

Three-year Medium-term Management Plan

(FY2018 – 2020)

“Make the Sustainable Growth”

March 27, 2018

TOKYU CORPORATION (9005)

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



Contents

I. Review of Previous Management Plan and Positioning of Current Medium-Term Management Plan	2
II. Long-Term Vision, Long-Term Corporate Strategy & Business Environment	5
III. Basic Policies in the FY2018-2020 Management Plan	9
IV. Key Initiatives	16
V. Projected Figures	39

“Forward-looking statements”

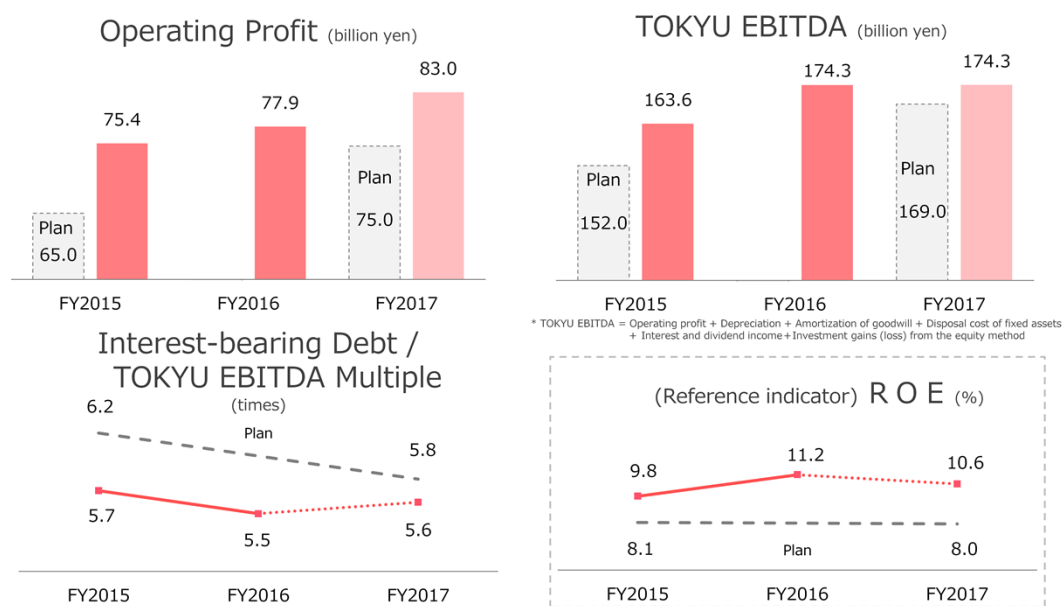
Of the information and statements contained in this material, those other than historical facts from the past are forward-looking statements, and they are based on the management judgments of the Company derived from the information available to the Company at this time. Please note that the actual results may differ from these statements for this reason.



I. Review of Previous Management Plan and
Positioning of Current Medium-Term
Management Plan

Review of Previous Management Plan

- Company-wide projected figures were all achieved.



Tokyu Corporation

3

■ Review of Previous Management Plan

○ First, we will review the previous management plan. Both operating profit and TOKYU EBITDA achieved the targets. We achieved all the numerical targets overall.

○ The major causes were the effect of the establishment of the railway network and the full-scale opening of Futako Tamagawa Rise and the good performance of the hotel business due to the increase in foreign visitors to Japan.

○ Other than the numerical aspects, with respect to new business promised in the previous plan, there were good results for the following: the start of the operation of Sendai Airport, Japan's first consignment of the operation of a government-managed airport to the private sector; the start of the electric power retail business; and the creation of new business under the program for the development of in-house entrepreneurs.

We considered that the targets were fully achieved in terms of both quantity and quality.



■ Positioning of this Management Plan

○ This management plan is for the third period of the management plans that I (Nomoto) have made with Senior Managing Director Takahashi since I assumed the role of President.

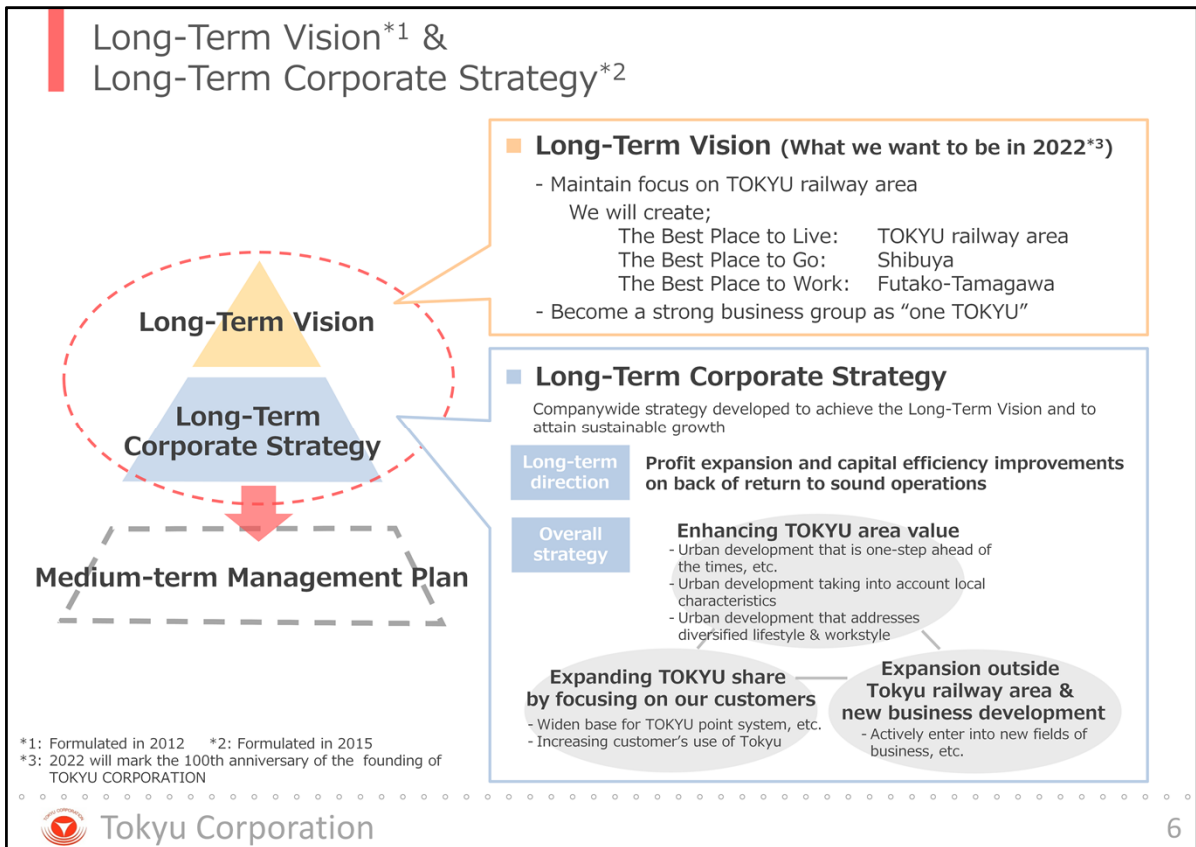
It is a plan that can be seen as a culmination, corresponding to "JUMP" of HOP, STEP and JUMP.

○ The three years under this Management Plan are considered to be the period for steadily pushing ahead with the following large-scale development projects:

SHIBUYA STREAM, SHIBUYA SCRAMBLE SQUARE East building and MINAMIMACHIDA GRANDBERRY PARK ;

and to build a foundation for the next 100 years and evolve into the Tokyu Group that continuously creates "new added value."

II. Long-Term Vision, Long-Term Corporate Strategy & Business Environment



■ Long-Term Vision & Long-Term Corporate Strategy

○ This slide shows the relationship between the latest medium-term management plan and the long-term vision and long-term corporate strategy.

○ As shown above, the Company developed the long-term vision "Three No.1s in Japan and One Tokyu" as the ideal to achieve by 2022, which is the 100th anniversary of its foundation.

The latest management plan is also based on this.

Our Business Environment

1. Demographic changes

Regional population gap
Serious labor shortages
Increase in momentum for workstyle reforms

2. Changes in consumer behavior and customer contact points

Changes in consumer attributes and lifestyles
Rise of e-commerce
Expanding use of Big Data

3. New business opportunities emerging

Infrastructure development is focused in the heart of Tokyo
Preparation for the 2020 Tokyo Summer Olympic, Paralympic Games/special wards
Growth of inbound traffic
Advances in technology

4. Competition in the global arena

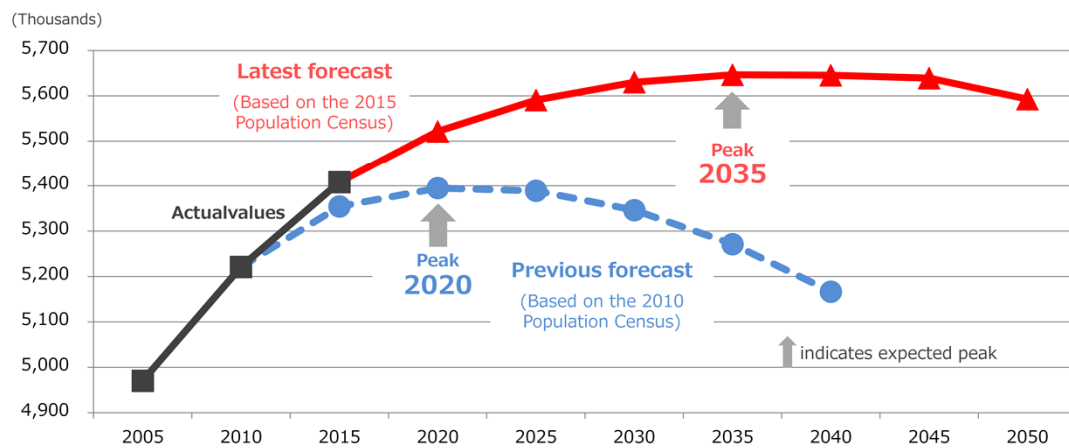
Sharp growth in markets in Asia
Rapid increase in competition between international cities
Improvement of competitiveness of Tokyo



Demographics in the TOKYU Area

- In the TOKYU area, the population peak is expected to move back from the existing prediction by about 15 years.
- Meanwhile, the working-age population has begun decreasing in the suburbs.

