

Financial Summary
FY2016 Third Quarter (First Nine Months)
Ended December 31, 2016

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on February 9, 2017 at 16:00 (GMT+9).
The review has not been completed.

1. Overview of the FY2016 Third Quarter (First Nine Months) Ended December 31, 2016

*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 income		Ordinary income		Profit attributable to owners of parent	
First nine months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2016	501,664	(8.5)	42,130	(10.9)	35,012	(9.3)	21,725	(8.6)
FY2015	548,132	15.9	47,262	24.9	38,595	31.3	23,779	58.9

Note: Comprehensive income: First nine months of FY2016 ¥17,767 million [(18.7)%]

First nine months of FY2015 ¥21,853 million [(4.7)%]

	Earnings per share	Fully diluted earnings per share
First nine months	(Yen)	(Yen)
FY2016	35.69	–
FY2015	39.06	–

(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 December 31, 2016	2,139,733	432,629	20.0	704.28
As of March 31, 2016	1,984,382	422,381	21.1	687.92

Reference: Equity: As of December 31, 2016 ¥428,741 million; As of March 31, 2016 ¥418,785 million

2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2015 ended March 31, 2016	–	5.50	–	6.50	12.00
FY2016 ending March 31, 2017	–	6.50	–		
FY2016 ending March 31, 2017 (Forecast)				6.50	13.00

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

3. Forecast for Fiscal Year 2016 Ending March 31, 2017

(% indicates year-on-year change.)

	Operating revenue		Operating income		Ordinary income		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	830,000	1.8	73,000	6.2	61,000	8.2	31,500	9.7	51.74

Note: Revisions to the forecasts most recently announced: None

* Indication regarding execution of quarterly review procedures

This quarterly financial summary report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial summary report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* 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.

Operating Results and Financial Position

1. Analysis of Operating Results

(1) Overview

Results for the first nine months ended December 31, 2016 showed ¥501.7 billion in operating revenue (down 8.5% from the same period of the previous fiscal year), ¥42.1 billion in operating income (down 10.9%), ¥35.0 billion in ordinary income (down 9.3%) and ¥21.7 billion in profit attributable to owners of parent (down 8.6%).

Revenues decreased due mainly to decreased bulk sales of land in the Residential segment, as well as to lower revenues from sales of properties including buildings for investors in the Urban Development segment. Operating income also decreased due mainly to a decrease in bulk sales of land in the Residential segment, same reason as with operating revenue, in spite of increases in profit in some segments including the Wellness segment in which performance remained strong at Tokyu Stay urban-type business hotel.

While the progress rates against the full-year forecast are at low levels due primarily to the facts that, in the Group, deliveries of properties tend to be concentrated at the end of the fiscal year in the Residential segment, the results for this period indicate steady progress is being made toward achieving the full-year forecast against the backdrop of strong market conditions for offices and condominiums.

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2015	FY2016			
Operating revenue	548.1	501.7	(46.5)	830.0	60.4%
Operating income	47.3	42.1	(5.1)	73.0	57.7%
Ordinary income	38.6	35.0	(3.6)	61.0	57.4%
Profit attributable to owners of parent	23.8	21.7	(2.1)	31.5	69.0%

Operating revenue and operating income

(Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2016	145.8	319.3	501.7	–
Operating revenue for FY2015	161.2	351.3	548.1	815.5
Operating income for FY2016	9.4	25.3	42.1	–
Operating income for FY2015	11.5	29.5	47.3	68.8

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

Operating revenue

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2015	FY2016			
Total	548.1	501.7	(46.5)	830.0	60.4%
Urban Development	168.3	143.0	(25.3)	260.0	55.0%
Residential	69.7	38.6	(31.1)	111.0	34.7%
Property Management	105.9	107.1	1.2	152.6	70.2%
Real-Estate Agents	50.2	52.8	2.6	83.3	63.3%
Wellness	63.9	67.3	3.5	95.0	70.9%
Tokyu Hands	72.8	74.1	1.3	100.9	73.5%
Innovation Business	33.4	33.8	0.4	54.2	62.3%
Adjustment for Inter-Company Transactions	(16.0)	(15.0)	1.0	(27.1)	—

