

Results in the First Half of FY2021 Presentation for Investors

November 10, 2021

Tokyu Corporation

(9005)

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



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I . Executive Summary

Main Points in the Results for 1H FY2021

(Unit: Billion yen)	Results	YoY Comparison
Operating Revenue	443.0	+ 9.0 (+ 2.1%)
Operating Profit	24.9	+ 45.3 -
Recurring Profit	26.6	+ 45.9 -
Profit attributable to owners of parent	24.1	+ 51.3 -

* A year-on-year increase of 80.1 billion yen in revenue before the application of the Standard for Revenue Recognition

[Operating revenue]

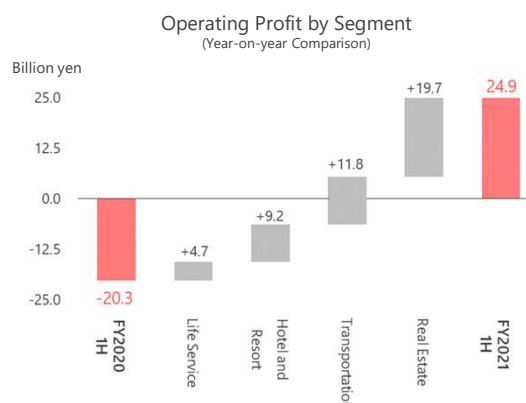
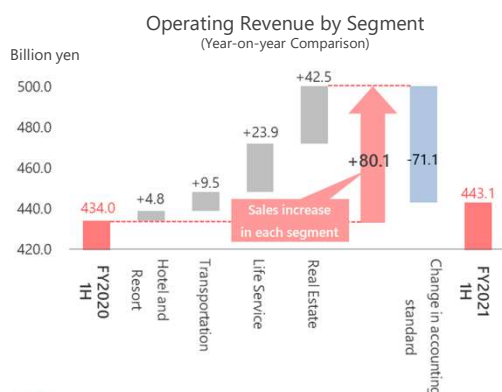
• Sales increased 9.0 billion yen year on year, reflecting the sale of a large-scale property as well as improvements in earnings from the year-ago level affected by restrictions on outings and the closure of sales floors resulting from the declaration of a state of emergency.

[Operating Profit]

• Increased 45.3 billion yen year on year, reflecting improvements in profitability and decreases in losses in all segments, particularly the Real Estate Business segment in which the sale of a large-scale property was recorded.

[Profit attributable to owners of parent]

• Increased 51.3 billion yen year on year due to the posting of a gain on sales of fixed assets.



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○ This slide shows the main points in the results in the first half of fiscal 2021. I will primarily explain year-on-year changes.

○ Operating revenue increased 9.0 billion yen year on year, to 443.0 billion yen, reflecting the sale of a large-scale property as well as improvements from the year-ago level, which was influenced by restrictions on outings and the closure of stores resulting from the declaration of a state of emergency.

○ As shown in the chart at the bottom left, revenue rose in all segments except for the effect of the change in the accounting standard.

○ Operating profit increased 45.3 billion yen year on year, to 24.9 billion yen, reflecting improvements in profitability and decreases in losses in all segments, particularly the Real Estate Business segment, in which the sale of a large-scale property was recorded.

○ Profit attributable to owners of parent rose 51.3 billion yen, to 24.1 billion yen due to the posting of a gain on sales of fixed assets.

(Reference) Impact of the "Accounting Standard for Revenue Recognition"
in the Results for 1H FY2021

(Unit : Billion yen)		①	②	①-②	Impact of accounting standard revision	③	②-③	
		FY2021 1H Results	FY2021 1H Prior to accounting standard revision	Change		FY2020 1H Results	Change	
Total Operating Revenue		443.0	514.1	- 71.1 (- 13.8%)		434.0	+ 80.1 (+ 18.4%)	
Transportation	Operating Revenue	79.5	79.0	+ 0.4		69.5	+ 9.5	
Real Estate	Operating Revenue	124.2	129.9	- 5.6	Tokyu GEOX -5.6	87.4	+ 42.5	
	Total Life Service	247.5	313.3	- 65.8		289.4	+ 23.9	
Life Service	Operating Revenue	Retail	165.9	208.5	- 42.5	Tokyu Department Store -35.7 Tokyu Store Chain -3.1	199.4	+ 9.0
		ICT and Media	81.5	104.8	- 23.2	Tokyu Agency -20.9 Tokyu power supply -1.7	90.0	+ 14.8
		Hotel and Resort	19.5	19.7	- 0.1		14.9	+ 4.8
Elimination etc.	Operating Revenue	- 27.9	- 27.9	-		- 27.2	- 0.6	

Assumptions for FY2021 Forecasts as of November

Assumptions for forecasts

- Regarding the impact of COVID-19, domestic economic activities will begin to normalize, reflecting the gradual lifting of restrictions on activities.
- Due to the extension and re-issuance of the state of emergency declaration and the spread of the infection during the summer, the recovery status of each business was later than expected.
- Forecasts have been compiled based on the assumption that no additional state of emergency will be declared.

