

Summary of Results for the First Quarter of FY2023



August 8 , 2023

| 9005 | <https://www.tokyu.co.jp/global/>

1Q FY2023 Main Points in the Results

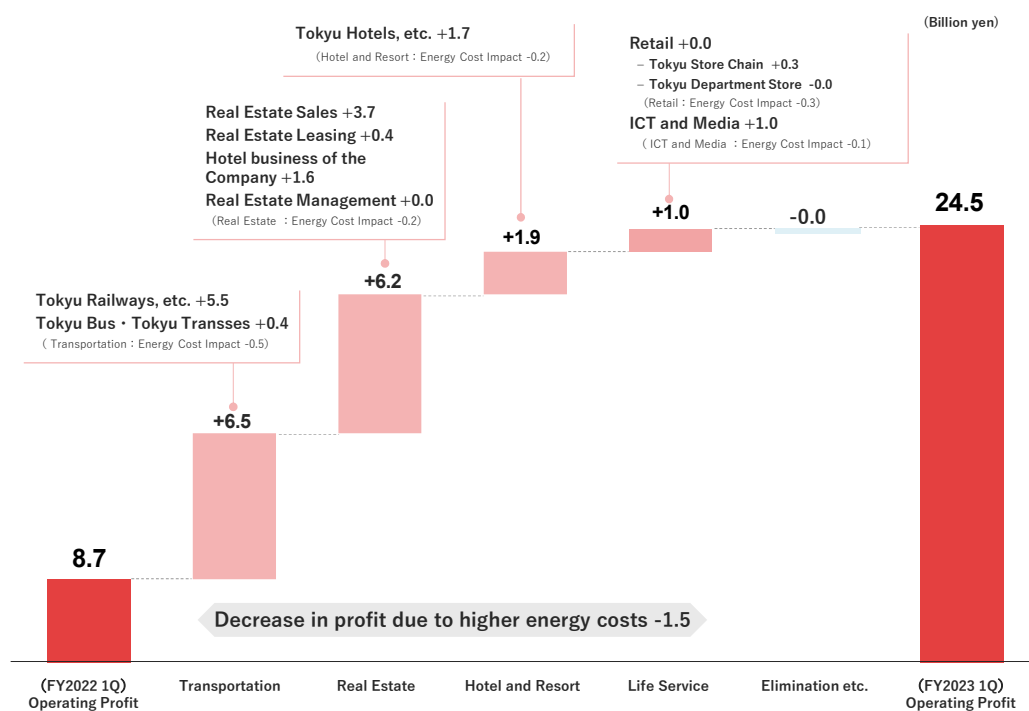
Comparison with the previous fiscal year

- Operating revenue and operating profit both increased mainly due to fare revisions in Tokyu Railways and real estate sales, in addition to recovery of demand in each business with the downgrading of COVID-19 to a Class 5 infectious disease.
- Profit attributable to owners of parent rose chiefly due to an increase in share of profit of entities accounted for using equity method in addition to increased earnings in each business.

(Unit : Billion yen)	FY2022 1Q Results	FY2023 1Q Results	YoY Comparison
Operating Revenue	209.1	239.2	+30.0 (+14.4%)
Operating Profit	8.7	24.5	+15.7 (+179.5%)
Recurring Profit	10.2	27.6	+17.4 (+169.4%)
Profit attributable to owners of parent	7.2	19.9	+12.6 (+174.3%)
EPS (Earnings Per Share)	Yen Sen 12.08	Yen Sen 32.69	Yen Sen +20.61

- Operating revenue was 239.2 billion yen, with operating profit of 24.5 billion yen in the first quarter of FY2023. Operating revenue and operating profit both increased 30.0 billion yen and 15.7 billion yen year on year, respectively, mainly due to fare revisions in Tokyu Railways and real estate sales, in addition to recovery of demand in each business with the downgrading of COVID-19 to a Class 5 infectious disease.
- Profit attributable to owners of parent stood at 19.9 billion yen, increasing 12.6 billion yen year on year, chiefly reflecting an increase in operating profit and a rise in share of profit of entities accounted for using equity method.
- Operating profit far exceeded the forecast as of May due to the recovery in demand following the downgrading of COVID-19 to a Class 5 infectious disease and an increase in energy costs that was less than initially expected, including electricity costs.

