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”

Medium- and long-term management plan

“Value Frontier 2020”

A corporate group that continues to create value

Medium-term management plan

2011～2013

2014～2016

2017～2020

2021～

Infrastructure development

Growth phase

Opening of the Ginza Project

Completion of the redevelopment of Shibuya

Start-up of REIT

Consolidation of SPC market value

Management integration

Holding of the Tokyo Olympics

Next plan

Infrastructure development

Growth phase

Opening of the Ginza Project

Completion of the redevelopment of Shibuya

Start-up of REIT

Consolidation of SPC market value

Management integration

Holding of the Tokyo Olympics

Next plan
Group’s Business Development

Tokyu Fudosan Holdings Corporation

TOKYU COMMUNITY CORP.
Tokyu Livable, Inc.
Tokyu Housing Lease Corporation
TOKYU LAND CORPORATION
Urban Business Unit
Residential Business Unit
Wellness Promotion Unit
Business Innovation Division
Tokyu Hands, Inc.

Segment Categories

- Property Management
- Real-Estate Agents
- Urban Development
- Urban Development
- Residential
- Wellness
- Business Innovation and Others
- Tokyu Hands

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:
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.
**Medium- and Long-Term Management Plan [Value Frontier 2020] Basic Policies**

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 redeveloper 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.

**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

- **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 Policies

Medium- and Long-Term Management Plan
『Value Frontier 2020』—A corporate group that continues to create value—

Basic Policy ① Expansion of associated assets

- Development of high-quality assets
- External assets

Expanding markets related to existing real estate stock

AM

BM

PM

Expansion of associated assets

[Assets owned by the Company]
[Assets under management by REITs and funds, etc.]

 Improvement of the value of associated assets

Expansion and creation of derived business opportunities

Constructions - renovations

Real estate agents

Medium- and Long-Term Management Plan

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

Basic Policy ① Expansion of associated assets

- Development of high-quality assets
- External assets

Expanding markets related to existing real estate stock

AM

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[Assets owned by the Company]
[Assets under management by REITs and funds, etc.]

 Improvement of the value of associated assets

Expansion and creation of derived business opportunities

Constructions - renovations

Real estate agents

Medium- and Long-Term Management Plan

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

Basic Policy ① Expansion of associated assets

- Development of high-quality assets
- External assets

Expanding markets related to existing real estate stock
Basic Policies

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”

<table>
<thead>
<tr>
<th>Target Indicators</th>
<th>FY2016</th>
<th>FY2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>¥73 billion</td>
<td>¥100 billion</td>
</tr>
<tr>
<td>DE ratio</td>
<td>2.6 x</td>
<td>Low 2.0 range</td>
</tr>
</tbody>
</table>

Operating income (billion) and DE ratio

- Residential
- Real-Estate Agents
- Business Innovation and Others
- Tokyu Hands
- Wellness
- Property Management
- Urban Development
- Elimination

Forecast

- FY2016
- FY2020

2013 | 2014 Forecast | 2016 Plan | 2020

Operating income ¥61.4 billion

DE ratio 2.7 x

Operating income ¥73 billion

DE ratio 2.6 x

Operating income ¥100 billion

DE ratio Low 2.0 range

Target Indicators

- FY2016
- FY2020

2020
Business Strategy (1) Urban Development

**Ideal situation**

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

**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

<table>
<thead>
<tr>
<th></th>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>Shin-Aoyama Tokyu Building</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>(tentative name) Jinguumae 6-chome Project</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Futako Tamagawa Rise (Phase II Project)</td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td>Morinomiya Q’s MALL BASE</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(tentative name) Ginza 5-chome Project</td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shibuya Dogenzaka 1-chome Block Development Project</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shibuya Nanpeidai Block Reconstruction Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Urban Redevelopment “Step Up” Project Takeshiba District</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>※Part of the project (residential properties) to open for business in FY2017</td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shibuya Sakuragaoka Block Redevelopment Plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Development projects in the Greater Shibuya Area

- **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)

- Shibuya Sakuragaoka Block Redevelopment Plan
  - Open FY2020 (Plan)
- Shibuya Dogenzaka 1-chome Block Development Project
  - Open FY2018 (Plan)
- Shibuya Nanpeidai Block Reconstruction Plan
  - Open FY2019 (Plan)
- Shibuya Sta.
- Harajuku Sta.
- Omotesandou Sta.
- Greater Shibuya Area

- Tokyo Plaza
  - Omotesando-Harajuku
  - Open April, 2012
- Tokyu Plaza
  - Omotesando-Harajuku
  - Open April, 2012
- Shin-Aoyama
  - Tokyu Building
  - Open Jan-2015 (Plan)
- Minami-Aoyama Leica Building
  - Open Dec-2013 (Acquisition)
- Ebisu Prime Square
  - Open Dec-2013 (Acquisition)
- Properties owned by API (※)

(※) Activia Properties Inc.
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.
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.
Business Strategy (1) Urban Development Shibuya Redevelopment

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

![Graph showing trend in the number of condominium units sold from 2013 to 2016.](chart.png)
**Business Strategy (3) Property Management**

**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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of condominium units under management</th>
<th>Number of buildings and other properties under management</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>479</td>
<td>1,305</td>
</tr>
<tr>
<td>2014</td>
<td>489</td>
<td>1,407</td>
</tr>
<tr>
<td>2016</td>
<td>524</td>
<td>1,513</td>
</tr>
</tbody>
</table>

**Graph notes**

- [thousand units]
- [buildings]
**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**

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of transactions (retail: left axis)</th>
<th>Amount of transactions (wholesale: right axis)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>18,433</td>
<td>293.0</td>
</tr>
<tr>
<td>2014 Forecast</td>
<td>19,231</td>
<td>318.8</td>
</tr>
<tr>
<td>2016 Plan</td>
<td>25,538</td>
<td>327.3</td>
</tr>
</tbody>
</table>

- Number of transactions
- Amount of transactions
Business Strategy (5) Wellness

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)

Leisure
Harvest Club, golf course, ski resort and country house businesses

Seniors
Healthcare business “Gran Creer” series

Health
Fitness business

[2.5 trillion yen]  [5 trillion yen]  [0.5 trillion yen]


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
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
## Business Strategy (7) Overseas Business (Business Innovation and Others)

<table>
<thead>
<tr>
<th>2014～2016</th>
<th>～2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Preparation and construction of a framework to secure income</td>
<td>Establishment of a system centering on short-term revenue business</td>
</tr>
</tbody>
</table>

### 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

### Projects
- **Asia:** Complex project in West Jakarta
- **North America:** 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

<table>
<thead>
<tr>
<th>By area and type</th>
<th>2014～2016</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Japan</strong></td>
<td></td>
</tr>
<tr>
<td>Property and equipment and intangible assets</td>
<td></td>
</tr>
<tr>
<td>Operation-type development-type</td>
<td>200</td>
</tr>
<tr>
<td>Inventories</td>
<td></td>
</tr>
<tr>
<td>Urban development-line</td>
<td>310</td>
</tr>
<tr>
<td>Residential-line</td>
<td>210</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
</tr>
<tr>
<td>North America・Asia</td>
<td>55</td>
</tr>
<tr>
<td><strong>Strategic investment (M&amp;A investment and others)</strong></td>
<td>45</td>
</tr>
<tr>
<td><strong>Gross investment amount</strong></td>
<td>820</td>
</tr>
<tr>
<td><strong>Net investment amount (after investment recovery)</strong></td>
<td>300</td>
</tr>
</tbody>
</table>
Measures for Shareholder Return

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

- 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

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

※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.