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Notice Regarding Change (Transfer of Shares) in a Consolidated Subsidiary and Assignment of Receivables

Tokyu Fudosan Holdings Corporation (the “Company”) hereby announces that the Company’s board of directors meeting held today resolved the transfer of all issued shares of Tokyu Hands Inc. (a consolidated subsidiary of the Company, “Hands”) (the “Shares”) and the assignment of receivables held by the Company against Hands (the “Receivables”) to Cainz Corporation (“Cainz”) (the transfer of the Shares and the assignment of the Receivables shall be collectively referred to as the “Transfer”); and that the Company has concluded a share transfer agreement in relation to the Transfer (the “Share Transfer Agreement”). Due to the Transfer, Hands will be excluded from the scope of consolidation of the Company.

1. Reason for the Transfer

Hands was established in 1976 as a wholly-owned subsidiary of Tokyu Land Corporation, a core company of the Company group. It started as a proposal-based lifestyle shop centered on DIY, having “re-empowerment of hands” as its founding philosophy. As a Creative Life Store that gathers together the trends of the times from a unique perspective, Hands has always provided its customers with new discoveries. With its unique style as a retail store, in which it provides comprehensive consultation services based on its wide range of product lineups and abundant product knowledge, Hands has supported each of its customers in realizing their unique lifestyles; and it has received patronage from many customers. Currently, Hands has expanded its business to a total of 86 stores (including 24 franchised stores) in Japan and overseas. It has established its position as the one and only retailer; and capitalizing on its nationwide brand recognition, it has greatly contributed to the value improvement of the Tokyu brand.

Meanwhile, the environment surrounding the retail industry has changed significantly in recent years. With a declining birthrate and an aging population as well as a change in customer lifestyle as the backdrop, it has become a common situation for the domestic retail market to be saturated; amid such circumstances, electronic commerce has developed, rival companies have emerged, and competition keeps on intensifying. In order to break away from poor business performance and to enhance the provision of value to its customers, Hands has been working on various measures such as (i) reinforcing development of private brand products, (ii) expanding electronic commerce, and (iii) accelerating franchise developments; and the Company and the Company group as a whole have supported Hands in its recovery. However, the spread of COVID-19 has further accelerated the change in the environment of the retail industry.

Under these circumstances, the Company has determined that it is difficult to maximize the value provided to Hands’s customers and Hands’s business value by restructuring Hands’s business with the management resources of the Company group; therefore, the Company has been considering a wide range of options including sales to a new partner. Recently, the Company appointed a financial advisor

and widely conducted bidding procedures. During those procedures, the Company received proposals from several candidates. After careful consideration, and taking into account Cainz's proposal, which will contribute to Hands's future growth, as well as the discussions with Cainz conducted after such proposal, the Company has determined that Cainz may be the best owner for Hands and decided that it will transfer the Shares and the Receivables to Cainz.

Cainz is a top company group that continues to grow steadily in the intensely competitive retail industry. Its corporate vision is "La la la Lifestyle." and it advocates promotion of DIY culture. It shares values with Hands, which has the corporate vision to "create a creative lifestyle." While combining both companies' features and strengths, they will be able to aim to create new value, which is, co-creation of DIY culture in Japan.

In addition, the Company considers that Cainz is at the cutting edge of private brand products and the DX field, which are both Hands's issues; and by capitalizing on Cainz's resources and know-how, and by seeking to create the maximum synergy for both companies, Hands will be able to realize maximizing the value it provides to its customers as well as sustainable growth.

In its long-term vision "GROUP VISION 2030" announced on May 11, 2021, the Company has stated that it "will aim to enhance the shareholder value and the corporate value by building a solid and distinctive business portfolio toward fiscal 2030." In order to realize that vision, the Company is reviewing all types of businesses from a long-term perspective.

The Company will continue to promote business portfolio management focusing on the improvement in efficiency of the existing businesses, and it will aim for sustainable growth of the Company group and enhancement of the shareholder value and the corporate value.

2. Outline of the Subsidiary Subject to Change

(As of April 1, 2021)

(1) Name	Tokyu Hands Inc.	
(2) Headquarters	Shinjuku Eastside Square, 6-27-30 Shinjuku, Shinjuku-ku, Tokyo	
(3) Representative	President & CEO Seiichi Kimura	
(4) Businesses	Specialized comprehensive retail business for products, equipment, tools, materials, and parts related to home, housing life, and handmade items	
(5) Capital	400 million yen	
(6) Date of Foundation	August 28, 1976	
(7) Major Shareholders and Shareholding Ratio	Tokyu Fudosan Holdings Corporation, 100.0%	
(8) Relationship between the Company and the Subsidiary	Capital Relationship	The subsidiary is a wholly-owned subsidiary of the Company.
	Personnel Relationship	Four of Hands's officers serve concurrently as the Company's officers. In addition, Hands's President & CEO Seiichi Kimura serves concurrently as an operating officer of the Company. Three of Hands's employees work concurrently at the Company. Other than that, one officer and five employees are dispatched from the Company's consolidated subsidiary to Hands (Note 1).