1Q FY2023 Operating Profit by Segment Financial Results Key Points TOKYU CORPORATION

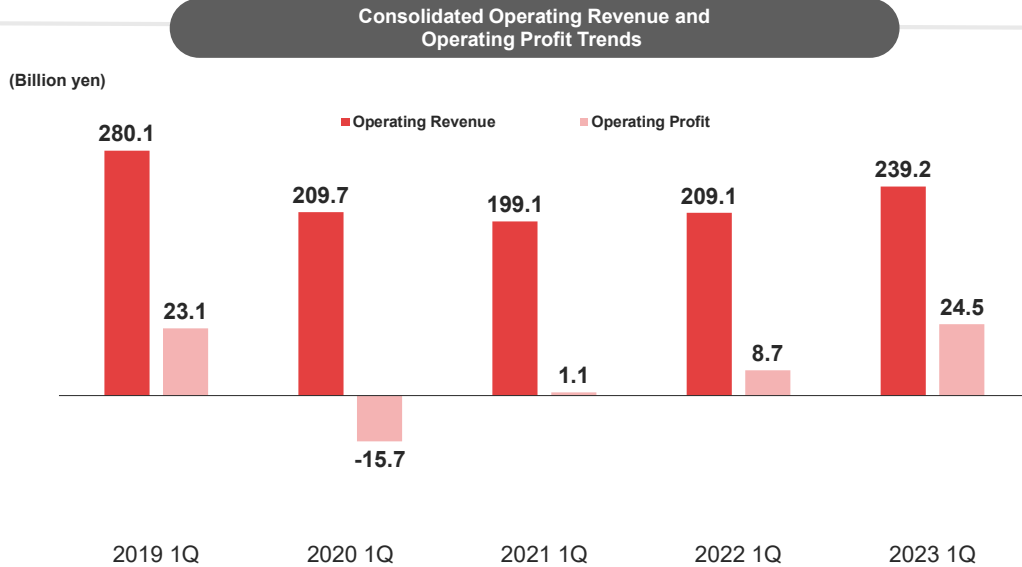


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- Compared with the previous year, operating profit rose in all segments, particularly in the Transportation Business and Real Estate Business.
- The impact of the increase in energy costs, including electricity rates, caused a decrease of 1.5 billion yen in the first quarter.

1Q FY2023 Consolidated Financial Results

- Operating profit exceeded pre-COVID levels in the first quarter as a result of the gradual recovery of the business environment from the COVID crisis and the progress of structural reforms in each business.



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- The graph shows trends in operating revenue and operating profit from FY2019.
- The operating profit of 24.5 billion yen includes an operating profit of 4.1 billion yen in Real Estate Sales and exceeds the pre-COVID level in the first quarter of FY2019.

(Unit: Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Revenue	44.1	51.0	+ 6.9 (+ 15.7%)	Passengers Carried: +6.3% (Non-commuter: +6.4%; Commuter: +6.2%) Passenger Revenue: +19.7% (Non-commuter: +22.8%; Commuter: +15.0%)
Tokyu Railways	33.3	39.1	+ 5.8 (+ 17.5%)	Passenger Revenue: 35.8 (+5.9)
Tokyu Bus · Tokyu Transses	6.2	6.6	+ 0.3 (+ 6.0%)	Passenger Revenue: +5.8%
Others	4.5	5.2	+ 0.7 (+ 16.1%)	
Operating Profit	3.0	9.5	+ 6.5 (+ 216.1%)	
Tokyu Railways	3.4	9.0	+ 5.5 (+ 161.1%)	
Tokyu Bus · Tokyu Transses	0.2	0.6	+ 0.4 (+ 147.4%)	
Others	- 0.7	- 0.1	+ 0.5 (-)	

Tokyu Railways: Breakdown of operating expense

(Unit : Billion yen)	FY2022 1Q Results	FY2023 1Q Results	2023-2022 Change
Total operating expense	29.9	30.1	+0.1
Labor cost	8.0	8.3	+0.3
Power Costs	1.7	2.2	+0.5
Repair Costs	1.5	1.5	+0.0
Expenses	8.5	7.5	-1.0
various taxes	1.7	1.8	+0.0
Depreciation and amortization	8.4	8.5	+0.1

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- The Transportation Business posted operating revenue of 51.0 billion yen and operating profit of 9.5 billion.
This represents a 6.9 billion yen increase in operating revenue and 6.5 billion yen rise in operating profit year on year.
- In the Rail Business, Tokyu Railways generated 9.0 billion yen in operating profit, recording year-on-year increases in operating revenue and operating profit of 5.8 billion yen and 5.5 billion yen, respectively.
The number of passengers carried increased 6.3%. Revenue from fares rose 19.7% overall, partly due to the fare revision, driving a 5.9 billion yen increase in operating revenue. Note that the number of passengers carried was down 13.4% compared with FY2019 levels. Expenses were roughly the same as the previous year. Increases in costs, labor costs and power costs in particular, were offset by a decrease in expenses.
- Tokyu Bus Corporation posted an operating profit of 0.6 billion yen, with operating revenue and operating profit recording year-on-year increases of 0.3 billion yen and 0.4 billion yen, respectively.
- In other businesses, we recorded a slight overall operating loss in airport operation, regional transportation and so on, but this represented a 0.5 billion yen recovery from the previous year. Sendai International Airport moved into the black.
- Operating profit exceeded the forecast as of May chiefly due to a recovery in demand with the downgrading of COVID-19 to a Class 5 infectious disease and less-than-expected power costs.

