



May 13, 2021

FOR IMMEDIATE RELEASE

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Notice Regarding a Three-Year Medium-Term Management Plan

Tokyu Corporation announces that a meeting of its Board of Directors held on May 13, 2021 has prepared a three-year medium-term management plan (for fiscal 2021 to fiscal 2023) beginning in fiscal 2021.

* Please refer to Attachment for detail.

Three-year Medium-term Management Plan

(FY2021 - 2023)



May 13 , 2021



(9005)

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

Message from the President

Tokyu Corporation will celebrate its centennial in 2022. Since our very earliest days, we have been working to help solve social issues through our businesses with a focus on urban development in areas surrounding our railways. At present, we are operating our businesses under the Tokyu Group's slogan, "Toward a Beautiful Age," through sustainable management as our basic policy to pass down to the next generation our expertise acquired over the years along with our heritage.

Since last year, the world has been facing an unprecedented challenge in the form of the COVID-19 pandemic, and we have been taking steps to ensure safety and security in our businesses to fulfill our responsibility as a social infrastructure company. However, the pandemic has had serious implications for our recent financial performance.

We cannot be optimistic also about our global business, given the conflicts between the US and China, the increase in inequality and division, and other issues including COVID-19, despite high expectations for a global economic recovery facilitated in part by U.S. fiscal policy. In Japan, too, our business environment is changing rapidly, with birth rates declining and the population aging and shrinking, lifestyles and working styles diversifying, and digital technologies becoming increasingly sophisticated.

In this environment, we have developed a plan implemented from fiscal 2021 on the theme of "変革 (Henkaku)" to establish a three-year period that will be a turning point, in which we will turn challenges into opportunities and aim for a new phase of growth by responding to changes in the business environment and restoring profit through structural reforms.

Some of the challenges that we face are more difficult than others. Since we had set high profit targets through active investment before the COVID-19 outbreak, however, we consider the current obstacle a transit point and will use strong management to get our business on a new growth path at an early stage.

Kazuo Takahashi, President & Representative Director May 2021

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Forward-looking statements

Information in this material other than past or current facts represents the future outlook prepared by the management of the Company based on information currently available, and includes various risks and uncertainties. Please note that actual results may change due to various factors.

I. Review of the Previous Management Plan and Assumptions for Planning

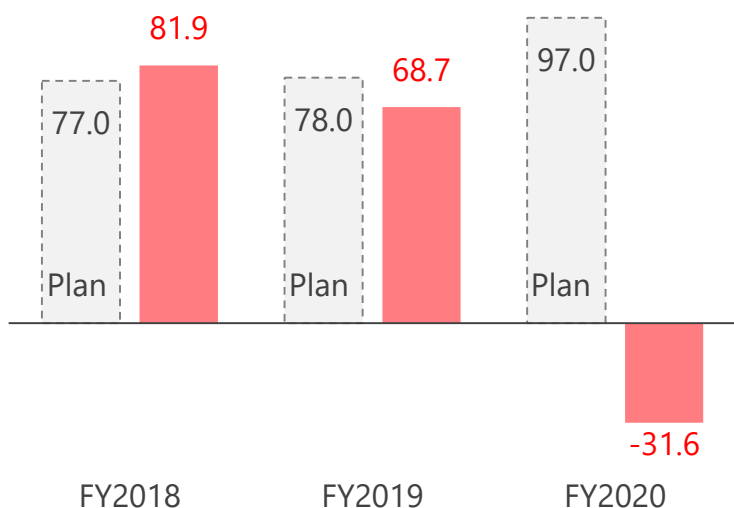
Review of Previous Management Plan

Steady progress was made in key initiatives including large development projects such as Shibuya Scramble Square East building and Minami-machida Grandberry Park and safety investment such as 100% installation of platform doors.

Did not reach the projected figures due to the significant impact of COVID-19.

