

Summary of the FY2024 Second Quarter (First Six Months) Ended September 30, 2024

November 5, 2024

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

FY2024 Q2 (First Six Months) Operating Results, major index

Although profit decreased YoY due to the absence of gains on sales of assets in the same period of the previous fiscal year, progress exceeded the initial plan and the full-year forecast was revised upward.

(¥ billion)	FY2023 Q2	FY2024 Q2	Comparison	FY2023	FY2024 Forecast**	Progress	note
Operating Revenue	490.7	503.3	12.6	1,103.0	1,140.0	44.1%	
Operating profit	58.0	50.5	(7.5)	120.2	135.0	37.4%	□Extraordinary income
Non-operating income	2.1	1.5	(0.6)	4.1	—	—	FY2023: Profit on sales of affiliated
Non-operating expenses	6.6	7.2	0.6	13.9	—	—	company shares ¥0.5 billion
Ordinary profit	53.5	44.8	(8.6)	110.4	121.5	36.9%	FY2024 Q2: Profit on sales of affiliated
Extraordinary income	—	2.9	2.9	0.5	—	—	company shares ¥2.9 billion
Extraordinary losses	—	3.0	3.0	7.9	—	—	
Income before income taxes and minority interests	53.5	44.7	(8.7)	103.0	—	—	□Extraordinary losses
Profit attributable to owners of parent	38.3	25.1	(13.3)	68.5	73.0	34.3%	FY2023: Impairment loss ¥6.6 billion etc. FY2024 Q2: loss on revaluation of investments in securities ¥2.9 billion etc.
Total assets	2,986.5	2,971.7	(14.8)	3,030.8	—	—	
ROA	—	—	—	4.2%	4.4%	—	□ROA of Asset-utilizing business****
Interest-bearing Debt	1,672.4	1,580.4	(92.0)	1,590.1	1,650.0	—	FY2023: 3.0% FY2024 forecast: 3.2%
Equity	735.4	784.3	48.9	750.1	—	—	
Equity ratio	24.6%	26.4%	1.8P	24.8%	—	—	□Operating profit ratio of Human
Operating profit ratio	11.8%	10.0%	(1.8)P	10.9%	11.8%	—	capital-utilizing business****
ROE	—	—	—	9.6%	9.3%	—	FY2023: 9.3% FY2024 forecast: 10.2%
EPS (Yen)	—	—	—	96.40	102.39	—	
D/E ratio	2.3	2.0	(0.3)	2.1	2.0	—	
[D/E ratio in consideration of hybrid financing]***	2.0	1.8	(0.2)	1.9	1.8	—	
EBITDA	—	—	—	169.9	189.2	—	
EBITDA multiple	—	—	—	9.4	8.7	—	
Dividends per share	¥ 14.0	¥ 17.0	—	¥ 31.0	¥ 34.0	—	
Dividend payout ratio	—	—	—	32.2%	33.2%	—	

* Figures in brackets show amounts posted, and figures with the mark + or figures in parentheses show increases or decreases. (common for all pages)

** The figures are the revised forecast that we announced on November 5, 2024 (common for all pages)

*** Consideration of capitalization approval from Japan Credit Rating Agency for hybrid finance (common to all pages)

****Asset-utilizing business: Urban Development and Strategic Investment businesses;

Human capital-utilizing business: Property Management & Operation and Real Estate Agents businesses

FY2024 Q2 (First Six Months) Segment performance

Although profit increased in Property Management & Operation and Real Estate Agents, there was an increase in revenues but a decrease in profit overall due to factors such as lower gain on sales of assets.

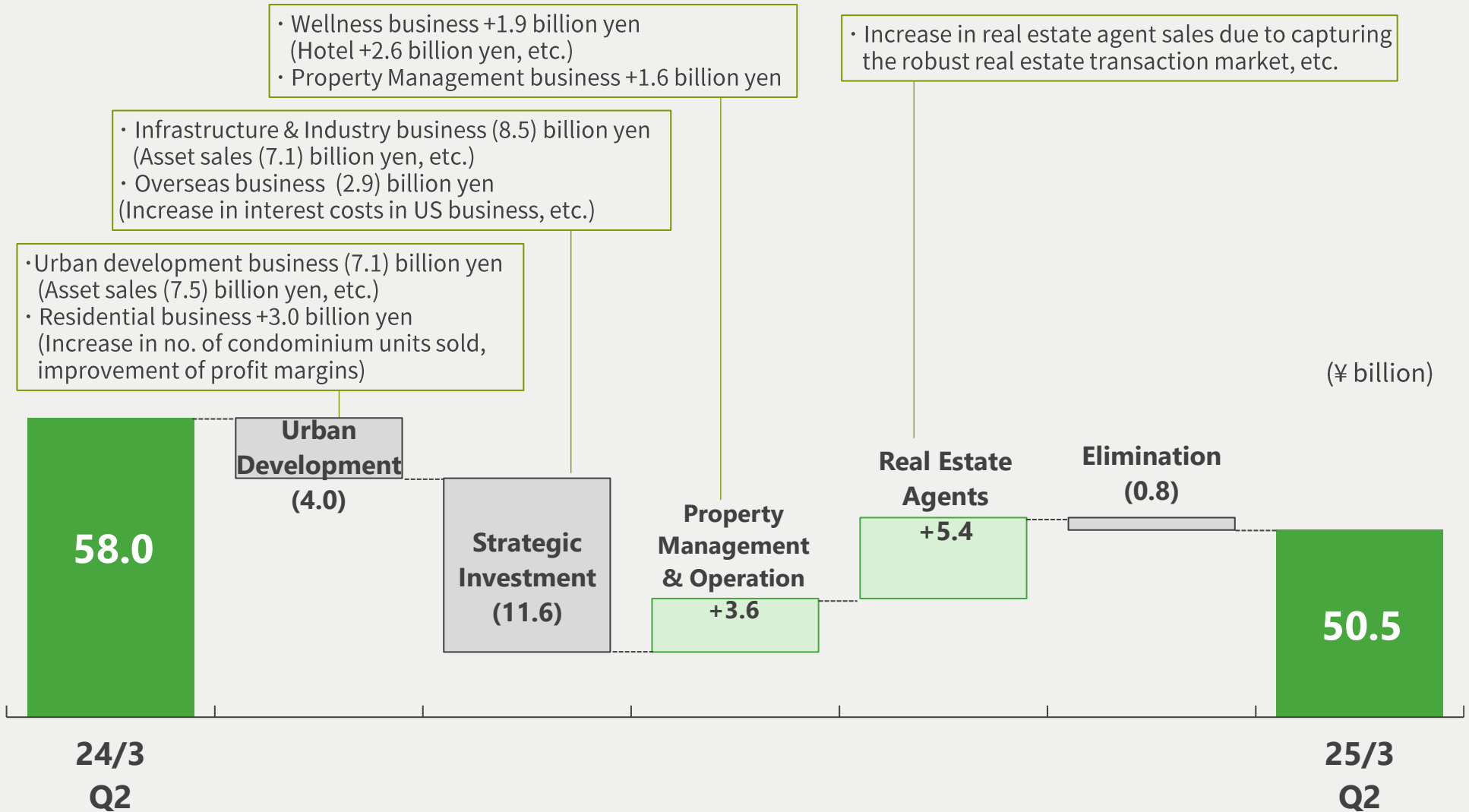
(¥ billion)	FY2023 Q2	FY2024 Q2	Comparison	FY2023	FY2024 Forecast	Progress	note
Operating revenue	490.7	503.3	12.6	1,103.0	1,140.0	44.1%	
Urban Development	142.3	126.4	(15.9)	365.4	364.0	34.7%	
Strategic Investment	53.0	49.0	(4.0)	108.0	111.0	44.2%	
Property Management & Operation	163.8	166.5	2.6	371.5	362.0	46.0%	
Real Estate Agents	147.3	171.4	24.1	285.6	326.0	52.6%	
Elimination	(15.7)	(9.9)	5.8	(27.4)	(23.0)	—	
Operating profit	58.0	50.5	(7.5)	120.2	135.0	37.4%	
Urban Development	23.4	19.3	(4.0)	53.2	73.9	26.2%	
Strategic Investment	9.5	(2.1)	(11.6)	15.1	2.8	—	
Property Management & Operation	7.9	11.5	3.6	22.8	23.9	48.0%	
Real Estate Agents	21.7	27.1	5.4	38.5	46.1	58.8%	
Elimination	(4.4)	(5.2)	(0.8)	(9.5)	(11.7)	—	

