

Financial Summary
FY2018 Second Quarter (First Six Months)
Ended September 30, 2018

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on November 8, 2018 at 16:30 (GMT+9).
The review has not been completed.

1. Overview of the FY2018 Second Quarter (First Six Months) Ended September 30, 2018

*All the figures in millions are rounded down and all the figures in billions are rounded off to one decimal place.

(1) Summary of consolidated statements of income

(% indicates year-on-year change.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
First six months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2018	402,569	(1.3)	32,173	(8.1)	27,758	(9.6)	16,664	(5.3)
FY2017	407,954	27.8	34,994	38.1	30,698	51.3	17,603	70.4

Note: Comprehensive income: First six months of FY2018 ¥15,753 million [13.2%]
First six months of FY2017 ¥13,914 million [130.0%]

	Earnings per share	Fully diluted earnings per share
First six months	(Yen)	(Yen)
FY2018	27.37	–
FY2017	28.92	–

(2) Summary of consolidated balance sheets

	Total assets	Total net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of September 30, 2018	2,277,278	486,782	21.1	788.21
As of March 31, 2018	2,173,225	475,345	21.5	768.85

Reference: Equity: As of September 30, 2018 ¥479,925 million; As of March 31, 2018 ¥468,140 million

Note: The Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter ended June 30, 2018. Accordingly, the figures presented for the summary of the consolidated balance sheet for the previous fiscal year have been retrospectively adjusted to reflect the application of the aforementioned standard.

2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2017 ended March 31, 2018	–	7.00	–	7.50	14.50
FY2018 ending March 31, 2019	–	7.50			
FY2018 ending March 31, 2019 (Forecast)			–	8.00	15.50

Note: Revisions to the forecasts of dividends most recently announced: None

3. Forecast for Fiscal Year 2018 Ending March 31, 2019

(% indicates year-on-year change.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full-year forecast	900,000	3.9	80,000	3.2	70,000	1.9	37,000	5.2	56.14

Note: Revisions to the forecasts most recently announced: Yes

* Quarterly financial summary reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts, and other special matters
(Disclaimer)

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 Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

(Method of accessing financial summary presentation material)

On November 15, 2018, the Company plans to hold a financial summary presentation meeting for institutional investors and securities analysts. The Company plans to post the materials used in this presentation on its website after the meeting is held.

Operating Results and Financial Position

1. Analysis of Operating Results

(1) Overview

Results for the first six months ended September 30, 2018 showed ¥402.6 billion in operating revenue (down 1.3% from the same period of the previous fiscal year), ¥32.2 billion in operating profit (down 8.1%), ¥27.8 billion in ordinary profit (down 9.6%) and ¥16.7 billion in profit attributable to owners of parent (down 5.3%).

Although market conditions for offices and condominiums continued to remain strong, both revenues and profit decreased due in part to lower revenues from sales of properties including buildings for investors in the Urban Development segment and a decline in the number of condominium units sold in the Residential segment. While the progress rates against the full-year forecast are at low levels due primarily to the fact that sales of properties including buildings for investors in the Urban Development segment and deliveries of condominiums in the Residential segment tend to be concentrated in the second half of the fiscal year, results for this period are indicating steady progress toward achieving the full-year forecast.

The first six months for FY2017 was from April 1, 2017 to September 30, 2017 and the first six months for FY2018 was from April 1, 2018 to September 30, 2018.

(Unit:¥ billion)

	First six months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Operating revenue	408.0	402.6	(5.4)	900.0	44.7
Operating profit	35.0	32.2	(2.8)	80.0	40.2
Ordinary profit	30.7	27.8	(2.9)	70.0	39.7
Profit attributable to owners of parent	17.6	16.7	(0.9)	37.0	45.0

Operating revenue and operating profit

(Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2018	174.3	402.6	–	–
Operating revenue for FY2017	183.9	408.0	608.8	866.1
Operating profit for FY2018	11.8	32.2	–	–
Operating profit for FY2017	17.4	35.0	55.0	77.5

By segment, the three segments of Property Management, Wellness and Tokyu Hands saw an increase in revenues and profit, the Real-Estate Agents segment saw an increase in revenues but a decrease in profit, the Innovation Business segment saw a decrease in revenues but an increase in profit, and the Urban Development and the Residential segments saw a decrease in revenues and profit (compared with the same period of the previous fiscal year).

Operating revenue

(Unit:¥ billion)

	First six months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Total	408.0	402.6	(5.4)	900.0	44.7
Urban Development	145.8	121.8	(24.1)	255.5	47.7
Residential	41.7	32.0	(9.7)	124.5	25.7
Property Management	72.8	80.7	7.9	174.2	46.3
Real-Estate Agents	44.4	51.4	7.0	108.0	47.6
Wellness	45.6	62.3	16.8	124.7	50.0
Tokyu Hands	49.1	49.3	0.2	98.7	50.0
Innovation Business	19.8	17.6	(2.2)	49.1	35.7
Adjustment for Inter-Company Transactions	(11.2)	(12.5)	(1.3)	(34.8)	–

Operating profit

(Unit:¥ billion)

	First six months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Total	35.0	32.2	(2.8)	80.0	40.2
Urban Development	27.3	23.0	(4.2)	50.0	46.1
Residential	1.4	0.1	(1.2)	5.0	2.3
Property Management	3.3	3.3	0.1	8.4	39.7
Real-Estate Agents	6.6	6.4	(0.2)	14.0	45.5
Wellness	1.6	2.6	1.0	7.6	34.2
Tokyu Hands	(0.1)	0.1	0.2	0.7	12.9
Innovation Business	(1.9)	(0.1)	1.8	0.9	–
Adjustment for Inter-Company Transactions	(3.0)	(3.2)	(0.2)	(6.7)	–

1) Urban Development

In our Urban Development business, we recorded ¥121.8 billion in operating revenue (down 16.5% from the same period of the previous fiscal year) and ¥23.0 billion in operating profit (down 15.5%).