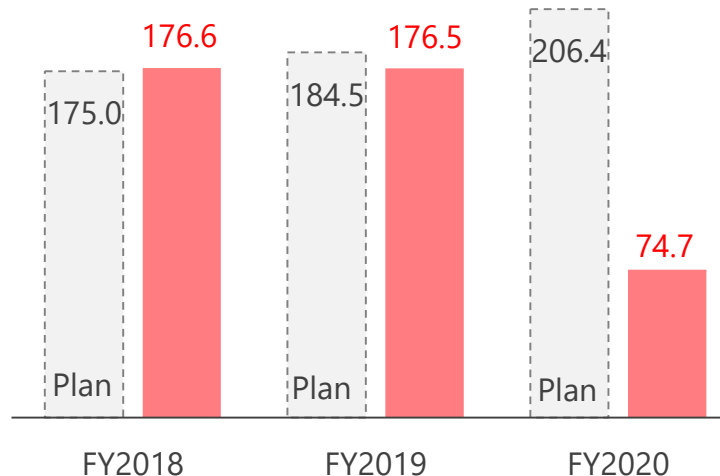
Operating Profit

(billion yen)



TOKYU EBITDA

(billion yen)



Interest-bearing Debt / TOKYU EBITDA Multiple

FY2020

(Plan) 5.3 times

(Results) 15.8 times

Major impacts of COVID-19 on consolidated businesses in FY2020

- Tokyu Railways: number of passengers carried: vs. FY2018 down 32.2%
- Tokyu Hotels: occupancy rate vs. FY2018 down 52.1%
- Tokyu Bus: number of passengers carried vs. FY2018 down 29.7%
- Tokyu Department Store (*End of fiscal year: January) : sales vs. FY2019 down 25.3% (existing stores)

Assumptions for Planning

(Unchanged values)

Sustainable Management Policies

Creating a beautiful living environment for our future

Continuous solution of social issues through businesses

Material Sustainability Themes



Safe & Security

Quality of Living Environment

Urban development

Human resources development

Low-carbon and recycling society

Corporate Governance & Compliance

Address important themes in sustainability and aim for a long-term resource-recycling business model under the Tokyu Group's slogan, "Toward a Beautiful Age."

(Environmental factors to be considered)

Changes in business environment

Decrease in people traveling and meeting due to COVID-19

Accelerated transition of work and life styles

Regional disparities in population decrease and declining birthrate and aging population

Rapid development of digital technology

Shift to a decarbonized society at the global level

II . Basic Policies in the FY2021-2023 Management Plan

Basic Policies and Key Strategies

Basic policies

“**変革** (Henkaku)” Revenue recovery and growth by responding to changes in the operating environment

Aim to restore the revenue level by responding to current changes in the operating environment and implementing structural reforms and other measures and position the current period as “the turning point to new growth.”

Revenue recovery

- FY2021: Secure operating profit of 20 billion yen
- Achieve a steady profit recovery in each business

Maintenance of financial health

- Interest-bearing debt / TOKYU EBITDA multiple
Recover to 7 times (FY2023)

Key strategies

- Strengthen business structure in the transportation infrastructure business
- Respond to new values in the real estate business
- Change business and services corresponding to new lifestyles
- Implement structural reform in each business

FY2021 Arrival Level

	(Reference) FY2020	FY2021
TOKYU EBITDA	74.7 billion yen	118.7 billion yen
Operating Profit	-31.6 billion yen	20.0 billion yen
Interest-bearing Debt / TOKYU EBITDA Multiple	15.8 times	10.3 times

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

Investment Plans and Shareholder Returns

Investment Plans

Steadily implement safety and maintenance/renewal investment, large projects in progress, and investments related to structural reforms.

<Reference>

Planned capital expenditure for FY2021 : 127.7 billion yen

(Investment in growth : 53.8 billion yen / Investments for existing business : 73.9 billion yen)

Concept of shareholder returns

Continue stable dividend payments and aim for a dividend ratio of 30% or more in the medium to long term, with an awareness of the total return ratio.

III. Key Strategies and Initiatives

Changes in Value Demanded

Recognize social transition such as changes in behavior and demands, and build strategies in each business with an awareness of signs of a medium- to long-term paradigm shift, leading to sustainable growth.

