

New Medium- and Long-Term Management Plan

Value Frontier 2020

November 13, 2014



TOKYU FUDOSAN HOLDINGS

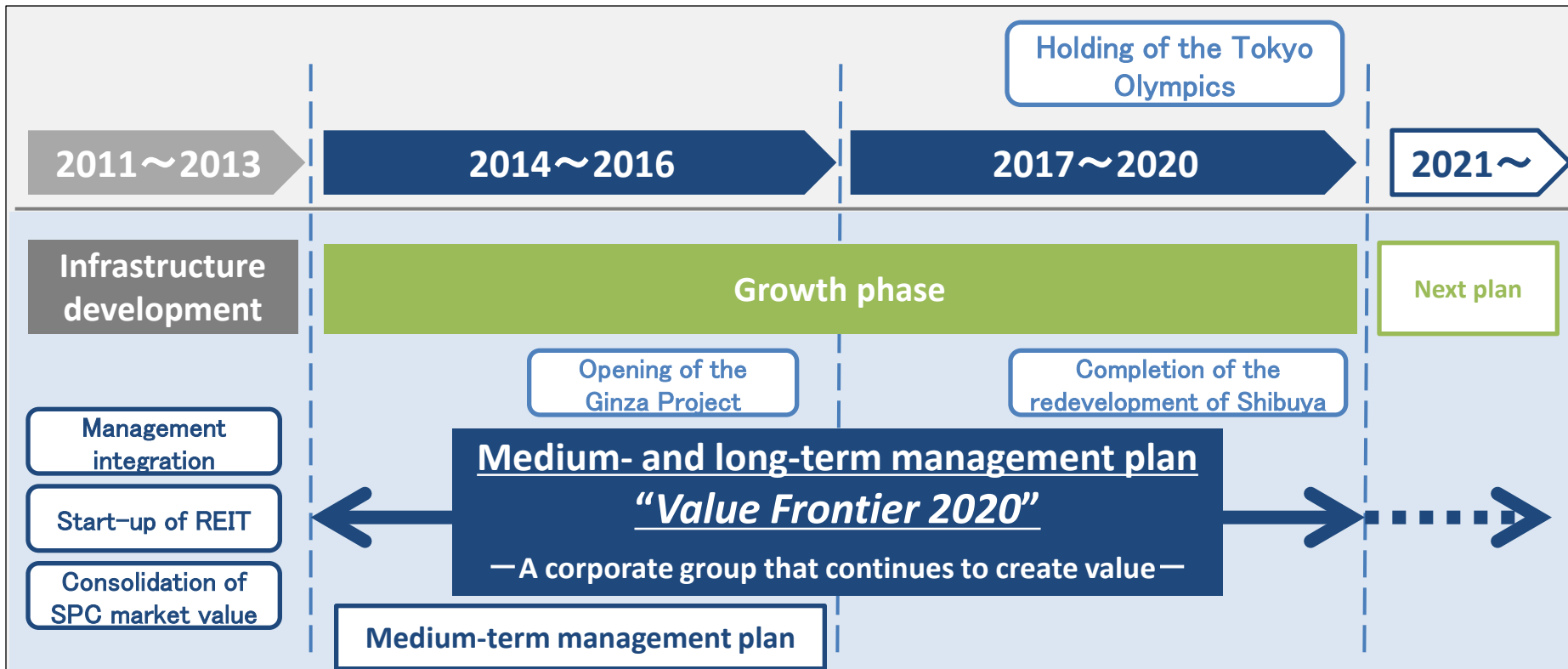
Background of the Formulation

Business environment

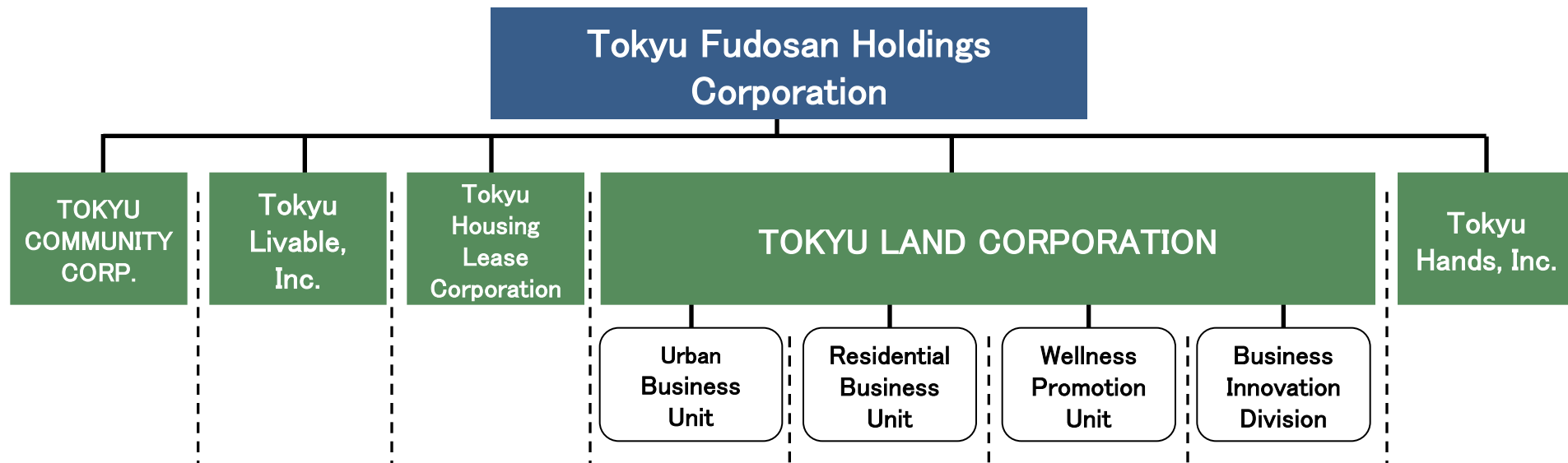
- Highlighting “TOKYO” amid the progress of the inter-city competition
- Expansion of markets related to existing real estate stock
- Changes in the population structure, expansion of demand related to seniors
- Globalization, expansion of inbound demand
- Economic growth of emerging countries, expansion of overseas business opportunities