Although lease revenues from existing buildings improved, both revenues and profit decreased mainly due to a decrease in revenues from sales of properties including buildings for investors, lost earnings following the sales of properties in the previous fiscal year, and an increase in costs for redevelopment projects.

The vacancy rate (office buildings and commercial facilities) remained at a low level of 0.5%.

(Unit:¥ billion)

	First six months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	145.8	121.8	(24.1)	269.8	255.5
Operating profit	27.3	23.0	(4.2)	50.7	50.0

Breakdown of operating revenue

(Unit:¥ billion)

	First six months		Comparison	FY2017
	FY2017	FY2018		
Leasing (Office buildings)	19.4	18.5	(1.0)	37.9
Leasing (Commercial facilities)	21.7	20.8	(0.9)	42.9
Asset management etc.	65.4	40.9	(24.5)	107.3
Leasing (Residence) etc.	39.3	41.7	2.4	81.6

Vacancy rate of office buildings and commercial facilities

As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of September 30, 2018
0.9%	2.0%	0.5%	0.5%

2) Residential

In our Residential business, we recorded ¥32.0 billion in operating revenue (down 23.3% from the same period of the previous fiscal year) and ¥0.1 billion in operating profit (down 91.5%).

Although both revenues and profit decreased mainly due to a decrease in the number of condominium units sold, sales continued to perform firmly. The inventory of completed units decreased compared to the end of the previous fiscal year and the ratio of contracted amount for sale to the planned sales amount for the full year for condominium grew from 32% at the beginning of the fiscal year to 73% (down 7 percentage points from the same period of the previous fiscal year), indicating steady progress toward achieving the full-year forecast.

In addition to sales of condominium units in “BRANZ Tennoji Kokubuncho” (Osaka-shi, Osaka) and “BRANZ Kita 33 Jo” (Sapporo-shi, Hokkaido), inventory of completed units, which included “BRANZ Yokohama” (Yokohama-shi, Kanagawa), was recorded.

(Unit:¥ billion)

	First six months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	41.7	32.0	(9.7)	123.5	124.5
Operating profit	1.4	0.1	(1.2)	7.6	5.0

Breakdown of operating revenue

(Unit:¥ billion)

	First six months				Comparison	FY2017	
	FY2017		FY2018				
Condominiums	561 units	33.3	352 units	18.7	(14.6)	1,627 units	95.5
Detached housing	43 units	1.9	82 units	1.4	(0.5)	71 units	3.1
Others	–	6.5	–	12.0	5.4	–	25.0

Number of units supplied and sold

(Units)

	First six months				Inventory of completed units	
	FY2017		FY2018		As of March 31, 2018	As of September 30, 2018
	New supply	Contracted units	New supply	Contracted units		
Condominiums	650	647	553	616	629	422
Detached housing	34	41	41	40	6	8

3) Property Management

In our Property Management business, we recorded ¥80.7 billion in operating revenue (up 10.9% from the same period of the previous fiscal year), and ¥3.3 billion in operating profit (up 1.8%).

Both revenues and profit increased mainly due to an expansion in the stock of condominium, building and other management service sites at Tokyu Community Corp., as well as increased sales of construction work following such factors as the start of operations in October 2017 of Tokyu Re-design Corporation, which was established with the purpose of strengthening and expanding the renovation business.

The stock of condominium management service sites continued to expand steadily to 835 thousand units (of which the number of units under comprehensive management was 523 thousand units) as of September 30, 2018.

(Unit:¥ billion)

	First six months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	72.8	80.7	7.9	160.9	174.2
Operating profit	3.3	3.3	0.1	8.2	8.4

Breakdown of operating revenue

(Unit:¥ billion)

	First six months		Comparison	FY2017
	FY2017	FY2018		
Condominiums	52.5	54.0	1.5	111.6
Buildings	20.2	26.7	6.4	49.3

Number of sites managed as of fiscal year (period) end

	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of September 30, 2018
Condominiums (units)	715,660	741,624	822,231	835,410
Buildings (no. of contracts)	1,453	1,483	1,500	1,529

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥51.4 billion in operating revenue (up 15.9% from the same period of the previous fiscal year) and ¥6.4 billion in operating profit (down 3.3%).

Although revenues increased due mainly to the fact that the number of transactions and contract prices rose primarily in retail sales of the real-estate sales agent business at Tokyu Livable Inc., as well as to sales increase in real-estate sales business, profit decreased due to such factors as the absence of sales from the development-type asset management business recorded in “Others” in the same period of the previous fiscal year.

(Unit:¥ billion)

	First six months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	44.4	51.4	7.0	99.3	108.0
Operating profit	6.6	6.4	(0.2)	13.2	14.0

Breakdown of operating revenue

(Unit:¥ billion)

	First six months		Comparison	FY2017
	FY2017	FY2018		
Real-estate sales agent	26.4	27.7	1.3	54.9
Consignment sales	1.0	1.4	0.3	2.7
Real-estate sales	15.2	21.2	6.1	39.0
Others	1.7	1.1	(0.7)	2.7

5) Wellness

In our Wellness business, we recorded ¥62.3 billion in operating revenue (up 36.8% from the same period of the previous fiscal year) and ¥2.6 billion in operating profit (up 65.1%).

Both revenues and profit increased mainly due to the fact that, in association with the opening of a membership resort hotel “Tokyu Harvest Club Karuizawa & VIALA” (Kitasaku-gun, Nagano) in July 2018, sales of co-ownership shares in the land and building were recorded in sales of country houses and membership, as well as to the openings of new Tokyu Stay urban style hotels.