Population in 17 cities and wards along TOKYU lines



Based on the 2015 Population Census: Calculated independently in cooperation with Japan Transport Research Institute (2017 estimate) Based on the 2010 Population Census: National Institute of Population and Social Security Research (2013 estimate)

■ Business Environment Surrounding the Tokyu Group

○ Next is the business environment surrounding the Company.

○ The area along the Tokyu Line, which makes most of the consolidated profits of the Company, will see its population peak in 2020 according to the previous forecast. However, the latest data forecasts that the population will continue to increase until 2035. This can be considered as our achievement of our urban development such as Shibuya, Futako Tamagawa and Tama Plaza.

○ Meanwhile, in many areas, the advancement of aging and a decrease in the working-age population can be seen. Considering the future deterioration of the decreasing birth rate and aging population, one issue is how the liquidity of residents in the Tokyu area should be stimulated. In addition, from a long-term perspective, it will become more important to secure sources of income other than the Tokyu railway area, including overseas.

○ In addition, with regard to the external environment, the business environment surrounding the Company has been changing significantly at a speed and on a scale never seen before; for instance, a serious shortage of workers, the rapid progress of technologies and a change in consumption due to the rise of EC.

○ To respond to such radical changes around the world, with the hope of being a company that continues to grow sustainably, the slogan under the Management Plan is as follows.

III. Basic Policies in the FY2018-2020 Management Plan

“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 under the Management Plan
- The slogan under the Management Plan is “Make the Sustainable Growth.”
- The slogan “Make the Sustainable Growth” consists of three “sustainable” policies:
 - First, sustainable “urban development”
 - Second, sustainable “corporate development”
 - And third, sustainable “HR development.”
- The key initiatives for achieving the three sustainable policies are the following five actions:
 - Tirelessly pursue “safety,” “security” and “comfort” to achieve a stronger railway business
 - Increase SHIBUYA’s global appeal toward the redevelopment of Shibuya, a once-in-a-century project
 - Continuously improve the TOKYU area’s value and life value to create areas along the railway that continue to grow sustainably
 - Expand business through strategic alliances to build up stable bases both in Japan and abroad
 - Make progress on workstyle innovation toward TOKYU “workstyle reforms”

Basic Policies

Sustainability in Three Areas

<p>Sustainable "urban development"</p>  <ul style="list-style-type: none"> ■ Perspective on society: Rise to the challenge of new types of urban development and continue to focus on urban development and regeneration. ■ Perspective within the organization: Inherit the urban development DNA that has flowed through our veins for 100 years. 	<p>Sustainable "corporate development"</p>  <ul style="list-style-type: none"> ■ Perspective on society: Continue to provide added value to stakeholders (customers, shareholders, business partners, etc.). ■ Perspective within the organization: Achieve business growth by adapting to the changing environment and social needs. 	<p>Sustainable "HR development"</p>  <ul style="list-style-type: none"> ■ Perspective on society: Support HR development in society through childcare, education and cultural activities. ■ Perspective within the organization: Develop management human resources, foster a climate for the creation of innovation, hand down technology, and strengthen diversity and health management.
---	---	---

Material Sustainability Themes (Materiality)



Safety & Security		Quality of Living Environment	
Urban Development		HR Development	
Low-carbon, Recycling-based Society		Corporate Governance & Compliance	

Basic Policies

○ The Tokyu Group originates from the development of land for houses in Den-en-chofu and Senzoku in the Taisho era.

This year is the 100th anniversary of the Company's establishment (then Den-en-toshi Company).

○ In the same way that Meguro-Kamata Railway Company, the predecessor of the Company, constructed together with the development of land for houses, urban development centered around railway and development from a long-term perspective is still the Company's effective business model. Since its foundation, the perspective of sustainability has always formed part of the business management of the Company.

○ However, while the business environment is changing rapidly, we need to adapt to any change in the times in order to continue to grow in the future. The Management Plan summarized the ideals in the next 50 and 100 years in terms of internal and external affairs from the three perspectives of sustainable "urban development," "corporate development" and "HR development."

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).



Tokyu Corporation

12

■ Numerical Targets

○ Next, we announce the numerical targets under the Management Plan.

○ The Management Plan is for the period of the final stage corresponding to “JUMP” of HOP, STEP and JUMP and a period for building a foundation for the coming 100 years by steadily pushing ahead with large development projects.

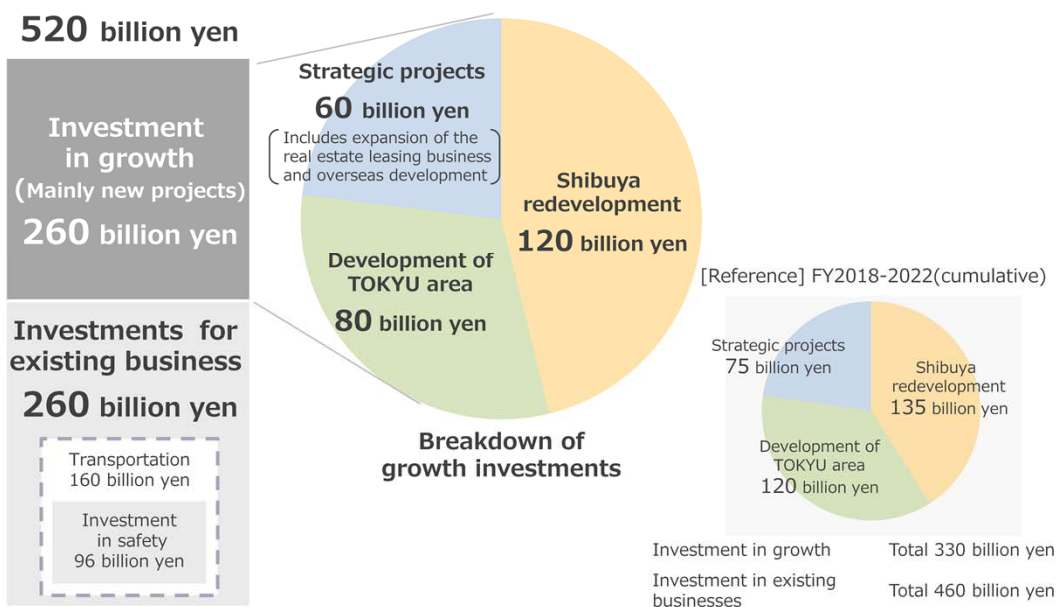
○ As shown above, the targets for operation profit are 97 billion yen for FY2020, exceeding the previous target by 7 billion yen, as large development projects will contribute to profits, and over 110 billion yen for FY2022, which is the 100th anniversary of the Company's foundation, exceeding the previous target by 10 billion yen.

These are the numerical targets that are appropriate for the “JUMP” phase.

○ The reference indicator, ROE, is expected to be 8% or above from FY2020.

Investment Plans in FY2018-2020

Capital expenditures & investments FY2018-2020 (cumulative)



Tokyu Corporation

13

■ Investment Plans

○ Next are the investment plans.