Assumptions for forecasts by segment (Changes to the August forecast for FY2021)

Segment	Assumptions for forecasts as of August	Assumptions for forecasts as of November
Transportation	<ul style="list-style-type: none"> • Tokyu Railways: The number of passengers carried will decrease <u>24.4%</u> from FY2019. *Continue to monitor the impact of COVID-19 (transportation and bus services in regional areas). 	<ul style="list-style-type: none"> • Tokyu Railways: The number of passengers carried will decrease <u>25.2%</u> from FY2019. (1H results : -28.8% vs FY2019) *Continue to monitor the impact of COVID-19 (transportation and bus services in regional areas).
Real estate	<ul style="list-style-type: none"> • Real Estate Sales of the Company: Contribution of asset recycling building business to earnings is taken into consideration. • Real Estate Leasing of the Company: Current contract conditions will remain effective. The risk of vacancies is not expected. 	<ul style="list-style-type: none"> • Real Estate Sales of the Company: The asset recycling building business contributed to earnings. • Real Estate Leasing of the Company: No change.
Life Service (*)	<ul style="list-style-type: none"> • Tokyu Department Store : Sales will increase <u>16.5%</u> year on year. • Tokyu Store Chain : Sales will remain at the year-ago level in general. 	<ul style="list-style-type: none"> • Tokyu Department Store : Sales will increase <u>5.0%</u> year on year. • Tokyu Store Chain : No change.
Hotel and Resort	<ul style="list-style-type: none"> • Tokyu Hotels : The full-year occupancy rate will be <u>53.8%</u>. 	<ul style="list-style-type: none"> • Tokyu Hotels : The full-year occupancy rate will be <u>46.6%</u>.

* Assumptions for Tokyu Department Store and Tokyu Store Chain are based on data before the application of "Accounting Standard for Revenue Recognition."

○ Let me explain the assumptions for our forecasts for fiscal 2021 as of November 2021.

○ There have been no changes in the assumption that domestic economic activities affected by the spread of COVID-19 will gradually normalize in the second half of the fiscal year.

○ Meanwhile, due to the extension and re-issuance of the state of emergency declaration and the spread of infections during the summer, the recovery of each business appears to be later than expected.

○ The forecasts do not factor in any possible declaration of a state of emergency.

○ Assumptions about major businesses in each segment are as described below. Tokyu Railways continues to face a difficult situation, including the less-than-expected number of passengers carried. The recovery is slow at Tokyu Department Store and Tokyu Hotels.

○ In the Real Estate segment, the assumptions remain unchanged, but the real estate sales business is making a greater contributions to earnings than expected.

Main Points in Forecasts for FY2021

(Unit: Billion yen)	Full Year Forecast	YoY Comparison	Comparison with Forecasts as of Aug.	
Operating Revenue	868.4	- 67.5 (- 7.2%)	- 29.8	(- 3.3%)
Operating Profit	25.0	+ 56.6	+ 5.0	(+ 25.0%)
Recurring Profit	25.2	+ 52.0	+ 9.6	(+ 61.5%)
Profit attributable to owners of parent	10.0	+ 66.2	-	(-)

* A year-on-year increase of approx. 85.0 billion yen in revenue before the application of the Standard for Revenue Recognition

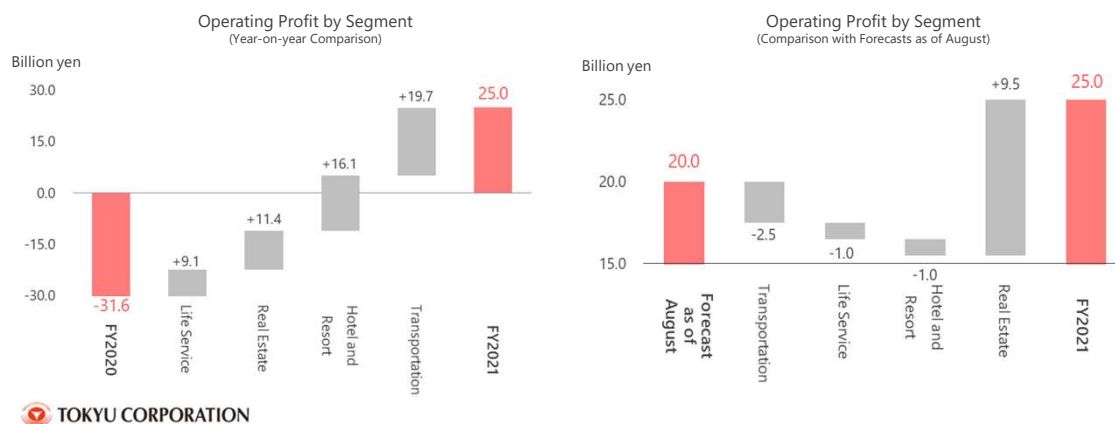
(Points in the Comparison with the August Forecast)

[Operating Revenue and Operating profit]

• Expected to increase partly due to the strong performance of the real estate sales business, which more than offset decreases in sales from railway operation, department and hotel businesses, which are taking longer than initially expected to recover from the impact of the COVID-19 pandemic.

