

Results for the Fiscal Year of 2019: Main Questions and Answers at Briefing for Investors

May 25, 2020

* This document provides information relating to the details of questions and answers provided in the presentation. Please note that this document is not a full transcription of the discussions held at the presentation. Rather, it is a concise summary that has been prepared by the Company.

(Questions on overall businesses)

Q. You said you are making growth investments selectively.
Is there any possibility that you would plan the postponement of large-scale redevelopment projects in 2020 or 2021 due to the spread of COVID-19?

- Construction work may be delayed due to the spread of COVID-19. However, we are not considering postponing development projects.
- Large-scale construction projects, including Shibuya Scramble Square, Minami-machida Grandberry Park and the installation of platform screen doors, were completed in fiscal 2019, and capital expenditure is relatively small in fiscal 2020.
- For projects, of which developments are already underway, we will develop projects depending on the circumstances. We will promptly execute projects to put them on a growth track.

Q. Please tell us whether the specific measures to curb expenses.

- We are considering the reduction of overall expenses, including general and administrative expenses, by around 20%.
- We have a large amount of fixed assets. We will prioritize repair expenses in each segment and will take measures, including changes in schedules.
- However, we will allocate sufficient expenses for initiatives related to safety, primarily ones related to railways.

(Questions on individual businesses)

Q. Regarding how the railway business should be going forward in relation to the COVID-19 pandemic, I would like to know the company's views on the direction of the railway business.

- We will make judgments while assessing changes in the number of passengers carried. We must also assume that the number of commuters carried will not recover to the level before COVID-19.
- We will assess the number of passengers carried in the next six months or so and will aim to decide on a basic direction within a year.
- We have taken steps to reduce congestion, including the promotion of commuting during off-peak hours, regardless of COVID-19. We will continue to actively take steps to reduce congestion.

Q. The development in Shibuya is intended to enhance the appeal of the area and attract more customers. However, gathering people will be difficult going forward. Are there any changes in the position of Shibuya or your strategies?

- Shibuya remains as the most important place for us, but our strategy is not gathering people only in Shibuya.
- In the Long-Term Management Initiative and in the Medium-term Management Plan, we aim for distributed urban development. We will continue to promote urban development that will integrate occupational, residential and recreational facilities, similar to the development in Futako-Tamagawa, in areas along Tokyu railways.
- Meanwhile, we will promote new types of redevelopment in Shibuya, creating squares and open spaces. We would like to communicate the appeal of Shibuya as a world-famous, safe area.

Q. Please tell us the business condition of the tenants of your commercial facilities. How will Tokyu support them?

- We have a considerable number of tenants in the real estate leasing business. We have real-time information on each of our facilities.
- We have received requests for the exemption from or the reduction of rent from certain tenants and are examining them. We consider tenants to be important stakeholders and we wish to overcome this situation together.

Q. I have questions about the structural reforms mentioned on page 11. Please tell us the structural reforms required in the retail business. The hotel business, which is also facing a tough business environment as the retail business is, needs structural reforms. What are the Company's views?

- The department stores are facing the sizable challenge of changing the existing business model. The floor area changed following the redevelopment in Shibuya. We are currently discussing how they should be going forward.
- The hotel business is significantly affected by COVID-19 and the postponement of the Tokyo Olympics by a year. The business environment is changing rapidly, and the business needs radical reforms.

(Questions on ESG)

Q. Please tell us the company's views on the outside directors.

- The independent outside directors have a variety of knowledge that and their knowledge is reflected in our management. Independent outside director candidates to be proposed at the General Meeting of Shareholders to be held in June 2020 will account for a third of all director candidates. We do not think our governance reform will be completed with the change of directors. We will continue to maximize our governance.

Q. In the fiscal year ended March 31, 2019, female managers accounted for 6.4% of all managers. The percentage is lower than the average for Japanese companies. Describe your goals and initiatives.

- It is true that the percentage is low, but we believe that in addition to the ratio of female employees, leveraging human resources with a variety of experience and expertise is important. We are actively hiring mid-career employees and we will continue to promote diversity, including the active participation of women.

Q. The accident rate is lower than that at other companies following the installation of platform screen doors. Will you consider disclosing the accident rate?

- The number of falls from platforms is shown on page 16 of the presentation material. Accidents on platforms have decreased significantly as the number of stations with platform screen doors has increased. We believe the installation of doors has had considerable effects.