As for new facilities, in addition to “Tokyu Harvest Club Karuizawa & VIALA,” we opened “Tokyu Stay Sapporo” (Sapporo-shi, Hokkaido) in April, “Tokyu Stay Hakata” (Fukuoka-shi, Fukuoka) in June, and a resort hotel “Hyatt Regency Seragaki Island Okinawa” (Kunigami-gun, Okinawa) in August, steadily expanding our business base. We also rebranded “Kyukaruizawa Hotel” acquired in 2016, and started its operations as “KYUKARUIZAWA KIKYO, Curio Collection by Hilton” (Kitasaku-gun, Nagano) in April 2018.

	First six months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	45.6	62.3	16.8	97.0	124.7
Operating profit	1.6	2.6	1.0	5.8	7.6

Breakdown of operating revenue

	First six months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	
Resort operations	15.4	15.7	0.3	36.3	(Golf course, Harvest club, Ski resort, etc.)
Oasis	8.5	8.8	0.2	17.1	(Fitness club, etc.)
Senior housing	3.8	3.9	0.1	7.5	
Tokyu stay	5.2	6.7	1.6	10.6	(Urban style hotel)
Consignment welfare	4.6	5.0	0.3	9.2	
Sales of country houses and membership	0.9	14.9	14.0	2.5	
Others	7.2	7.4	0.2	13.8	

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥49.3 billion in operating revenue (up 0.5% from the same period of the previous fiscal year) and ¥0.1 billion in operating profit.

At Tokyu Hands, Inc., although revenues decreased at existing stores (down 1.6%), both revenues and profit increased mainly due to a contribution from new stores and a decrease in costs.

The new stores that opened were “Tokyu Hands Kokubunji Store” (Kokubunji-shi, Tokyo) and “Tokyu Hands Sapporo Store” (Sapporo-shi, Hokkaido) in April 2018; and in September, “Tokyu Hands Mozo Wonder City Nagoya Store” (Nagoya-shi, Aichi) opened as a franchise store.

	First six months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	49.1	49.3	0.2	97.1	98.7
Operating profit	(0.1)	0.1	0.2	0.4	0.7

7) Innovation Business

In our Innovation Business, we recorded ¥17.6 billion in operating revenue (down 11.3% from the same period of the previous fiscal year) and ¥0.1 billion in operating loss.

While revenues decreased mainly due to transfer of a part of the renovation business to the Property Management segment in October 2017, profit increased due in part to an increase in sales of properties in overseas operations.

(Unit:¥ billion)

	First six months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	19.8	17.6	(2.2)	41.7	49.1
Operating profit	(1.9)	(0.1)	1.8	(2.2)	0.9

Breakdown of operating revenue

(Unit:¥ billion)

	First six months		Comparison	FY2017
	FY2017	FY2018		
Renovation / custom-built houses	14.8	8.7	(6.1)	26.3
Landscape gardening	4.7	5.5	0.8	12.0
Overseas operations, etc.	0.2	3.3	3.1	3.4

(2) Analysis of Financial Position

1) Assets, Liabilities, and Net Assets

As of the end of the second quarter ended September 30, 2018, total assets increased by ¥104.1 billion compared to the end of the previous fiscal year mainly due to an increase in real estate for sale in process. Total liabilities also increased by ¥92.6 billion compared to the end of the previous fiscal year due mainly to an increase in interest-bearing debt.

The forecast figures for March 31, 2019 reflect an increase in equity through publicly offered capital increase conducted in October 2018.

In addition, the Group has applied the “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter ended June 30, 2018. Accordingly, the figures used in the presentation and comparison of the financial position as of the end of the second quarter ended September 30, 2017 and as of the end of the previous fiscal year have been retrospectively adjusted to reflect the application of the aforementioned standard, etc.

(Unit:¥ billion)

	As of September 30, 2017	As of September 30, 2018	(Reference) As of March 31, 2018	
Total assets	2,124.4	2,277.3	2,173.2	
Total liabilities	1,667.9	1,790.5	1,697.9	
Net assets	456.6	486.8	475.3	
Equity	452.3	479.9	468.1	
Equity ratio	21.3%	21.1%	21.5%	As of March 31, 2019 (Forecast)
Interest-bearing debt	1,223.0	1,313.9	1,210.4	1,320.0
DER	2.7×	2.7×	2.6×	2.3×

2) Cash Flow Position

As of the end of the second quarter ended September 30, 2018, cash and cash equivalents were ¥86.3 billion, representing a ¥24.6 billion increase from the previous fiscal year end.

(Cash flows from operating activities)

Net cash used in operating activities was ¥45.7 billion mainly due to an increase of ¥68.6 billion in inventories, a decrease of ¥17.5 billion in deposits received for special joint ventures and a decrease of ¥10.7 billion in notes and accounts payable - trade, notwithstanding ¥27.3 billion of profit before income taxes and ¥11.9 billion of depreciation, among others.

(Cash flows from investing activities)

Net cash used in investing activities was ¥32.5 billion mainly due to ¥32.5 billion in purchase of non-current assets.

(Cash flows from financing activities)

Net cash provided by financing activities was ¥102.8 billion mainly due to ¥106.1 billion in proceeds from long-term loans payable, an increase of ¥42.0 billion in commercial papers, ¥20.0 billion in proceeds from issuance of bonds and ¥10.4 billion in proceeds from long-term lease and guarantee deposited, notwithstanding ¥68.3 billion in repayments of long-term loans payable.

(3) Forecast for Fiscal Year 2018 Ending March 31, 2019

Results for the first six months ended September 30, 2018 generally indicate steady progress is being made toward achieving the full-year forecast for fiscal year 2018 ending March 31, 2019 announced on May 10, 2018. However, in light of our recent operating results, we revised operating revenue and the segment performance forecast.