Switch to business operation based on the concept of autonomous and decentralized city structure

The conventional unilateral structures of “homes = mostly suburbs” and “offices/commercial areas = mostly urban centers” no longer exist, and we will make sure that we respond to demands that are increasingly diverse and complex to achieve business growth.

Growth of Tokyu Corporation

Growth of business and profit
Higher brand value
Contribution to all stakeholders

Improving the sustainability of the City

Safe and secure society
Harmony with the global environment
Profound richness and increased convenience
Working, living, and playing, population growth

Increase in time at home

Changes in lifestyles

Decrease in urban commuters

Diversification of values

◀ Suburbs

Urban centers ▶

Home to nearest station
(small areas)

Tokyu areas
(around traffic hub stations)

Urban areas
(wide areas incl. Shibuya, Yokohama, etc.)

Improve quality of time/space at home

Highest level in Japan

Providing houses and communication facilities meeting new demands, say-at-home solutions, and convenience of proximity to train stations

Stimulate demand for intraregional travel

As a symbol of areas served by Tokyu's railway lines

Area branding and building complexes
Revitalization through the functional placement of “work, live, and play” and invitation of industry-government-academia collaboration

Create charm that can only be experienced physically

Admired by people around the world

Development of foreign-based cities
Proposal for urban lifestyles (improved residence functions)
Entertainment, communication, and emergence

Changes in Environmental and Business Strategies

Past

Transportation

Business to meet demand for commutation to central Tokyo

- ⇒ Investment in large facilities to raise transportation capacity and reduce overcrowding and long-term recovery of invested capital

Real estate

Urban development through the redevelopment of urban infrastructure, etc.

- ⇒ Supply rental properties such as offices and commercial spaces based on building complexes and increase area value.

Life Service

Raise the value of Tokyu areas through various businesses and bundles

- ⇒ Develop business with a focus on physical contact with customers and services and also work on e-commerce.

Hotels Resorts

The overall industry saw rapid growth with increase in inbound tourism.

- ⇒ Continue the conventional hotel chain business. Actively open new hotels, particularly in urban areas.

From now

The number of passengers carried will not return to the previous level even after the pandemic

- ⇒ Change from earnings structure focusing on commuters and **create demand for intraregional travel**

Property selection and the trend of the survival of the fittest among areas will continue to grow with changes in work styles and demand conditions.

- ⇒ **Re-examine the uses and sizes demanded. Develop growth areas** with a focus on asset replacement and fund efficiency.

Physical and digital services will be seamless as changes in lifestyles accelerate.

- ⇒ Focus on areas where Tokyu can exert its strengths and **grow services that meet current demand**

Competition is intensifying in addition to uncertainty about the future.

- ⇒ **Implement structural reforms** and take measures to raise profitability.

Pursue safety and security, aim to achieve both public benefit and profitability at high levels, and reform operations using technology to strengthen the business structure

Pursuing safety and security

Maintenance of good facility condition and accident prevention

- Ensure thorough facility renewal and inspections required
- Implement disaster control measures

Improvement of recovery capacity after accidents

- Renew and improve control center facilities
- Increase educational functions (improve HR and technical skills)



Universal services

- Reduce gaps between platforms and train floors
- Place more barrier-free facilities (use of apps, etc.)

Reforming operations

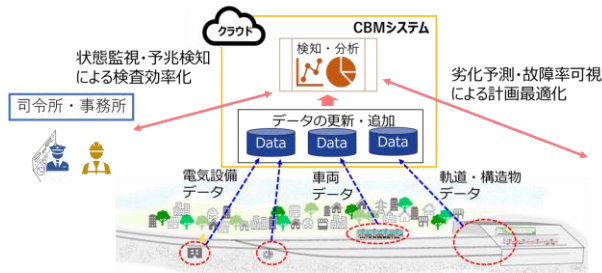
Expand one-man driving



Rationalization of service schedule according to demand

Optimization of maintenance operation using data (CBM*), etc.