<Gain on sales by assets>

Operating revenue	104.8	51.6	(53.2)	225.7	183.5	28.1%	
Urban Development	Office-Commercial facility, etc.	35.7	10.6	(25.1)	73.7	102.9	10.3%
	Houses for rent, land	37.4	19.5	(17.9)	89.3	52.4	37.3%
Strategic Investment	Infrastructure & Industry	31.7	17.7	(14.0)	58.3	24.5	72.3%
Property Management & Operation	Wellness	—	3.7	3.7	4.5	3.7	100.0%
Real Estate Agents	Other	—	—	—	—	—	—
Operating gross profit	26.4	8.4	(17.9)	50.9	48.7	17.3%	
Urban Development	Office-Commercial facility, etc.	9.1	1.6	(7.5)	16.9	35.8	4.6%
	Houses for rent, land	7.1	2.5	(4.6)	14.4	8.0	31.3%
Strategic Investment	Infrastructure & Industry	10.2	3.0	(7.1)	17.8	3.6	84.5%
Property Management & Operation	Wellness	—	1.3	1.3	1.9	1.3	100.0%
Real Estate Agents	Other	—	—	—	—	—	—

FY2024 Q2 (First Six Months) Analysis of segment performance

Profit decrease of 7.5 billion yen YoY due to lower gain on sales of assets, despite strong performance in condominium, hotel businesses, and real estate agents.



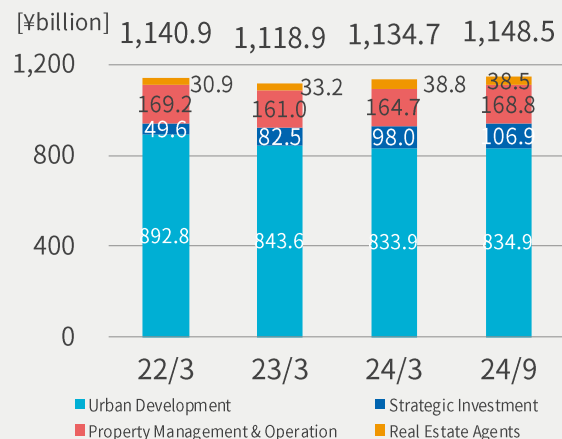
FY2024 Q2 (First Six Months) Summary of balance sheets

Increase in land and buildings for sale due to progress in investment.

(¥ billion)	FY2023 Mar-31, 2024	FY2024 Sep-30, 2024	Comparison	(¥ billion)	FY2023 Mar-31, 2024	FY2024 Sep-30, 2024	Comparison
Cash and deposits	246.6	146.6	(100.0)	Interest-bearing Debt	1,590.1	1,580.4	(9.7)
Real estate for sale*	909.8	961.1	51.4	Deposits	315.8	283.3	(32.5)
Property and equipment, Intangible assets**	1,134.7	1,148.5	13.8	Trade payables etc.	148.5	102.3	(46.1)
Goodwill	43.5	39.2	(4.3)	Other	204.5	198.6	(5.9)
Other investments	467.8	483.6	15.8	Total liabilities	2,258.9	2,164.7	(94.1)
Accouns receivable etc.	106.6	59.9	(46.7)	Equity	750.1	784.3	34.2
Other	121.7	132.7	11.0	Non-controlling interests etc.	21.8	22.7	0.9
Total assets	3,030.8	2,971.7	(59.0)	Total net assets	771.9	807.0	35.1

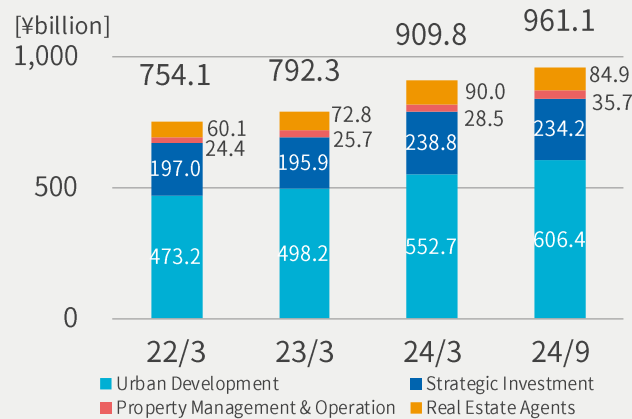
* Total real estate for sale and real estate for sale in process **Tangible and intangible assets subtracting goodwill

