7.1%)
Recurring Profit	75.5	- 8.2 (- 9.8%)
Profit attributable to owners of parent	51.0	- 19.0 (- 27.2%)

Operating Profit by Segment
(Year-on-year Comparison)



(Reference) Real Estate Segment
Operating Profit Trends (Unit : Billion yen)



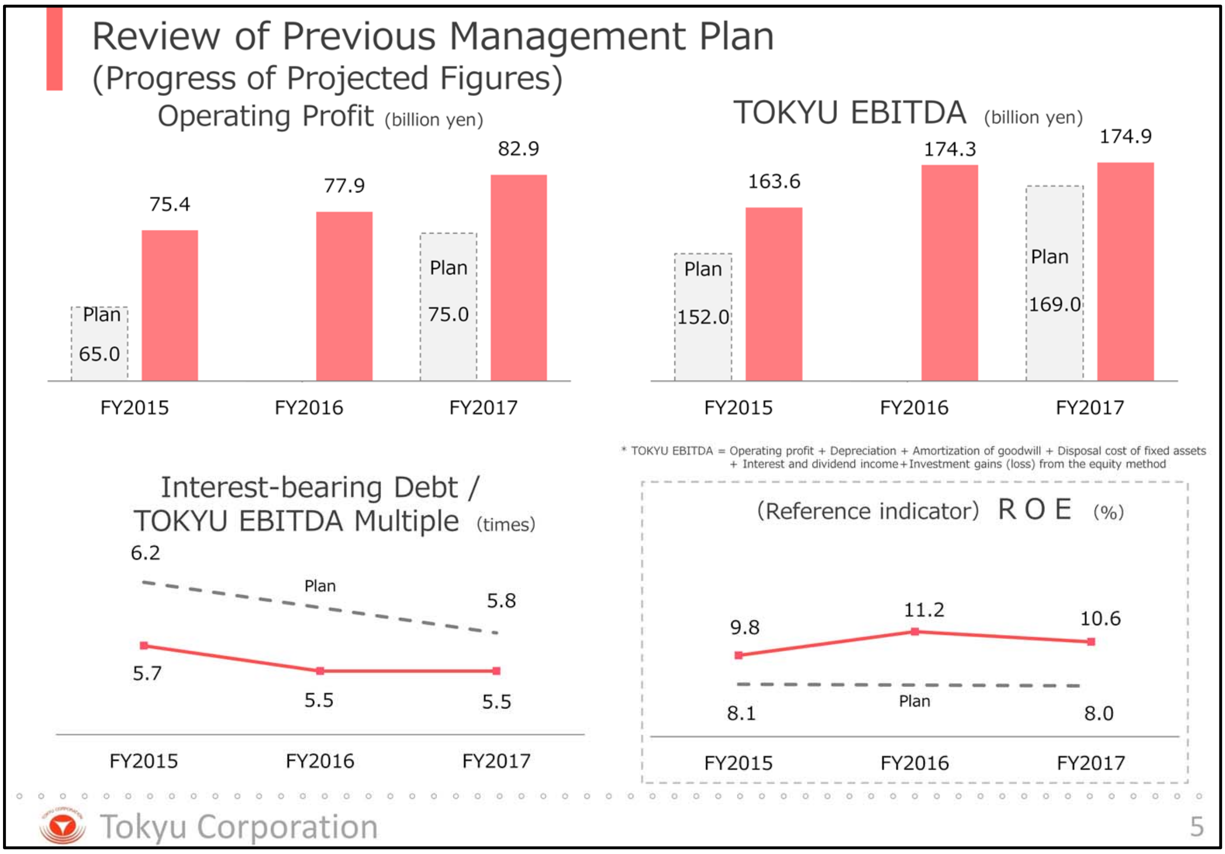
Main points in the forecasts for FY2018

Forecasts for fiscal 2018 are the same as in the figures in the three-year medium-term plan announced in March.

Operating revenue is expected to increase 13.6 billion yen to 1,152.3 billion yen.
Operating profit is expected to decline 5.9 billion yen to 77.0 billion yen.
Profit attributable to owners of parent is expected to expected to decline 19.0 billion yen to 51.0 billion yen.

Revenue will rise mainly in the real estate and transportation businesses. However, operating profit will decrease due to such factors as the sale of highly profitable real estate in the previous year and the posting of expenses for the launch of the real estate leasing business. Profit attributable to owners of parent is also expected to decline due to a backlash from the increase as a result of the sales of assets in the previous year.