Operating income

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2015	FY2016			
Total	47.3	42.1	(5.1)	73.0	57.7%
Urban Development	32.8	33.9	1.1	44.0	77.1%
Residential	5.2	(1.9)	(7.0)	8.9	—
Property Management	6.3	4.6	(1.6)	8.8	52.5%
Real-Estate Agents	5.8	6.6	0.8	10.9	60.4%
Wellness	3.2	5.3	2.1	7.6	70.4%
Tokyu Hands	1.2	0.3	(0.9)	0.9	39.4%
Innovation Business	(3.1)	(1.9)	1.3	(1.0)	—
Adjustment for Inter-Company Transactions	(4.0)	(4.9)	(0.9)	(6.9)	—

1) Urban Development

In our Urban Development business, we recorded ¥143.0 billion in operating revenue (down 15.0% from the same period of the previous fiscal year) and ¥33.9 billion in operating income (up 3.5%).

Although revenues decreased due in part to lower revenues from sales of properties including buildings for investors, profit increased due to contributing factors including the start of operations at “Tokyu Plaza Ginza” in the previous fiscal year and improvement in lease revenues from existing real estate.

In addition, the vacancy rate (office buildings and commercial facilities) remained at a low level of 0.8%.

(Unit:¥ billion)

	First nine months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	168.3	143.0	(25.3)	258.7	260.0
Operating income	32.8	33.9	1.1	44.8	44.0

Breakdown of operating revenue

(Unit:¥ billion)

	First nine months		Comparison	FY2015
	FY2015	FY2016		
Leasing (Office buildings)	28.7	28.6	(0.2)	38.1
Leasing (Commercial facilities)	29.5	32.8	3.4	39.3
Asset management etc.	71.1	39.4	(31.7)	126.6
Leasing (Residence) etc.	39.0	42.2	3.2	54.7

Vacancy rate of office buildings and commercial facilities

As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of December 31, 2016
1.8%	2.8%	0.9%	0.8%

2) Residential

In our Residential business, we recorded ¥38.6 billion in operating revenue (down 44.7% from the same period of the previous fiscal year) and ¥1.9 billion in operating loss.

Both revenues and profit decreased mainly due to lower revenues from sales of condominiums resulting in part from a decrease in the number of units sold, as well as to the absence of bulk sales of land recorded in the same period of the previous fiscal year. Since deliveries of condominiums are expected to concentrate in the fourth quarter under the full-year forecast, operating revenue for the first nine months ended December 31, 2016 was just ¥38.6 billion showing an operating loss. However, sales continued to perform well, and the ratio of contracted amount for sale to the planned sales amount for the full year for condominium became 94% (up 4 percentage points from the same period of the previous fiscal year). In addition, the inventory of completed units remained at a low level from the end of the previous fiscal year.

In this period, sales of condominium units in “Branz Yoyogi” (Shibuya-ku, Tokyo), “BAYZ TOWER & GARDEN” (Koto-ku, Tokyo), “Branz Kakogawa ekimae” (Kakogawa-shi, Hyogo) and others were recorded.

(Unit:¥ billion)

	First nine months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	69.7	38.6	(31.1)	117.7	111.0
Operating income	5.2	(1.9)	(7.0)	7.0	8.9

Breakdown of operating revenue

(Before adjustments in ¥ billion)

	First nine months				Comparison	FY2015	
	FY2015		FY2016				
Condominiums	936 units	42.9	714 units	31.9	(11.0)	1,892 units	87.6
Detached housing	145 units	4.5	196 units	5.5	1.0	236 units	7.5
Others	–	22.2	–	1.1	(21.1)	–	22.7

Number of units supplied and sold

(Units)

	First nine months				Inventory of completed units	
	FY2015		FY2016		As of March 31, 2016	As of December 31, 2016
	New supply	Contracted units	New supply	Contracted units		
Condominiums	1,403	1,464	1,060	1,017	396	178
Detached housing	94	122	67	92	31	25

3) Property Management

In our Property Management business, we recorded ¥107.1 billion in operating revenue (up 1.1% from the same period of the previous fiscal year), and ¥4.6 billion in operating income (down 26.1%).