[Profit attributable to owners of parent]

• The bottom line remains unchanged despite an increase in operating profit, taking into consideration the risk of losses that may occur in businesses in which the effects of structural reform initiatives and the spread of COVID-19 over a long period of time are significant (transportation, department stores, hotels, etc.).



○ This slide shows the main points in our forecasts for fiscal 2021.

○ Operating revenue is expected to be 868.4 billion yen, which is 29.8 billion yen less than the forecast in August, reflecting decreases in sales primarily from railway, department store and hotel businesses, which are taking longer than initially expected to recover from the impact of the COVID-19 pandemic. However, operating profit is forecast to be 25.0 billion yen, 5.0 billion yen more than the forecast in August, due to the strong performance of the real estate sales business, among other reasons.

○ The profit attributable to owners of parent forecast remains unchanged from the forecast in August in consideration of the risk of losses that may occur in businesses that are significantly affected by the prolonged effects of COVID-19.

○ The business environment is expected to remain uncertain. We will make progress in structural reform and steadily tap into demand recovering from the COVID-19 pandemic to further increase profit.

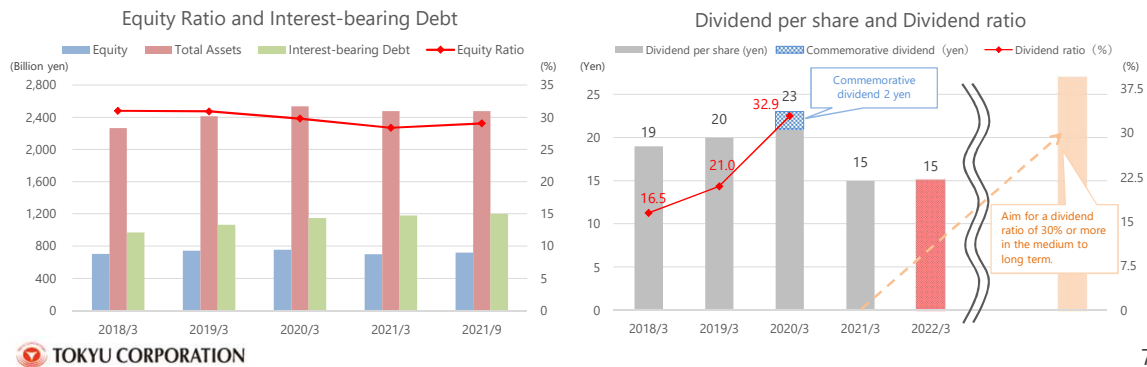
Thinking on Funds and Shareholder Returns

Funds

- A portion of funds collected in connection with the sale of assets will be allocated to future investments in growth, while maintaining the level of interest-bearing debt.
- We have secured a certain level of financial health and are not considering capital increase through public offering at this time.

Shareholder returns

- We will continue to pay stable dividends.
- We aim to deliver shareholder returns paying attention to the total return ratio, with a dividend payout ratio of at least 30% in the medium to long term.
- We plan to pay dividends of 15 yen this fiscal year.



○ Our policy on funds and shareholder returns is as stated on the slide.

○ We have secured a certain level of financial health and are not considering a capital increase through public offering or other forms of financing.

○ We plan to pay dividends of 15 yen per share for this fiscal year, as initially planned.

II. Progress in Medium-term Management Plan and Status of each business

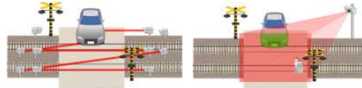
Railway Business Initiatives

Despite the challenging business environment, we will continue to pursue safety and security and provide services at a high level. We will also work to restore profitability by creating a tougher, more robust business structure, such as by implementing structural reforms.

Pursuing safety and security

Improving safety of level crossings

- Obstruction detectors installed at 100% of level crossings



Increasing sophistication of control center functionality

- New system installation completed in May 2021



Universal services

- Providing information on steps and gaps on all station platforms, and when boarding and exiting trains.



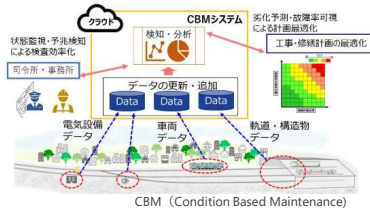
Improving efficiency through structural reforms

Increase in single-person operation

- Construction work and preparations underway for one-man driving



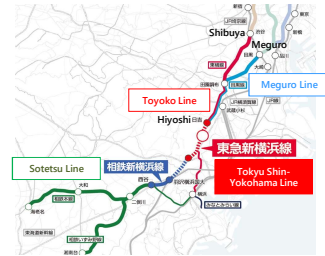
Optimizing maintenance operations through data utilization, etc.