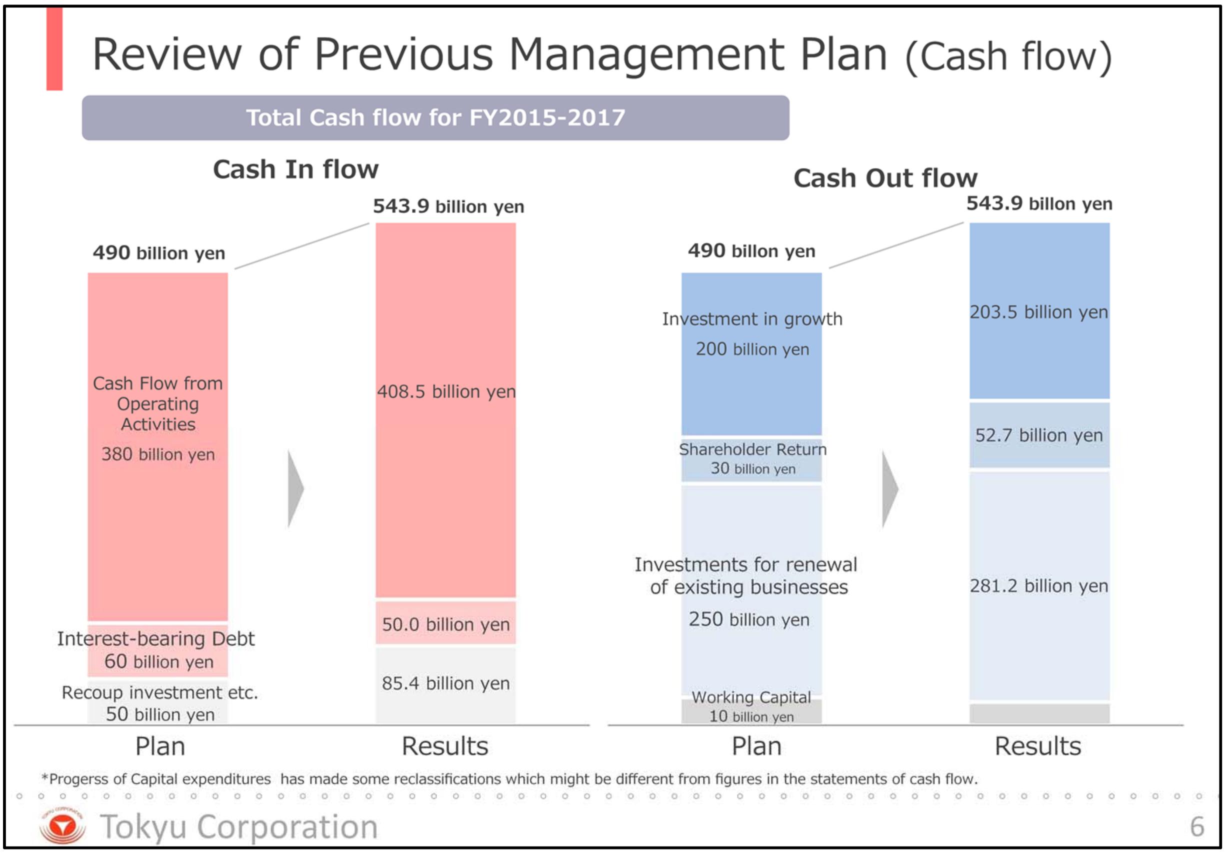
The bar graph on the lower right shows changes in operating profit in the real estate segment. As shown in the graph, operating profit is expected to fall in fiscal 2018 due to a decline in real estate for sales, which has long been held by the Company. That said, as we will explain later, we are currently in the process of structural reforms from sales to leasing, and expect that profits will increase significantly, mainly in the real estate leasing business by fiscal 2020, when large-scale development projects, such as the one for Shibuya, will start to contribute in terms of profitability.



Review of the previous management plan (numerical targets)

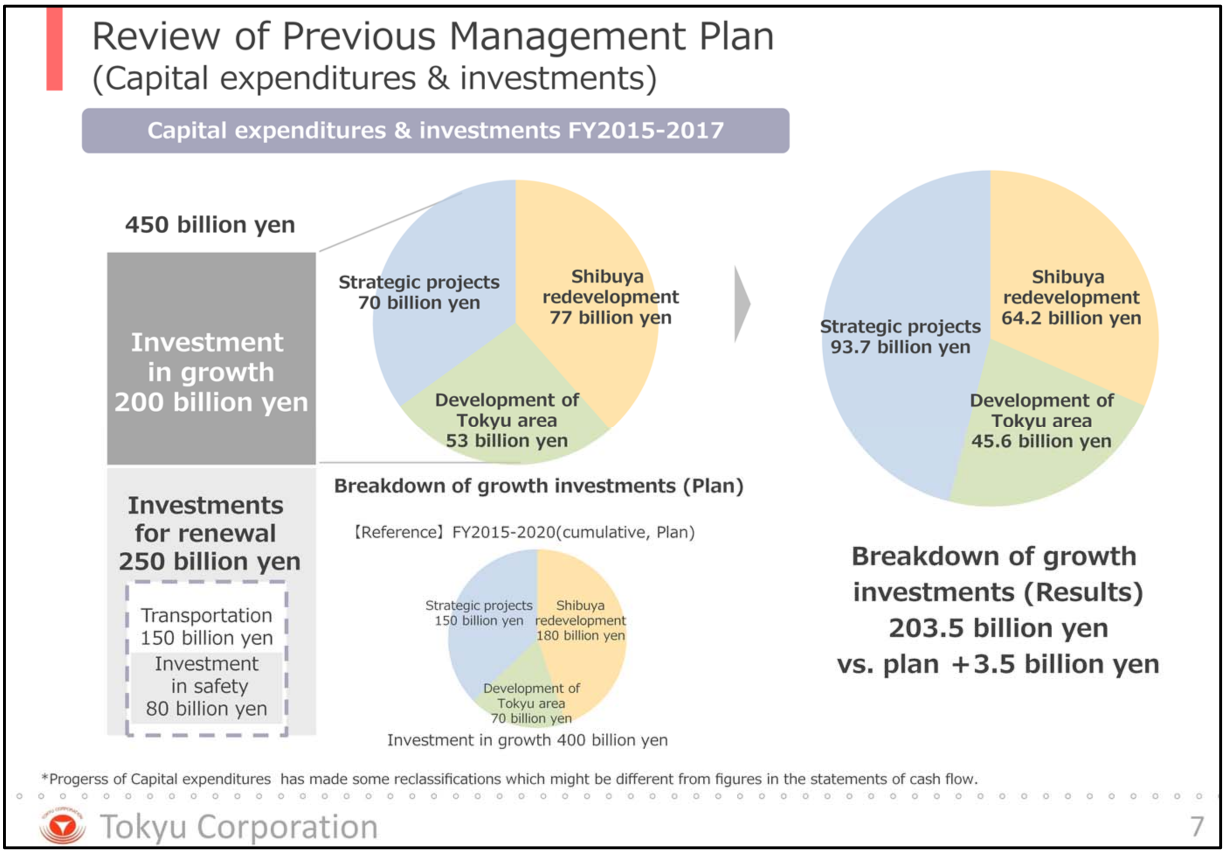
With the results of fiscal 2017 finalized, we will revisit the previous management plan. As indicated on this slide, we have achieved the plans in operating profit and Tokyu EBITDA and exceeded the overall numerical targets.

