

Small Meeting for FY2023 President's Message

September 4, 2023

TOKYU CORPORATION

[Biography of President & Representative Director Masahiro Horie]

I am Masahiro Horie and have been President of Tokyu Corporation since June this year.

I joined the company in 1984.

At first, I worked on the frontline operations of railways and the development of Tokyu Tama Garden City area, which serves as a model for the urban development of areas served by Tokyu's railway lines. I then worked in an overseas business division and at an overseas hotel subsidiary. After returning to Japan, I was responsible for investment and finance and raising funds through bonds and then worked in an office responsible for turning around and rebuilding group companies that had been listed and formulating group management policies.

During this time, I introduced the Interest-bearing debt/EBITDA ratio as an indicator of financial soundness and also proposed the REIT business as a growth strategy. In 2003, I applied for listing of TOKYU REIT, Inc. as its Operating Officer and was responsible for the REIT's operation for the next 12 years.

I returned to Tokyu Corporation in 2015, assuming responsibility for Tokyu's retail business whilst at the same time serving as the president of two subsidiaries, one of which was a shopping center operator.

From 2020, I was in charge of operation and management of Tokyu's real estate business and for the past two years I have also been involved in the hotel business, which I have rebuilt.

I have now been with the company for 40 years but have spent almost half of this time working at subsidiaries and accumulated a wide range of experience, which I intend to draw on as Tokyu's president.

I pride myself in being the type of person who also goes to the frontline, so to speak, to identify and solve problems.

[Aspirations in becoming president]

Tokyu Corporation is an urban development company, a company that manages and operates cities.

We adopt a TOD(*) strategy aimed at integrating and linking rail and bus transportation, real estate, and urban infrastructure, and our business model is different from that of other developers.

I plan to focus on three aspirations to further promote this "Tokyu style" of urban development.

My first aspiration is to increase population and income in the areas served by Tokyu's railway lines.

By seeking to expand and improve the facilities and services in areas served by Tokyu's railway lines, I want us to add value to these areas, creating the best cities in Japan and in the world to live in, work in and visit.

I also see ease of work as part of the value of the areas served by Tokyu's railway lines.

In addition to attracting people to the areas served by Tokyu's railway lines, I will also focus on creating employment opportunities in these areas specifically for housewives, people raising young children and senior citizens. And I will create mechanisms through which the income generated through this is directed towards consumption in the areas along Tokyu's lines.

My second aspiration is to increase the profitability of Tokyu's existing businesses.

I intend to increase profitability through refinements in each business, including making additional investment from a customer perspective. Tokyu Corporation is involved in a wide array of businesses and we will realize further revenue growth and further enhancement of value in the areas served by Tokyu's lines by linking these businesses.

Large-scale redevelopment takes time to generate revenue. And so, in the meantime, growth in our existing businesses will prop up our consolidated earnings. By maximizing the linkage between our businesses, I plan to turn us into a group that delivers returns above the norm.

My third aspiration concerns large-scale redevelopment projects.

A risk has emerged that the profitability of redevelopment projects could be harmed by the recent surge in construction costs.

However, any delay in the supply of office buildings by our competitors as a result will serve as a tailwind for our existing businesses and the projects we have already started. We will need to steer a difficult course, balancing schedule adjustments and cost control, and also generating a development profit, but I will work to ensure that we can turn tough times into an opportunity.

Moreover, as long as financial soundness is maintained, it is possible to make "contrarian investment," going against the trend and buying at discounted prices when market sentiment is

negative. The real estate business requires huge amounts of invested capital and so we need to speed up cyclical reinvestment, selling off certain assets after completion in order to recover our capital for reinvestment. Through this, the real estate and facilities in the areas served by Tokyu's lines will be properly renewed and upgraded and disaster management will also be implemented, leading to growth in the resident population. In other words, I see the recovery of capital and cyclical reinvestment as measures that will not only make us more financially sound but will also give the areas served by Tokyu's railways lines a competitive edge over other areas. I will also work on expanding our fee business, aiming to expand profit in a way that conserves capital.

We celebrated the 100th anniversary of our founding in 2022.

Since the early days of our founding, we have won the support of customers through the provision of creative value not provided by zaibatsu conglomerates such as our urban development in Senzoku and Denen-chofu.

I believe we are a solutions provider with this kind of creative DNA. Going forward, I want us to continue creatively providing solutions to the problems facing society and the familiar problems of everyday life.

I would also like to turn Shibuya and the areas served by Tokyu's lines into hubs for creative industries more than ever before.

I want to attract the new business divisions of global corporations to the areas served by Tokyu's railway lines, turning them into places where the lifestyle itself generates creative solutions to life's problems.

There is also scope for us to compete through creativity in the d entertainment field. For example, I intend to incorporate entertainment-type elements into businesses such as the hotel business to beat our competitors.

*Transit oriented development

Masahiro Horie
President & Representative Director
Tokyu Corporation