- Introducing infradector for railways



Efforts to open Tokyu Shin-Yokohama Line



Renovation of Okusawa Station

(Scheduled for completion in second half of FY2021)

- Construction work to accommodate new line



Conversion of Meguro Line to 8-car configuration

(Scheduled for completion in first half of FY2022)



○ Now we will explain progress in the medium-term management plan and recent topics.

○ I will start with the railway business.

○ As I said in my explanation about the results, we are facing a challenging business environment amid the COVID-19 pandemic. Both the number of passengers carried and passenger revenue are declining. We will continue to pursue safety and security and provide high-quality services.

○ We are also working to restore profitability by implementing structural reforms and creating a tougher, more robust business structure.

○ We expect a cost reduction of around 9.0 billion yen in the current fiscal year. We will strive to enhance efficiency chiefly by increasing single-person operation.

Outline of Considerations for Fare Revisions

We are considering fare revisions in a manner that minimizes the increase in burden on customers, with efforts in business management as a prerequisite.

Background

- It is necessary to continue to maintain the high standard of facilities that have been developed for the purpose of improving safety and convenience.
- Numbers of commuter ticket users have decreased significantly due to the firm establishment of telework-type working styles, and demand cannot be expected to recover to pre-COVID levels in the future.

Main capital investment initiatives in recent years



Tokyu remains among the safest of the 16 major private railway companies

- Fewest driving accidents
- 2nd fewest transport incidents (As of the end of FY2019)

Passengers carried in FY2020 (year on year comparison)

	Commuter	Non-commuter	Total
Passenger revenue	-31.5%	-30.4%	-30.9%
Number of passengers carried	-33.7%	-29.6%	-32.1%

Decline in commuter revenue (year on year) is the greatest among major private rail operators in the Kanto area*

* Major private rail operators in Kanto: Tokyu, Tobu, Seibu, Keisei, Keio, Odakyu, Keikyu, Sotetsu

Details

- Maintain and upgrade railway infrastructure in an appropriate manner, and continue to provide safe and reliable railway services without deferring the burden to future generations.
- Contribute to the sustainable growth of cities and areas along rail lines, and fulfill our corporate social responsibilities by building a more robust business foundation and creating social value in line with contemporary needs.

Time of revision	Spring 2023 (application scheduled for January 2022)
Range of increase	Fare rate increase will be slightly over 10%, expected actual increase in revenues will be less than 10%
	Around 10 yen increase on minimum fare (ticket fare: 130 yen ⇒ 140 yen)

○ Next, I will explain our considerations for fare revisions.

○ We believe that we need to maintain high-level facilities that we have developed to improve safety and convenience, including platform fences with doors and barrier-free facilities.

○ Meanwhile, the number of commuter ticket users have decreased significantly due to the establishment of teleworking. We do not expect that the number will recover to the level seen before the COVID-19 pandemic.

○ In this business environment, our corporate social responsibilities are maintaining and upgrading railway infrastructure appropriately and continuing to provide safe and reliable railway services without deferring the burden to future generations, as well as contributing to the sustainable growth of areas along our railway lines by building a more robust business foundation and creating social value in line with contemporary needs.

○ To fulfill our responsibilities, we will step up our management efforts. We also need to revise the fares, but we will minimize the extra burden on our customers.

○ We are considering a revision. We plan to revise the fares around the spring of 2023. We are considering raising the minimum fare around 10 yen and raising the fares slightly more than 10% overall. In that case, we expect that revenue will increase less than 10% effectively.

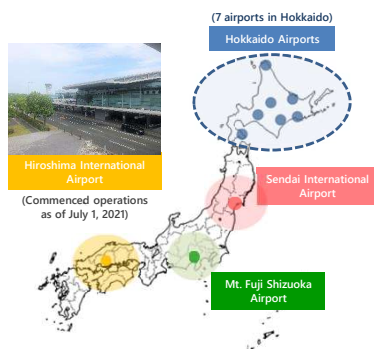
Other Transportation Infrastructure Business Initiatives

We aim to strengthen the earnings structure of each business and steadily secure demand for recovery from the impact of the COVID-19 pandemic.

Airport Operation Business

Started Private Sector Operation of Hiroshima Airport

- Operation of Hiroshima Airport will begin as of July 1, 2021, following on from operations at Sendai, Shizuoka and Hokkaido airports
- Aiming for mutual growth for each region and the Tokyu Group through the airport operations business, which have a high affinity for other transportation infrastructure businesses and utilize the Group's existing expertise



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Bus Business

Creating Comfortable Mobility Services

- Launched a service that provides real-time information on crowded conditions inside buses on PCs, smartphones and at some bus stops



Regional Transportation Business

Contributing to local communities through business operations outside of the Tokyu area

Although transportation business operations in outlying areas remain challenging due to the spread of COVID-19 and other natural disasters, we will continue to operate and contribute to local communities

- Izukyu Corporation



- Ueda Dentetsu Corporation



MaaS

Trial Introduction of Tourism MaaS (Izuko)

- Integrated transportation / mobility services for the Izu Peninsula, enabling seamless travel from stations and airports to destinations using secondary transportation

Trial Introduction of MaaS Along Railway Lines (DENTO)

- A mobility service that enables users to select their ideal means of transportation and place of work according to time, place and occasion, with the aim of realizing a freer and more enriched way of working along Tokyu train lines

Other Services

Trial introduction of Tuy Tuy

- Launch of "Tuy Tuy", an environmentally friendly subscription service aimed at creating new added value for commuter pass ownership



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○ I will move on to describing other initiatives in the transportation infrastructure business.