(Unit:¥ billion)

	FY2017	FY2018 forecast	Comparison	Initial forecast (ann. 5/10/18)	Projected change
Operating revenue	866.1	900.0	33.9	880.0	20.0
Operating profit	77.5	80.0	2.5	80.0	–
Ordinary profit	68.7	70.0	1.3	70.0	–
Profit attributable to owners of parent	35.2	37.0	1.8	37.0	–

Segment Performance Forecast

Operating revenue

(Unit:¥ billion)

	FY2017	FY2018 revised forecast	Comparison	Initial forecast (ann. 5/10/18)	Projected change
Urban Development	269.8	255.5	(14.2)	233.4	22.2
Residential	123.5	124.5	1.0	115.4	9.1
Property Management	160.9	174.2	13.2	174.3	(0.1)
Real-Estate Agents	99.3	108.0	8.7	107.9	0.1
Wellness	97.0	124.7	27.7	126.3	(1.6)
Tokyu Hands	97.1	98.7	1.6	98.6	0.1
Innovation Business	41.7	49.1	7.4	48.6	0.5
Adjustment for Inter-Company Transactions	(23.3)	(34.8)	(11.5)	(24.5)	(10.3)

Operating profit

(Unit:¥ billion)

	FY2017	FY2018 revised forecast	Comparison	Initial forecast (ann. 5/10/18)	Projected change
Urban Development	50.7	50.0	(0.7)	50.0	–
Residential	7.6	5.0	(2.6)	5.0	–
Property Management	8.2	8.4	0.2	8.4	–
Real-Estate Agents	13.2	14.0	0.8	14.0	–
Wellness	5.8	7.6	1.8	7.4	0.2
Tokyu Hands	0.4	0.7	0.3	0.5	0.2
Innovation Business	(2.2)	0.9	3.1	1.2	(0.3)
Adjustment for Inter-Company Transactions	(6.3)	(6.7)	(0.4)	(6.5)	(0.1)

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 Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

Second Quarter Consolidated Balance Sheets

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	As of March 31, 2018	As of September 30, 2018
Assets		
Current assets		
Cash and deposits	62,785	87,241
Notes and accounts receivable - trade	31,042	25,962
Securities	15,831	17,323
Merchandise	11,759	12,488
Real estate for sale	207,705	191,013
Real estate for sale in process	260,138	338,807
Costs on uncompleted construction contracts	5,858	8,367
Supplies	746	827
Other	54,084	51,188
Allowance for doubtful accounts	(110)	(95)
Total current assets	649,841	733,123
Non-current assets		
Property, plant and equipment		
Buildings and structures	404,150	418,031
Accumulated depreciation	(179,695)	(186,430)
Buildings and structures, net	224,455	231,600
Land	813,087	822,635
Construction in progress	79,430	82,719
Other	64,322	66,496
Accumulated depreciation	(40,624)	(42,288)
Other, net	23,698	24,208
Total property, plant and equipment	1,140,671	1,161,164
Intangible assets		
Goodwill	82,553	79,842
Other	24,944	26,219
Total intangible assets	107,498	106,062
Investments and other assets		
Investment securities	159,863	160,910
Lease and guarantee deposits	72,829	72,751
Other	42,871	43,607
Allowance for doubtful accounts	(351)	(342)
Total investments and other assets	275,213	276,927
Total non-current assets	1,523,383	1,544,154
Total assets	2,173,225	2,277,278

Note: Amounts are in units of millions of yen with fractional units discarded.

Account title	As of March 31, 2018	As of September 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,977	26,263
Short-term loans payable	179,532	165,253
Current portion of bonds	10,000	20,000
Commercial papers	–	42,000
Income taxes payable	8,739	12,902
Provision	12,035	11,838
Other	147,063	154,405
Total current liabilities	394,348	432,663
Non-current liabilities		
Bonds payable	185,825	195,825
Long-term loans payable	835,018	890,829
Long-term lease and guarantee deposited	179,963	180,392
Net defined benefit liability	29,646	29,902
Provision	84	69
Other	72,993	60,813
Total non-current liabilities	1,303,531	1,357,833
Total liabilities	1,697,879	1,790,496
Net assets		
Shareholders' equity		
Capital stock	60,000	60,000
Capital surplus	119,188	119,183
Retained earnings	270,095	282,188
Treasury shares	(2,197)	(2,198)
Total shareholders' equity	447,087	459,173
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,796	15,885
Deferred gains or losses on hedges	(169)	(229)
Revaluation reserve for land	8,067	8,067
Foreign currency translation adjustment	1,319	(1,285)
Remeasurements of defined benefit plans	(1,959)	(1,686)
Total accumulated other comprehensive income	21,053	20,751
Non-controlling interests	7,204	6,857
Total net assets	475,345	486,782
Total liabilities and net assets	2,173,225	2,277,278

Note: Amounts are in units of millions of yen with fractional units discarded.

Second Quarter Consolidated Statements of (Comprehensive) Income
(Second Quarter Consolidated Statements of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First six months FY2017 (from April 1, 2017 to September 30, 2017)	First six months FY2018 (from April 1, 2018 to September 30, 2018)
Operating revenue	407,954	402,569
Operating cost	322,685	317,403
Operating gross profit	85,269	85,166
Selling, general and administrative expenses	50,275	52,992
Operating profit	34,994	32,173
Non-operating income		
Interest income	58	74
Dividend income	130	359
Other	433	425
Total non-operating income	622	858
Non-operating expenses		
Interest expenses	3,886	4,489
Other	1,031	785
Total non-operating expenses	4,918	5,274
Ordinary profit	30,698	27,758
Extraordinary income		
Gain on sales of non-current assets	2	-
Gain on sales of investment securities	3	-
Other	0	-
Total extraordinary income	6	-
Extraordinary losses		
Loss on disaster	-	474
Loss on building reconstruction	665	-
Impairment loss	324	-
Other	79	-
Total extraordinary losses	1,069	474
Profit before income taxes	29,635	27,283
Income taxes	12,003	11,185
Profit	17,631	16,098
Profit attributable to non-controlling interests	28	(566)
Profit attributable to owners of parent	17,603	16,664

Note: Amounts are in units of millions of yen with fractional units discarded.

