

Results for the Fiscal Year of 2018: Main Questions and Answers at Briefing for Investors

May 14, 2019

* This document provides information relating to the details of questions and answers given at 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 general matters)

Q. Please tell us whether the results and outlook exceeded the Medium-Term Management Plan.

- The target of the Medium-Term Management Plan is for the profits for FY2018 and FY2019 to be limited due to the inauguration expenses of large-scale developments including SHIBUYA STREAM, SHIBUYA SCRAMBLE SQUARE, and Minami Machida, and that the profits for FY2020 will then jump up. With regard to the results for FY2018, we were able to reduce the decrease in operating profit compared to the previous year. Although operating profit of 83 billion yen, which is the forecast for FY2019, and operating profit of 97 billion yen, which is the figure for FY2020 in the Medium-Term Management Plan, are high targets, we believe that they will be steadily achieved.

(Questions on individual businesses)

Q. Please tell us about your evaluation and the future development of tourism-type/suburban MaaS trial experiments.

- We are now conducting a tourism-type MaaS trial experiment in Izu. It is off to a good start in terms of quantity, including the number of app downloads. Globally speaking, we do not see many instances where MaaS can be monetized. We will therefore repeat the trial experiment and proceed to examine its commercialization. We consider that it has a strong affinity with the tourism business. We would like to consider MaaS development in Sendai, where we are operating an airport business.
- We have conducted a suburban MaaS trial experiment at Tama Plaza. We would like to consider whether it can be commercialized while advancing its verification and enhancing it.
- We are not going to complete everything regarding MaaS in house, but we will join with other companies in its development.

Q. Please tell us about the results and outlook of the railway business. Will costs rise due to the Sotetsu-Tokyu Direct Train Service?

- In terms of the results of the Company's railway business for FY2018, we posted a lower profit than the Medium-Term Management Plan due to increased expenses, including power costs.
- Regarding the railway business in FY2019, we expect higher revenue than the previous year thanks to the impact of new development projects such as SHIBUYA SCRAMBLE SQUARE and Grandberry Park.
- The impact of the opening of SHIBUYA SCRAMBLE SQUARE and the costs of the Sotetsu-Tokyu Direct Train Service were already factored in when the Medium-Term Management Plan was formulated.

Q. What are your future measures against the congestion of the Den-en-toshi Line and the Toyoko Line?

- We have not yet solved the congestion issue. We expect the population along the lines to continue to increase by 2035, so we recognize the issue. We will encourage dispersion onto the Oimachi Line and the Meguro Line, which have a complementary relationship with the Den-en-toshi and the Toyoko lines. At the same time, we would like to consider several measures for easing the congestion such as improvement to Shibuya Station. Meanwhile, steps to alleviate congestion are proving effective, including the “good morning choice coupon,” an off-peak measure, and the use of transportation by Tokyu Bus, so we will continue with these going forward.

(Questions on the spin-off of the railway business)

Q. The real estate business division will remain in the business holding company as a result of the spin-off. What will happen to its relationship with Tokyu Fudosan Holdings?

- Starting with the spin-off of the railway business, we would like to proceed with the aim of establishing a more flexible management structure.
- We believe that the relationship with Tokyu Fudosan Holdings will continue as it has to date. It is more of a cooperative relationship than a competitive relationship. Since we currently cooperate with each other in the development of Shibuya, we will consider collaboration on an individual project basis.