Although revenues increased due to expansion in the stock of condominium and building management service sites at Tokyu Community Corp., profit decreased due partly to an increase in costs for strategically executing maintenance, enhancement, etc. of the management structure, and to the absence of completed construction of large-scale buildings recorded in the same period of the previous fiscal year. The stock of condominium management service sites continued to expand steadily, particularly in contracts as a designated manager of public housing, etc., to 757 thousand units (of which the number of units under comprehensive management was 512 thousand units) as of December 31, 2016.

(Unit:¥ billion)

	First nine months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	105.9	107.1	1.2	145.2	152.6
Operating income	6.3	4.6	(1.6)	8.0	8.8

Breakdown of operating revenue

(Unit:¥ billion)

	First nine months		Comparison	FY2015
	FY2015	FY2016		
Condominiums	76.7	77.7	1.0	105.6
Buildings	29.2	29.4	0.2	39.6

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

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of December 31, 2016
Condominiums (units)	641,591	678,479	715,660	757,178
Buildings (no. of contracts)	1,305	1,360	1,453	1,487

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥52.8 billion in operating revenue (up 5.1% from the same period of the previous fiscal year) and ¥6.6 billion in operating income (up 13.8%).

In operations by Tokyu Livable Inc., against the backdrop of the strong performance in the real estate transaction market, we are working on opening 15 new stores in retail sales, and striving to enhance services provided to individual clients, such as “Livable Anshin Agent Guarantee” and “Condominium Sales Premium Support.” In real-estate sales agent, the number of transactions and contract prices rose in retail sales, which led to an increase in revenues and profit.

(Unit:¥ billion)

	First nine months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	50.2	52.8	2.6	80.3	83.3
Operating income	5.8	6.6	0.8	10.2	10.9

Breakdown of operating revenue

(Unit:¥ billion)

	First nine months		Comparison	FY2015
	FY2015	FY2016		
Real-estate sales agent	34.0	36.8	2.8	48.4
Consignment sales	1.5	1.6	0.0	2.7
Real-estate sales	12.4	12.8	0.5	26.3
Others	2.3	1.5	(0.8)	3.0

5) Wellness

In our Wellness business, we recorded ¥67.3 billion in operating revenue (up 5.4% from the same period of the previous fiscal year) and ¥5.3 billion in operating income (up 63.6%).

Both revenues and profit increased due in part to higher revenues at Tokyu Stay urban-type business hotel, where there were a contribution from the new facilities and rises in occupancy rates and average daily rate at existing facilities. In addition, in sales of country houses and membership, there were membership registration fee revenue from “Tokyu Harvestclub Karuizawa & VIALA”, whose membership became available in this fiscal year, and also operating revenue from country house land sales.

(Unit:¥ billion)

	First nine months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	63.9	67.3	3.5	90.2	95.0
Operating income	3.2	5.3	2.1	6.4	7.6

Breakdown of operating revenue

(Unit:¥ billion)

	First nine months		Comparison	FY2015	
	FY2015	FY2016			
Resort operations	23.1	23.2	0.1	34.9	(Golf course, Harvest club, Ski resort, etc.)
Oasis	12.2	12.6	0.4	16.4	(Fitness club, etc.)
Senior housing	4.8	4.7	(0.1)	6.5	
Tokyu stay	6.4	7.6	1.1	8.7	(Hotel)
Consignment welfare	5.6	6.5	0.9	7.7	
Sales of country houses and membership	2.8	3.9	1.1	4.2	
Other	8.9	8.9	0.0	11.9	

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥74.1 billion in operating revenue (up 1.8% from the same period of the previous fiscal year) and ¥0.3 billion in operating income (down 71.4%).