〈Property and equipment, Intangible assets breakdown〉



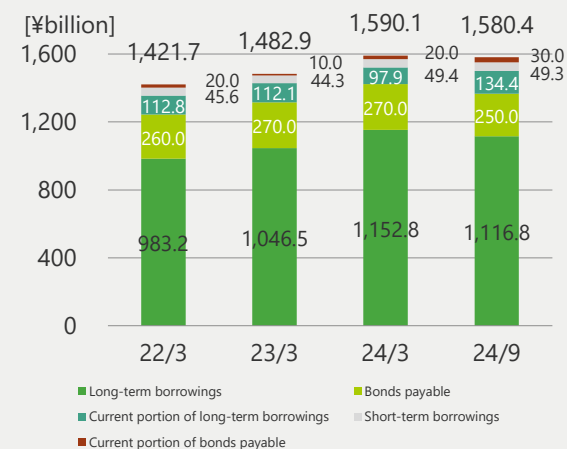
* Before consolidated accounting treatment

〈Real estate for sale breakdown〉



* Before consolidated accounting treatment

〈Interest-bearing Debt breakdown〉

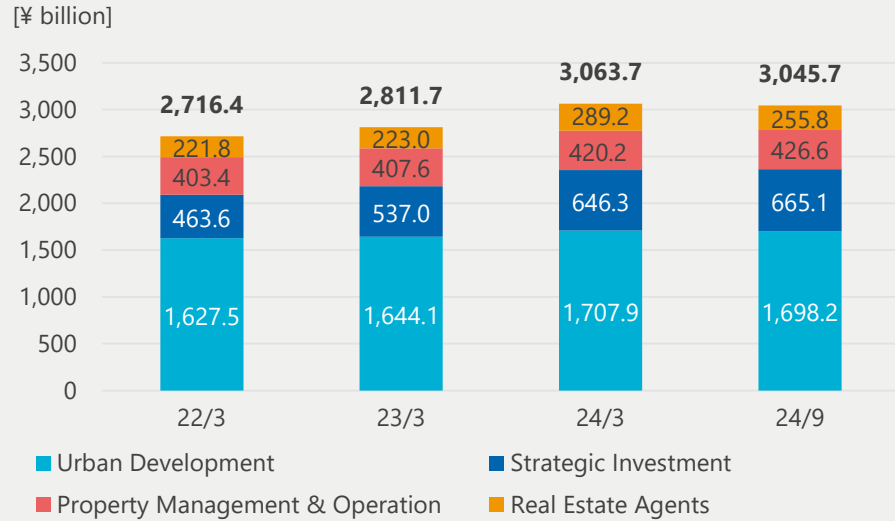


FY2024 Q2 (First Six Months) Asset Breakdown by Segment and ROA Trends

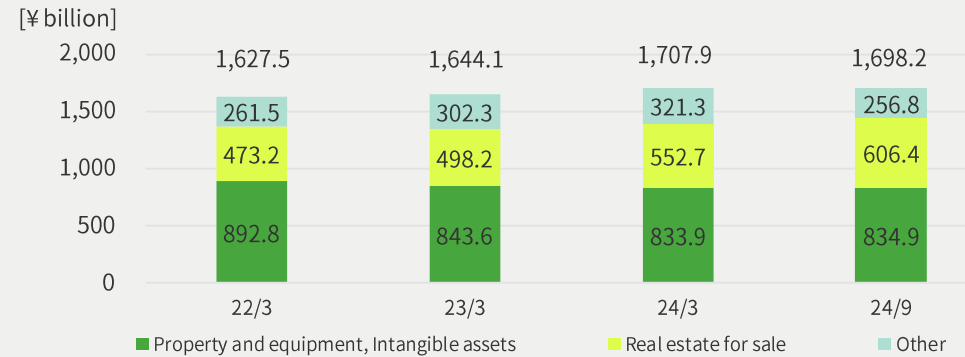
Progress in investments has led to an increase in land and buildings for sale in Urban Development business.

<Asset breakdown by segment>

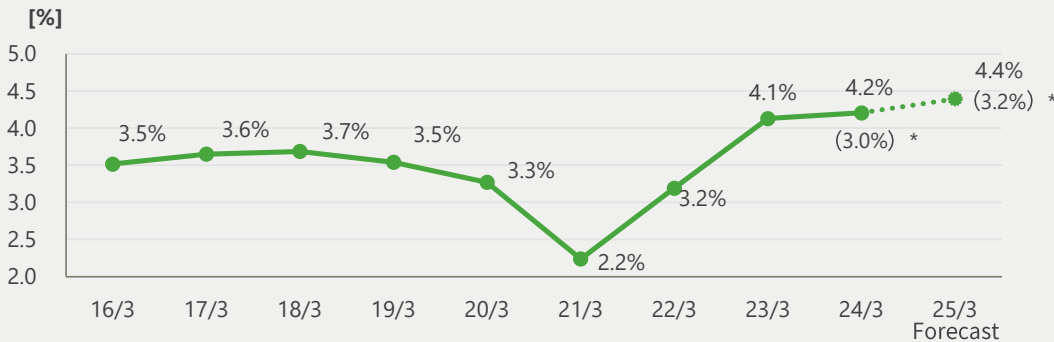
* Excluding elimination



<Breakdown of Urban Development segment>

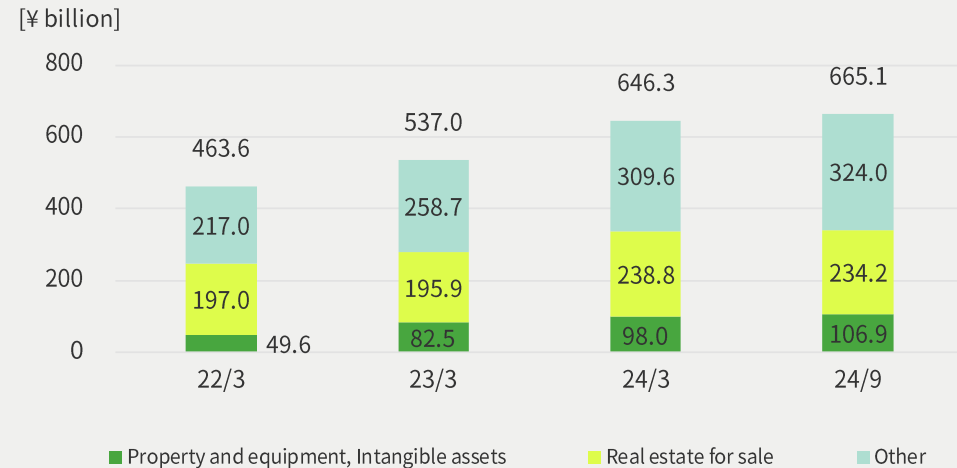


<ROA Trends>



* Figures in parentheses are ROA of Asset-utilizing business (Urban Development / Strategic Investment segment)

