

Results in FY2015/3: Main Questions and Answers at a Briefing for Investors

May 14, 2015

※ This document provides information by referring to the details of questions and answers at the presentation. Please note that the document is not a full transcription of discussions at the presentation. Rather, it is a succinct summary that the Company has prepared.

(Questions about overall issues)

Q. Please explain the background for the acquisition of your own shares.

- Free cash flows stood at 80 billion yen for FY2015/3. In addition, we confirmed that the previous mid-term management plan was achieved and the facilities completed in the redevelopment of Futako-tamagawa phase II had started operations smoothly. In considering how to spend the cash, we decided to conduct the buyback of our own shares to repay returns to shareholders.

Q. Please explain whether you will continue to conduct, as a capital policy, the acquisition of your own shares, going forward.

- From FY2016/3, we will make proactive investments in preparation for the next mid-term management plan. To that end, we will work on continuous acquisition of our own shares, considering the conditions of cash flows and balance sheets.

Q. Please explain whether there is any room for an upward revision to the full year forecast for FY2016/3.

- The hotel and resort business has room for an upward revision.
- In the transportation business, we will assess the effect of the opening of facilities completed in the redevelopment of Futako-tamagawa phase II and reflect the result in our business result forecasts going forward.

(Questions related to individual businesses)

Q. The number of passengers carried is currently a record-high in the transportation business. That said, it appears it will take a significant amount of time to break the past record in terms of operating profit. Please explain what your expectations are.

- The depreciation cost increased significantly and removal expenses rose, as large-scale construction continued for the development of railway networks. Reflecting these increases, the transportation business did not contribute to profits as much as it did to sales.
- With no large-scale investments in sight for the foreseeable future, decreases in the depreciation cost will contribute to profits. Investments in safety measures will be carried out, considering the balance between, among other factors, safety, comfort and convenience, as well as profits. If nothing else, we expect profits to increase, going forward.

Q. The transportation business (mainly, the Company's railway operations) are expected to record an increase in revenues in FY2016/3. That said, please explain why profits are not great enough to justify the increase.

- We have factored in expenses for installing platform doors and conducting regular train inspections, among other costs. For the next few years, we will make capital investments which contribute to customers' safety and convenience, as well as profits.

Q. Please explain how beneficial the opening of Futako-tamagawa Rise phase II was to the transportation business.

- The number of passengers carried is expected to rise 1.2% overall in the forecast for FY2016/3. We estimate that 0.3% of the increase is attributable to the opening of Futako-tamagawa Rise phase II.

Q. It appears that the projected figures of the real estate sales business are conservative.

- The availability of land for sale is becoming very tight in the Tama Den-en-Toshi area. We may sell commercial land. However, it is not reflected in the projection as there

are no definitive plans. Looking ahead, we will seek to increase profits on such business as the leasing of real estate, instead of just selling it.

Q. Please update us on the progress of construction in Shibuya. Please explain whether there will be changes in construction costs as a result of the schedule changes indicating that the Shibuya Station Block East building will be slated for FY2019.

- Construction is underway as scheduled, although it may appear that there is no progress at first glance, due to the relocation of the Shibuya River and the construction of a water reservoir, among other facilities.
- There is no increase in construction costs due to changes in the schedule, although it may increase depending on an increase in space or the number of facilities. However profits will not be below the original ratio because income gains from leasing fees will also increase.

Q. Why did both the operating revenue and operating profit of Tokyu Agency Inc. miss the projected figures for FY2015/3 ? Please explain whether it is possible to restore profitability in FY2016/3.

- We recognize that there are challenges as we experienced many cases in which we missed winning contracts despite being one step away. We are establishing a structure to strengthen sales as a whole group. In fact, revenue in April 2015 exceeded the budget.
- We are considering establishing a committee to indicate positive directions for Tokyu Agency, and establishing a company that specializes in OOH in July. By taking these steps, we will make the most of the company's strengths to achieve the targets.

Q. What are your expectations on profit targets in the retail business ? Please explain whether you will consider transforming the business structure, if they are not met again.

- We have been reasonably successful in improving the Tokyu Store Chain with the reforms that we have implemented over the last five years.
- The department store business was affected mainly due to the effect of closing Toyoko Store. We are considering how we should deal with operations in the Station

Block that will be constructed, going forward, and the current flagship store, and whether we should review the type of business itself.

- We are considering what type of operations will be most convenient for customers. It may be necessary to develop an operation like the “TOKYU Foodshow Slice” shop at the Tokyu Square in Musashikosugi.

Q. The profit ratio for the hotel business is low both in terms of forecasts and actuals. Please explain whether there is a possibility of raising the ratio as the industry has benefited from a tailwind.

- For FY2016/3, expenses for rebranding hotels and opening Futako-tamagawa Excel Hotel Tokyu will work negatively. We will nevertheless continue to work hard to ensure that the profit ratio will be improved.

Q. Please explain what your expectations are for the sales of overseas land in the mid-term management plan and whether there is a possibility of engaging in sales of such lands.

- We are not considering the bulk sale of land in Vietnam.
- In Australia, there is a construction plan for railways that will go through the land we own there. We may consider selling the land depending on an increase in its value.

Q. Please explain the profitability of rental houses for Japanese expatriates in Thailand. Please also explain whether you are considering expansion in Asia or other overseas countries.

- Revenues are not great as the facility is comprised of approximately 180 units of small-scale rental houses. Even so, we will secure reasonable profits based on the plan.
- As far as expansions overseas are concerned, our operation style is to grow with the local people. We therefore hope to engage in businesses that are beneficial from the perspective of the expected long-term total value.

End of Message