

Long-Term Management Initiative

- Creating a beautiful living environment for our future -



September 2, 2019

TOKYU CORPORATION

(9005)

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

Introduction

Ever since our foundation, we have been striving to solve social issues through **urban development** based on the railway business. At present, the overall Tokyu Group is working on the redevelopment of Shibuya in our medium-term management plan under the slogan of **“Make the Sustainable Growth.”** With this and other initiatives, our businesses are making steady progress and our management is on a path of stable growth.

On the other hand, looking at society, we see globalization and digitalization making progress at an accelerated rate and our business environment being subject to significant changes like never before, including the actualization of climate change risks. I think we need to keep in mind that business models that are believed to be robust are likely to collapse within a short period of time.

In this environment, we have formulated a long-term management initiative in the belief that it is time to work quickly on **the enhancement of the group management system**, including the split of the railway business divisions, and clearly indicate **Tokyu’s visions for the future** and **the direction in which Tokyu will go**.

In formulating this initiative, we reaffirmed that the group slogan, **“Toward a Beautiful Age- Tokyu Group,”** is a universal standard of value, and set **“Creating a beautiful living environment for our future”** as the subtitle. While further advancement is required for the achievement of both the resolution of social issues through business operations and the growth of the business, I believe that we can achieve these by squarely addressing **the material themes for sustainable management**, which we formulated with awareness of the SDGs and others, and moving ahead steadily in our unique own way.

The final chapter shows Tokyu’s visions for the future (visions for 2050), which says, **“Achieving the development of ‘A City Adored by People around the World’ by providing social values originally created by Tokyu.”** I am sure that only Tokyu, a one-of-a-kind company that has a wide range of business domains, can achieve this vision. This is both the expression of my own determination and a challenge we take on at Tokyu.

If the initiative helps our stakeholders understand our visions, I could not be happier.

Kazuo Takahashi
President & Representative Director

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I. Summary of the Initiative

Review of our Past and the Current Social Environment

- Since the Company's foundation, Tokyu Corporation has continued to make efforts to solve social issues through its businesses, and it has maintained steady growth as the country and urban and local regions develop, continuing to adapt to the changing times.
- The social environment is currently changing significantly, and it is necessary to design methods of management with visions for the future.

1918

Foundation of Den-en-toshi Company



1922

Foundation of Meguro-Kamata Electric Railway Company



1953

The development concept of the Tokyu Tama Den-en Toshi



1984

The Den-en-toshi Line begins full train service



Current social environment surrounding Tokyu Corporation

Social issues

- Regional differences in the population change
- Declining birthrate and aging population
- Labor shortage

Corporate responsibilities

- View our businesses in consideration of ESG and SDGs
- Sustainable transportation infrastructures
- Working-style reforms

Emerging business opportunities

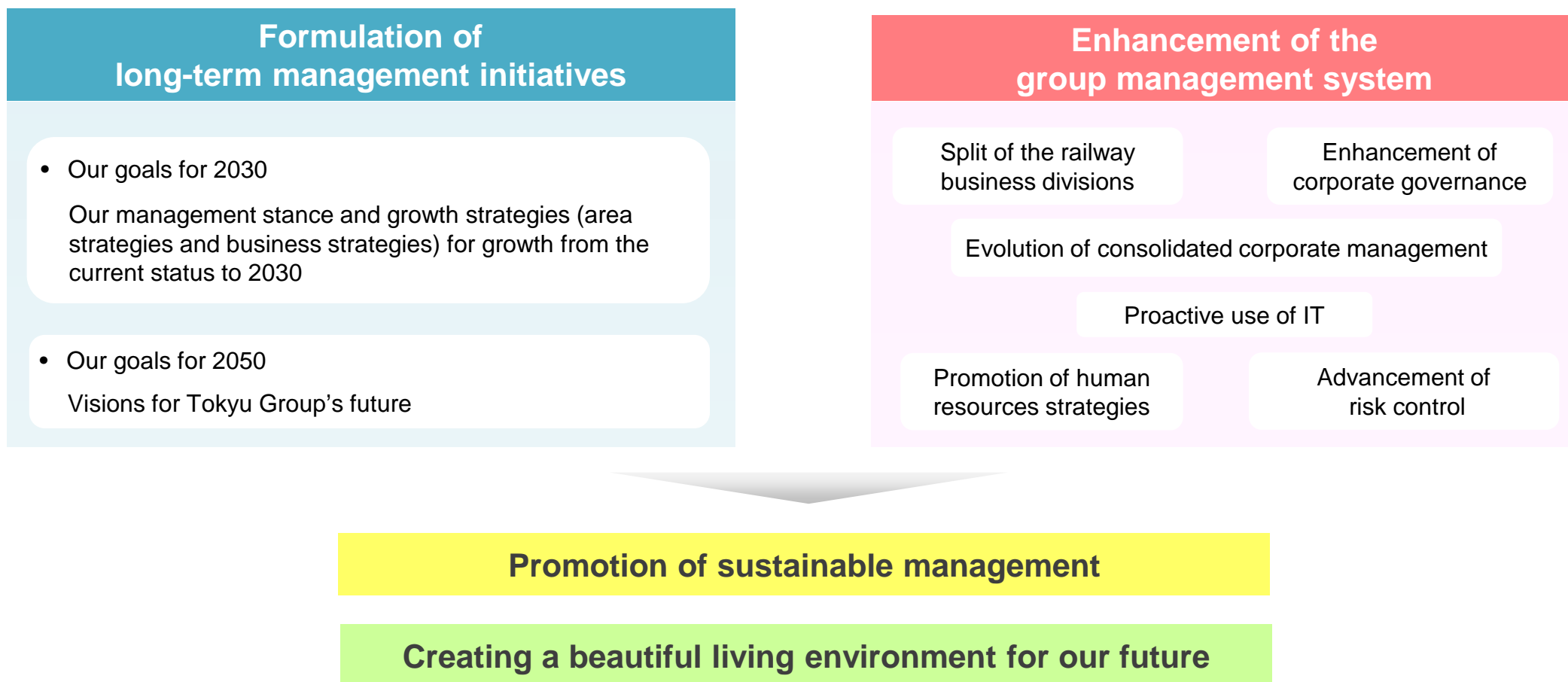
- Development of infrastructures in central Tokyo
- Continuously increasing inbound tourist numbers
- Technological development

