

# Financial Highlights

FY2020 Second Quarter (First Six Months)

Ended September 30, 2020

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.

# Contents

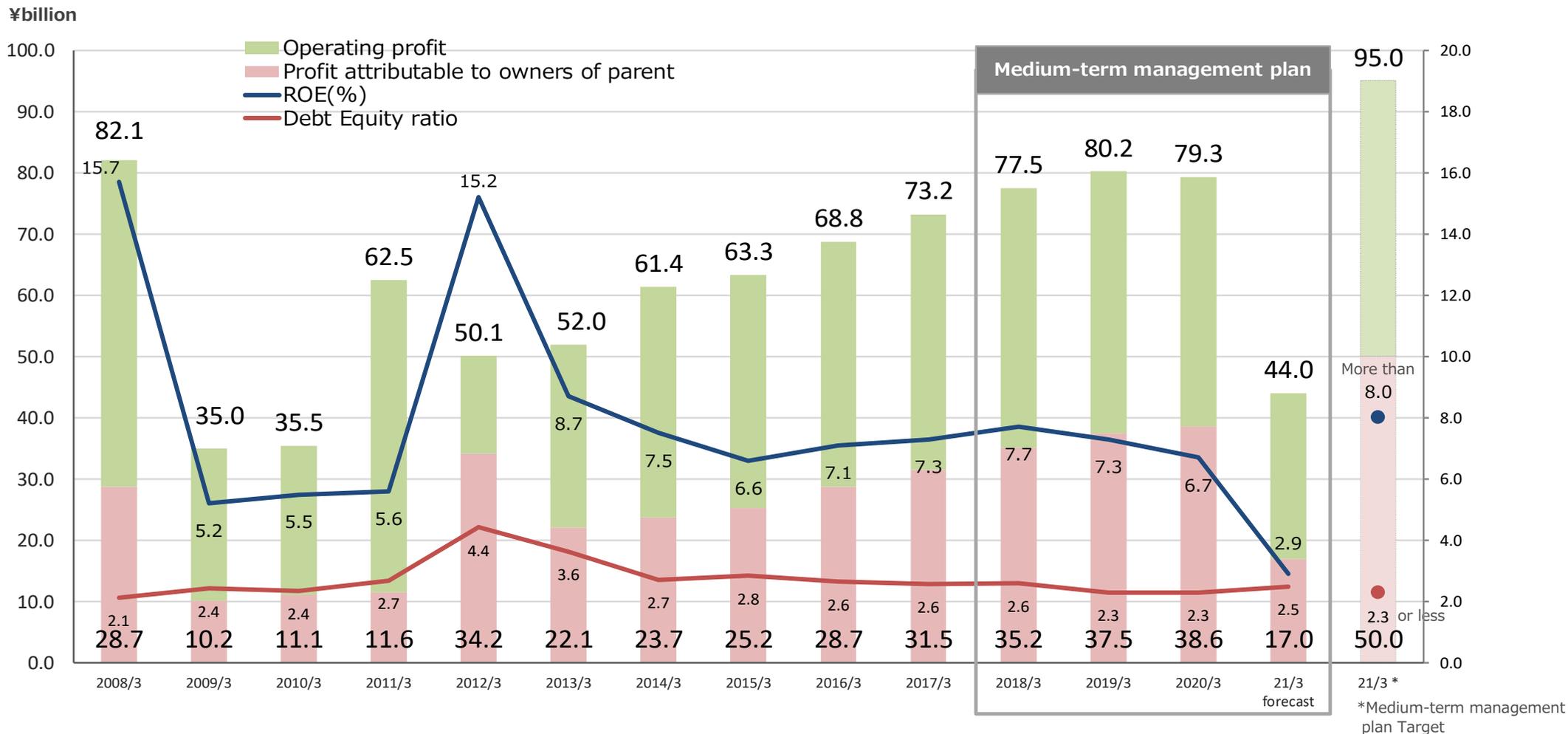
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# Trends in Results and Policies of FY2020 Earnings Forecasts

The Medium-Term Management Plan made good progress, but the business environment changed dramatically in the final year. (fiscal year ending March 2021)

■ Assumptions for the forecast for the fiscal year ending March 31, 2021  
 Business activity was restricted considerably in Q1 due to the spread of the coronavirus. Assuming that business activity will recover gradually from Q2, but recovery will be more difficult than expected in certain businesses, the Company has revised its earnings forecast.



# Activity policy for the fiscal year ending March 2021

The Company will overhaul its business to ensure sustainability and will formulate a long-term management policy, considering a paradigm shift.

## Environmental recognition

- Continuing a behavioral pattern, assuming coexistence with the coronavirus
- Close attention on changes in the real estate market during a downturn
- The beginning of a paradigm shift that changes social values

## The Group's policies

### ■ Ensuring the Group's sustainability

- Prioritize the safety of customers, employees, and other stakeholders
- Review costs thoroughly
- Provide products and services in response to new lifestyles
- Assess investment opportunities, taking advantage of changes in market conditions
- Promote unity within the Group and among employees to overcome the crisis

### ■ Reforms in response to a paradigm shift

The Group needs to evolve its business model in line with its social mission and to create new business opportunities.

- Accelerating digitization and promoting digital transformation in each business
- Increasing efficiency in existing businesses (restructuring unprofitable businesses)
- Changing the business models to ones that enable growth (particularly in the Wellness and Tokyu Hands segments) in the new normal

- Continuing growth investment and maintaining fiscal discipline

⇒ Planning hybrid finance

- Formulating a long-term management policy that includes the above

**Overview of the FY2020 Second Quarter (First Six Months)  
Ended September 30, 2020 and  
Forecast for the Fiscal Year Ending March 31, 2021**

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# FY2020 Q2 Financial Highlights

Both revenue and profit decreased in the second quarter of FY2020  
Revised the Forecast for FY2020

## Result Highlights

<Results of the FY2020 Second Quarter Ended September 30, 2020>

¥383.9 billion in operating revenue, ¥17.0 billion in operating profit and ¥0.6 billion in profit attributable to owners of parent.

Both revenue and profit decreased due to the impact of the spread of COVID-19, mainly in the Wellness segment and Tokyu Hands segment, and a reactionary drop because of the simultaneous recording of large-scale condominium properties in the same period of the previous fiscal year, despite an increase in revenues and profit because of an increase in revenues from sales of properties including buildings for investors in the Urban Development segment.

## Forecast Highlights

<Forecast for the fiscal year ending March 31, 2021 >

¥895.0 billion in operating revenue, ¥44.0 billion in operating profit and ¥17.0 billion in profit attributable to owners of parent.

The spread of the coronavirus pandemic has been prolonged and has had greater-than-expected adverse effects on operations and the number of customers particularly in the Wellness and Tokyu Hands segments. Assuming that this trend will last in the second half, the Company has revised the initial earnings forecast. However, emphasizing shareholder return, the Company will not change the initial dividend forecast and will pay 16.0 yen to maintain stable dividends.

## Topics

- Tokyo PortCity Takeshiba, one of the largest office buildings of the Group, was completed and opened.
- In the renewable energy business, the investment balance at 167 billion yen due to steady progress on investment.
- Plan to implement hybrid financing with the aim of improving financial soundness and capital efficiency, and sustainable growth investment.

# FY2020 Q2 (First Six Months) Operating Results

Declines in revenue and profit, reflecting the effects of the spread of the coronavirus, chiefly in the BtoC business.

(¥ billion)	Q2 First Six Months (ended Sep-30)			Full-year (ended Mar-31)		Progress	Compared to the same period last year
	FY2019	FY2020	Comparison	FY2019	FY2020 Forecast **		
<b>Operating revenue</b>	<b>412.5</b>	<b>383.9</b>	<b>(28.6)</b>	<b>963.2</b>	<b>895.0</b>	<b>42.9%</b>	<p>□ <b>Operating revenue, Operating profit</b> Revenue and profit both decreased due to the impact of the spread of COVID-19, mainly in the Wellness segment and Tokyu Hands segment, and a reactionary drop because of the simultaneous recording of large-scale condominium properties in the same period of the previous fiscal year, despite an increase in revenues and profit because of an increase in revenues from sales of properties including buildings for investors in the Urban Development segment.</p> <p>□ <b>Extraordinary losses</b> Recorded 6.6 billion yen in extraordinary loss on COVID-19 impact.</p>
<b>Operating profit</b>	<b>31.7</b>	<b>17.0</b>	<b>(14.7)</b>	<b>79.3</b>	<b>44.0</b>	<b>38.6%</b>	
Non-operating income	0.6	1.3	0.7	1.4	–	–	
Non-operating expenses	6.2	6.2	(0.1)	13.3	–	–	
<b>Ordinary profit</b>	<b>26.1</b>	<b>12.1</b>	<b>(14.0)</b>	<b>67.5</b>	<b>34.0</b>	<b>35.6%</b>	
Extraordinary income	–	2.1	2.1	0.1	–	–	
Extraordinary losses	0.7	6.8	6.1	4.6	–	–	
Income before income taxes and minority interests	25.3	7.4	(18.0)	63.0	–	–	
<b>Profit attributable to owners of parent</b>	<b>14.4</b>	<b>0.6</b>	<b>(13.8)</b>	<b>38.6</b>	<b>17.0</b>	<b>3.5%</b>	
Total assets	2,485.7	2,612.1	126.4	2,487.4	–	–	
Interest-bearing Debt	1,399.4	1,495.0	95.6	1,361.0	1,480.0	–	
Equity	575.1	579.3	4.2	583.3	–	–	
Equity ratio	23.1%	22.2%	(1.0)P	23.5%	–	–	
<b>D/E ratio</b>	<b>2.4</b>	<b>2.6</b>	<b>0.1</b>	<b>2.3</b>	<b>2.5</b>	–	
EBITDA	–	–	–	117.1	87.8	–	
<b>EBITDA multiple</b>	–	–	–	<b>11.6</b>	<b>16.9</b>	–	

\* Figures in brackets show amounts posted, and figures with the mark + or figures in parentheses show increases or decreases. (The same will apply in the following pages.)  
EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Profit Before Depreciation) \*\* The figures are the revised forecast that we announced on November 9, 2020.

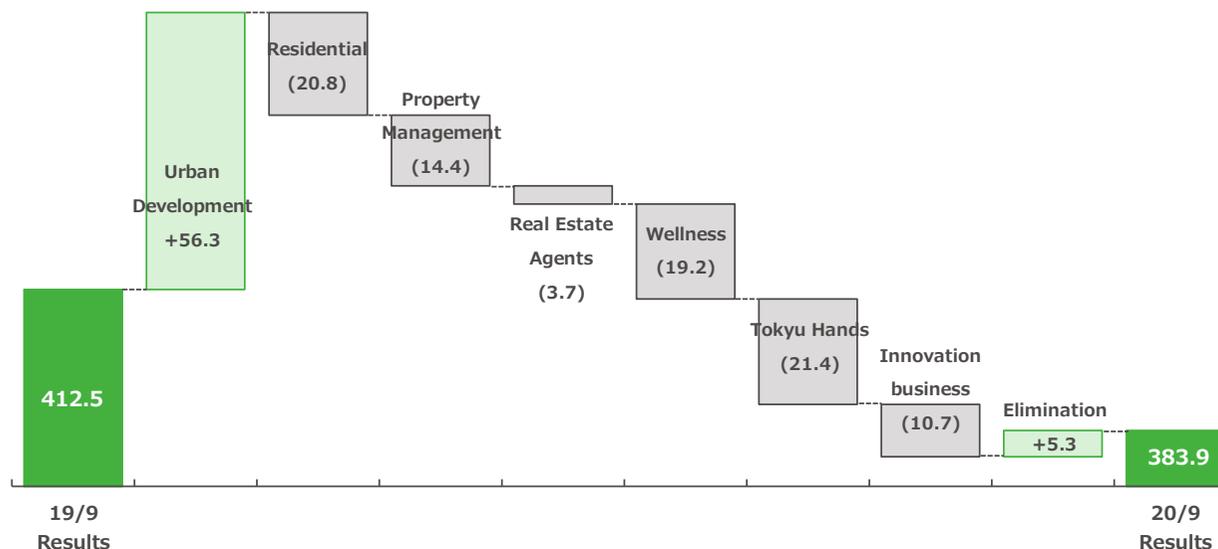
# FY2020 Q2 (First Six Months) Segment performance

Both revenue and profit increased in the Urban Development segment. Both revenue and profit decreased in the other 6 segments.

## 〈Changes in revenue〉

(¥billion)

	FY2019 2Q	FY2020 2Q	Comparison
Results	412.5	383.9	(28.6)

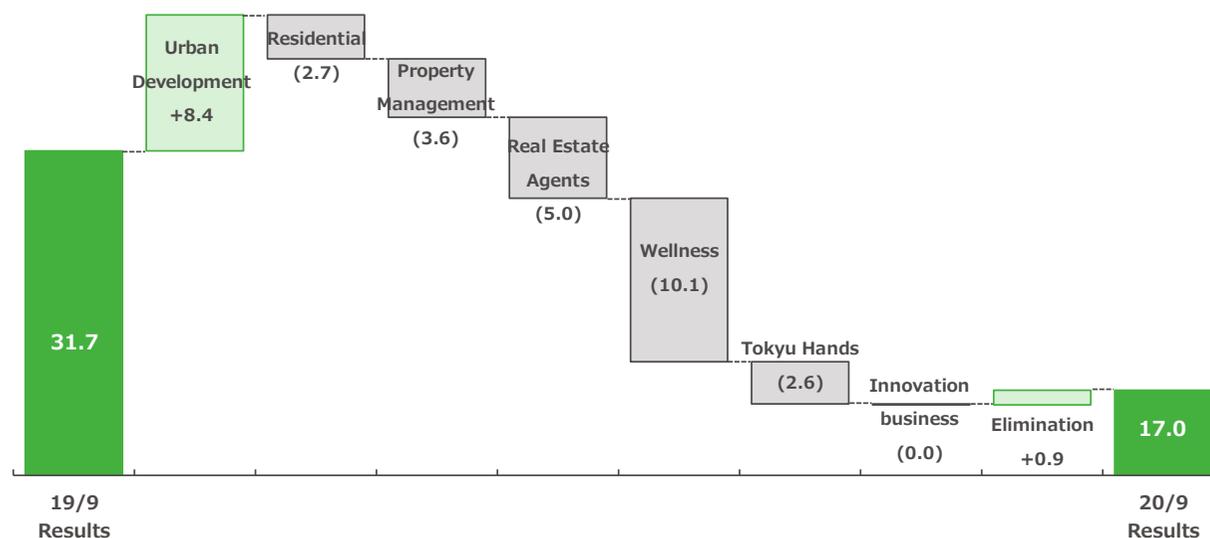


## 〈Changes in profit〉

(¥billion)

	FY2019 2Q	FY2020 2Q	Comparison
Results	31.7	17.0	(14.7)

(Extraordinary loss on COVID-19 impact : 6.6 billion yen)



## FY2020 Q2 (First Six Months) Summary of balance sheets

Increases in both assets and liabilities, mainly reflecting expansion of property and equipment, intangible assets and procurement of necessary capital.

(¥ billion)	FY2019	FY2020		(¥ billion)	FY2019	FY2020	
	As of Mar-31, 2020	As of Sep-30, 2020	Comparison		As of Mar-31, 2020	As of Sep-30, 2020	Comparison
Cash and deposits	97.6	104.2	6.6	<b>Interest-bearing Debt</b>	<b>1,361.0</b>	<b>1,495.0</b>	<b>134.0</b>
Real estate for sale	658.0	672.0	14.0	Deposits	260.5	251.7	(8.8)
<b>Property and equipment, Intangible assets</b>	<b>1,192.7</b>	<b>1,275.0</b>	<b>82.3</b>	Trade payables etc.	106.5	103.6	(3.0)
Goodwill	71.7	69.1	(2.6)	Other	165.0	169.7	4.6
Other investments	312.2	334.5	22.3	<b>Total liabilities</b>	<b>1,893.1</b>	<b>2,020.0</b>	<b>126.9</b>
Accounts receivable etc.	55.6	47.6	(8.0)	<b>Equity</b>	<b>583.3</b>	<b>579.3</b>	<b>(4.0)</b>
Other	99.5	109.6	10.1	Non-controlling interests	11.0	12.8	1.8
<b>Total assets</b>	<b>2,487.4</b>	<b>2,612.1</b>	<b>124.7</b>	<b>Total net assets</b>	<b>594.2</b>	<b>592.1</b>	<b>(2.2)</b>

# Summary of Cash Flows

Cash provided by financing activities was spent on investment in non-current assets (cash flow from investing activities) and investment in inventories (cash flow from operating activities).

(¥billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Main factors for changes
Net cash provided by (used in) operating activities	(113.0)	(16.4)	Profit before income taxes+7.4, Depreciation+18.4, Notes and accounts payable trade(16.2), Inventories(14.1)
Net cash provided by (used in) investment activities	(97.2)	(107.3)	Purchase of non-current assets(86.7)
Net cash provided by (used in) financing activities	108.4	130.3	Long-term loans payable+109.7, Short-term loans payable+69.6, Repayments of long-term borrowings(40.6)
cash and cash equivalents at end of period	83.1	103.8	

## 〈Information: investment actuals records and plans〉

(¥ billion)	FY2018 Mar-2019 **	FY2019 Mar-2020 **	FY2020 Q2(Apr-Sep)**	Mar-2021 Forecast**
Land and buildings for sale * (buildings, commercial facilities and others)	96.8	70.4	36.4	90.0
Land for sale (condominiums and others)	40.5	24.9	0.1	20.0
Overseas investment amount *	11.9	25.3	12.1	20.0
Capital investment	89.8	136.1	80.4	120.0

\* Includes capital contributions.

\*\* Includes investments in the Greater Shibuya Area of 46 billion yen made in FY ended March 2019, 58.3 billion yen made in FY ended March 2020, 10.2 billion yen made in FY2020 Q2 and 15 billion yen scheduled for FY ending March 2021.

# FY2020 Earnings Forecasts

Both revenue and profit are likely to fall due to the spread of the coronavirus.