Strengths of the Group

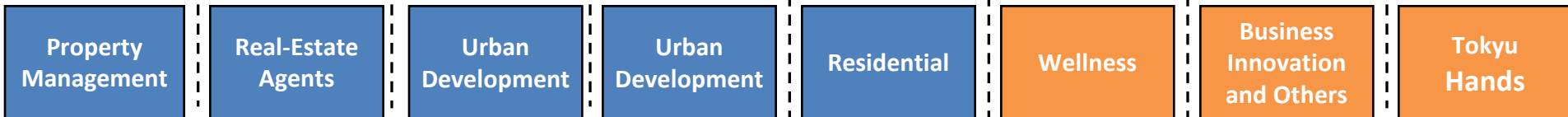
- Development capabilities represented by the redevelopment of the Shibuya area
- Position in the industry in the property management and real estate agents businesses
- Wide range of business areas, 10 million customer contacts
- Group cooperation base under the holdings system
- “Brand image of “Tokyu” = “Safe and Reliable”



Group's Business Development



Segment Categories



Four core businesses

- Urban Development** : Development, leasing, subleasing and operation of office buildings, commercial facilities and rental residence and management of REITs and private funds, etc.
- Residential** : Development, construction and sales of condominiums and detached housing
- Property Management** : Comprehensive management of condominiums, office buildings and public facilities, etc., construction of occupied and common areas of condominiums, etc.
- Real Estate Agents** : Sales agents, leasing agents, distribution agents and sales of real estate

Growth businesses

- Wellness** : Development, management and operation of resort hotels and senior housing, etc., real estate agents for resort properties, etc.
- Tokyu Hands** : Retail sales of materials and products related to housing life and handmade goods, etc.
- Business Innovation and Others** : overseas business, custom-built houses, renovations, gardening business and welfare services agency business, etc.

① Expansion of associated assets

Promote stable growth in the revenue base of the Group by expanding associated assets through the development of high quality assets, such as the redevelopment of Shibuya, and the acquisition and involvement of assets and by expanding and creating derived business opportunities.

② Creation of new demand

Acquire sources for further growth by creating new demand through the maximum use of Wellness business and Tokyu Hands business, etc. unique to the Company and strengths of the Group and by developing new business areas such as overseas business.

② Growth into the core businesses

Creation of new demand through the evolution of the business model

Wellness, Tokyu Hands

Overseas business, Business Innovation and Others

① Enhancement of the revenue base of the Group

Expanding and creating business opportunities through the expansion of associated assets

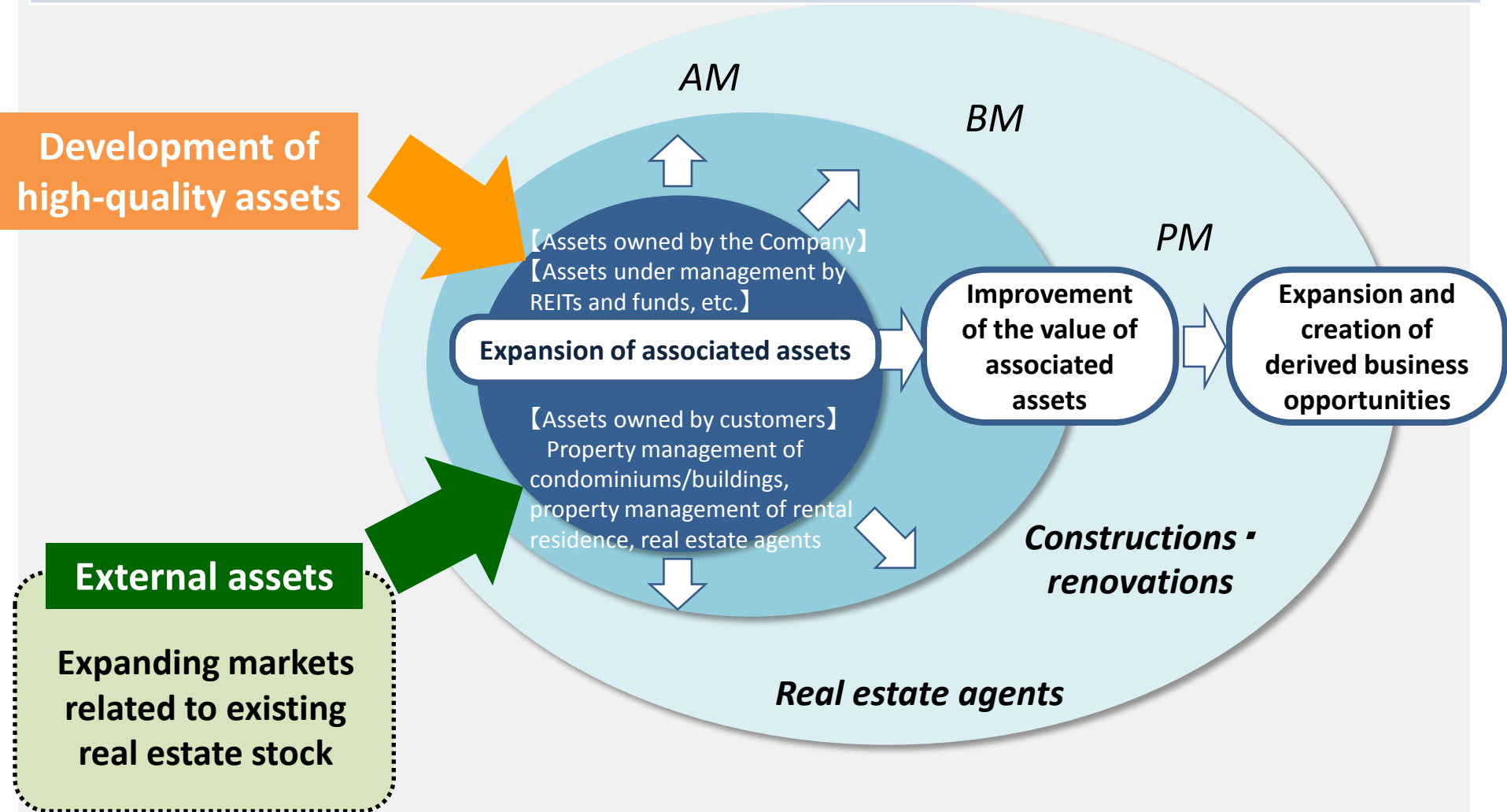
Urban Development, Residential, Property Management, Real Estate Agents

