

Three-year Medium-term Management Plan

(FY2021 - 2023)



May 13, 2021



(9005)

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

Message from the President

Tokyu Corporation will celebrate its centennial in 2022. Since our very earliest days, we have been working to help solve social issues through our businesses with a focus on urban development in areas surrounding our railways. At present, we are operating our businesses under the Tokyu Group's slogan, "Toward a Beautiful Age," through sustainable management as our basic policy to pass down to the next generation our expertise acquired over the years along with our heritage.

Since last year, the world has been facing an unprecedented challenge in the form of the COVID-19 pandemic, and we have been taking steps to ensure safety and security in our businesses to fulfill our responsibility as a social infrastructure company. However, the pandemic has had serious implications for our recent financial performance.

We cannot be optimistic also about our global business, given the conflicts between the US and China, the increase in inequality and division, and other issues including COVID-19, despite high expectations for a global economic recovery facilitated in part by U.S. fiscal policy. In Japan, too, our business environment is changing rapidly, with birth rates declining and the population aging and shrinking, lifestyles and working styles diversifying, and digital technologies becoming increasingly sophisticated.

In this environment, we have developed a plan implemented from fiscal 2021 on the theme of "変革 (Henkaku)" to establish a three-year period that will be a turning point, in which we will turn challenges into opportunities and aim for a new phase of growth by responding to changes in the business environment and restoring profit through structural reforms.

Some of the challenges that we face are more difficult than others. Since we had set high profit targets through active investment before the COVID-19 outbreak, however, we consider the current obstacle a transit point and will use strong management to get our business on a new growth path at an early stage.

Kazuo Takahashi, President & Representative Director May 2021

Tokyu Corporation will celebrate its centenary in 2022. Since our very earliest days, we have been working to help solve social issues through our businesses with a focus on urban development in areas surrounding our railways. Today, we continue to operate our businesses under our basic policy of sustainable management.

However, the problems we have faced since last year due to the COVID-19 pandemic have been unprecedented. The pandemic has seriously affected our recent financial performance.

In this environment, we formulated a three-year medium-term management plan with "変革(Henkaku)" as its theme. We believe these three years will be a turning point for new growth. We will use strong management to get our businesses on a new growth path at an early stage.



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Forward-looking statements

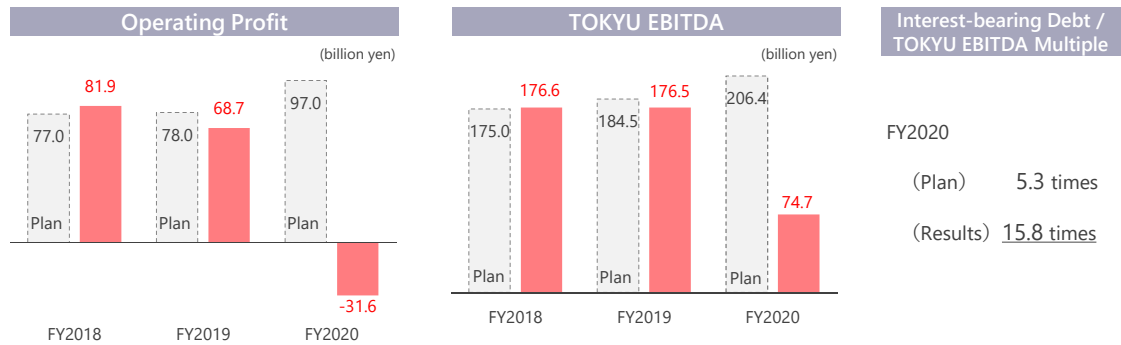
Information in this material other than past or current facts represents the future outlook prepared by the management of the Company based on information currently available, and includes various risks and uncertainties. Please note that actual results may change due to various factors.

I. Review of the Previous Management Plan and Assumptions for Planning

Review of Previous Management Plan

Steady progress was made in key initiatives including large development projects such as Shibuya Scramble Square East building and Minami-machida Grandberry Park and safety investment such as 100% installation of platform doors.

Did not reach the projected figures due to the significant impact of COVID-19.



Major impacts of COVID-19 on consolidated businesses in FY2020

- Tokyu Railways: number of passengers carried: vs. FY2018 down 32.2%
- Tokyu Hotels: occupancy rate vs. FY2018 down 52.1%
- Tokyu Bus: number of passengers carried vs. FY2018 down 29.7%
- Tokyu Department Store (*End of fiscal year: January) : sales vs. FY2019 down 25.3% (existing stores)

Let me start this presentation by reviewing the previous management plan.