(Second Quarter Consolidated Statements of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First six months FY2017 (from April 1, 2017 to September 30, 2017)	First six months FY2018 (from April 1, 2018 to September 30, 2018)
Profit	17,631	16,098
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,963)	2,089
Deferred gains or losses on hedges	52	(79)
Foreign currency translation adjustment	900	(1,124)
Remeasurements of defined benefit plans, net of tax	453	273
Share of other comprehensive income of entities accounted for using equity method	(2,160)	(1,505)
Total other comprehensive income	(3,717)	(345)
Comprehensive income	13,914	15,753
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	13,891	16,362
Comprehensive income attributable to non-controlling interests	23	(609)

Note: Amounts are in units of millions of yen with fractional units discarded.

Second Quarter Consolidated Statements of Cash Flows (Summary)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First six months FY2017 (from April 1, 2017 to September 30, 2017)	First six months FY2018 (from April 1, 2018 to September 30, 2018)
Cash flows from operating activities		
Profit before income taxes	29,635	27,283
Depreciation	11,099	11,898
Amortization of goodwill	2,710	2,710
Share of loss (profit) of entities accounted for using equity method	(58)	(172)
Increase (decrease) in net defined benefit liability	140	(131)
Increase (decrease) in other provision	(661)	(1,084)
Impairment loss	324	-
Loss on valuation of inventories	747	679
Loss on retirement of non-current assets	1,619	364
Interest and dividend income	(189)	(433)
Interest expenses	3,886	4,489
Decrease (increase) in notes and accounts receivable - trade	6,062	5,755
Decrease (increase) in inventories	(30,307)	(68,614)
Increase (decrease) in notes and accounts payable - trade	(16,458)	(10,668)
Increase (decrease) in deposits received for consignment sales	(4,651)	13,956
Increase (decrease) in deposits received for special joint ventures	(8,100)	(17,500)
Other, net	(18,533)	(2,992)
Subtotal	<u>(22,732)</u>	<u>(34,459)</u>
Interest and dividend income received	228	311
Interest expenses paid	(3,826)	(4,506)
Income taxes paid	(7,938)	(7,031)
Net cash provided by (used in) operating activities	<u>(34,269)</u>	<u>(45,685)</u>
Cash flows from investing activities		
Payments of loans receivable	(200)	(81)
Collection of loans receivable	24	15
Purchase of short-term and long-term investment securities	(20,592)	(1,708)
Proceeds from sales and redemption of short-term and long-term investment securities	642	2,561
Payments for lease and guarantee deposits	(3,503)	(3,687)
Proceeds from collection of lease and guarantee deposits	3,407	3,148
Purchase of non-current assets	(27,288)	(32,513)
Proceeds from sales of non-current assets	4	71
Other, net	(242)	(293)
Net cash provided by (used in) investing activities	<u>(47,748)</u>	<u>(32,486)</u>

Note: Amounts are in units of millions of yen with fractional units discarded.

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First six months FY2017 (from April 1, 2017 to September 30, 2017)	First six months FY2018 (from April 1, 2018 to September 30, 2018)
Cash flows from financing activities		
Net increase (decrease) in short-term loans payable	10,528	4,458
Net increase (decrease) in commercial papers	42,000	42,000
Proceeds from long-term loans payable	114,835	106,131
Repayments of long-term loans payable	(93,223)	(68,338)
Proceeds from long-term lease and guarantee deposited	15,719	10,395
Repayments of long-term lease and guarantee deposited	(11,046)	(6,848)
Proceeds from issuance of bonds	30,000	20,000
Redemption of bonds	(10,000)	-
Cash dividends paid	(3,956)	(4,571)
Proceeds from share issuance to non-controlling shareholders	510	735
Dividends paid to non-controlling interests	(65)	(57)
Repayments of finance lease obligations	(704)	(722)
Payments for investments in silent partnership that do not result in change in scope of consolidation	-	(421)
Net decrease (increase) in treasury shares	(0)	(1)
Net cash provided by (used in) financing activities	94,595	102,759
Effect of exchange rate change on cash and cash equivalents	444	(12)
Net increase (decrease) in cash and cash equivalents	13,022	24,574
Cash and cash equivalents at beginning of period	61,865	61,729
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(122)	-
Cash and cash equivalents at end of period	74,765	86,303

Note: Amounts are in units of millions of yen with fractional units discarded.