- Increase inspection efficiency through status monitoring and sign detection
- Optimize plans by predicting degradation and visualize failure rate



* Condition Based Maintenance

Increasing convenience

Tokyu Shin-Yokohama Line starts service (scheduled for second half of FY 2022)



Increase services such as paid seating

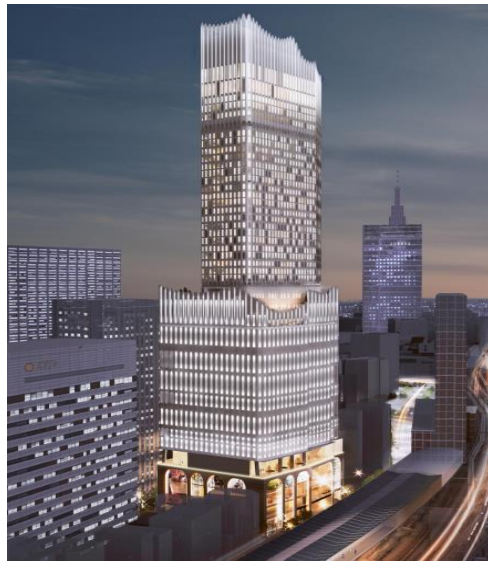
Increase resistance to changes in demand

Improving earnings structures of Tokyu bus, airport operation business, regional transportation business, etc. and thoroughly meeting demand for recovery

Implement Tokyu's unique urban development that will create social values, which will play a central role in consolidated business profit, and raise profitability to drive profit growth.

Implementation of Shinjuku redevelopment project

- Provide an urban entertainment complex function and create new appeal
 - Establish Shinjuku Project Planning and Development Headquarters and implement development and planning operation in a unified manner.



Kabukicho 1-chome district development plan (scheduled to be complete in FY2022)

Site: approx. 4,800 m²; total floor area: approx. 87,000 m²
Use: Hotel, theater, cinema, commercial facilities, etc.

Evolving to urban management

- Efforts for autonomous, decentralized Tokyu area city
 - Promote the development of facilities that become the center of the regional economic sphere
 - Solve issues through public- and private-sector partnerships and develop unique communities
 - Enhancement of shared offices, small offices, etc.
- Improve housing-related businesses and revitalize Tokyu areas
 - Plan products with a focus on proximity between work and home and telecommuting and promote the appeal of Tokyu areas.



Shin-Tsunashima Station District urban redevelopment project type1 (scheduled to open in FY2023)

Site: approx. 3,890 m²; Total floor area: approx. 37,560 m²
Use: Apartments, commercial facilities, public interest facilities, etc.

Improvement of asset recycling building business

- Early contribution to consolidated profit (reduce timeframe)
 - Establish a business with a focus on fund efficiency
 - Use pipeline with TOKYU REIT, etc.



Promotion of overseas urban development

- Project implementation in Vietnam, Thailand, etc.



SORA Garden II (scheduled to be complete in FY2021, Binh Duong New City, Vietnam)

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

- Grow profit by meeting demand in lifestyle infrastructure business, etc.
- Upgrade Tokyu area services to meet customers' needs and current demand

Providing values through lifestyle infrastructure business

Profit growth by responding to lenaka (in-home) demand

- Promote opening of Tokyu Stores, Improve e-commerce, Increase operation efficiency using digital technologies



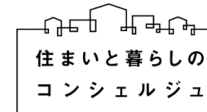
Selective implementation of strategic investment

- Strengthen the ICT business
 - Participate in the business of 5G base station sharing
 - Raise competitiveness using mesh Wi-Fi and FTTH



Upgrading services to meet customer needs and current demand

Develop a "concierge" system by establishing profound relationships with Tokyu area customers and improving proposal skills.



Aim to increase services and expand business as the comprehensive provider of lenaka (in-home) solutions

House cleaning	Housekeeping
Repair and maintenance	Handling of problems
Renovation	Tidying up
Online supermarkets	

In the face of a super-aging society, we provide one-stop services that accompany the future lives of customers.



Tokyu Laviere Corp. Business start in 2021

Grow shares in new markets by responding to rapid changes in working styles.