Through the previous management plan, the Tokyu Group completed key initiatives, including large development projects such as the Shibuya Scramble Square East building and Minami-machida Grandberry Park, and the installation of railway platform doors at 100% of stations.

However, the huge impact of COVID-19 on the Transportation Business, which includes railways and buses, and the Company's main businesses such as hotels and department stores prevented the Group from achieving its numerical targets.

Assumptions for Planning

(Unchanged values)

Sustainable Management Policies

Creating a beautiful living environment for our future

Continuous solution of social issues through businesses

Material Sustainability Themes

Safe & Security

Quality of Living Environment

Urban development

Human resources development

Low-carbon and recycling society

Corporate Governance & Compliance

Address important themes in sustainability and aim for a long-term resource-recycling business model under the Tokyu Group's slogan, "Toward a Beautiful Age."

(Environmental factors to be considered)

Changes in business environment

Decrease in people traveling and meeting due to COVID-19

Accelerated transition of work and life styles

Regional disparities in population decrease and declining birthrate and aging population

Rapid development of digital technology

Shift to a decarbonized society at the global level

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Next, let me explain the assumptions for the development of this management plan.

This slide lays out the Group's values that have remained unchanged despite the pandemic and also the changes in environmental factors that must be considered.

The Group unwaveringly believes in its sustainable management policy of continuing its efforts to resolve social issues through its businesses and create beautiful living environments for the future.

At the same time, the Group believes that it must consider changes in its business environment such as the decrease of people traveling and meeting due to COVID-19 and the acceleration of the changes in workstyles and lifestyles. The Group has developed basic policies in consideration of methods for adapting to these changes.

II . Basic Policies in the FY2021-2023 Management Plan

Basic Policies and Key Strategies

Basic policies

“**変革** (Henkaku)” Revenue recovery and growth by responding to changes in the operating environment

Aim to restore the revenue level by responding to current changes in the operating environment and implementing structural reforms and other measures and position the current period as “**the turning point to new growth.**”

Revenue recovery

- FY2021: Secure operating profit of 20 billion yen
- Achieve a steady profit recovery in each business

Maintenance of financial health

- Interest-bearing debt / TOKYU EBITDA multiple
Recover to 7 times (FY2023)

Key strategies

- Strengthen business structure in the transportation infrastructure business
- Respond to new values in the real estate business
- Change business and services corresponding to new lifestyles
- Implement structural reform in each business

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With “**変革 (Henkaku)**” as its basic policy in this management plan, the Group aims to meet the changes that have occurred in the business environment which have been accelerated by COVID-19 and advance structural reforms to return its revenue to its previous level. The Group also positions these three years as a turning point for new growth.

To enable revenue to recover, the Group will secure an operating profit of 20,000 million yen in the first fiscal year of the management plan, and work to steadily achieve a recovery of the profits of each business in the second year of the plan and subsequent fiscal years. The Group will also maintain financial health to return its interest-bearing debt/EBITDA ratio to 7 times range.

To achieve “**変革 (Henkaku)**”, the Group adopted four key strategies:

- Strengthen the business structure of the transportation infrastructure business
- Respond to new value in the real estate business
- Enable businesses and services to evolve in response to new lifestyles
- Advance structural reforms in each business

FY2021 Arrival Level

| | (Reference) FY2020 | FY2021 |
|---|-----------------------|-------------------|
| TOKYU EBITDA | 74.7 billion yen | 118.7 billion yen |
| Operating Profit | -31.6 billion yen | 20.0 billion yen |
| Interest-bearing Debt / TOKYU EBITDA Multiple | 15.8 times | 10.3 times |

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

Let me explain the FY2021 arrival levels for this management plan next.

The Group adopted three quantitative indicators for fiscal 2021:

- TOKYU EBITDA : 118.7 billion yen
- Operating Profit : 20.0 billion yen
- Interest-bearing Debt/TOKYU EBITDA Multiple : 10.3 times

In fiscal 2021, the Group will transform to ensure that profit is achieved during the fiscal year by steadily advancing an array of measures including structural reforms and thereafter return its revenue to the pre-pandemic level as quickly as possible.

Investment Plans and Shareholder Returns

Investment Plans

Steadily implement safety and maintenance/renewal investment, large projects in progress, and investments related to structural reforms.