The result is mainly attributable to the effects of the establishment of a railway network and full-scale opening of Futako-Tamagawa Rise, as well as the strong performance of the hotel business due to an increase in the number of foreigners visiting Japan.



Review of the previous management plan (cash flow)

With regard to cash flow, we were able to allocate cash to investments and returns to shareholders during this three-year period, mainly thanks to increases in cash provided by operating activities.



Review of the previous management plan (progress in the investment plan)

Overall investments in growth exceeded the plan as a result of efforts to facilitate investments for strategic projects, such as the conversion of Tokyu Recreation Co., Ltd into a subsidiary, participation in the operation of Sendai International Airport and acquisition of new real estate leasing properties.

Ⅱ．Status of Management Plan Initiatives

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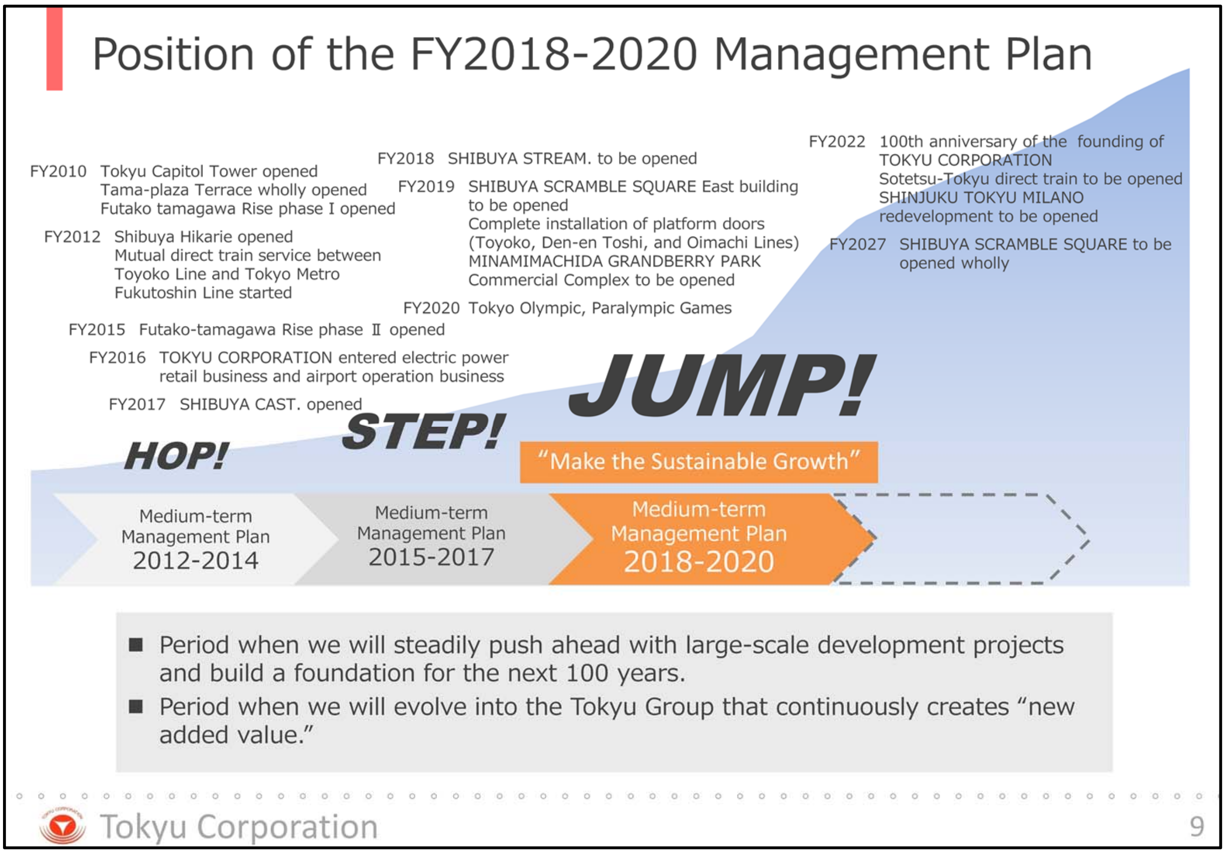


Position of the Management Plan (pages 9 to 13)
*Review of the medium-term management plan announced on March 27.