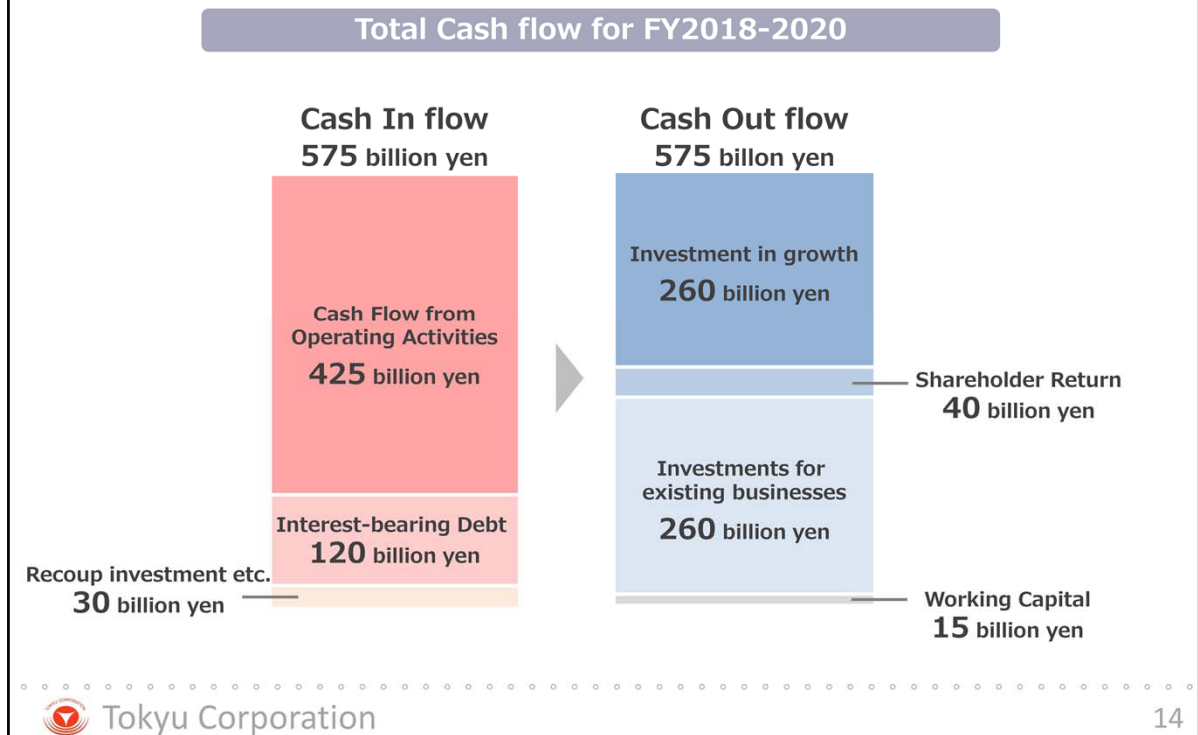
○ The capital expenditures for these three years are 520 billion yen in total.

260 billion yen is allocated to both investment in growth and investments for existing business.

The breakdown of growth investments is 120 billion yen for the Shibuya redevelopment, 80 billion yen for the development of the TOKYU area and 60 billion yen for Strategic projects.

Of investments for existing business, 160 billion yen, a little over 60% of the whole, will be allocated to transportation, and 96 billion yen, which is an increase of 20% from the previous plan, will be input into investment in safety to take all possible measures to ensure stable transportation and increase comfort.

Cash flow Plans in FY2018-2020



■ Cash Flows

○ Mainly for the investments explained above, cash outflows will be 575 billion yen in total over three years.

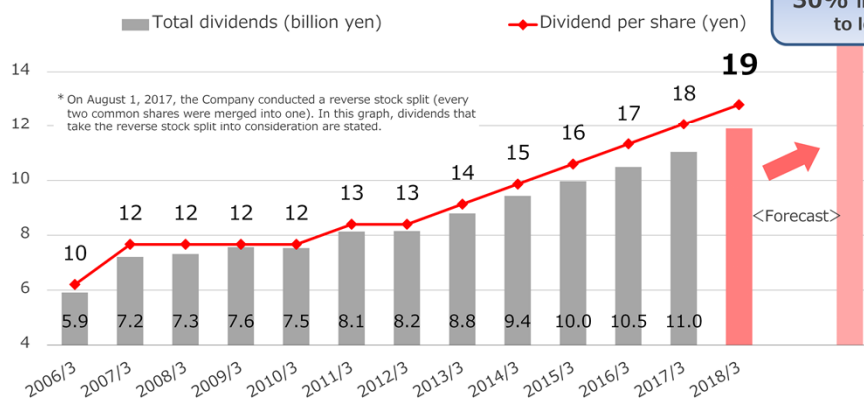
Accordingly, interest-bearing debt will also be used to achieve sustainable growth.

Concept of Shareholder Returns

- Work to continue to provide stable dividends and further enhance shareholder returns.
- Aim to achieve a total return ratio of **30%** at a time when large-scale investments for growth in Shibuya and Minami-Machida, etc. have paused.

*Total return ratio = (Total amount of dividends+ Treasury shares acquired) ÷ Profit attributable to owners of parent

Trend in total dividends and dividends per share (including forecast)



* Acquired treasury shares of 10 billion yen each in 2015/3, 2016/3 and 2017/3 (30 billion yen in total).



Tokyu Corporation

15

■ Concept of Shareholder Returns

○ While the large-scale development projects in Shibuya and Minami Machida will be launched soon, in addition to the continuation of stable dividends that has been emphasized, it was decided to aim for a total return ratio of 30% in the medium to long term to work on increasing shareholder returns.

○ Specifically, we intend to achieve the said ratio when the large-scale investments for growth in Shibuya, Minami Machida, etc. are completed.

IV. Key Initiatives

Key Initiative 1

Tirelessly pursue "safety," "security" and "comfort"

Implement various initiatives to achieve safe transportation

Prevent breakdown and ensure early recovery

- Review maintenance and inspection methods and frequency.
- Strengthen ability to detect signs.
 - Use IoT technology to enable early identification of risk of breakdown.
- Improve ability to deal with incidents that have occurred.
 - Strengthen initial response structure and speed up shuttle service.

Strengthen customer information

- Enhance alternative route information.
 - Improve maps around stations showing walking and bus routes to nearby stations.
- Further strengthen communication of information.
 - Improve information distribution frequency and strengthen communication at stations.

Speed up development of facilities and rolling stock

Stations



Complete safety measures through the installation of platform doors.

Rolling Stock



Complete replacement of old rolling stock by FY2022.

Facilities



Prioritize upgrade of aged facilities of underground section of Den-en Toshi Line, which have major impact.



Tokyu Corporation

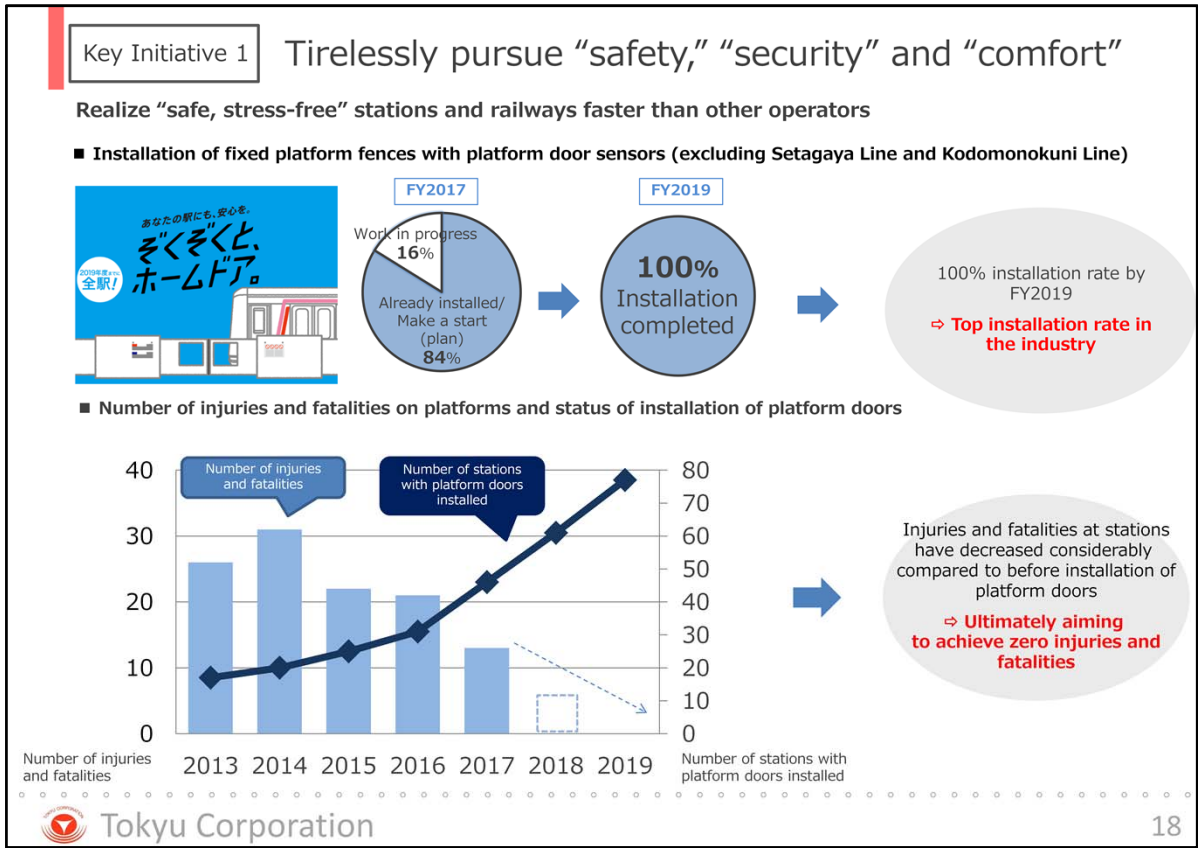
17

■ Stable transportation by railway

○ Next, the key initiatives will be explained.

○ First, key initiative 1 for railway and other business:
Tirelessly pursue "safety," "security" and "comfort"

○ In the railway business, to achieve stable transportation, which is an urgent issue, in addition to the improvement of facilities and trains, prevention/early recovery, improvement of information provision to customers and other initiatives will be steadily carried out.