<Reference>

Planned capital expenditure for FY2021 : 127.7 billion yen
(Investment in growth : 53.8 billion yen / Investments for existing business : 73.9 billion yen)

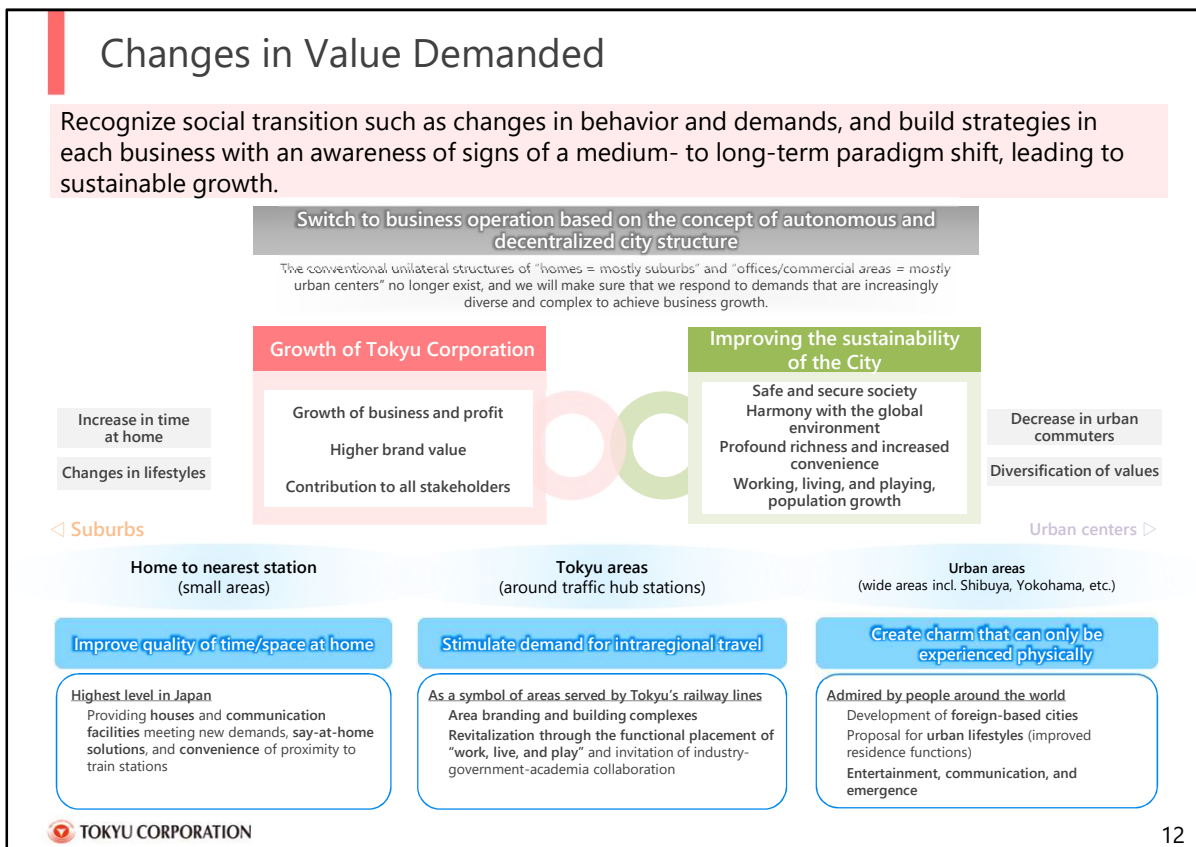
Concept of shareholder returns

Continue stable dividend payments and aim for a dividend ratio of 30% or more in the medium to long term, with an awareness of the total return ratio.

The Group will reexamine its investment plans based on results, taking financial health into consideration. The Group will steadily continue to invest in safety, maintenance and renewal, in large projects in progress in Shinjuku, Shibuya and other districts, and in other projects related to structural reforms.

Further, the goal of the Group is to achieve shareholder returns with a dividend ratio of 30% or higher as a medium-to-long-term target, additionally considering the total return ratio and assuming the continuation of stable dividend payments.

