

Financial Summary
FY2018 Third Quarter (First Nine Months)
Ended December 31, 2018

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on February 7, 2019 at 16:30 (GMT+9).
The review has not been completed.

1. Overview of the FY2018 Third Quarter (First Nine Months) Ended December 31, 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 nine months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2018	584,375	(4.0)	44,496	(19.1)	37,687	(22.1)	23,848	(18.1)
FY2017	608,847	21.4	54,999	30.5	48,354	38.1	29,108	34.0

Note: Comprehensive income: First nine months of FY2018 ¥20,533 million [(24.4)%]

First nine months of FY2017 ¥27,156 million [52.8%]

	Earnings per share	Fully diluted earnings per share
First nine months	(Yen)	(Yen)
FY2018	37.20	–
FY2017	47.82	–

(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, 2018	2,338,846	554,616	23.4	761.09
As of March 31, 2018	2,173,225	475,345	21.5	768.85

Reference: Equity: As of December 31, 2018 ¥547,137 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: None

* 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.

Operating Results and Financial Position

1. Analysis of Operating Results

(1) Overview

Results for the first nine months ended December 31, 2018 showed ¥584.4 billion in operating revenue (down 4.0% from the same period of the previous fiscal year), ¥44.5 billion in operating profit (down 19.1%), ¥37.7 billion in ordinary profit (down 22.1%) and ¥23.8 billion in profit attributable to owners of parent (down 18.1%).

While both revenues and profit decreased due mainly to lower revenues in the Urban Development and the Residential segments, against the backdrop of continued strong market conditions for offices and condominiums, results for this period are indicating steady progress toward achieving the full-year forecast. Although the progress rates against the full-year forecast are at low levels due primarily to the fact that deliveries of properties including buildings for investors and condominiums in the Urban Development and the Residential segments tend to be concentrated in the fourth quarter, we believe these figures represent steady progress toward achieving the full-year forecast.

The first nine months for FY2017 was from April 1, 2017 to December 31, 2017 and the first nine months for FY2018 was from April 1, 2018 to December 31, 2018.

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Operating revenue	608.8	584.4	(24.5)	900.0	64.9%
Operating profit	55.0	44.5	(10.5)	80.0	55.6%
Ordinary profit	48.4	37.7	(10.7)	70.0	53.8%
Profit attributable to owners of parent	29.1	23.8	(5.3)	37.0	64.5%

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	584.4	–
Operating revenue for FY2017	183.9	408.0	608.8	866.1
Operating profit for FY2018	11.8	32.2	44.5	–
Operating profit for FY2017	17.4	35.0	55.0	77.5

By segment, the four segments of Property Management, Real-Estate Agents, Wellness and Tokyu Hands saw an increase in revenues and profit, the Innovation Business segment saw a decrease in revenues but an increase in profit, and the two segments of Urban Development and Residential 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
	FY2017	FY2018			
Total	608.8	584.4	(24.5)	900.0	64.9%
Urban Development	192.3	166.3	(26.0)	255.5	65.1%
Residential	77.1	45.0	(32.1)	124.5	36.2%
Property Management	114.3	123.3	8.9	174.2	70.8%
Real-Estate Agents	66.9	83.8	16.9	108.0	77.6%
Wellness	69.2	88.3	19.1	124.7	70.9%
Tokyu Hands	74.1	74.4	0.2	98.7	75.3%
Innovation Business	31.1	26.8	(4.3)	49.1	54.5%
Adjustment for Inter-Company Transactions	(16.3)	(23.4)	(7.2)	(34.8)	—

Operating profit

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Total	55.0	44.5	(10.5)	80.0	55.6%
Urban Development	36.6	31.6	(5.0)	50.0	63.1%
Residential	6.9	(1.0)	(7.9)	5.0	—
Property Management	5.3	5.4	0.0	8.4	64.4%
Real-Estate Agents	9.1	9.6	0.4	14.0	68.3%
Wellness	3.1	3.2	0.1	7.6	42.5%
Tokyu Hands	0.5	0.7	0.2	0.7	100.5%
Innovation Business	(2.0)	0.3	2.2	0.9	28.7%
Adjustment for Inter-Company Transactions	(4.7)	(5.3)	(0.6)	(6.7)	—

1) Urban Development

In our Urban Development business, we recorded ¥166.3 billion in operating revenue (down 13.5% from the same period of the previous fiscal year) and ¥31.6 billion in operating profit (down 13.7%).

