FUSION BOOK

2022 DX REPORT

WE ARE GREEN

TOKYU FUDOSAN HOLDINGS

REMOVING ALL BOUNDARIES

WITH THE POWER OF DX

The spread of the new normal and the diversity of work styles. The rise of the social and ecologically minded future generation. What do we want to be in an uncertain and unpredictable world where values are changing, which is being called the era of VUCA? Where are we headed? We will create new lifestyles that combine home, work and play styles, along with impressive new experiences enabled by DX, while contributing to a decarbonized society with the diverse green power we possess. To create a future where everyone can be themselves and shine brightly. We will aim to become a corporate group that creates value for the future.

WE ARE GREEN

Create Value for the Future

We resolve social issues through our business activities

and aim for sustainable society and growth together with our stakeholders.

We realize a future where everyone can be themselves and shine vigorously

through the creation of a variety of appealing lifestyles.

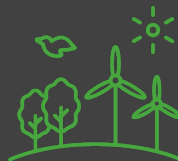## Themes to work on for value creation (Materialities)

Lifestyle

Create a variety of lifestyles.

Liveable City

Create well-being communities and lifestyles.

Environment

Create a sustainable environment.

DX

Create value in the digital era.

Human Capital

Create an organizational climate under which diverse human capital is enlivened.
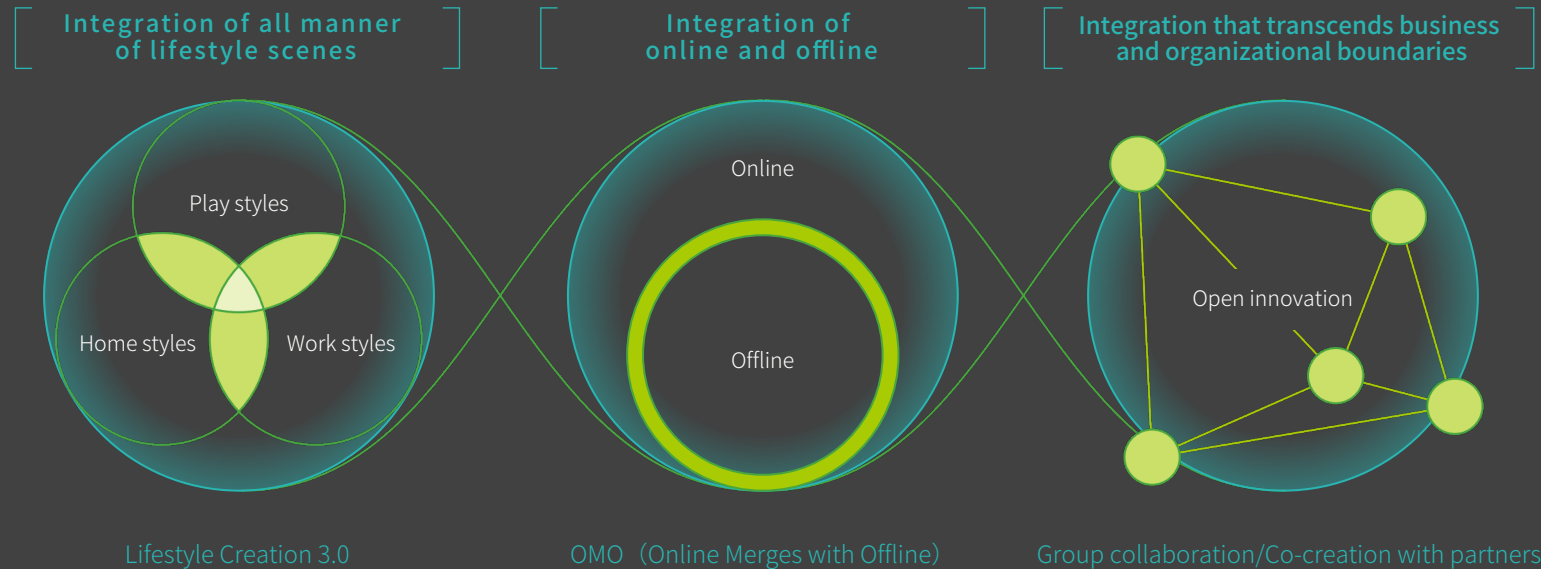
Governance

Create governance to accelerates growth.

The DX Vision of the Tokyu Fudosan Holdings Group

Embracing the concept of digital fusion, we aim to use DX to remove all boundaries present in society.

Digital Fusion

Removing All Boundaries with the Power of DX

Integration of all manner of lifestyle scenes

Play styles

Home styles   Work styles

Lifestyle Creation 3.0

Integration of online and offline

Online

Offline

OMO （Online Merges with Offline）

Integration that transcends business and organizational boundaries

Open innovation

Group collaboration/Co-creation with partners

To achieve our vision for 2030, we will promote DX Groupwide,
passing on a world full of hope and a rich environment to future generations.

Message from the President

With the power of DX, we will remove all boundaries and take hold of our true strengths

In May last year, we established GROUP VISION 2030 as our long-term vision. With WE ARE GREEN serving as the Group's banner, we declared our commitment to shaping a future in which anyone can be themselves and shine with vigor through the creation of attractive and diverse lifestyles. And, as a Group policy to achieve this vision, DX has been positioned as one of the key pillars alongside environmental management.

The Tokyu Fudosan Holdings Group maintains long-term and sustainable points of contact with many customers and business partners through various business wings. We have acquired and accumulated a wide variety of information primarily related to real estate, sublimated the experience and know-how our diverse human capital has gained through their day-to-day business activities, and developed solid business models that are unique to the Group.

But in the road ahead, digital technologies will proceed at an accelerating rate, and when the era in which members of the social-native generation becoming the principle players in the economy and consumption arrives, relationships with customers and business partners will adopt a combination of online and offline or become online in their entirety. In such an era, how we can provide seamless and personalized services will be the key to competitive strength. While utilizing digital technologies and data on a regular basis, we aim to explore and share knowledge in greater depth, and must rebuild the differentiating business models that are unique to the Group.

Recently, based on the Group's long-term vision, we extensively discussed the Group's business strategy up to FY2025 and compiled Medium-Term Management Plan 2025 as a result. After having management and Group employees fully understand the opportunities and threats posed by DX, and based on the strong desire to treat digital utilization not on a piecemeal basis but to link it to improved competitiveness in the medium-to-long-term, higher profitability and expanded revenue opportunities, we are working to incorporate these ideas into specific process plans.

At the same time, we have decided to issue this report in order to convey our unique DX-based value creation process, something that cannot be fully communicated through the integrated report we issue each year. As the contents of this report are also compliant with the Digital Governance Code compiled by the Ministry of Economy, Trade and Industry, it is also a statement of my own intentions in management.

Going forward, we will continue to significantly grow our intellectual assets, including data, and other digitized data and business conceptualization capabilities, while removing every internal and external barrier with the power of DX, and turning the breadth of our business wings a true strength.

President & CEO, Tokyu Fudosan Holdings Corporation

Complying with the Digital Governance Code

The DX initiatives of the The Tokyu Fudosan Holdings Group are compliant with the Digital Governance Code established by the Ministry of Economy, Trade and Industry. For information about how this report corresponds with the code, please check the relevant pages below.

	Check Item	Corresponding Page
(1) Determining the direction of corporate management and the direction of information processing technology utilization		
1-1	Is there an awareness of the impact that DX technologies will have on society and the company's competitive environment, and has that information been publicly disclosed?	10
1-2	In light of 1-1, has the company formulated and publicly disclosed a management vision?	4
1-3	Has the company presented and publicly disclosed the direction of a business model to achieve the management vision?	11
(2) Determining specific measures (strategies) for corporation management and the utilization of information processing technologies		
2-1	Have strategies to achieve the management vision and business model been disclosed?	12 , 14 , 16-18
2-2	Do the above strategies incorporate data utilization using DX technologies?	30
(2) 1) Presenting a structure to effectively pursue the strategies		
2-1-1	Has the company indicated and publicly disclosed the structure or organization to promote the strategies?	33 , 35
(2) 2) Presenting specific measures to develop environments to utilize the latest information processing technologies		
2-2-1	To promote the strategies, has the company indicated and publicly disclosed measures aimed at developing an environment for utilizing IT systems and DX technologies in particular?	27-31
(3) Determining indicators related to the achievement status of the strategies		
3-1	Has the company decided on and publicly disclosed indicators to measure the degree of achievement of the strategies?	14
(4) Necessary dissemination of information to promote and otherwise advance effective strategy by the person responsible for implementing DX		
4-1	Does management itself disseminate information including the promotion status of the strategies?	5 , 9
(5) Identifying issues in the information processing systems used by the business operator through the leading role played by the person responsible for implementing DX		
5-1	Under the leadership of management, have issues been identified in light of trends relating to DX technologies and the current state of the company's own IT systems?	27
(6) Accurately formulating and implementing measures related to cyber security		
6-1	Are measures implemented in accordance with the Cybersecurity Management Guidelines or other such recommendations, and are security audits or similar activities (internal audits, external audits or both) carried out on a regular basis?	28

Structure of the Report

DX Vision

DX Promotion

DX Strategy

DX Action Policy

Infrastructure to Promote DX

IT Infrastructure	Base of Human Capital

DX Certification is a system to certify business operators engaged in excellent initiatives in light of government-established guidelines under the Act on Facilitation of Information Processing. The Company was certified in April 2021. (The certification term is two years)

Digital Transformation Certification

DX Survey 2021

COVID-19 Response CategoryCertification (Customer Care Category) Selection

Scope of the report

Covered in this report： Tokyu Fudosan Holdings Corporation and Group companies

Reporting period： April 1, 2021 to March 31, 2022

(The report contains some information from April 2022 onwards)

Released： May 2022

Items to note concerning our future outlook

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Consequently, the statements herein do not constitute assurance regarding actual results by the Company. Actual performance may significantly differ from these forecasts due to various factors in the future.

Section

1

DX Strategy

Using DX as a means to create innovation and success stories that light up the future

Tokyu Fudosan Holdings Corporation
Representative Director & Executive Vice President
(President and Representative Director, TFHD digital Inc.)

Hitoshi Uemura

In the Tokyu Fudosan Holdings Group's long-term vision formulated in May 2021, DX was established as one of the group policies, and strategic initiatives were launched accordingly. Specifically, the DX action policy was divided into business processes, customer experience (CX) and innovation as a Groupwide framework, with the Medium-Term Management Plans of each Group company considering and implementing measures measures reflecting the business environment and management issues.