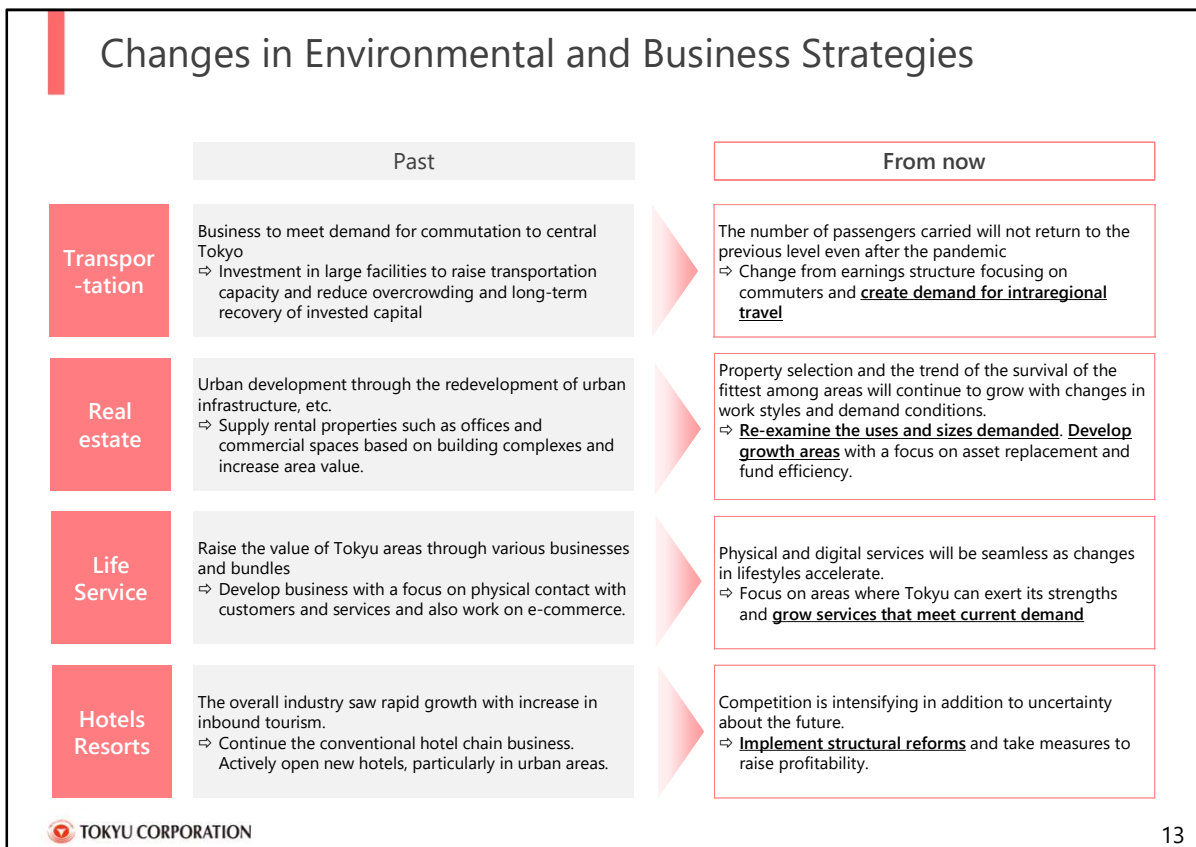
III. Key Strategies and Initiatives



This slide shows the transformation of society and the Group's responses to develop strategies for each business, from the perspective of urban development.

The growth of the Company, whose businesses are based on urban development, is inseparable from the improvement of the sustainability of cities. I believe the Group must switch from businesses based on the traditional concept of homes being mostly in suburbs and offices and commercial facilities being mostly in urban centers to businesses based on the idea of an autonomous and decentralized city structure designed to meet increasingly diverse and complex demand, and the Group must link this switch to the growth of each of the Company's businesses, in response to or in anticipation of lifestyle and social changes, including an increase in time spent at home and a decrease in commuting to urban centers.

In the small areas between homes and the nearest train station, the Group will provide housing and communications facilities of the highest levels in Japan and solutions for people refraining from leaving home and other forms of convenience to improve homes and the quality of time spent at home. Moreover, in Tokyu areas around hub stations, the Group will implement initiatives including the functional arrangement of facilities related to working, living and amusement to stimulate demand for intraregional travel. Initiatives underway in Futako Tamagawa, Minami Machida and Tama Plaza can be considered early examples of this. As its next step, the Group will create charms that can only be experienced physically by building structures in urban areas that must be visited. At the same time, the Group will work to propose urban lifestyles, including improved residential features.



This slide shows changes in the environmental and business strategies of each business.

In the Transportation Business, the Group will reconsider its business model based on people commuting between urban centers and suburbs for work and study. The Group will work on creating demand for intraregional travel as well.

In the Real Estate Business, the Group will reexamine the property applications and sizes sought, and develop growth areas with a greater focus on asset replacement and fund efficiency, switching from a business model of supplying rental floors for use centered on offices and commercial facilities.

In the Life Service Business, the Group will focus on areas where it can display its strengths, and develop services to meet environmental changes and demands amid a trend toward seamless digital and physical services.

In the Hotel and Resort Business, competition is anticipated for continued growth, in addition to uncertainty about the future. In these conditions, the Group will advance structural reforms and execute measures to increase profitability with a sense of urgency.