■ Installation of platform doors

○ Meanwhile, contacts, falls and other injuries on platforms also significantly obstruct stable transportation.

○ Ahead of other companies, the Company has been installing platform doors and fixed platform fences with sensors. They have already been installed or are currently being installed at 84% of all stations other than the Setagaya Line and the Kodomonokuni Line.

○ Preparations are being made for the remaining 16%. In FY2019, the installation rate will be 100%.

○ As shown in the lower part of the graph, as the number of platform doors installed increases, the number of injuries, etc. has decreased to one third in the space of three years.

In FY2019, when platform doors and other safety measures are completed, the number of injuries, etc. will become almost zero, with a major contribution to stable transportation.

Key Initiative 1 Tirelessly pursue "safety," "security" and "comfort"

Further reduce and eliminate delays and congestion through measures for facilities and their systems

Facilities

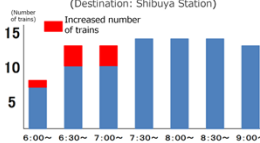
- Introduce new rolling stock on Den-en Toshi Line.
 - Increase carriage riding capacity.
 - Allocate free space in all carriages.



- Strengthen transportation capacity of Oimachi Line.
 - Introduce seven-car trains on express services.
 - Increase number of early morning express trains and number of evening trains.
 - Introduce new rolling stock.



Strengthening of number of morning trains (Destination: Shibuya Station)

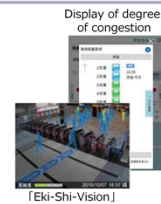


- Improve transportation on Den-en Toshi Line
 - Increase number of express trains before the morning rush hour.
 - Increase number of evening trains.

- Renovate facilities to enable early shuttle operation, and renovate station facilities to reduce congestion.

Systems

- Strengthen information distribution (in real time).
 - Extend coverage of Eki-Shi-Vision (app) to all stations.
 - Display degree of congestion of each carriage on station signage.



- Implement initiatives to encourage off-peak travel
 - Distribute coupons to passengers who use earlier trains via Tokyo Line App.
 - Promote use of other means of transport using buses.
 - Cooperate with satellite offices.
 - Cooperate with other companies and other types of industry.



■ Easing of congestion

○ To further reduce and eliminate delays and congestion on the Den-en-toshi Line, etc., initiatives for both facilities and systems will continue to be implemented.

○ In addition, based on customer needs, a new "seat reservation service train" will be run on the Oimachi Line at night on weekdays.

Key Initiative 1 Tirelessly pursue “safety,” “security” and “comfort”

Improving station comfort, expanding railway network, and strengthening transport hub functions

Improve station comfort

- Create stations that serve as urban centers.
 - Develop the childcare centers, libraries, etc. that communities need.
 - Renovate station structures into a wooden construction in tune with their environment.
- Further enhance the public spaces.
 - Develop public spaces, including toilets, shelter, etc.

Expand railway network.

- Open Sotetsu-Tokyu direct train.
- Implement New Airport Line plan.
- Increase number of early morning and evening trains on each line.

Strengthen transport hub functions.
(Improve railway, station and surrounding service functions)

- Strengthen cooperation with bicycle parking/buses.
- Further enhance barrier-free access.
- Strengthen synergies with surrounding commercial facilities.

Tokyu Corporation 20

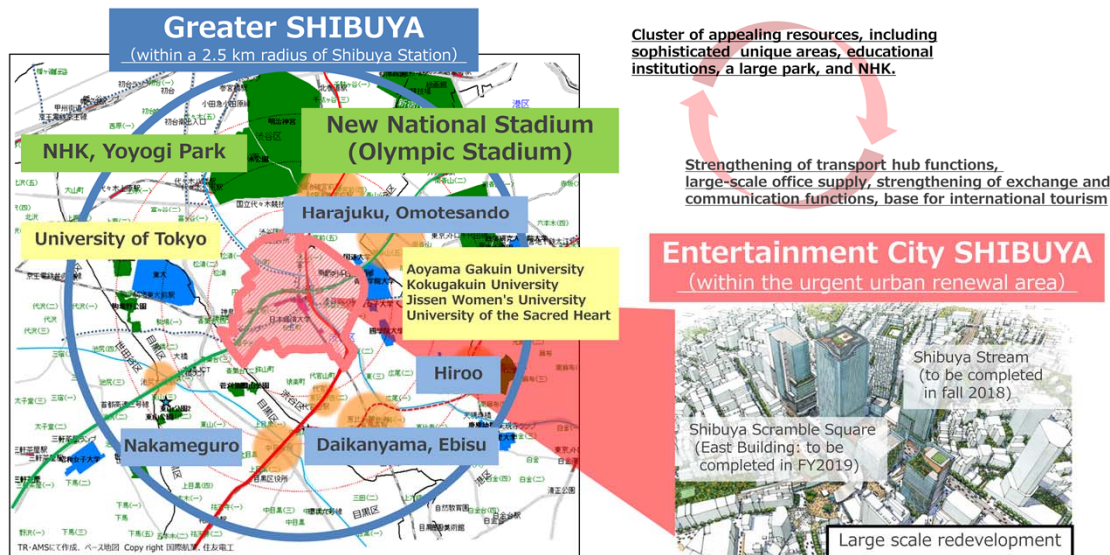
■ Expansion of railway network, etc.

○ Based on the preconditions of “safety and security” and “safe transportation” explained above, in order to provide services to more customers, the Company will create a comfortable, convenient railway by improving station comfort, expanding the railway network and strengthening transport hub functions.

Key Initiative 2 Increase SHIBUYA's global appeal

Entertainment City SHIBUYA & Greater SHIBUYA

Actively capture business opportunities through synergies and the linkage of large-scale development, the creative contents industry, urban tourism and a cluster of appealing resources.



Greater SHIBUYA

- Next, Key Initiative 2: Increase SHIBUYA's global appeal is explained.
- Around Shibuya Station, the business base of the Tokyu Group, the redevelopment project is underway, moving toward the completion of Entertainment City SHIBUYA. In the next five years, six properties will open, including the property of Tokyu Land Corporation.
- By FY2027, when the project will be completed, the Company and Tokyu Land Corporation will have developed a total floor area of 790,000 square meters, which is truly a once in a century accomplishment. The project is also a grand business of the Tokyu Group, which will use all of its strengths with the participation of a wide variety of group companies, including transportation, construction, commercial business, hotels and property management.
- Meanwhile, Shibuya is surrounded by attractive downtown areas, such as Harajuku and Aoyama, as well as a variety of cultural and academic institutions, such as NHK, the New National Stadium and The University of Tokyo. To make the most of such an advantageous environment and local resources and stimulate the exchange of human resources and businesses, thereby realizing a Shibuya that continues to communicate new business and culture to the world, Shibuya's stable growth is essential after the completion of the development of the district in front of the station.

Key Initiative 2 Increase SHIBUYA's global appeal

Shibuya Daikanyama R Project
(Site of Toyoko Line)
Opens 2018 Autumn



	Building A	Building B
Total floor area:	1,282 m ²	4,370 m ²
Use of building	Nursery school	Hotel, office, store
Number of stories:	Three stories	Seven stories
Height	Approx. 15 m	Approx. 26 m

SHIBUYA STREAM
(Shibuya Station South Block Project)
Opens 2018 Autumn



Total floor area:	Approx. 116,700 m ²
Use:	Offices, shops, hotel, hall, parking, etc.
Office rentable area:	Approx. 46,000 m ²
Commercial store area:	Approx. 3,000 m ²
Number of hotel rooms:	Approx. 177
Number of stories:	35 stories above ground and 4 stories underground
Height:	Approx. 180 meters

SHIBUYA SCRAMBLE SQUARE
(Shibuya Station Block) East building
Opens FY2019



Total floor area:	Approx. 181,000 m ²
Use:	Offices, shops, observation facility, parking, etc.
Office rentable area:	Approx. 73,000 m ²
Commercial store area:	Approx. 30,000 m ²
Number of stories:	47 stories above ground and 7 stories underground
Height:	Approx. 230 meters

■ Properties to open around Shibuya Station

○ Under the development project for the district in front of the station, the Company will open three properties in the next three years.

○ This fall, SHIBUYA STREAM, built on the former site of Shibuya Station on the Toyoko Line, which will include the head office of Google, and Shibuya Daikanyama R Project, built on the former railway of the Toyoko Line between Shibuya and Daikanyama, will open. The Shibuya River will be also restored, connecting the two properties for six hundred meters. Its limpid stream will increase the comfort and ease of movement for visitors.

○ In FY2019, the SHIBUYA SCRAMBLE SQUARE East Building, which is 230 meters high, will be completed. It will become the place to communicate business and culture to the world, containing Shibuya's largest offices, facilities for collaboration between academia and industry, and large-scale commercial facilities. It will also become a new symbolic tower in Shibuya with abundant observation facilities and a sweeping view of Tokyo from the roof.

*The official name for the Shibuya Daikanyama R Project was decided to be SHIBUYA BRIDGE in May 2018.