<Breakdown of Strategic Investment segment>

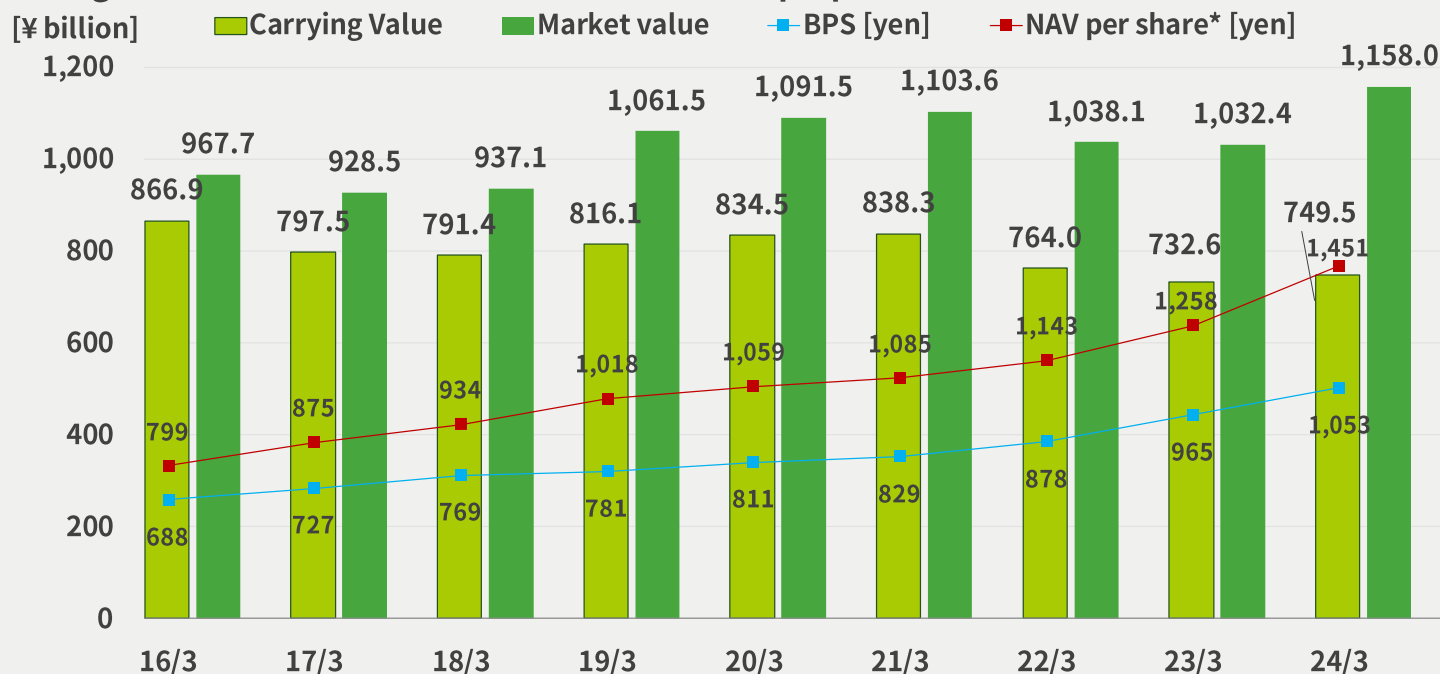


Market value appraisal for leased properties

Unrealized gains on rental and other real estate expanded due to the inclusion of Shibuya Sakura Stage and other factors.

(¥ billion)	FY2022 Mar-2023	FY2023 Mar-2024	Comparison	Remarks
Carrying Value	732.6	749.5	16.9	□Market value at the end of the fiscal year is calculated by our company mainly according to the "standards for appraisal of real estate".
Market value	1,032.4	1,158.0	125.6	□The properties to be developed before opening are in the early process of development and therefore their market value cannot be grasped (¥69.9 billion at the end of March 2023 and ¥41.4 billion at the end of March 2024).
Difference (latent profit)	299.8	408.4	108.7	□NOI yield on operating properties at normal times : approx.5%

〈Changes in market value and book value of leased properties and others〉



*BPS added to unrealized gains per share (after adjustment for tax)

Summary of Cash flow and Investment plan

Capital investment will focus on renewable energy facilities, and investment mainly in rental housing and logistics facilities is planned for land and buildings for sale.

(¥ billion)	FY2023 Q2	FY2024 Q2	Main factors for changes
Net cash provided by (used in) operating activities	32.6	(34.4)	+44.7 billion yen of Intermediate net benefit before tax +25.0 billion yen of depreciation (61.0) billion yen for Increase in inventories (37.9) billion yen for decrease in deposits received for consignment sales
Net cash provided by (used in) investment activities	(55.9)	(52.1)	+8.2 billion yen of sales and redemption of securities and investment securities (34.0) billion yen for purchase of noncurrent assets (30.0) billion yen for purchase of securities and investment securities
Net cash provided by (used in) financing activities	180.1	(14.9)	+54.9 billion yen of long-term liabilities (54.6) billion yen of repayment of long-term liabilities
cash and cash equivalents at end of period	328.5	146.5	

〈investment actuals and plans〉

(¥ billion)	FY2023	FY2024	
		Q2	Forecast
Capital Investment	243.9	46.2	80.0
Real estate for sale (domestic business excluding condominiums)	175.0	57.2	220.0
Land for sale (domestic condominiums)	61.7	22.4	45.0
Equity Investment (domestic business)	22.6	1.8	15.0
Overseas Investment *	24.6	20.7	55.0

*Contributions are included

FY2024 Earnings Forecasts, major index

Forecast for the full year has been revised upwards due to expectations of strong performance in real estate sales, hotels and the rental business, with ROE planned at 9.3%.

(¥ billion)	FY2023	FY2024 Forecast	Comparison	FY2024 Initial Forecast	Comparison	note
Operating Revenue	1,103.0	1,140.0	37.0	1,130.0	10.0	
Operating profit	120.2	135.0	14.8	130.0	5.0	
Non-operating income	4.1	—	—	—	—	
Non-operating expenses	13.9	—	—	—	—	
Ordinary profit	110.4	121.5	11.1	117.5	4.0	
Extraordinary income	0.5	—	—	—	—	
Extraordinary losses	7.9	—	—	—	—	
Income before income taxes and minority interests	103.0	—	—	—	—	
Profit attributable to owners of parent	68.5	73.0	4.5	70.0	3.0	
Total assets	3,030.8	—	—	—	—	
ROA	4.2%	4.4%	0.2P	4.2%	0.2P	<input type="checkbox"/> ROA of Asset-utilizing business
Interest-bearing Debt	1,590.1	1,650.0	59.9	1,650.0	0	FY2023 : 3.0% FY2024 Forecast : 3.2%
Equity	750.1	—	—	—	—	
Equity ratio	24.8%	—	—	—	—	
Operating profit ratio	10.9%	11.8%	0.9P	11.5%	0.3P	<input type="checkbox"/> Operating profit ratio of Human capital-utilizing business
ROE	9.6%	9.3%	(0.2)P	9.0%	0.3P	FY2023 : 9.3% FY2024 Forecast : 10.2%
Earnings per share (Yen)	96.40	102.39	5.98	98.27	4.12	
D/E ratio	2.1	2.0	(0.1)	2.1	(0.0)	
[D/E ratio in consideration of hybrid financing]	1.9	1.8	(0.1)	1.8	(0.0)	
EBITDA	169.9	189.2	19.2	174.9	14.3	
EBITDA multiple	9.4	8.7	(0.6)	9.4	(0.7)	
Dividends per share	¥ 31.0	¥ 34.0	¥ 3.0	¥ 32.0	¥ 2.0	
Dividend payout ratio	32.2%	33.2%	1.0P	32.6%	0.6P	