Key strategy 1

Strengthening the Structure of the Transportation Infrastructure Business

Pursue safety and security, aim to achieve both public benefit and profitability at high levels, and reform operations using technology to strengthen the business structure

Pursuing safety and security

Maintenance of good facility condition and accident prevention

- Ensure thorough facility renewal and inspections required
- Implement disaster control measures

Improvement of recovery capacity after accidents

- Renew and improve control center facilities
- Increase educational functions (improve HR and technical skills)



Universal services

- Reduce gaps between platforms and train floors
- Place more barrier-free facilities (use of apps, etc.)

Reforming operations

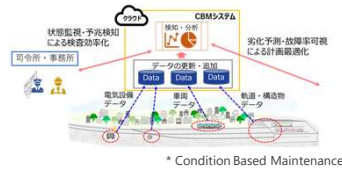
Expand one-man driving



Rationalization of service schedule according to demand

Optimization of maintenance operation using data (CBM*), etc.

- Increase inspection efficiency through status monitoring and sign detection
- Optimize plans by predicting degradation and visualize failure rate



Increasing convenience

Tokyu Shin-Yokohama Line starts service (scheduled for second half of FY 2022)



Increase services such as paid seating

Increase resistance to changes in demand

- Improving earnings structures of Tokyu bus, airport operation business, regional transportation business, etc. and thoroughly meeting demand for recovery

Strengthening the structure of the Transportation Infrastructure Business is the first key strategy.

The Group aims to bolster the business's structure by reforming operations using technology without changing the core pursuit of safety, security and public benefit.

At the same time, the Group will work to gradually improve convenience, including the commencement of Tokyu Shin-Yokohama Line services scheduled in the period of the plan.

Further, the Group will work to increase the resilience of its Tokyu Bus, airport operation and regional transportation businesses in the face of changes in demand and steadily meet demand to recover from the COVID-19 pandemic.

Implement Tokyu's unique urban development that will create social values, which will play a central role in consolidated business profit, and raise profitability to drive profit growth.

Implementation of Shinjuku redevelopment project

■ Provide an urban entertainment complex function and create new appeal

- Establish Shinjuku Project Planning and Development Headquarters and implement development and planning operation in a unified manner.



Kabukicho 1-chome district development plan (scheduled to be complete in FY2022)
Site: approx. 4,800 m²; total floor area: approx. 87,000 m²
Use: Hotel, theater, cinema, commercial facilities, etc.



Evolving to urban management

■ Efforts for autonomous, decentralized Tokyu area city

- Promote the development of facilities that become the center of the regional economic sphere
- Solve issues through public- and private-sector partnerships and develop unique communities
- Enhancement of shared offices, small offices, etc.

■ Improve housing-related businesses and revitalize Tokyu areas

- Plan products with a focus on proximity between work and home and telecommuting and promote the appeal of Tokyu areas.



Shin-Tsunashima Station District urban redevelopment project type1 (scheduled to open in FY2023)
Site: approx. 3,890 m²; Total floor area: approx. 37,560 m²
Use: Apartments, commercial facilities, public interest facilities, etc.

Improvement of asset recycling building business

■ Early contribution to consolidated profit (reduce timeframe)

- Establish a business with a focus on fund efficiency
- Use pipeline with TOKYU REIT, etc.



Promotion of overseas urban development

■ Project implementation in Vietnam, Thailand, etc.



SORA Garden II (scheduled to be complete in FY2021, Binh Duong New City, Vietnam)

Responding to new value in the Real Estate Business is the second key strategy.

During the period of the plan, the Group will steadily advance the Shinjuku redevelopment project, the largest project of its kind, to make the area appeal in new ways by providing an urban entertainment complex feature.

Additionally, the Group aims to revitalize Tokyu areas by strengthening housing-related businesses in response to changes in workstyles, in addition to advancing initiatives for autonomous, decentralized Tokyu area cities by means including Tokyu area development.

At the same time, the Group seeks to increase profits with a greater focus on the asset recycling businesses, taking fund efficiency into consideration.

Further, the Group will continue to work on urban development projects in Vietnam and other overseas locations.

Raise the competitiveness of each business by providing services corresponding to environmental changes and contribute to consolidated profit.

- Grow profit by meeting demand in lifestyle infrastructure business, etc.
- Upgrade Tokyu area services to meet customers' needs and current demand

Providing values through lifestyle infrastructure business

Profit growth by responding to lenaka (in-home) demand

- Promote opening of Tokyu Stores, Improve e-commerce, Increase operation efficiency using digital technologies

Tokyu Store



Selective implementation of strategic investment

- Strengthen the ICT business
- Participate in the business of 5G base station sharing
- Raise competitiveness using mesh Wi-Fi and FTTH



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Upgrading services to meet customer needs and current demand

Develop a "concierge" system by establishing profound relationships with Tokyu area customers and improving proposal skills.