Basic Policies①

Medium- and Long-Term Management Plan

『Value Frontier 2020』 —A corporate group that continues to create value—

Basic Policy ① Expansion of associated assets



Medium- and Long-Term Management Plan

『Value Frontier 2020』 —A corporate group that continues to create value—

Basic Policy ② Creation of a new demand

Strengths of the Group

- Wide-ranging business areas unique to the Group, represented by the Wellness business and the Tokyu Hands business
- 10 million customer contacts in the whole Group
- Collaboration platform of the Group under the holdings system
- Brand image of “Tokyu” = “Safe and Reliable”

New growth areas

■ Markets related to existing stock

■ Demand related to seniors

■ Inbound demand

■ Overseas markets

Creation of new demand

— Specific examples of our efforts —

Utilization of vacant houses

Utilization of space

Life support services for seniors

Demand from foreign investors

Guiding customers mutually between facilities

Development of new business areas

Target Indicators in the Medium- and Long-Term Management Plan "Value Frontier 2020"

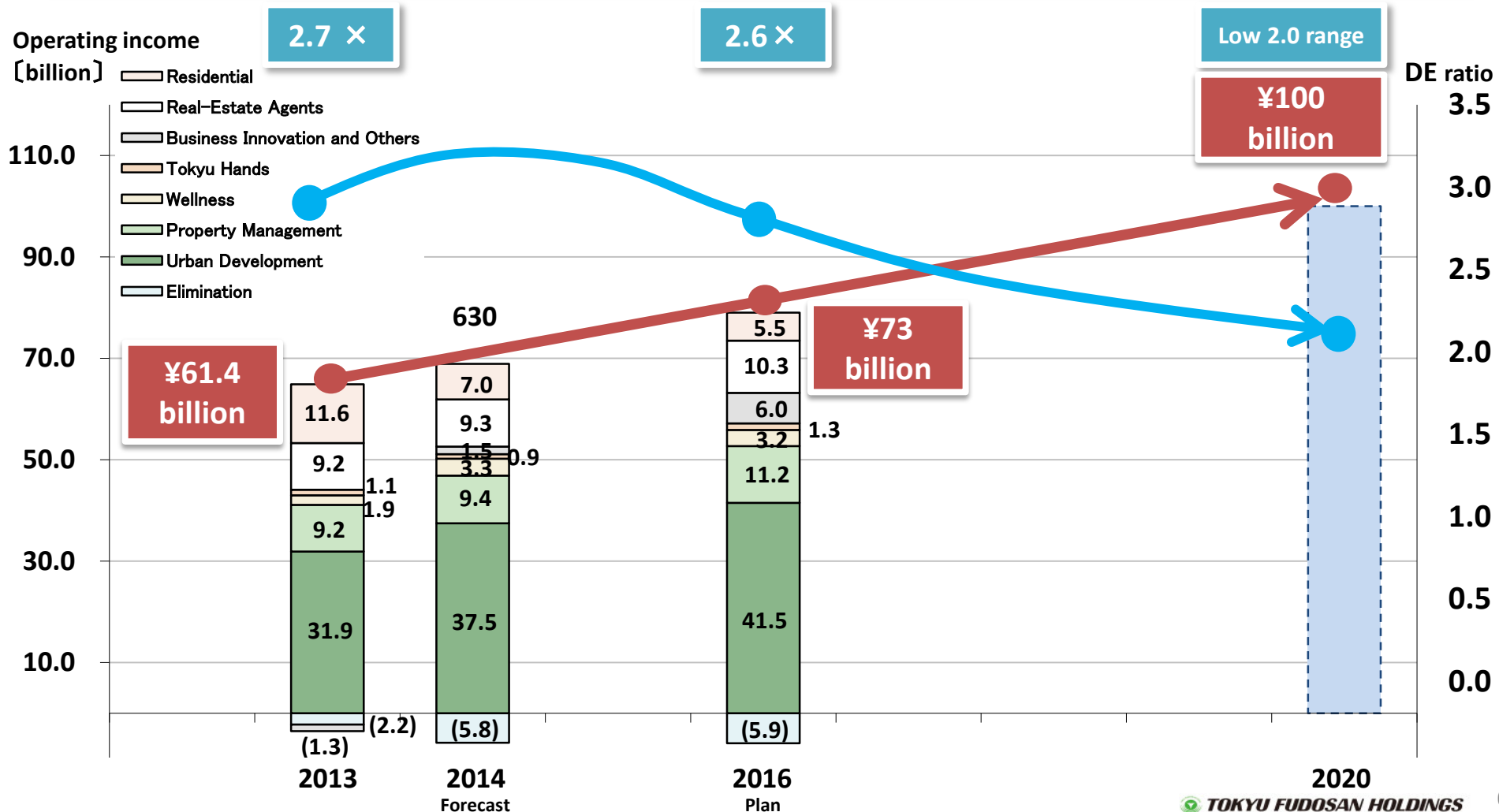
FY2016

FY2020

Target Indicators

Operating income **¥73 billion**
DE ratio **2.6 ×**

Operating income **¥100 billion**
DE ratio **Low 2.0 range**



Business Strategy (1) Urban Development

Ideal situation

**Establishment of the No. 1 position
in the Greater Shibuya Area**

**Aim to increase our presence and earnings power through
the development of large facilities at the city center**

Business strategies

Development and new investments to establish the position

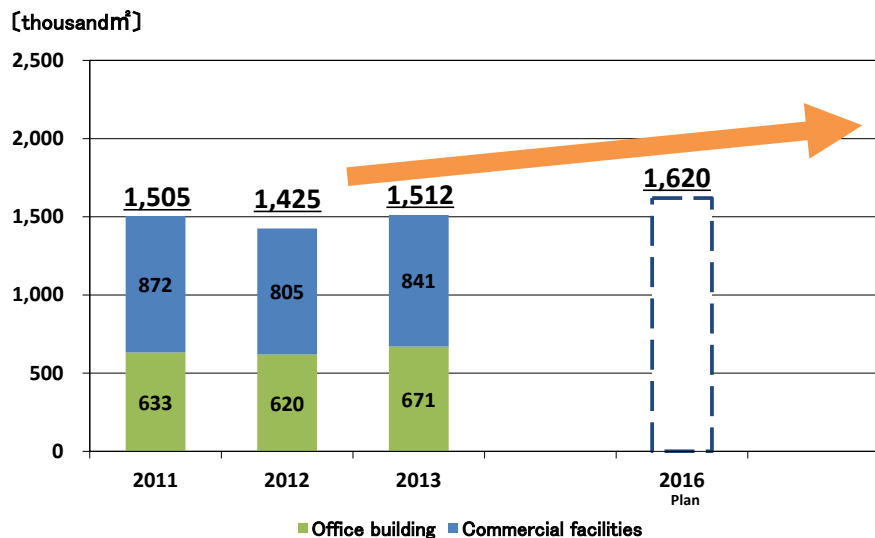
- Solid promotion of large projects such as the redevelopment of Ginza, Takeshiba and Shibuya
- Expansion of associated assets through investment in operating properties and recycling reinvestment and the continuous promotion of new developments