(Unit: Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Revenue	44.5	60.5	+ 16.0 (+ 36.0%)	
Real Estate Sales	3.8	13.2	+ 9.3 (+ 240.9%)	
Real Estate Sales of the Company	1.6	11.3	+ 9.6 (+ 572.7%)	Increase in number of properties sold
Real Estate Leasing	27.5	30.4	+ 2.9 (+ 10.7%)	
Real Estate Leasing of the Company	24.3	26.9	+ 2.5 (+ 10.5%)	
Real estate Management	7.0	7.1	+ 0.1 (+ 1.7%)	
Others	6.0	9.6	+ 3.5 (+ 59.2%)	Hotel business of the Company: +3.2
Operating Profit	6.1	12.4	+ 6.2 (+ 101.9%)	
Real Estate Sales	0.4	4.1	+ 3.7 (+ 911.4%)	
Real Estate Sales of the Company	- 0.0	4.0	+ 4.1 (-)	Increase in number of properties sold
Real Estate Leasing	5.7	6.2	+ 0.4 (+ 8.3%)	
Real Estate Leasing of the Company	4.7	5.3	+ 0.5 (+ 11.2%)	
Real Estate Management	0.6	0.7	+ 0.0 (+ 7.5%)	
Others	- 0.7	1.2	+ 1.9 (-)	Hotel business of the Company: +1.6

- The Real Estate Business posted operating revenue of 60.5 billion yen and operating profit of 12.4 billion yen. This represents a 16.0 billion yen increase in operating revenue and 6.2 billion yen rise in operating profit year on year.
- Operating revenue in the Real Estate Sales business increased 9.3 billion yen, reflecting the delivery of income-earning properties in the first quarter. Operating profit rose 3.7 billion yen.
- Operating revenue in Real Estate Leasing increased 2.9 billion yen year on year due to the opening of Tokyu Kabukicho Tower and a recovery in revenue from retail facilities, on the other hand, Operating profit climbed 0.4 billion yen, reflecting the startup costs for Tokyu Kabukicho Tower.
- Other businesses of the Real Estate Business posted operating revenue up 3.5 billion yen year on year, with operating profit increasing 1.9 billion over the same period.
In the hotel business of the Company, where earnings from the hotels in the complexes owned by the Company are posted, operating revenue and operating profit rose 3.2 billion yen and 1.6 billion yen year on year, respectively, due to a significant rise in average daily rate (ADR) which reflects inbound tourism demand. Operating profit stood at 1.1 billion yen.
- The results exceed the forecast as of May due to a less-than-expected rise in electricity rates in Real Estate Leasing and a more-than-expected rise in ADR in the hotel business of the Company.

(Unit:Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Revenue	80.0	80.1	+ 0.1 (+ 0.2%)	
Tokyu Department Store	14.1	13.1	- 1.0 (- 7.7%)	Rate of Change in Sales: All Stores: -17.2% Existing Stores -3.2% Rate of Change in Total sales (including leasing) : Existing Stores: +12.8%
Tokyu Store Chain	52.1	52.6	+ 0.5 (+ 1.1%)	Rate of Change in Sales: All Stores: +0.7% Existing Stores: +0.6%
Others	13.6	14.3	+ 0.6 (+ 4.9%)	
Operating Profit	0.6	0.6	+ 0.0 (+ 4.6%)	
Tokyu Department Store	- 0.5	- 0.6	- 0.0 (-)	
Tokyu Store Chain	0.8	1.1	+ 0.3 (+ 44.5%)	
Others	0.3	0.0	- 0.2 (- 74.7%)	

- The Life Service Business overall generated operating revenue of 122.9 billion yen, with operating profit of 2.3 billion yen. This represents a 2.6 billion yen increase in operating revenue and 1.0 billion yen rise in operating profit year on year.
- In the Retail Business, operating revenue and operating profit stood at 80.1 billion yen and 0.6 billion yen, respectively. Operating revenue rose 0.1 billion yen year on year. Operating profit remained roughly flat from a year ago.
- Tokyu Department Store operating revenue declined due to the closure of the head store in Shibuya and the remodeling of the Tama-plaza store and the Kichijoji store, among other stores, where the department store's own sales floors have changed to rental sales floors. Operating profit remained roughly flat from a year ago as a result of an improvement in operational efficiency. Sales at all existing stores including tenants, excluding the effect of the closure of the head store, rose from a year ago.
- Tokyu Department Store results included the results of its subsidiaries until the previous fiscal year. However, due to a change in capital ties within the Group (e.g. Nagano Tokyu Department Store, which was in the Tokyu Department Store group, has become a direct subsidiary of Tokyu Corporation), Tokyu Department Store results are non-consolidated figures from FY2023.
- Tokyu Store Chain operating revenue and operating profit rose 0.5 billion yen and 0.3 billion yen year on year, respectively, due to the rise of product prices.