Aim to increase services and expand business as the comprehensive provider of lenaka (in-home) solutions

| | |
|------------------------|----------------------|
| House cleaning | Housekeeping |
| Repair and maintenance | Handling of problems |
| Renovation | Tidying up |
| Online supermarkets | |

In the face of a super-aging society, we provide one-stop services that accompany the future lives of customers.

Tokyu Laviere Corp. Business start in 2021



Grow shares in new markets by responding to rapid changes in working styles.



Corporate membership office-sharing business Focus on increasing the rate of use and number of customers



More than 250 locations across Japan with more than 450 member companies (as of May 2021)

Increase the profitability of individual businesses

- Examine value provided and income/expenditure structure
- Redefine the significance and roles in view of current trends and restructure businesses and services

Upgrading businesses and services to accommodate new lifestyles is the third key strategy.

The Group will aggressively approach issues, including the promotion of Tokyu Store supermarket openings and the conversion to the fiber to the home service for preparing communications environments at home, to steadily meet in-home demand created by longer hours spent at home and changes in workstyles.

The Group will also develop services fit for the arrival of a super-aging society and rapidly changing workstyles while deepening relationships with Tokyu area customers through its lifestyle infrastructure business.

Implementation of Structural Reform in Each Business

Promote structural reforms in businesses that have been facing issues since before COVID-19, redevelop strategies for the Group's businesses, and improve consolidated business management

Structural reform of hotel business

■ Increase profitability

- Drive multi-purposing of guest rooms
 - Meet demand for use as offices and long-term use
- Reform restaurant models
 - Make restaurants tenants, use IT, streamline personnel by assigning multiple jobs
- Reorganize hotel networks
 - End the operation of 3 Tokyu REI Hotels, etc. (Kagoshima, Nagoya Sakae, and Omori)

taugitauji

■ Change channels according to environmental changes

- Improve customer appeal in domestic market
- Make millennials and the wealthy customers

■ Minimize fixed costs

■ Reorganize production systems at linen and supply factories.

Structural reform of department store business

■ Reform store structures, close unprofitable stores

- Implement hybrid operation at more stores
- Reduce self-operated sales floor and raise the efficiency of sales floor operation
- Restructure retail business in the consolidated group

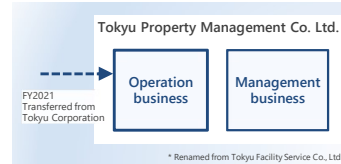
■ Make back-office, services, and sales promotion more efficient Shift to digital operations



Improve consolidated management

■ Optimize operation systems

E.g. Provide both real estate operation and management services



■ Strengthen consolidated HR management

- Reallocate 1,000 employees from consolidated companies to accommodate changes in business structures and ranges

■ Restructure consolidated business portfolio

- Concentrate functions, merge/abolish businesses
- Optimize asset management in view of consolidated group
- Raise the efficiency of head office divisions

Reforming the structure of each business is the fourth key strategy.

The forecasts for the hotel and department store businesses in particular appear difficult due to changes in the business environment going back to the period before the COVID-19 pandemic. The pandemic hit these two businesses in the midst of ongoing structural reforms, and this has seriously damaged them.

For that reason, the Group will work to improve the profitability of the hotel business by taking measures including operational guarantees with guest rooms use for greater purposes, restaurant model reforms through business category and other changes, and the reorganization of hotel networks. At the same time, the Group seeks to flexibly change its channels to increase its appeal to customers in the Japanese market and switch to a cost structure corresponding to income size.

In the department store business, the Group will begin hybrid operations in more stores, and advance store structural reforms including the improvement of the efficiency of sales floor operation. At the same time, the Group will increase the efficiency of back-office operations, services and sales promotion, and fundamentally review its cost structure, including examining shifts to digital operations.

The slide mentions the improvement of efficiency through the integration of real estate operations and management functions as an additional example. The Group will work on restructuring its consolidated human resources management and consolidated business portfolio in order to enable its consolidated management to further evolve.