As the person responsible for the Group's digital transformation, I believe that three points are important: management presenting and taking the lead on clear policies, familiarity with and implementation of the activities by Group employees and internalization of some dedicated functions combined with partnering with external parties. To achieve these points, in April 2022 TFHD digital Inc. was established and began operating under the umbrella of Tokyu Fudosan Holdings. The new company will promote and support DX measures with human resources who are highly specialized in the field of digital.

In the Medium-Term Management Plan that runs up to FY2025, a particular emphasis is placed on business processes and CX. By utilizing data and know-how to streamline and develop more sophisticated business, we will provide customers with one-to-one services that are highly unique and offer great peace of mind. This will boost the motivation of employees to improve customer satisfaction and provide services of an even higher quality. In this way, we will use DX as a means to seize the positive cycle that digital technology brings.

In conjunction with these efforts, we will steadily generate seeds of innovation. Leveraging the wide-ranging methods of digital innovation maintained by the Group, we will pursue the development of business models that bring innovation to future society.

Like the development process of the real estate finance business in the past, we see the fusion of real estate and digital as a golden opportunity to further engage our competitiveness and profitability in the real estate business sector. To demonstrate our competitive advantage in the industry, we will strategically tackle improvements to IT infrastructure and the cultivation of digitally-minded human capital, and steadily expand the success stories of DX within the Group.

The ultimate aims of the newly established TFHD digital are to formulate DX strategies for the entire Group, conceptualize measures that will span the Group, deftly manage the balance between strategy and execution, and to produce tangible results together with a diverse range of stakeholders. Embracing the collective power of the Group as our strength, we will maximize the value of assets and human capital with DX, creating innovation and success stories that will light up the future.

Perception of the business environment

The progress of digital technology has brought significant changes to the contact points with customers in the real estate sector.
In the future, we will need to gain a deeper understanding of customers through both offline and online contact points, and strengthen engagement by delivering proposals reflective of their needs. To accomplish this, we recognize it is essential that we strive to create unique intellectual assets that utilize digital technologies and create knowledge and know-how based on an in-depth understanding, and leverage the collective strength of the Group to advance business models that are difficult to imitate.

The Group's Strengths and Challenges

Strengths

Breadth of business wings and integrated structure from real estate development to management, operation and brokerage

| Wide-ranging business domain | Extensive points of contact with customers |

Challenges

Evolving into a business model utilizing intellectual assets to pool the capabilities of the Group

| Demonstrating the Group's collective power | Utilizing the Group's intellectual assets |

Changes to the real estate industry brought about by digitalization

Opportunities

· Making existing businesses more sophisticated and efficient
· Providing innovative services through the utilization of new technologies

Threats

· Disruption of information asymmetry and homogenization of services through AI
· Possibility of major changes to the competitive axes of existing businesses

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Treat customers as the starting point to connect Group services through DX and create new experiential value

Combing capabilities in gathering information and conceptualizing businesses to create business models that utilize intellectual assets and are hard to imitate

Aim to enhance corporate value by using DX to maximize the collective power of the Group

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Transition and direction of the business model

After its founding in 1953, the Tokyu Fudosan Holdings Group went through a period of business expansion primarily through the real estate business, and since the 1980s has grown through the diversification of business by making use of human capital. As we enter a society with a declining population and face a shrinking workforce, going forward the Group will fuse the boundaries of assets and human capital while aiming to maximize its value with DX and establish new and more unique revenue models. Additionally, based on the intellectual assets generated by these assets and human capital, we will evolve into a comprehensive developer that embraces the utilization of digital technologies as its strength.

The Group to date	The Group in the future

Asset-driven business expansion

Assets

Real estate sales

Real estate leasing

Management and brokerage

etc.

Diversification into businesses utilizing human capital

Assets — Human Resources

Facility operation

Membership-based businesses

Retail

etc.

Maximize the value of assets and human capital with DX to create intellectual assets

DX

Assets — Human Resources

Platform business

Knowledge consulting

Data solutions

Business support solutions

etc.

Three action policies

The Tokyu Fudosan Holdings Group is promoting DX across the three categories of Business process, CX and Innovation. Under business processes, which is aimed at business reforms, we will fundamentally revise our business processes and make significant improvements to efficiency and sophistication to make the transition to creative business operations. Under CX, which is aimed at transforming customer experiences, we will utilize data to promote online-merge-offline (OMO) and provide customers with moving experiences. Under innovation, which is aimed at building new business models through business reforms, we will employ various means to seize open revenue opportunities that will lead to accelerating growth.

Business process

A shift to creative work
by promoting labor saving

Customer experience
(CX)

Impressive experience
creation through the
advancement of
customer contact points

Innovation

New value creation
by utilizing intellectual assets

Visualization and digitalization of business process flows within the Group	Integration of online and offline (promoting OMO)	Providing proprietary development tools and service models
Business process automation and labor saving utilizing technologies	Precise understanding of customers through effective utilization of data	Diversifying revenues by building co-creation models

Value creation roadmap to FY2030

The Tokyu Fudosan Holdings Group has positioned the period up to FY2025 as its restructuring phase and the time from FY2026 and beyond as its resilience phase. We will pursue DX-driven value creation by leveraging businesses oriented toward asset utilization and human capital utilization, respectively. During the restructuring phase, we will strive to improve profit margins through labor saving in business processes and boost revenue by improving the experiential value for customers. During the resilience phase, we will work to diversify revenue sources through the creation of new businesses and aim to achieve discontinuous and exponential growth through innovation.

2021-2025

2026-2030

Restructuring phase
Accumulate examples of specific actions and achieve growth especially through DX in human capital-utilizing businesses

Resilience phase
Achieve discontinuous, exponential growth through DX

Business process
A shift to creative work by promoting labor saving

CX
Impressive experience creation through the advancement of customer contact points

Innovation
New value creation by utilizing intellectual assets

Asset-utilizing business   Enhance the centrally attracting force of cities with the introduction of smart urban development

Human capital-utilizing business   Creation of advanced service models through the optimal combination of people and DX

Improved profit margins through higher productivity

Increased revenue through enhanced customer experiential value

Diversification of revenue sources through the creation of new business models

Target indicators for FY2030

As KPIs to steadily promote and achieve DX, specific numerical targets have been established regarding DX investment, DX initiatives, IT infrastructure and the base of human capital. For DX initiatives, results management will be conducted regarding the number of advanced projects utilizing digital technologies that serve as specific examples. While appropriately allocating the management resources needed to promote DX, and implementing trial-and-error approaches effectively, we will sustainably commit to DX initiatives in the long term and ultimately realize contributions on the financial front.

	KPI	FY2025 targets	FY2030 targets
DX investment	DX investment amount (compared with FY2021)	1.5x or more	2x or more
DX initiatives	Number of projects utilizing digital	100 cumulative projects or more	
IT Infrastructure	Zero Trust Network	100% adoption	
IT Infrastructure	Consolidation of IT services (within the Group)	70% of targeted companies[1] and 90% of applicable devices[2]	
Base of Human Capital	Acquisition of IT passport (TOKYU LAND CORPORATION)	80% or higher	100%
Base of Human Capital	DX-related program participants	At least 30,000 people	

[1]. All companies within the Group [2]. PCs, iPhones, iPads
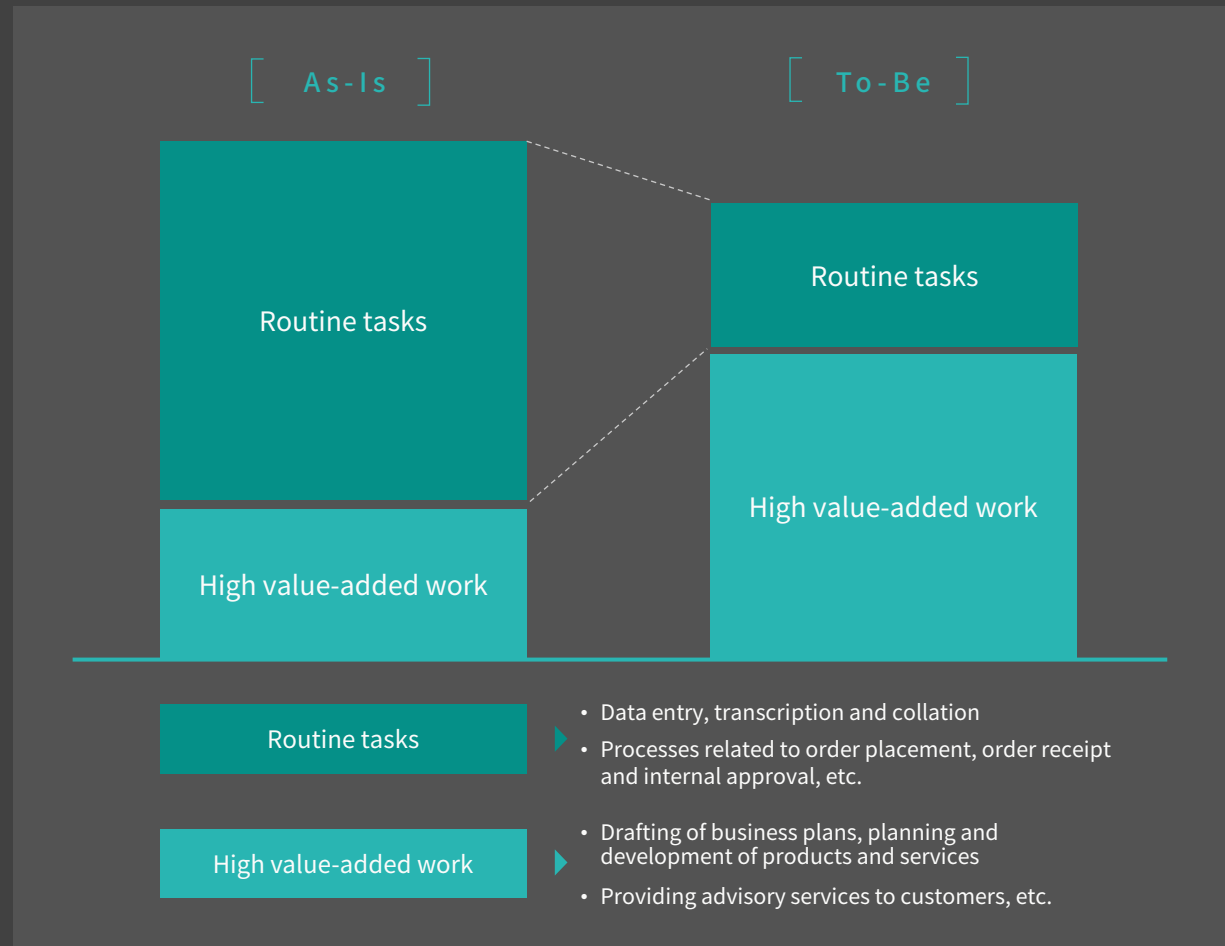
2

DX action policy

[Business process]

A shift to creative work by promoting labor saving

We will steadily promote the digitization
of business and its shift to online,
and put innovative work styles into practice.