Full-year (¥ billion)	FY2019 Mar-2020	FY2020 Mar-2021 Forecast	Comparison	Initial Forecast	Projected Change	Compared to the same period last year
<b>Operating revenue</b>	<b>963.2</b>	<b>895.0</b>	<b>(68.2)</b>	<b>930.0</b>	<b>(35.0)</b>	<input type="checkbox"/> <b>Operating revenue, Operating profit</b> Both revenue and profit will decrease due to the impact of the spread of COVID-19, mainly in the Wellness segment and Tokyu Hands segment.
<b>Operating profit</b>	<b>79.3</b>	<b>44.0</b>	<b>(35.3)</b>	<b>50.0</b>	<b>(6.0)</b>	
Non-operating income	1.4	—	—	—	—	
Non-operating expenses	13.3	—	—	—	—	
<b>Ordinary profit</b>	<b>67.5</b>	<b>34.0</b>	<b>(33.5)</b>	<b>39.0</b>	<b>(5.0)</b>	
Extraordinary income	0.1	—	—	—	—	
Extraordinary losses	4.6	—	—	—	—	
Income before income taxes and minority interests	63.0	—	—	—	—	
<b>Profit attributable to owners of parent</b>	<b>38.6</b>	<b>17.0</b>	<b>(21.6)</b>	<b>26.0</b>	<b>(9.0)</b>	
<b>EPS (Yen)</b>	<b>53.70</b>	<b>23.64</b>	<b>(30.06)</b>	<b>36.15</b>	<b>(12.51)</b>	
Total assets	2,487.4	—	—	—	—	<input type="checkbox"/> <b>Interest-bearing Debt</b> An increase of ¥119.0 billion is planned due to the progress of investments in development projects and others.
<b>Interest-bearing Debt</b>	<b>1,361.0</b>	<b>1,480.0</b>	<b>119.0</b>	<b>1,480.0</b>	—	
Equity	583.3	—	—	—	—	
Equity ratio	23.5%	—	—	—	—	
<b>D/E ratio</b>	<b>2.3</b>	<b>2.5</b>	<b>0.2</b>	<b>2.5</b>	—	
EBITDA	117.1	87.8	(29.2)	95.2	(7.3)	
<b>EBITDA multiple</b>	<b>11.6</b>	<b>16.9</b>	<b>5.2</b>	<b>15.6</b>	<b>1.3</b>	
<b>ROE</b>	<b>6.7%</b>	<b>2.9%</b>	<b>(3.8)P</b>	<b>4.4%</b>	<b>(1.5)P</b>	<input type="checkbox"/> <b>D/E ratio</b> 2.5 times(Plan)

\* EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Profit Before Depreciation)

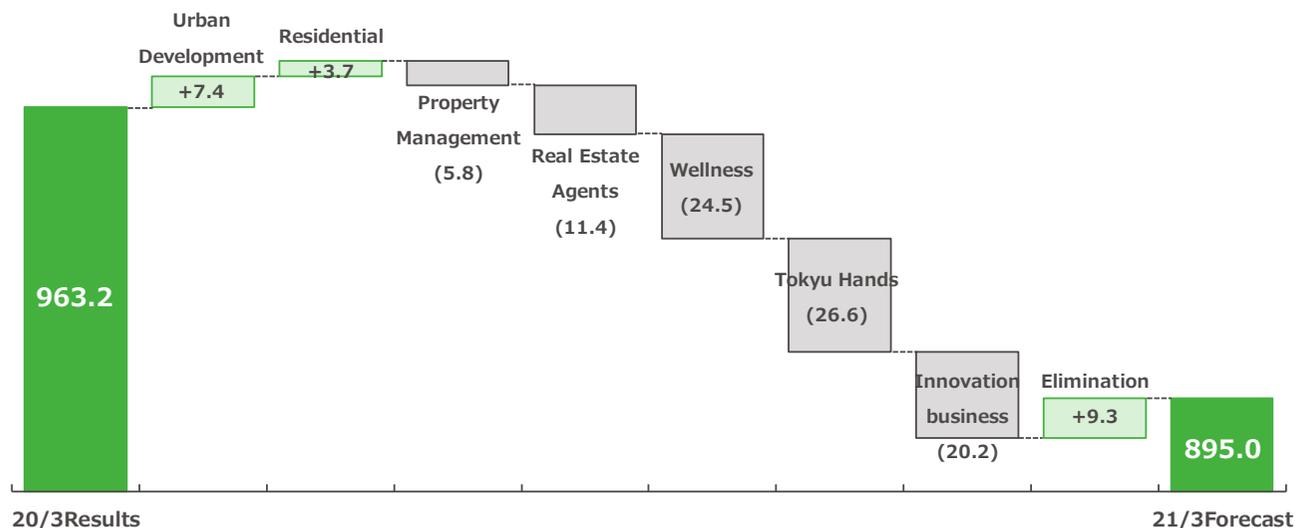
# FY2020 Forecast (Segment performance)

Both revenue and profit are expected to decrease due to the spread of the coronavirus.

## 〈Changes in revenue〉

(¥billion)

FY2019 Results	FY2020 Forecast	Comparison
963.2	895.0	(68.2)

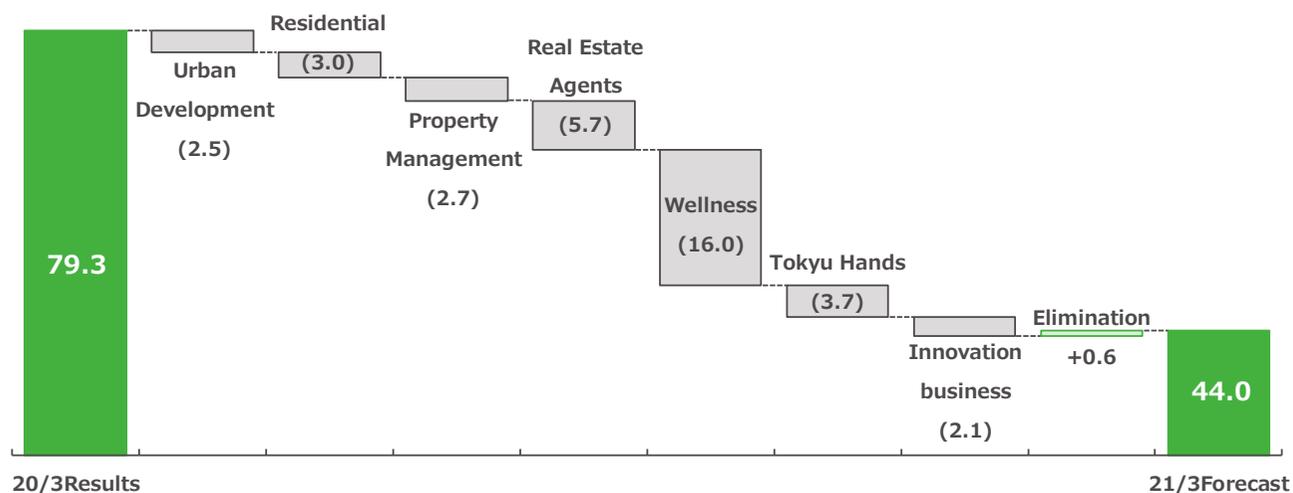


## 〈Changes in profit〉

(¥billion)

FY2019 Results	FY2020 Forecast	Comparison
79.3	44.0	(35.3)

(Extraordinary loss on COVID-19 impact : recorded 6.6 billion yen in FY2020 Q2)

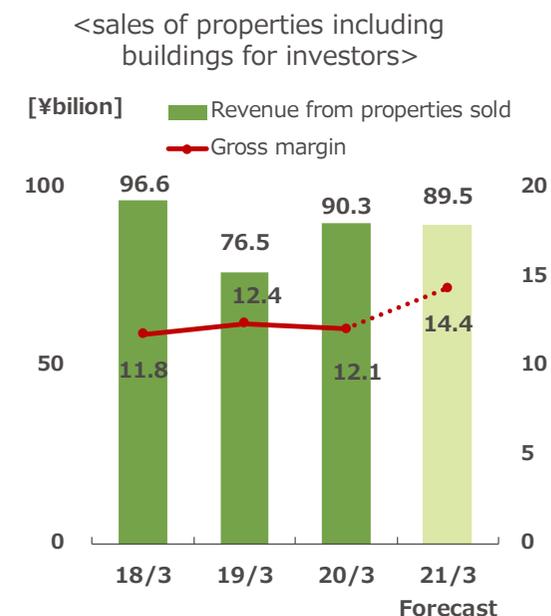


# Urban Development(1) FY2020 Q2(First Six Months)

Q2: Increases in both revenue and profit FY2020: Increase in revenue and Decrease in profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>100.5</b>	<b>156.8</b>	<b>56.3</b>	
Leasing (Office buildings)	20.1	20.1	(0.0)	Newly operated +3.8 Lost revenue for properties sold (1.4)
Leasing (Commercial facilities)	21.4	17.5	(3.9)	Impact of the coronavirus(4.1)
Asset management etc.	15.8	75.2	59.4	Proceeds from sales +55.8[63.7]
Leasing (Residence) etc.	43.2	44.0	0.8	Impact of the coronavirus(1.7) (from rental meeting rooms)
<b>Operating profit</b>	<b>20.7</b>	<b>29.1</b>	<b>8.4</b>	Gain on sale +11.4[13.0] Impact of the coronavirus(3.5)

(Extraordinary loss on COVID-19 impact : 2.3 billion yen)



Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
<b>Operating revenue</b>	<b>292.6</b>	<b>300.0</b>	<b>7.4</b>		<b>290.0</b>	<b>10.0</b>
Leasing (Office buildings)	40.5	46.7	6.2	Newly operated +10.8 Lost revenue for properties sold(3.6)	47.5	(0.9)
Leasing (Commercial facilities)	42.9	37.5	(5.5)	Impact of the coronavirus(5.5)	40.6	(3.1)
Asset management etc.	112.3	119.9	7.6	Proceeds from sales (0.7)[89.5]	102.5	17.4
Leasing (Residence) etc.	96.9	96.0	(0.9)	Impact of the coronavirus(2.6) (from rental meeting rooms)	99.4	(3.4)
<b>Operating profit</b>	<b>52.5</b>	<b>50.0</b>	<b>(2.5)</b>	Newly operated +2.4 Gain on sale +2.3[14.4] Impact of the coronavirus(5.8)	<b>45.0</b>	<b>5.0</b>

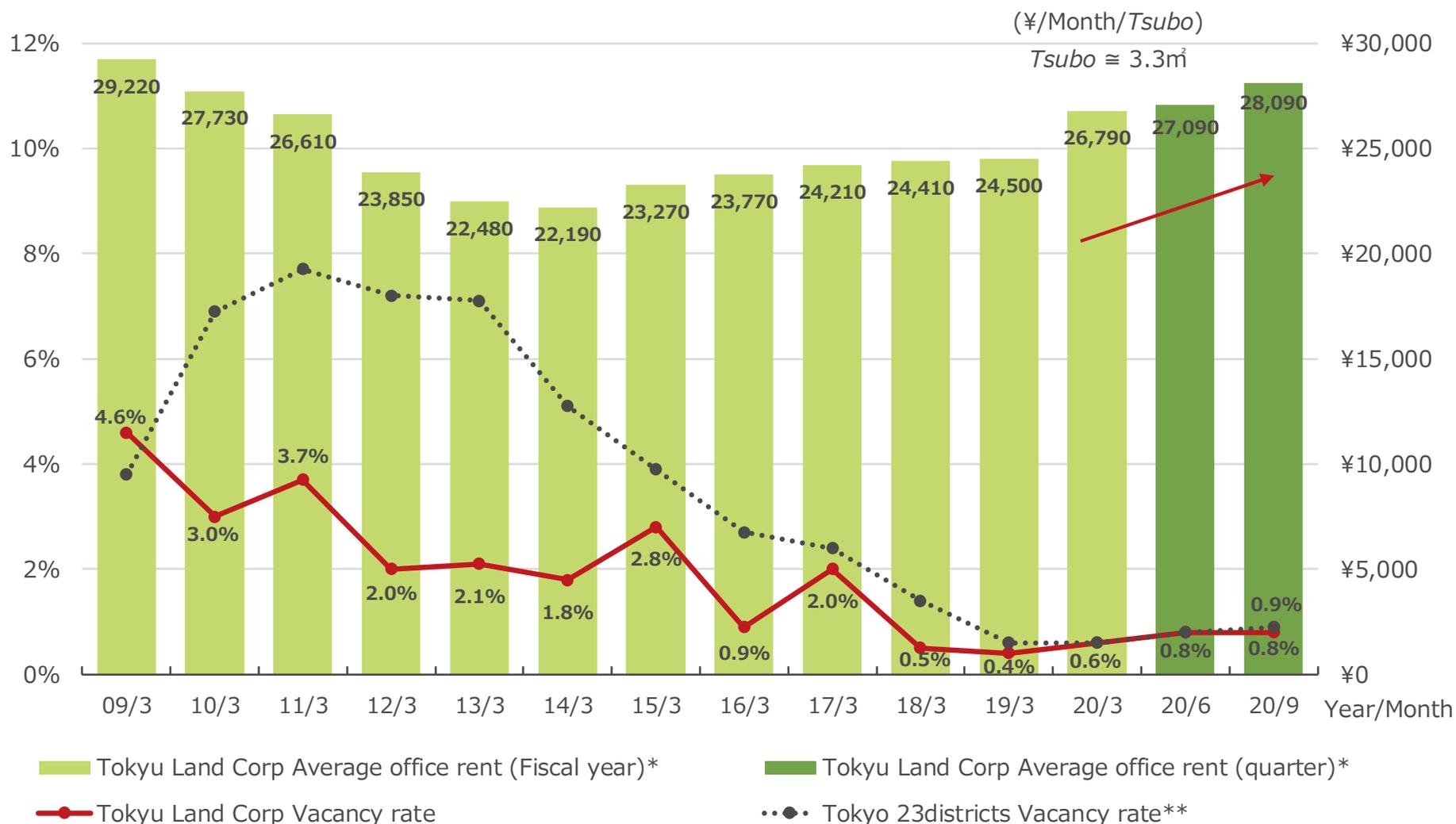
(Extraordinary loss on COVID-19 impact : 2.3 billion yen)

# Urban Development(2) Vacancy Rate and Rent

As of September 30, 2020 Average office rent 28,090 yen (Month/Tsubo)

Vacancy rate 0.8%

(Tenants actually moving in and out, including Office buildings and Commercial facilities)



\* The average office rents of the Company presented include common area service expenses.

\*\* [Tokyo 23districts] Date Source : CBRE K.K.[Japan Office MarketView]

# Urban Development(3) Major projects



**Asakusa 2-chome Place**  
Taito-ku  
Hotel  
Floor space : 6



**Tokyo PortCity Takeshiba**  
Minato-ku  
Office/Commercial/Housing  
Floor space : 201



**Kudanminami 1-chome Project\*\***  
Chiyoda-ku  
Office/Commercial  
Floor space : 68  
Complete : July-2022(Plan)



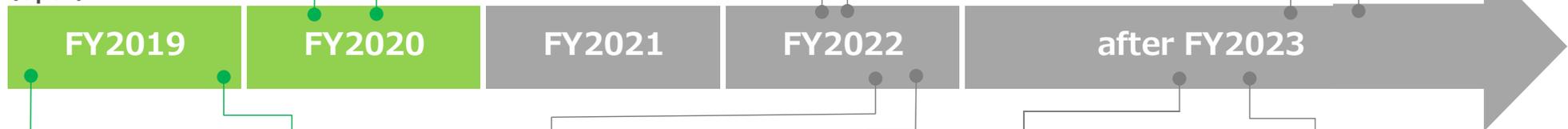
**West Shinsaibashi 2-chome Project\*\***  
Osaka  
Hotel  
Floor space : 14  
Complete : First half-2022(Plan)



**Chayamachi B-2 Block Urban Redevelopment Project**  
Osaka  
Commercial, etc.

**Sapporo Susukino Ekimae Complex Development Project\*\***  
Sapporo  
Hotel/Commercial/Cinema, etc.

(Open)



**Shibuya Solasta**  
Shibuya-ku  
Office  
Floor space : 47



**Shibuya Fukuras**  
Shibuya-ku  
Office/Commercial  
Floor space : 59



**Jingumae 6-chome Block Urban Redevelopment Project\*\***  
Shibuya-ku  
Commercial/Public facilities  
Floor space : 20  
Open : FY2022(Plan)



**Dogenzaka 1-chome Project\*\***  
Shibuya-ku  
Office/Commercial  
Floor space : 1  
Complete : FY2022(Plan)



**Shibuya Sakuragaoka Block Redevelopment Plan**  
Shibuya-ku  
Office/Commercial/Housing  
Floor space : 255  
Open : FY2023(Plan)

**Daikanyamacho Project\*\***  
Shibuya-ku  
Housing/Commercial/Office  
Open : FY2023(Plan)

**Projects in the Greater Shibuya area**

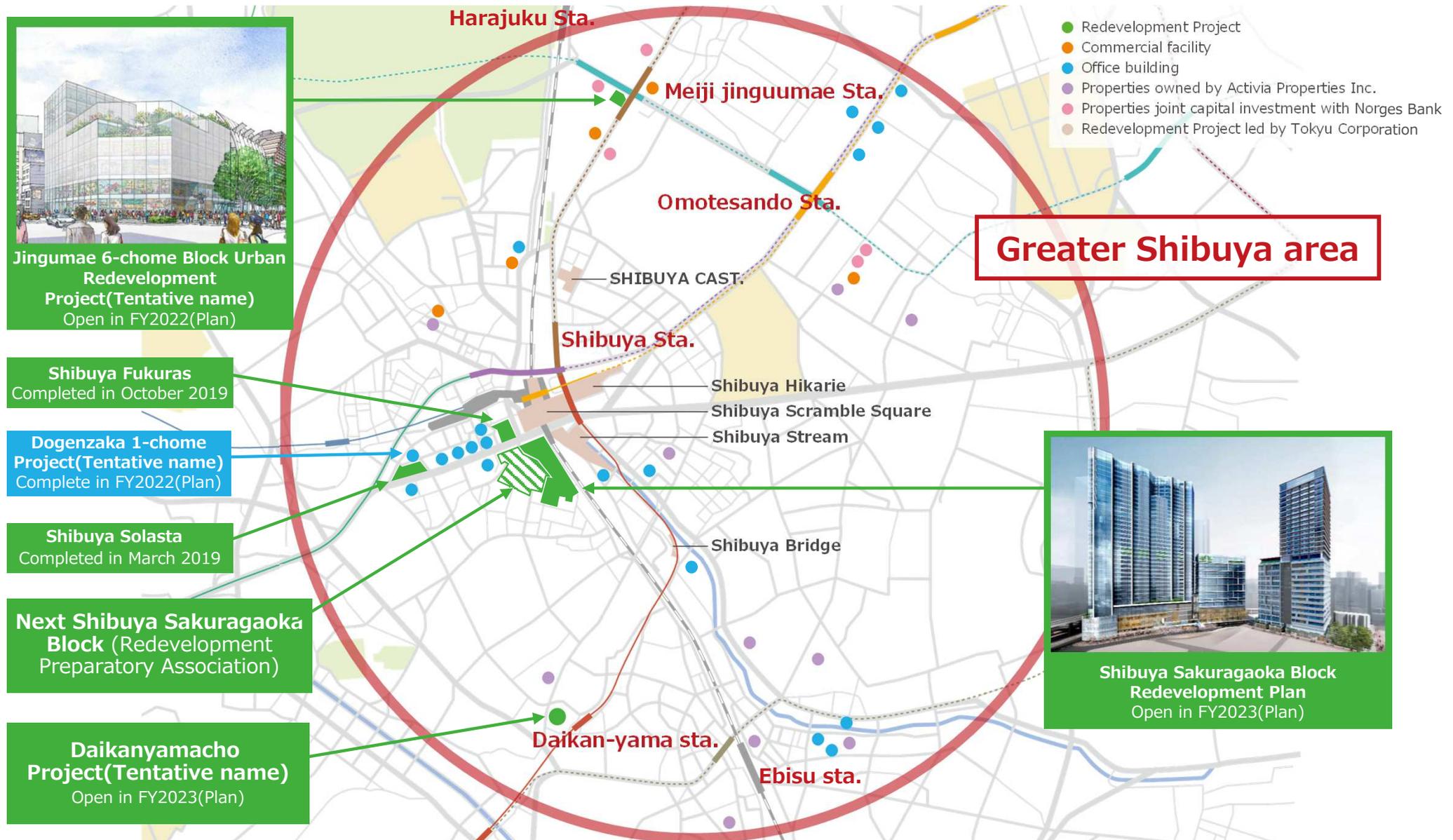
Floor space : thousand m<sup>2</sup>

\* Floor space of all the projects before taking our equity into account

\*\* tentative name

# Urban Development(4) Major projects in the Greater Shibuya area

Several projects are ongoing in the Greater Shibuya area.