For the Future of Shibuya

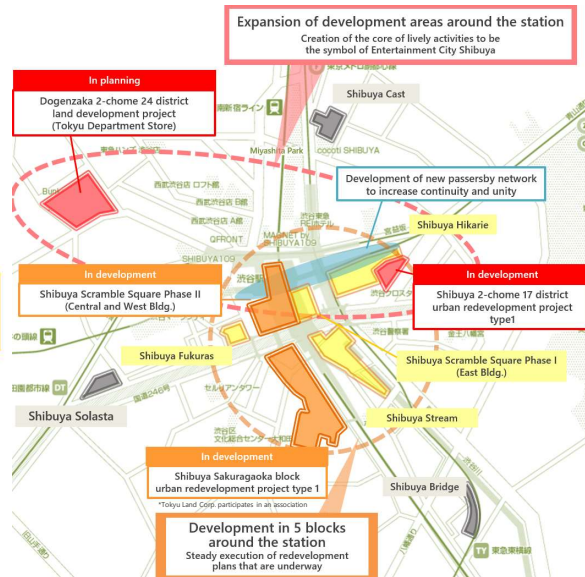
Implement multi-layered activities, including public-private partnerships, for the future of Shibuya, the most important area for Tokyu

“Global” and “Local” “extraordinary” and “ordinary”
Aim to build a town having two different sides

- Improve the wide-area appeal of “Greater SHIBUYA” and further develop and enhance the “Entertainment City SHIBUYA”
- Propose “Shibuya-style urban life”
 - Aim for fusion of three elements – working, living, and playing – and a town in which “digitization” and “sustainability”, which become the basis of such fusion, are organically connected

Implementation of development plans including public-private partnerships and activities that contribute to increasing the appeal of the city

- Steadily implement redevelopment plans in progress
- Develop new projects with strategic alliances also in mind
 - Start of the Dogenzaka 2-chome 24 district land development project
 - Activities through a comprehensive partnership with Shibuya municipal government (5G communication facilities, entertainment, and startup ecosystem)
 - Urban development based on cooperation and co-creation among Tokyu Group companies



The Group will also steadily advance initiatives in Shibuya, which is the most important area for the Company.

The Group will continue efforts to increase the appeal of Greater Shibuya, a wide area around Shibuya Station, and realize the Entertainment City Shibuya vision. At the same time, the Group will propose an urban lifestyle befitting Shibuya in which the three elements of working, having fun and living are blended into one.

Further, the Group will steadily advance the redevelopment plans in progress and consider new projects, including through cooperation with other Tokyu Group companies and strategic alliances.

Use of Digital Technology

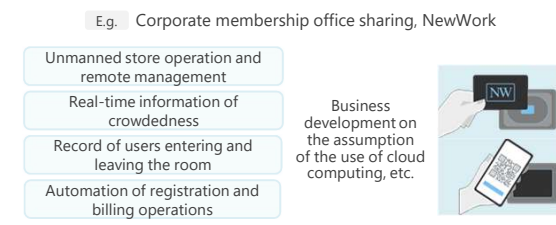
Take on the challenge of maximizing “real” value by using digital technology.

- Business and operation reforms and system development that assume rapidly developing digital technology in each business
- Form a virtuous circle of successful cases by accumulating PoC and effect validation

Advancement of transportation services



Increase business competitiveness and advantage through use



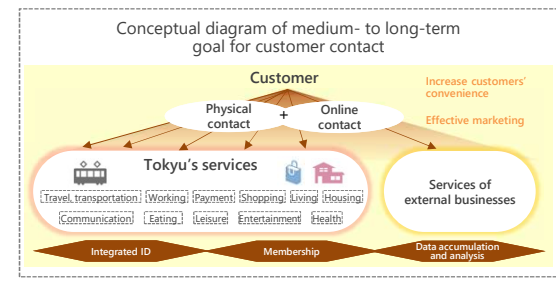
Develop business in strategic alliance with Rakuten Group, Inc.



Development of promotion and support systems

Improve horizontal IT functions while keeping in mind offensive and defensive operations and verifying the effects
(IT risk management, standard infrastructure development, and HR development and retention)

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This slide is about the use of digital technologies which are important for pushing “変革(Henkaku)” forward.