Improving productivity through process reforms

We have identified the business activities that are conducive to automation and labor-saving through the use of digital technologies, and are making continuous efforts to reduce person-hours associated with internal work. In addition, in conjunction with revising how business tasks are performed, we aim to develop an environment that lets employees work regardless of time or location, to achieve flexible and high-quality work styles. These business process reforms will lead to superior business operations and improved profit margins thanks to higher productivity. These business process reforms will lead to superior business operations and improved profit margins thanks to higher productivity. We will also strive to enhance employee motivation, empower them to make the most of these abilities, and transform in-Group resources into creative work.

[As-Is]　　[To-Be]

Routine tasks

Routine tasks

High value-added work

High value-added work

Routine tasks
- Data entry, transcription and collation
- Processes related to order placement, order receipt and internal approval, etc.

High value-added work
- Drafting of business plans, planning and development of products and services
- Providing advisory services to customers, etc.

Examples of business process initiatives

Company-wide promotion of BPR
Streamlining business administration and management
TOKYU LAND CORPORATION

Maintenance and utilization of data on managed properties
Centralized management of business progress
Tokyu Housing Lease Corporation

[CX]

Impressive experience creation through the advancement of customer contact points

In an age in which customers themselves choose products, services and information, we will embody values that are deeply linked to individuals.

Creating a true competitive advantage with digital technologies

In a modern digital society, customers select information themselves, and have the expectation of and preference for superior experiences from the products and services they truly want to use. Digital technologies can more deeply connect contact points with customers and create seamless experiences. As a Group that leverages its extensive range of customer contact points as a strength, we will design personalized experiential value and refine it into impressive experiences by seamlessly fusing the real and digital worlds. Then down the road we will create a true competitive advantage and bring about increased revenues through cross-selling and upselling.

Creating impressive services
through the provision of personalized services

Customers

Offline (Real) ⇄ Online (Digital)

Integration of online and offline (promoting OMO)

Revenue and data

Service development

Precise understanding of customers through effective utilization of data
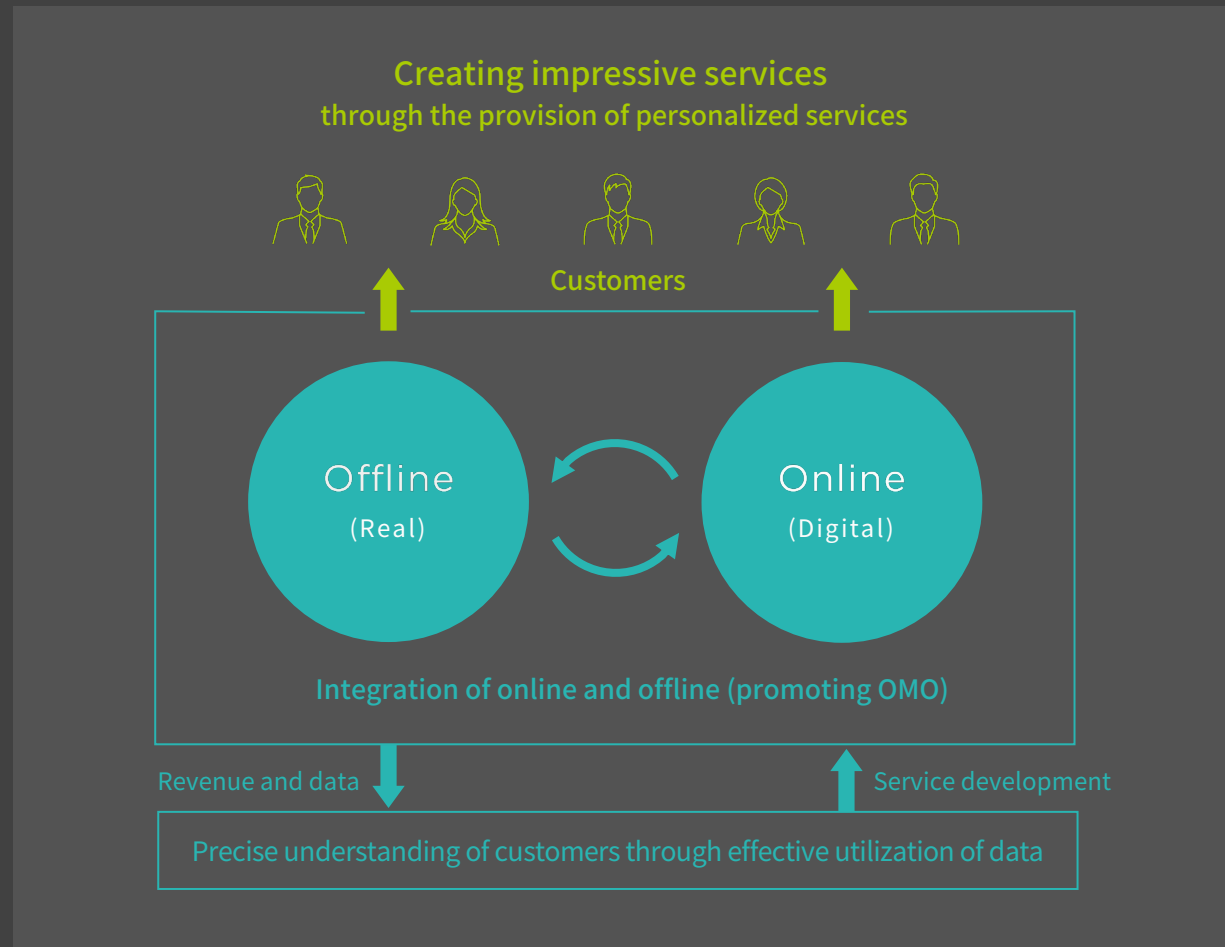
Examples of CX initiatives

Digitizing contact points with associations and customers in the condominium management business
TOKYU COMMUNITY CORP.

Development of a rental management system enabling transactions without in-person contact
Tokyu Housing Lease Corporation

[Innovation]
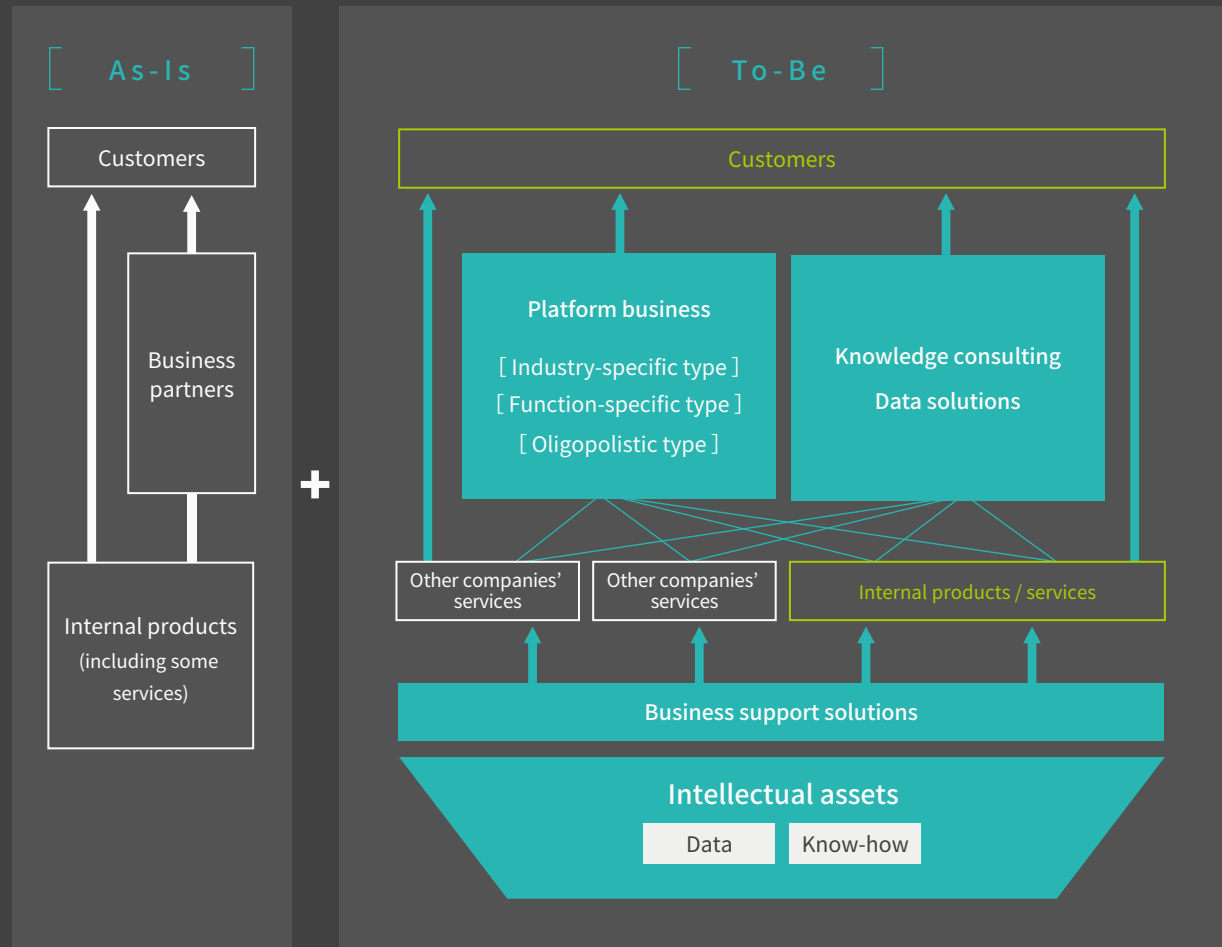
New value creation by utilizing intellectual assets

Explore and build business models
in anticipation of the raging waves of
digital transformation that are sure
to hit the real estate industry

Utilize company assets to solve the issues of future society

We will use digital technologies to explore business models that cannot be easily imitated on a priority basis. Specifically, we will convert intangible assets such as the business know-how we have established into value creation tools, and build new business models out of the data the Group is uniquely positioned to amass and combine, and out of other digitized assets. These activities are part of efforts to combine and externally roll out services that utilize intangible assets. Through these activities, we will aim to achieve medium-and-long-term growth by diversifying our revenue sources, lead innovation with the rollout of services for the entire real estate industry, and help provide solutions to issues in future society.