* Asset-utilizing business: Urban Development/ Strategic Investment, Human capital-utilizing business: Property Management & Operation/ Real Estate Agents

FY2024 Segment performance Forecast

With brisk buyer and seller demand in the real-estate market, assets sold or contracted reached approx. 90% of the asset sales gross profit target for the year ending March 2025.

(¥ billion)	FY2023	FY2024 Forecast	Comparison	FY2024 Initial forecast	Comparison (Initial forecast)	note
Operating revenue	1,103.0	1,140.0	37.0	1,130.0	10.0	
Urban Development	365.4	364.0	(1.4)	371.0	(7.0)	
Strategic Investment	108.0	111.0	3.0	103.7	7.3	
Property Management & Operation	371.5	362.0	(9.5)	356.0	6.0	
Real Estate Agents	285.6	326.0	40.4	323.0	3.0	
Elimination	(27.4)	(23.0)	4.4	(23.7)	0.7	
Operating profit	120.2	135.0	14.8	130.0	5.0	
Urban Development	53.2	73.9	20.7	70.7	3.2	
Strategic Investment	15.1	2.8	(12.3)	4.4	(1.6)	
Property Management & Operation	22.8	23.9	1.1	23.4	0.5	
Real Estate Agents	38.5	46.1	7.6	43.0	3.1	
Elimination	(9.5)	(11.7)	(2.2)	(11.5)	(0.2)	

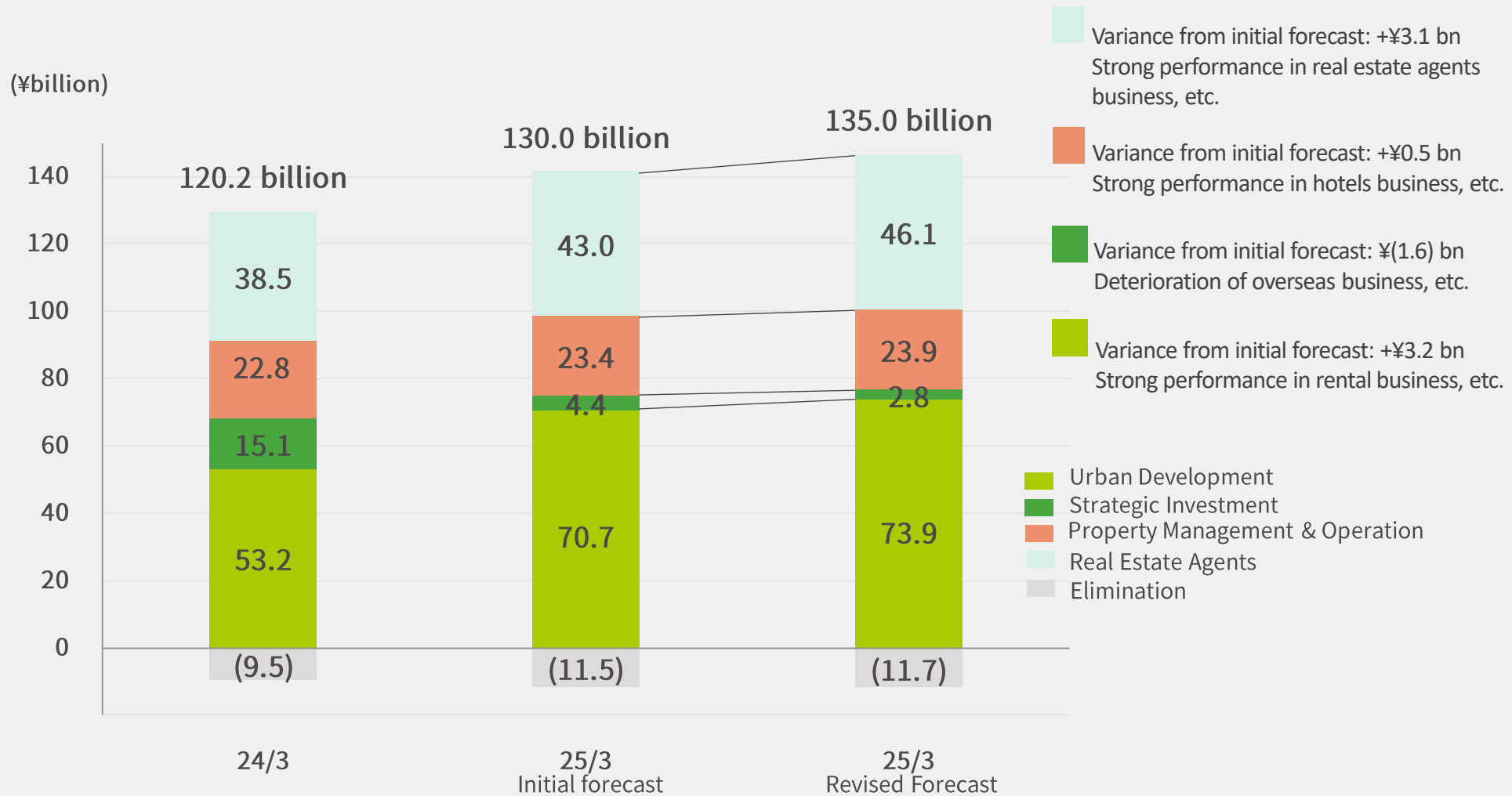
〈Asset Sales〉

Operating revenue		225.7	183.5	(42.2)	195.5	(11.9)	
Urban Development	Office,Commercial facility, etc.	73.7	102.9	29.2	111.2	(8.3)	
	Rental housing, land	89.3	52.4	(36.9)	51.5	0.9	
Strategic Investment	Infrastructure & Industry	58.3	24.5	(33.8)	23.7	0.9	
Property Management & Operation	Wellness	4.5	3.7	(0.7)	9.1	(5.3)	
Real Estate Agents	Other	—	—	—	—	—	
Operating gross profit		50.9	48.7	(2.2)	50.0	(1.3)	
Urban Development	Office,Commercial facility, etc.	16.9	35.8	18.9	36.0	(0.2)	
	Rental housing, land	14.4	8.0	(6.4)	7.2	0.8	
Strategic Investment	Infrastructure & Industry	17.8	3.6	(14.2)	3.9	(0.3)	
Property Management & Operation	Wellness	1.9	1.3	(0.6)	3.0	(1.7)	
Real Estate Agents	Other	—	—	—	—	—	