○ We continue to face a challenging environment due to the prolonged effects of COVID-19 and the effects of natural disasters in certain businesses. In this environment, we will continue to play our social roles, while working to strengthen the earnings structure.

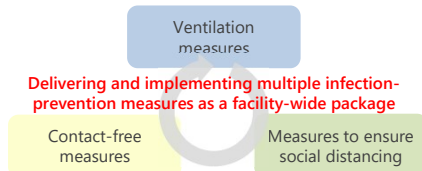
Progress of development Plans in Urban Areas

- Shinjuku redevelopment project are progressing smoothly, incorporating measures to support the New Normal
- Shibuya redevelopment projects are also progressing smoothly

Shinjuku Redevelopment Projects

Delivering unparalleled hotel × entertainment complexes from Japan to the world

- In October 2021, Tokyu's project became the first to be certified by Japan's Ministry of Land, Infrastructure, Transport and Tourism (MLIT) as a post-revision private urban revitalization project incorporating "Measures for the New Normal" in recognition of measures against infectious diseases, in response to diversifying needs accompanying the spread of COVID-19.



- Construction is progressing smoothly, with framework completed (topping out) in October 2021, and overall completion scheduled for January 2023.



Conceptual view from Okubo direction (northwest side)



State of construction progress

■ Plan overview
 Plan name: Kabukicho 1-chome district development plan
 Site area: Approx. 4,600 m²
 Floor area: Approx. 87,400 m²
 No. of floors: 48 above ground floors, 5 basement levels, 1 penthouse
 Height: Approx. 225 meters
 Use: Hotel, theater, cinema, stores, parking, etc.
 Completion: January 2023 (scheduled)



Shibuya Redevelopment Projects

Continuing redevelopment projects in Shibuya

Shibuya 2-chome 17 district Type 1 urban redevelopment project

- New construction scheduled to begin in December 2021



Site area: Approx. 3,460 m²
 Floor area: Approx. 44,500 m²
 Use: Offices, stores, parking, etc.
 Opening: FY2024 (scheduled)

Shibuya Scramble Square phase II (Central and West Bldgs.)



Site area: Approx. 15,300 m² (including Phase I)
 Floor area: Approx. 95,000 m²
 Use: Stores, parking, etc.
 Opening: FY2027 (scheduled)

○ Let me explain the progress in development plans in urban areas.

○ The Shinjuku redevelopment project is making steady progress. We completed the framework in October 2021. The project is scheduled to be completed in January 2023.

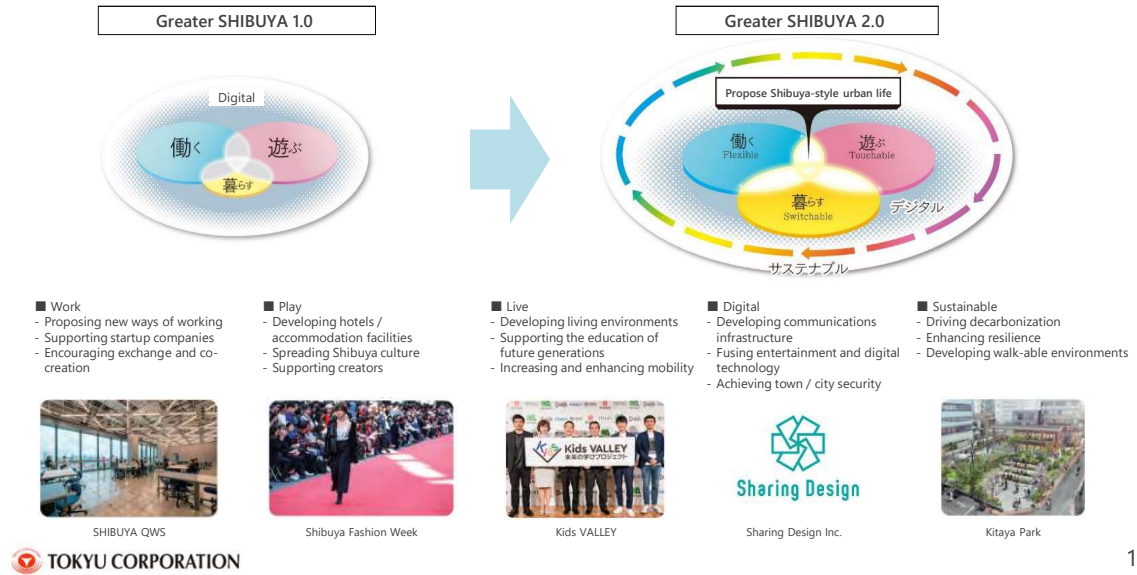
○ In October, the project became the first to be certified by the Ministry of Land, Infrastructure, Transport and Tourism as a private urban revitalization project incorporating "measures for the new normal." Our measures against infectious diseases in consideration of COVID-19 received high marks.