# Urban Development(5) Major projects <Tokyo PortCity Takeshiba>

Both office tower and residence tower were completed.

Office tower opened in September and the pedestrian deck partially started operation.



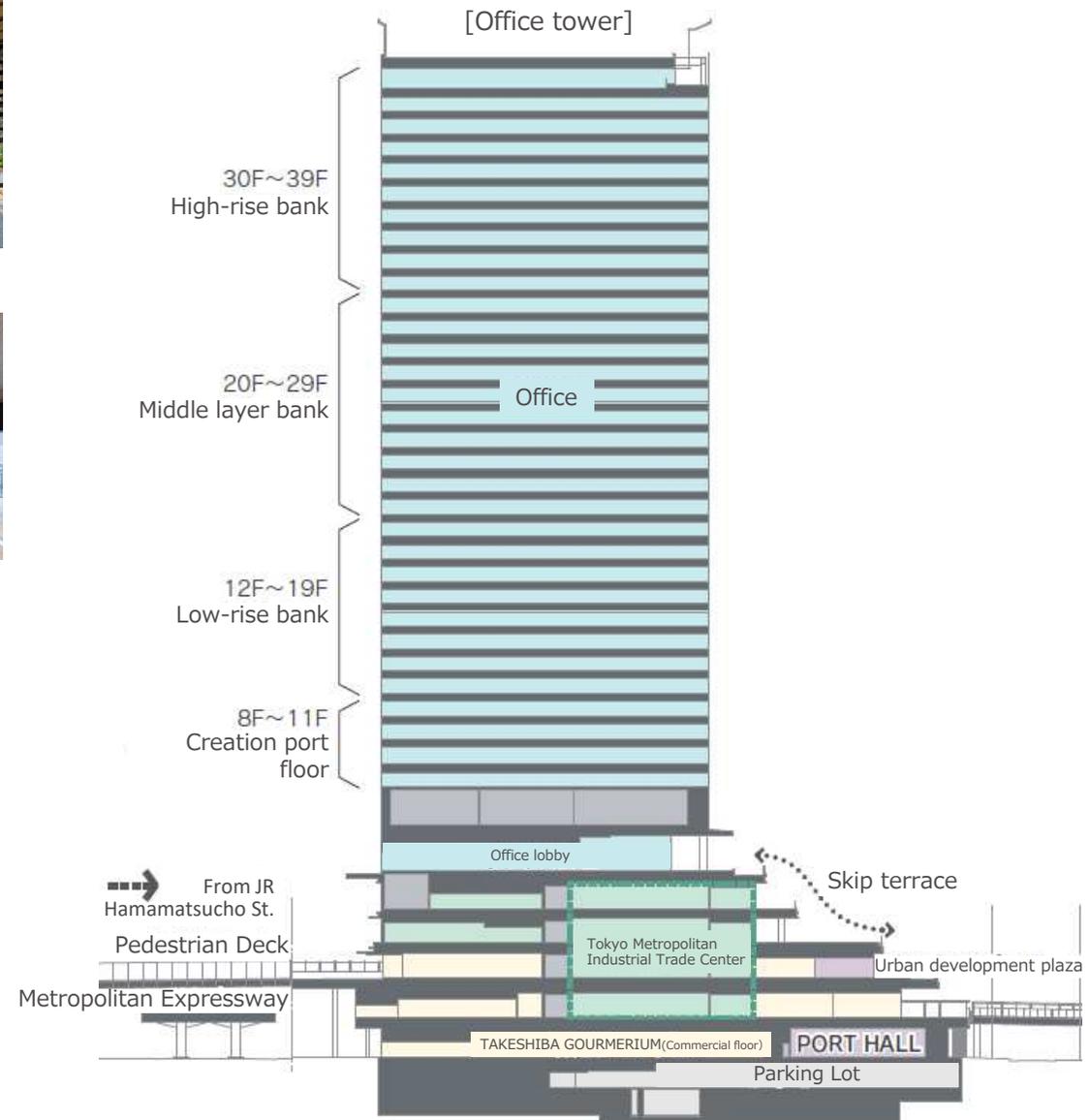
Office tower  
Office/Commercial  
Floor space : about 182 thousand m<sup>2</sup>  
Complete : May, 2020



6F Office lobby



2F Minato Yokocho  
(Commercial floor)



# Urban Development(6) Smart buildings in Tokyo PortCity Takeshiba

Obtaining and using data in real time, visualizing and optimizing information and providing value to stakeholders.

## Inputting data that can be obtained in real time

[Human flow data] [Weather information] [Traffic information]  
 [degree of congestion in stores and elevators] [degree of congestion in restrooms] [condition of trash cans]

### Value provided to office workers of tenant companies [Increasing operational efficiency] [Efficient use of time] [Increasing amenities]



- Introducing 5G in the entire building
- Avoiding congestion in elevators
- Avoiding congestion in restrooms
- System to display table availability at restaurants
- Distribution of data on congestion in common spaces

A facial recognition gate and ELE-NAVI automatically determine destination floors and efficiently operate elevators, easing congestion in elevators.

### Value provided to tenants [Marketing support]



Limited coupons, depending on time zones and vacancy rates, are distributed through digital signage, which helps increase customers during idle times.

- Automatically learning customer trends and reporting them to tenants
- Drawing more customers using real-time reporting signage

## SmartCity Platform

### Restroom

3F	♂	♀	♿
	△	○	○
2F	♂	♀	♿
	△	○	×
1F	♂	♀	♿
	×	△	×

- A signage board that distributes information in real time
- Avoiding congestion in elevators
- Avoiding congestion in restrooms
- System to display table availability at restaurants

Digital signage distributing information on congestion in real time

### Value provided to visitors [Efficient use of time] [increasing amenities]

- Support for property management
- Automatically monitoring restricted areas
- Detection of individuals on a watch list
- Security robot
- Cleaning robot
- Monitoring trash cans
- Heat map of the facilities



Cleaning robot Whiz



Autonomous security robot SQ-2

### Value provided for building management or property management [Efficient management] [enhancement of security] [reduction in personnel costs]

# Urban Development(7) Renewable energy business

Investment made progress. Properties in operation rose.

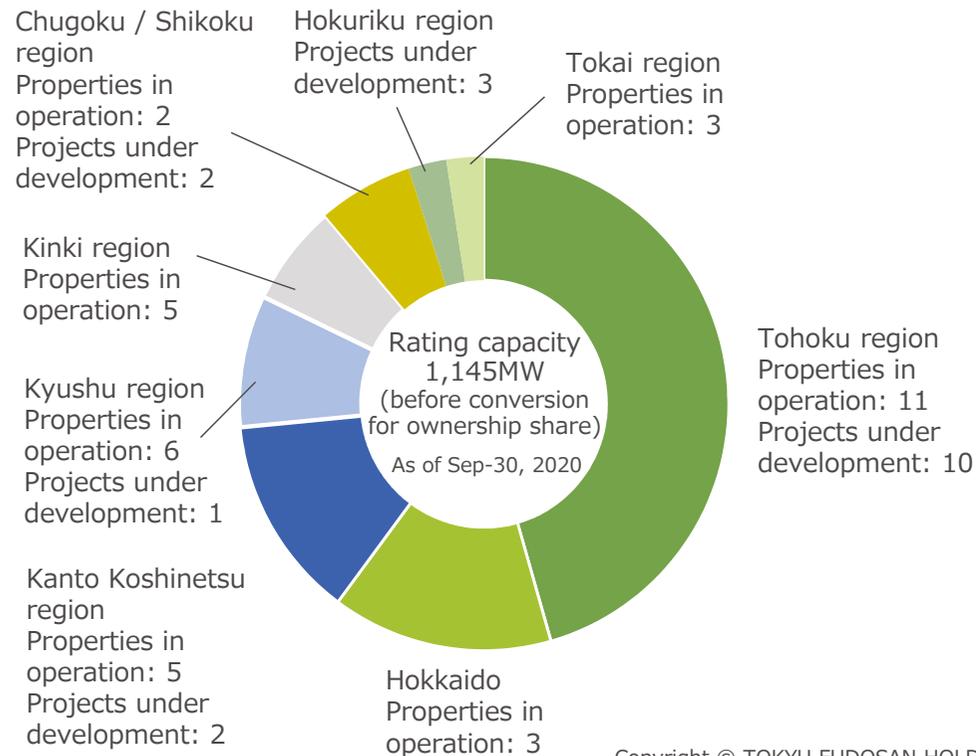


## Projects acquired (As of Sep-30, 2020)

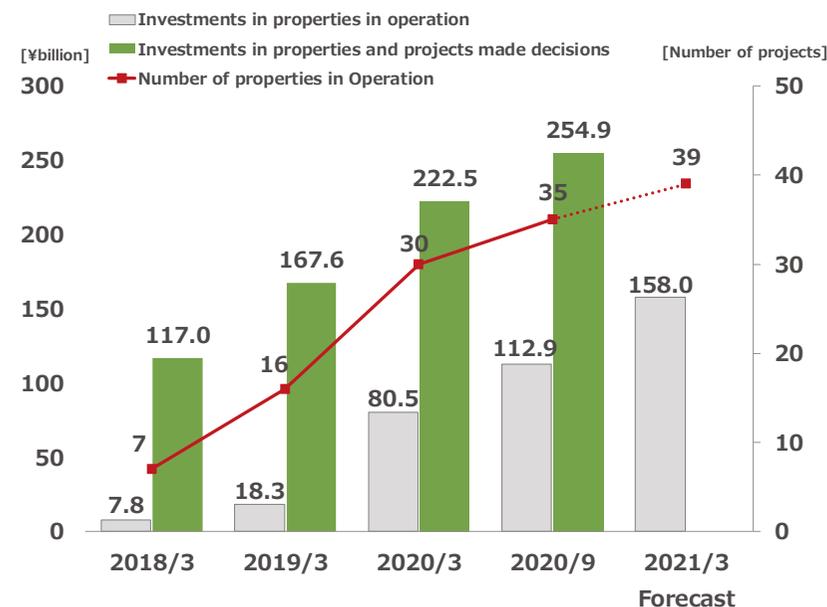
Properties in operation: 35  
 Projects under development: 18  
 (solar power generation projects: 12,  
 wind generation projects: 5,  
 biomass power generation project: 1)

Investment progress (amount posted in BS)  
 : ¥167.0 billion

### <Portfolio>



<Investments in Properties in Operation, Investments in Properties made decision, and Number of Projects in Operation>



\* The investment amounts above are different from the amounts posted in BS due to depreciation.



Suzuran Kushiro-cho Solar Power Plant : 92MW  
 (Operation started in February 2020)

# Urban Development(8) Logistics facilities business

Developing logistics facilities to expand asset types in the cyclical reinvestment business.

## Projects acquired (As of Sep-30, 2020)

Properties in operation: 9

Projects under development: 4

Investment progress: ¥37.7 billion

Major projects:

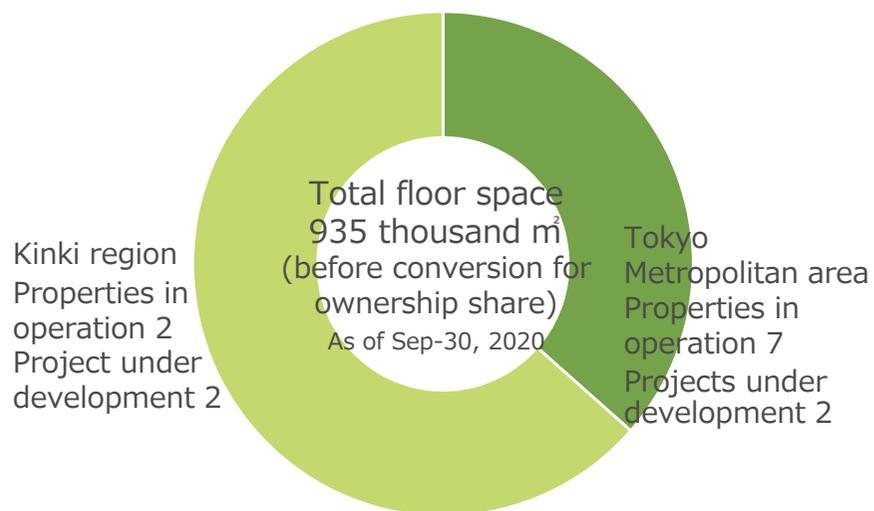
LOGI'Q Miyoshi

(Total floor space: 71 thousands m<sup>2</sup>)

LOGI'Q Shiraoka

(Total floor space : 46 thousands m<sup>2</sup>)

## <Portfolio>



## Description of a project

### LOGI'Q Miyoshi

Total floor area : 71 thousand m<sup>2</sup>

3 stories above ground Complete : January-2020



A BTS logistics facility that meets the needs of the tenant. The project began as a warehouse rebuilding project for ASKUL Corporation.

### Proposing new work styles

#### Cooperation with Tokyu Hands

Creating a comfortable space that makes everyday life fun.

#### Cooperation with Tokyu Sports Oasis

Supporting the health of employees by providing play equipment for health

#### KooNe, sound reinforcement service

The logistics industry's first sensuous acoustic environment has been introduced.

#### Original aromas of LOGI'Q

Aroma space has been designed that reduces stress.

### Sustainable logistics

#### Pursuing safety and security

Disaster prevention facilities more than comply with fire-fighting guidelines.

#### Harmony with the surroundings

The design is in harmony with the history, culture, and environment of the location.

#### Contribution to EV100, of which ASKUL is a member

Outlets for electric vehicles

#### The Green Connection Project

Lumber from thinning is used for furniture in the common-use area

## New initiatives (promoting smart logistics utilizing local 5G)

Commencement of demonstration experiments toward visualization of operations, automatic operation and remote control and smart management through digitalization through our partnership with Nippon Telegraph and Telephone East Corporation and PAL Co., Ltd., aiming for labor savings through mechanization and remote operation and warehouse digitalization.

# Residential(1) FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Increase in revenue and Decrease in profit

Second Quarter First Six Months(¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>50.5</b>	<b>29.7</b>	<b>(20.8)</b>	
Condominiums	43.2	15.6	(27.6)	No. of units sold (516) [273]
Other**	7.3	14.1	6.7	Increase in land sales Increase in sales of rental houses
<b>Operating profit</b>	<b>2.6</b>	<b>(0.2)</b>	<b>(2.7)</b>	

(Extraordinary loss on COVID-19 impact : 0.2 billion yen)

Full-year (¥ billion)	FY2019	FY2020 forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
<b>Operating revenue</b>	<b>136.3</b>	<b>140.0</b>	<b>3.7</b>		<b>130.0</b>	<b>10.0</b>
Condominiums	96.1	98.5	2.4	No. of units sold (54) [1,625]	104.6	(6.1)
Other**	40.3	41.5	1.3	Increase in land sales Increase in sales of rental houses	25.5	16.1
<b>Operating profit</b>	<b>8.5</b>	<b>5.5</b>	<b>(3.0)</b>	Fall in gross margin ratio for condominiums	<b>3.5</b>	<b>2.0</b>

(Extraordinary loss on COVID-19 impact : 0.2 billion yen)

\* The figures in brackets in the tables are numbers of unit, of which operating revenue was reported.

\*\* From the fiscal year ending March 31, 2021, the detached housing business is included in "Other."