[As-Is]

Customers

Business partners

Internal products
(including some services)

+

[To-Be]

Customers

Platform business

[Industry-specific type]
[Function-specific type]
[Oligopolistic type]

**Knowledge consulting
Data solutions**

Other companies' services

Other companies' services

Internal products / services

Business support solutions

Intellectual assets

Data   Know-how

Examples of innovation-oriented initiatives

Provision of business improvement solutions to real estate brokerage firms
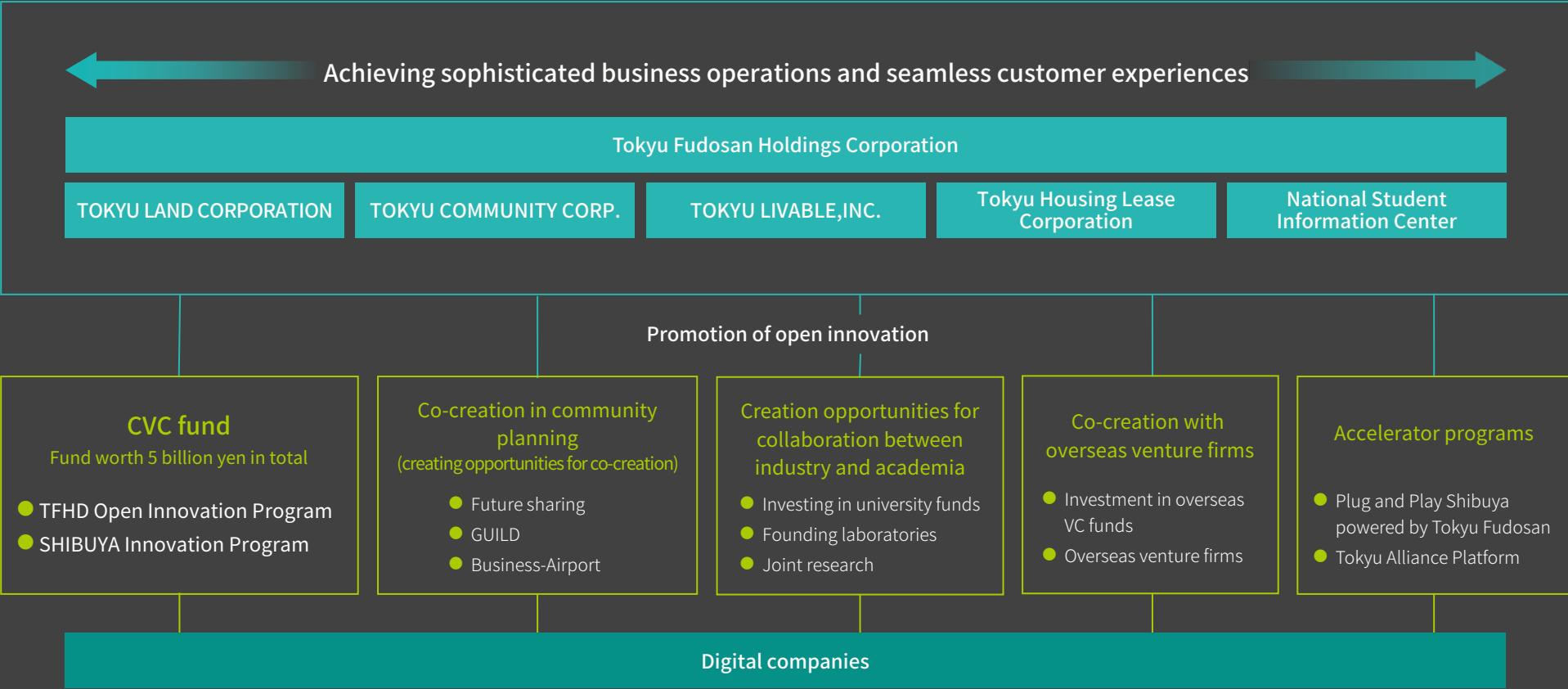
TOKYU LIVABLE,INC.

Development of a platform business related to students

National Student Information Center

Mechanisms for collaboration and co-creation that utilize our unique characteristics

A distinctive quality of DX promotion that leverages the strengths of the Tokyu Fudosan Holdings Group with its breadth of business wings is Group coordination and co-creation with partners. By having Group companies work together, we can gain a detailed understanding of customer needs and link that to improved experiential value .In addition, we can also expect to achieve efficient business promotion by actively sharing the knowledge and know-how of each Group company. Another benefit is the opportunities for promoting innovation we maintain. Partnerships with overseas venture firms and advanced domestic start-ups creates synergy and leads to the creation of new value.

← Achieving sophisticated business operations and seamless customer experiences →

Tokyu Fudosan Holdings Corporation

| TOKYU LAND CORPORATION | TOKYU COMMUNITY CORP. | TOKYU LIVABLE,INC. | Tokyu Housing Lease Corporation | National Student Information Center |

Promotion of open innovation

CVC fund
Fund worth 5 billion yen in total
- TFHD Open Innovation Program
- SHIBUYA Innovation Program

Co-creation in community planning
(creating opportunities for co-creation)
- Future sharing
- GUILD
- Business-Airport

Creation opportunities for collaboration between industry and academia
- Investing in university funds
- Founding laboratories
- Joint research

Co-creation with overseas venture firms
- Investment in overseas VC funds
- Overseas venture firms

Accelerator programs
- Plug and Play Shibuya powered by Tokyu Fudosan
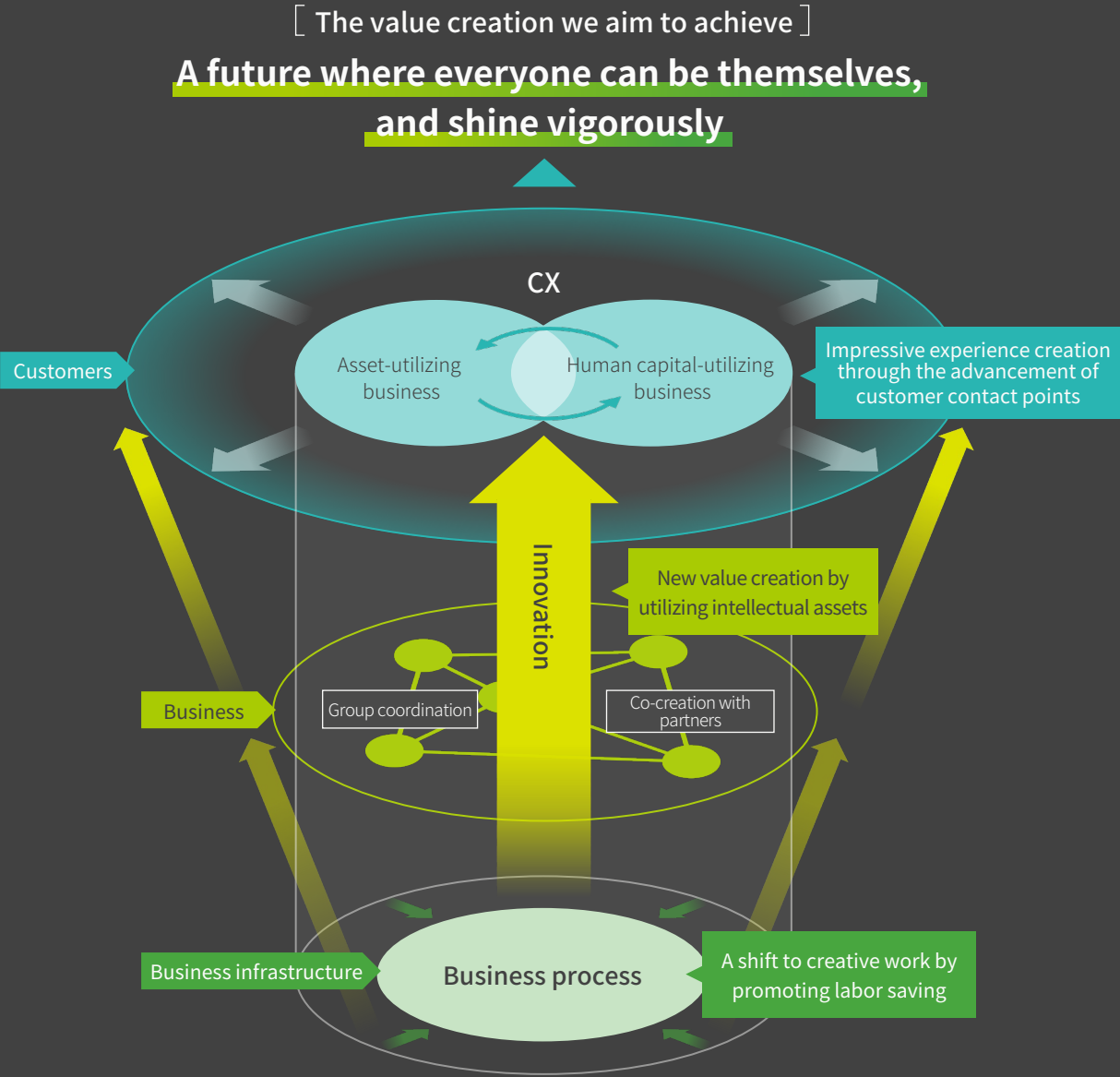- Tokyu Alliance Platform

Digital companies

Overview of value creation through DX

We will achieve our vision for value creation while linking our three action policies for DX together with one another.

Creating new value with business processes, CX and innovation

The role of the value creation to which we aspire comprises three layers. In the base layer of business infrastructure, we work to slim down and rectify business operations and shift to creative work through BPR promotion, the introduction of digital tools, system integration and the development of IT infrastructure. On top of that, we tap into business opportunities to develop new businesses and services through Group coordination and co-creation with partners. Utilizing the variety of businesses and services created in this way, we will maximize points of contact with customers and aim to create new impressive experiences. Moreover, within this sequence of developments, we will make use of the intellectual asset value accumulated in various locations to advance innovation that will lead to the diversification of revenue resources.