FY2018 Second Quarter (First Six Months) Financial Flash Report

(¥ billion)

1. Statements of Income (Consolidated base)	Mar-2015		Mar-2016		Mar-2017		Mar-2018		Mar-2019	
	1H		1H		1H		1H		1H	Forecasts
Operating revenue	322.3	773.1	351.3	815.5	319.3	808.5	408.0	866.1	402.6	900.0
Operating gross profit	65.7	148.8	74.0	163.8	72.2	173.0	85.3	182.5	85.2	—
Gross margin ratio	20.4%	19.2%	21.1%	20.1%	22.6%	21.4%	20.9%	21.1%	21.2%	—
SG&A expenses	40.7	85.5	44.5	95.0	46.8	99.8	50.3	105.0	53.0	—
SG&A expenses to sales	12.6%	11.1%	12.7%	11.7%	14.7%	12.3%	12.3%	12.1%	13.2%	—
Operating profit	24.9	63.3	29.5	68.8	25.3	73.2	35.0	77.5	32.2	80.0
Non-operating income	0.6	1.1	0.6	1.2	0.5	1.3	0.6	1.4	0.9	—
Interest and dividends	0.3	0.5	0.3	0.9	0.3	0.7	0.2	0.6	0.4	—
Other	0.2	0.6	0.3	0.4	0.2	0.6	0.4	0.8	0.4	—
Non-operating expenses	6.0	12.7	6.4	13.6	5.6	10.9	4.9	10.3	5.3	—
Interest	5.0	10.0	5.1	9.6	4.2	8.4	3.9	7.9	4.5	—
Other	1.0	2.8	1.3	4.0	1.4	2.5	1.0	2.3	0.8	—
(Net interest receive)	(4.6)	(9.5)	(4.8)	(8.7)	(3.9)	(7.7)	(3.7)	(7.3)	(4.1)	—
Ordinary profit	19.5	51.7	23.7	56.4	20.3	63.6	30.7	68.7	27.8	70.0
Extraordinary income	—	1.2	—	0.3	0.2	0.2	0.0	0.0	—	—
Extraordinary losses	0.3	12.9	—	9.9	1.2	18.0	1.1	9.3	0.5	—
Profit before income taxes and minority interests	19.2	40.0	23.7	46.8	19.3	45.9	29.6	59.4	27.3	—
Profit	11.4	25.8	14.9	29.0	10.4	32.0	17.6	35.4	16.1	—
Profit attributable to owners of parent	11.2	25.2	14.8	28.7	10.3	31.5	17.6	35.2	16.7	37.0

2. Management Indexes

(Consolidated base)

Total assets	1,898.9	1,973.8	2,006.6	1,984.4	2,088.6	2,067.2	2,124.4	2,173.2	2,277.3	—
ROA	—	3.4%	—	3.5%	—	3.6%	—	3.7%	—	3.5%
Equity	374.8	395.3	407.0	418.8	421.0	442.3	452.3	468.1	479.9	—
Equity ratio	19.7%	20.0%	20.3%	21.1%	20.2%	21.4%	21.3%	21.5%	21.1%	—
ROE	—	6.6%	—	7.1%	—	7.3%	—	7.7%	—	7.2%
Earnings per share (Yen)	18.47	41.45	24.35	47.18	16.97	51.77	28.92	57.80	27.37	56.14
Net assets per share (Yen)	615.69	649.40	668.60	687.92	691.49	726.59	742.91	768.85	788.21	—
Dividends (Yen)	5.0	10.0	5.5	12.0	6.5	13.0	7.0	14.5	7.5	15.5
Dividend payout ratio	—	24.1%	—	25.4%	—	25.1%	—	25.1%	—	27.6%
Operating profit before depreciation *	37.0	88.0	42.2	94.3	39.2	101.7	48.9	106.1	46.8	109.7
Depreciation	9.8	20.2	10.3	21.0	11.6	23.5	11.1	23.1	11.9	24.3
Amortization of goodwill	2.3	4.5	2.3	4.5	2.3	4.9	2.7	5.4	2.7	5.4

3. Interest-bearing Debt

(Consolidated base)

Interest-bearing Debt	1,130.2	1,125.4	1,165.4	1,106.1	1,230.8	1,137.9	1,223.0	1,210.4	1,313.9	1,320.0
Interest-bearing Debt/EBITDA	—	12.8	—	11.7	—	11.2	—	11.4	—	12.0
DER	—	2.8	—	2.6	—	2.6	—	2.6	—	2.3
Interest	5.0	10.0	5.1	9.6	4.2	8.4	3.9	7.9	4.5	—
Average interest rate	—	0.9%	—	0.9%	—	0.7%	—	0.7%	—	—

* Operating profit before depreciation = Operating profit+Depreciation+Amortization of goodwill

(¥ billion)

4. Investment etc. (Consolidated base)	Mar-2015		Mar-2016		Mar-2017		Mar-2018		Mar-2019	
	1H		1H		1H		1H		1H	Forecasts
Capital Investment	64.3	126.7	43.5	78.8	40.0	60.3	24.1	44.6	36.7	120.0
Real estate for sale (buildings* commercial facilities)	72.5	150.4	26.8	68.7	36.0	47.7	37.6	88.4	43.4	100.0
Land for sale (Condominiums* Detached housing)	27.7	74.8	13.9	54.0	18.9	41.0	4.7	36.7	6.7	50.0
Investment overseas	17.8	21.1	25.8	42.2	—	1.9	6.2	9.6	—	25.0

5. Cash Flows (Consolidated base)

CF from operating activities	(108.5)	(38.5)	2.3	87.9	(60.5)	68.9	(34.3)	12.3	(45.7)	—
CF from investing activities	(63.8)	(100.3)	(65.8)	(112.4)	(46.6)	(71.0)	(47.7)	(96.4)	(32.5)	—
CF from financing activities	140.0	139.2	35.0	(30.5)	126.5	23.0	94.6	82.4	102.8	—
Cash and cash equivalents at the end of the year	60.2	93.9	67.2	39.9	62.2	61.9	74.8	61.7	86.3	—

(¥ billion)