Next, we will present the points in the three-year medium-term management plan announced on March 27, and some of the projects that we are working on presently.

We have positioned the three-year period starting from fiscal 2018 as one in which we will build a foundation for the next 100 years and evolve into the Tokyu Group that continuously creates new added value, while at the same time steadily pushing ahead with large-scale development projects, including the one in Shibuya.

Basic Policies and Key Initiatives

"Make the Sustainable Growth"

Basic Policies

- **Sustainable "urban development"**
- **Sustainable "corporate development"**
- **Sustainable "HR development"**

Key Initiatives

(i) **Tirelessly pursue "safety," "security" and "comfort."** (Strengthen core railway business.)

(ii) **Increase SHIBUYA's global appeal.** (Realize "Entertainment City SHIBUYA.")

(iii) **Continuously improve the TOKYU area's value and life value.** (Demonstrate Group's all-round strength.)

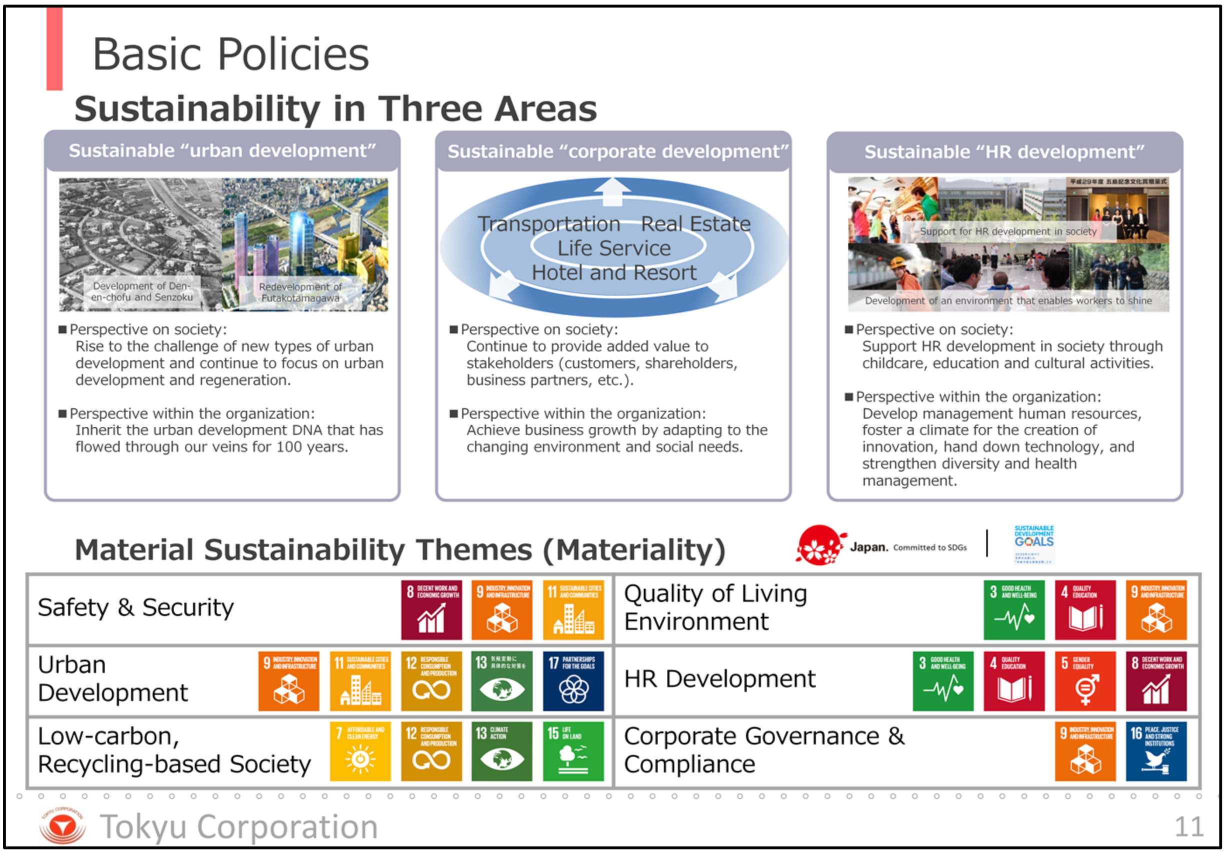
(iv) **Expand business through strategic alliances.** (Pursue collaborative creation with partners both inside and outside the Group.)

(v) **Make progress on workstyle innovation.** (Deploy TOKYU workstyle reforms.)

Basic policies in the Management Plan.

We have set "Make the sustainable growth" as the basic principle of the policies for the three-year period of the Management Plan.

The Company has been pursuing management from a long-term perspective with a focus on railway operations and development. Today, given the dramatically changing business environment, we have established five key initiatives, as shown here, from the perspective of sustainable "urban development", "corporate development" and "human resource development" as we move ahead over the next 50 to 100 years.



Basic Policy

(An explanation will be omitted.)

Management indices

	FY2018 Targets	FY2019 Targets	FY2020 Targets	FY2022 Targets
TOKYU EBITDA	175 billion yen	184 billion yen	206 billion yen	220 billion yen (200 billion yen)
Operating Profit	77 billion yen	78 billion yen	97 billion yen (90 billion yen)	110 billion yen (100 billion yen)
Interest-bearing Debt / TOKYU EBITDA Multiple	6.2 times	6.1 times	5.3 times	5-6 times (5-6 times)
(Reference indicator) Return on Equity (ROE)	7.2 %	7.2 %	8.4 %	9 % range

The figures in brackets are the figures under the Long-Term Corporate Strategy and previous management plan (formulated in 2015).