Corporate membership office-sharing business
Focus on increasing the rate of use and number of customers



More than 250 locations across Japan with more than 450 member companies (as of May 2021)

Increase the profitability of individual businesses

- Examine value provided and income/expenditure structure
- Redefine the significance and roles in view of current trends and restructure businesses and services

Implementation of Structural Reform in Each Business

Promote structural reforms in businesses that have been facing issues since before COVID-19, redevelop strategies for the Group's businesses, and improve consolidated business management

Structural reform of hotel business

■ Increase profitability

- Drive multi-purposing of guest rooms
 - Meet demand for use as offices and long-term use
- Reform restaurant models
 - Make restaurants tenants, use IT, streamline personnel by assigning multiple jobs
- Reorganize hotel networks
 - End the operation of 3 Tokyu REI Hotels, etc. (Kagoshima, Nagoya Sakae, and Omori)

tsugitsugi

■ Change channels according to environmental changes

- Improve customer appeal in domestic market
- Make millennials and the wealthy customers

■ Minimize fixed costs

■ Reorganize production systems at linen and supply factories.

Structural reform of department store business

■ Reform store structures, close unprofitable stores

- Implement hybrid operation at more stores
- Reduce self-operated sales floor and raise the efficiency of sales floor operation
- Restructure retail business in the consolidated group

■ Make back-office, services, and sales promotion more efficient Shift to digital operations

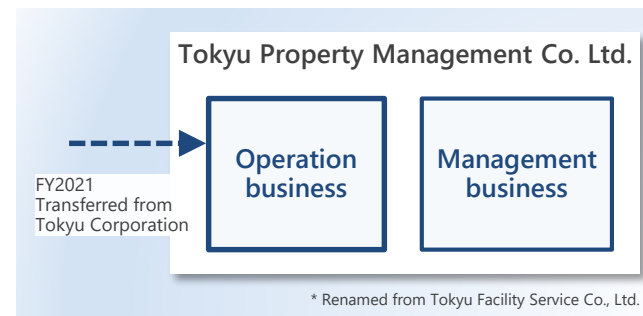


Redefinition of roles played in retail business (image)

Improve consolidated management

■ Optimize operation systems

- E.g. Provide both real estate operation and management services



■ Strengthen consolidated HR management

- Reallocate 1,000 employees from consolidated companies to accommodate changes in business structures and ranges

■ Restructure consolidated business portfolio

- Concentrate functions, merge/abolish businesses
- Optimize asset management in view of consolidated group
- Raise the efficiency of head office divisions