Expectations from the market

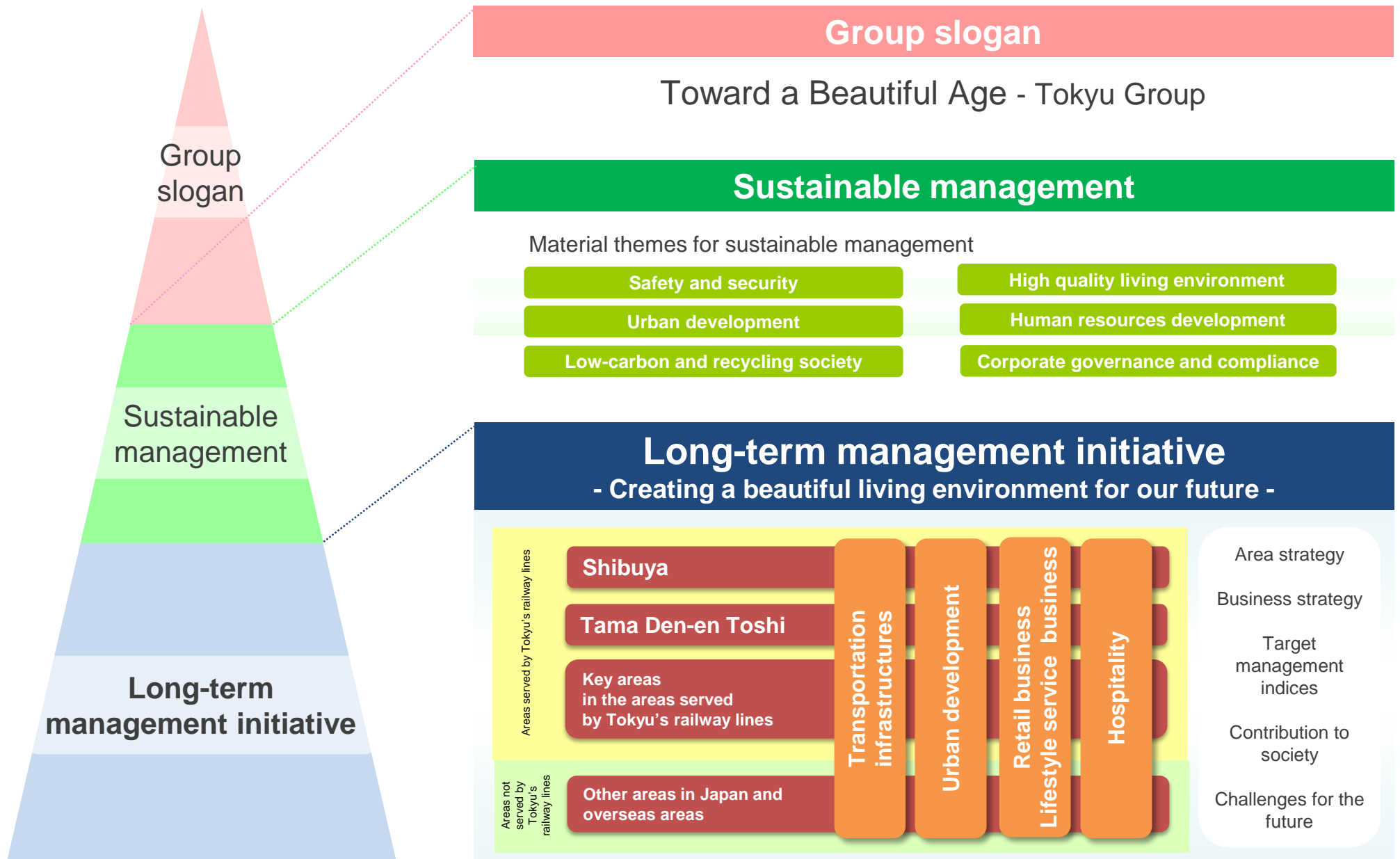
- Presentation of explicit growth schedules
- Increasing profit and returning profit
- Disclosure of non-financial information

Aim of Formulation of the Initiative

- To respond to current and future environmental changes, we will formulate our long-term management initiatives and enhance the group management system to securely promote the sustainable management of our businesses.
- In this new Reiwa period and with the 100th anniversary of the Company's foundation coming up in 2022, Tokyu Corporation will develop and create bases for the next generation with the aim of realizing sustainable growth.



Status of the Initiative



Sustainable Management

Tokyu Corporation considers that sustainable management involves making continuous efforts to solve social issues in consideration of the material themes for sustainable management under our Group slogan; it is our basic policy for management that is the key to the Initiative.

Group slogan

Toward a Beautiful Age - Tokyu Group

“Beauty” is the guiding principle and standard of value for Tokyu Group as it meets the challenges of the future.

For all of us in Tokyu Group, the beauty we aspire to is a universal beauty deeply impressing anyone who encounters it, regardless of their generation or culture. We aim to create a beauty in harmony with people, their communities, and the natural environment.

With beauty as our touchstone, Tokyu Group’s goal is **to create beautiful living environments**, which reflect our desire to serve our customers by refining our products and services, raising quality, and promoting good health.

We are making every effort to realize this vision, and moreover, we aspire to play an active role in creating a more **harmonious society**, overflowing with kindness and consideration, so that **all people may find genuine happiness and express an individual lifestyle**.

Our slogan, “Toward a beautiful age,” expresses the commitment of all of us in Tokyu Group to continually pursue beauty, and proclaims our determination to lead the way in creating beautiful living environments.

A universal standard of value that is the base for the long-term management initiative developed in the new Reiwa era

Material themes for sustainable management (materiality)



Safety and security

Low-carbon and recycling society

Human resources development

Urban development

High quality living environment

Corporate governance and compliance

These themes are aimed at passing down our DNA for solving social issues that has been maintained in the Company for 100 years to the next generation

Our Visions by Material Theme for Sustainable Management

| Material theme for sustainable management | Related SDGs | Vision for 2030 |
|--|--|--|
| Safety and security | 8: Decent Work and Economic Growth 9: Industry, Innovation and Infrastructure 11: Sustainable Cities and Communities  | <ul style="list-style-type: none"> Realization of public transportation services that are the safest in Japan and safe to use Provision of living environments where people can feel safe |
| Urban development | 9: Industry, Innovation and Infrastructure 11: Sustainable Cities and Communities 12: Responsible Consumption and Production 13: Climate Action 17: Partnership  | <ul style="list-style-type: none"> Realization of management of cities that is unique and attractive in terms of all of “live,” “play,” and “work.” Extended application of expertise for the development of urban areas served by Tokyu’s railway lines to base areas in Japan and overseas |
| High quality living environment | 3: Good Health and Wellbeing 4: Quality Education 9: Industry, Innovation and Infrastructure  | <ul style="list-style-type: none"> Realization of life in which each person can maintain his/her good health and pursue individual happiness |
| Human resources development | 3: Good Health and Wellbeing 4: Quality Education 5: Gender Equality 8: Decent Work and Economic Growth  | <ul style="list-style-type: none"> Realization of “a company where every worker hopes to work for a long time” Promotion of human resources development by contributing to society through education, culture, and environment preservation activities |
| Low carbon and recycling society | 7: Affordable and Clean Energy 12: Responsible Consumption and Production 13: Climate Action 15: Life on Land  | <ul style="list-style-type: none"> Contribution to the creation of a low-carbon society and a carbon-free society through energy saving and the optimized use of renewable energies Contribution to creating a recycling society by promoting the effective use of resources and consideration for the ecosystem |
| Corporate governance and compliance | 9: Industry, Innovation and Infrastructure 16: Peace and Justice Strong Institutions  | <ul style="list-style-type: none"> Realization of the best corporate governance directly linked with society and the global management environment Practicing compliance for achieving a harmonious society |

[Long-term environmental goal (CO₂ emissions*)]

* The subjects are Scope 1, 2
 The reference year is 2010 for the railway business Tokyu Lines, and 2015 for the real estate business and other businesses

Achieving 100% procurement of electric power consumed for our businesses by renewable energies by 2050