Qualitative improvement of the asset portfolio

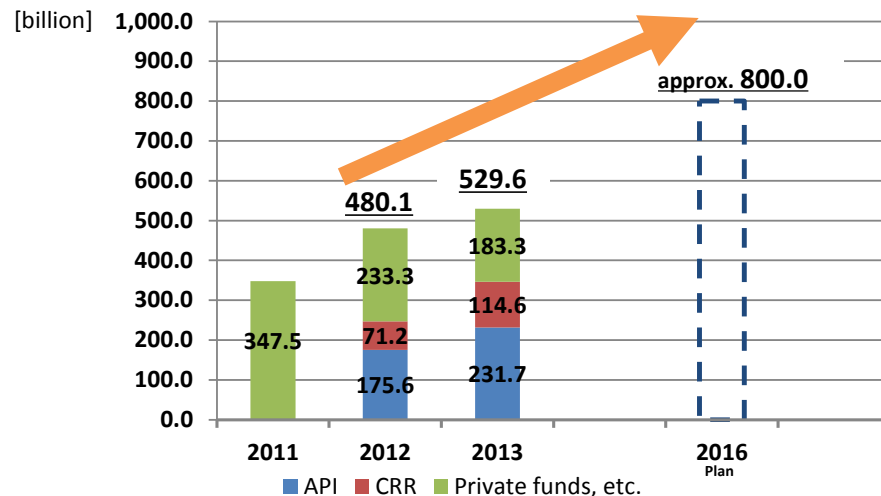
- Appropriate portfolio management
- Expansion of fee revenues through the growth of the asset management business

Efforts such as the development of new types of properties

Transition in total floor area

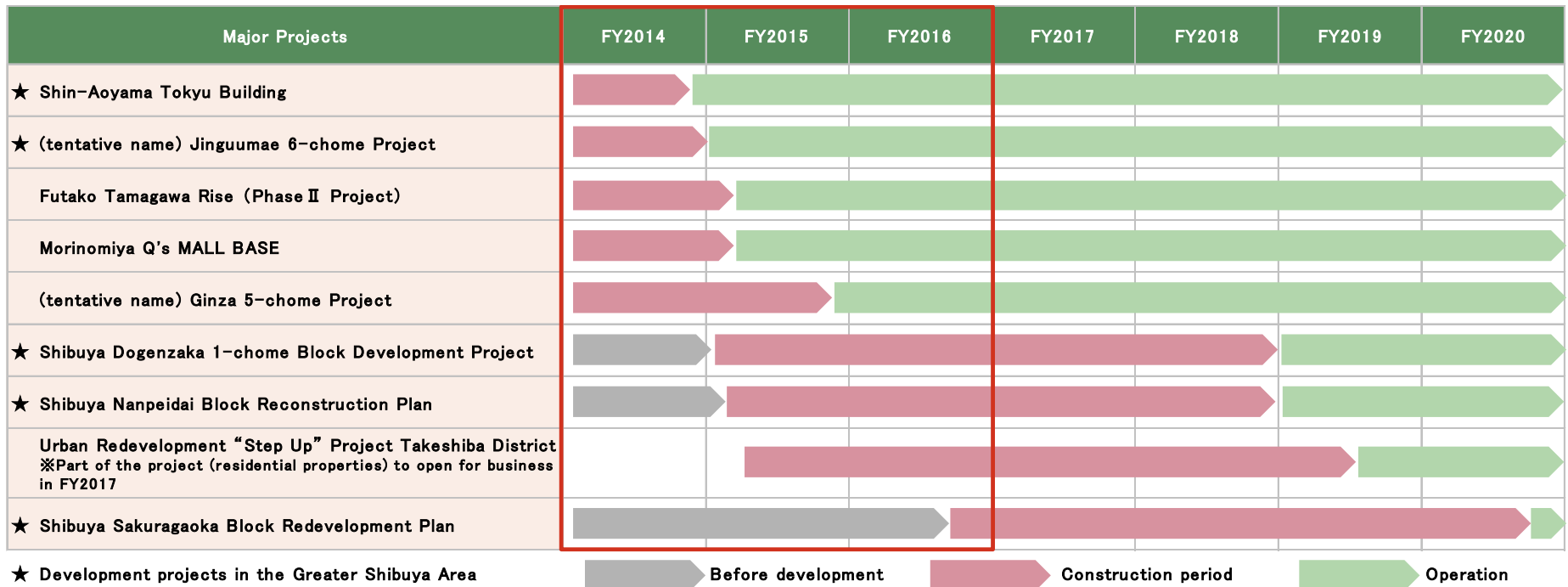


AUM transition



(※) API: Activia Properties Inc. CRR: Comforia Residential REIT, Inc

Business Strategy (1) Urban Development Major Projects in the Future



(tentative name)
 ← **Ginza 5-chome Project**

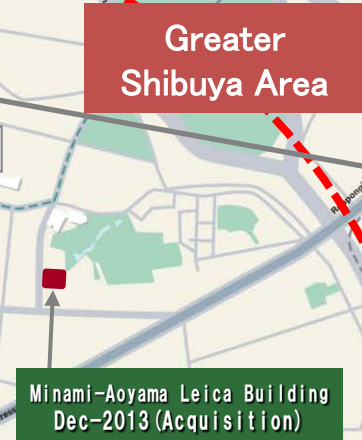
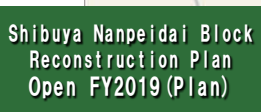
Usage: Commercial
 Total floor area: Approx. 50,000 m²
 Opening: FY2015

Urban Redevelopment "Step Up" Project Takeshiba District ▶

Usage: Office · Commercial · Residential
 Total floor area: Approx. 200,000 m²
 Opening: FY2019
 (Due to partially open in FY2017)