○ We will also continue to steadily execute the Shibuya redevelopment projects.

Formulation of "Greater SHIBUYA 2.0"

We formulated the Greater SHIBUYA 2.0 concept in order to flexibly implement urban development that meets the new needs of society.

By combining the three elements of work, play and living, and organically connecting digital and sustainable infrastructure that form a basis for them, we aim to actualize an urban living environment that is unique to Shibuya, where people can live their own individualistic lifestyles, and appreciate a rich harmony with people, nature, and society.



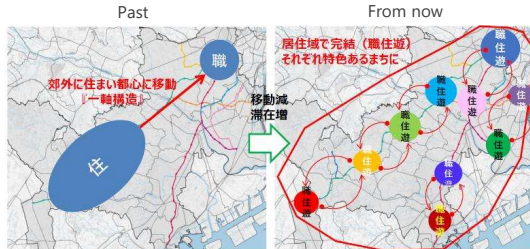
○ I will move on to describing "Greater SHIBUYA 2.0," the Shibuya urban development strategy of the Tokyu Group, which was published in July this year.

○ Under the strategy, we envisage developing the initiatives that the Tokyu Group has been implementing in Shibuya and advancing urban development focusing on living of the three elements, work, play and living. We aim to realize an urban life unique to Shibuya.

Tokyu Area Development based on the concept of "autonomous and decentralized city structure"

Based on our autonomous and decentralized city structure concept, we are actively promoting the functional arrangement of work, housing and entertainment, and revitalizing communities by attracting stakeholders from the worlds of industry, government and academia.

Autonomous and decentralized city structure concept



Live in the suburbs, commute to the city center by rail

- Standardized lifestyle
- Concentration of rail and road transport

- Functional placement of work, housing and entertainment
- Improvement and enhancement of midpoint stations
- Uniquely distinctive urban development

Actualizing diverse values and lifestyles

Aiming to revitalize the economies of communities along Tokyu train lines, by driving distinctive urban development



Development of midpoint stations to drive urban development

▼ Fujigaoka

Partners: Yokohama City, Showa University

An integrated urban development combining station area facilities, hospitals and parks



Conceptual image of redevelopment

▼ Saginuma

Partners: Kawasaki City

Redevelopment project aimed at creating station area community hubs (Relocation of Miyamae Ward Office and other public facilities)



Conceptual image of redevelopment

○ Next, I will explain development in areas served by Tokyu lines, based on the concept of an "autonomous and decentralized city structure."

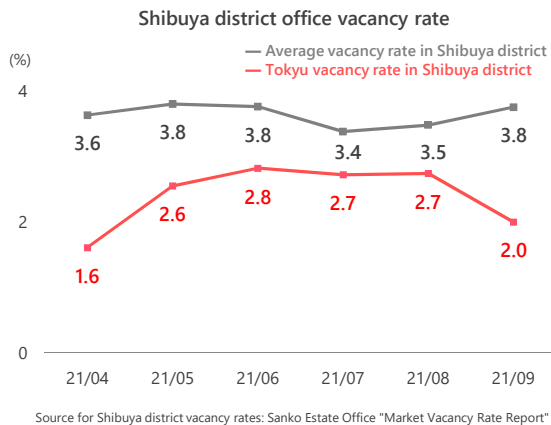
○ We will advance urban development based on the concept of an "autonomous and decentralized city structure," which is set out in the medium-term management plan, in the areas served by the Tokyu lines.

○ Specifically, we are looking at attractive urban development in Fujigaoka and Saginuma in collaboration with government and other entities.

Status of Real Estate Leasing Business

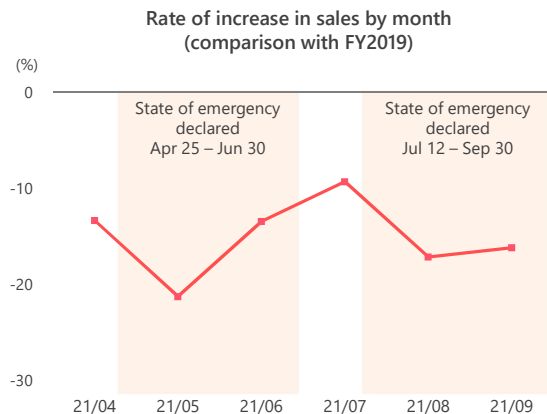
(Offices) Tokyu properties continue to perform strongly, with a focus on recently constructed large-scale properties in close proximity to stations.
 (Commercial facilities) The pace of recovery in sales at commercial facilities has been more moderate than expected, and is yet to reach pre-COVID levels.

Shibuya District Office Situation



In comparison with the Shibuya district average, Tokyu properties—many of which are large-scale properties located near stations—continue to operate at high capacity.