[The value creation we aim to achieve]
A future where everyone can be themselves, and shine vigorously

CX

Customers

Asset-utilizing business

Human capital-utilizing business

Impressive experience creation through the advancement of customer contact points

Innovation

New value creation by utilizing intellectual assets

Business

Group coordination

Co-creation with partners

Business infrastructure

Business process

A shift to creative work by promoting labor saving

Development of a condominium appraisal AI

TOKYU LIVABLE,INC.

Engaging in co-creation with venture firms to develop AI
Creating services that not only streamline work but are speedy and high-quality
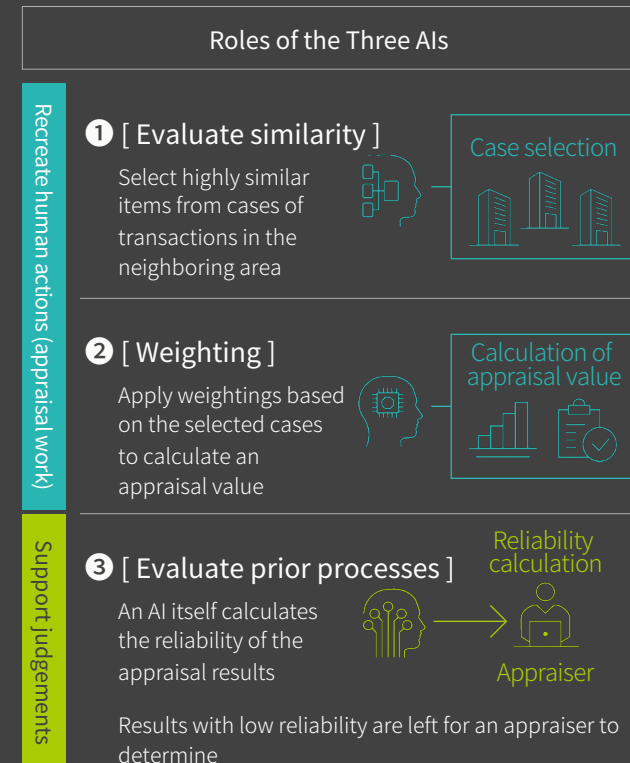
Combining three AIs

With the decline in information asymmetry due to the recent wave of digitalization and the shift of customer contact points to online, there is an increasing demand for labor saving and standardization in condominium appraisal services. TOKYU LIVABLE,INC., which is involved with real estate brokerage, has engaged in co-creation with a university-originating venture company with knowledge of AI to develop an AI specializing in the appraisal of pre-owned condominiums.

What makes this newly developed AI system unique is how it combines three AIs in total: two AIs that follow a workflow of similarity and weighting, and another AI incorporating an algorithm to self-evaluate the reliability of appraisals. This allows an appraiser to balance the streamlining of their work through AI adoption with the assurances of quality from utilizing the characteristics of each AI, enabling customers to be provided with speedy and high-quality check the appraisal results from the AI and make any necessary corrections, the system is

expected to reduce work to the effect of around 15,000 hours annually on a company-wide basis. Until now, appraisers would prepare appraisals while worrying about the examples as the basis of the valuation price. That time can now be used for customer service, enabling us to develop more concrete proposals and focus on more thoughtful sales activities.

From before this initiative was launched, TOKYU LIVABLE,INC. had been engaged in joint research and development to produce synergistic effects with the know-how possessed by venture firms and its own knowledge. The partnerships cultivated through that process have been utilized for this initiative. The Tokyu Fudosan Holdings Group will continue to actively pursue co-creation with partners and promote innovation going forward. we are also committed to creating social value and a cycle of knowledge by growing together with our partners.

Roles of the Three AIs

Recreate human actions (appraisal work)

❶ [Evaluate similarity]
Select highly similar items from cases of transactions in the neighboring area

Case selection

❷ [Weighting]
Apply weightings based on the selected cases to calculate an appraisal value

Calculation of appraisal value

Support judgements

❸ [Evaluate prior processes]
An AI itself calculates the reliability of the appraisal results

Reliability calculation

Appraiser

Results with low reliability are left for an appraiser to determine

Achieving high accuracy with AI and data development

The AI system that was developed for this service involved training an AI on the appraisal skills of TOKYU LIVABLE,INC. based on industry and internal rules, and consolidating it as know-how. In this process, the Company's operating units were instrumental in creating the data, resulting in a practical AI that returns the same results regardless of who uses it. The appraisal values exhibit the highest industry level for accuracy (MER value* of 1.98%).

* MER: Median Error Rate
A lower MER value indicates a higher estimation accuracy.

New development of health support services with fitness DX   Tokyu Sports Oasis

We support the physical and mental health of customers with a fitness service that combines the real and digital realms.

Taking on the challenge of a new business model

The WEBGYM training app developed and operated by Tokyu Sports Oasis, whose mission is Well-being First!, currently has around 700,000 users. Since before the COVID-19 pandemic struck, we had been working on services that would enable anyone to make a habit of exercising regardless of time or place. The conventional fitness gym business provided value to customers through the use of facilities, but we redefined our true value proposition as "getting healthy through fitness," and have achieved the provision of services based on OMO, combining the fitness gyms as real locations with the app as a digital tool.

Due to growing demand for exercise during the COVID-19 pandemic, downloads of WEBGYM roughly doubled compared with the previous year, and users in their 50s to 70s increasing by about three times. In response we expanded functionality aimed at making a habit of healthy practices based on changes in the user demographic, and have provided customers with even more impressive experiences through the app.

Expanding opportunities for use to support mental and physical well-being

The scope of utilization for WEBGYM has expanded with the provision of services to corporations and local governments in addition to individual customers as before. In fiscal 2021, trainers and athletes with extensive experience with competition and instruction utilized the app for the launch of demonstration testing for the Online Club Activity Support Service, a service where online instruction is provided to junior high and high school sports clubs.

Going forward, we will continue to expand the online fitness and home fitness businesses to keep pace with new lifestyle norms, enhance the B-to-B and B-to-G businesses, and upgrade services that support the physical and mental well-being of customers.

About WEBGYM

WEBGYM is a fitness app that enables users to choose from an extensive range of over 1,500 exercise programs based on the concept of taking a gym around with you anytime, anywhere. The service has been expanded to meet the changing needs of the COVID-19 pandemic. In 2021, game elements, a chat function and a LIVE function enabling users to join gym lessons and training online were added.

Online Club Activity Support Service

The service is expected to help reinvigorate exchanges through sports.

Sports teams (trainers and athletes) — Production and development of video content, performances → WEBGYM → Production and development of video content, performances → Sports clubs of junior high and high schools (students)

Training-on-demand content
Live streaming and online exchanges

- Gain new fans
- New profitability
- Social contributions through sports

- Improved quality of instruction
- Creating opportunities for exercise
- Maintaining motivation to exercise

Towards promoting the introduction of renewable energy with the utilization of DX   TOKYU LAND CORPORATION

Positioning DX together with company-wide policies as a pillar of environmental management in the GROUP VISION 2030 long-term vision. We will utilize DX to accelerate the realization of a decarbonized society.

Promoting the expansion of the renewable energy business

Renewable energy is positioned as a main energy source in Japan and its development is accelerating nationwide. TOKYU LAND CORPORATION has developed its renewable energy business under the ReENE brand, which has grown to the point of having leading generating capacity in the industry. In the process of business expansion, it became necessary to flexibly monitor generating capacity and factors such as the amount of sunlight and wind across multiple power plants (61 sites as of February 2022), and we struggled to consolidate this information, being particularly plagued by problems with systems that differed for each power plant. In response, we consolidated the data from generating output management systems in the cloud, and began efforts to visualize operating data using the same format.

Value creation achieved with the utilization of digital technologies

Gaining the understanding of the local government and local residents is essential for installing a power plant, and there are many areas where power plants have not been introduced and business plans that have been abandoned due to hurdles including the dissemination of information by business operators or a lack of mutual understanding. TOKYU LAND CORPORATION recognizes its position of responsibility in leading the renewable energy industry. Accordingly, in 2021 we established and are involved in the operation of FOURE*, which serves as an opportunity for collaboration between business operators striving to create a decarbonized society through coexistence with local communities.

FOURE makes use of the knowledge related to digital technologies that TOKYU LAND CORPORATION has cultivated through its renewable energy business. Its greatest feature are how it consolidates and opens up information regarding the renewable energy industry, and the way it connects geographically separate areas to create opportunities for matching power generating and power consuming areas. decarbonized society through coexistence with local communities. FOURE also operates a media website and pursues the development of "hometown tax" systems, and is used as a service to learn about and support initiatives for regional decarbonization. In this way, initiatives derived from the renewable energy business are leading to regional revitalization while facilitating coordination between geographically separate regions with the use of digital technology. These efforts are beginning to create value in a digital age that is not constrained by location or assets.

* FOURE stands for the Association for Reciprocal Revitalization of Renewable energy and Region, a general incorporated association

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FOURE, linking regions with renewable energy

Aiming to produce synergistic efforts through a hybrid approach of offline and web-based efforts

Real FOURE

Areas where the power plants of FOURE members are located

Web FOURE

Areas where power plants are located around Japan

Nationwide circle of support for renewable energy
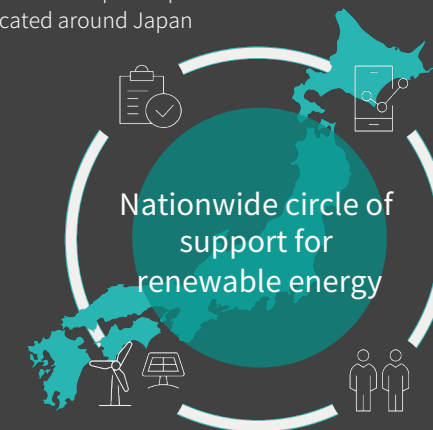
Specific initiatives

- Provision of an information platform enabling the sharing and utilization of knowledge and know-how
- Provision of points of contact between regions and various industry players looking to introduce renewable energy, achieve decarbonization and solve local issues

Other DX initiatives (1)

Automating employee schedule generation
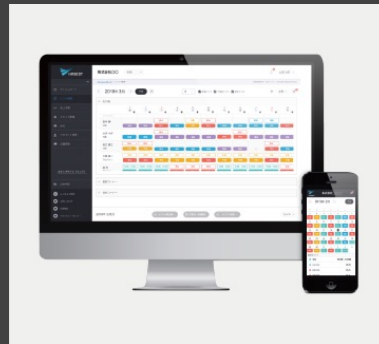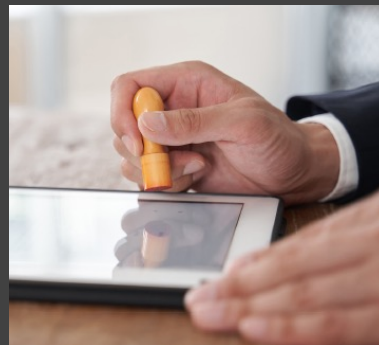### Tokyu Resorts & Stays Co., Ltd.