Business Strategy (1) Urban Development Major Projects (Greater Shibuya Area)



- Plan
 - Commercial
 - Office building
 - Properties owned by API(※)
- (※) Activia Properties Inc.
● TOKYU FUDOSAN HOLDINGS

Features of Shibuya

District with a major cluster of **commercial** and **cultural** facilities

Shibuya Station links up to **eight train lines**

Approximately **3.14 million passengers** a day

Japan's **second largest terminal station**

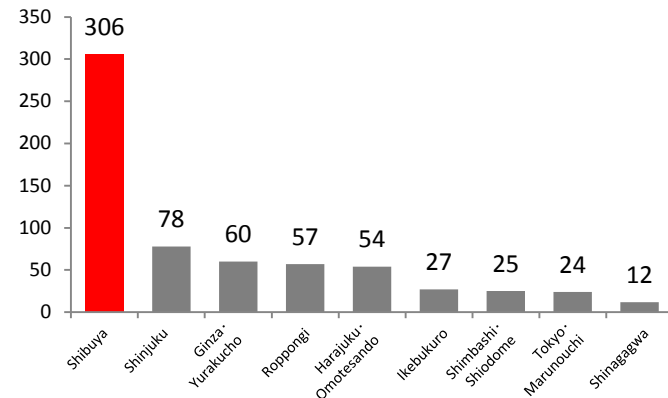
No. 1 agglomeration of IT companies

No. 1 town for foreign visitors



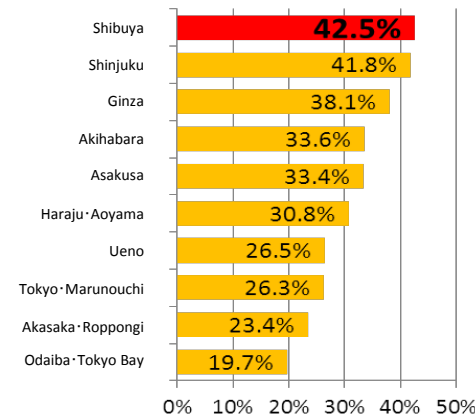
To formulate the base for **“the creative content industry”** × **“city tourism”** through redevelopment.
Create **“Entertainment City Shibuya”** where work, housing and entertainment blend together.

■ Number of IT companies established after 2000 in nine downtown locations



Source: Report of the field survey on IT companies in Shibuya (December 2013), Tokyu Research Institute, Inc.

■ Ranking of destinations visited



Source: “Survey on Behavioral Traits of Foreign Tourists by Country in Fiscal 2012,” Tokyo Metropolitan Government

Shibuya as an office area

① **Low vacancy rates**

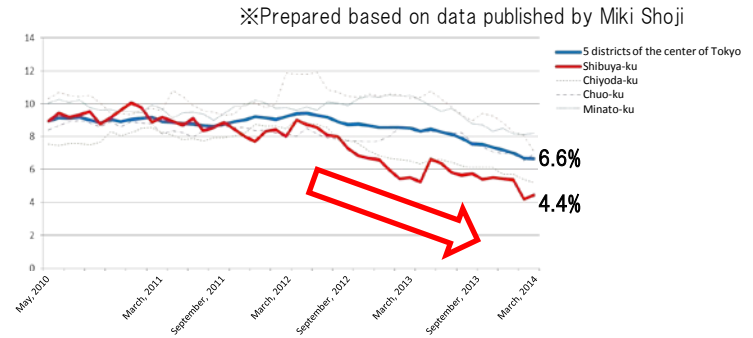
② **Shortage of large high-quality offices**

③ **Content industry with the potential for growth**

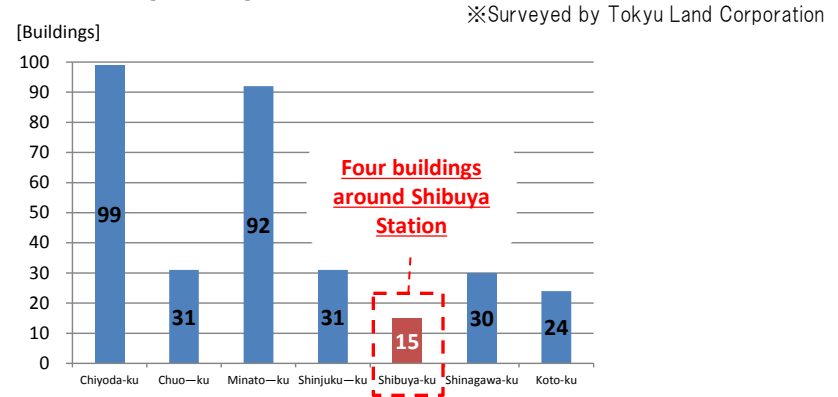


Supply **large high-quality offices** through redevelopment.
 Create **a new business district** by adding business functions to the major cluster district of commercial facilities and culture.

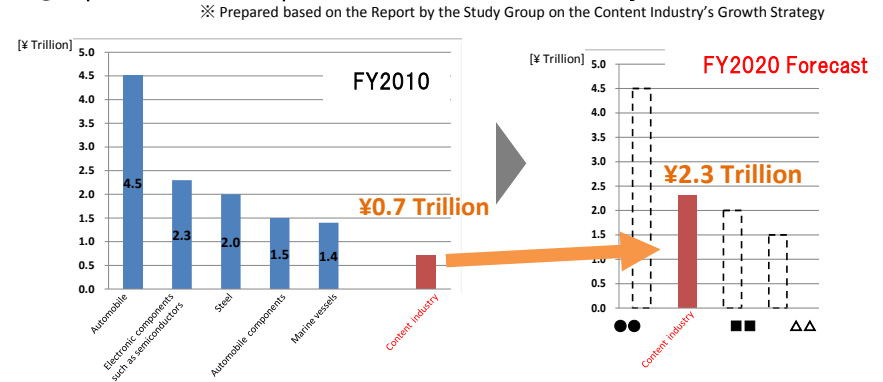
① Trend in vacancy rates in five metropolitan districts and Shibuya-ku