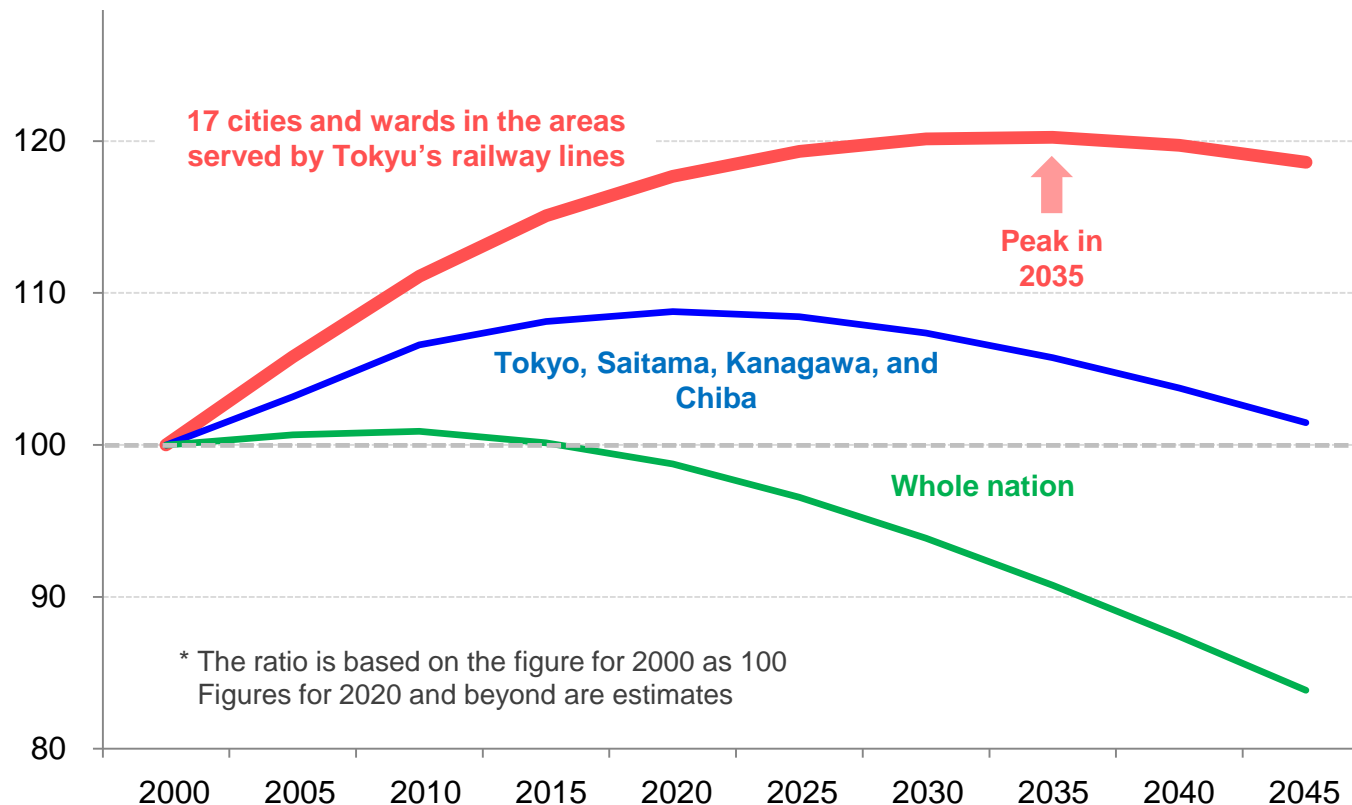
2030: 30% reduction of the total CO₂ emitted by using electric power; 2050: Complete elimination of CO₂ emitted by using electric power

II. Area Strategy

Status (Dynamics of Population) in the Areas Served by Tokyu's Railway Lines

- The total population of the areas served by Tokyu's railway lines is expected to continue its increasing trend until 2035; the rate of the population decrease is moderate compared with that of the entire nation and with that of Tokyo, Saitama, Kanagawa, and Chiba.
- In the areas served by Tokyu's railway lines, the trend is different for different areas, with the ratio of elderly people to the total population having risen rapidly in the Tama Den-en Toshi area.

Dynamics of population in the areas served by Tokyu's railway lines (total population)



Variation of the ratio of elderly people to the total population

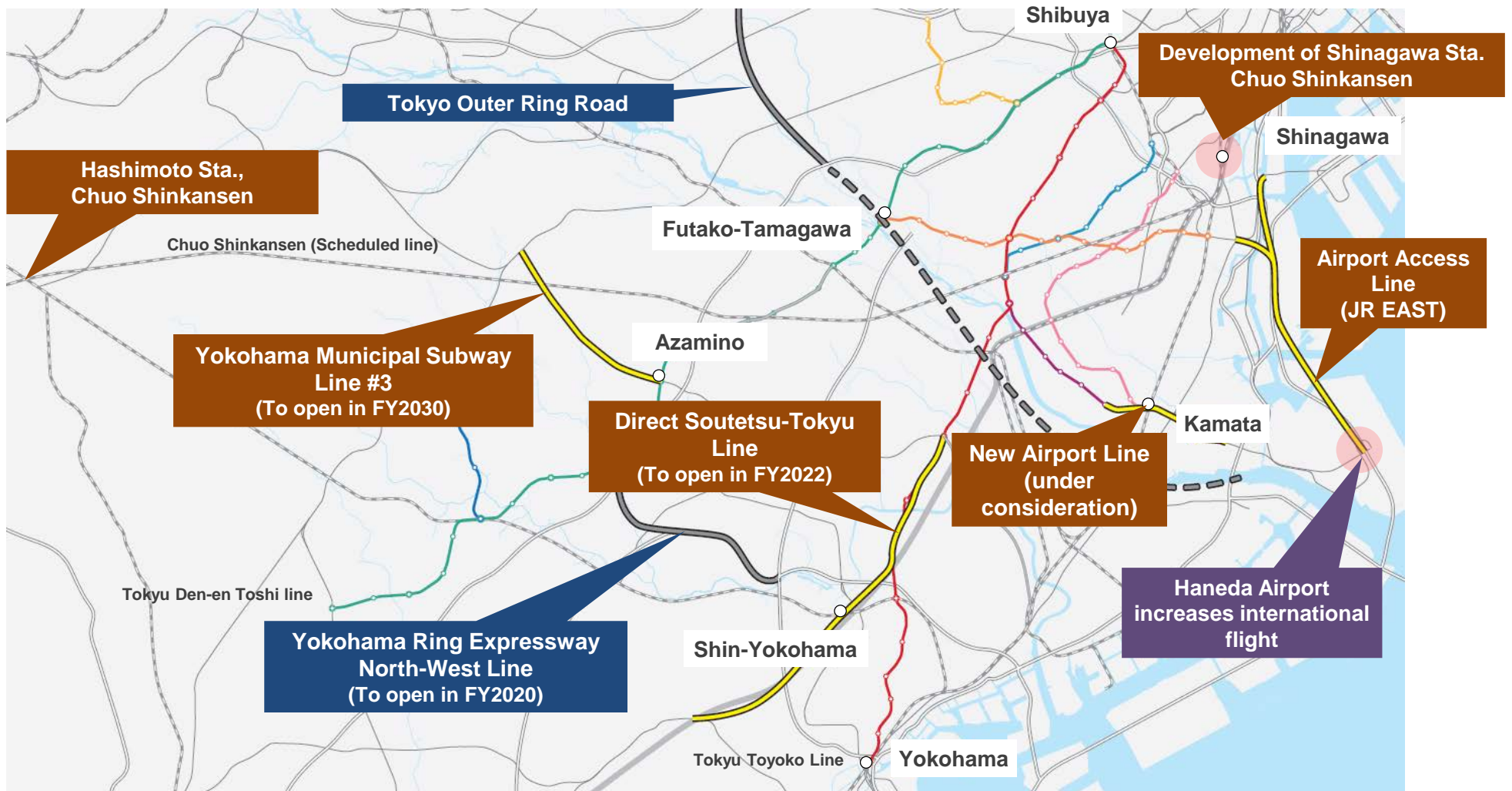
| | 2015 ⇒ 2045 |
|--|------------------|
| 17 cities and wards in the areas served by Tokyu's railway lines | 21% ⇒ 31% |
| Tama Den-en Toshi area* | 21% ⇒ 35% |
| Total including other areas served by Tokyu's railway lines | 21% ⇒ 29% |
| (Whole nation) | (27% ⇒ 37%) |
| (Tokyo, Saitama, Kanagawa, and Chiba) | (24% ⇒ 34%) |

* The figure for the Tama Den-en Toshi area is the total of the seven cities and wards of Machida, Midori, Aoba, Tsudzuki, Takatsu, Miyamae, and Yamato.