Key Initiative 2 Increase SHIBUYA's global appeal

Area Branding Initiatives

- Communicate information from a global perspective in view of the Olympics and Paralympics.
- Strengthen industrial clusters through cooperation with academic and research institutions and policy incentives.
- Create environment that facilitates activities by diverse innovators and build innovation ecosystem.
⇒ Maximize the synergies of "Entertainment City SHIBUYA" and "Greater SHIBUYA."



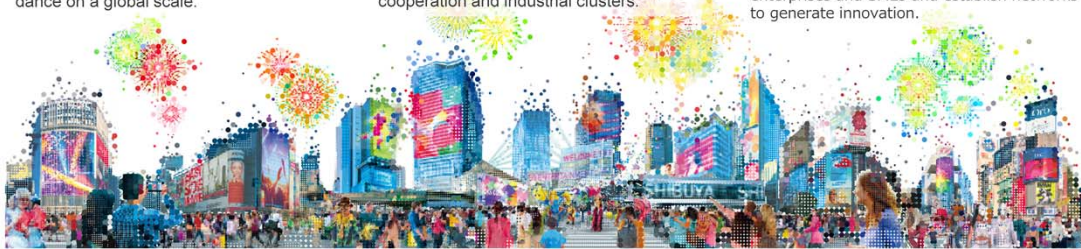
Communicate city-wide activities such as year-end countdown and Bon festival dance on a global scale.



Attract leading companies that are the pillars of industry-government-academia cooperation and industrial clusters.



Develop and provide incentives for exchanges and co-creation between large enterprises and SMEs and establish networks to generate innovation.



■ Area Branding

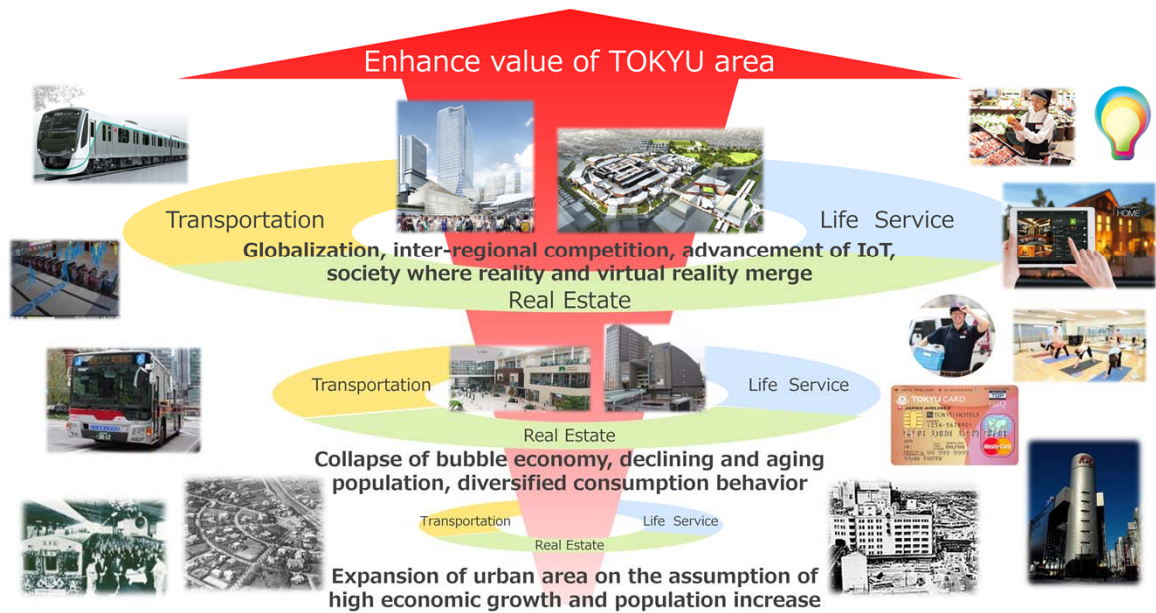
○ With construction of facilities, the Company is actively working on initiatives for systems.

○ To increase the global appeal of SHIBUYA, three initiatives are required: "exchange and innovation," which stimulate innovation and human exchange in the entire town; "invitation of enterprises," which will become a core in the acceleration of industry creation; and "global communication" of the town's attractive events, such as the year-end countdown at the scramble crossing. Implementing these three initiatives concurrently and thereby producing synergies will lead to the branding of SHIBUYA's global presence.

Key Initiative 3

Continuously improve the TOKYU area's value and life value

The transportation, real estate and life service businesses will each organically and continuously improve the value of the TOKYU area.



■ Continuously improve the TOKYU area's value and life value

○ Next is Key Initiative 3: Continuously improve the TOKYU area's value and life value.

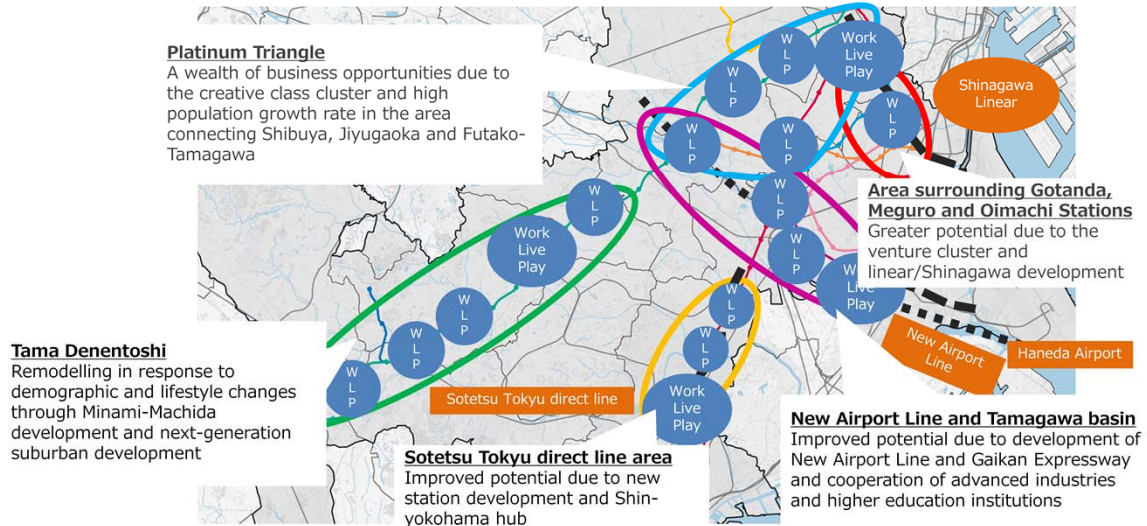
○ The Company has organically connected the transportation business, real estate business and life service business and evolved them according to the changing times, thereby exponentially increasing and improving the value of the Tokyu area, the Company's business base, and the value of life of the residents living in that area.

Key Initiative 3

Continuously improve the TOKYU area's value and life value

Five priority areas within TOKYU area

- Promote sustainable urban development by capturing business opportunities in five areas where value improvement can be expected.
- Aim for urban structure with a range of unique and appealing places "to live," "to play" and "to work."
- Also focus on regional regeneration through the use of public real estate (PRE) and the renovation of existing buildings.



Tokyu Corporation

■ Five priority areas

○ With respect to improving the TOKYU area's value in the latest plan, each of the five priority areas are designated to establish bases with facilities for Work, Live and Play. For those who cannot commute to the metropolitan area for work, setting up a satellite office, among other actions, will create new opportunities for work. In addition, the reduced commute will increase personal time and achieve a work-life balance. In this way, the areas will have excellent value in the TOKYU area and life.

Key Initiative 3

Continuously improve the TOKYU area's value and life value

Development of the TOKYU Area

- Promote the enhancement of the TOKYU area's value with comprehensive development in cooperation with local communities and governments.
- Make the TOKYU area a well-balanced area that is home to diverse generations through the remodelling of the suburbs.



Major development projects

○ The major development projects in the latest plan are presented. Many development projects around the stations will be seen along the railway lines, such as Tama-plaza, Minami-machida, Chuo-rinkan and Yutenji.

○ These development projects for bases will be implemented in accordance with the progress of improving safety, security and comfort in the railway business.