For the Future of Shibuya

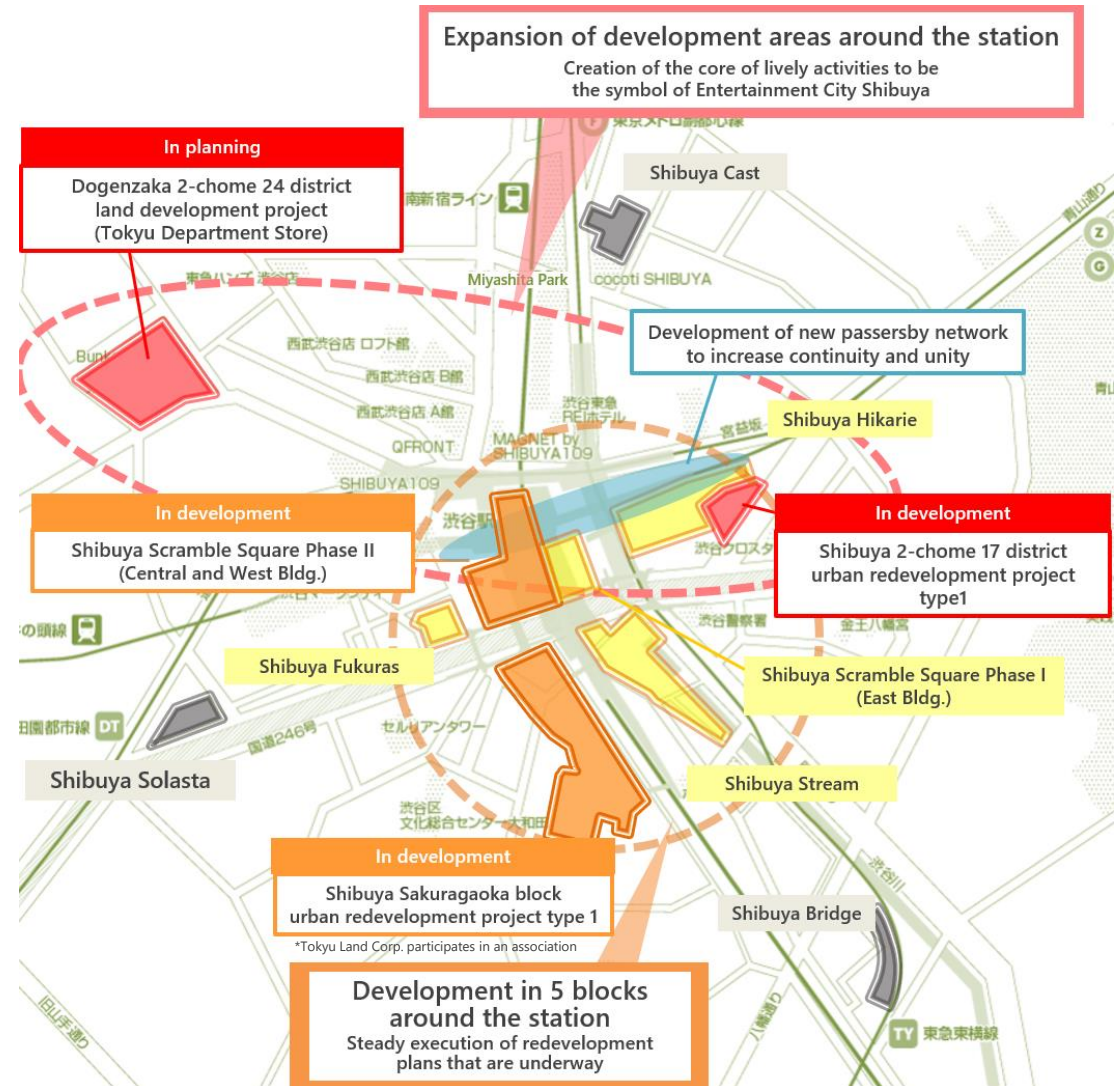
Implement multi-layered activities, including public-private partnerships, for the future of Shibuya, the most important area for Tokyu

“Global” and “Local” “extraordinary” and “ordinary”
Aim to build a town having two different sides

- Improve the wide-area appeal of “Greater SHIBUYA” and further develop and enhance the “Entertainment City SHIBUYA”
- Propose “Shibuya-style urban life”
 - Aim for fusion of three elements – working, living, and playing – and a town in which “digitization” and “sustainability”, which become the basis of such fusion, are organically connected

Implementation of development plans including public-private partnerships and activities that contribute to increasing the appeal of the city

- Steadily implement redevelopment plans in progress
- Develop new projects with strategic alliances also in mind
 - Start of the Dogenzaka 2-chome 24 district land development project
 - Activities through a comprehensive partnership with Shibuya municipal government (5G communication facilities, entertainment, and startup ecosystem)
 - Urban development based on cooperation and co-creation among Tokyu Group companies



Use of Digital Technology

Take on the challenge of maximizing “real” value by using digital technology.

- Business and operation reforms and system development that assume rapidly developing digital technology in each business
- Form a virtuous circle of successful cases by accumulating PoC and effect validation

Advancement of transportation services

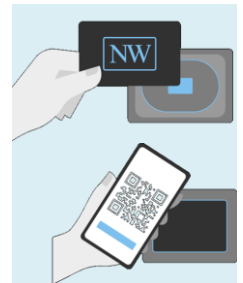


Increase business competitiveness and advantage through use

E.g. Corporate membership office sharing, NewWork

- Unmanned store operation and remote management
- Real-time information of crowdedness
- Record of users entering and leaving the room
- Automation of registration and billing operations

Business development on the assumption of the use of cloud computing, etc.



Develop business in strategic alliance with Rakuten Group, Inc.