Source: National Institute of Population and Social Security Research (Estimate as of 2018)

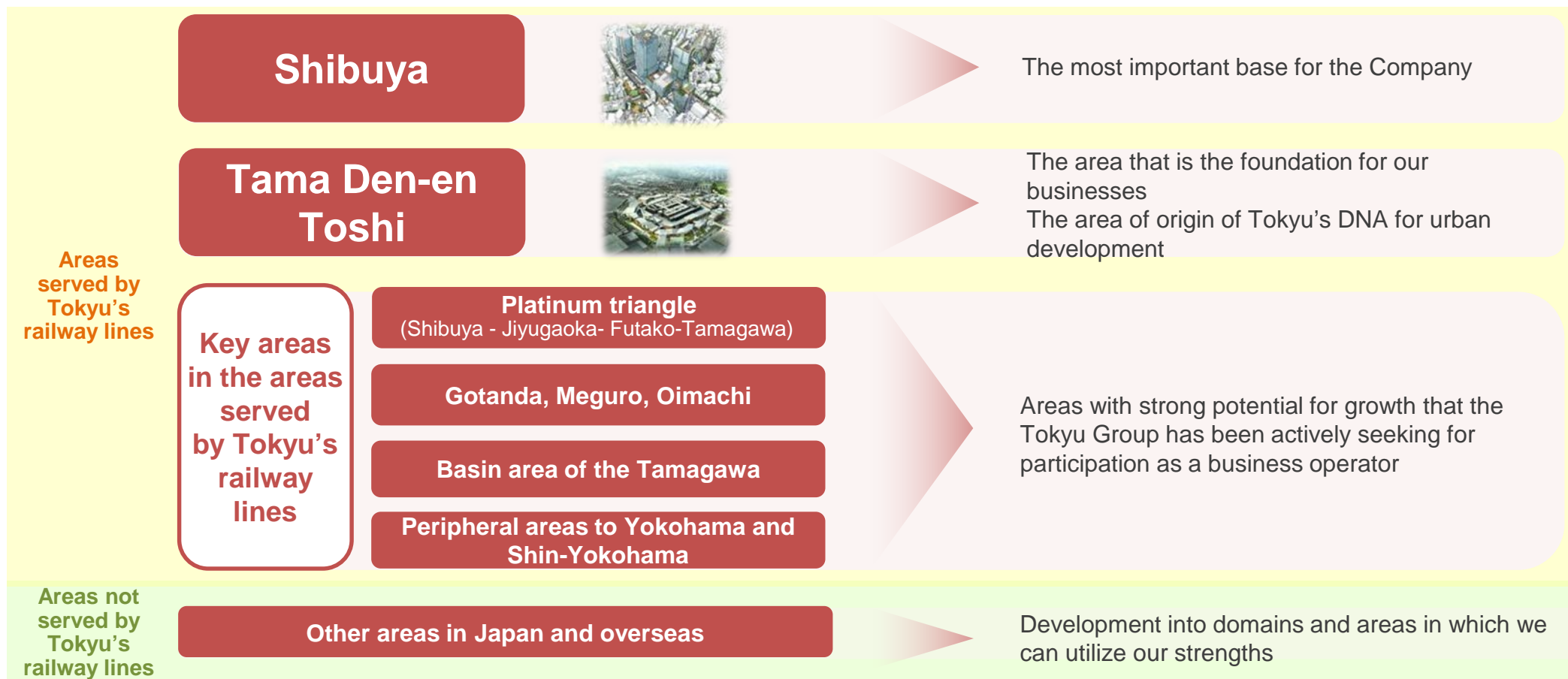
Status (Possibility of Development) of the Areas Served by Tokyu's Railway Lines

We will proactively utilize the effect of the area potential improved by the wide-ranging development of infrastructures advanced in the areas served by Tokyu's railway lines and use the advantage to improve the value of the areas.



Understanding Area Strategies

- Develop strategies in consideration of the characteristics of the areas and their possibilities for growth.
- In consideration of the social issues and the dynamics of the population, we will enhance the development of the infrastructures in the Tokyo ward areas such as Shibuya and develop the bases in the suburban areas to alleviate the congestion in the railways (leveling of transportation).



Shibuya

Continue our strategy of focusing on Shibuya

- Improving the attraction from the area-face viewpoint of Greater SHIBUYA by consecutively and continuously promoting multiple projects following the Hikarie, Stream, and Scramble Square projects

Make SHIBUYA one of the greatest cities in the world with an overwhelming presence from a global viewpoint

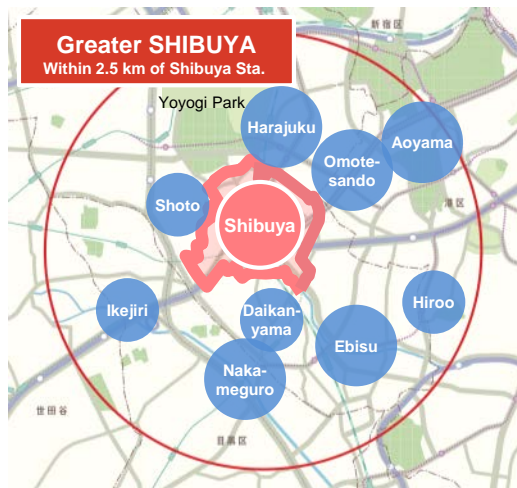
- World >Japan >Tokyo >Shibuya; Develop Shibuya into a multifunctional city that contributes to the improvement of the global competitiveness of Tokyo

Make Shibuya evolve through the development and enhancement of infrastructures incorporating urban development and railways development

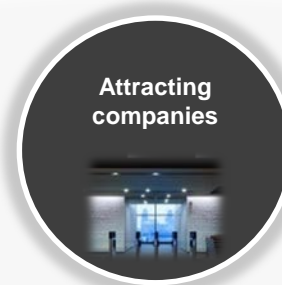
- Undertaking examinations to develop city revitalization businesses integrating the stations and cities (such as the improvement of Den-en Toshi Line Shibuya Sta.)