# Residential(2) Trends in condominium sales indicators

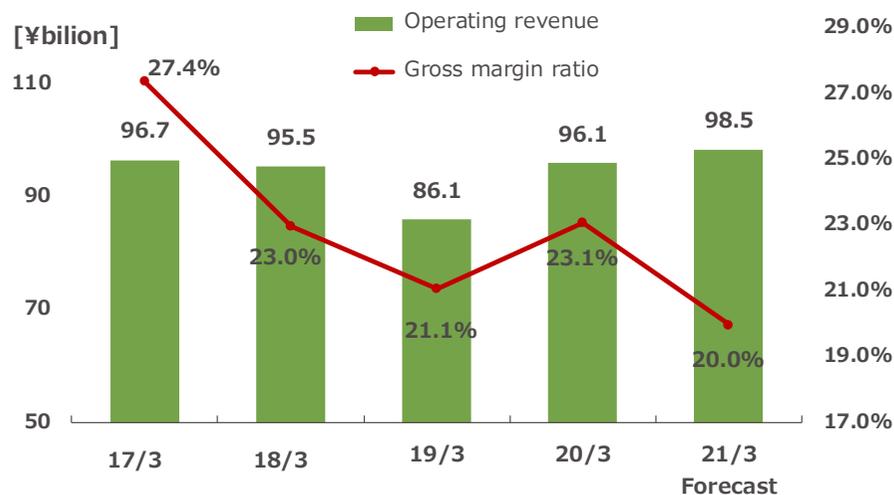
The contract ratio was 76%. (As of September 30, 2020)

Accounting year	FY2018	FY2019	FY2020 Forecast
No. of units sold	Total 1,266units	Total 1,680units	Total 1,625units
Contract ratio (Beginning-of-year→1Q→2Q→3Q)	32%→57%→73%→90%	54%→66%→82%→90%	50%→57%→76% (As of September 30, 2020)
Year-end inventory of completed units	497	453	299 (As of September 30, 2020)
Major condominiums Number of units refers to the number of units of sale ( ) ownership ratio	BRANZ Futakotamagawa terrace 79units(100%) BRANZ Rokuban-cho 39units(100%) BRANZ Roppongi Iikurakatomachi 33units(65%) BRANZ Roppongi The Residence 51units(40%)	BRANZ Kawaguchi Honcho 163units(100%) BRANZ Tower Umeda North 653units(33%) BRANZ Tower Hagoromo 145units(80%)	Kosugi 3rd Avenue The Residence 475units(30%) BRANZ City Hasuda 168units(100%) BRANZ Tower Ōfuna 227units(100%)
Purchase of land for sales (¥ billion)	40.5 (2,385units)	24.9 (1,943units)	20.0 (Plan) 2Q : 0.1 (9units)

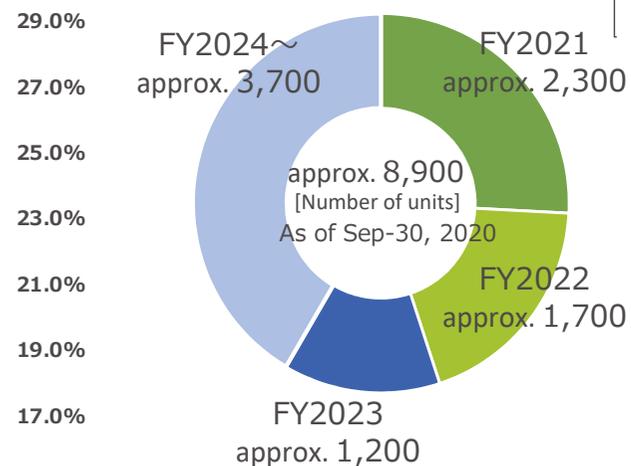


BRANZ Tower Toyosu  
Complete :  
October-2021(Plan)

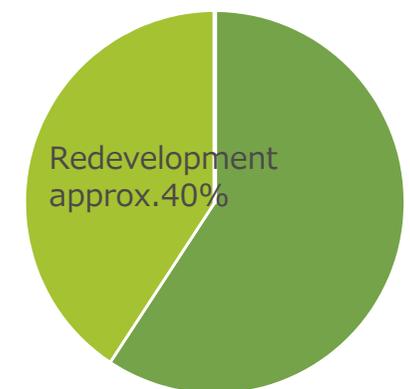
<Change in operating revenue and gross margin ratio for condominiums>



<Land bank of properties to be completed>



<Ratio of land bank of redevelopment>



As of sep-30, 2020

# Property Management(1) FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Decreases in both revenue and profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>96.2</b>	<b>81.7</b>	<b>(14.4)</b>	
Condominium (Management, Construction)	63.9	54.0	(9.9)	Management(1.0), Construction(8.8), (Effect of the transfer of contracting business+1.3)
Buildings and Other facilities (Management, Construction)	32.3	27.7	(4.6)	Management+1.9, Construction(6.4)
<b>Operating profit</b>	<b>4.5</b>	<b>0.9</b>	<b>(3.6)</b>	Decrease in construction

(Extraordinary loss on COVID-19 impact : 0.5 billion yen)

Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	comparison
<b>Operating revenue</b>	<b>190.8</b>	<b>185.0</b>	<b>(5.8)</b>		<b>195.0</b>	<b>(10.0)</b>
Condominium (Management, Construction)	125.8	123.7	(2.1)	Management+0.0, Construction(2.1), (Effect of the transfer of contracting business+3.2)	129.0	(5.3)
Buildings and Other facilities (Management, Construction)	65.0	61.3	(3.7)	Management+4.8, Effect of coronavirus on construction (8.5)	66.0	(4.7)
<b>Operating profit</b>	<b>8.7</b>	<b>6.0</b>	<b>(2.7)</b>	Effect of coronavirus on construction	<b>6.0</b>	—

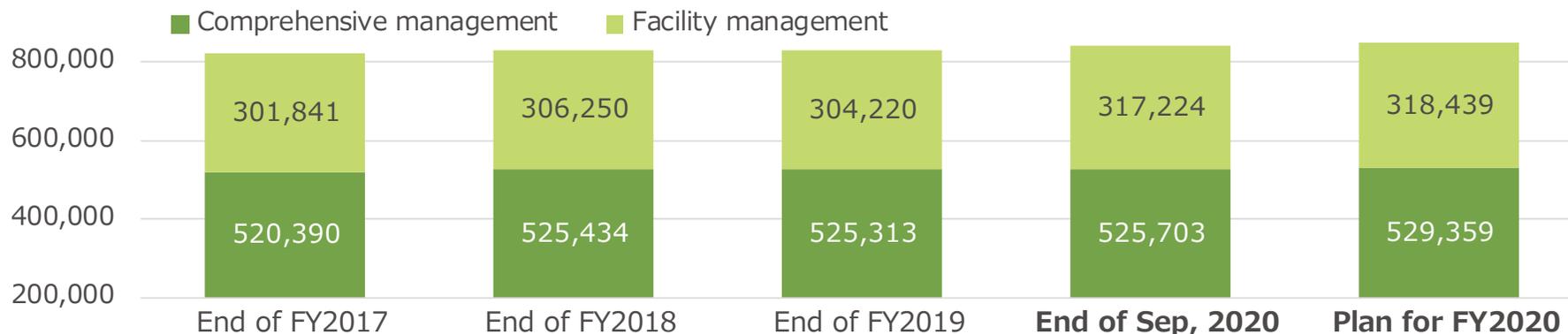
(Extraordinary loss on COVID-19 impact : 0.5 billion yen)

# Property Management(2) Stock of properties

As of September 30, 2020

Number of condominiums under management increased, and number of buildings under management decreased due to the liquidation of unprofitable projects.

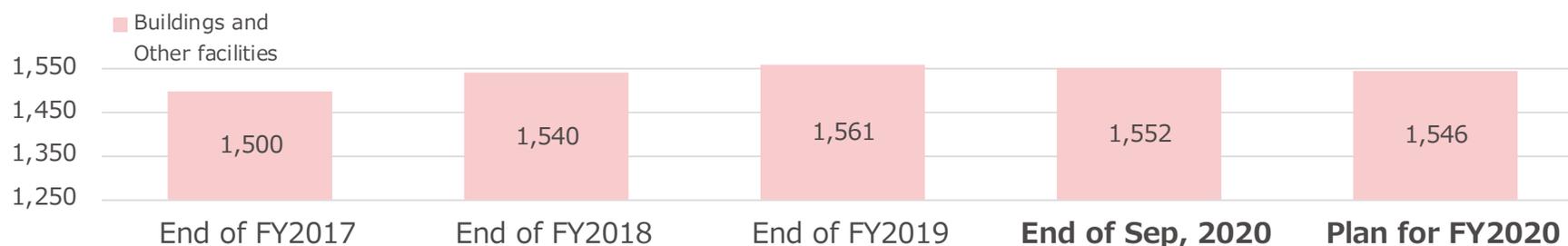
## 〈Trend in stock of comprehensive condominium management and facility management in number of units〉



[Units]

Number of condominium units under management	822,231	831,684	829,533	842,927	847,798
(Change from the end of preceding fiscal year)	+ 80,607	+ 9,453	(2,151)	+ 13,394	+ 18,265
Under comprehensive management	520,390	525,434	525,313	525,703	529,359
Under facility management	301,841	306,250	304,220	317,224	318,439

## 〈Trend in stock of management of buildings and other facilities in number of projects〉



[Projects]

Buildings and Other facilities	1,500	1,540	1,561	1,552	1,546
(Change from the end of preceding fiscal year)	+ 17	+ 40	+ 21	(9)	(15)

# Real Estate Agents(1) FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Decreases in both revenue and profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>59.4</b>	<b>55.7</b>	<b>(3.7)</b>	
Real estate sales agent	29.8	24.3	(5.5)	Retail(3.7), Wholesale(1.8)
Consignment sales	1.5	1.3	(0.2)	
Real estate sales	27.1	29.2	2.1	
Other	1.0	0.9	(0.1)	
<b>Operating profit</b>	<b>8.4</b>	<b>3.4</b>	<b>(5.0)</b>	Decrease in real estate sales agent and real estate sales

Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
<b>Operating revenue</b>	<b>131.4</b>	<b>120.0</b>	<b>(11.4)</b>		<b>125.0</b>	<b>(5.0)</b>
Real estate sales agent	59.8	53.5	(6.3)	Retail (3.6), Wholesale (2.7) due to the coronavirus	52.3	1.2
Consignment sales	3.3	3.2	(0.1)		3.7	(0.5)
Real estate sales	66.4	60.8	(5.6)		67.0	(6.2)
Other	2.0	2.5	0.5		2.0	0.5
<b>Operating profit</b>	<b>15.2</b>	<b>9.5</b>	<b>(5.7)</b>	Decrease in real estate sales agent due to the coronavirus	<b>10.0</b>	<b>(0.5)</b>

# Real Estate Agents(2) Performance indicators in sales agent

Fewer transactions mainly due to store closures and shorter opening hours.

	FY2020 Q2		
	Retail	Wholesale	Total
No. of transactions (Rate of change YoY)	11,215 ( 12.4) %	423 ( 16.1) %	11,638 ( 12.5) %
Amount of transactions (Rate of change YoY)	416.2 billion yen ( 15.4) %	107.9 billion yen ( 32.9) %	524.1 billion yen ( 19.7) %
Average handling price (Rate of change YoY)	37 million yen ( 3.5) %	255 million yen ( 20.0) %	45 million yen ( 8.3) %
Commission fee ratio	4.7%	3.6%	4.5%

Highlights
------------

Retail

- Both the number of transactions and the average handling price decreased.
- Opened 2 new stores (Gokiso, GRANTACT Shibuya)  
For the fiscal year ending March 31, 2021:  
3 stores to be opened.

Wholesale

- Both the number of transactions and the average handling price decreased.

	FY2019		
	Retail	Wholesale	Total
No. of transactions (Rate of change YoY)	25,413 +3.5%	1,024 +0.8%	26,437 +3.4%
Amount of transactions (Rate of change YoY)	974.1 billion yen +3.4%	341.9 billion yen +12.5%	1,315.9 billion yen +5.7%
Average handling price (Rate of change YoY)	38 million yen ( 0.0)%	334 million yen +11.6%	50 million yen +2.2%
Commission fee ratio	4.7%	3.4%	4.4%

	FY2020 (Plan)		
	Retail	Wholesale	Total
No. of transactions (Rate of change YoY)	24,233 ( 4.6) %	884 ( 13.7) %	25,117 ( 5.0) %
Amount of transactions (Rate of change YoY)	908.2 billion yen ( 6.8) %	258.8 billion yen ( 24.3) %	1,167.0 billion yen ( 11.3) %
Average handling price (Rate of change YoY)	37 million yen ( 2.2) %	293 million yen ( 12.3) %	46 million yen ( 6.7) %
Commission fee ratio	4.7%	3.6%	4.5%

# Wellness(1) FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Decreases in both revenue and profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>54.4</b>	<b>35.2</b>	<b>(19.2)</b>	
Resort operations*	19.0	11.8	(7.2)	Impact of closure, shorter opening hours and lower occupancy of facilities
Oasis (Sports Clubs)	9.8	6.5	(3.3)	Impact of facility closures, suspension of club memberships and decline in the number of members
Senior housing	4.5	4.6	0.1	
TOKYU STAY (Hotels)	7.6	2.2	(5.5)	Impact of closure and lower occupancy of facilities
Consignment welfare	5.2	4.6	(0.6)	
Sales	3.9	2.0	(1.9)	
Other	4.4	3.6	(0.8)	
<b>Operating profit</b>	<b>0.7</b>	<b>(9.4)</b>	<b>(10.1)</b>	Impact of coronavirus on facilities under management such as hotels and sports clubs

(Extraordinary loss on COVID-19 impact : 1.9 billion yen)

Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
<b>Operating revenue</b>	<b>114.5</b>	<b>90.0</b>	<b>(24.5)</b>		<b>115.0</b>	<b>(25.0)</b>
Resort operations*	41.8	31.8	(10.0)	Impact of closure, shorter opening hours and lower occupancy of facilities	38.4	(6.6)
Oasis (Sports Clubs)	18.7	13.8	(4.9)	Impact of facility closures, suspension of club memberships and decline in the number of members	15.6	(1.8)
Senior housing	9.7	9.6	(0.1)		9.7	(0.1)
TOKYU STAY (Hotels)	14.3	5.9	(8.3)	Impact of closure and lower occupancy of facilities	14.6	(8.6)
Consignment welfare	10.1	9.7	(0.4)		9.4	0.3
Sales	11.0	11.2	0.2		18.7	(7.6)
Other	9.0	8.0	(1.0)		8.6	(0.6)
<b>Operating profit</b>	<b>3.5</b>	<b>(12.5)</b>	<b>(16.0)</b>	Impact of coronavirus on facilities under management such as hotels and sports clubs	<b>(1.5)</b>	<b>(11.0)</b>

(Extraordinary loss on COVID-19 impact : 1.9 billion yen)

\* Resort operations (Golf course, Harvest club, Ski resort, resort hotel, etc.)

# Wellness(2) Management system and Major projects

Integrated operators of hotels and other wellness facilities to strengthen sales capabilities and improve productivity as Tokyu Resorts & Stays.

**Tokyu Stay  
Osaka-Hommachi**  
Urban style hotel  
Opened in February 2020



**Tokyu Stay  
Okinawa Naha**  
Urban style hotel  
Opened in February 2020



**nol kyoto sanjo**  
Resort hotel  
Opened in November 2020



**ROKU KYOTO, LXR Hotels & Resorts**  
Resort hotel  
Open in autumn 2021(Plan)

**Tokyu Stay Kanazawa**  
Urban style hotel  
Opened in February 2020

**Tokyu Stay Hida-Takayama  
Musubi no Yu**  
Urban style hotel  
Opened in April 2020

**Tokyu Stay Hakodate  
Asaichi Akari no Yu**  
Urban style hotel  
Open in spring 2021(Plan)

(Open)



**Creer-residence Yokohama  
Tokaichiba**  
Senior housing  
Opened in April 2019



**Grancreer Shibaura**  
Senior housing  
Opened in July 2020



**Grancreer Tachikawa**  
Senior housing  
Opened in September 2020

# Tokyu Hands FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Decreases in both revenue and profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
Operating revenue	50.5	29.1	(21.4)	Existing stores (47.3)%, due to store closures and shorter business hours, etc.
Operating profit	0.4	(2.2)	(2.6)	

(Extraordinary loss on COVID-19 impact : 1.8 billion yen)

Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
Operating revenue	96.6	70.0	(26.6)	The impact of the coronavirus	90.0	(20.0)
Operating profit	0.2	(3.5)	(3.7)	The impact of the coronavirus	(1.5)	(2.0)

(Extraordinary loss on COVID-19 impact : 1.8 billion yen)

# Initiatives in Wellness and Tokyu Hands segments

Assuming coexistence with the coronavirus, the Company promoted new initiatives in the Wellness segment and structural reform in the Tokyu Hands segment.

## <Wellness segment>

Strengthen efforts to capture domestic demand on the assumption that the recovery in demand from inbound tourists will be delayed

Providing hotel rooms as new types of workplaces, as well as places to stay, in response to diversified work styles and tapping into demand related to telework

- Workation plan: Enabling working while relaxing away from home
- Day-use plan: Enabling using hotel rooms as workplaces without staying the night



Hyatt Regency Seragaki  
Island Okinawa



Tokyu Stay Ginza

## Strengthen revenues from outside gyms by reviewing the earnings structure

Promoting working out at home as well as working out at fitness clubs and increasing revenues from outside gyms

- WEBGYM: Enabling working out at home, thereby alleviating concern about health and continuing regular exercise
- WEBGYM BOX: Enabling working out everywhere by combining video content and fitness equipment



WEBGYM



WEBGYM BOX

## <Tokyu Hands segment>

Regaining profitability at real stores and a shift to a digital strategy

- Increasing profitability at real stores by introducing avatars at stores and expanding private-brand products
- Enhancing customer service for 5 million Tokyu Hands members by promoting digital transformation



## Reviewing the composition of stores

- Opening franchised stores (ex. Miyazaki store, etc.)
- Replacing stores (ex. Shinsaibashi store)
- Closing unprofitable stores (ex. Sannomiya store, etc.)

# Innovation Business(1) FY2020 Q2(First Six Months)

Q2: Decreases in both revenue and profit FY2020: Decreases in both revenue and profit

Second Quarter First Six Months (¥ billion)	FY2019 Q2(Apr-Sep)	FY2020 Q2(Apr-Sep)	Comparison	Compared to the same period last year
<b>Operating revenue</b>	<b>17.1</b>	<b>6.4</b>	<b>(10.7)</b>	
Overseas operations, etc.	8.2	1.9	(6.3)	Declining condominiums sales in Indonesia
Custom-built houses	3.8	–	(3.8)	
Landscape gardening	5.1	4.5	(0.5)	
<b>Operating profit</b>	<b>(0.9)</b>	<b>(1.0)</b>	<b>(0.0)</b>	Declining condominiums sales in Indonesia

## <BRANZ Simatupang>



Condominium  
Total number of units:  
381 units  
Completed in December  
2018

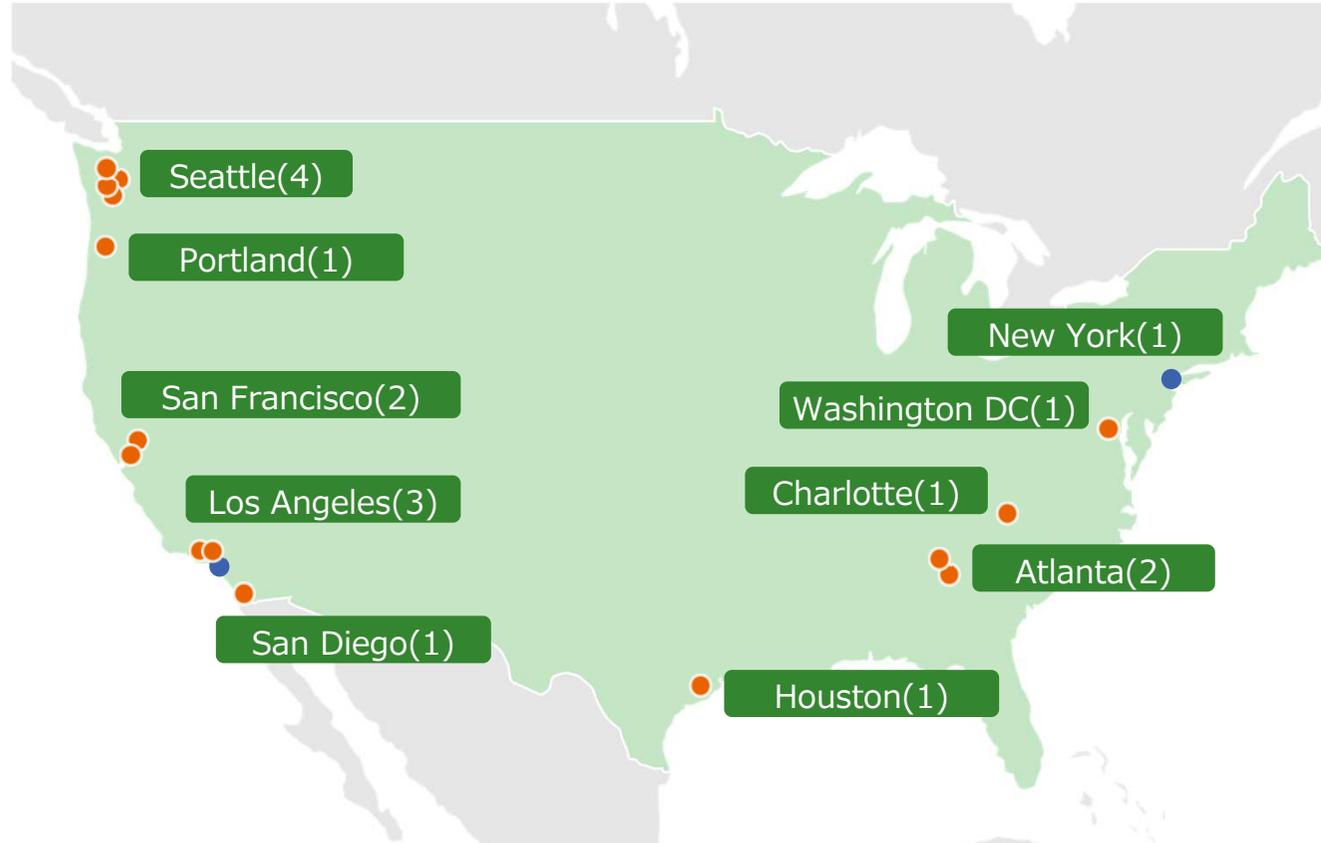
Full-year (¥ billion)	FY2019	FY2020 Forecast	Comparison	Compared to the end of the previous fiscal year	Initial forecast	Comparison
<b>Operating revenue</b>	<b>35.2</b>	<b>15.0</b>	<b>(20.2)</b>		<b>17.5</b>	<b>(2.5)</b>
Overseas operations, etc.	13.3	2.8	(10.4)	Decrease in condominium sales due to the coronavirus impact	4.9	(2.0)
Custom-built houses	8.6	–	(8.6)		–	–
Landscape gardening	13.4	12.2	(1.2)		12.6	(0.5)
<b>Operating profit</b>	<b>(1.4)</b>	<b>(3.5)</b>	<b>(2.1)</b>	Decrease in condominium sales due to the coronavirus impact	<b>(3.5)</b>	–

\* The custom-built houses business was discontinued at the end of FY2019, and contracting business was transferred to the Property Management segment.