	Business Relationship	There are intra-group transactions relating to lease of building, provision of service for building management and other services, and finance loan, etc. between the Company and some of its consolidated subsidiaries and Hands.
	Status as Related Party	It is a consolidated subsidiary of the Company, and therefore constitutes a related party.

(9) The Subsidiary's Financial Position and Operating Results for the Latest Three Years
(Note 2)

(in millions of yen)

Fiscal Year	Fiscal Year Ended March 31, 2019	Fiscal Year Ended March 31, 2020	Fiscal Year Ended March 31, 2021
Consolidated Net Assets	12,124	10,752	3,646
Consolidated Total Assets	37,796	36,978	32,797
Consolidated Net Assets per Share	841.95 yen	746.68 yen	253.26 yen
Consolidated Sales Revenue	97,367	96,528	63,113
Consolidated Operating Profit	705	181	(4,473)
Consolidated Ordinary Profit	614	85	(4,610)
Consolidated Profit for the year	172	(1,334)	(7,136)
Consolidated Earnings per Share	11.97 yen	(92.68 yen)	(495.56 yen)
Dividends per Share	- yen	- yen	- yen

(Note 1) The four officers who serve concurrently as the Company's officers will resign from their posts as Hands officers by March 31, 2022, which is the scheduled date for implementation of the Transfer.

(Note 2) Pursuant to the Share Transfer Agreement, between the period from the conclusion date of the agreement up to the implementation date of the Transfer, Hands may conduct a capital increase with the Company as the subscriber; and Hands may repay its borrowings from the Company using part of the amount paid in such capital increase. Where such capital increase is conducted, the amount of consolidated net assets, etc. before the change in subsidiary may change.

3. Outline of the Transferee of the Transfer

(As of February 28, 2021)

(1) Name	Cainz Corporation	
(2) Headquarters	1-2-1, Waseda no Mori, Honjo-shi, Saitama	
(3) Representative	Owner and Chairman Hiromasa Tsuchiya CEO, President Masayuki Takaya	
(4) Businesses	Management of home center chain stores	
(5) Capital	3.26 billion yen	
(6) Date of Foundation	March 1, 1989	
(7) Relationship between the Company and the Transferee	Capital Relationship	N/A
	Personnel Relationship	N/A

	Business Relationship	N/A
	Status as Related Party	N/A

(Note) Pursuant to the request by the transferee, which is a non-listed company, some of the matters to be stated have been omitted.

4. Number of Shares to be Transferred, Transfer Price and Status of Shareholdings Before and After the Transfer, and Outline of the Assigned Receivables

(1)	Number of Shares Held Before the Change	14.4 million shares (Ownership ratio of voting rights: 100.0%) (Note 1)
(2)	Number of Shares to be Transferred	14.4 million shares (Ownership ratio of voting rights: 100.0%) (Note 1)
(3)	Transfer Price	Pursuant to the request by the transferee, the transfer price will not be disclosed. (Note 2)
(4)	Number of Shares Held After the Change	0 shares (Ownership ratio of voting rights: 0.0%)
(5)	Assets that are Subject to the Assignment of Receivables	Receivables held by the Company against Hands (Note 1)
(6)	Transfer Price of the Assigned Receivables	Pursuant to the request by the transferee, the transfer price will not be disclosed. (Note 2)

(Note 1) The number of shares in (1) and (2) above is the number of shares as of today. Pursuant to the Share Transfer Agreement, between the period from the conclusion date of the agreement up to the implementation date of the Transfer, Hands may conduct a capital increase with the Company as the subscriber; and Hands may repay its borrowings from the Company using part of the amount paid in such capital increase. In such a case, the number of shares in (1) and (2) above shall be the number of shares after adding the number of shares issued to the Company in the capital increase; and the amount of receivables stated in (5) shall be the amount of receivables reduced by such repayment.

(Note 2) For the Transfer, the Company appointed Nomura Securities Co., Ltd. as its financial advisor, and it has decided on the transferee of the Transfer after a bidding process, and the transfer price was decided upon discussion.

5. Schedule

(1)	Date of the Board of Directors Resolution	December 22, 2021
(2)	Conclusion Date of the Agreement	December 22, 2021
(3)	Implementation Date of the Transfer	March 31, 2022 (plan) (Note)

(Note) The implementation date of the Transfer in (3) above may change due to procedures such as procedures for permits granted by the competition authorities.

6. Future Outlook

Due to the Transfer, the Company expects to report extraordinary income in the fiscal year ending March 2022; however, there will be no changes in the consolidated performance forecast. The Company will promptly make notices if any matter that should be disclosed occurs.

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