Tokyu Resorts & Stays, which operates accommodation facilities, golf courses and other locations, explored improved efficiency in work to create employee shift schedules with the use of an AI cloud. After demonstration testing conducted with an AI venture company, the system has not been introduced at six facilities.

Introducing IT for building inspection work
TOKYU COMMUNITY CORP.

TOKYU COMMUNITY CORP., which conducts facility management for buildings and condominiums, has adopted Kanri-Roid service, primarily for its building inspection work. The service improves the efficiency of building management while maintaining a high level of quality in meter reading work by offering error-free inspections, allowing the status of defects to be quickly shared and dealt with, and more.

Practical application of electronic signatures through Individual Number Card authentication
TOKYU LIVABLE,INC.

Tokyu Livable, which operates a real estate brokerage business, is pursuing the development of an electronic signature system for real estate sales agreements utilizing identity confirmation through Individual Number Cards. In addition to streamlining business for real estate sellers, buyers and brokers, the system aims to facilitate highly trusted transactions.

Practical application of online contracts and smart viewings
Tokyu Housing Lease Corporation/National Students Information Center

The Tokyu Housing Lease and National Students Information Center, which operate a lease management business for residential and student condominiums, has introduced a rental application system that can be completed entirely online, and provides services enabling everything from reservations to property viewings to be performed online. A new property viewing demonstration experience that utilizes VR and AR has also been started.

Other DX initiatives (2)

Developing digital twins for area management

TOKYU LAND CORPORATION

TOKYU LAND CORPORATION, which is promoting a smart city in conjunction with SoftBank in the Takeshiba area, is collaborating with the Ministry of Land, Infrastructure Transport and Tourism on demonstration testing of a digital twin for area management. Verification of business streamlining for building management based on 3D urban models and efforts to improve convenience for areas visitors are underway.
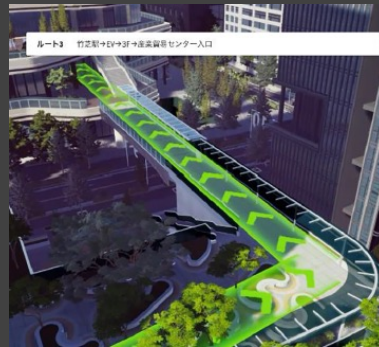
Online business discussions utilizing digital twins

TOKYU LAND CORPORATION

At TOKYU LAND CORPORATION, which markets new for-sale condominiums, online business discussions that utilize digital twins and 3D streaming services have been launched. Customers enjoy enhanced convenience with exacting recreations that focus on minutely detailed textures.

Demonstration testing of IoT in planting management

Ishikatsu Exterior

Ishikatsu Exterior, which runs a landscape gardening business, has launched demonstration testing of a planting management system utilizing IoT sensors for its planting management work The system measures the moisture content in the soil at planting locations and visualizes the data in real-time, with the aim of achieving fully-automated management in the future.

Minna-de-Kenko 2 2 3 Fujimi Project

TOKYU LAND CORPORATION/Ewel/Tokyu Sports Oasis

Three Group companies are playing a central role in a health project being run by the town of Fujimi in Nagano Prefecture. The project involves creating systems for health management that utilize a healthcare app and health-oriented events. This is designed to visualize health activities and develop systems that will enable town residents to engage in health activities on an ongoing basis.

3

IT infrastructure

for promoting DX

Approach to next-generation IT infrastructure

The development of next-generation IT infrastructure suitable for the promotion of DX is an urgent requirement for putting DX into practice sustainably in the long term. In particular, the Tokyu Fudosan Holdings Group regards strengthening the information security environment, flexible and speedy system development and the creation of rules for data utilization to be important parts of this, and recognizes that steady action based on strategic plans will lead to the development of a digital workplace where new value is created.

The Tokyu Fudosan Holdings Group's for next-generation IT infrastructure vision

Safe and secure security environment

Zero trust network

Digital workplace for value creation

- Environment enabling employees to work anywhere
- Encouragement of communication
- Improved business efficiency
- Accumulation of knowledge and know-how

Cloud native technologies

Data governance

Flexible and speedy systems

Data utilization infrastructure and rules

Responding to the issues surrounding IT infrastructure

Enhancement and upgrading of IT security infrastructure

Leading the industry in shifting to a solid next-generation security infrastructure that caters to cloud-based work styles

Elimination of legacy systems

Development of cloud-based IT infrastructure with the convenience and extensibility to deal with technological progress, a challenge symbolized as the "2025 digital cliff"

Utilization of data based on wide-ranging business domains

Utilization of multi-faceted data gained through the varied business expansion of Group companies and extensive points of contacts with customers
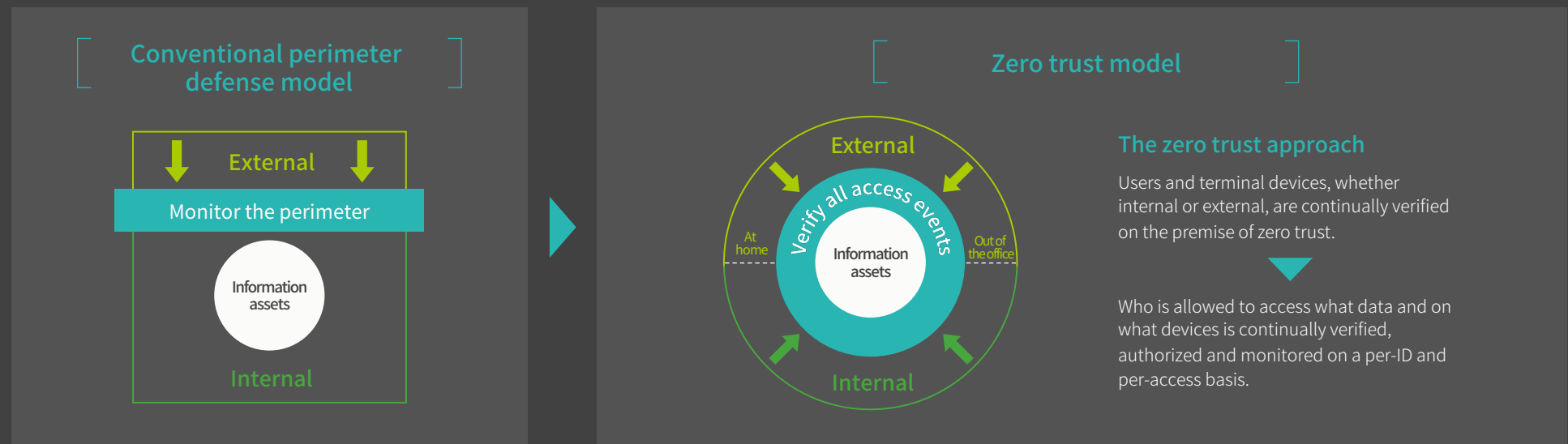
Creating mechanisms to support diverse work styles

Development of a digital workplace that caters to work-style reforms and the diversification of work styles that are advancing due to the COVID-19 pandemic

Enhancement and upgrading of IT security infrastructure (Zero trust network)

To date, security measures have been based on monitoring and defending the perimeters between internal and external networks, and on the approach of protecting the information assets on the inside. Today, however, various data used by internal networks are stored on external cloud systems, it has become mainstream to run business applications on the cloud, and viewing data from off company premises has also become a common practice. To deal with a situation where the things that need to be protected are on the outside of these perimeters, we will build zero trust network infrastructure, a new security concept that functions as a safe and secure network environment within multi-access environments, and complete the shift to this infrastructure by 2025.

Zero Trust Network

Digital workplace for value creation

Cloud native technologies

Data governance

Conventional perimeter defense model

External

Monitor the perimeter

Information assets

Internal

Zero trust model

External

Verify all access events

At home

Information assets

Out of the office

Internal

The zero trust approach

Users and terminal devices, whether internal or external, are continually verified on the premise of zero trust.

Who is allowed to access what data and on what devices is continually verified, authorized and monitored on a per-ID and per-access basis.

Implementation Status of Group Digital Risk Management and Monitoring

In accordance with its Basic Regulations on Risk Management, Tokyu Fudosan Holdings recognizes that IT strategy risks and information leakage risks are important risks, and has developed an appropriate management system.
The Risk Management Committee conducts oversees the risk management handled by each Group company, and as a subset of risk management the committee establishes and appropriately revises basic and detailed information management regulations and rules as its implementation of risk management for information security. As specific activities to deal with information security, systematic information security activities compliant with the Cyber Security Management Guidelines formulated by the Ministry of Economy, Trade and Industry are continually pursued, and assessments and external audits of those activities are conducted, in order to assess our activities and take appropriate action to deal with issues.

Elimination of legacy systems (Cloud native)

To date, most of our systems have been self-developed and incorporate all functions in a single system. However, not only does development cost time and money, but it is also difficult to make modifications or extend functionality, resulting in many issues with business expansion that requires speed and flexibility, data linking with other systems, and so on. Going forward we will utilize cloud services, microarchitecture, function-level API linking and agile development methods to accelerate DX across the Group with the development of systems that adapt to the fast-changing times.