Sales at Main Commercial Facilities



Given the declaration of a state of emergency and the increase in the number of infected people, Tokyu will not reach the level of pre-COVID sales, but will aim to recover through various strategies in the future.

○ Next, let me describe the status of the real estate leasing business.

○ With regard to offices, the vacancy rate is trending higher in the overall real estate market. Winners and losers among areas and properties have become more pronounced.

○ The vacancy rate is on an upward trend also in the Shibuya district, the main area of the Company. Many of the Company's properties are relatively large, new properties close to stations, and the Company is continuing to receive many inquiries, particularly from IT companies. The vacancy rate of our properties is lower than the average in the area. Our business in Shibuya is firm.

○ As for commercial facilities, revenue from tenants has been lower than the level in FY2019, before the pandemic.

Since the declaration of a state of emergency was rescinded in October, apparel companies and restaurants has been improving. We need to continue monitoring trends.

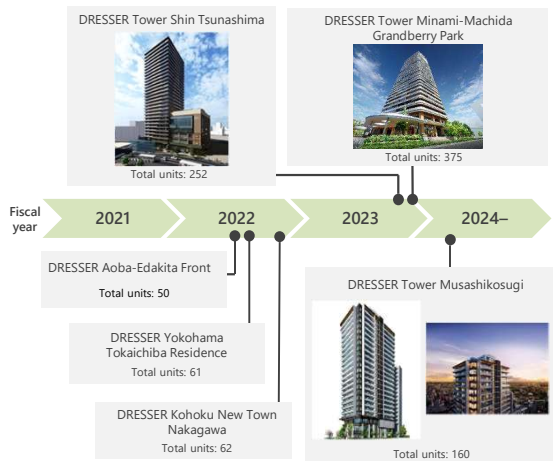
Promotion of Real Estate Sales Business

- In the Real Estate Sales Business, we are aiming to create a stable supply of condominiums catering to the transformation of consumer lifestyles.
- In the Asset Recycling Building Business, we are working flexibly, contributing to consolidated profits at an early stage and increasing fund efficiency.

Residential Sales Business

Aiming to provide services that meet diverse housing needs and provide a stable supply of condominiums in the future.

- Planning to post properties primarily in the Tokyu area during the medium-term management plan period



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Asset Recycling Building Business (investment-purposed properties business)

Flexible operation of three businesses in light of market changes, with awareness of early-stage contributions to consolidated profits and fund efficiency

(1) Development and sale of rental condominium buildings

- Development and sale of properties in line with investor demand



STYLIO FIT Musashikosugi
(sold in FY2020)

(2) Renovation and value improvement

- Changing the application of use for properties corresponding to changing work styles, etc. and selling them

GROWTH
BY IQQ



GROWTH BY IQQ
(opened November 2021)

(3) Development and sale of medium-sized office buildings, etc.

- Identify office demand and develop and sell properties suitable for the market

Going forward, we will gradually expand the scale of sales and aim to sell around 10 buildings stably from FY2023 onward.

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○ Now let me describe the promotion of the real estate sales business.

○ In the residential sales business, we will provide services that meet housing needs, which have diversified due to the COVID-19 pandemic and other factors, and will work to provide a stable supply of condominiums.

○ In the period of the medium-term management plan, we are providing condominiums that are among the largest in their areas, including DRESSER Tower Shin-Tsunashima, which is directly connected to a new station on the Tokyu Shin-Yokohama Line, and DRESSER Tower Minami-Machida Grandberry Park close to Grandberry Park.

○ Meanwhile, we will advance the asset recycling building business, which is set out in the medium-term management plan.

○ We will expand the scale of the business in stages, considering the contributions of the business to consolidated profits at an early stage and asset efficiency and monitoring trends in the real estate market. We are looking for the business to make a stable contribution to profits.

Status of Life Service Business

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

Completion of Three Major Food Market Hubs to Support Shibuya's Food Needs

- We are driving the accumulation of food providers in the Shibuya station area by completing three major food markets (total approx. 240 stores / 9,710 m²)



Store Name	Theme / Concept
TOKYU FoodShow EDGE	A collection of the latest cutting-edge specialist food stores, based on the theme of the "hottest and freshest"
Toyoko Norengai	Re-opened with the renewed concept of "tradition and innovation"
TOKYU FoodShow	Concept: Shibuya "Entertainment" Foodshow

Upgrading services to meet customer needs and current demand, Providing values through lifestyle infrastructure business

Retail Business

■ Expanding Internet Supermarkets

- Capture further stay-home demand by enhancing e-commerce at Tokyu Store Chain.

Stores opened in FY2020: 17

Stores opened in FY2021 1H: 20



■ Improving Efficiency of Services and Sales Promotions

Responding to the Shift toward Digital

- Partnered with Rakuten Group, Inc. to develop Rakuten Fashion OMO*-type pop-up store at Shibuya Scramble Square

* OMO = Online Merges with Offline



Rakuten

ICT / Media Business

■ Strengthening the ICT business

- Established Sharing Design Inc., a partnership with Sumitomo Corporation, to provide base station sharing services primarily for 5G communications technology
- Commenced proof of concept (PoC) testing of transmission from shared 5G antennas at Shibuya Mark City



○ I will move on to describing the status of the Life Service business.