New Forecasts for FY2024

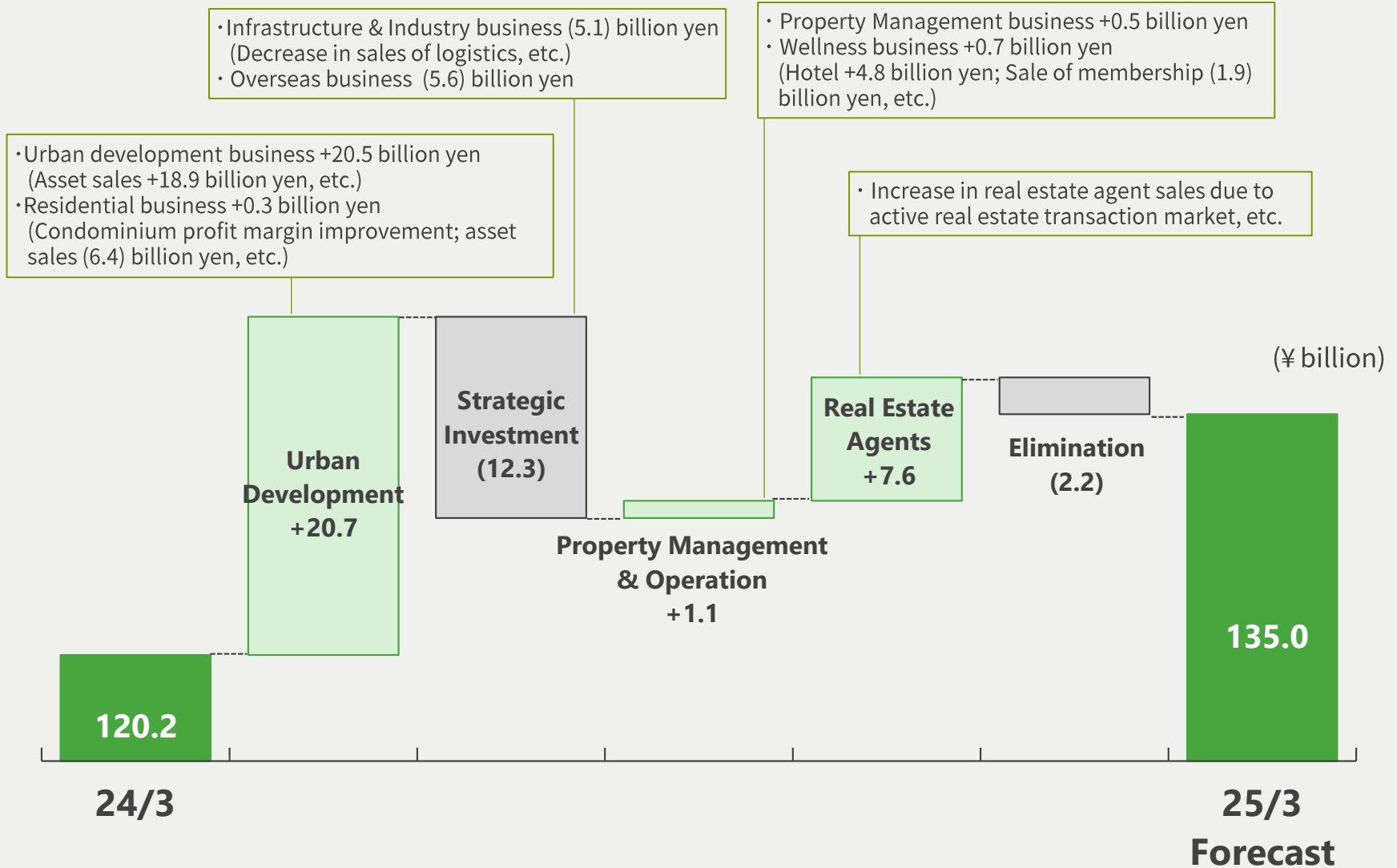
The forecast has been revised upwards by 5.0 billion yen from the initial forecast due to strong performance in real estate transaction, hotel and rental business, etc.

〈Operating profit trends〉



FY2024 Analysis of segment performance forecast

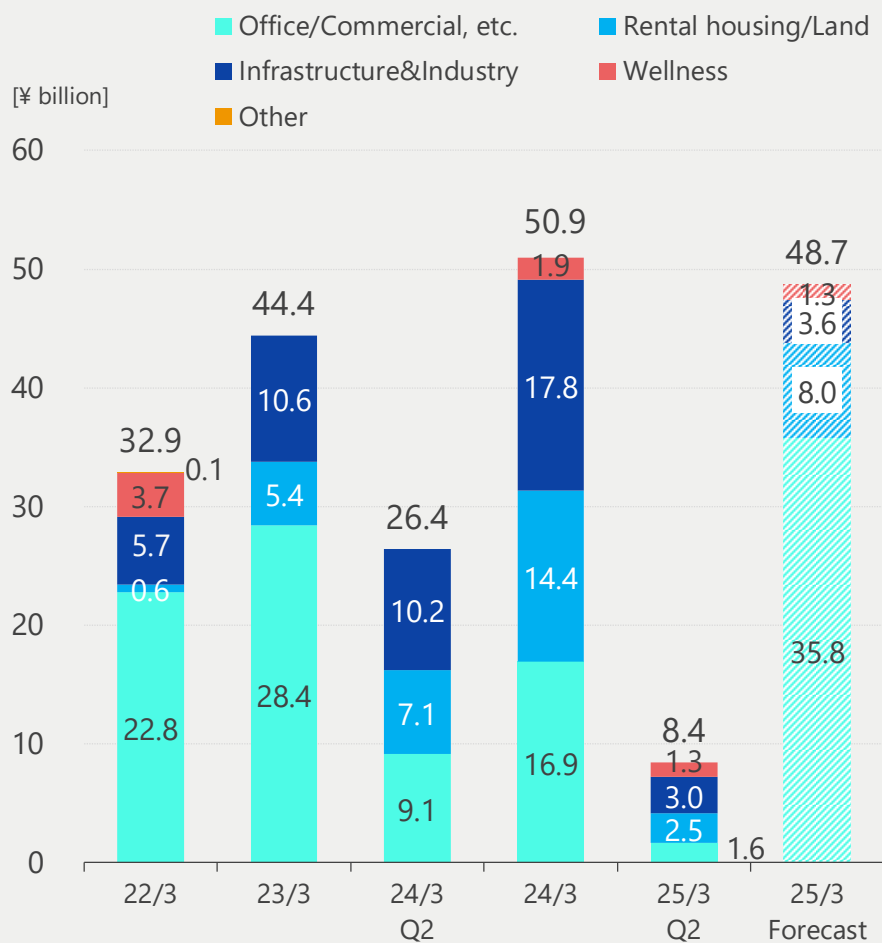
Plan to increase profit by 14.8 billion yen YoY due to improved margins for condominiums and increased earnings from hotels and Real Estate Agents business, etc.