Further evolution and deepening of “Entertainment City SHIBUYA”

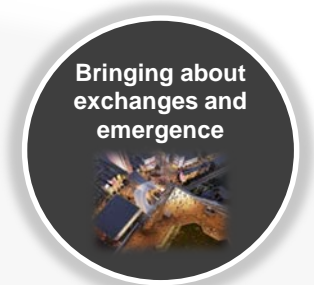
- Area management contributing to local development; strategic arrangement of the retailing/hotel/entertainment functions



Disseminating information about the city-wide efforts such as the year-end countdown event and Bon-odori events



Attracting “Ace” companies that can become the pillar for cooperation between industry, government, schools, and people and industrial agglomerations



Developing, attracting, and creating a network of large- to small-size exchange/emergence functions that bring about innovations

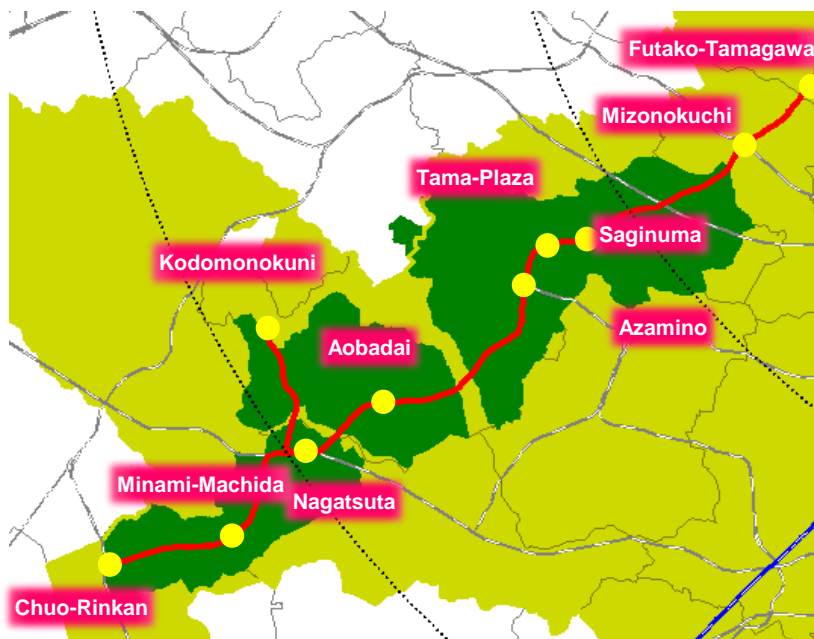
Area branding

Tama Den-en Toshi

New development of Tama Den-en Toshi

- Integrally exerting the total power of our railway, real estate, and life services businesses for challenges to produce advanced cases of solutions to problems in suburban areas
- In the development of business bases, strategically arranging functions such as “work, life, and play” functions in the stations to activate the city (including the creation of jobs) and promoting reverse transportation in the railways (from the city to the suburbs)

Tama Den-en Toshi has supported the Tokyu brand



Development of business bases

Improvement of the convenience and attraction of the suburban areas through the enhancement and compositization of base stations through further cooperation with the administrative agencies, etc.

Urban services using IT

Active use of technologies for solving problems in suburban areas

- New mobility
- Sharing economy, etc.

Town branding

Implementing new iconic projects for the new “Tama Den-en Toshi brand” and increasing the population of the related people by disseminating information, etc.

* Population of the related people: A term referring to people concerned with a specific local area in various ways; referring to neither the resident population, meaning the population of residents, nor the visitor population, meaning the population of visitors

Key Areas Served by Tokyu's Railway Lines

We will actively acquire and create business opportunities in areas where further growth and development is expected

| Platinum triangle Shibuya - Jiyugaoka - Futako-Tamagawa | Gotanda, Meguro, Oimachi | Basin area of the Tamagawa | Peripheral areas to Yokohama and Shin-Yokohama |
|---|---|--|--|
| <p>[Characteristics of the area]</p> <p>This area has a high population increase rate, and people with creative jobs gather in this area</p> <p>[Stance for the initiative]</p> <p>Realization of the development of an advanced city integrating work, life, and play</p> <p>[Base for special focus]</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Futako-Tamagawa</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Sangen-jaya</div> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 10px auto; width: 60px; text-align: center;">Jiyugaoka</div> | <p>[Characteristics of the area]</p> <p>An increase in value is expected thanks to the expansion of and connection by “Greater SHIBUYA,” Chuo Shinkansen to be opened, and the development of Shinagawa Station</p> <p>[Stance for the initiative]</p> <p>Participation in the renewal business and solving the problems in the congested urban area</p> <p>[Base for special focus]</p> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 10px auto; width: 80px; text-align: center;">Oimachi</div> | <p>[Characteristics of the area]</p> <p>An increase in value is expected thanks to the New Airport Line, the extension of Tokyo Outer Ring Road, etc.</p> <p>[Stance for the initiative]</p> <p>Developing an environment with the close placement of residences and workplaces and the formation of bases for creation</p> <p>[Base for special focus]</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Kamata</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Ikegami</div> </div> | <p>[Characteristics of the area]</p> <p>An increase in visitors to these cities is expected thanks to improved access due to the opening of Tokyu Shin-Yokohama Line and the advancement of the development of the cities</p> <p>[Stance for the initiative]</p> <p>Participation in the renewal business and increasing business opportunities</p> <p>[Base for special focus]</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Tsunashima</div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 5px;">Shin-Yokohama</div> </div> <div style="border: 1px solid black; border-radius: 10px; padding: 5px; margin: 10px auto; width: 120px; text-align: center;">Minatomirai</div> |

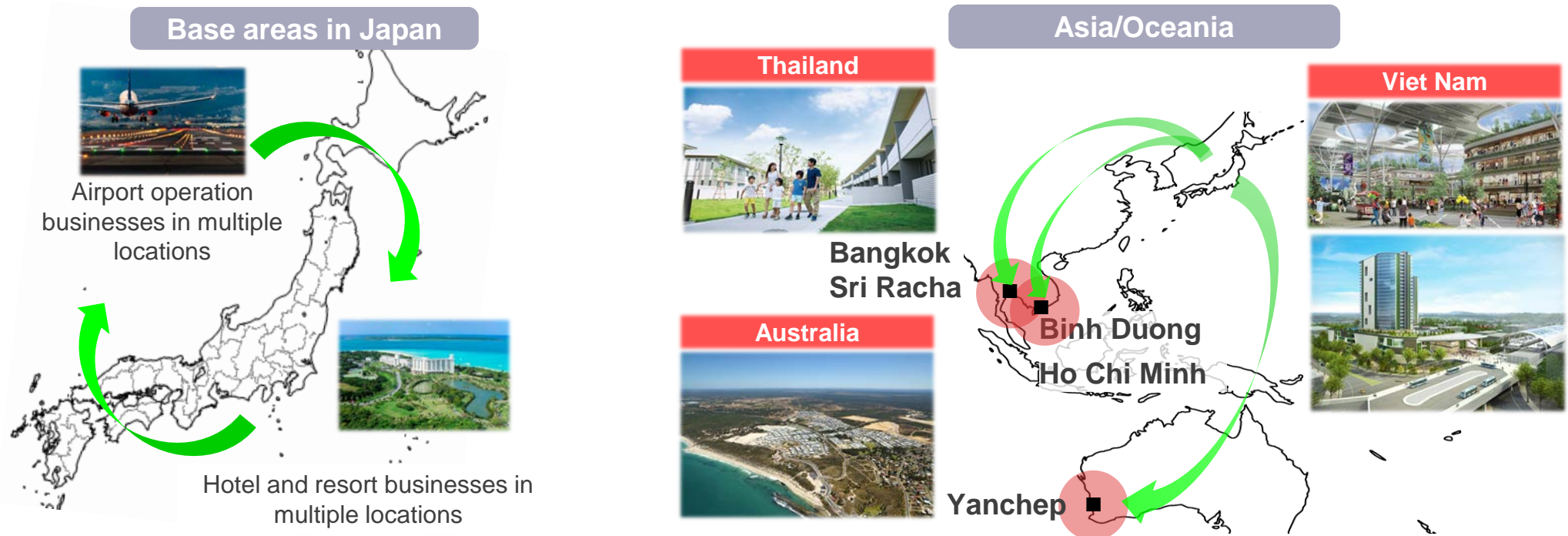
Areas Outside the Areas Served by Tokyu's Railway Lines (in Japan/Overseas)

In Japan: Taking advantage of the increase in inbound tourists and the exchange population increase due to the increased demand for holiday attractions by Japanese people.