Although there was a contribution from the start of new facilities operations and 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, and lost earnings following the sales of properties in the previous fiscal year. We believe the performance represents steady progress toward achieving the full-year forecast, considering that deliveries and sales of properties, including buildings for investors, will be concentrated in the fourth quarter.

The vacancy rate (office buildings and commercial facilities) remained at a low level of 0.8%, supported by strong demand.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	192.3	166.3	(26.0)	269.8	255.5
Operating profit	36.6	31.6	(5.0)	50.7	50.0

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	
Leasing (Office buildings)	28.7	27.6	(1.1)	37.9	
Leasing (Commercial facilities)	32.5	31.2	(1.3)	42.9	
Asset management etc.	72.5	43.3	(29.3)	107.3	
Leasing (Residence) etc.	58.6	64.2	5.6	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 December 31, 2018
0.9%	2.0%	0.5%	0.8%

2) Residential

In our Residential business, we recorded ¥45.0 billion in operating revenue (down 41.6% from the same period of the previous fiscal year) and ¥1.0 billion in operating loss.

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 90% (up 1 percentage point 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.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	77.1	45.0	(32.1)	123.5	124.5
Operating profit	6.9	(1.0)	(7.9)	7.6	5.0

Breakdown of operating revenue

	First nine months				Comparison	(Unit:¥ billion)	
	FY2017		FY2018			FY2017	
Condominiums	1,021 units	62.7	611 units	30.9	(31.8)	1,627 units	95.5
Detached housing	54 units	2.5	99 units	1.7	(0.8)	71 units	3.1
Others	–	11.8	–	12.4	0.6	–	25.0

Number of units supplied and sold

	First nine months				Inventory of completed units	
	FY2017		FY2018		As of March 31, 2018	As of December 31, 2018
	New supply	Contracted units	New supply	Contracted units		
Condominiums	1,021	918	1,179	1,223	629	369
Detached housing	41	55	51	49	6	9

3) Property Management

In our Property Management business, we recorded ¥123.3 billion in operating revenue (up 7.8% from the same period of the previous fiscal year), and ¥5.4 billion in operating profit (up 0.8%).

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 837 thousand units (of which the number of units under comprehensive management was 524 thousand units) as of December 31, 2018.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	114.3	123.3	8.9	160.9	174.2
Operating profit	5.3	5.4	0.0	8.2	8.4

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)
	FY2017	FY2018		FY2017
Condominiums	80.3	83.4	3.0	111.6
Buildings	34.0	39.9	5.9	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 December 31, 2018
Condominiums (units)	715,660	741,624	822,231	837,982
Buildings (no. of contracts)	1,453	1,483	1,500	1,543

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥83.8 billion in operating revenue (up 25.2% from the same period of the previous fiscal year) and ¥9.6 billion in operating profit (up 4.5%).

Both revenues and profit increased mainly due to greater revenues resulting mainly from an increase in the number of transactions primarily in retail sales of the real-estate sales agent business at Tokyu Livable Inc., as well as to an increase in sales of entire residential buildings for investment and sales from purchase and resale transactions in real-estate sales business.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	66.9	83.8	16.9	99.3	108.0
Operating profit	9.1	9.6	0.4	13.2	14.0

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	
Real-estate sales agent	39.4	40.4	1.0	54.9	
Consignment sales	1.6	1.8	0.2	2.7	
Real-estate sales	23.8	40.1	16.3	39.0	
Others	2.1	1.5	(0.6)	2.7	

5) Wellness

In our Wellness business, we recorded ¥88.3 billion in operating revenue (up 27.6% from the same period of the previous fiscal year) and ¥3.2 billion in operating profit (up 4.5%).