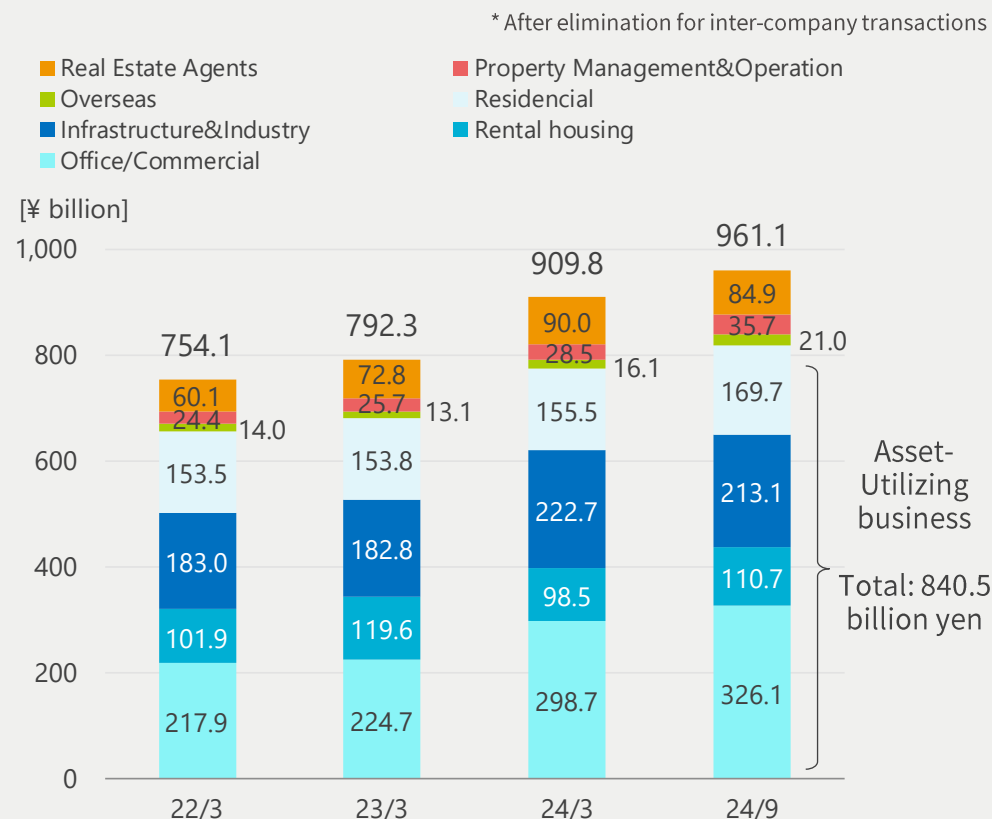
Gross profit on sales of assets and land and buildings for sale by assets

Driven by a strong buying and selling market, efficient asset turnover and profit generation are being promoted. Approximately 90% of the projected gross profit for FY2024 is already sold or under contract.