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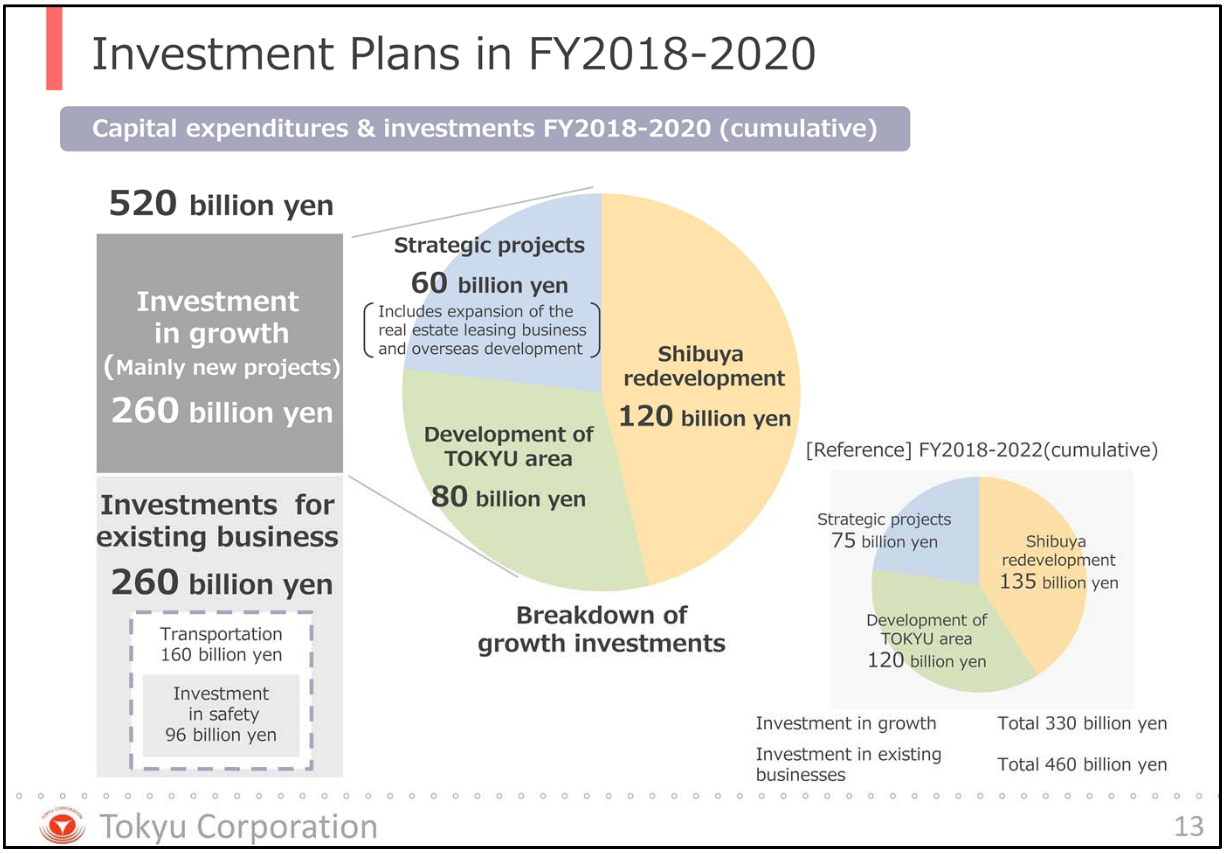
Numerical targets

We will proceed with the numerical targets in the Management Plan.

As we explained in the beginning, forecasts for fiscal 2018 and 2019 will be temporarily lower than the levels in fiscal 2017, partly reflecting an decrease in real estate sales. That said, we have set <u>97.0 billion yen</u> for fiscal 2020, when large-scale development projects start to contribute in terms of revenues and profits, and <u>110.0 billion yen for</u> <u>fiscal 2022</u>, <u>which marks the 100th anniversary of the Company since its foundation</u>, as new targets that exceed the long-term targets by <u>7.0 billion,</u> and 10.0 billion yen, respectively.

We also expect that we will be able to secure <u>8% or higher</u> for the ROE, a reference indicator, in <u>fiscal 2020</u> and beyond.