Both revenues and profit increased mainly due to greater revenues in sales of country houses and membership business from the delivery of co-ownership shares and property sales at the membership resort hotel “Tokyu Harvest Club Karuizawa & VIALA” (Kitasaku-gun, Nagano) which opened in July 2018, 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 a resort hotel “Hyatt Regency Seragaki Island Okinawa” (Kunigami-gun, Okinawa) in August and five Tokyu Stay facilities including “Tokyu Stay Sapporo” (Sapporo-shi, Hokkaido) and “Tokyu Stay Kyoto Shin-Kyogoku Dori” (Kyoto-shi, Kyoto), 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 nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	69.2	88.3	19.1	97.0	124.7
Operating profit	3.1	3.2	0.1	5.8	7.6

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	
Resort operations	23.9	24.7	0.8	36.3	(Golf course, Harvest club, Ski resort, etc.)
Oasis	12.8	13.2	0.4	17.1	(Fitness club, etc.)
Senior housing	5.6	5.9	0.3	7.5	
Tokyu stay	7.9	10.2	2.3	10.6	(Urban style hotel)
Consignment welfare	6.8	7.3	0.5	9.2	
Sales of country houses and membership	1.8	15.8	13.9	2.5	
Others	10.4	11.3	0.9	13.8	

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥74.4 billion in operating revenue (up 0.3% from the same period of the previous fiscal year) and ¥0.7 billion in operating profit (up 42.3%).

At Tokyu Hands, Inc., although revenues decreased at existing stores (down 2.1%), 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 “Tokyu Hands Takasaki Store” (Takasaki-shi, Gunma) in November; and in September, “Tokyu Hands Mozo Wonder City Nagoya Store” (Nagoya-shi, Aichi) opened as a franchise store.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	74.1	74.4	0.2	97.1	98.7
Operating profit	0.5	0.7	0.2	0.4	0.7

7) Innovation Business

In our Innovation Business, we recorded ¥26.8 billion in operating revenue (down 14.0% from the same period of the previous fiscal year) and ¥0.3 billion in operating profit.

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.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2017	FY2018		FY2017	FY2018 forecast
Operating revenue	31.1	26.8	(4.3)	41.7	49.1
Operating profit	(2.0)	0.3	2.2	(2.2)	0.9

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)
	FY2017	FY2018		FY2017
Renovation / custom-built houses	20.5	14.2	(6.2)	26.3
Landscape gardening	7.9	7.9	0.0	12.0
Overseas operations, etc.	2.7	4.6	1.9	3.4

(2) Analysis of Financial Position

As of the end of the third quarter ended December 31, 2018, total assets increased by ¥165.6 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 ¥86.4 billion compared to the end of the previous fiscal year due mainly to an increase in interest-bearing debt. Net assets increased by ¥79.3 billion compared to the end of the previous fiscal year due to an increase in equity mainly 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 third quarter ended December 31, 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 December 31, 2017	As of December 31, 2018	(Reference) As of March 31, 2018	
Total assets	2,196.6	2,338.8	2,173.2	
Total liabilities	1,731.1	1,784.2	1,697.9	
Net assets	465.5	554.6	475.3	
Equity	461.1	547.1	468.1	As of March 31, 2019 (Forecast)
Equity ratio	21.0%	23.4%	21.5%	1,320.0
Interest-bearing debt	1,273.0	1,317.4	1,210.4	2.3×
DER	2.8×	2.4×	2.6×	

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

	Operating revenue (Billions of yen)	Operating profit (Billions of yen)	Ordinary profit (Billions of yen)	Profit attributable to owners of parent (Billions of yen)
Full-year forecast	900.0	80.0	70.0	37.0

Reference: Projected earnings per share (full-year): ¥56.14

There is no change from the forecasts announced on November 8, 2018.