6. Segment Performance	Mar-2015 *1		Mar-2016 *2		Mar-2017		Mar-2018		Mar-2019	
	1H		1H		1H		1H		1H	Forecasts
Operating revenue	322.3	773.1	351.3	815.5	319.3	808.5	408.0	866.1	402.6	900.0
Urban Development	97.9	261.0	99.9	258.7	80.0	249.0	145.8	269.8	121.8	255.5
Residential	40.6	104.8	45.3	117.7	28.2	108.5	41.7	123.5	32.0	124.5
Property Management	64.0	136.1	68.9	145.2	70.3	148.6	72.8	160.9	80.7	174.2
Real-Estate Agents	26.9	61.4	34.5	80.3	36.8	82.1	44.4	99.3	51.4	108.0
Wellness	32.7	75.1	42.1	90.2	43.8	94.4	45.6	97.0	62.3	124.7
Tokyu Hands	41.6	87.9	47.4	95.7	48.4	97.2	49.1	97.1	49.3	98.7
Innovation business *2	27.8	68.3	24.0	51.2	22.0	49.6	19.8	41.7	17.6	49.1
Elimination	(9.3)	(21.5)	(10.9)	(23.7)	(10.1)	(20.9)	(11.2)	(23.3)	(12.5)	(34.8)
Operating profit	24.9	63.3	29.5	68.8	25.3	73.2	35.0	77.5	32.2	80.0
Urban Development	17.4	38.5	22.7	44.8	20.0	44.9	27.3	50.7	23.0	50.0
Residential	2.7	5.5	1.4	7.0	(0.9)	9.7	1.4	7.6	0.1	5.0
Property Management	3.6	9.1	3.8	8.0	2.8	8.1	3.3	8.2	3.3	8.4
Real-Estate Agents	3.0	9.4	4.0	10.2	5.6	11.3	6.6	13.2	6.4	14.0
Wellness	0.7	4.4	1.5	6.4	2.3	7.6	1.6	5.8	2.6	7.6
Tokyu Hands	(0.2)	0.9	0.3	1.1	(0.2)	0.3	(0.1)	0.4	0.1	0.7
Innovation business *2	0.3	1.2	(1.6)	(3.0)	(1.4)	(1.9)	(1.9)	(2.2)	(0.1)	0.9
Elimination	(2.5)	(5.7)	(2.7)	(5.7)	(3.0)	(6.6)	(3.0)	(6.3)	(3.2)	(6.7)
Operating Profit Ratio	7.7%	8.2%	8.4%	8.4%	7.9%	9.1%	8.6%	9.0%	8.0%	8.9%
Urban Development	17.7%	14.7%	22.8%	17.3%	25.0%	18.0%	18.7%	18.8%	18.9%	19.6%
Residential	6.6%	5.3%	3.1%	5.9%	(3.0)%	8.9%	3.3%	6.1%	0.4%	4.0%
Property Management	5.7%	6.7%	5.5%	5.5%	4.0%	5.4%	4.5%	5.1%	4.1%	4.8%
Real-Estate Agents	11.2%	15.3%	11.6%	12.7%	15.3%	13.8%	14.8%	13.3%	12.4%	13.0%
Wellness	2.0%	5.9%	3.6%	7.1%	5.3%	8.0%	3.5%	6.0%	4.2%	6.1%
Tokyu Hands	(0.5)%	1.0%	0.7%	1.1%	(0.4)%	0.3%	(0.3)%	0.4%	0.2%	0.8%
Innovation business *2	1.1%	1.7%	(6.5)%	(5.9)%	(6.4)%	(3.8)%	(9.6)%	(5.3)%	(0.7)%	1.8%

* 1. The Group reorganized its structure and reportable segments effective from the fiscal year ending March 31, 2015.

* 2. The Group reorganized its structure and reportable segments effective from the fiscal year ending March 31, 2016.

The segment name of "Business Innovation and Others" used until the fiscal year ended March 31, 2015, has been changed to "Innovation business"

(¥ billion)

6. Segment Performance	Mar-2015		Mar-2016		Mar-2017		Mar-2018		Mar-2019	
	1H		1H		1H		1H		1H	Forecasts
Assets	—	1,973.8	—	1,984.4	—	2,067.2	—	2,173.2	—	—
Urban Development	—	1,363.1	—	1,377.7	—	1,395.6	—	—	—	—
Residential	—	146.5	—	148.6	—	168.5	—	—	—	—
Property Management	—	89.6	—	91.9	—	91.0	—	—	—	—
Real-Estate Agents	—	57.1	—	59.8	—	66.4	—	—	—	—
Wellness	—	206.2	—	240.2	—	251.2	—	—	—	—
Tokyu Hands	—	36.0	—	38.4	—	39.3	—	—	—	—
Innovation business *2	—	77.0	—	56.3	—	94.6	—	—	—	—
Elimination	—	(1.8)	—	(28.5)	—	(39.5)	—	—	—	—
Depreciation	—	20.2	—	21.0	—	23.5	—	23.1	—	—
Urban Development	—	10.6	—	10.3	—	11.9	—	10.9	—	—
Residential	—	0.2	—	0.3	—	0.4	—	0.5	—	—
Property Management	—	0.8	—	0.7	—	1.1	—	1.1	—	—
Real-Estate Agents	—	1.2	—	1.2	—	1.2	—	1.2	—	—
Wellness	—	5.2	—	6.8	—	7.1	—	7.4	—	—
Tokyu Hands	—	1.2	—	1.3	—	1.5	—	1.5	—	—
Innovation business *2	—	1.0	—	0.3	—	0.1	—	0.1	—	—
Elimination	—	0.1	—	0.2	—	0.3	—	0.4	—	—
Capital expenditures	—	102.2	—	90.7	—	61.5	—	47.3	—	—
Urban Development	—	83.8	—	60.3	—	36.3	—	21.8	—	—
Residential	—	0.6	—	8.4	—	1.2	—	1.1	—	—
Property Management	—	1.8	—	2.3	—	1.9	—	2.1	—	—
Real-Estate Agents	—	1.6	—	1.9	—	1.2	—	1.8	—	—
Wellness	—	7.3	—	14.0	—	17.8	—	17.0	—	—
Tokyu Hands	—	3.5	—	3.2	—	1.4	—	1.3	—	—
Innovation business *2	—	3.0	—	0.3	—	0.8	—	1.0	—	—
Elimination	—	0.6	—	0.3	—	0.8	—	1.2	—	—