(Unit: Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Revenue	40.3	42.8	+ 2.4 (+ 6.1%)	
Tokyu Recreation	6.0	6.9	+ 0.9 (+ 15.4%)	
its communications	6.6	6.4	- 0.1 (- 2.2%)	
Tokyu Agency	9.6	10.3	+ 0.7 (+ 7.7%)	
Others	18.0	19.0	+ 0.9 (+ 5.3%)	Tokyu Power Supply +0.3
Operating Profit	0.7	1.7	+ 1.0 (+ 139.0%)	
Tokyu Recreation	- 0.0	0.0	+ 0.1 (-)	
its communications	0.8	0.8	- 0.0 (- 3.5%)	
Tokyu Agency	0.2	0.3	+ 0.0 (+ 41.0%)	
Others	- 0.2	0.5	+ 0.8 (-)	Tokyu Power Supply +0.9

- In the ICT and Media business, operating revenue was 42.8 billion yen with operating profit of 1.7 billion yen, year-on-year increase of 2.4 billion yen and 1.0 billion yen respectively.
- Tokyu Recreation Co., Ltd. recorded a 0.9 billion yen increase in operating revenue and 0.1 billion yen rise in operating profit, reflecting a rebound from the previous year. its communications Inc. posted operating profit roughly equal to the previous year at 0.8 billion yen, while Tokyu Agency Inc. posted operating profit of 0.3 billion yen.
- In other business, operating revenue increased 0.9 billion yen, and operating profit increased by 0.8 billion yen year on year. Tokyu Power Supply engages in electricity retailing, and its operating profit rose 0.9 billion yen year on year due to subsidies to mitigate drastic changes in electricity rates and a decrease in procurement cost, despite a decline in the quantity of electricity sold.

(Unit: Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Revenue	14.4	20.8	+ 6.3 (+ 44.2%)	
Tokyu Hotels, etc. (※)	11.0	16.8	+ 5.8 (+ 52.6%)	
Others	3.3	3.9	+ 0.5 (+ 16.7%)	
Operating Profit	- 1.7	0.1	+ 1.9 (-)	
Tokyu Hotels, etc. (※)	- 1.9	- 0.1	+ 1.7 (-)	
Others	0.1	0.2	+ 0.1 (+ 119.6%)	

(※) "Tokyu Hotels, etc." includes Tokyu Hotels co., Ltd. but also Tokyu Hotels & Resorts co., Ltd. and THM Corporation, as well as the Company, New Perspective One, LLC and T.H. Properties, Inc.

Key Indicators

	● Occupancy Rates (%)			● ADR (including service charge) (Yen)			● RevPAR (Yen)		
	FY2023 1Q Results	VS FY2022	VS FY2019	FY2023 1Q Results	VS FY2022	VS FY2019	FY2023 1Q Results	VS FY2022	VS FY2019
Overall hotel business	74.4	+12.8p	-9.5p	19,727	+7,268	+2,754	14,677	+6,998	+439
Shibuya Area Hotels(※) + The Capitol Hotel Tokyu	82.7	+22.9p	-4.9p	40,828	+21,176	+9,364	33,755	+22,009	+6,213

(※) Shibuya Area Hotels : Cerulean Tower Tokyu Hotel, Shibuya Stream EXCEL HOTEL TOKYU, Shibuya EXCEL HOTEL TOKYU, Shibuya Tokyu REI Hotel

- In the Hotel and Resort Business, operating revenue was 20.8 billion yen with operating profit of 0.1 billion yen, corresponding to year-on-year increases of 6.3 billion yen and 1.9 billion yen, respectively.
- Tokyu Hotels operating revenue and operating profit increased 5.8 billion yen and 1.7 billion yen year on year, respectively, reflecting a recovery in demand chiefly due to the downgrading of COVID-19 to a class 5 infectious disease.
- Performance at hotels recovered significantly from the previous year. The occupancy rate at all hotels was 74.4%, and the average daily rate (ADR) was 19,727 yen. The occupancy rate at four hotels in Shibuya and The Capitol Hotel Tokyu in Nagatacho stood at 82.7%, and ADR was 40,828 yen. RevPAR exceeded the pre-COVID levels in FY2019.
- ADR exceeded the forecast as of May, and operating profit also exceeded the forecast due to lower-than-expected startup costs at two hotels in Tokyu Kabukicho Tower.