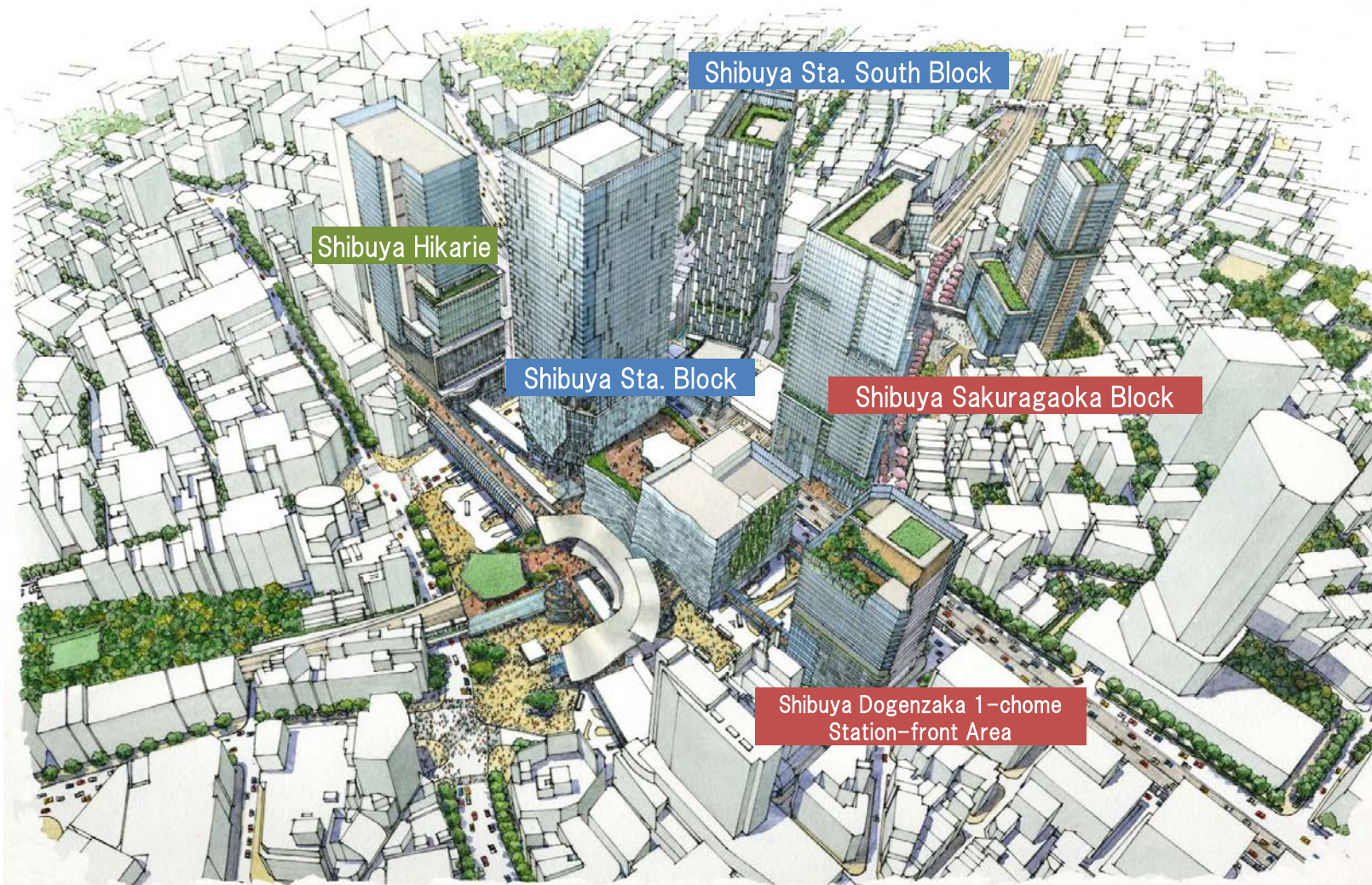
② Number of large buildings by district (total floor area of 10,000 tsubo or more)



③ Top 5 industries in export sales and the content industry



General view of the redevelopment of Shibuya



※Main entities implementing the project

Shibuya Station Block: Tokyu Corporation, East Japan Railway Company, Tokyo Metro Co., Ltd.

Shibuya Station South Block: Tokyu Corporation, etc.

Shibuya Sakuragaoka Block: Shibuya Station Sakuragaoka Block Redevelopment Preparation Association (Project collaborator: Tokyu land Corporation)

Dogenzaka 1-chome Station-front Area: Dogenzaka 1-chome Station-front Area District Redevelopment Association (Project collaborator: Tokyu land Corporation)

Business Strategy (2) Residential

Ideal situation

Establishment of a presence that comes to the mind of customers first and the construction of a framework able to create stable income

Provision of products of choice for customers by creating added values integrating “acquisition, planning, sales, after-sales services and management”

Business strategies

Strengthening of site acquisition capabilities and enhancement of business opportunities

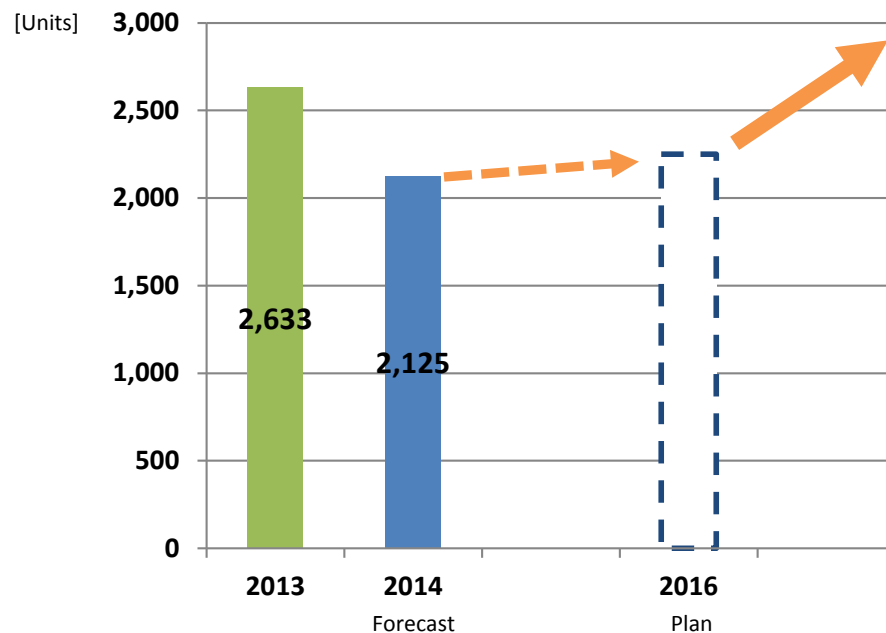
- Promotion of complex redevelopment projects
- Building of area dominant strategies
- Promotion of reconstruction projects in cooperation with Tokyu Community Corporation, etc.