Zero Trust Network

Digital workplace for value creation

Cloud native technologies

Data governance

Development of microservices (Linking function-specific systems through APIs)

User

UI

Search function

Data analysis

Customer database

API integration

Payment functions

Apps (new features)

Product databases

Data stock

Cloud platform AWS, Azure, GCP etc.
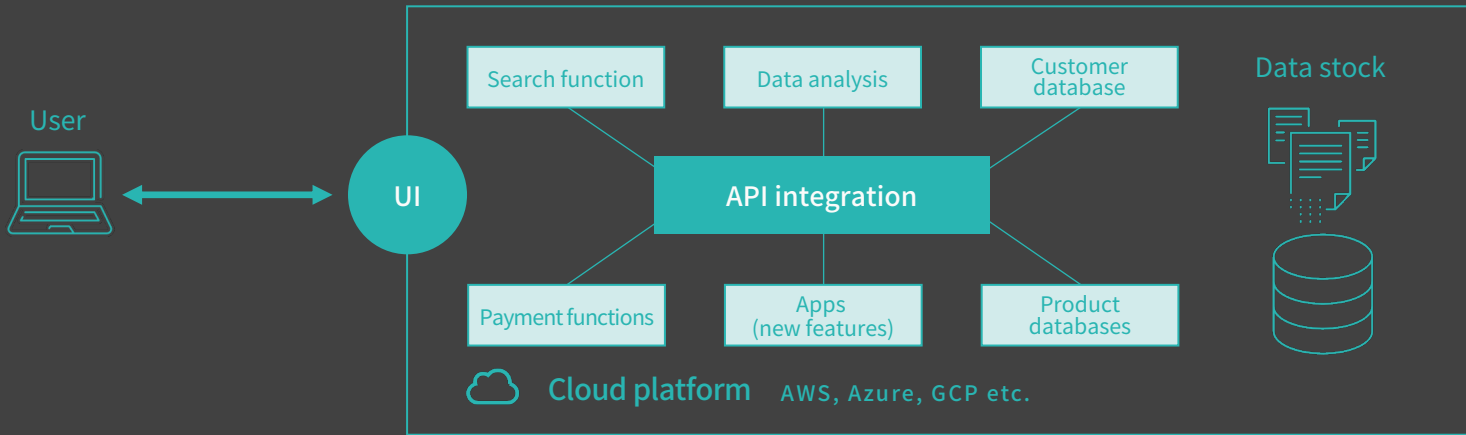
Agile development
Iterating on speedy and small-scale development on a per-function basis

DevOps
Development involving close coordination between development teams and operational teams

Examples of cloud native initiatives

Core system for sales brokerage
TOKYU LIVABLE,INC.

To further enhance its competitive advantage in sales brokerage, TOKYU LIVABLE,INC. is pursuing the development of next-generation business infrastructure to coincide with the migration of its servers to the cloud and the reorganizing and development of microservices for system functions. This will also lead to data rectification and achieve business process improvements and enhance CX.

● Monolithic architecture ▶ Achieving high-speed transformation with the development of microservices

● Increasingly complex data duplication and management ▶ Optimization of data with centralized management and the introduction of rules

● Ballooning development and maintenance costs ▶ Reducing costs with agile development and DevOps

● On-premise (data center utilization) ▶ Enhancing security and BCP with cloud migration

Utilization of data based on wide-ranging business domains (Data governance)

We have been making progress in ascertaining and cataloging the diverse range of data that exists in the Group, and in the future we will shift to the phase of value creation and the development of business designs utilizing the data. Specially, we will start by providing services on a per-business basis, and aim to enhance the quality and scope of these services by gradually improving the experiential value on a per-scenario basis and by delivering exciting experiences to customers in a seamless fashion. In conjunction with these efforts, we have developed a System Infrastructure Development Policy to generate usable data, and a Governance Policy aimed at promoting data utilizing and ensuring its appropriate handling.

Zero Trust Network
Cloud native technologies
Digital workplace for value creation
Data governance

Cataloging of data

Group-owned data

Data of affiliate companies

Real estate transaction data

Data on the wealthy class

Building data

Data on domestic consumption

Healthcare data

External data

Smart city-related

Region and government-related

Seamless provision of exciting experiences (combining every aspect of life)

Improved experiential value for each scenario (home styles, work styles and play styles)

Providing services on a per-business basis

Preparation of data

Coordination and security infrastructure

Data acquisition and input rules

Integration and accumulation

Data utilization

Data visualization and analysis

Implementation of data utilization measures

System infrastructure development policy	Governance policy
Making data linkable through guidelines for system introduction	Making data easier to handle based on data utilization rulebooks

Advancing value creation in each phase

Promoting new work styles (Digital workplace)

The Tokyu Fudosan Holdings Group has been proposing and promoting new work styles on the premise of Groupwide autonomy since before the COVID-19 pandemic struck. During the relocation of the headquarters in August 2019, the new office were designed based on the concept of "a place employees will want to make the effort to visit in an era in which people can work regardless of time or location" and " a place employees can gather and take on challenges as a communication hub. "At the same time, we strived to boost productivity by utilizing digital technologies, such as by introducing DX in existing business flows, and have strived to lay the foundations for everyone to be themselves and work with vigor.

Zero Trust Network
Cloud native technologies
Data governance
Digital workplace for value creation

Encouraging communication[1]
" Group ABW " (Activity Based Working)

Introduction of a department-level group address system for office seating	Visualization of the locational information of individuals within offices (Utilization of smart office app)
Arranged a wide variety of work areas in open spaces (Offering choice in where employees work)	Automated updating of information about people at each group company

Productivity improvements utilizing digital technologies
" Going completely paperless "

Introduction of meeting tools	Introduction of electronic contracts
Shifting meeting bodies to online	Introduction of a secure content platform
Making internal procedures (accounting and approval procedures) completely electronic	Introduction of knowledge accumulation tools

Achieving comfortable and efficient work styles through the development of a digital workplace

Doubling the amount of communication across departments[2]	Reduction of overtime hours by 28.9%[3]	60% reduction due to efforts to avoid retaining information in printed form[4]

*1. Initiatives at TOKYU LAND CORPORATION *2. Based on employee questionnaires *3. Aggregated results over six months following the relocation of headquarters
*4. Comparison of before and after the headquarters relocation

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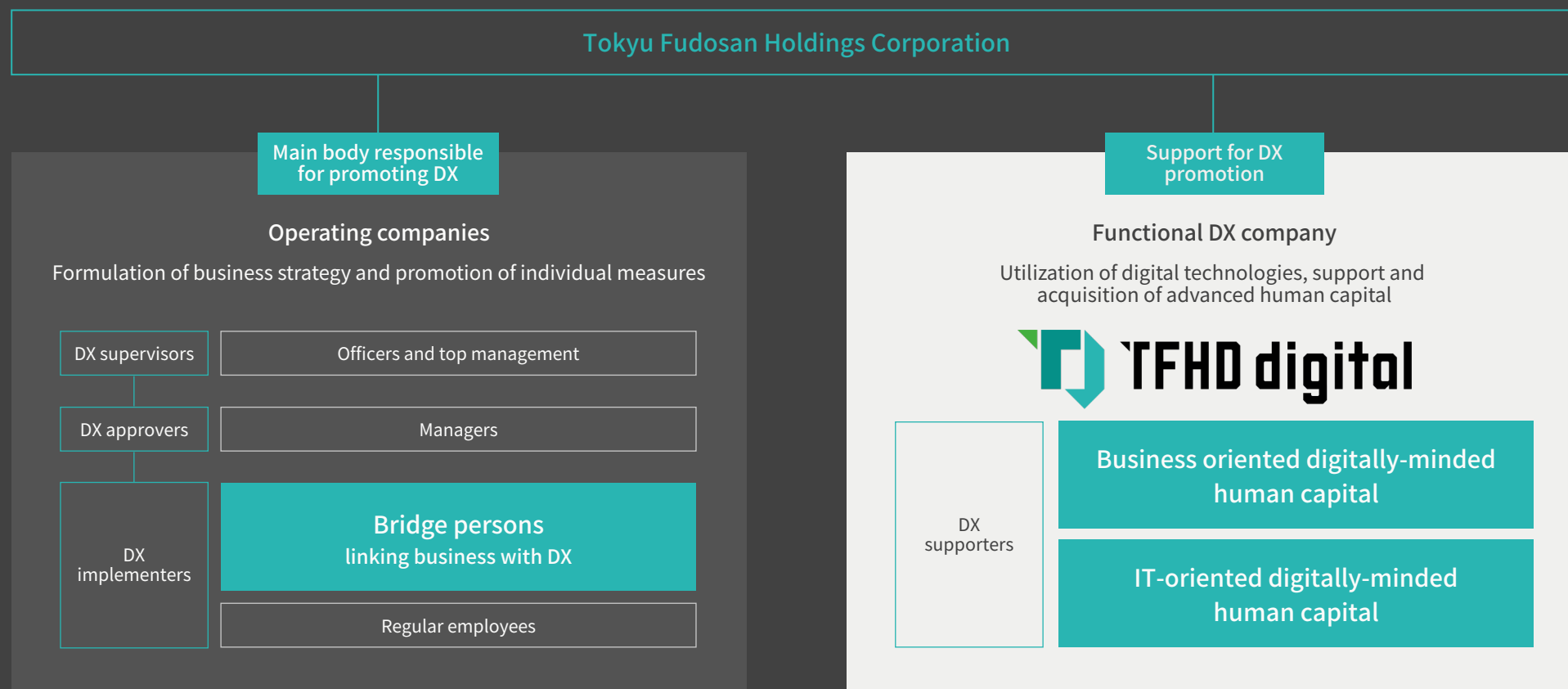# Base of human capital

to promote DX

Approach to the utilization of human capital in DX

Operating companies are the main drivers of DX promotion and it is necessary to consciously foster the development of DX-oriented human capital. We will define the skills required for each organizational level and role, considering and implementing measures aimed at skill acquisition across the Group. Of the initiatives being pursued by operating companies, themes that are common across the Group and other important themes will be primarily promoted by the newly established functional DX company TFHD digital. The functional DX company will work to acquire advanced digitally-oriented human capital who are experts with regard to digital technologies and support the Group's DX promotion by accumulating that knowledge internally.

Tokyu Fudosan Holdings Corporation

Main body responsible for promoting DX

Operating companies

Formulation of business strategy and promotion of individual measures

DX supervisors	Officers and top management
DX approvers	Managers
DX implementers	**Bridge persons** linking business with DX
	Regular employees

Support for DX promotion

Functional DX company

Utilization of digital technologies, support and acquisition of advanced human capital

TFHD digital

DX supporters

Business oriented digitally-minded human capital

**IT-oriented digitally-minded human capital**

Cultivation of bridge persons

The group of human capital who play a central role in the promotion of DX within operating companies are defined as "bridge persons. "In addition to their in-depth knowledge of existing businesses, by also possessing knowledge of the latest digital technologies, business models and project implementation methods, they will discover operational and business issues and redesign them into the ideal form. In addition, they will be responsible for creating environments for employees to cooperate with one another and in which advanced digitally-minded human capital can maximize their potential. Practical work is essential to cultivate these bridge persons, and we will pursue their development systematically by creating various opportunities to gain experience.