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, 2018	As of December 31, 2018
Assets		
Current assets		
Cash and deposits	62,785	80,696
Notes and accounts receivable - trade	31,042	28,546
Securities	15,831	17,355
Merchandise	11,759	12,722
Real estate for sale	207,705	196,524
Real estate for sale in process	260,138	370,476
Costs on uncompleted construction contracts	5,858	10,412
Supplies	746	834
Other	54,084	58,291
Allowance for doubtful accounts	(110)	(125)
Total current assets	649,841	775,736
Non-current assets		
Property, plant and equipment		
Buildings and structures	404,150	420,136
Accumulated depreciation	(179,695)	(189,826)
Buildings and structures, net	224,455	230,309
Land	813,087	804,711
Construction in progress	79,430	109,254
Other	64,322	70,528
Accumulated depreciation	(40,624)	(43,336)
Other, net	23,698	27,191
Total property, plant and equipment	1,140,671	1,171,466
Intangible assets		
Goodwill	82,553	78,487
Other	24,944	26,204
Total intangible assets	107,498	104,692
Investments and other assets		
Investment securities	159,863	168,911
Lease and guarantee deposits	72,829	74,637
Other	42,871	43,366
Allowance for doubtful accounts	(351)	(354)
Total investments and other assets	275,213	286,560
Total non-current assets	1,523,383	1,562,719
Deferred assets		
Share issuance cost	-	391
Total deferred assets	-	391
Total assets	2,173,225	2,338,846

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

Account title	As of March 31, 2018	As of December 31, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,977	29,474
Short-term loans payable	179,532	246,399
Current portion of bonds	10,000	10,000
Commercial papers	–	20,000
Income taxes payable	8,739	10,303
Provision	12,035	7,106
Other	147,063	144,551
Total current liabilities	394,348	467,834
Non-current liabilities		
Bonds payable	185,825	195,825
Long-term loans payable	835,018	845,205
Long-term lease and guarantee deposited	179,963	181,267
Net defined benefit liability	29,646	29,188
Provision	84	75
Other	72,993	64,834
Total non-current liabilities	1,303,531	1,316,396
Total liabilities	1,697,879	1,784,230
Net assets		
Shareholders' equity		
Capital stock	60,000	77,562
Capital surplus	119,188	166,675
Retained earnings	270,095	284,801
Treasury shares	(2,197)	(463)
Total shareholders' equity	447,087	528,574
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,796	13,265
Deferred gains or losses on hedges	(169)	(960)
Revaluation reserve for land	8,067	8,067
Foreign currency translation adjustment	1,319	(258)
Remeasurements of defined benefit plans	(1,959)	(1,551)
Total accumulated other comprehensive income	21,053	18,562
Non-controlling interests	7,204	7,478
Total net assets	475,345	554,616
Total liabilities and net assets	2,173,225	2,338,846

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

Third Quarter Consolidated Statements of (Comprehensive) Income

(Third Quarter Consolidated Statements of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2017 (from April 1, 2017 to December 31, 2017)	First nine months FY2018 (from April 1, 2018 to December 31, 2018)
Operating revenue	608,847	584,375
Operating cost	477,534	459,727
Operating gross profit	131,313	124,648
Selling, general and administrative expenses	76,313	80,151
Operating profit	54,999	44,496
Non-operating income		
Interest income	78	101
Dividend income	350	602
Other	495	561
Total non-operating income	925	1,265
Non-operating expenses		
Interest expenses	5,925	6,884
Other	1,644	1,190
Total non-operating expenses	7,570	8,074
Ordinary profit	48,354	37,687
Extraordinary income		
Gain on sales of non-current assets	2	-
Gain on sales of investment securities	3	-
Total extraordinary income	6	-
Extraordinary losses		
Loss on disaster	-	474
Loss on building reconstruction	665	-
Impairment loss	339	37
Other	79	-
Total extraordinary losses	1,083	512
Profit before income taxes	47,277	37,175
Income taxes	18,033	14,107
Profit	29,243	23,068
Profit (loss) attributable to non-controlling interests	135	(780)
Profit attributable to owners of parent	29,108	23,848

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

(Third Quarter Consolidated Statements of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2017 (from April 1, 2017 to December 31, 2017)	First nine months FY2018 (from April 1, 2018 to December 31, 2018)
Profit	29,243	23,068
Other comprehensive income		
Valuation difference on available-for-sale securities	(1,913)	(530)
Deferred gains or losses on hedges	82	(807)
Foreign currency translation adjustment	881	(1,950)
Remeasurements of defined benefit plans, net of tax	696	408
Share of other comprehensive income of entities accounted for using equity method	(1,835)	345
Total other comprehensive income	(2,087)	(2,534)
Comprehensive income	27,156	20,533
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	27,024	21,358
Comprehensive income attributable to non- controlling interests	132	(824)

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