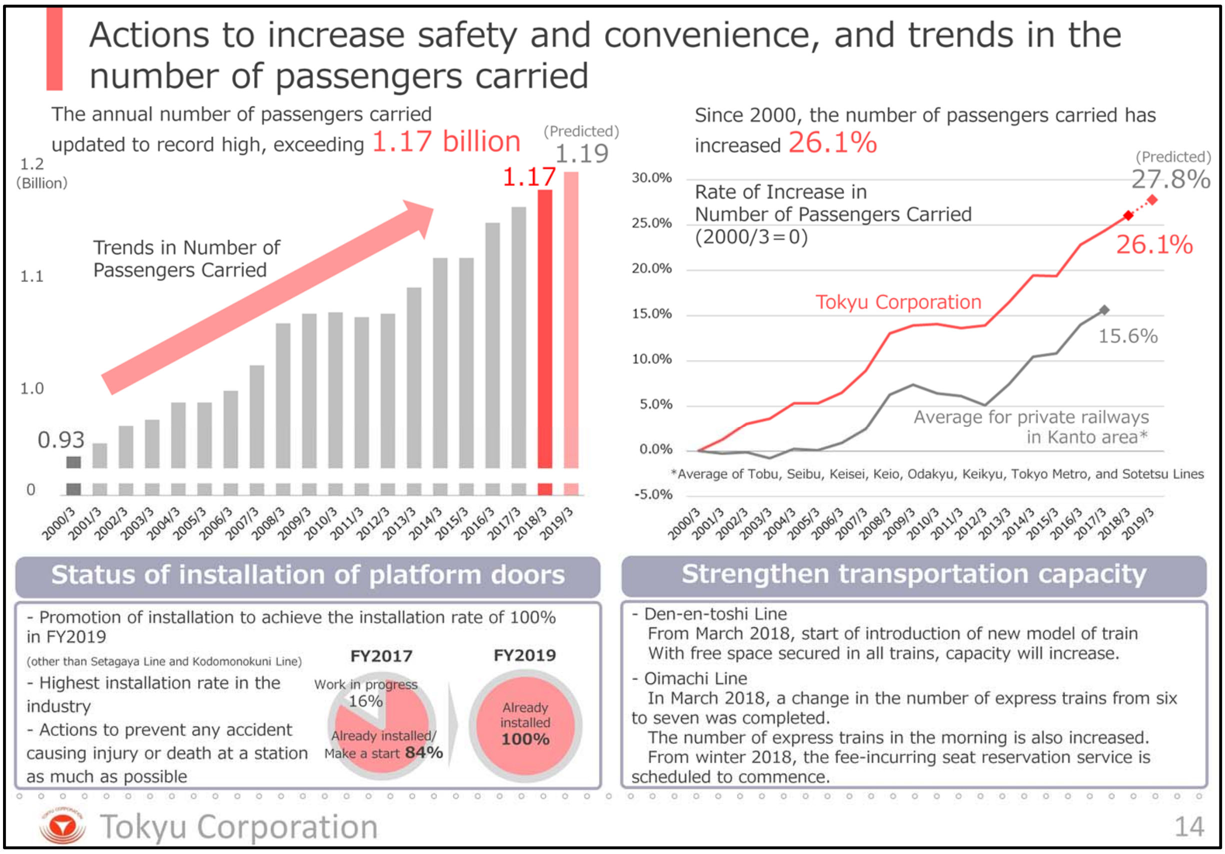


Investment plans

We will move on to the investment plans.

Investments for the three-year period amount to <u>520.0 billion yen in total</u>. We will allocate <u>260.0 billion yen equally to investment in growth and investments for existing businesses</u>.
In investment in growth, <u>Shibuya redevelopment accounts for 120.0 billion yen</u>, <u>the development of Tokyu area 80.0 billion yen</u> and <u>strategic projects 60.0 billion yen</u>, respectively

With regard to existing businesses, investment in transportation accounts for <u>160.0 billion yen, or 60% of the total investment</u>, and investment in safety is expected to amount to <u>96.0 billion yen</u>, up 20% from the previous plan. Through these investments, <u>we will take every possible measure to continue to provide safe transportation services and improve comfortability</u>.



Railway business (actions to increase safety and convenience and the number of passengers carried)

Here, we will touch upon the businesses that we are currently operating.

The number of passengers carried is increasing steadily due to a continuous increase in the population of the Tokyu area. In this situation, we will take concrete measures to pursue safety, security and comfort, one of our key initiatives.

As we have already announced, we will promote the installation of all platform doors ahead of the industry and take actions to prevent any accident causing injury or death as much as possible.

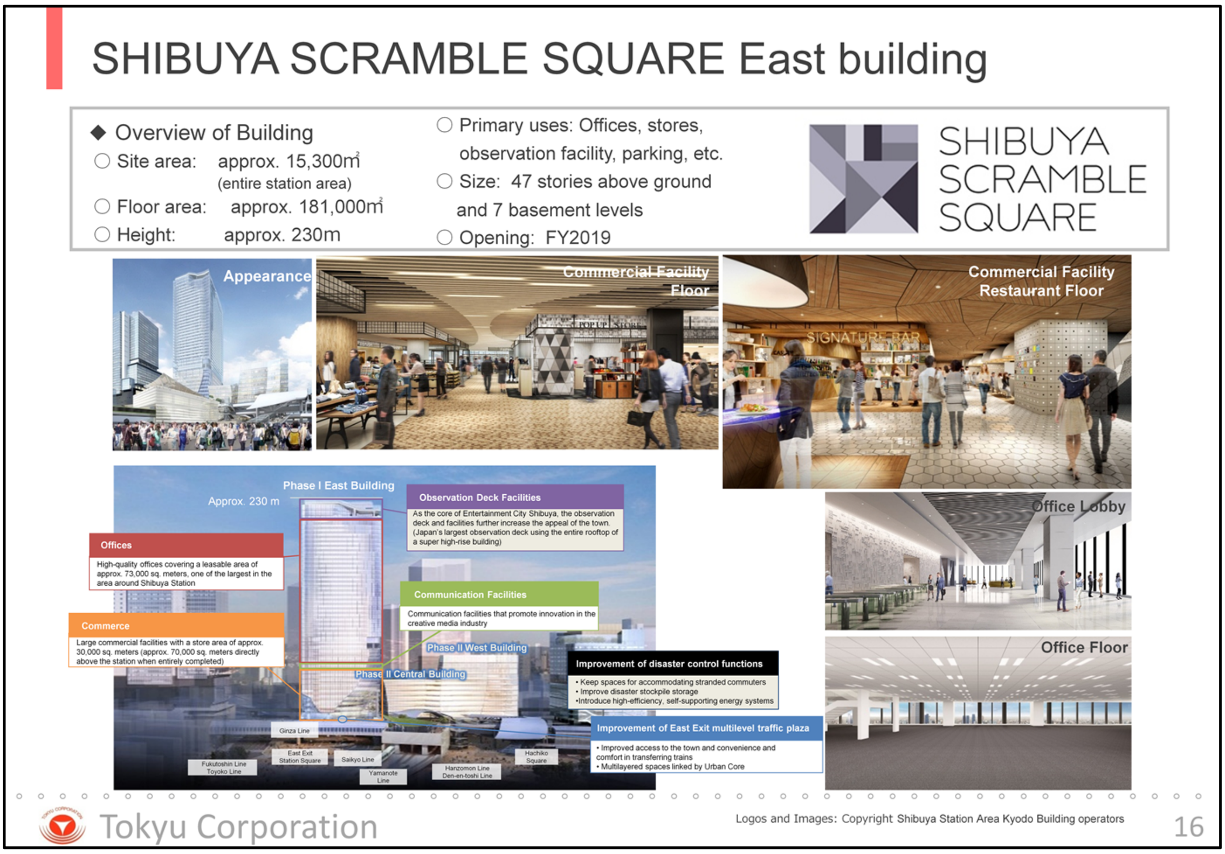
To strengthen the transportation capacity, we started to introduce a new model train car for the first time in 16 years on the Den-en-toshi Line to increase the capacity and improve comfort. In addition, we completed the change in the number of train cars for all the express from six to seven on the Oimachi Line.