- We will horizontally develop the airport operation, hotel, and Maas businesses, etc. with a close examination of the potential of each area.

Overseas: We will expand our businesses through strategic alliances within the Tokyu Group and with outside companies and will also advance urban development using our expertise in this area.

- We will achieve a well-balanced portfolio while acquiring new business opportunities centered in Viet Nam, Thailand, and Australia where we have been operating our businesses.



III. Business Strategy

Transportation Infrastructure Business (Transportation Segment)

Pursuing safety in our railway business; realizing both public welfare and profitability at a high level

- We will increase our human resources and technical strengths through the separation of divisions; thus pursuing comfort through increased safety and security and alleviated congestion in the railways.
- The Transportation Segment will continue to play the central role in achieving consolidated profit as our core business segment, aiming for further business growth by expanding the network and taking other measures.

Improving the networking function through the enhancement of infrastructures



Improvement of Ikegami Station
Increasing the attraction of the town by improving the station and the locations under the elevated bridge, and other measures



Enhancing transportation power by increasing the number of cars

Bolstering operations by developing human resources and technical innovations



Labor-saving operation (One-man or automated operation)



Innovations in the experience of using the stations (Gateless entrance/cashless payment of fees)



Maintenance work with increased efficiency (CBM, etc.)



Innovations in education and career systems (Safety Training Center)

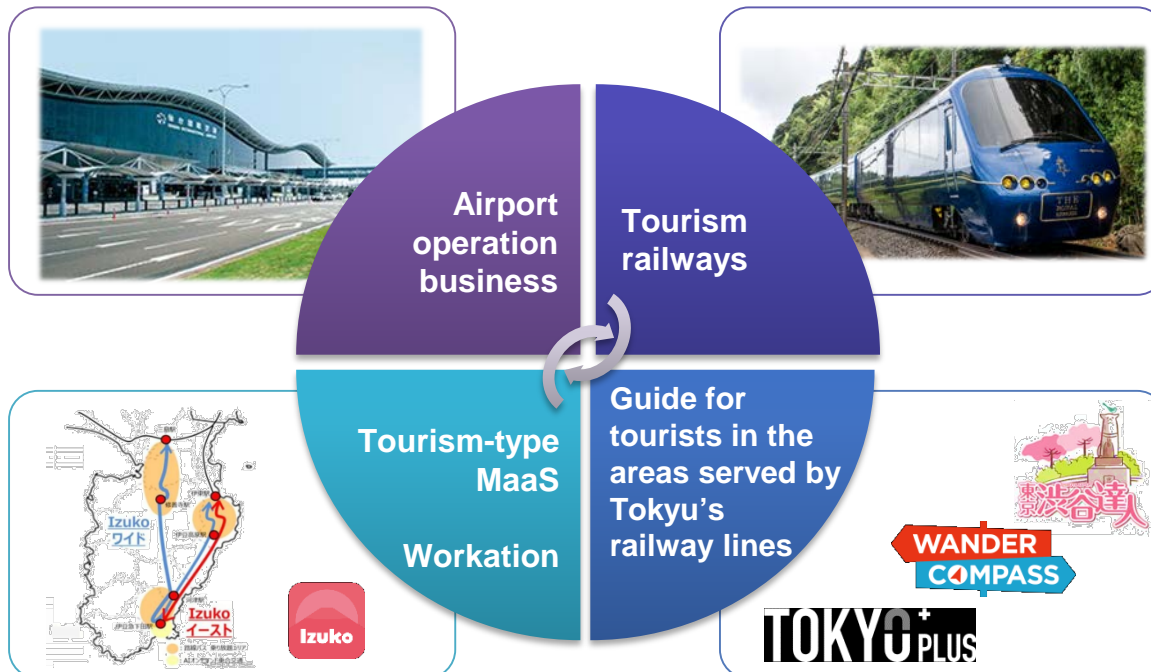
* CBM(Condition-Based Maintenance)

A maintenance method in which the equipment is continuously monitored and updated as soon as a sign of failure is discovered

Transportation Infrastructure Business (Transportation Segment)

Creating next-generation transportation infrastructure businesses with the airport operation business and the MaaS business as the core

- Establishing business models for local business bases through an organic combination of the airport operation business, MaaS, tourism businesses and other businesses and by making use of the increased non-resident population
- Combining MaaS with the existing transportation infrastructures (railways, buses, and others), thus activating mobility in the areas served by Tokyu's railway lines, aiming to improve the values of the areas served by Tokyu's railway lines and the lives of the people in those areas



* MaaS (Mobility as a Service): A service for providing information about an optimal means of transportation in accordance with the purpose of the users and passengers and their tastes

Urban Development Business (Real Estate Segment)

Promoting urban development that is unique to the Tokyu Group

- The Real Estate Segment will continue to play the central role in acquiring consolidated profit as the core business; and it will also achieve both the resolution of social issues and the growth of the business by using our strengths both in Japan and overseas.

Evolving from the real estate business to urban management

- Evolving into the next-generation business by exhibiting the total power of the Tokyu Group by using IT and cooperation with the Lifestyle Service Business Segment and the Retail Business Segment

Tokyu's strengths in urban development



Lifestyle Service Business (Life Services Segment)

Enhancing the competitiveness of each individual business; pursuing synergy with the real estate business

- Improving profitability by responding to changes that occur in the business environments and promoting structural reforms

Providing functions for improving the values of the areas served by Tokyu's railway lines and the lives of people in the areas

- Implementing management that is oriented toward consumers and users ahead of diversified customer needs and changes in people's lifestyles

Community infrastructures



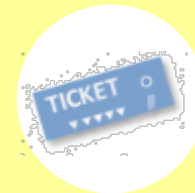
Cable TV, telephone, and Internet services
Smart home
Electric power and gas
Security
Tokyu Bell

Wellness



Sports
Child bearing
Services for elderly people
Learning and community-related services
Healthcare services

Entertainment



Cinema complex
Theaters and halls
Events
Experiment services

Seamlessly providing rich, diverse business menus and services for each stage of people's lives

Advanced use of points of contact with customers and advanced use of data.
(by using member cards and points, and by using the Tokyu Royal Club)

Achieving business growth and the maximization of consolidated profit

Solving social issues
Improving the value of the areas served by Tokyu's railway lines and the lives of the people in those areas

Retail Business (Life Services Segment)

Conversion of the business structure and improvement of profitability through cooperation among the Tokyu Group and alliances with companies outside the Group

- Innovation of the business structure in segments for different business categories (department stores, supermarkets, shopping centers) and their integration with EC
- Constant arrangement of the business portfolio by scraping and building in response to changes in consumer needs
- Enhancement of commodity measures through enhancement in the food product category by improving private brands and production and retail functions and also through the development of our original content

Provision of new experiences to customers and improving productivity by introducing new technologies

- By combining and utilizing big data and new technologies such as AI to create new value and improve productivity