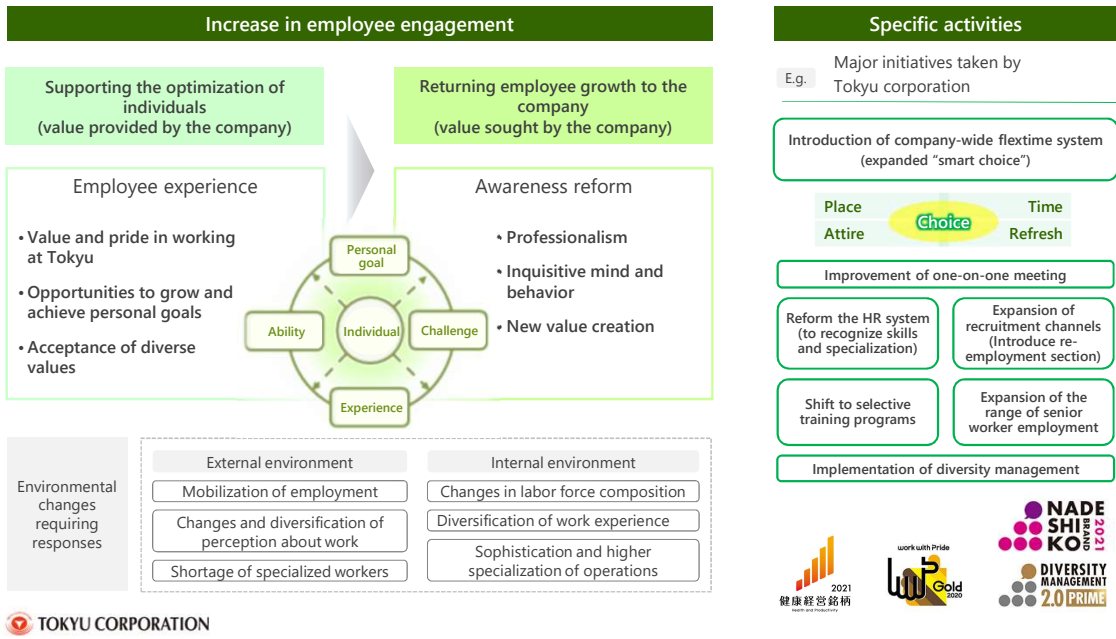
In all areas, the Group will transform businesses and operations assuming the use of digital technologies. At the same time, the Group will accumulate successful efforts by verifying the feasibility of ideas and repeatedly verifying effectiveness.

A specific effort the Group will engage in is the development of businesses using digital marketing solutions created through a strategic alliance with Rakuten Group, in addition to the evolution of its transportation services, such as the DENTO commuting assistance service and the Tuy Tuy subscription service, through verification tests.

Over the medium and long term, the Group will link these initiatives to the improvement of customer convenience and increased marketing efficiency by making the most of physical and online contacts with customers.

HR Strategy

Maximize corporate value by supporting the optimization of individuals as a reform driver



This slide is about the human resources strategies that will position employees as the drivers of reform.

The Group will advance changes in awareness to reflect employees' growth in its results, in addition to supporting the maximization of the abilities of individual employees to achieve the goal of increased employee engagement in response to changes in the environment, such as the increasing mobility of employment and the greater specialization of operations.

ESG Activities

Promote sustainable management and continue to provide social value and work to solve issues through business

| | | | |
|---|--|--|--|
| Environment | Efforts to achieve decarbonized society and RE100 <ul style="list-style-type: none"> - Continue to pursue energy efficiency and environmental performance <ul style="list-style-type: none"> E.g. Reduction of electricity used for renewal of railway cars Acquisition of environmental certifications such as ZEB - Build schemes for acquiring and adopting renewable energy <ul style="list-style-type: none"> E.g. Promotion through the operation of SDGs trains Use of 100% renewable energy for the operation of Tokyu Setagaya Line - Promote decarbonization and energy generation in Tokyu areas <ul style="list-style-type: none"> E.g. Participation in the free installation of solar power and storage battery facilities, etc. | Pursuit of safety and security <ul style="list-style-type: none"> - Achieve the safest and most user-friendly public transportation services in Japan - Responses to COVID-19 with the responsibility of a lifestyle infrastructure business operator | Increase the quality of the living environment |
| | CO₂ emissions Net ZERO by 2050 | RE100 CLIMATE GROUP CDP | Urban development with the creation of social value <ul style="list-style-type: none"> - Implement urban development unique to Tokyu to meet various needs |
| Adapt to climate change <ul style="list-style-type: none"> - Practice of TCFD | Efforts for recycling-oriented society | Governance | Achieve effective corporate governance <ul style="list-style-type: none"> - Responses to revised corporate governance code, etc. |
| <ul style="list-style-type: none"> - Reduce plastic and food waste | | Build an omni-directional compliance system | |

* ESG information, indicators, etc. are also described in the integrated report. https://www.tokyu.co.jp/ir/english/library/library_11.html

Let me explain the Group’s ESG activities in this last slide.

For the environment, the Group will advance initiatives to realize a decarbonized society and achieve the RE100 targets, activities to enable the Group to adapt to climate change, and efforts towards the creation of a recycling-oriented society.

For society, the Group will advance efforts to generate social value through its unique style of urban development and to create companies where all of its employees wish to stay and continue working, in addition to the pursuit of safety and security in all its businesses.

For governance, the Group will continue its initiatives, including initiatives for effective corporate governance and the development of systems that ensure compliance.

Here I will end the presentation. Based on its policy of sustainable management, the Group seeks to provide value to all stakeholders through the execution of this management plan, in addition to enhancing the corporate value of the Group.