7. Segment Indicators

① Urban Development

(¥ billion)

Operating revenue	97.9	261.0	99.9	258.7	80.0	249.0	145.8	269.8	121.8	255.5
Leasing (Office buildings)	19.0	38.9	19.4	38.1	19.0	37.7	19.4	37.9	18.5	36.6
Leasing (commercial facilities)	17.3	36.6	19.9	39.3	21.8	43.8	21.7	42.9	20.8	41.3
Asset management etc.	34.0	129.7	34.9	126.6	10.8	102.2	65.4	107.3	40.9	89.0
Leasing (Residence) etc.	27.7	55.8	25.8	54.7	28.4	65.3	39.3	81.6	41.7	88.5
Vacancy rate	2.0%	2.8%	2.8%	0.9%	0.9%	2.0%	0.3%	0.5%	0.5%	—
Total floor area (thousand m ²)	1,582	1,548	1,538	1,580	1,590	1,458	1,451	1,438	1,426	—
Office	669	689	665	646	651	586	576	592	582	—
Commercial Facilities	913	859	873	934	939	872	875	846	844	—
Owned (Including SPC)	1,471	1,441	1,447	1,465	1,474	1,342	1,335	1,322	1,310	—
Subleased	111	107	91	116	116	116	116	116	116	—
Office for each area										—
Chiyoda, Chuo, Minato, Shinjuku, Shibuya	535	577	558	538	543	479	480	497	486	—
Other Tokyo districts (total 23 districts)	67	64	67	67	67	66	66	66	66	—
Other Metropolitan area	14	14	14	14	14	14	14	14	14	—
Kansai area and Others	53	34	26	26	26	26	16	16	16	—

7. Segment Indicators

	Mar-2015		Mar-2016		Mar-2017		Mar-2018		(thousand units)	
									Mar-2019	
	1H		1H		1H		1H		1H	Forecasts
①Urban Development										
No. of rental housing under management	—	—	—	—	—	124	—	128	133	—
No. of corporate housing under management	—	—	—	—	—	92	—	90	92	—
②Residential										
(¥ billion)										
Operating revenue	40.6	104.8	45.3	117.7	28.2	108.5	41.7	123.5	32.0	124.5
Condominiums	31.1	89.7	34.2	87.6	23.6	96.7	33.3	95.5	18.7	88.7
Detached housing	2.5	5.5	3.5	7.5	4.2	7.6	1.9	3.1	1.4	2.5
Other	7.0	9.6	7.6	22.7	0.4	4.2	6.5	25.0	12.0	33.4
No. of units sold *1	828	2,169	839	2,128	702	1,798	604	1,698	434	1,371
Condominiums	768	2,027	733	1,892	572	1,560	561	1,627	352	1,262
Detached housing	60	142	106	236	130	238	43	71	82	109
Inventory of completed units *1	221	348	477	427	244	472	344	635	430	—
Condominiums	162	303	439	396	229	457	332	629	422	—
Detached housing	59	45	38	31	15	15	12	6	8	—
No. of units supplied *1	1,099	2,201	1,036	2,143	776	1,401	684	1,565	594	1,710
Condominiums	1,030	2,061	953	2,013	713	1,285	650	1,491	553	1,650
Metropolitan area	598	1,173	553	1,081	365	701	221	627	197	1,000
Kansai area	383	699	324	791	297	501	355	729	214	500
Other area	49	189	76	141	51	83	74	135	142	150
Detached housing	69	140	83	130	63	116	34	74	41	60

*1 No. of units is after conversion for ownership share.

③Property Management

Condominium units	668,760	678,479	707,994	715,660	755,434	741,624	819,414	822,231	835,410	839,809
Number of office buildings	1,399	1,360	1,386	1,453	1,482	1,483	1,517	1,500	1,529	1,549

④Real-Estate Agents

Number of transactions	9,327	19,568	10,594	21,939	11,487	23,278	12,189	24,410	12,460	26,000
------------------------	-------	--------	--------	--------	--------	--------	--------	--------	--------	--------

⑤Wellness

	(¥ billion)									
Operating revenue	32.7	75.1	42.1	90.2	43.8	94.4	45.6	97.0	62.3	124.7
Golf course [20]	4.8	8.6	4.6	8.6	4.5	8.2	4.7	8.3	4.7	8.6
Harvest club [25]	7.4	14.7	7.4	14.7	7.7	15.2	7.9	15.4	8.1	16.3
Ski resort [8]	2.5	11.1	2.9	11.6	2.7	12.0	2.8	12.5	2.9	13.1
Oasis [36]	7.9	15.8	8.2	16.4	8.4	16.7	8.5	17.1	8.8	18.0
Senior housing [11]	3.1	6.4	3.2	6.5	3.1	6.5	3.8	7.5	3.9	7.9
TOKYU STAY [21]	—	—	4.2	8.7	5.0	10.0	5.2	10.6	6.7	13.2
Consignment welfare	—	—	3.8	7.7	4.4	8.9	4.6	9.2	5.0	9.8
Sales of country houses and membership	1.9	8.3	1.8	4.2	2.1	4.8	0.9	2.5	14.9	21.9
Other	5.2	10.3	6.0	11.9	5.9	12.0	7.2	13.8	7.4	15.9

[] No. of facilities as of September 30, 2018