Projects to be launched around Shibuya Station

We will launch three projects in the next three years in Shibuya.

This fall, Shibuya Stream, featuring Google's headquarters, a hotel, commercial facility and event halls, will be opened at the former site of Shibuya Station for the Toyoko Line, and Shibuya Daikanyama R Project will also open at the former site of the Toyoko Line in the Shibuya and Daikanyama district.

We will recover the clear stream of the river, create a promenade featuring a riverfront area and the new flow for people at the former site connecting the two properties, including the establishment of traffic lines connected directly to Shibuya Station.



Shibuya Scramble Square

The Shibuya Scramble Square East Building, with a height of 230 meters, will be completed in 2019.

The building is expected to be at the forefront of information on business and culture, because it features industry-academia collaboration facilities and large-scale commercial facilities as well as one of the largest office spaces in Shibuya. Furthermore, equipped with one of Japan's largest observation decks on the rooftop, it will be Shibuya's new landmark tower commanding a panoramic view of Tokyo.

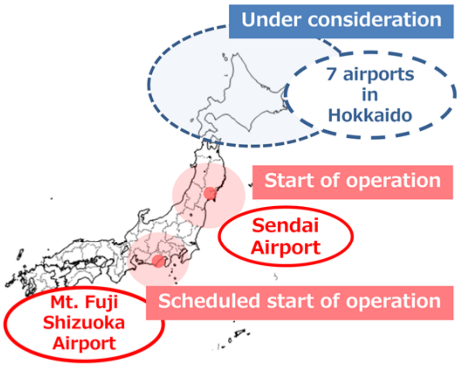
Shinjuku Tokyu Milano Redevelopment Plan

One of the redevelopment projects following Shibuya that we are considering is a commercial complex comprised of hotels, stores as well as entertainment facilities such as cinemas, theaters and live concert halls, which will be constructed at the former site of Tokyu Milano in Kabukicho, Shinjuku.

Operators are working on proposals for urban planning. Going forward, we will go through the process of discussions with administrative institutions and promote the project, with a view to create a new base for urban tourism.

Expansion of the airport management business through strategic alliances

Construct a business base in each region toward growth including the related group business.



◆ Revenue from individual airport management business

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◆ Business expansion from the airport business into the group business

(in addition to the capital region around Tokyo, Tohoku, Shizuoka/Izu, Hokkaido, etc.)

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◆ Involvement in concession business centered around the airport business

(business support, etc., Global Infrastructure Management Co., Ltd.)

Sendai Airport	Japan's first project for the privatization of an airport managed by the national government Number of passengers in FY2017: 3.43 million persons (up 8.7% year on year), reaching a record high (The previous largest number of passengers was 3.38 million persons in FY2006.)
Mt. Fuji Shizuoka Airport	The airport closest to Mt. Fuji, one of the best tourist sites in Japan (many users of international flights) The airport management business is scheduled to start in April 2019 (an affiliate accounted for using the equity method)

Expansion of the airport management business through strategic alliances

We are making steady progress in the airport management business through strategic alliances, including a record high number of passengers who used Sendai Airport in fiscal 2017. Sendai Airport is the first case in which the management is commissioned to a private company.

We also concluded a basic agreement on the management of Mt. Fuji Shizuoka Airport with Shizuoka prefectural government. Not to mention raising revenues from businesses including those addressing inbound demand, we will promote our business in collaboration with businesses operated by the Group companies in Shizuoka and Izu. Furthermore, by making the most of our management expertise, we will continue to develop an opportunity to acquire concessions with a focus on airport management through joint efforts with strategic partners.