Human capital cultivated by operating companies

Business ← **Bridge persons** → Digital
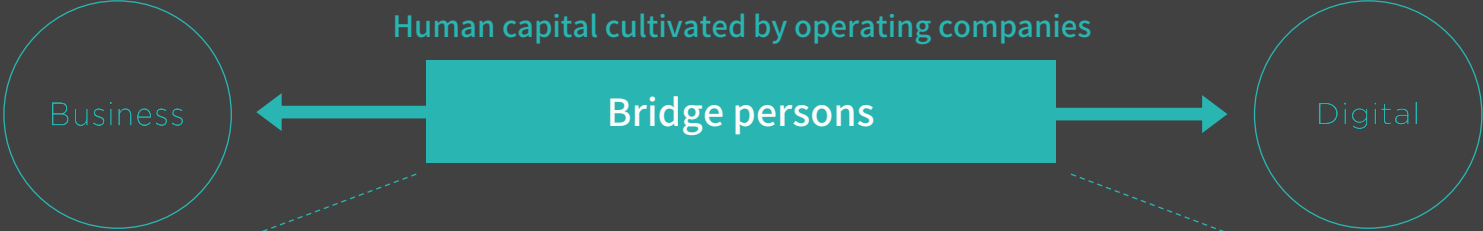
Definition of bridge person

A person who integrates digital technologies into the business and plays a central role in the promotion of projects
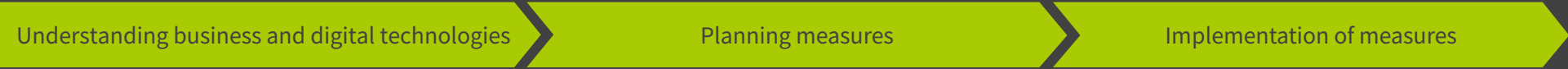
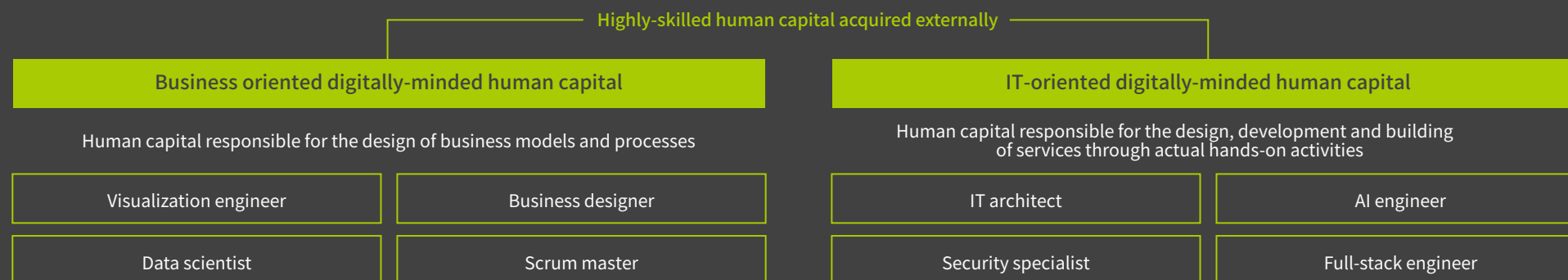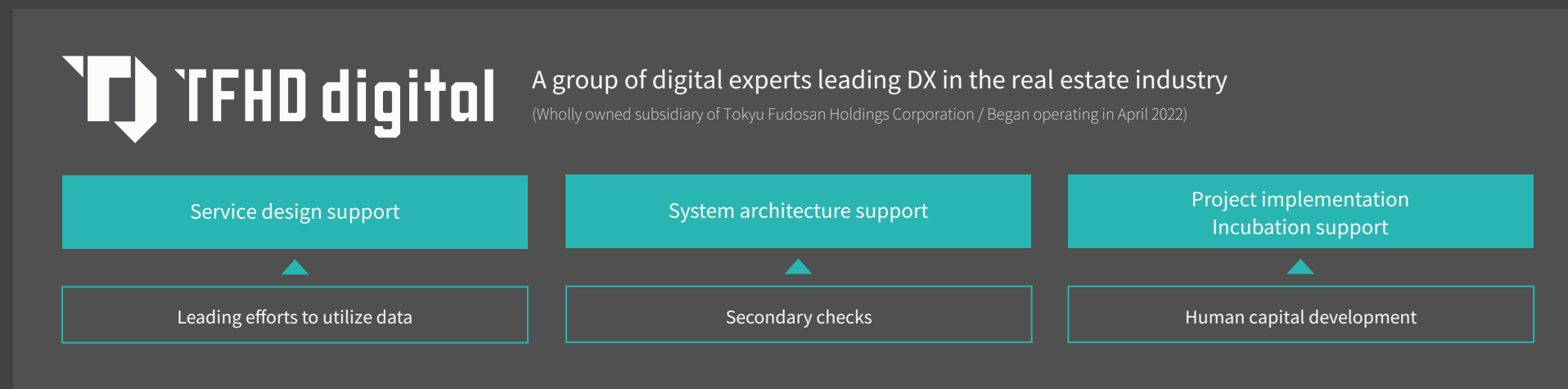| Understanding business and digital technologies	Planning measures	Implementation of measures
Discovering issues with existing businesses in light of industry and digital trends	Setting slopes and formulating roadmaps with a view to ideal project outcomes	Involving related people from inside and outside the company to promote agile development

As bridge persons are required to possess a complex set of skills, they can only acquire those skills through practical work and not classroom instruction. For this reason, we will create opportunities for them to gain practical experience within the Group and promote their systematic development.

Examples of development measures

- Seconding and trainee dispatching of employees to startups, venture companies and the functional DX company
- OJT (planned personnel transfers and job rotations) at departments responsible for implementing digital technology-related measures at operating companies
- Working at digitally oriented companies as a side job

Establishment of a functional DX company

The internal cultivation of digitally-minded human capital is essential to achieving DX measures in efficient and advanced ways. However, the lack of digitally-minded human capital is expected to become an increasingly serious challenge. TFHD digital inc., the functional DX company that began operating in 2022, has established an attractive work environment and compensation system likely to be chosen by talented human capital in order to secure digitally-minded human capital who will flourish within the Group. In addition to supporting DX measures, we will utilize in-Group resources and intellectual assets in the long term while striving to create new earnings opportunities.

TFHD digital

A group of digital experts leading DX in the real estate industry
(Wholly owned subsidiary of Tokyu Fudosan Holdings Corporation / Began operating in April 2022)

Service design support	System architecture support	Project implementation Incubation support
▲	▲	▲
Leading efforts to utilize data	Secondary checks	Human capital development

Highly-skilled human capital acquired externally

Business oriented digitally-minded human capital	IT-oriented digitally-minded human capital
Human capital responsible for the design of business models and processes	Human capital responsible for the design, development and building of services through actual hands-on activities

Visualization engineer	Business designer	IT architect	AI engineer
Data scientist	Scrum master	Security specialist	Full-stack engineer

Explanation of Terms

P.4	Lifestyle Creation 3.0	Tokyu Fudosan Holdings' unique approach to the creation of ideal lifestyles for customers through the fusion of home, work and play styles. Lifestyle Creation 1.0 consisted of simply developing assets for specific applications, while Lifestyle Creation 2.0 referred to proposing solutions utilizing those assets.
P.4	OMO	Online Merges with Offline：A state in which online and offline spaces, which were previously separated, merge into one. OMO requires the provision of a highly consistent and seamless customer experience that eliminates barriers between online and offline spaces.
P.6	Digital Governance Code	Principles published by the Ministry of Economy, Industry and Trade to encourage voluntary efforts related to corporate DX. The code summarizes the action that needs to be taken by business managers, such as the formulation and publication of management visions that take into account social transformation through digital technologies.
P.7	Digital Transformation Certification	This is a certification system operated by the Ministry of Economy, Trade and Industry based on the Act on Facilitation of Information Processing enacted in May 2020 aimed at companies responding to the basic matters laid out in the Digital Governance Code.
P.16	BPR	Business Process Re-engineering：Fundamentally restructuring business processes by setting goals for corporate activities and engaging in the analysis and optimization of business activities and flows to achieve those goals with the aim of improving corporate competitiveness.
P.17	Cross-selling / Upselling	Sales measures to raise spending per customer. Cross-selling is the practice of getting customers who are considering making a purchase to purchase other related products together with the initial purchase. Upselling is the practice of getting a customer to purchase a higher-grade model of a product, or having them purchase multiple units of a product.
P.19	CVC	Corporate Venture Capital：The TFHD Open Innovation Program was established by the Company in 2017 to facilitate open innovation with venture companies. Moving forward, we will aim to create new value through co-creation with external partners based on functions such as investment, business alliances and hands-on support through the program.
P.24	Kanri-Roid	Real estate management system provided by THIRD INC. Information on inspections, meter readings and cleaning reports can be entered through an app to automate process of creating reports.
P.25	Digital twins	A system to build a twin of something in the real world in a digital space, enabling it to be monitored or subjected to simulations.

Glossary of terms

P.28	Zero trust network	An approach to information security infrastructure where users and terminals are continually verified on the premise of zero trust, regardless of whether they are internal or external.
P.29	Cloud native technologies	An approach premised on cloud usage to develop systems that maximize the benefits of the cloud by designing systems to take advantage of their characteristics.
P.29	Legacy systems	Systems that have been used for a long time, which have deteriorated, become bloated, increasingly complex or black-boxed, and which are problematic because they hinder management or business strategy or are responsible for high cost structures.
P.29	API integration	Linking applications with one another by using an application programming interface (API) that contains interface specifications for the reciprocal use of software.
P.29	Monolithic architecture	An application structure where a single process is implemented through one large function. While this structure can improve processing efficiency on a standalone basis, it lacks flexibility and extensibility. As a conventional architecture, it is used in contrast to microservices.
P.29	Microservices	The methods and architecture to develop software by combining multiple small and independent services. As applications are divided into individual functions, this approach facilitates the rapid development and modification of services.
P.29	On-premise	A state where the information systems such as servers and software are installed in devices inside a facility owned by the user and operated by the user company.
P.31	Group ABW	AA work style that combines the activity-based working (ABW) concept with a group address system, enabling employees to flexibly choose the time and place of their work based on their own activities and circumstances.

WE ARE GREEN

TOKYU FUDOSAN HOLDINGS

WE ARE GREEN —— We strive to merge the power of various forms of green deployed by our Group to create a future where everyone can be themselves and shine vigorously.