Integration of EC with stores



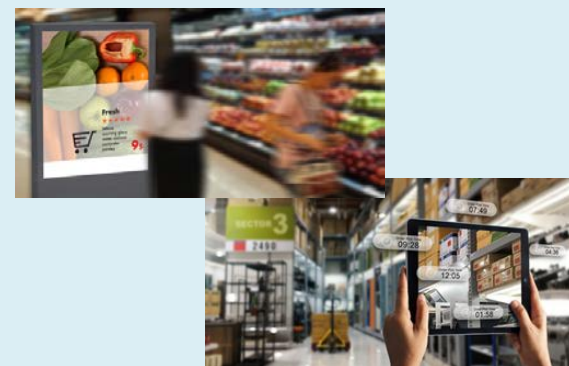
Real-time inventory management
Cooperation with Tokyu Bell

measures by using original contents



TWG and COVA
SHIBUYA109
Private brands

new technologies and combining them with existing technologies



Unmanned shops, AI, robots, logistics

Hospitality Business (Hotel and Resort Segment)

Increasing the competitiveness of our hotel business

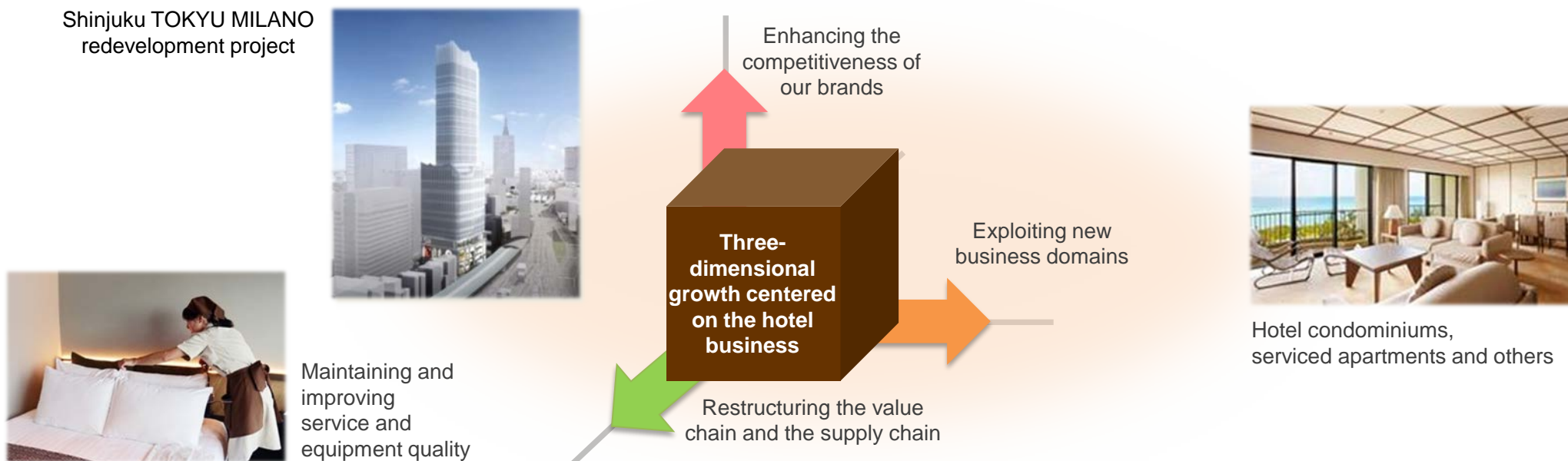
- Improving the brand power of our hotel business to appeal to the global markets and the next generation

Exploiting new business domains

- Cooperation with the Urban Development and development of businesses that respond to diverse lifestyles

Restructuring of the value chain and the supply chain that are responsive to changes in the environments

- Promoting the business with strength in the integration of the possession, management and operation processes (including operations related to the cleaning and supply of linen)



IV. Target Management Indices

Target Management Indices

[Numeric targets]

Profit attributable to owners of parent : 100 billion yen (73% increase from FY2018)

Achieving the target by expanding the profit scale through actively making investments

[Return to shareholders]

Targeting the early achievement of a total return ratio of 30% and the further increase of the rate of return to shareholders

(1) Achieving continuous dividend increases

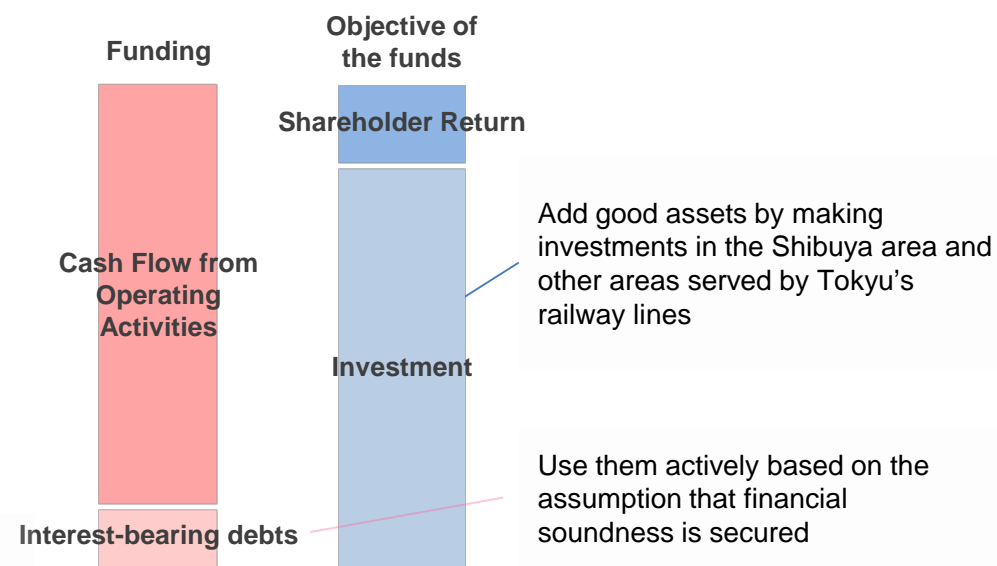
Achieving dividend ratio of 30% in the medium and long term

(2) **Improving capital efficiency by flexibly acquiring treasury shares**, as well as implementing an initiative for increasing dividends, considering the balance with continued investments in the Shibuya area and the areas served by Tokyu's railway lines

| Numeric target | Result for FY2018 | Target for FY2030 |
|---|-------------------|----------------------|
| TOKYU EBITDA* | 176.6 B JPY | 300 B JPY |
| Profit attributable to owners of parent | 57.8 B JPY | 100 B JPY |
| (Reference indicator) Operating profit | 81.9 B JPY | 150 B JPY |
| Interest-bearing Debt/ TOKYU EBITDA Multiple | 6.0 | 5.0 or around |