New store openings, etc. in the hotel business

Tokyo Bay Tokyu Hotel

- To be opened in May 1, 2018
- Will be opened as another large-scale hotel in the two major theme park areas of Tokyo and Osaka, following the Park Front Hotel at Universal Studio Japan™.
- Urban resort hotel with all guest rooms overlooking Tokyo Bay
- Number of guest rooms: 638

Kawasaki King Sky Front Tokyu REI Hotel

- To be opened in June 1, 2018
- Will be opened in the King Sky Front, an international strategic base located opposite Haneda Airport, which is a district where many life science research and development facilities are based.
- The world's first hotel utilizing low-carbon hydrogen obtained from waste plastic as electricity, heat and other energy considering the environmental activities
- Number of guest rooms: 186

Project for west block at the south exit of Mishima Station

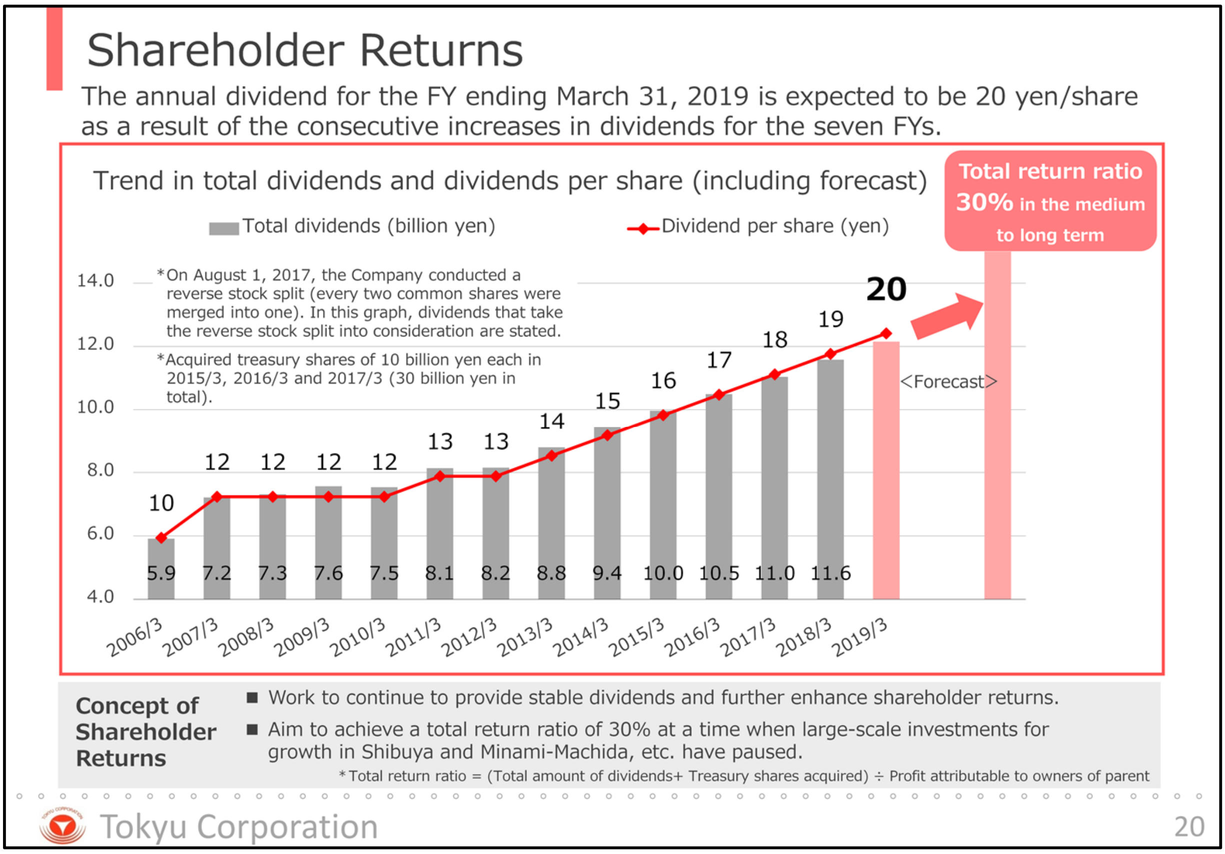
- Scheduled to be opened in 2020.
- Store opening at Mishima facing Mt. Fuji, one of the popular sites along the golden route, with target customers both in Japan and abroad
- Urban resort hotel to create new demand as a base for tourism in Hakone and Izu, offering a beautiful view of Mt. Fuji and delicious fresh food from Suruga Bay
- Number of guest rooms: approx. 200

New hotel openings.

The Tokyu Hotels Co., Ltd. will proactively open new hotels in the next three years.

Subsequent to Tokyo Bay Tokyu Hotel that opened recently in the coastal area of Shin-Urayasu, Kawasaki King Sky Front Tokyu REI Hotel, which provides a panoramic view of Haneda Airport across the Tama River, will commence operation next month.

The company is also working on the redevelopment of a facility comprised of a hotel and commercial facilities in front of Mishima Station, a base for Mt. Fuji tourism. The facility is scheduled to be opened in 2020.



Policy for shareholder returns

We are aiming to increase dividends while simultaneously providing stable and continuous dividends. Based on this policy, we have decided to increase the annual dividend by one yen to 20 yen/share. In addition, as we announced in the medium-term management plan, we will seek to achieve a total return ratio of 30% when large-scale development projects in Shibuya and Minami-machida are well underway, thereby further enhancing shareholder returns.