# Innovation Business(2) Overseas operations

17 projects are in progress in the United States. \* As of Sep-30, 2020

## <America>



**Urban area (number of projects involved)**

- Rental housing
- Office / Other

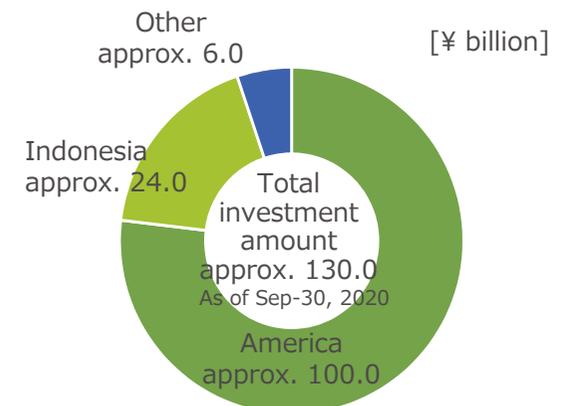
Projects involved : 17 projects  
 Cumulative number of projects : 24 projects  
 (As of Sep-30, 2020)

## <425 Park Avenue>

New York  
 Office building redevelopment project  
 47 stories above ground with 2 basements  
 Scheduled to be completed in FY2020

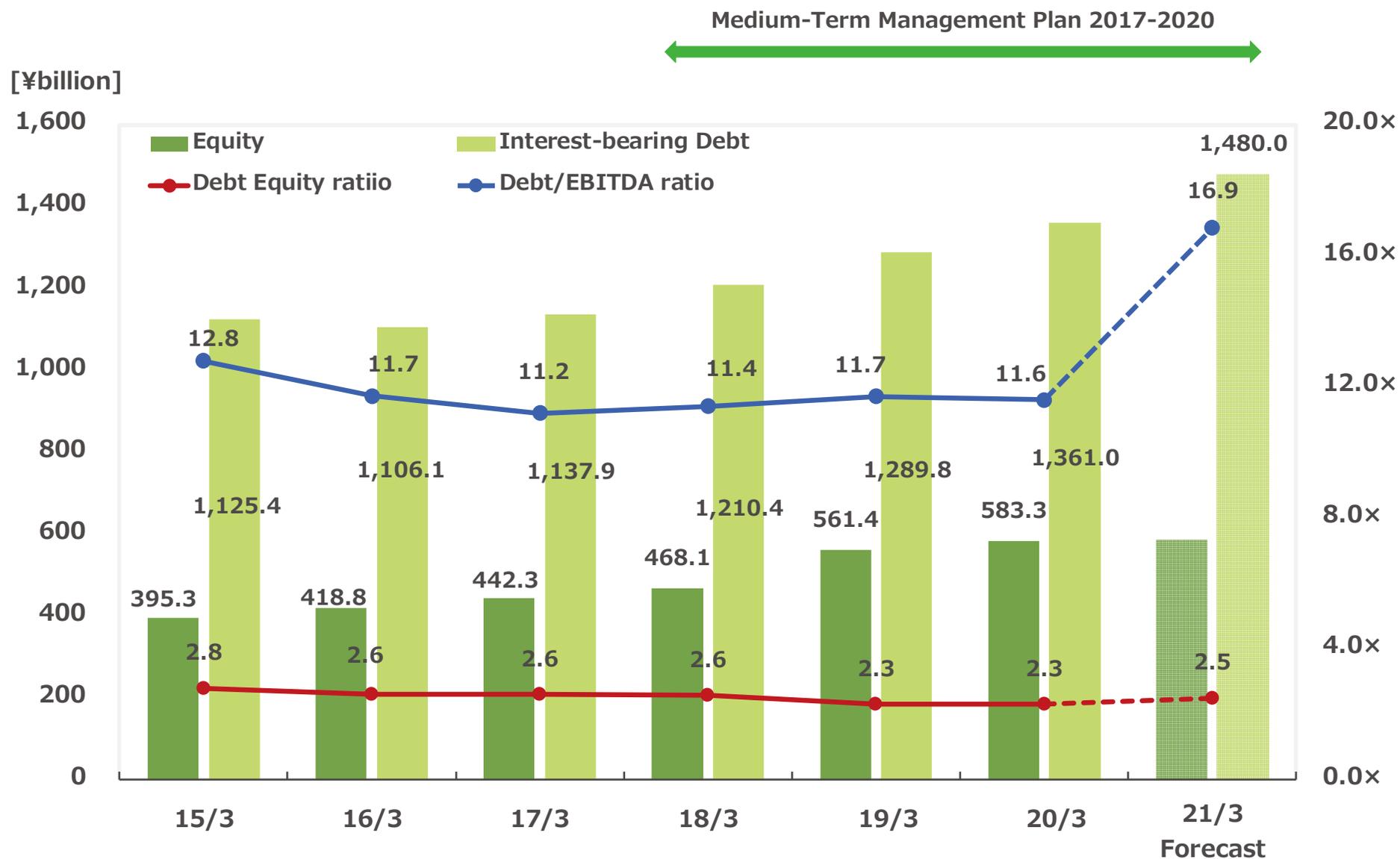


## <Breakdown of investments by area in overseas operations>



# Trends in equity and interest-bearing debt

Rating Institution: Japan Credit Rating Agency, Ltd. Long-term : A (Stable) Short-term : J-1



# Hybrid financing

Planning to start hybrid financing to improve financial soundness and capital efficiency and for sustainable growth investment.

## Overview of hybrid financing

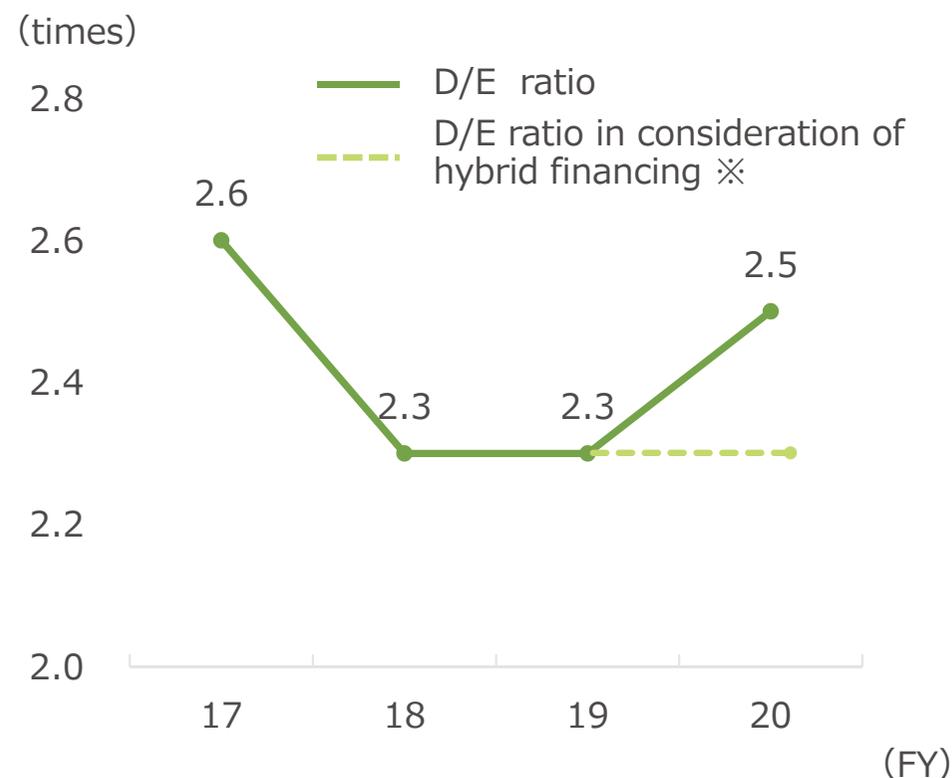
- Funds to be raised:  
100 billion yen (bonds and loans)
- Bond maturity:  
35 years (non-call period: 5 years)  
40 years (non-call period: 10 years)
- Bond rating:  
BBB+ (JCR)
- Equity credit:  
50% of the funds raised are expected to be regarded as equity for ratings by a ratings agency (JCR)



## Effect of this finance

- Improvement in financial soundness and capital efficiency
- Investment for sustainable growth

## <D/E Ratio transition>



※Debt-equity ratio if 50% of the funds raised are regarded as equity for ratings

# Issuance of sustainability bonds

Planning to issue sustainability bonds earmarked for initiatives for solving environmental and social issues. The sustainability bonds, which leverage the Group's efforts on environmental and social issues, will be the first in Japan combined with hybrid bonds (only 40-year bonds (10-year non-call period)).

(※The sustainability bond has obtained a preliminary rating of SU1, the highest rating from Japan Credit Rating Agency.)

## Main use of funds



### Tokyo PortCity Takeshiba

Connecting people, information and business in the world through digitization and content, and creating a new lifestyle by realizing workplaces close to home



### Support for startups and co-creation

Creating an ecosystem that aids startup growth and promotes entrepreneurship by providing facilities for co-creation to startups and

offering financial support and backing for establishing a business (Guild Dogenzaka)



### Kudanminami 1-chome Project

Urban development filled with history and nature through the rebuilding of the former Kudan Kaikan, a historic building registered as a tangible cultural property



Membership shared office  
「Business-Airport」  
(Business-Airport Marunouchi)



Senior housing  
(Setagaya Nakamachi Project)

## Return to Shareholders

Emphasizing shareholder returns and maintaining stable dividends, the Company will pay dividends per share of 16.0 yen for the fiscal year ending March 31, 2021, the same amount as for the previous fiscal year.



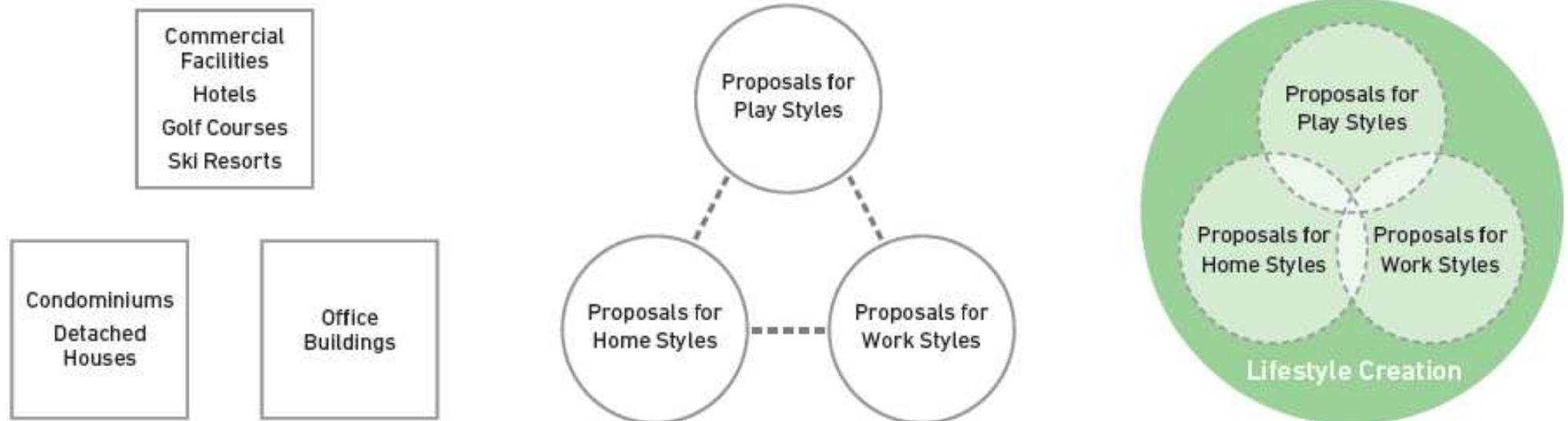
\* Dividends before interim dividends for the fiscal year ended March 2014 are those paid by Tokyu Land Corporation.

\*\* "Net income" was replaced with "profit attributable to owners of parent" in the fiscal year ended March 31, 2016.

# Development of Business to Address Social Issues

## 〈Evolution of lifestyle creation〉

“Lifestyle Creation 3.0” fuses different aspects of everyday life: living, working and playing.



\* From the 2019 Integrated Report

# Development of Business to Address Social Issues <Diversification of working styles>

Developing workspaces that leverage our diverse assets.

	City center	Suburban area	Local area
Exclusive space	<p>Center office</p>  <p>Office building of TOKYU LAND CORPORATION</p>	<p>Flexible office*</p>  <p>Hotel (Individual rooms)</p> 	<p>Resort facilities (Workation)</p> 
Membership space	<p>Rental office / shared office</p> 	<p>Co-creation facilities for startups</p> 	<p>Suburban workplace **</p>  <p>(business partnership)</p>
Shared space	<p>Rental conference room</p> 	<p>Suburban workplace **</p>  <p>(business partnership)</p>	<p>Resort facilities (Workation)</p>  <p>Hotel Harvest</p>
Residential space	<p>Exclusive internal unit space***</p> 		

\* The office introduces an agreement that minimizes the initial cost and enables short-term leasing for the flexible opening and relocation of offices

\*\* The Company has formed an alliance with Spacemarket, Inc., which operates a platform that enables the leasing of more than 14,000 spaces, including meeting rooms and offices, and provides to its office tenants a service that enables them to use suburban workplaces close to home.

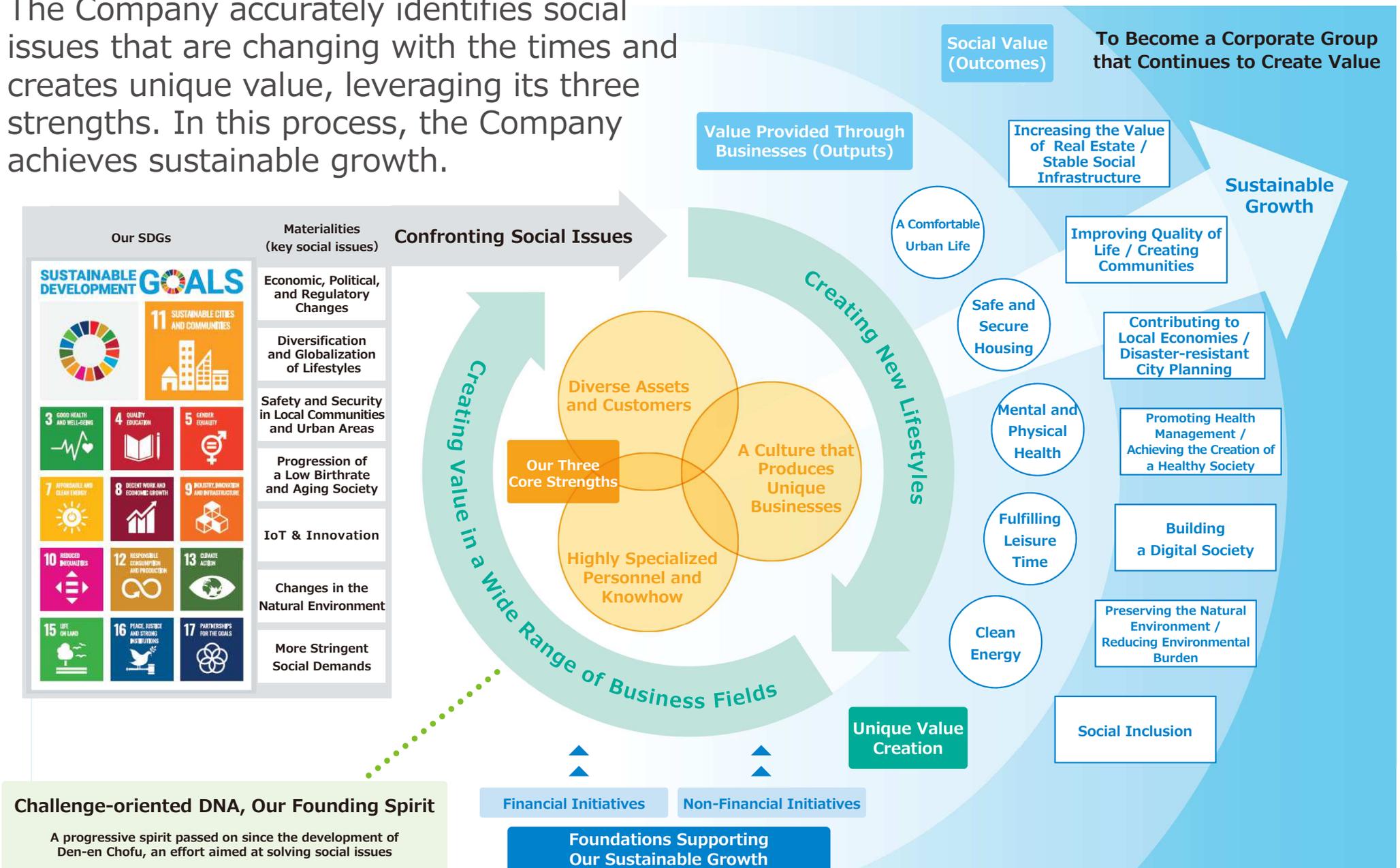
\*\*\* BRANZ has introduced compact, comfortable spaces for particular purposes in exclusive spaces for tenants. Each compact space has a door, and tenants can connect them to living rooms or use them as autonomous spaces. They can work from home, using the spaces as workplaces.