(Unit: Billion yen)	FY2022 1Q Results	FY2023 1Q Results	Change	Remarks
Operating Profit	8.7	24.5	+ 15.7 (+ 179.5%)	
Non-operating Revenue	5.3	6.9	+ 1.6 (+ 30.7%)	
Interest and Dividend Income	0.5	0.6	+ 0.0	
Investment Gain from Equity Method	2.3	4.5	+ 2.2	Tokyu Fudosan Holdings: 4.1 (+1.6) ; Tokyu Construction: 0.0 (+0.1)
Others	2.4	1.7	- 0.6	
Non-operating Expenses	3.8	3.8	- 0.0 (- 0.5%)	
Interest	2.1	2.1	+ 0.0	
Others	1.7	1.6	- 0.0	
Recurring Profit	10.2	27.6	+ 17.4 (+ 169.4%)	
Extraordinary Gains	1.6	1.7	+ 0.0 (+ 4.4%)	
Gain on Sale of Fixed Assets	0.2	0.0	- 0.2	
Gain on Subsidies Received for Construction	0.2	0.1	- 0.1	
Gain on Reversal of Urban Railways Improvement	0.6	0.6	-	
Others	0.4	0.9	+ 0.4	
Extraordinary Losses	0.8	1.0	+ 0.1 (+ 23.2%)	
Loss on Reduction of Subsidies Received for	0.2	0.1	- 0.0	
Others	0.6	0.9	+ 0.2	
Income before Income Taxes and Minority Interests	11.0	28.3	+ 17.2 (+ 156.0%)	

- Non-operating revenue increased 1.6 billion yen year-on-year to 6.9 billion yen, and investment gains from equity method increased 2.2 billion yen year on year to 4.5 billion yen. However, employment adjustment subsidies and COVID-19-related subsidies declined from the previous year.
- Non-operating expenses, extraordinary gains and extraordinary losses were roughly on a par with the previous year.
- As a result, profit attributable to owners of parent stood at 19.9 billion yen, an increase of 12.6 billion year on year.

Assumptions for FY2023 Forecasts TOKYU CORPORATION

Forecast of the Business Environment

- With the downgrading of COVID-19 to a Class 5 infectious disease, the business environment recovery will be more robust than forecast in May.
- The impact of rising energy prices will be less than forecast in May.

Forecast for Each Business

Transportation	<p>▶ Tokyu Railways <small>Business forecast revision</small></p> <p>The Company raised its May forecast due to a stronger recovery in the number of passengers carried than forecast in May, as a result of more opportunities to go out.</p> <ul style="list-style-type: none"> • Number of passengers carried: YoY +3.8%; -13.5% from FY2019 (May forecast: YoY +3.1%; -14.1% from FY2019) • Revenue from fares: YoY +15.8%; -1.0% from FY2019 (May forecast: YoY +14.9%; -1.8% from FY2019) • Power costs: 10.7 billion; YoY +2.1 billion (May forecast: 11.8 billion; YoY +3.2 billion)
Real Estate	<p>▶ Real estate sales</p> <p>The number of units sold through the Company's sale of condominiums is expected to increase year on year.</p> <p>▶ Real estate leasing</p> <p>Vacancy rates and rent levels will remain at current levels.</p>
Life Services	<p>▶ Tokyu Department Store</p> <ul style="list-style-type: none"> • YoY Changes in Store Sales: All Stores -33.5%, Existing Stores -12.7% / YoY Changes in Sales (Including rent): Existing Stores +9.6% <p>▶ Tokyu Store Chain</p> <ul style="list-style-type: none"> • YoY Changes in Store Sales: All Stores +3.9%, Existing Stores +2.0%
Hotel and Resort	<p>▶ Hotel Business <small>Business forecast revision</small></p> <p>Since the 1Q average daily rate (ADR) was higher than forecast, largely as a result of the recovery of inbound demand, the forecast factors in a higher ADR from 2Q onwards.</p> <ul style="list-style-type: none"> • Full-year occupancy rate: 75.8% YoY +5.9P (May forecast: 79.0% YoY +9.1P) • Average daily rate (ADR)*: 20,033 yen YoY +4,603 yen (May forecast: 18,218 yen YoY +2,788 yen) <p>* ADR figures include service charges.</p>

↓

The Company raised its FY2023 forecasts announced in May.