Continuously improve the TOKYU area's value and life value

MINAMIMACHIDA GRANDBERRY PARK (urban development project for creating Minami-Machida hub)

- Hub space where nature and festivities merge in cooperation and joint promotion with Machida City
- Creation of a totally new lifestyle center offering both time-consumption and entertainment factors to enrich the lives of people with different backgrounds, including locals and visitors



Summary

- Development area: Approx. 200,000 square meters (Approx. 1.2 times larger than the Futako-Tamagawa development area)
- Floor area: Approx. 53,000 square meters (almost equal to the Futako-Tamagawa development area)
- Operation will commence in autumn 2019

Excellent access conditions

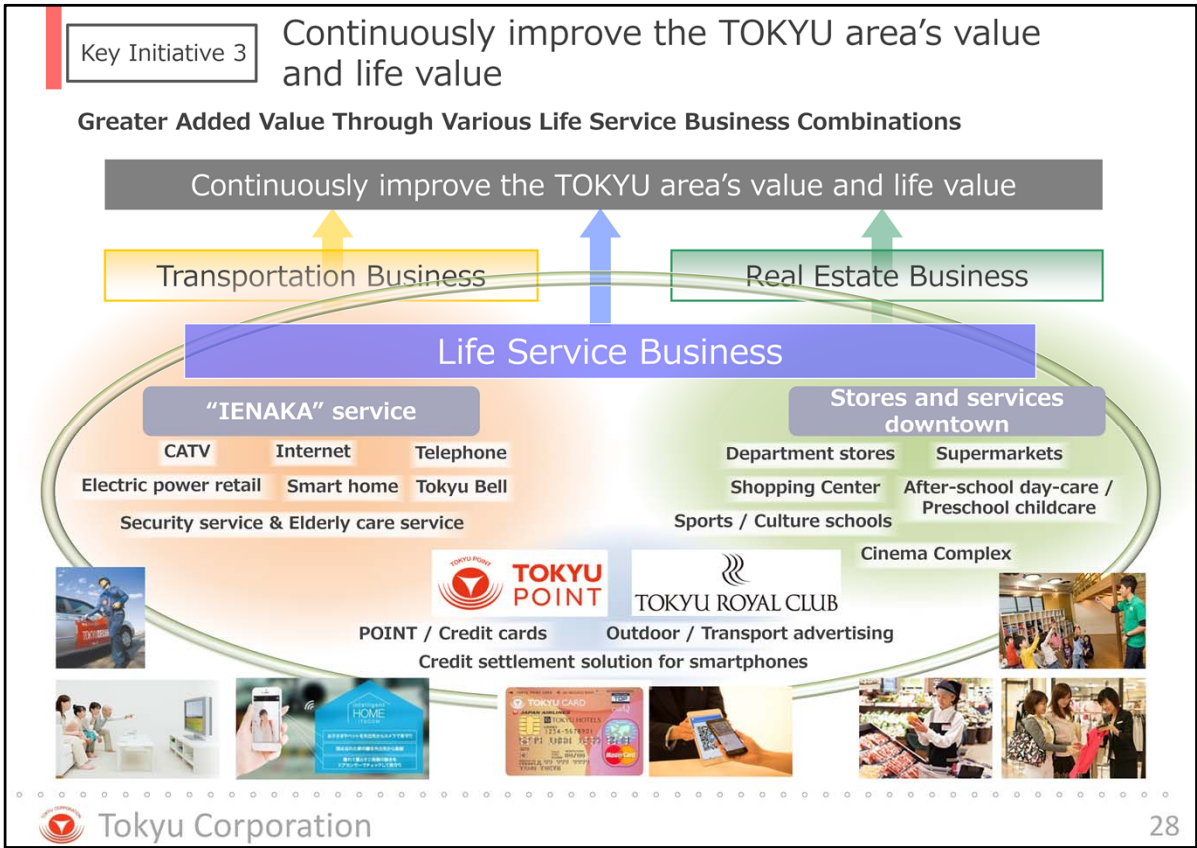
- Opposite Minami-Machida Station on the Tokyu Denentoshi Line (Approx. 35 minutes by train from Shibuya)
- Adjacent to Route 16 and Route 246
- Approx. one kilometer from Yokohama-Machida IC on the Tomei Freeway via national road 16



MINAMIMACHIDA GRANDBERRY PARK

○ The priority areas of the overall development project will be explained. MINAMIMACHIDA GRANDBERRY PARK will open in the fall of 2019. This facility will be constructed along with the adjacent Tsuruma Park, in collaboration with the government of Machida City. It extends for an area of 53,000 square meters, containing a grand square with commercial facilities, a library, an art museum, other cultural facilities and residences. The total development area of the project is about 200,000 square meters, the largest in the Tokyu area, about 1.2 times larger than the Futako-Tamagawa development project.

○ In addition to a direct link to Minami-Machida Station, there is also good access for vehicles. The facility will have elements for passing time and entertainment. Combining the station, commercial district and park is expected to create a new base in the TOKYU area, similar to Futako-Tamagawa.



■ Concept of the Life Service Business

○ An overview of the roles that the Life Service Business plays is shown on the slide.

Key Initiative 3 Continuously improve the TOKYU area's value and life value

Restructuring of retail business

- Improve efficiency and profitability by promoting business consolidation and structural reform and strengthening functions across retail business divisions.
- Improve value of TOKYU area and contribute to population growth in TOKYU area through further cooperation with railway and real estate businesses, etc.

Department stores and shopping centers (SCs)	Supermarkets	Specialty business formats	In stations
<ul style="list-style-type: none"> • Develop hybrid department store outlets using strengths of SCs. • Harness the display expertise and service expertise of departments stores 	<ul style="list-style-type: none"> • Develop high added value products • Develop and expand networks of new business format stores and small stores • Adopt advanced technologies and examples of good practice to save labor. 	<ul style="list-style-type: none"> • Rebuild SHIBUYA109 brand. • Contribute to realization of Entertainment City SHIBUYA. • Develop new business formats and step up new store openings. 	<ul style="list-style-type: none"> • Further improve convenience and "create bustle." • Generate profit that exceeds real estate rental income.
<p>Functional cooperation (e-commerce, leasing, purchasing, credit cards, out-of-store sales, logistics, recruitment, education, etc.)</p> <p>Demonstrate competitiveness as "One Tokyu Retail" through proper allocation of resources and business reorganization.</p>			

Tokyu Corporation 29

■ Restructuring of the Retail Business

○ In the retail business, in response to changes in and diversification of consumer behavior, there are diligent actions to increase operating revenue and profit margin by taking advantage of the excellent locations around the stations where many properties stand, to increase efficiency in operations through the integration of facilities and management, as well as to strengthen the branding of each facility, opening new forms of stores/facilities. The profit margin is steadily increasing; however, it has yet to reach the target level.

Key Initiative 3

Continuously improve the TOKYU area's value and life value

Examples of Initiatives to Rebuild Retail Business

<p>SCs</p> <ul style="list-style-type: none"> Enhance appeal and recognition through integration of facilities Target wider range of customers. Improve business efficiency and increase strength in leasing negotiations through centralized operations.  <p>Minato Mirai Tokyu Square</p>  <p>Korinbo Tokyu Square Shizuoka Tokyu Square Chuorinkan Tokyu Square</p>  <p>Futako-Tamagawa Rise etomo</p>	<p>Department stores and specialty stores</p> <ul style="list-style-type: none"> Capture new customers through remodelling. Capture earning opportunities by opening small specialty stores.  <p>Tokyu Department Store Kichijoji</p>  <p>TOKYU Food Show Slice Meguro Station Store</p> <p>Tokyu Bell · EC</p> <ul style="list-style-type: none"> Further cultivate customer contact points and enhance housekeeping service.  <p>東急ベル ホーム・コンビニエンスサービス</p>	<p>SHIBUYA109</p> <ul style="list-style-type: none"> Strengthen branding and demonstrate originality. Provide the forefront of culture originating in Shibuya through rebranding and renovation.  <p>Attracted newsworthy contents</p>  <p>109MEN'S: Revamp to MAGNET by SHIBUYA109</p>
<p>Large-scale Development</p> <ul style="list-style-type: none"> Shibuya Scramble Square MINAMIMACHIDA GRANDBERRY PARK <p>Plan to harness Tokyu retail strengths in development operations.</p> 		

■ To Rebuild the Retail Business

○ While general circumstances in the retail business have increasingly become harder, the Tokyu Group will steadily work to increase its strength through initiatives in accordance with the changing times, such as a focus on the e-commerce business.

Key Initiative 3

Continuously improve the TOKYU area's value and life value

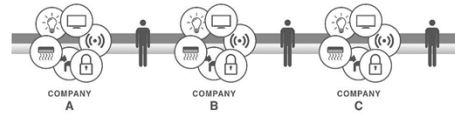
Enhancement of Services ("Kurashi No IoT," etc.) in ICT and Media Business

Intelligent homes



- Service that allows users to control their homes easily from outside.
- Able to easily check locks and turn air-conditioners and lights on and off.
- Operate an intelligent home using LINE.
- Control home electronics by voice in cooperation with a smart speaker.

Connected Home Alliance



- Established for the purpose of creating valuable services of Japan quality from the perspective of those who make a living in "Kurashi No IoT" (IoT for individuals/households) together with leading companies in a range of industries in cooperation with them across boundaries.
- There are 101 companies participating (as of March 2018).

Tokyu Smart Security



Tokyu Security
Home security provided by a safe and secure security system

ITSCOM
The IoT platform of Intelligent Home

- Remote security control using smartphones.
- Community-based security infrastructure for safety and peace of mind provided by Tokyu Security.
- Operate security and IoT devices using the same app in an integrated manner.

.pay



- The world's first cardless credit settlement solution for smartphones available at physical stores (as of March 2018).
- Joint project with NTT Data with the largest card settlement network.
- Introduced in the Tokyu area ahead of others, and will be progressively expanded throughout Japan.