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

Image of our cash flow until FY2030

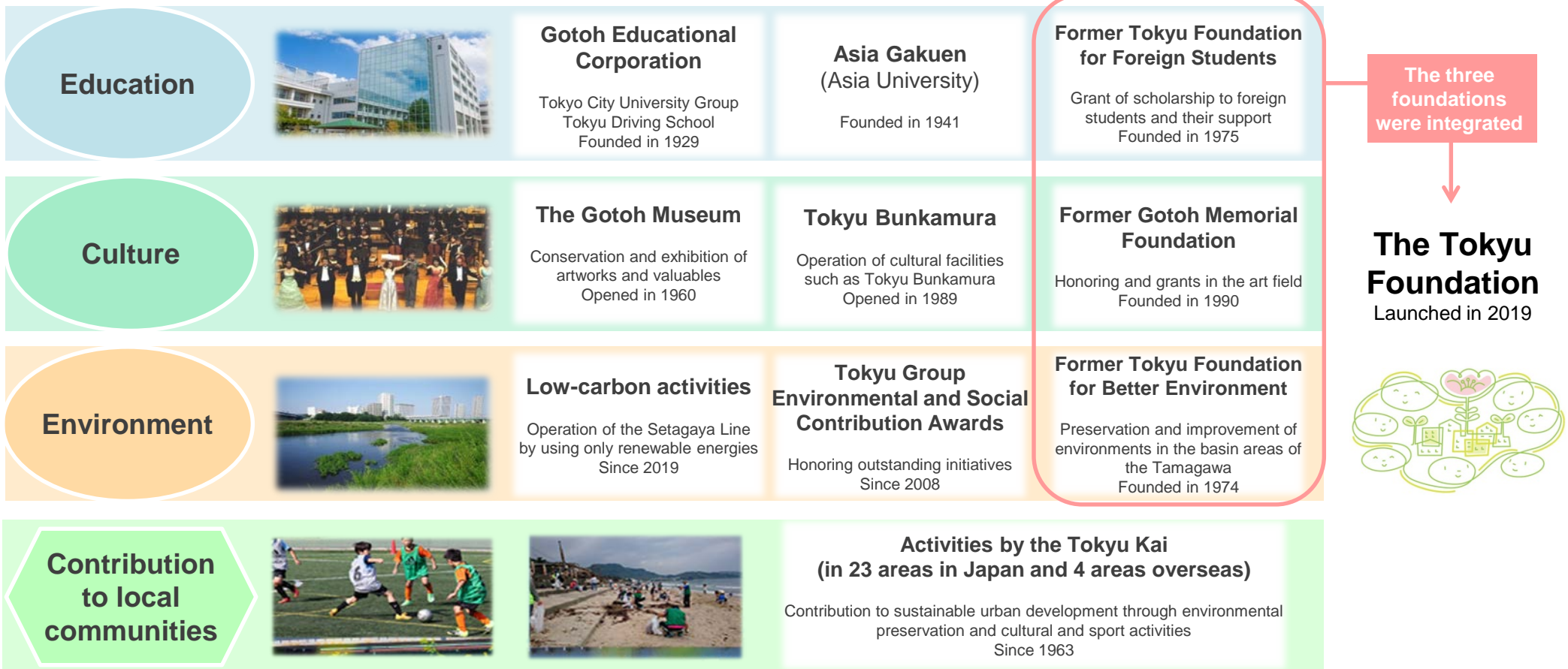


V. Contribution to Society

Social Contribution Activities

Continuing social contribution activities in addition to our efforts to resolve social issues through business operations

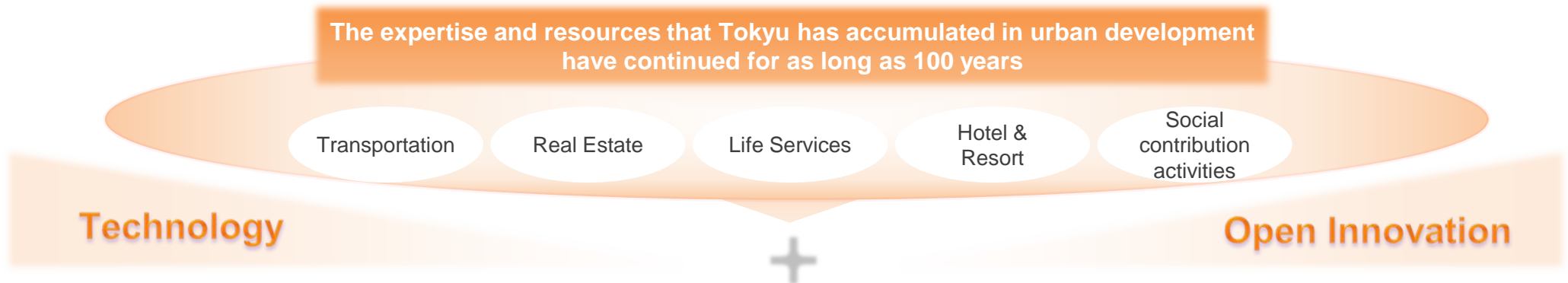
- Further contribution by the Tokyu Foundation and the entities of our Group to resolve social issues and advance education and culture
- Continuation of our initiatives for contributing to local communities by the Tokyu Kai that have been taken for about 50 years



VI. Challenges for the Future

Tokyu's Visions for the Future (Visions for 2050)

Achieving the development of **“A City Adored by People around the World”**
by providing social values originally created by Tokyu



Wellbeing-related businesses

Development of cities that realize safety and security in the era of the 100-year life, where each person can pursue individual happiness

Social harmony-related businesses

Urban development that preserves the natural environment and culture, through which people can feel the abundance achieved by harmony between people, nature, and society

Concept of “City as a Service” (from the Present to the Future)

- Urban development for the next generation through the integration of digital technologies with real life and cities -

Wellbeing

Providing services customized for the lifestyle of each person

Flexible ways of working, living, and moving

Improved child bearing and education environments

Foods, wellness, and healthy life expectancy

Social harmony

Structuring a system for supporting autonomous local economies and communities

Urban spaces where people can enjoy better safety and comfortability

Recycling society
(local currency, local production and consumption, sharing economy, resources reproduction, etc.)

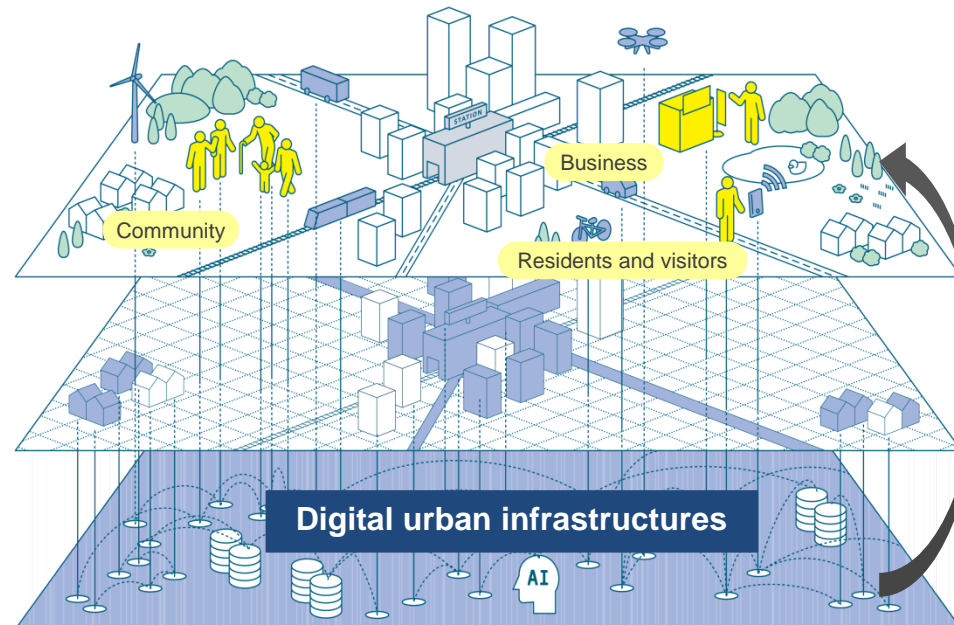
Development of digital urban infrastructures

Unified ID; cashless transactions

Infrastructures for large-capacity communication

Sensing; digital space mapping

and others



Feedback to the real urban infrastructures

Easily accessible urban data

Optimization of urban operations
(mobility; energy; logistics)

Deliberately developed urban planning projects

and others

We will continue our initiatives for creating beautiful living environments by challenging the realization of the concept of “City as a Service” as well as securely advancing our businesses with our visions for 2030 toward Tokyu’s Visions for the Future (for 2050).