On a consolidated basis, energy costs are expected to be **approximately 4.0 billion yen less than forecast in May** (August forecast: YoY +3.8 billion, May forecast: YoY +7.9 billion).

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- Assumptions for FY2023 forecasts include the recovery of the business environment, which will be more robust than forecast in May due to the downgrading of COVID-19 to a class 5 infectious disease. In the forecast for each business, the number of passengers carried in the Railway Operations Business and ADR in the hotel business have been revised. On the cost front, the rises in energy prices have been lower than the figures factored into the forecast as of May.
- Taking the business environment into consideration, the Company has revised the forecasts disclosed in May.
- The Company has revised energy costs to an increase of 3.8 billion yen from FY2022 from 7.9 billion yen in the forecast as of May. The costs factored into the revised forecast are 4.0 billion yen less than that in the forecast as of May.

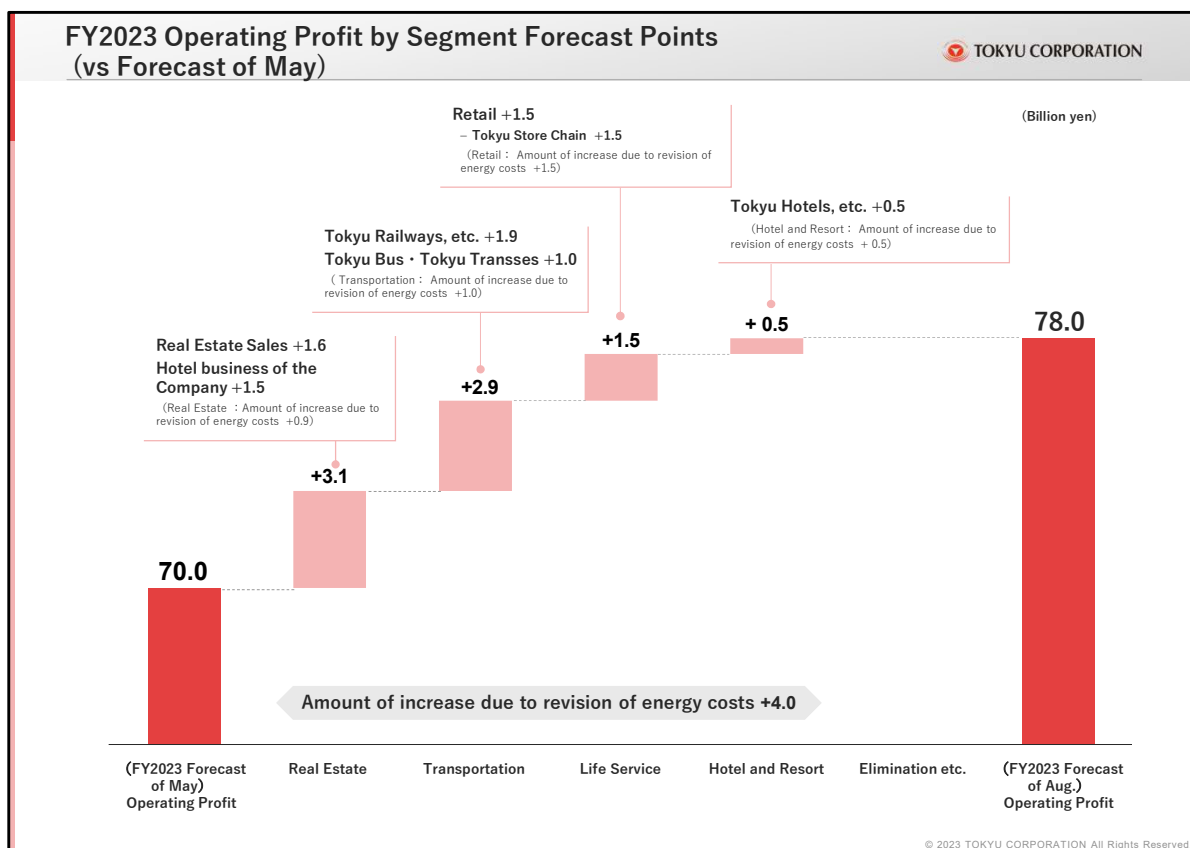
Main Points in Forecasts for FY2023

Comparison with Forecast as of May

- Operating revenue is expected to increase in view of a stronger than anticipated recovery in demand especially in the Transportation Business and Hotel and Resort Business.
- Operating profit is expected to rise in view of lower costs as a result of the lessening impact of surging energy costs in addition to higher revenue in each business.