○ We have been bringing together food providers in the Shibuya station area, taking advantage of Tokyu Department Store's strength in the food business.

○ We opened the renewed Toyoko Norengai in ShinQs of Shibuya Hikarie in April this year. Two renewed TOKYU FoodShow facilities opened in June and July. Three major food markets that meet needs for food in Shibuya have been completed.

○ We are also striving to upgrade services to meet customer needs and current demand and provide new value through our lifestyle infrastructure business.

Promotion of structural reform in the hotel business

We will work to improve our income and expenditure structure by implementing structural reforms, achieve an early recovery from the impact of the COVID-19 pandemic, and develop strategies for new growth.

Structural Reform Initiatives

■ Thorough cost-cutting and further improvements in productivity

- Promote labor saving through multi-functional roles
- Reassign personnel through reorganization of restaurant division
- Introduce web check-in and check-out systems utilizing smartphones

■ Reorganize business structure and hotel network

- Entered into a management contract with flagship hotel (The Capitol Hotel Tokyu, Cerulean Tower Tokyu Hotel)
- Terminate operation of three Tokyu REI hotels (Omori, Kagoshima and Nagoya Sakae)

■ Secure millennials and wealthy customers

- Promote membership of Tokyu Hotels in cooperation with accommodation / hotel reservation site operators, credit card companies and other partners
- Establish new membership rank for senior members (Platinum Member) and expand member-only benefits according to stage
- Develop new services and businesses in response to diversifying lifestyles (e.g. TsugiTsugi, a flat-rate flexible accommodation service)



New Hotel Opening Plans

- Open three new hotels with a view to future growth



○ Next, let me explain the promotion of structural reform in the hotel business.

○ In the hotel business, we are instituting structural reforms and striving to cut costs thoroughly and improve productivity to achieve an early recovery from the impact of the COVID-19 pandemic.

○ We are also streamlining our operations with the reorganization of the business structure and hotel network.

○ In addition, we are working to gain customers among millennials and wealthy customers and increase profitability.

○ To achieve growth, we plan to open three new hotels.

We will develop operations, considering appropriate forms of business and sizes.

ESG Activities

We are working to enhance and implement sustainable management by developing businesses that contribute to the creation of social value.

Vision for Achieving Decarbonization

- By 2050 we aim to procure 100% of power used in business operations from renewable energy sources, and achieve effectively zero CO₂ emissions

[CO₂ from electric power usage]
2030: Reduce emissions by 30%
2050: Zero total emissions
(100% renewable energy)

CO₂ emissions
2050: effectively zero

RE 100

THE CLIMATE GROUP CDP

* Applies to Scope 1 and 2
Base years are 2010 for Railway Operations (Tokyu Lines) and 2015 for Real Estate and other businesses

Advocating TCFD and Disclosing Information

- Supporting the TCFD* recommendations and disclosing more information

We disclose analysis and evaluation results in railway business, urban development business, retail business and hospitality business operations in accordance with TCFD disclosure recommendations.

*Task Force on Climate-related Financial Disclosures



Sustainable Provision of Social Value in Line with Contemporary Needs

- Reducing CO₂ emissions through use of wood resources

- Use of "ekimoku" (building materials salvaged from old stations) and wood produced in the Tama district for renovation work



Minna no Ekimoku Project (Ikegami Station buildings, etc.)
"Ki ni Naru Renewal" (Togoshiginza Station platform roof, etc.)

- Reducing food loss

- Reduce food loss by improving order accuracy and discounting at optimal timing utilizing AI technologies



- Spreading and encouraging the use of renewable energy
- Launch operation of DRESSER Tower Musashikosugi, Japan's first tower condominium to use effectively 100% renewable energy (Sales to begin in February 2022 (planned), scheduled for completion in May 2024)

- Use of electric power derived from renewable energy sources for power consumed in all condominium units and common areas

- Installation of solar power generation and storage battery equipment (envisaging their use to supply power to common areas in the event of an emergency)



* Power from effectively 100% renewable energy power means power with an environmental value certified by non-fossil certificate, and supplied with a CO₂ emission factor adjusted to 0.000kg-CO₂/kWh.

○ Lastly, let me explain our ESG activities.

○ To achieve decarbonization, we aim to procure 100% of power used in business operations from renewable energy sources and achieve effectively zero CO₂ emissions by 2050.

○ To achieve the goal, we are stepping up our use of renewable energy. DRESSER Tower Musashikosugi, the units of which will start to be sold in February 2022, will become Japan's first tower condominium to effectively use only renewable energy.

○ We disclose information in accordance with TCFD recommendations. In the first half, we examined and disclosed risks and opportunities in the railway, urban development, retail, and hospitality businesses.

○ There are diverse ESG activities. We consider them an important management issue and will steadily take action.