<Gross Profit from Asset Sales Trends>



<Land and Buildings for Sale by Asset>

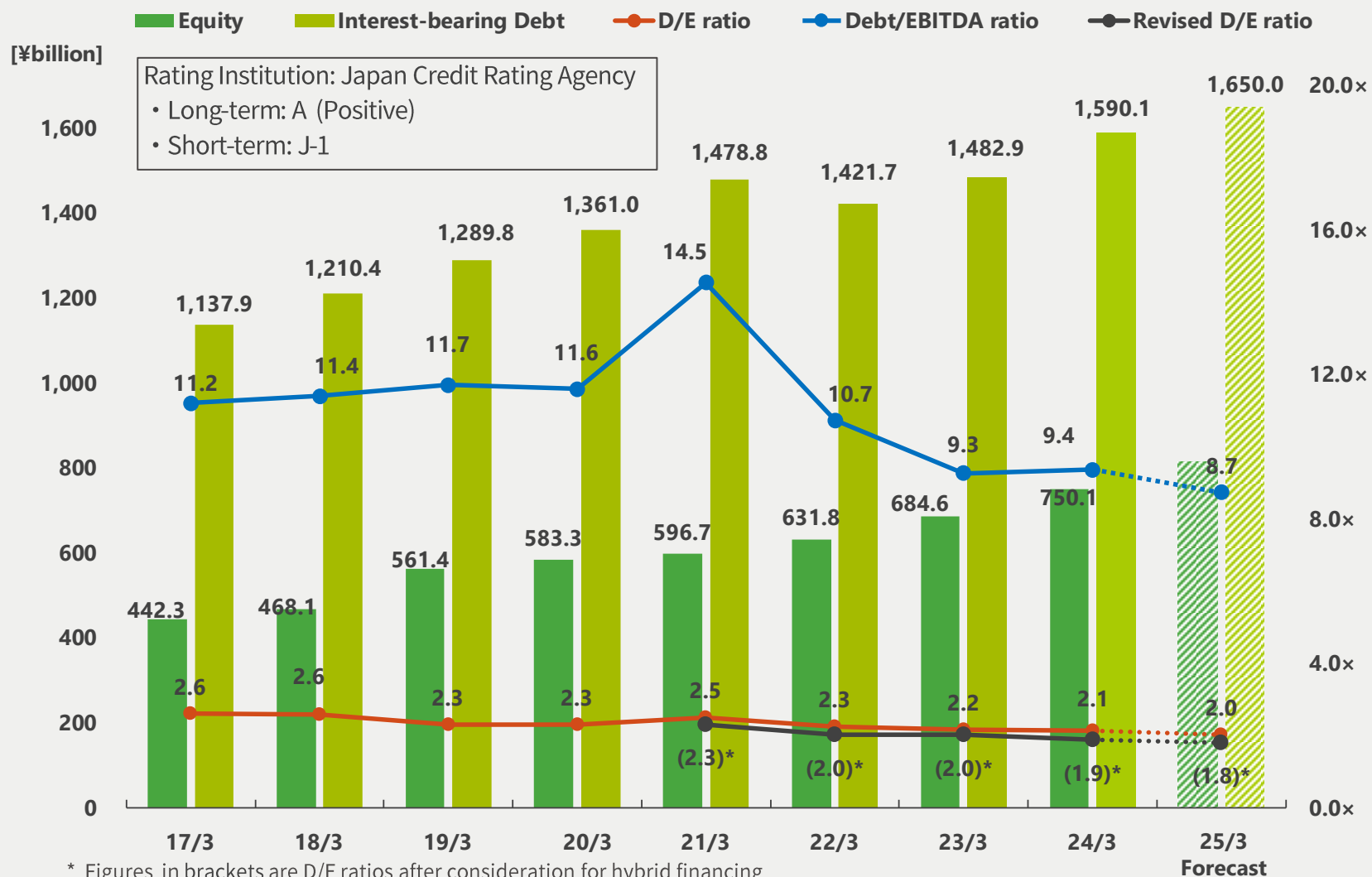


Transfer from non-current assets to inventory		
FYE Mar 2022	FYE Mar 2023	FYE Mar 2024
¥54.8 billion	¥55.6 billion	¥90.3 billion

Financial Condition

As of the end of September 2024, the long-term ratio of interest-bearing debt was 95.8%, and the fixed ratio was 95.6%.

Long-term Issuer Rating by Japan Credit Rating Agency, Ltd. (JCR): A (Positive)



* Figures in brackets are D/E ratios after consideration for hybrid financing

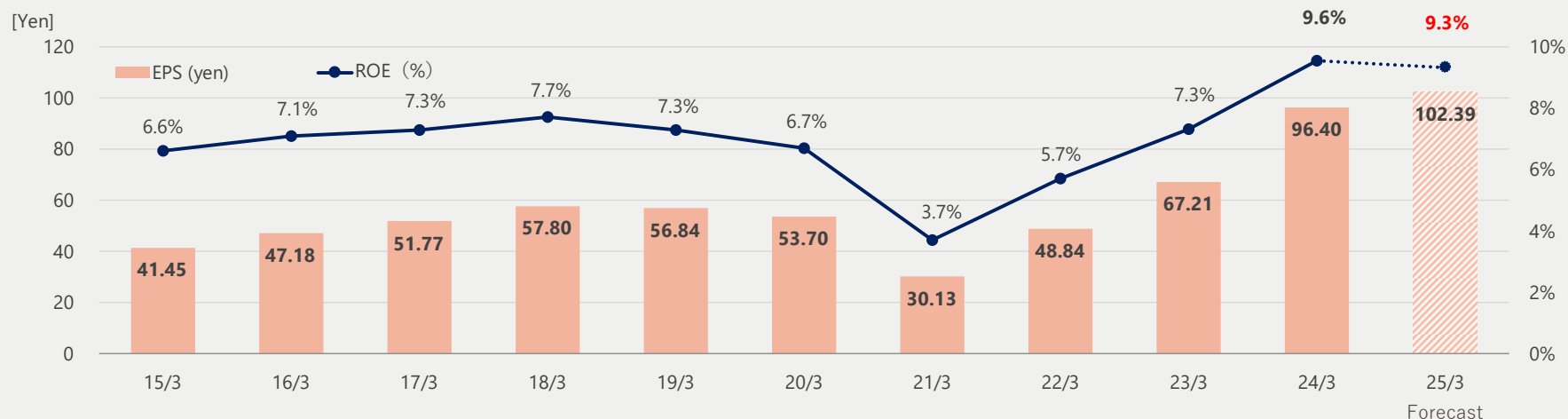
** Long-term and fixed ratios are on a consolidated basis (excluding SPCs)

Shareholder Return

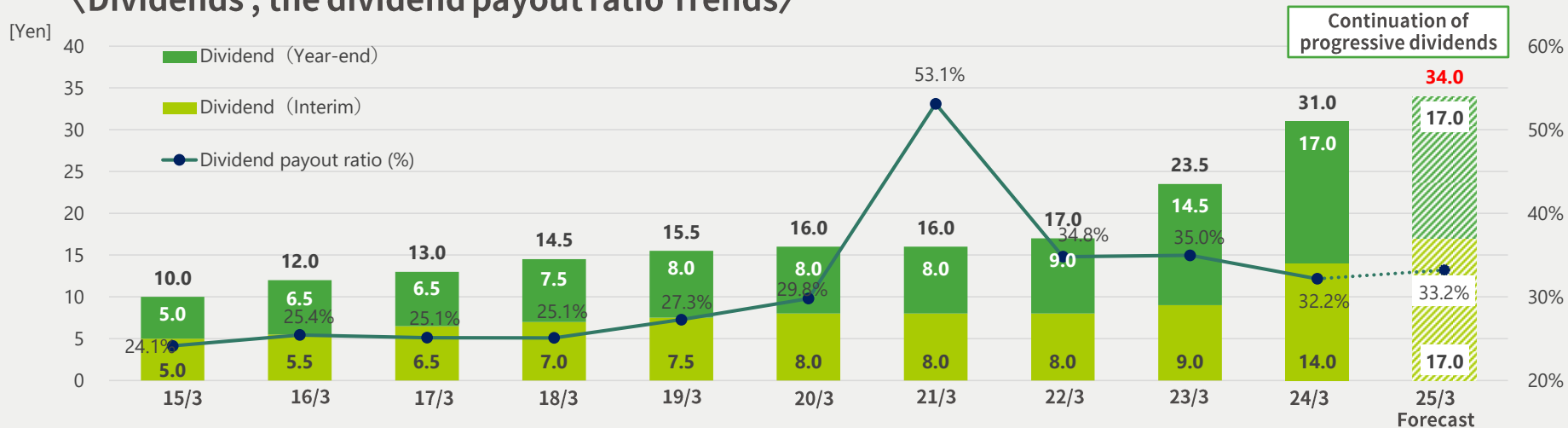
Shareholder return policy: Payout ratio of 30% or more and maintain stable dividends

Annual dividend: Revised to 34.0 yen for the year ending March 2025 (+2.0 yen compared to the initial forecast, +3.0 yen compared to the previous year), with progressive dividend payments to be continued

〈EPS and ROE Trends〉



〈Dividends, the dividend payout ratio Trends〉



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