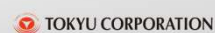
(Unit : Billion yen)	FY2023 Full Year Forecast	YoY Comparison	Comparison with Forecast as of May
Operating Revenue	1,032.9	+101.6 (+10.9%)	+2.3 (+0.2%)
Operating Profit	78.0	+33.3 (+74.9%)	+8.0 (+11.4%)
Recurring Profit	78.2	+30.8 (+65.1%)	+8.0 (+11.4%)
Profit attributable to owners of parent	45.0	+19.0 (+73.1%)	+5.0 (+12.5%)
EPS (Earnings Per Share)	Yen Sen 74.74	Yen Sen +31.80	Yen Sen +9.67

- In the revised forecast for FY2023, operating profit is forecast to be 78.0 billion yen, 8.0 billion yen more than the forecast in May, and profit attributable to owners of parent is forecast to be 45.0 billion yen, a 5.0 billion yen increase, reflecting the recovery of demand and reduction of costs, particularly energy costs, in each business.



- Now I would like to describe key points about operating profit by segment in comparison with the forecast as of May.
- Operating profit in the Real Estate Business is forecast to increase 3.1 billion yen, reflecting solid performance and a reduction in cost in Real Estate Sales and an improvement in earnings in the hotel business.
- In the Transportation Business, Tokyu Railways factors an increase in the number of passengers carried in the first quarter and a decrease in power costs into its forecast increase in operating profit of 2.9 billion yen.
Note that the number of passengers carried for the full year is expected to decline 13.5% compared with FY2019, with revenue from fares projected to decline by 1.0%.
- Operating profit is forecast to increase 1.5 billion yen in the Life Service Business. The forecast reflects a reduction in electricity costs particularly at the Tokyu Store Chain.
- Operating profit in the Hotel and Resort Business is forecast to increase 0.5 billion yen.
The forecast reflects an improvement in earnings chiefly due to an increase in ADR.

Overview of Issuance of Euro Yen Zero Coupon Convertible Bonds and Repurchase of Shares



- The Company issued a total of 60.0 billion yen of Euro-Yen Convertible Bonds in June 2023 and repurchased around 30.0 billion yen of its own shares with the procured funds.

Convertible Bonds	Item	Zero Coupon Convertible Bonds due 2028	Zero Coupon Convertible Bonds due 2030
	Term	5 years	7 years
	Amount	30.0 billion yen	30.0 billion yen
	Pay-in date	June 28 (Wed), 2023	June 28 (Wed), 2023
	Maturity date	September 29 (Fri), 2028	September 30 (Mon), 2030
	Interest expenses on bonds	0%	0%
	Conversion value	2,124.5 yen (Increase ratio: 17.02%)	2,033.5 yen (Increase ratio: 12.01%)
	Contingent convertible clause	150% (3,186 yen): Until September 30, 2027 130% (2,761 yen): Until June 30, 2028	150% (3,050 yen): Until September 30, 2029 130% (2,643 yen): Until June 30, 2030
	Clause determining face value cash settlement	The Company may, at its own discretion, settle the principal amount in cash and the conversion premium in shares. [Acquisition notification period] September 1, 2027 to June 30, 2028 [Acquisition date] September 12, 2028	
	Use of funds	Capital expenditure for various redevelopments in Shibuya and other areas: 30.0 billion yen/Funds for the repurchase of shares: 30.0 billion yen	

Repurchase of shares	Item	Result of the repurchase of shares
	Date of acquisition	June 13, 2023
	Method of acquisition	Purchase through the Off-Auction Treasury Share Repurchase Trading System (ToSTNeT-3)
	Number of shares acquired	16,524,300 shares (2.69% of the issued shares, excluding treasury shares)
	Total acquisition value	29,999,866,650 yen (The Company's closing stock price on June 12: 1,815.5 yen)

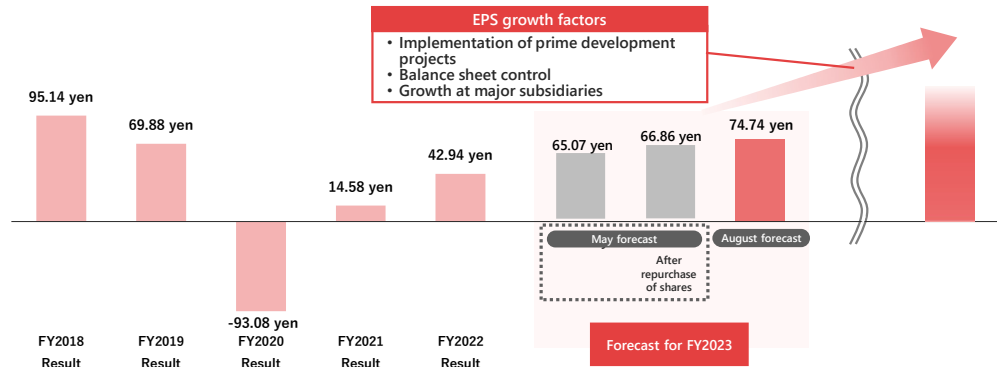
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- Let me explain the Euro-Yen CB issuance and the repurchase of shares disclosed in June.
- The Company issued a total of 60.0 billion yen of Euro-Yen Convertible Bonds in June 2023 and repurchased around 30.0 billion yen of its own shares with the procured funds.