Planning of products choice tailored to various needs

- Development of products for single-persons, DINKs and seniors

Improvement in value of the “BRANZ” brand

Trend in the number of condominium units sold



Ideal situation

Overwhelming No. 1 in the comprehensive property management business

[No. 1 in customer satisfaction and confidence] [No. 1 in technical capabilities]

[No. 1 in the working environment] [No. 1 in the business area and productivity]

Business strategies

Expansion of management stock

- Enhancement of stock acquisition opportunities under the two-brand system
- Increase of orders received for public projects (designated management, PFI, etc.)
- Strengthening of the framework for integrated operation of buildings PM and BM
- Enhancement of services for occupied areas of condominiums
- Taking advantage of M&A

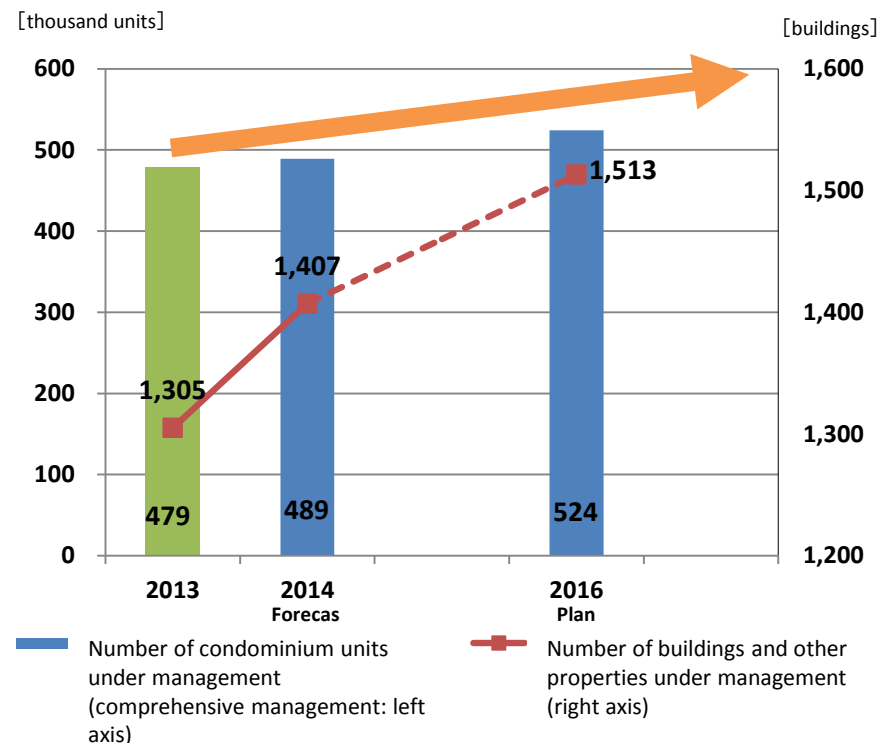
Expansion of related revenues

- Solid uptake of construction work arising from managed properties
- Strengthening of the Group's collaboration through real estate agents, etc.
- Expanded operations of new businesses (Rental meeting rooms, energy services)

Strengthening the business base

- Improvement of customer satisfaction and confidence
- Enhancement of technical capabilities

Management stock trends



Business Strategy (4) Real-Estate Agents

Ideal situation

No. 1 position in each business of real estate transactions

[real-estate sales agent] [consignment sales] [real-estate sales]

Business strategies

Expansion of the size and improvement of profitability of existing businesses

- Active investments to expand and strengthen the retail sales and marketing system
- Promotion of differentiation strategies through the creation of new services, etc.
- Application in local regions of know-how and services cultivated in the Tokyo metropolitan area

Acquisition of new business opportunities

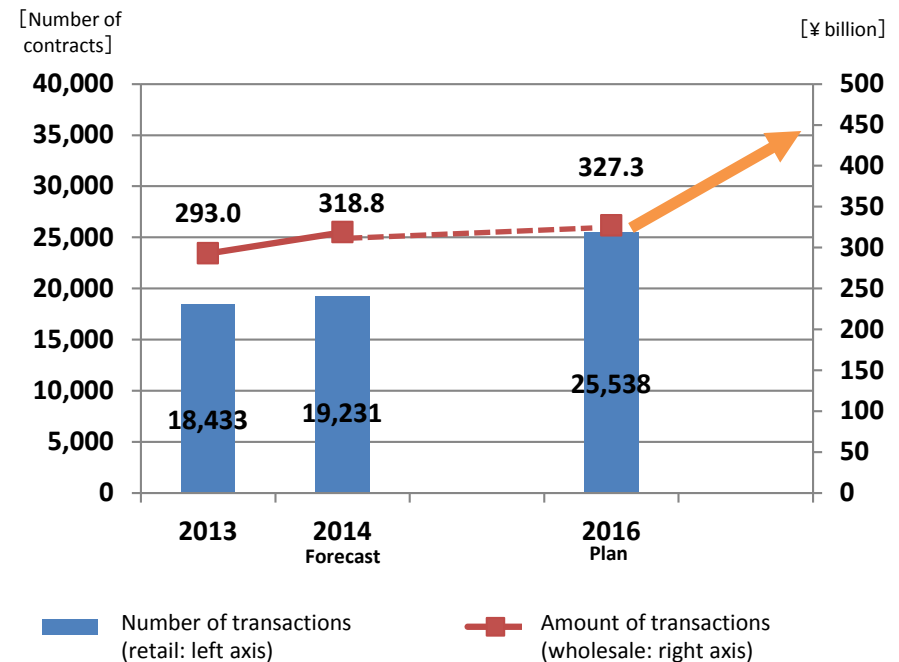
① Expansion of business areas

- Global support (inbound real estate agents, etc.)
- Expansion of businesses taking advantage of the increase in existing stock
- Operational asset area (commercial facilities, hotels, distribution warehouses)

② Expansion of the customer base

- Enhancement of services for individual investors
- Strengthening of relationships with customers as a whole Group

Trends in the number of transactions and the amount of transactions



Ideal situation

Establishment of a presence as a comprehensive wellness operator in areas related to leisure, seniors and health

Wellness business areas

Areas related to the leisure, the healthcare and the health-related businesses are set as **the wellness business areas**.

