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To whom it may concern

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Notice Regarding Formulation of Medium-Term Management Plan

You are hereby informed that Tokyu Fudosan Holdings Group (the “Group”) has formulated a four-year medium-term management plan for 2017-2020 covering the second half (Stage 2) of its medium- and long-term management plan: “Value Frontier 2020: To Become a Corporate Group that Continues to Create Value.”

Value Frontier 2020: To Become a Corporate Group that Continues to Create Value Stage 2 “Medium-Term Management Plan for 2017 to 2020”

1. Positioning of the Medium-Term Management Plan for 2017 to 2020

The Plan covers the second half (Stage 2) of the medium- and long-term management plan for the period from fiscal 2014 until fiscal 2020. Economic activities will achieve a major milestone in fiscal 2020, reflecting significant changes in the area around Shibuya Station due to the redevelopment that the Tokyu Group has been undertaking using its strengths to the full and the Tokyo Olympics, among other factors. With business environments and social/economic climates expected to change considerably over a long period of time, the Group has already identified its overarching goal of becoming an enterprise group that continues to create value, making a shift to a longer term-based management.

In Stage 2, the Group will aim to simultaneously achieve income growth and strengthen the financial base with an eye on the new stages after fiscal 2021, and promote the activities for the establishment of a pillar for new future revenues and the generation of stable cash flows.



2. Review of the Medium-Term Management Plan for 2014 to 2016

In Stage 1, the Group posted operating profit of 73.2 billion yen and a DER of 2.6 times for the fiscal year 2016, or the final year, realizing steady profit growth and strengthened the financial position.

Item	Indicator	Target	Achievement
Profitability	Operating profit	¥73 billion	¥73.2 billion
Soundness	DER	2.6	2.6

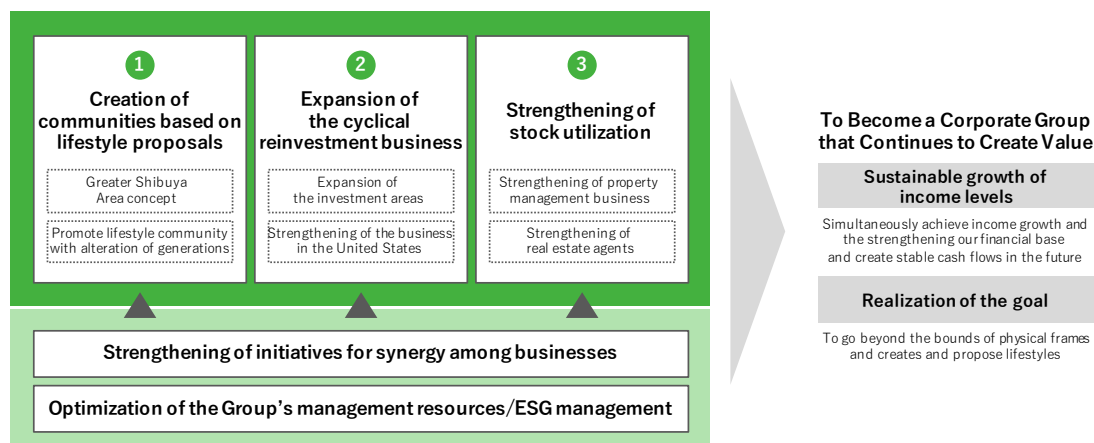
3. Basic policy and growth strategy

1) Two basic policies

The Group will continue “Expansion of associated assets” and “Creation of new demand,” the two basic policies laid out in the medium- and long-term management plan in Stage 2, facilitating a growth strategy in response to business environment changes. It will drive the expansion of associated assets by making the most of the Group’s strengths, while at the same time "Creation of new demand" by building on long-term and sustainable contacts with customers who are involved with assets.

2) Three growth strategies

In Stage 2, the Group will raise the profit toward the realization of the ideals of the Group through the three growth strategies making the best use of the Group’s overall abilities. It will create and propose lifestyles that go beyond the bounds of physical frames and build long-standing relationships with customers through the creation of value that combines the Group’s broad range of products and services. It will also continue to focus its efforts on strengthening management structures.



Growth strategy (i) Creation of communities based on lifestyle proposals

[The Greater Shibuya Area Concept]

In the Greater Shibuya Area, where major properties of the company are concentrated, to increase the value of the associated asset by proceeding with urban development featuring the uniqueness of the Group including developing the individual projects, area management, administration and operation.

[Creation of communities based on lifestyle proposals]

In addition to the construction of a large complex that combines condominiums with senior housing facilities together with community management, through the development of towns that foster ties with local communities, the Group will meet the needs of society for various houses and healthy lives.