EPS Growth

- Securing funds for the Group's business growth and improvement of capital efficiency and **aiming for sustainable growth in EPS (earnings per share) in the future.**

▶ Changes in EPS (from FY2018)



I Implementation of prime development projects

Participation in prime development projects in Shibuya, such as Greater SHIBUYA 2.0, areas served by Tokyu's railways lines, and overseas, and pursuit of their monetization

- ▶ Shibuya Upper West Project scheduled for completion in FY2027



Image by Proloog / Copyright: Snehetta

I Improvement of capital efficiency through balance sheet control

Restructuring of asset portfolio, including real estate securitization and REIT collaboration to improve asset efficiency

I Further growth and recovery of profitability at major subsidiaries

- The CBs result in approximately 4.5% potential dilution. Meanwhile, the Company aims to achieve the growth of EPS that exceeds the potential dilution rate. The Company expects that in FY2028 and FY2030, in which the maturity dates fall, redevelopment projects in Shibuya and other areas will be completed and contribute to profits, and the existing businesses will achieve growth.
- Considering redevelopment funds in Shibuya and other areas, the Company plants to review its asset portfolio and improve the balance sheet.

Control of dilution

- Even if the CBs exceed the conversion value, dilution can be suppressed by clause determining face value cash settlement. In addition, taking into account the repurchase of shares implemented in June, even if the share price rises to around 4,000 yen, the design is such that virtually no dilution will occur.

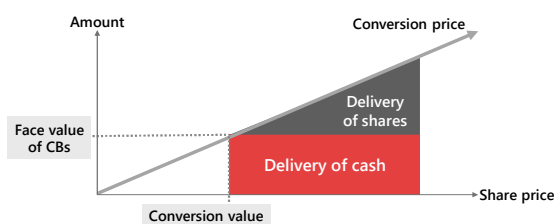
Contingent convertible clause

Investors are prevented from exercising share acquisition rights as long as the share price does not surpass a certain level for a certain period

- ▶ Thresholds for exercise of share acquisition rights of the Company's Euro-Yen CBs
 - Up to 1 year before maturity: 150% of conversion price
 - Up to 3 months before maturity: 130% of conversion price

Clause determining face value cash settlement

If the share price surpasses the exercise price of the share acquisition rights, the amount equivalent to the face value of the CBs is delivered in cash



Repurchase of shares (June 13, 2023)

- ▶ Result of the Company's share repurchase
 - Total number of shares purchased: 16,524,300 shares
 - Percentage of the issued shares excluding treasury shares: 2.69%

Potential dilution rate (total for both maturities)

Share price (Average VWAP per share *1)	Potential dilution rate(*2)		
	Without exercise of cash settlement clause	Exercise of cash settlement clause	Taking repurchase of shares into consideration (*3)
2,200 yen	4.48%	0.26%	-2.49%
2,500 yen	4.48%	0.79%	-1.93%
3,000 yen	4.48%	1.42%	-1.26%
3,500 yen	4.48%	1.87%	-0.79%
4,000 yen	4.48%	2.21%	-0.43%

*1 The average trading volume weighted average price of the Company's common stock announced by the Tokyo Stock Exchange, Inc. on each of the 20 consecutive trading days beginning 30 trading days prior to the acquisition date of the CBs. (September 12, 2028 for CBs due 2028 and September 11, 2030 for CBs due 2030)

*2 Dilution rate = Number of newly issued shares / (Number of shares outstanding - Including treasury shares + Number of newly issued shares)

Conversion value: 2,124.5 yen for CBs due 2028, 2030 for 2033.5 yen for CBs due 2030
Number of shares outstanding: 524,869,876 shares, including treasury shares: 21,891,657 shares

*3 Estimated based on the number of shares repurchased (16,524,300 shares)

- The Company has designed the CBs in consideration of the growth of EPS and the dilution of equity, and has set up a contingent convertible clause and a clause determining face value cash settlement.
- Specifically, if the value of the CBs exceeds the conversion value, the face value of the CBs is delivered in cash to curb dilution.
- Taking into consideration the repurchase of shares valued at 30.0 billion yen in June, we expect that there will be no actual dilution even if the share price rises to 4,000 yen.