Wellness [8 trillion yen]



Figures in parentheses are the current market size of business operations. Source: White Paper of Leisure 2014, KPMG Healthcare Japan "Outlook for the Nursing-care Service Industry"

Business strategies

Enhancement of healthcare business areas

Strengthening the capturing of inbound demand

Improvement of customer satisfaction and creation of synergy

Improvement of the revenue and expenditure structure

Business Strategy (6) Tokyu Hands

Ideal situation

Establishment of the **Tokyu Hands brand** that constantly evolves in response to changes of the times and receives recognition

Business strategies

① Value maximization of existing businesses

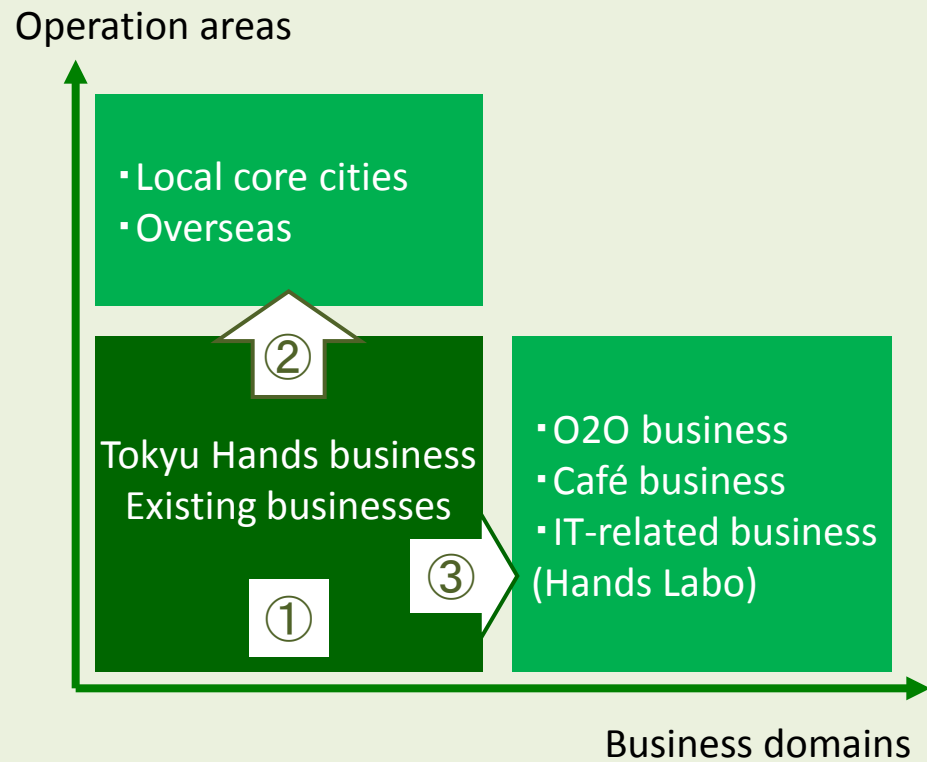
- Value maximization of stores with our own customer service content
- Strengthening of response to inbound demand

② Expansion of operation areas through the evolution of the business model

- Standardization of the store-opening model such as in MD and layout
- Improvement of efficiency of the operations system through the review of the logistics system, etc.
- Development of overseas stores

③ Diversification of business using the brand value

- O2O (Online to Office) business
- IT-related business
- Café business



2014~2016

Preparation and construction of a framework to secure income

~2020

Establishment of a system centering on short-term revenue business

Asia

- Promotion of the real estate sales business mainly in Indonesia Securing of stable income

North America

- Securing of revenues by promoting circular business and consideration of asset holding while accumulating know-how



Complex project in West Jakarta



Nob Hill (operating in North America)

Investment Strategy (FY2014 – FY2016)

New investment policies

- Expansion of associated assets through investment in operating properties and the acceleration of recycling reinvestments
- Commencement of the building of a new business base through investment overseas

New investment plan

(¥ billion)

By area and type			2014~2016
Japan	Property and equipment and intangible assets	Operation-type・development-type	200
	Inventories	Urban development-line	310
		Residential-line	210
Overseas	North America・Asia		55
Strategic investment (M&A investment and others)			45
Gross investment amount			820
Net investment amount (after investment recovery)			300

Dividend policies

- Maintenance of stable dividends
- Target dividend payout ratio: **25%** or more

Shareholder special benefit plan

Improvement of shareholder satisfaction and the higher ratio of stable (individual) shareholders



Enhance special benefit measures for shareholders who own our shares for three years or more, in principle, according to the number of shares they own.

CSR Vision

We will increase the satisfaction of our stakeholders by contributing to the resolution of social issues through our business activities.

Major accomplishments

MEMBER OF
Dow Jones Sustainability Indices
In Collaboration with RobecoSAM



FTSE4Good

Ranked second in the Nikkei Environmental Management Survey

* Warehouse, real estate and other divisions

Ranked second in the CDP Survey [Carbon Disclosure Project]

* Score among real estate developers

Strengths and features of the Group

- Contact points with 10 million customers
- Wide-ranging business areas
- More than 17,000 employees
- Expertise in environmental efforts

CSR issues we should focus on particularly

Customer satisfaction

Pleasant working environment

Environmental responsiveness

For higher corporate value

Reference: Operating income by segment

				(¥ billion)
	2013 Results	2014 forecast	2016 Plan	Comparison with 2013
Total Operating income	61.4	63.0	73.0	+11.6
Urban Development	31.9	37.5	41.5	+9.5
Residential	11.6	7.0	5.5	(6.1)
Property Management	9.2	9.4	11.2	+2.0
Real-Estate Agents	9.2	9.3	10.3	+1.2
Wellness	1.9	3.3	3.2	+1.3
Tokyu Hands	1.1	0.9	1.3	+0.2
Business Innovation and Others	(1.3)	1.5	6.0	+7.2
Adjustment for Inter- Company Transactions	(2.2)	(5.8)	(5.9)	(3.7)

※Figures of the new segments for the fiscal year ended March 31, 2014 (Full-year) are based on the estimated amounts.

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, the statements herein do not constitute assurances regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.