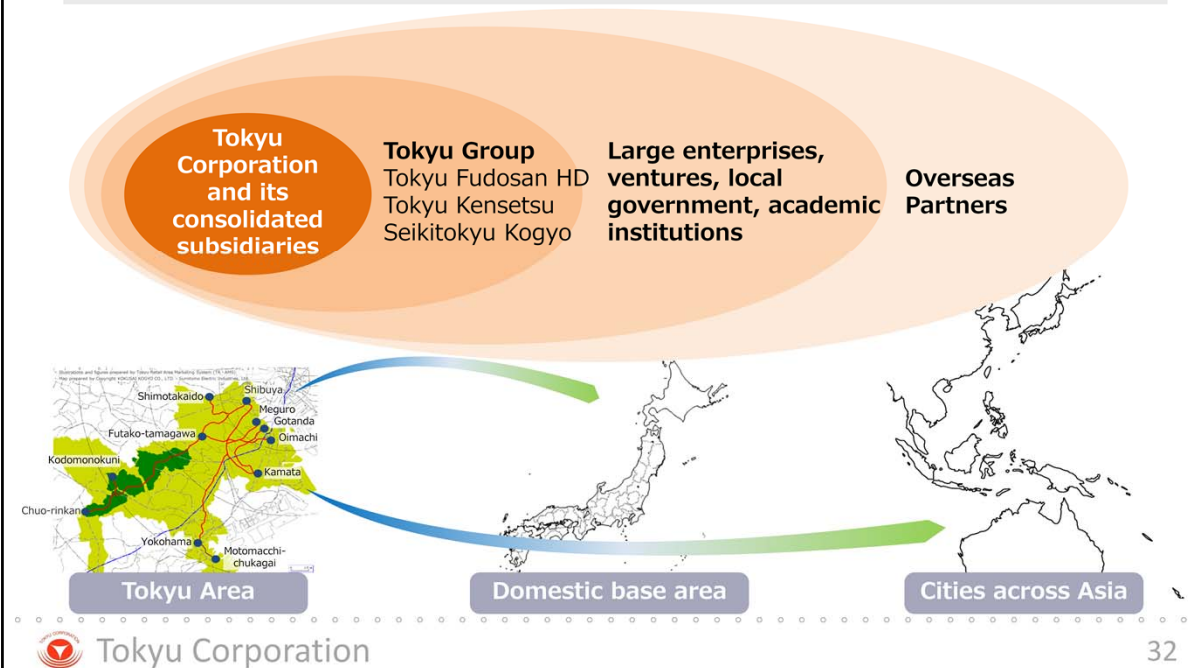
■ ICT and Media Business

○ In the ICT and Media Business, in accordance with the expansion of Japan's Kurashi No IoT, the Company will offer a variety of services, such as intelligent homes and smart security, and thereby seek to enhance the life value.

Key Initiative 4

Expand business through strategic alliances

- Pursue business expansion and improvement of efficiency through cooperation with consolidated companies, group companies and parties outside the Group.
- Extend knowhow gained through urban development in the TOKYU area to the domestic base area and cities throughout Asia.



■ Expand business through strategic alliances

○ Next is Key Initiative 4: Expand business through strategic alliances.

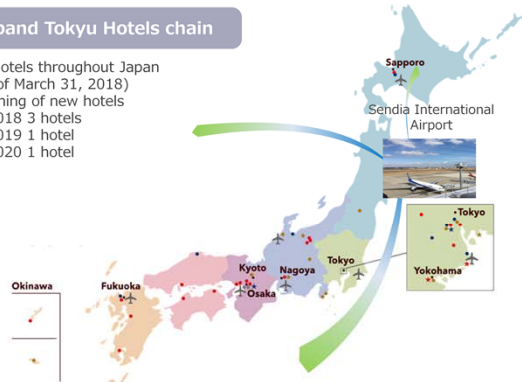
○ In strengthening the bases by capturing business opportunities in and outside Japan and by making the best use of the Company's know-how obtained through its urban development of the TOKYU area, strategic alliances with various partners outside the Group on a case-by-case basis, rather than only in-house operations within the Company and the Group, will result in sustainable business expansion.

Initiatives for Non-Resident Population

- Join forces with best partners to identify and commercialize tourism resources, and to promote tourism and expand the non-resident population in network area.

Expand Tokyu Hotels chain

- 42 hotels throughout Japan (as of March 31, 2018)
- Opening of new hotels
FY2018 3 hotels
FY2019 1 hotel
FY2020 1 hotel



Expand airport operation business

- Enhance and expand the aviation network.
- Create comfortable, secure airports.
- Enhance the secondary transportation network and promote regional development.

Strategic participation in multiple airport management



Syndicate with optimum partners inside and outside the Group.

Identify and tourism resources in the TOKYU area

Initiatives for Inbound Tourism



Tourism information site for foreign visitors to Japan with 37 corporate participants including Tokyu Corporation (as of March 2018)

LIVE JAPAN PERFECT GUIDE TOKYO



JNTO approved tourist information center provided by Tokyu Corporation and Tokyo Metro
Tokyu Tokyo Metro
Shibuya Station Tourist Center



Ikegami Line Free Ride Day (in cooperation with local governments in the Tokyu area and shopping streets, etc. in TOKYU area)



Setagaya Line Maneki Neko tram (in cooperation with Gotoku-ji Temple)

■ Initiatives for Non-Resident Population

○ Through collaboration with the best partners to expand the business of Tokyu Hotels and airport operation, the Company will form bases, which will use initiatives to promote tourism and strengthen those bases.

○ In the airport operation business, the Company has engaged in operation of Sendai International Airport, the first airport that was under the supervision of the national government and then privatized, since June 2016. Expansion of the airline network, including LCC, and improvement of airport facilities and secondary transportation has contributed to steady growth in the number of users.

○ In the future airport business, the Company will actively seek opportunities to participate with strategic partners.

Opening of Tokyu Hotels

Openings in 2018

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 to use low-carbon hydrogen derived from waste plastic for about 30% of its energy, such as electricity and heat.
- Number of guest rooms: 186

**SHIBUYA STREAM Excel Hotel Tokyu**

- To be opened in autumn 2018
- Will be opened within SHIBUYA STREAM.
- Design hotel that will offer a new Shibuya culture to domestic and overseas customers with high sensitivity
- The lobby on the 4th floor is intended to become a casual hub with festivities for interaction.
- Number of guest rooms: 177



To be opened in or after 2019

(Tentative name) Osaka Excel Hotel Tokyu

- To be opened in winter 2019
- To be opened as Japan's first hotel above a temple gate
- Number of guest rooms: 360 (planned)

**(Tentative name) Yokohama Minato Mirai Tokyu REI Hotel**

- To be opened in spring 2020
- Will be opened in a commercial complex with (tentative name) KT Zepp Yokohama, a live house-type hall.
- Number of guest rooms: 230 (planned)



■ Opening of New Hotels

○ In the next three years, new Tokyu Hotels will open one after another. In FY2018, Maihama, Kawasaki and SHIBUYA STREAM will open, followed by Osaka Midosuji in FY2019 and Yokohama in FY2020. Many other hotels will open according to decisions already made.

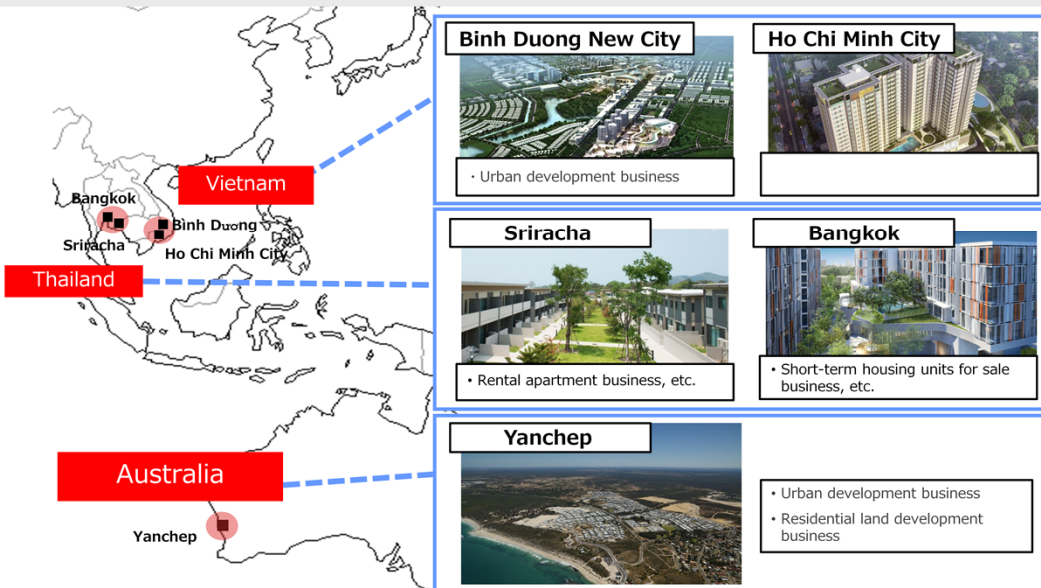
○ In addition, the redevelopment project for the area in front of the south exit of Mishima Station, which includes a hotel and commercial facilities, has started in a location suitable for visiting Mt. Fuji, with diligent efforts being taken toward a FY2020 opening.

Key Initiative 4

Expand business through strategic alliances

Overseas Expansion

- Achieve a balanced portfolio while capturing new business opportunities with a focus on Vietnam, Thailand and Australia, where we are already operating.



Tokyu Corporation

35

Overseas Expansion

○ Meanwhile, to strengthen business bases abroad, urban development projects are carried out together with local ventures in Vietnam, Thailand and Australia.