# Reference

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# Value creation story(1) Process for value creation

The Company accurately identifies social issues that are changing with the times and creates unique value, leveraging its three strengths. In this process, the Company achieves sustainable growth.



# Value creation story(2) Value provided

Promoting sustainable growth by increasing the satisfaction of every stakeholder.

**Corporate value is the sum total of the levels of satisfaction of all of our stakeholders**



## Local and Social Satisfaction

We contribute to a sustainable society through efforts such as working to revitalize communities and conserve the environment through our business activities.

## Customer Satisfaction

We provide value that will ensure that we continue to be chosen by customers, based on our Group customer service standard.

## Shareholder and Investor Satisfaction

We answer to the expectations of shareholders and investors by maximizing share value through sustainable growth.

## Employee Satisfaction

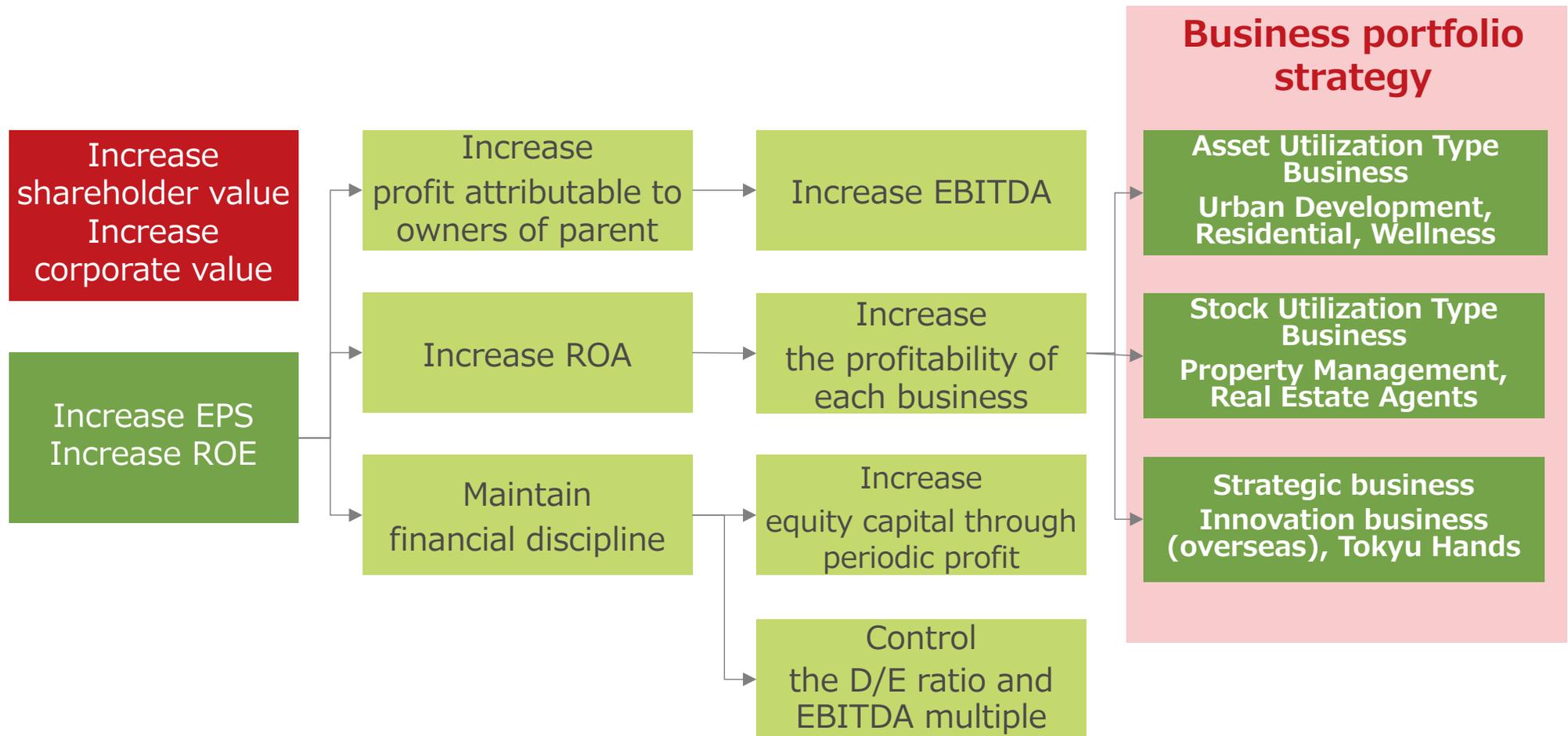
We strive to nurture human capital who can tackle the challenges of the VUCA era, and create workstyle environments where Group employees can work actively.

## Client and Partner Satisfaction

We aim to achieve growth together with our suppliers and partners by creating value across our entire supply chain.

# Basic Policy for Increasing Shareholder Value and Corporate Value(1)

Aim to increase EPS and ROE in an effort to increase shareholder value by growing earning power while maintaining financial discipline.



# Basic Policy for Increasing Shareholder Value and Corporate Value(2)

The Company needs to improve ROA, which emphasizes business efficiency.

BS for FY2019  
Ended Mar-2020

Total assets ¥2,487.4 billion	
Total assets ¥2,487.4 billion	Total liabilities ¥1,893.1 billion
	Total net assets ¥594.2 billion

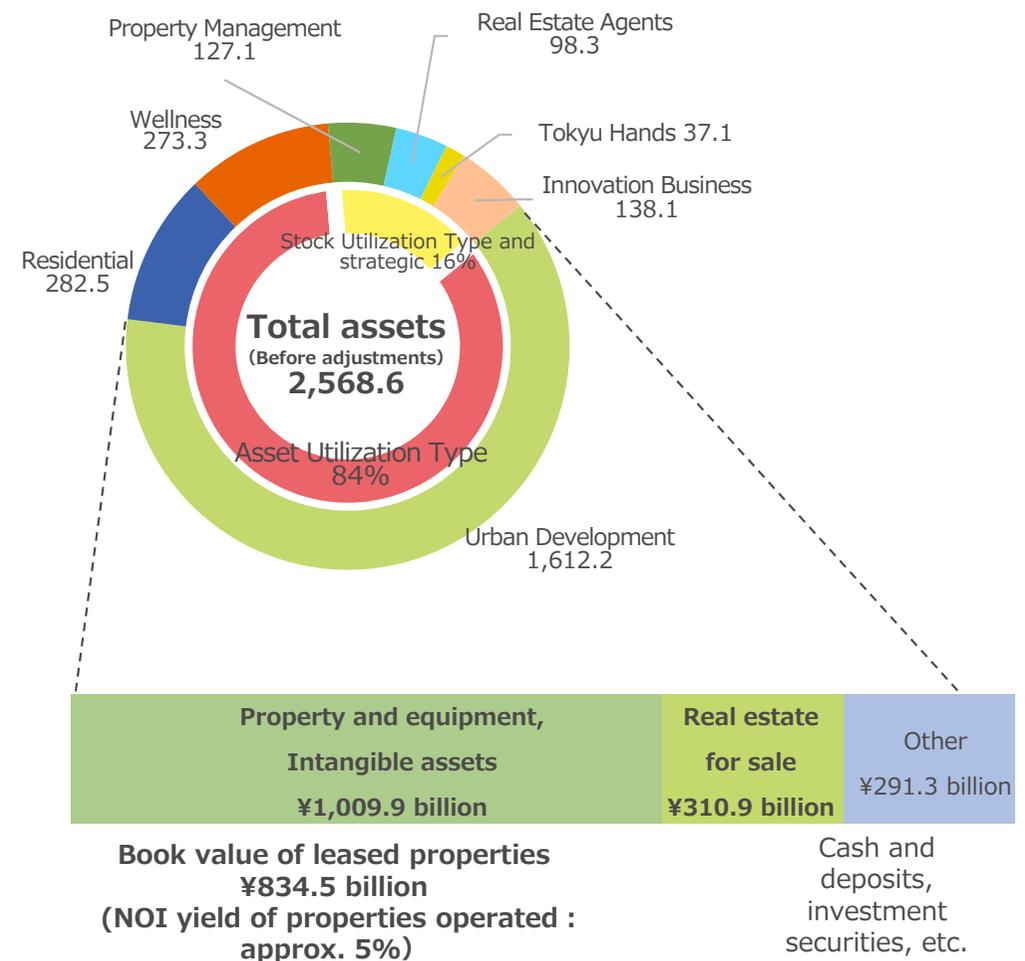
Asset Utilization Type Business  
(Urban Development, Residential, Wellness)

Strengthen the revenue base and increase ROA by commencing large projects that have not been operated, promoting high-efficiency business, continuing cyclical reinvestment business, etc.

Stock Utilization Type Business  
(Property Management and Real Estate Agents),  
Strategic Business  
(Innovation business and Tokyu Hands)

Achieve stable profit growth by increasing profit margin, etc

Breakdown of assets by segment



# Basic Policy for Increasing Shareholder Value and Corporate Value(3)

Basic policy regarding financial and capital policies.

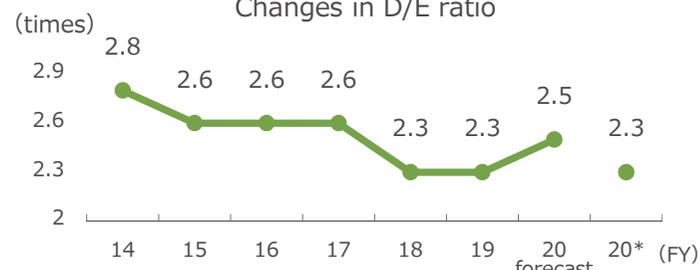
BS for FY2019  
Ended Mar-2020

Total assets ¥2,487.4 billion	
<b>Total assets ¥2,487.4 billion</b>	Total liabilities ¥1,893.1 billion
	Total net assets ¥594.2 billion

## D/E ratio and EBITDA multiple

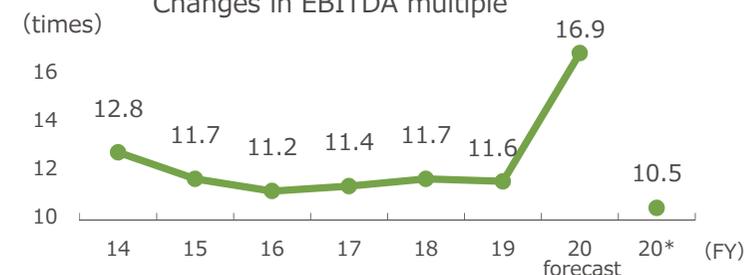
- **Maintain financial disciplines, controlling the D/E ratio and the EBITDA multiple,** while considering results for some time to come.
- Use the remaining capacity for investment created by the increase in equity capital for the Greater Shibuya area and other carefully selected, high-quality projects.

Changes in D/E ratio



\*Medium-term management plan Target

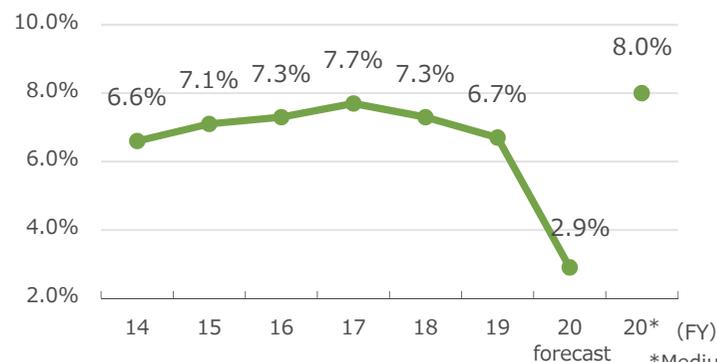
Changes in EBITDA multiple



## Capital policy

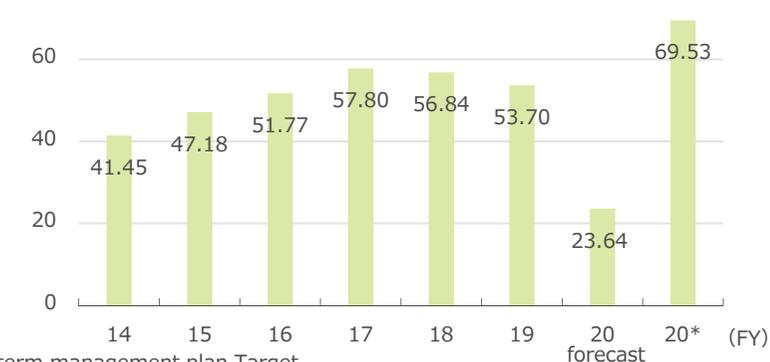
- Set the **ROE target at 8.0%** in consideration of the cost of equity.
- Keep the dividend policy (maintaining stable dividend payment and a payout ratio of above 25%) and improve shareholder returns through **the stable growth of EPS.**

Changes in ROE

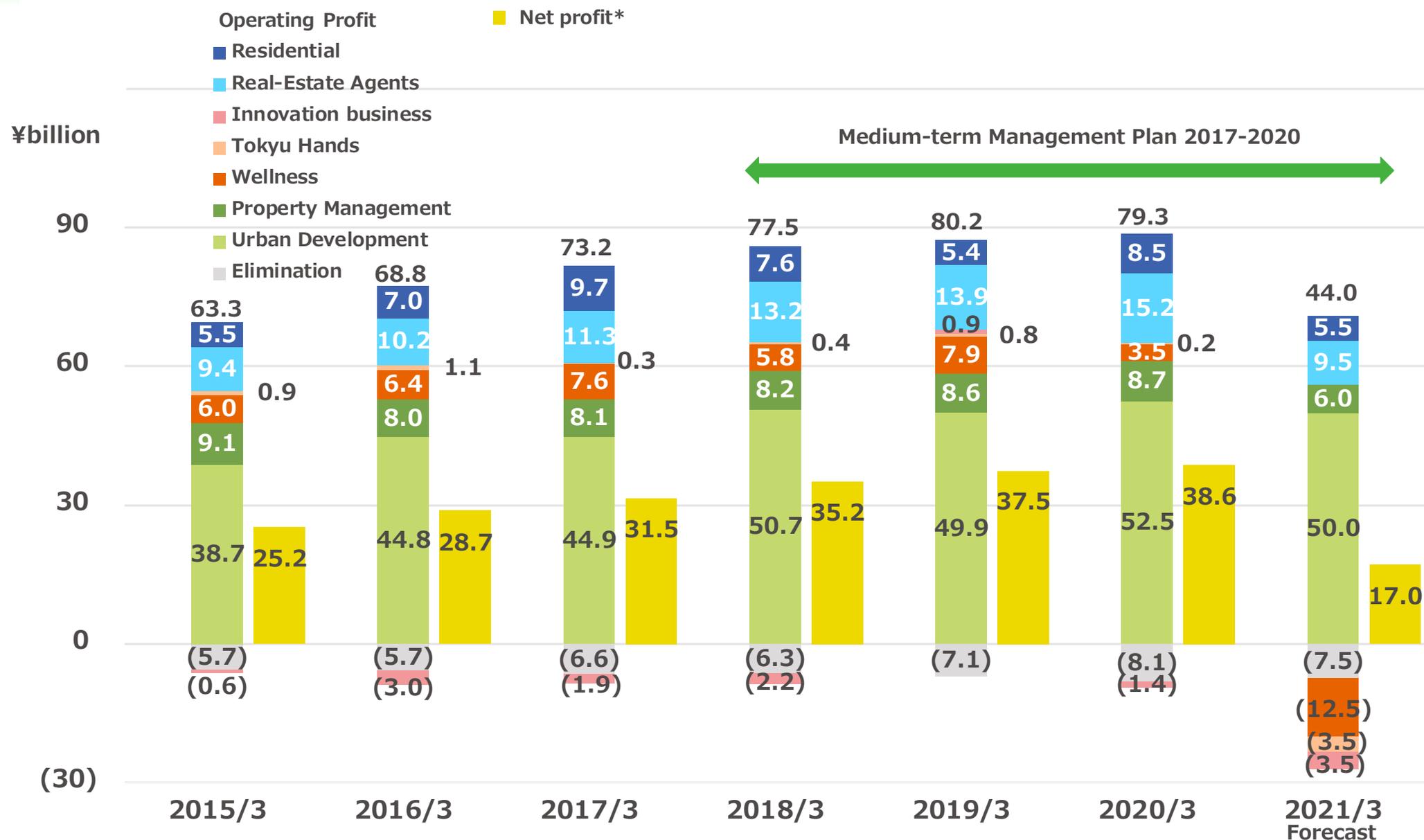


\*Medium-term management plan Target

Changes in EPS



# Breakdown of Results by Segment



\* "Net profit" was replaced with "profit attributable to owners of parent" in the fiscal year ended March 31, 2016.

## Major Effects of the Spread of the Coronavirus in FY2020 (Initial Supposition)

Effects are assumed mainly in the BtoC business.

It is assumed that business activities will be constrained significantly in the first quarter and will recover gradually from the second quarter.

