

Three-Year Medium-Term Management Plan: Main Questions and Answers at Briefing for Investors

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*This document provides information relating to the details of questions and answers given at the presentation. Please note that this document is not a full transcription of the discussions held at the presentation. Rather, it is a concise summary that has been prepared by the Company.

Q. What are the reasons for the change to the shareholder returns policy? When will the new policy be implemented?

- We formerly placed priority on improving our financial health and so used DOE as the index. Going forward, however, we want to increase our focus on growth and returns while securing financial health, and so have decided to use the total return ratio. In the near future, we will need to make large investments in Shibuya, Minami Machida and other projects and thus we will consider the balance between investment in growth, financial health and shareholder returns.
- We cannot provide the specific timing for achieving a total return ratio of 30%. However, we believe that it should be realized in the fiscal year of 2022, when our company celebrates its centenary. In addition, we intend to proceed with the current development projects and other initiatives to realize the ratio ahead of the plan as much as possible.

Q. What are the details of growth investments and shareholder returns in terms of cash flows?

- For growth investments, not all strategic projects and development of TOKYU area have been decided. For strategic projects, investments will be made in the acquisition of real estate property for rent, overseas business expansion and the opening of new hotels, among others.
- The amount of 40 billion yen for shareholder returns is an extension of the current dividend.

Q. What are the reasons for the change in the estimates for operating profit?

- Operating profits for FY2018 and FY2019 will significantly decrease compared to the estimate for FY2017. This is mainly attributable to a decrease in real estate properties for sale. In addition, there will be costs for opening SHIBUYA STREAM, SHIBUYA SCRAMBLE SQUARE, MINAMIMACHIDA GRANDBERRY PARK, etc. The structure of the real estate business is changing, increasing the ratio of the lease business. Except for temporary costs for opening, profits should rise with an increase in floor areas.
- For the Hotel and Resort Business segment and the Life Service Business segment, the estimated growth in business results is ambitious, but we believe that it can be achieved.
- Although operating profit will decline temporarily, the target profit should be achieved. In addition, for TOKYU EBITDA, we will speed up the current trend of increase.

Q. Please provide the assumptions for the estimates of the operating results of the Transportation Business segment.

- Passenger revenue from the railway operations of our company is expected to increase about 1% for a year. For costs, the cost for stable transportation will be added; however, we intend to secure operating revenue exceeding that cost for an increase in profits.

Q. With the populations in the rail service areas expected to increase for the time being, will the current measures to build up transportation capacity be sufficient?

- Although the populations in the rail service areas will continue to increase, the difference between the previously forecast peak and the updated forecast is a little less than 5%. In addition, the working-age population in some areas has begun to decline. We will carefully analyze the situations and reflect the results in our measures.
- It is certain that the overall number of residents will increase and we will have to

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build up transportation capacity. By combining diverse measures such as increases in capacity through the introduction of new model trains, an increase in the number of express trains, early work starts and other intangible measures, we will stimulate a reduction in the peak of congestion.

- By establishing satellite shared offices in the rail service areas, we intend to propose new ways of work.
- We infer that drastic actions are also needed and so we will carefully analyze the population forecasts and at the same time respond quickly with action.

End.