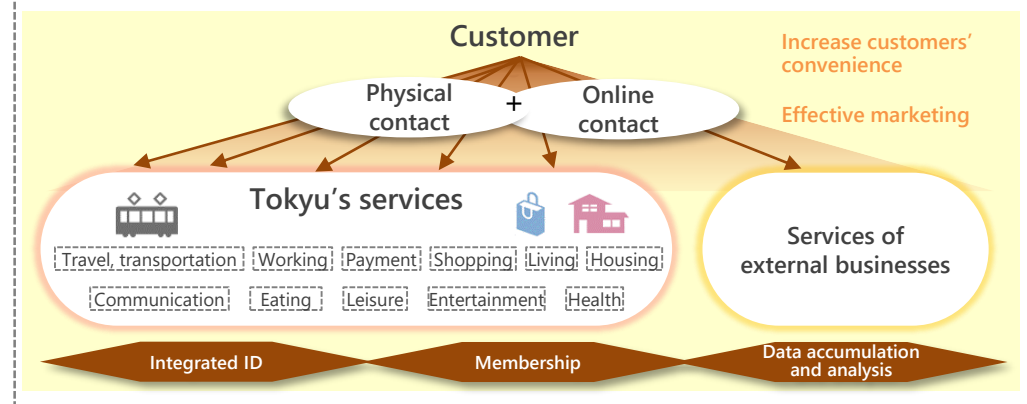


Development of promotion and support systems

Improve horizontal IT functions while keeping in mind offensive and defensive operations and verifying the effects

(IT risk management, standard infrastructure development, and HR development and retention)

Conceptual diagram of medium- to long-term goal for customer contact



HR Strategy

Maximize corporate value by supporting the optimization of individuals as a reform driver

Increase in employee engagement

Supporting the optimization of individuals
(value provided by the company)

Returning employee growth to the company
(value sought by the company)

Employee experience

- Value and pride in working at Tokyu
- Opportunities to grow and achieve personal goals
- Acceptance of diverse values

Awareness reform

- Professionalism
- Inquisitive mind and behavior
- New value creation



Environmental changes requiring responses

External environment

Mobilization of employment

Changes and diversification of perception about work

Shortage of specialized workers

Internal environment

Changes in labor force composition

Diversification of work experience

Sophistication and higher specialization of operations

Specific activities

E.g. Major initiatives taken by Tokyu corporation

Introduction of company-wide flextime system (expanded "smart choice")

Place	Choice	Time
Attire		Refresh

Improvement of one-on-one meeting

Reform the HR system (to recognize skills and specialization)

Expansion of recruitment channels (Introduce re-employment section)

Shift to selective training programs

Expansion of the range of senior worker employment

Implementation of diversity management

ESG Activities

Promote sustainable management and continue to provide social value and work to solve issues through business

Environment

Efforts to achieve decarbonized society and RE100

- Continue to pursue energy efficiency and environmental performance
 - E.g. Reduction of electricity used for renewal of railway cars
 - Acquisition of environmental certifications such as ZEB
- Build schemes for acquiring and adopting renewable energy
 - E.g. Promotion through the operation of SDGs trains
 - Use of 100% renewable energy for the operation of Tokyu Setagaya Line
- Promote decarbonization and energy generation in Tokyu areas
 - E.g. Participation in the free installation of solar power and storage battery facilities, etc.



CO₂ emissions
Net zero by 2050



Adapt to climate change

- Practice of TCFD
- Reduce plastic and food waste



Efforts for recycling-oriented society

Society

Pursuit of safety and security

- Achieve the safest and most user-friendly public transportation services in Japan
- Responses to COVID-19 with the responsibility of a lifestyle infrastructure business operator

Increase the quality of the living environment

Urban development with the creation of social value

- Implement urban development unique to Tokyu to meet various needs

Achieve a company where everyone wishes to continue working

- Creating a workplace where employees can work with vitality

Governance

Achieve effective corporate governance

- Responses to revised corporate governance code, etc.

Build an omni-directional compliance system

* ESG information, indicators, etc. are also described in the integrated report. https://www.tokyu.co.jp/ir/english/library/library_11.html