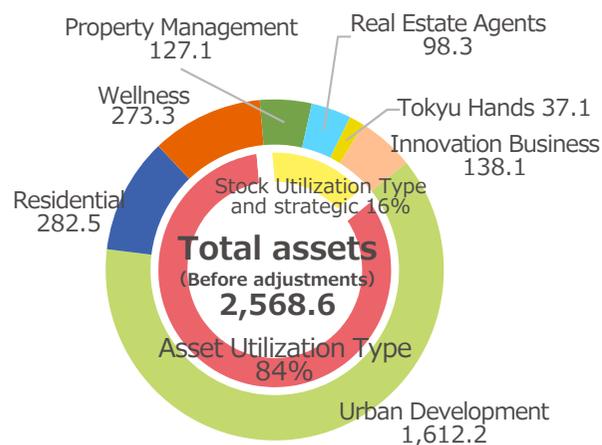
Segment	Effect on business	Effect on results
Urban Development	Closure of major commercial facilities Suspension of operation of rental meeting rooms	Decrease in percentage rent, full or partial exemption from fixed rent Decrease in revenue from rental meeting rooms
Residential	Suspension of operation of condominium showrooms	Decrease in the number of units posted
Property Management	Scaling down of sales activities for new construction work Suspension of part of property management	Decrease in revenue from construction and property management
Real Estate Agents	Scaling down of operations at stores of real estate agents	Decrease in revenue from real-estate sales agent business
Wellness	Closure of fitness clubs and hotels Scaling down of operation by shortening business hours and by other means	Decrease in revenue from the operation of facilities
Tokyu Hands	Closure of stores and scaling down by shortening business hours and by other means	Decrease in revenue
Innovation business	Suspension of operation of condominium showrooms (Indonesia)	Decrease in the number of units posted (Indonesia)

# Summary of balance sheets \* As of Mar-31, 2020

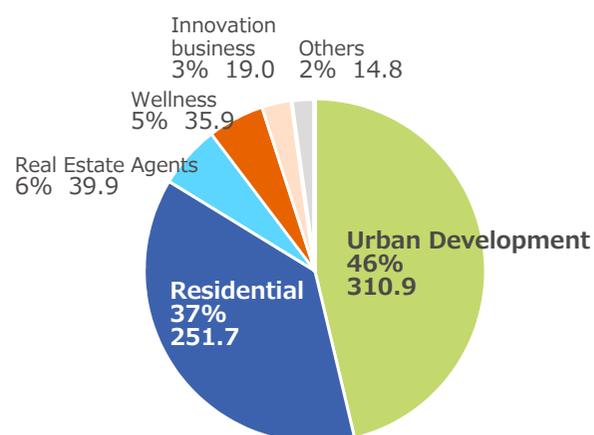
(¥ billion)	FY2019 As of Mar-31, 2020	(¥ billion)	FY2019 As of Mar-31, 2020
Cash and deposits	97.6	<b>Interest-bearing Debt</b>	<b>1,361.0</b>
<b>Real estate for sale</b>	<b>658.0</b>	Deposits	260.5
<b>Property and equipment, Intangible assets</b>	<b>1,192.7</b>	Trade payables etc.	106.5
Goodwill	71.7	Other	165.0
Other investments	312.2	<b>Total liabilities</b>	<b>1,893.1</b>
Accounts receivable etc.	55.6	<b>Equity</b>	<b>583.3</b>
Other	99.5	Non-controlling interests	11.0
<b>Total assets</b>	<b>2,487.4</b>	<b>Total net assets</b>	<b>594.2</b>

(Unit: ¥ billion)

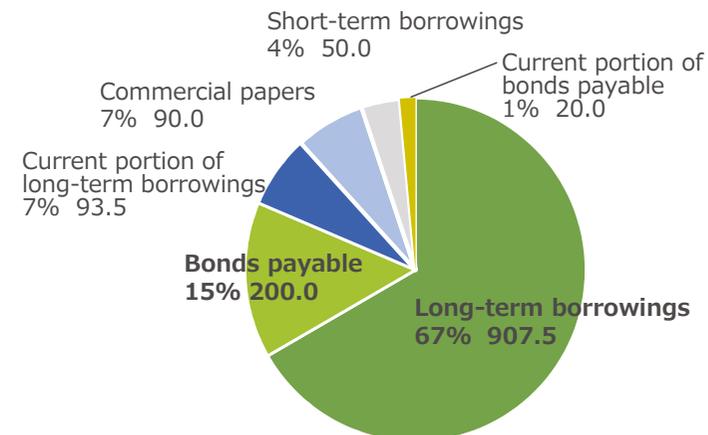
〈Asset breakdown by segment〉



〈Inventory breakdown〉



〈Interest-bearing debt breakdown〉



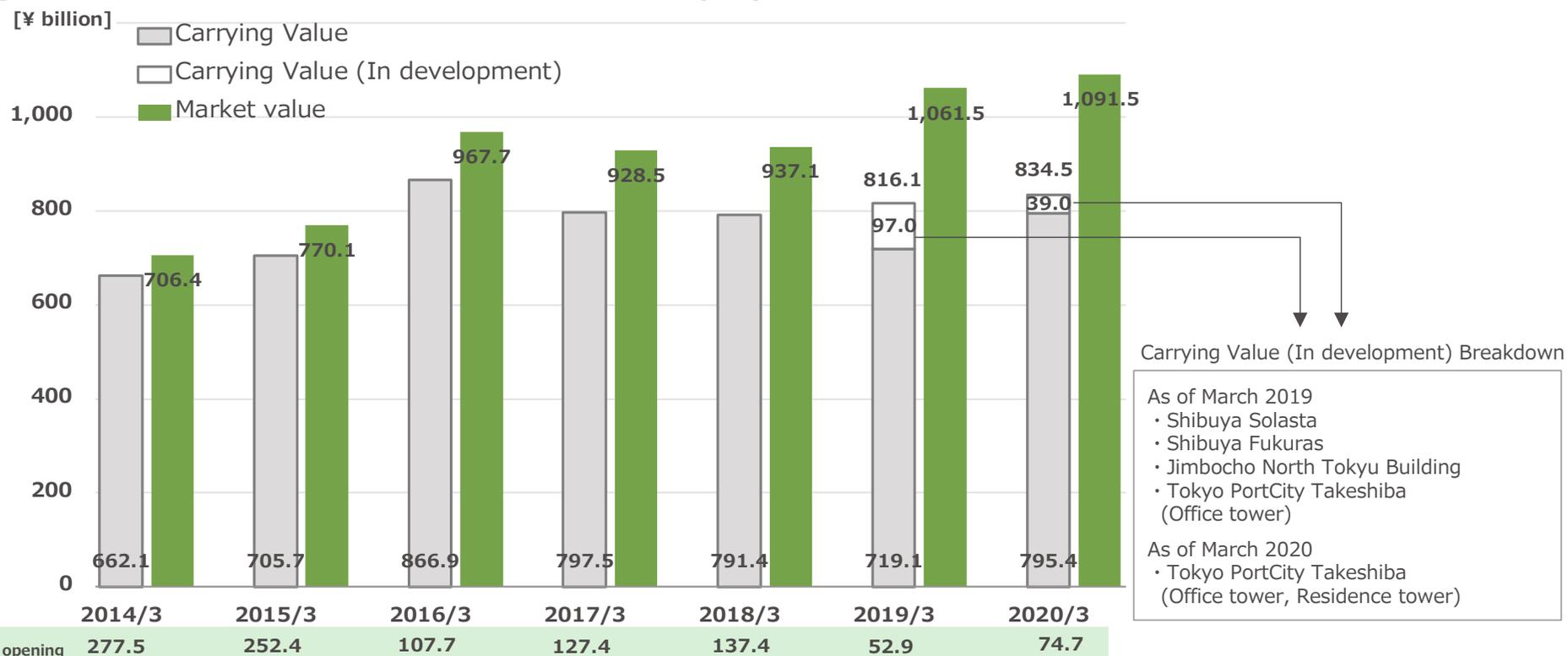
# Market value appraisal for leased properties

Unrealized profit of leased properties increased thanks to the firm real estate market.

(¥ billion)	FY2018 Mar-2019	FY2019 Mar-2020	Comparison	Remarks
Carrying Value	816.1	834.5	18.3	■ Market value at the end of the fiscal year is calculated by our company mainly according to the "standards for appraisal of real estate". ■ The properties to be developed before opening are in the early process of development and therefore their market value cannot be grasped (¥52.9 billion at the end of March 2019 and ¥74.7 billion at the end of March 2020)*.
Market value	1,061.5	1,091.5	30.0	
Difference	245.3	257.1	11.7	

\* Kudanminami 1-chome Project, Jingumae 6-chome Block Urban Redevelopment Project, Shibuya Sakuragaoka Block Redevelopment Plan, and others.

## < Changes in market value and book value of leased properties and others >

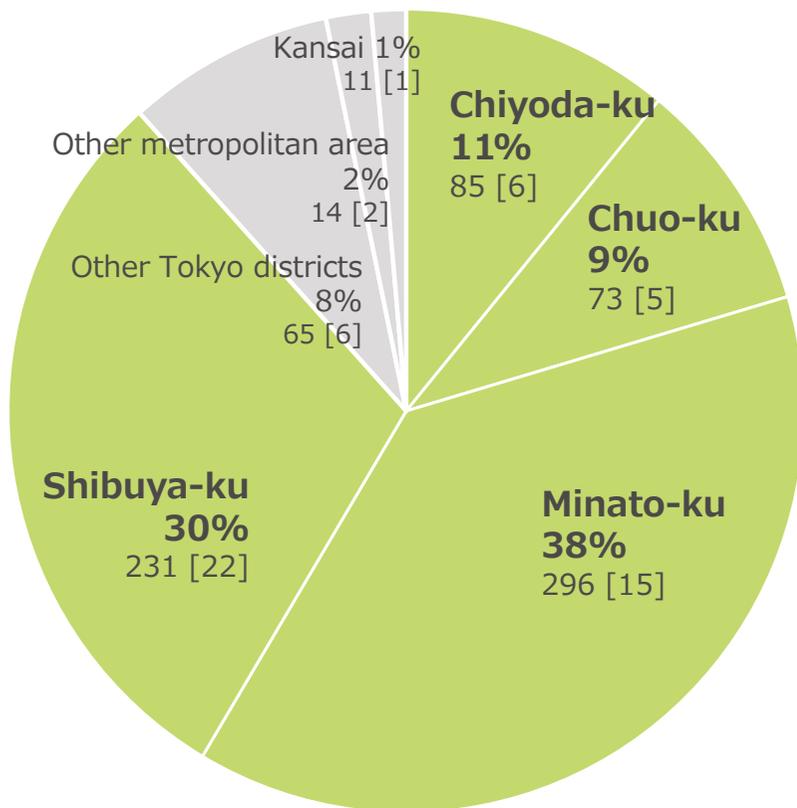


# Distribution of Office Buildings (Urban Development segment)

For the portfolios, Owns 88% of office buildings in 4 central wards, centering on Shibuya ward. (As of September 30, 2020)

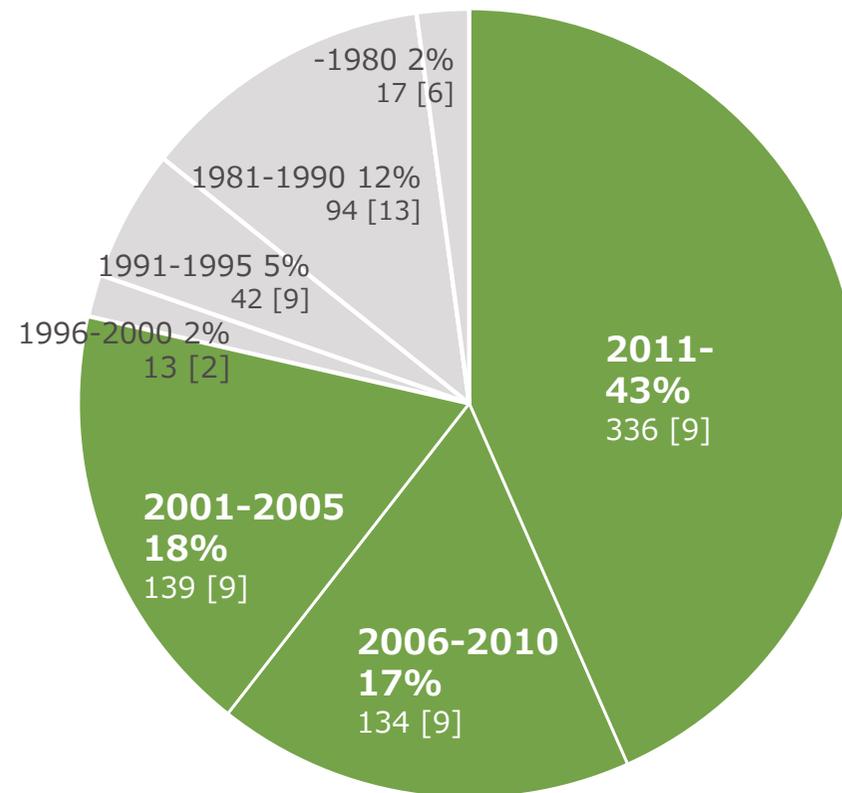
〈Area〉

Metropolitan 4 districts  
684 thousand m<sup>2</sup> (88%) 48 buildings



〈Completed year〉

After 2001  
609 thousand m<sup>2</sup> (79%) 27 buildings



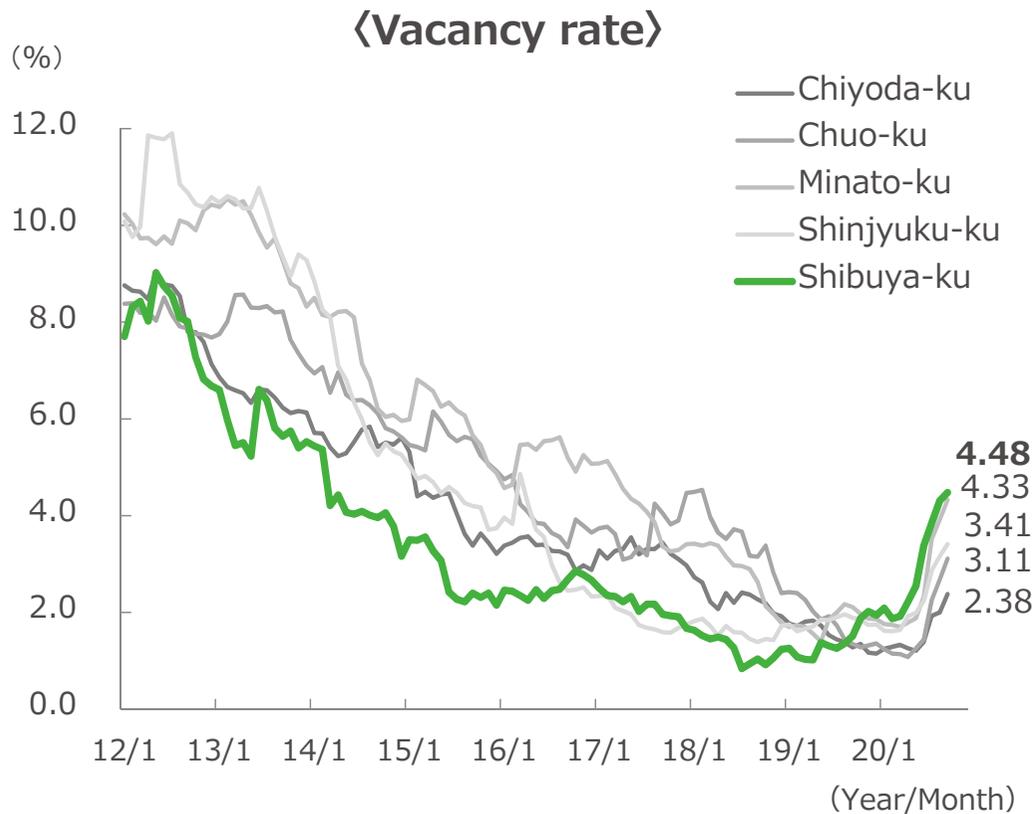
※ Office Buildings Floor space : thousand m<sup>2</sup>, [ ] : Number of buildings, The indicated area is the total floor area

# Office market in Shibuya

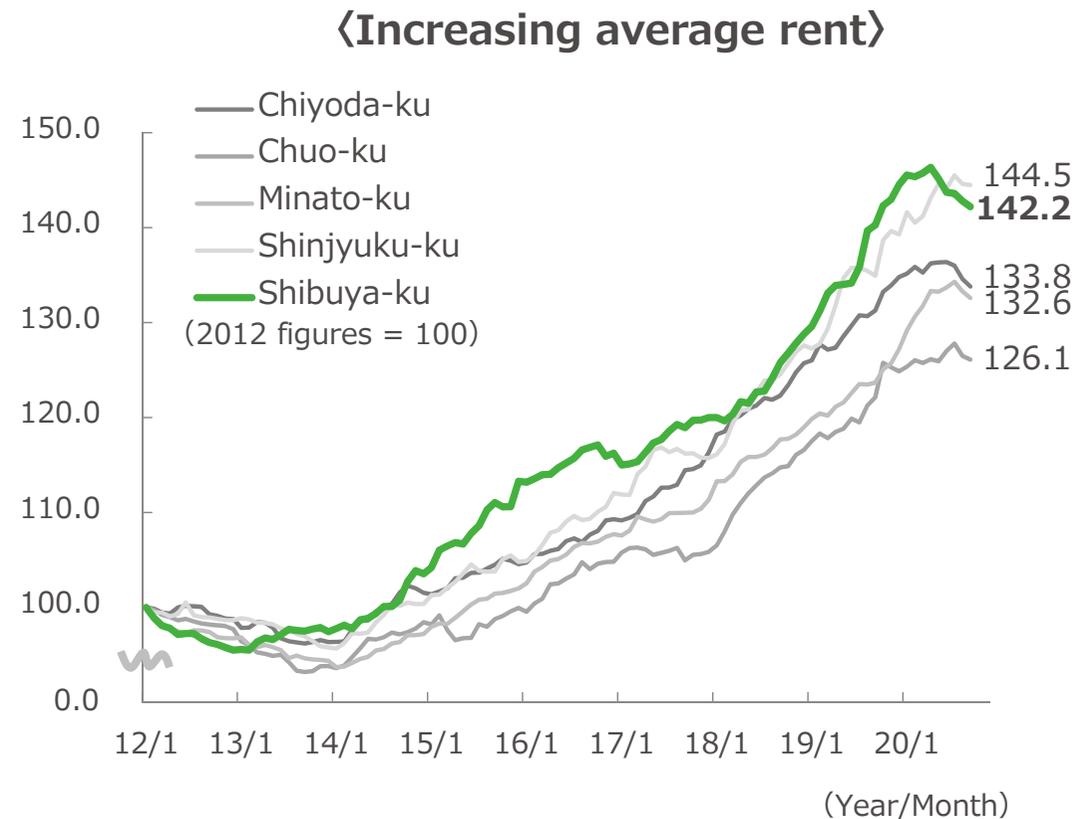
The vacancy rate in the Shibuya-ku rose, and that tends to be highly volatile. However, vacancy rates within the Group remain at a low level and the contract cancellation notices is also unchanged from the year-ago level.  
(see Page14)

## Assumed Causes of High Volatility in Shibuya-ku

- (1) The average floor area of offices in the Shibuya-ku is small compared with that in the other four central districts, and the vacancy rate is susceptible to fluctuations in the vacant area.
- (2) Growing enterprises such as startups which are often found in the Shibuya-ku are capable of agile decision-making concerning the upscaling or downscaling of office space.



Source : Miki Shoji Co.,Ltd



Source : Miki Shoji Co.,Ltd

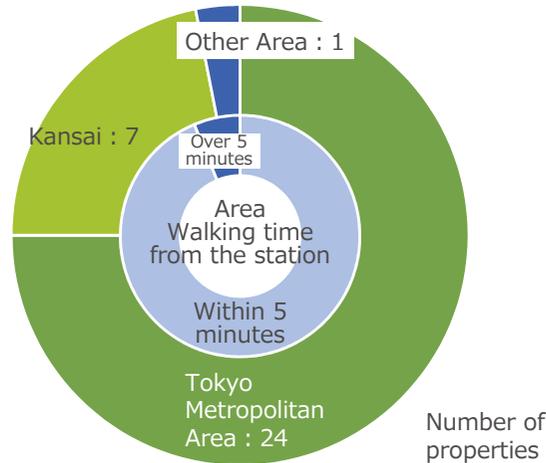
As of September 30, 2020

# Commercial facilities \* As of Mar-31, 2020

Developing commercial facilities in convenient areas, primarily in the Tokyo metropolitan area and the Kinki area.

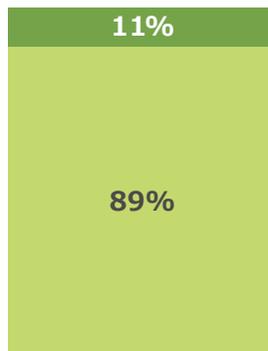
## Features of our commercial facilities

Locations that are commercially busy and convenient in terms of transportation



A high percentage of fixed rent leads to stable rent income.