At Tokyu Hands, Inc., taking the opportunity of the 40th anniversary of its founding, we conducted various campaigns, as well as made efforts to enhance the value of Tokyu Hands brand by strengthening our unique customer service contents, including a product demonstration program called “Hint Show.” Although revenues increased mainly due to a contribution from new stores, profit decreased due partly to a decline in revenues at existing stores (down 4.3%) and higher promotion expenses related to the anniversary campaigns.

The new stores that opened were “Tokyu Hands Nagasaki Store” in April 2016, “Tokyu Hands LaLaport Shonan Hiratsuka Store” and “Tokyu Hands Kanazawa Store” in October 2016, and the third overseas store “Tokyu Hands Suntec City Store” (Singapore) in November 2016.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2015	FY2016		FY2015	FY2016 forecast
Operating revenue	72.8	74.1	1.3	95.7	100.9
Operating income	1.2	0.3	(0.9)	1.1	0.9

7) Innovation Business

In Innovation Business, we recorded ¥33.8 billion in operating revenue (up 1.1% from the same period of the previous fiscal year) and ¥1.9 billion in operating loss.

Although revenues decreased in overseas operations due in part to the absence of sales of properties recorded in the same period of the previous fiscal year, both revenues and profit increased mainly due to the increase in completions of constructions in custom-built houses.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2015	FY2016		FY2015	FY2016 forecast
Operating revenue	33.4	33.8	0.4	51.2	54.2
Operating income	(3.1)	(1.9)	1.3	(3.0)	(1.0)

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2015	FY2016		FY2015	
Renovation / custom-built houses	20.2	24.9	4.7	32.6	
Landscape gardening	7.4	7.0	(0.4)	12.2	
Overseas operations, etc.	5.8	1.9	(3.9)	6.4	

(2) Analysis of Financial Position

As of the end of the third quarter ended December 31, 2016, total assets increased by ¥155.4 billion compared to the end of the previous fiscal year mainly due to increases in real estate for sale and non-current assets. Total liabilities also increased by ¥145.1 billion due mainly to an increase in interest-bearing debt, compared to the end of the previous fiscal year.

(Unit:¥ billion)

	As of December 31, 2015	As of December 31, 2016	(Reference) As of March 31, 2016
Total assets	2,009.2	2,139.7	1,984.4
Total liabilities	1,595.5	1,707.1	1,562.0
Net assets	413.8	432.6	422.4
Equity	410.7	428.7	418.8
Equity ratio	20.4%	20.0%	21.1%
Interest-bearing debt	1,171.4	1,254.9	1,106.1
DE ratio	2.9×	2.9×	2.6×

(3) Forecast for Fiscal Year 2016 Ending March 31, 2017

	Operating revenue (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)
Full-year forecast	830,000	73,000	61,000	31,500

Reference: Projected earnings per share (full-year): ¥51.74

There is no change from the forecasts announced on November 9, 2016.

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.

Third Quarter Consolidated Balance Sheets

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	As of March 31, 2016	As of December 31, 2016
Assets		
Current assets		
Cash and deposits	40,230	70,675
Notes and accounts receivable - trade	24,217	22,791
Securities	1,272	3,048
Merchandise	11,620	12,920
Real estate for sale	199,285	206,268
Real estate for sale in process	159,337	216,883
Costs on uncompleted construction contracts	5,751	9,841
Supplies	823	802
Other	49,570	61,224
Allowance for doubtful accounts	(165)	(150)
Total current assets	491,942	604,307
Non-current assets		
Property, plant and equipment		
Buildings and structures	398,216	402,271
Accumulated depreciation	(159,028)	(168,828)
Buildings and structures, net	239,187	233,443
Land	857,528	878,926
Construction in progress	56,887	69,827
Other	58,961	61,238
Accumulated depreciation	(35,588)	(37,711)
Other, net	23,373	23,527
Total property, plant and equipment	1,176,976	1,205,724
Intangible assets		
Goodwill	75,873	89,487
Other	30,730	23,969
Total intangible assets	106,603	113,457
Investments and other assets		
Investment securities	110,757	113,344
Lease and guarantee deposits	63,405	66,839
Other	35,572	36,833
Allowance for doubtful accounts	(877)	(772)
Total investments and other assets	208,858	216,244
Total non-current assets	1,492,439	1,535,425
Total assets	1,984,382	2,139,733