Growth strategy (ii) Expansion of the cyclical reinvestment business (Value Up Cycle)

The Group will aim to expand the applicable areas of the cyclical reinvestment business to infrastructure, hotels, resorts and residences for students, ensuring the expansion of associated assets and the increase in profitability. It will also aim to expand businesses in the United States where economic growth is expected to continue going forward.

Growth strategy (iii) Strengthening of efforts to utilize stock

Considering environmental changes from a flow-type society to a stock-type society, the Group aims to seize business opportunities originating from stock accumulated through contacts with customers to the full, thereby raising the ratios of the property management and real-estate agents businesses in the profitability portfolio.

Initiatives for strengthening the management base

To strengthen its efforts for enhancement of initiatives for synergies among businesses, the Group will make full use of the Group's business base of stock, customer information and human resources, and aim to acquire derived business opportunities and create additional value. It will also promote the optimization of the Group's management resources and ESG management to achieve sustainable growth and long-term corporate value enhancement.

4. Business strategies

The Group's business portfolio comprises seven segments to respond to changes in social issues and business environments flexibly on a group-wide basis. The following business strategies are driven by each segment.

- 1) Urban Development [strong urban development with uniqueness at the core of the Group]
 - Collaborative creation of town/area values by facilitating the development of communities such as the Greater Shibuya Area and Takeshiba District
 - Expansion into new areas such as infrastructure in the cyclic reinvestment business
- 2) Residential [establishment of a unique presence in the field where the best use is made of the Group's overall abilities]
 - Expansion of business scale in areas where the creation of added value such as metropolitan, redevelopment, the mixed use development, and the development of new business area (residences for students) can be facilitated
 - Promotion of the cyclical reinvestment business through the development and sales of rental residences directed at investors
- 3) Property Management [overwhelming No.1 in the comprehensive property management business]
 - Accumulation of various stocks such as constructions of common areas, renovations, and services for occupied areas
 - Acquisition of business opportunities based on stocks
- 4) Real-Estate Agents [Creators of multiple value of information on real estate]
 - Evolution into an information processing-type agent business aimed at capturing business opportunities and expansion of business domains through the maximum use of real estate distribution information
 - Evolution of three No.1 positions(customers recognition, business competitiveness, worthiness of work)
- 5) Wellness [establishment of the top position in the industry in the field of wellness]

- Scale expansion by making the most of development/operation capabilities such as the Tokyu Stay, hotels, and senior housing
 - Promotion of the cyclical reinvestments in hotels, resorts and other facilities
- 6) Tokyu Hands [No.1 brand for creation and proposal of lifestyles]
- Change to a structure that can generate profits stably and strengthening of the Tokyu Hands brand through the facilitation of an efficient operation system and the improvement and strengthening of MD
- 7) Innovation Business (overseas business)
[manifestation of presence as a general developer in overseas business]
- Strengthening of the United States business by promoting strengthening of the business foundation centered on the circular businesses and asset allocation from Japan
 - Strengthening of the Indonesian business by establishing systems for development, supply and sales for stable sales of housing

5. Numerical plans for fiscal 2020

The numerical plans for stage 2 are as follows.

1) Target indicators

Target indicators in the Medium-Term Management Plan 2017-2020 (Fiscal 2020)			
Operating profit	Net income	DER ^{*1}	EBITDA multiple ^{*2}
¥93 billion	¥42 billion	Approx. 2.3x	10x level

*1) DER: Interest-bearing debt/Equity

*2) EBITDA multiple: Interest-bearing debt/EBITDA (operating profit before depreciation)

2) Investment strategy

The net investment amount (after the calculation of invested and recovered amounts) is expected to be 370 billion yen during the period from fiscal year 2017 until fiscal year 2020, based on the assumption of interest-bearing debt will be 1,260 billion yen and DER will be approximately 2.3 times at the end of fiscal year 2020.

Investment plan for 2017-2020				
Region/category			Investment amount (¥ billion)	Main items
Domestic	Urban development	Non-current assets	400	Offices, Commercial facilities, Infrastructure
		Inventories	380	
	Wellness		135	Tokyu Stay, Hotels, Housing for seniors
	Residential		200	Condominiums, Rental housing facilities for investors
Overseas	North America / Asia		85	North America, Indonesia
Strategic investment (M&A investment and others)			30	M&A
Gross investment amount			1,230	
Net investment amount			370	

The business prospects discussed herein are based on information available as of the date of publication hereof and on assumptions concerning uncertainties that may affect business results. Actual results may differ, depending on decisions made from time to time in response to various factors.