■ Fixed rent ■ Percentage rent



## TOKYU PLAZA



## Q plaza



## Q's MALL



## MARKET SQUARE



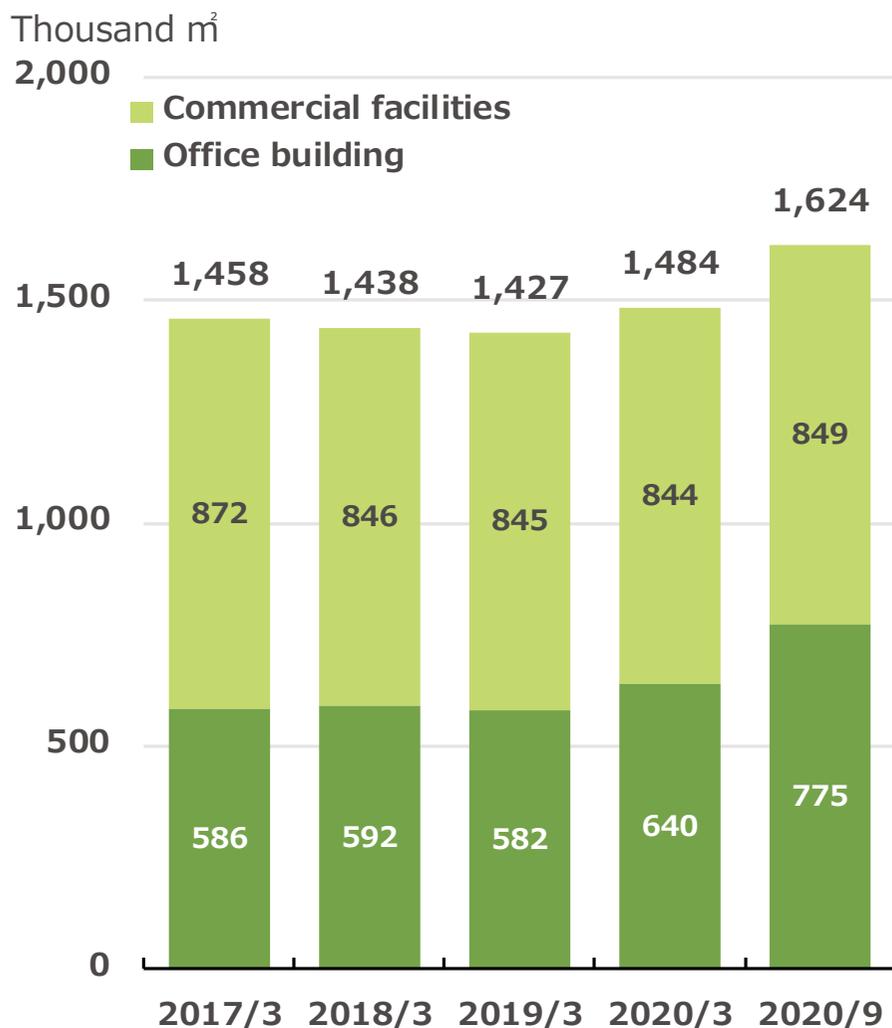
\* A survey on major commercial facilities of the Group

\*\*FY2019 Ended Mar-31, 2020

# Transition in total floor area and AUM transition

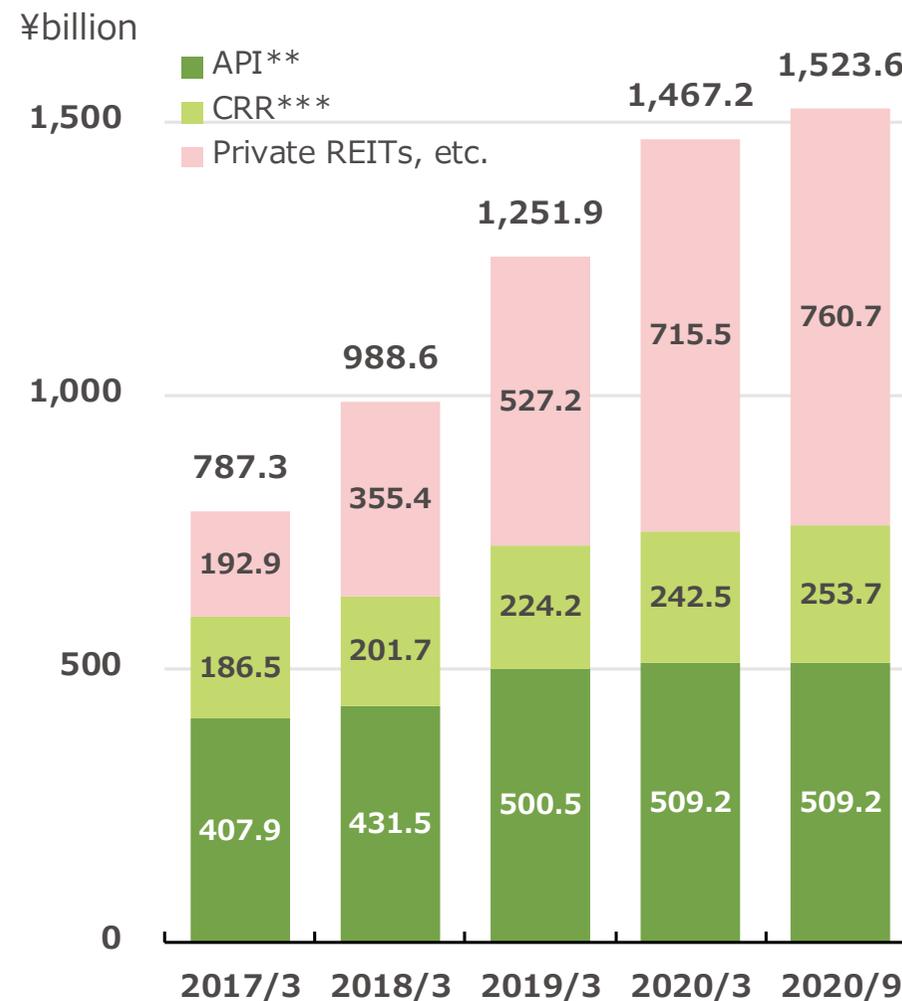
AUM expand steadily.

〈Transition in total floor area〉



\* As of September 30, 2020

〈AUM transition〉



\* As of September 30, 2020

\*\* API: Activia Properties Inc.

\*\*\* CRR: Comforia Residential REIT, Inc

# Major office buildings (Urban Development segment)

As of the end of September 2020, the Company holds 57 buildings, located mainly in four wards in central Tokyo.

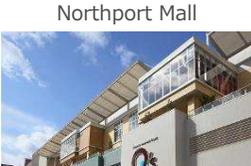
Area		No. of buildings	Major properties[Building]	Year built	Total floor space *	Remarks		
Tokyo Metropolitan area	Shibuya-ku	22	Shibuya Dogenzaka Tokyu	1983	13	 Ebisu Business Tower	 Shibuya Minami Tokyu	 Shibuya Place
			Unosawa Tokyu	1984	15			
			Shibuya Shin-Minamiguchi	2000	7			
			Ebisu Business Tower	2003	23			
			Shibuya Square	2004	13			
			Shibuya Minami Tokyu	2005	20			
			Shibuya Place	2009	4			
			Shibuya Solasta	2019	44			
	Shibuya Fukuras	2019	53					
	Minato-ku	15	Hamamatsucho Square	2004	24	 Hamamatsucho Square	 Shimbashi Tokyu	 Shin-Aoyama Tokyu
			Shinagawa Tokyu	2007	21			
			Minamiaoyama Tokyu	2008	12			
			Shimbashi Tokyu	2008	15			
			Spline Aoyama Tokyu	2012	8			
			Shin-Aoyama Tokyu	2015	10			
	Tokyo PortCity Takeshiba	2020	162					
	Chiyoda-ku	6	Sanban-cho Tokyu	2001	12	 Uchisaiwaicho Tokyu	 Kasumigaseki Tokyu	 Jimbocho North Tokyu Building
			Ichiban-cho Tokyu	2002	20			
			Uchisaiwaicho Tokyu	2006	14			
			Kasumigaseki Tokyu	2010	19			
			Jimbocho North Tokyu Building	2019	11			
Cyo-ku	5	St. Luke's Tower	1994	14	 Nihombashi Maruzen Tokyu	 Nihombashi Front	 Shin-Meguro Tokyu	
		Nihombashi hon-cho Tokyu	2004	12				
		Nihombashi Maruzen Tokyu	2006	17				
Other	8	Nihombashi Front	2008	29				
		Meguro Tokyu	2003	10				
Other	8	Futako Tamagawa Rise·office	2011	9				
		Shin-Meguro Tokyu	2012	22				
Kansai	1	Shinsaibashi Tokyu	1982	11				

\* (thousand m<sup>2</sup>) : Floor space is after conversion for ownership share (including the leased area).

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# Major commercial facilities (Urban Development segment)

As of the end of September 2020, the Company operates 25 locations in the Tokyo area and 7 locations in Kansai and other regions.

Area	No. of facilities	Major properties [Commercial facilities]	Year built	Total floor space *	Remarks	
Tokyo Metropolitan area	25	Tokyu Plaza Kamata	1968	28		
		Tokyu Plaza Akasaka	1969	21		
		Shibuya B E A M	1992	7		
		DECKS Tokyo Beach	1997	35		
		Northport Mall	2007	141		
		Saclass Totsuka (sublease)	2009	48		
		Tokyu Plaza Totsuka	2010	12		
		Futakotamagawa rise・SC	2011	20		
		Tokyu Plaza Omotesando Harajyuku	2012	3		
		Q Plaza Harajyuku	2015	3		
		Market Square Kawasaki East (sublease)	2016	30		
		Tokyu Plaza Ginza	2016	51		
		Q Plaza Futakotamagawa	2017	3		
Q Plaza Ikebukuro	2019	17				
Tokyu Plaza Shibuya**	2019	53				
Kansai・Others	7	Market Square Nakayamadera	2003	22		
		Minoh Q'sMALL	2003	30		
		Market Square SASASHIMA	2005	19		
		Amagasaki Q'sMALL	2009	164		
		Abeno Q'sMALL	2011	123		
		Tokyu Plaza Shinnagata (sublease)	2013	10		
		Morinomiya Q's MALL BASE	2015	25		
					Tokyu Plaza Akasaka	
					Tokyu Plaza Omotesando Harajyuku	
					Tokyu Plaza Ginza	
					Tokyu Plaza Totsuka	
					DECKS Tokyo Beach	
					Northport Mall	
					Abeno Q'sMALL	
					Minoh Q'sMALL	
					Amagasaki Q'sMALL	
					Morinomiya Q's MALL BASE	

\* (thousand m<sup>2</sup>) : Floor space is after conversion for ownership share (including the leased area). \*\* Described the total floor area as Shibuya Fukurasu

# Major facilities (Wellness segment)

Manage diverse facilities throughout the country. (As of September 30, 2020)

	Number of facilities	Number of rooms	Name of facilities			
<b>Tokyu Harvest Club</b>	25 facilities	2,750 rooms	Teteshina Katsuura Hamanako Amagi Kougen Shizunami Kaigan Kinugawa Nanki Tanabe Ito	Hakone Myojindai Madarao Tateshina Annex Skijam Katsuyama Yamanakako Mount Fuji Kyu Karuizawa Tateshina Resort Hakone Koshien	Urabandai Grandeco Nasu Kyu Karuizawa Annex VIALA Hakone Hisui Arima Rokusai VIALA annex Arima Rokusai Atami Izusan VIALA annex Atami Izusan	Kyoto Takagamine VIALA annex Kyoto Nasu Retreat Karuizawa VIALA annex Karuizawa
<b>Tokyu Stay Hotel</b>	28 facilities	4,522 rooms	Yutenji Monzen-Nakacho Yoga Shibuya Nihombashi Yotsuya Shibuya Shin-Minamiguchi Tsukiji	Gotanda Suidobashi Aoyama Nishi-Shinjuku Ikebukuro Kamata Shimbashi Shinjuku	Ginza Kyoto Ryogaemachi-Dori Takanawa (in front of Sengakuji Station) Sapporo Hakata Sapporo Odori Kyoto Shin Kyogoku	Fukuoka Tenjin Kanazawa Okinawa Naha Osaka-Hommachi Tokyu Stay Hida Takayama Musubi no Yu
<b>Resort Hotel</b>	3 facilities	559 rooms	KYU KARUIZAWA KIKYO Curio Collection by Hilton Hyatt Regency Seragaki Island Okinawa		Palau Pacific Resort	
<b>Ski resorts</b>	8 facilities	—	Niseko Mountain Resort Grand Hirafu TANGRAM SKI CIRCUS (MADARAO)	Tateshina Tokyu Ski Resort Tambara Ski Park	GRANDECO SNOW RESORT SKIJAM KATSUYAMA	Hunter Mountain Shiobara Mt. JEANS NASU
<b>Golf courses</b>	19 facilities	—	OITA Tokyu Golf Club Aso Tokyu Golf Club Katsuura Tokyu Golf Course Tsukuba Tokyu Golf Club TATESHINA TOKYU Golf Course	Amagikogen Golf Course Mochizuki Tokyu Golf Club MADARAO Tokyu Golf Club Omigawa Tokyu Golf Club Kininomori Golf Club	Arita Tokyu Golf Club NASU KOKUSAI COUNTRY Otakijo Golf Club Tsurumai Country Club Sashima Country Club	Shibayama Golf Club Kansai Country Club Miki Yokawa Country Club Asakura Golf Club
<b>Tokyu Sports Oasis</b>	37 facilities	—	Tamagawa Kawaguchi Shinjuku 24Plus Musashi-Kosugi 24Plus Urawa 24Plus Aoyama Hon-Atsugi Musashi-Koganei Seiroka Garden Kanamachi 24Plus	Jujo 24Plus Minami-Osawa 24Plus Yokosuka 24Plus Kohoku Honkomagome Rafeel Ebisu Yukigaya 24Plus Totsuka Akatsuka 24Plus Esaka 24Plus	Shinsaibashi EAST 24Plus Umeda Ibaraki 24Plus Hiroshima Shinsaibashi WEST 24Plus Abeno 24Plus Sumiyoshi Sannomiya 24Plus Tsurugaoka 24Plus Sayama 24Plus	Katsuragawa 24Plus Morinomiya Q's Mall Suminodo 24Plus Sagamihara 24Plus Narashino 24Plus Kamioka Matsudo
<b>Senior housing</b>	15 facilities	1,883 units	Grancreeper Azamino Grancreeper Fujigaoka Lifenix Takaido Grancreeper Utsukushigaoka Grancreeper Aobadai	Creer Residence Sakuradai Grancreeper Center Minami Grancreeper Seijo Grancreeper Bajikoen Grancreeper Aobadai 2-chome	Grancreeper Setagaya Nakamachi Creer-residence Yokohama Tokaichiba Hikarigaoka Park Villa Grancreeper Shibaura	Grancreeper Tachikawa

# Sustainable Management

The Company is promoting initiatives for sustainable growth and has continued to be selected as constituents of major domestic and overseas ESG indexes. Selected for inclusion in the FTSE 4good Index Series for eleventh consecutive year in July 2020.

## <Major initiatives>

- E (environmental) Following the TCFD recommendations, became a member of RE100
- S (social) Promoting workstyle reform; formed policies on human rights and sustainable procurement.
- G (governance) Established a Nomination and Compensation Advisory Committee, assessing the effectiveness of the Board of Directors

● Selected - Not selected / No evaluation

Classification	Index/Evaluation	Description of Evaluation	2016	2017	2018	2019
ESG	DJSI Asia Pacific 	Evaluating companies' sustainability in comprehensive consideration of economic, environmental, and social aspects	●	●	●	●
	FTSE 4good Index Series 	Evaluating companies' activities to fulfill their social responsibilities in terms of environmental, social, and governance (ESG) aspects	●	●	●	●
	FTSE Blossom Japan Index 	Adopted by the GPIF. The index reflects the performance of outstanding Japanese companies in terms of ESG management.	●	●	●	●
	MSCI Japan ESG Select Leaders 	Adopted by the GPIF. Selecting outstanding Japanese companies in different industries in terms of ESG evaluation	●	●	●	●
E (environment)	S&P/JPX Carbon Efficient Index 	Adopted by the GPIF. The weights of the constituents are determined in accordance with their carbon efficiency.	/	/	●	●
	CDP 	The companies' initiatives related to climate change, decarbonization strategies and performance in line with the TCFD recommendations, are evaluated.	C	B	A-	A-
S (society)	MSCI Japanese Stock Empowering Women Index 	Adopted by the GPIF. Companies with high gender diversity scores based on data on the employment of women are selected.	●	●	●	●
	Health & Productivity Management Outstanding Organizations 	Evaluating health management practices Evaluated by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi	●	●	●	●
	Health & Productivity Stock 	Selecting outstanding companies in terms of health management Selected by the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange	-	-	-	●

# Initiatives Related to Climate Change

Examining expected climate change risks and related business opportunities and promoting the use of renewable energy.



## <Following TCFD's recommendations>

- We are examining expected climate change risks and related business opportunities and are building a governance system and forming strategies. We are also promoting disclosure in line with the TCFD recommendations.
- We are analyzing two scenarios: a 4°C scenario (climate will change significantly, which will lead to serious natural disasters) and a 2°C scenario (stricter laws and regulations will be in place to mitigate climate change and introduce renewable energy).

Assumed environmental changes	Transition risks	Physical risks		financial impact
	Introduction of carbon tax	Increasingly serious natural disasters	Rise in average temperature	↑ Positive ↓ Negative
	Urban areas (2030 scenario) Greater importance of building environmental performance and BCP readiness	Resort areas (2050 scenario) Greater impact of abnormal weather		
2 °C scenario	↑ Competitive advantage of buildings with high environmental performance ↓ Generation of carbon tax expenses	↑ Use of renewable energy ↓ Tougher GHG emission regulations for building construction and operation		↑ Spread of energy-saving technologies
4 °C scenario	↑ Competitive advantage created by proactive introduction of BCP measures ↓ Increased damage to buildings caused by winds and floods	↑ New business opportunities created using existing assets ↓ Constraints on construction sites and building design caused by sea level rise and storm surges		
		–	↑ Differentiation from other facilities through the introduction of environmentally friendly equipment, etc. ↓ Shorter seasons for ski resorts attributed to reduced snowfall	

2 °C scenario: To keep the climate change within a temperature rise of up to 2 °C, policies are strengthened and laws and regulations are made tougher, resulting in greater use of renewable energy. A scenario including increased regulatory risks is assumed.

4 °C scenario: Progress in decarbonization is not achieved, and the average temperature rises by around 4 °C, resulting in increasingly serious natural disasters. A scenario including increased transition risks is assumed.

## <Member of RE100>

- Tokyu Land Corporation is a member of RE100. The company is taking initiatives to procure all electricity consumed in its business activities from renewable energy by 2050.







 **TOKYU FUDOSAN HOLDINGS**