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

Account title	As of March 31, 2016	As of December 31, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,281	25,133
Short-term loans payable	215,450	302,873
Current portion of bonds	20,000	30,000
Commercial papers	58,000	128,000
Income taxes payable	9,355	7,422
Provision	10,723	5,589
Other	125,149	130,490
Total current liabilities	475,960	629,508
Non-current liabilities		
Bonds payable	80,000	100,000
Long-term loans payable	732,664	694,007
Long-term lease and guarantee deposited	174,058	177,443
Net defined benefit liability	28,473	28,941
Provision	179	195
Other	70,664	77,007
Total non-current liabilities	1,086,039	1,077,595
Total liabilities	1,562,000	1,707,103
Net assets		
Shareholders' equity		
Capital stock	60,000	60,000
Capital surplus	118,638	118,704
Retained earnings	219,855	233,666
Treasury shares	(1,789)	(1,790)
Total shareholders' equity	396,704	410,580
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,713	17,299
Revaluation reserve for land	7,741	7,741
Foreign currency translation adjustment	990	(4,223)
Remeasurements of defined benefit plans	(3,364)	(2,656)
Total accumulated other comprehensive income	22,080	18,161
Non-controlling interests	3,596	3,887
Total net assets	422,381	432,629
Total liabilities and net assets	1,984,382	2,139,733

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

Third Quarter Consolidated Statement of (Comprehensive) Income

(Third Quarter Consolidated Statement of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2015 (from April 1, 2015 to December 31, 2015)	First nine months FY2016 (from April 1, 2016 to December 31, 2016)
Operating revenue	548,132	501,664
Operating cost	433,347	389,179
Operating gross profit	114,785	112,485
Selling, general and administrative expenses	67,523	70,354
Operating income	47,262	42,130
Non-operating income		
Interest income	86	74
Dividend income	318	523
Other	454	319
Total non-operating income	858	918
Non-operating expenses		
Interest expenses	7,337	6,240
Other	2,187	1,796
Total non-operating expenses	9,525	8,036
Ordinary income	38,595	35,012
Extraordinary income		
Gain on sales of non-current assets	-	116
Gain on sales of investment securities	-	82
Total extraordinary income	-	199
Extraordinary losses		
Loss on disaster	-	1,158
Loss on liquidation of business	-	580
Other	-	377
Total extraordinary losses	-	2,116
Profit before income taxes	38,595	33,096
Income taxes	14,731	11,366
Profit	23,863	21,729
Profit attributable to non-controlling interests	84	4
Profit attributable to owners of parent	23,779	21,725

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

(Third Quarter Consolidated Statement of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2015 (from April 1, 2015 to December 31, 2015)	First nine months FY2016 (from April 1, 2016 to December 31, 2016)
Profit	23,863	21,729
Other comprehensive income		
Valuation difference on available-for-sale securities	(760)	586
Deferred gains or losses on hedges	73	-
Foreign currency translation adjustment	(1,708)	1,016
Remeasurements of defined benefit plans, net of tax	496	708
Share of other comprehensive income of entities accounted for using equity method	(111)	(6,272)
Total other comprehensive income	(2,010)	(3,961)
Comprehensive income	21,853	17,767
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,773	17,806
Comprehensive income attributable to non-controlling interests	80	(38)

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