○ In the development project in Binh Duong, Vietnam, about 400 units of condominiums were sold. New properties in Ho Chi Minh and housing units for sale in Bangkok mostly sold out after the start of sales, demonstrating steady business progress.

○ The Company will watch out for any business opportunities to continue to contribute to the growth of countries in the Southeast region, which are developing quickly.

Key Initiative 4

Expand business through strategic alliances

Exploration of New Business Fields and Business Models

Explore new business domains and formulate strategies

Create new businesses using new technologies to further enrich lifestyles and working styles in existing urban areas including the TOKYU area, aiming for new age urban development.

Examples of efforts:

- Healthcare fields (remote/home medical care, preventive care, child care, nursing care, etc.)
- Transportation infrastructure and mobility fields
- Urban infrastructure field

Promote open innovation

- Enhancement and expansion of cooperation and alliances with large companies and local governments, etc.
- Strengthening of Tokyu Accelerate Program (TAP)
- To promote open innovation, establish a social implementation laboratory of technology to solve urban problems in Shibuya.

Promote innovation within the Group

- Adoption and promotion of innovation management
- Strengthening of new business creation and incubation functions
- Internal entrepreneur development program
- Enhancement and expansion of IT function



Venture support and open innovation



Alliance platform to connect companies, local governments and intellectuals, etc.



Internal entrepreneur development program for the creation of new businesses



First new business project (Satellite shared office business)



Second new business project (Translation and localization business)

■ New Business Fields

○ Moreover, the Company will actively consider various kinds of new businesses, which utilize the know-how of the Infrastructure Business and the Life Service Business, among others. The Life Service Business has developed and accumulated and new technologies in collaboration with a wide range of companies both inside and outside the Group, taking into account the expected future shortfall of human resources and changes in lifestyle and workstyle.

○ The Company also intends to firmly establish an innovative culture internally by facilitating open innovation (specifically, Tokyu Accelerate Program) and closed innovation (for instance, the in-house entrepreneur development program).

Key Initiative 5

Make progress on workstyle innovation

Put workstyle reforms into practice ourselves by, for example, having employees who live close to work and who balance childcare and work, and expand these reforms into society.

Become No. 1 company in Japan for retaining its employees through sustainable development of human resources
 ~ company that enables workers to shine ~

Rewarding work and a comfortable working environment

- Systematic groupwide development of consolidated management human resources
- Realization of flexibility in working "time" and "place."
- Diversity management for sustainable growth (Target number of female managers by FY2020: 40)
- Firm establishment of health management to become a company where anyone can work in good health
- Support for employee's career development and good communication

Improvement of productivity and creation of innovation

- Implementation of "Workstyle Reform Project" across all business units
- Improvement of efficiency of decision-making process and meetings
- Establishment of framework for the accumulation and handing-down of technology and knowledge
- Development of ICT platform and active adoption of new technology
- Shift in emphasis of management thinking toward productivity, management of working hours
- Provision of personnel programs and opportunities that support the creation of innovation



Operations to support workstyle reforms in TOKYU area



Satellite shared office business (NewWork)



Childcare and preschool childcare business (Kids Base Camp)



Measures to encourage off-peak commuting (Various campaigns, etc.)



Tokyu Corporation

Workstyle Innovation

Next is Key Initiative 5: Make progress on workstyle innovation.

Teleworking via satellite offices and the system for flexible time off offers a variety of places and times for employees to work, ensuring an environment that allows employees to continue to work despite the burden of childcare and nursing care.

The Company also set up its first internal nursery school, Midorigaoka Ekinaka Hoikuen, and took actions to improve health in cooperation with Tokyu Hospital on a company-wide basis.

Such efforts are recognized by selection as "Health and Productivity" (four consecutive years) and "NADESHIKO BRAND" (six consecutive years).

Social Contribution Activities

Continuously conduct social contribution activities in an effort to embody sustainability.

Education



Gotoh Educational Corporation
(Tokyo City University Group/Tokyu
Driving School)
(Established in 1929)



Asia Gakuen
(Asia University)
(Established in 1941)



Tokyu Foundation for Foreign Students
(Grant of scholarship to foreign students
and their support)
(Established in 1975)

Culture



The Gotoh Museum
(Conservation and exhibition of
artworks and valuables)
(Opened in 1960)



Tokyu Bunkamura, Inc.
(Operation of cultural facilities such
as Bunkamura)
(Started in 1989)



平成29年度 五島記念文化賞贈呈式
The Gotoh Memorial Foundation
(Honoring and grants in the art field)
(Established in 1990)

Environment



The Tokyu Foundation
for Better Environment
(Environmental protection and
improvement in the Tama River basin)
(Established in 1974)



Tokyu Group Environmental Award
(Commendation for excellent efforts in
environmental activities)
(Established in 2008)



Winning the grand prize for the 25th
Global Environment Award
(Efforts in Futako-Tamagawa
Redevelopment)
(Awarded in 2015)



Tokyu Corporation

38

■ Social Contribution Activities

○ Finally, the activities of the foundations of the Tokyu Group will be briefly explained.

○ Since founder Keita Goto started activities to contribute to society, they have been conducted as an important part of the corporate mission in a wide range of fields, such as education, culture and the environment for many years.

○ In addition to the visible contribution to communities through the railway business and development of town centers, among others, the Tokyu Group will continue such social contribution activities, considering it an essential inherited tradition (the DNA of Tokyu) to contribute to the creation of a sustainable society as much as possible.

V. Projected Figures

Projected Figures (1)

	FY2017 Forecast	FY2018 Plan	YoY Comparison	FY2019 Plan	Comparison with FY2017	FY2020 Plan	Comparison with FY2017
							(billion yen)
Operating Revenue	1,139.4	1,152.3	+ 12.9	1,193.5	+ 54.1	1,229.7	+ 90.3
Operating Profit	83.0	77.0	- 6.0	78.0	- 5.0	97.0	+ 14.0
Non-operating Revenue	14.2	12.8	- 1.4	13.6	- 0.6	15.9	+ 1.7
Non-operating Expenses	14.5	14.3	- 0.2	14.5	+ 0.0	14.0	- 0.5
Recurring Profit	82.7	75.5	- 7.2	77.1	- 5.6	98.9	+ 16.2
Extraordinary Gains	24.8	8.8	- 16.0	8.0	- 16.8	5.6	- 19.2
Extraordinary Losses	9.2	9.3	+ 0.1	8.1	- 1.1	5.7	- 3.5
Profit attributable to owners of parent	70.0	51.0	- 19.0	54.0	- 16.0	67.0	- 3.0
Return on Equity (ROE)	10.6%	7.2%	- 3.4P	7.2%	- 3.4P	8.4%	- 2.2P
TOKYU EBITDA*	174.3	175.0	+ 0.7	184.5	+ 10.2	206.4	+ 32.1
Interest-bearing debt at end of period	969.8	1,091.7	+121.9	1,119.5	+149.7	1,083.9	+114.1
Interest-bearing Debt / TOKYU EBITDA Multiple	5.6	6.2	+0.6P	6.1	+0.5P	5.3	- 0.3P

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



Projected Figures (2)

		(billion yen)						
		FY2017 Forecast	FY2018 Plan	YoY Comparison	FY2019 Plan	Comparison with FY2017	FY2020 Plan	Comparison with FY2017
Total Operating Revenue		1,139.4	1,152.3	+ 12.9	1,193.5	+ 54.1	1,229.7	+ 90.3
Total Operating Profit		83.0	77.0	- 6.0	78.0	- 5.0	97.0	+ 14.0
Transportation	Operating Revenue	211.2	213.3	+ 2.1	216.9	+ 5.7	218.8	+ 7.6
	Operating Profit	29.0	29.2	+ 0.2	31.5	+ 2.5	31.5	+ 2.5
Real Estate	Operating Revenue	182.7	197.5	+ 14.8	213.4	+ 30.7	229.0	+ 46.3
	Operating Profit	32.7	27.5	- 5.2	23.4	- 9.3	37.9	+ 5.2
Life Service	Retail	484.1	483.9	- 0.2	496.0	+ 11.9	499.8	+ 15.7
	Operating Revenue ICT and Media	215.4	218.6	+ 3.2	226.5	+ 11.1	238.3	+ 22.9
	Total Life Service	699.5	702.5	+ 3.0	722.5	+ 23.0	738.1	+ 38.6
Life Service	Retail	5.8	6.2	+ 0.4	6.4	+ 0.6	7.0	+ 1.2
	Operating Profit ICT and Media	10.0	10.2	+ 0.2	11.2	+ 1.2	13.1	+ 3.1
	Total Life Service	15.8	16.4	+ 0.6	17.6	+ 1.8	20.1	+ 4.3
Hotel and Resort	Operating Revenue	104.2	101.7	- 2.5	108.6	+ 4.4	116.8	+ 12.6
	Operating Profit	5.1	3.5	- 1.6	5.1	+ 0.0	7.1	+ 2.0
Elimination etc.	Operating Revenue	- 58.2	- 62.7	- 4.5	- 67.9	- 9.7	- 73.0	- 14.8
	Operating Profit	0.4	0.4	+ 0.0	0.4	+ 0.0	0.4	+ 0.0

