

Financial Summary
FY2019 First Quarter (First Three Months)
Ended June 30, 2019

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on August 2, 2019 at 15:00 (GMT+9).
The review has not been completed.

1. Overview of the FY2019 First Quarter (First Three Months) Ended June 30, 2019

*All the figures in millions are rounded down and all the figures in billions are rounded off to one decimal place.

(1) Summary of consolidated statements of income

(% indicates year-on-year change.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
First three months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2019	186,541	7.0	11,226	(4.8)	8,471	(13.4)	3,808	(29.5)
FY2018	174,290	(5.2)	11,791	(32.2)	9,778	(36.7)	5,405	(33.6)

Note: Comprehensive income: First three months of FY2019 ¥4,720 million [45.0%]
First three months of FY2018 ¥3,254 million [(35.0)%]

	Earnings per share	Fully diluted earnings per share
First three months	(Yen)	(Yen)
FY2019	5.30	–
FY2018	8.88	–

(2) Summary of consolidated balance sheets

	Total assets	Total net assets	Equity ratio	Net assets per share
	(Millions of yen)	(Millions of yen)	(%)	(Yen)
As of June 30, 2019	2,408,996	568,506	23.3	779.54
As of March 31, 2019	2,405,249	568,698	23.3	780.78

Reference: Equity: As of June 30, 2019 ¥560,512 million; As of March 31, 2019 ¥561,405 million

2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2018 ended March 31, 2019	–	7.50	–	8.00	15.50
FY2019 ending March 31, 2020	–	/	/	/	/
FY2019 ending March 31, 2020 (Forecast)	/	8.00	–	8.00	16.00

Note: Revisions to the forecasts of dividends most recently announced: None

3. Forecast for Fiscal Year 2019 Ending March 31, 2020

(% indicates year-on-year change.)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Yen)
Full-year forecast	920,000	2.0	82,000	2.2	71,000	0.4	39,000	4.1	54.24

Note: Revisions to the forecasts most recently announced: None

Total number of shares issued (common stock)

(a) Total number of shares issued at end of period (including treasury shares)

As of June 30, 2019: 719,830,974 shares

As of March 31, 2019: 719,830,974 shares

(b) Number of treasury shares at end of period

As of June 30, 2019: 802,846 shares

As of March 31, 2019: 802,759 shares

(c) Average number of shares (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019: 719,028,146 shares

Three months ended June 30, 2018: 608,883,572 shares

(Note) The Company has a "Director Stock Ownership Plan" for directors etc. of the Company and its subsidiaries, and the shares of the Company held by the Plan's trust account in are included in treasury shares.

* Quarterly financial summary reports are exempt from quarterly review conducted by certified public accountants or an audit corporation.

* Proper use of forecasts, and other special matters

(Disclaimer)

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

Operating Results and Financial Position

1. Analysis of Operating Results

(1) Overview

Results for the first three months ended June 30, 2019 showed ¥186.5 billion in operating revenue (up 7.0% from the same period of the previous fiscal year), ¥11.2 billion in operating profit (down 4.8%), ¥8.5 billion in ordinary profit (down 13.4%) and ¥3.8 billion in profit attributable to owners of parent (down 29.5%).

Revenues increased but profit decreased due partly to a reactionary drop in bulk sales in the Residential segment, although market conditions for offices and condominiums continued to remain strong.

While the progress rates against the full-year forecast are at low levels due primarily to the fact that a significant portion of property deliveries are expected to take place in the fourth quarter in the Residential and other segments, we believe that results for this period are indicating steady progress toward achieving the full-year forecast.

The first three months for FY2018 was from April 1, 2018 to June 30, 2018 and the first three months for FY2019 was from April 1, 2019 to June 30, 2019.

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Operating revenue	174.3	186.5	12.3	920.0	20.3%
Operating profit	11.8	11.2	(0.6)	82.0	13.7%
Ordinary profit	9.8	8.5	(1.3)	71.0	11.9%
Profit attributable to owners of parent	5.4	3.8	(1.6)	39.0	9.8%

Operating revenue and operating profit

(Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2019	186.5	–	–	–
Operating revenue for FY2018	174.3	402.6	584.4	901.9
Operating profit for FY2019	11.2	–	–	–
Operating profit for FY2018	11.8	32.2	44.5	80.2

By segment, the three segments of Property Management, Real-Estate Agents and Innovation Business saw an increase in revenues and profit, the two segments of Wellness and Tokyu Hands saw an increase in revenues but a decrease in profit. The Urban Development segment saw a decrease in revenues but an increase in profit, and Residential segment saw a decrease in revenues and profit (compared with the same period of the previous fiscal year).

Operating revenue

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Total	174.3	186.5	12.3	920.0	20.3%
Urban Development	54.7	54.5	(0.1)	255.8	21.3%
Residential	13.1	9.9	(3.2)	117.0	8.4%
Property Management	37.7	42.3	4.6	192.6	21.9%
Real-Estate Agents	21.3	26.7	5.4	121.8	21.9%
Wellness	23.2	25.7	2.4	122.3	21.0%
Tokyu Hands	23.0	23.2	0.2	101.2	23.0%
Innovation Business	7.0	9.9	2.9	40.2	24.6%
Adjustment for Inter-Company Transactions	(5.6)	(5.6)	0.0	(30.9)	–

Operating profit

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Total	11.8	11.2	(0.6)	82.0	13.7%
Urban Development	10.6	11.8	1.2	50.0	23.6%
Residential	0.1	(1.2)	(1.3)	7.5	–
Property Management	1.1	1.2	0.0	9.0	12.9%
Real-Estate Agents	1.7	2.0	0.3	15.0	13.5%
Wellness	0.4	(0.2)	(0.7)	7.2	–
Tokyu Hands	0.3	0.1	(0.1)	1.3	9.5%
Innovation Business	(0.7)	(0.4)	0.4	(0.5)	–
Adjustment for Inter-Company Transactions	(1.7)	(2.1)	(0.4)	(7.4)	–

1) Urban Development

In our Urban Development business, we recorded ¥54.5 billion in operating revenue (down 0.3% from the same period of the previous fiscal year) and ¥11.8 billion in operating profit (up 11.2%).

Profit increased thanks mainly to a contribution from the start of operations at new facilities such as SHIBUYA SOLASTA, and to improved lease revenues from existing buildings, in spite of lower revenues resulting from a decline in revenues from sales of properties including buildings for investors. In addition, the vacancy rate (office buildings and commercial facilities) remained at a low level of 0.2%. Market conditions for offices continued to remain strong, and regarding the major facilities to be opened listed below, leasing has been completed for all of them.

(Unit:¥ billion)

	First three months		Comparison	FY2018	FY2019 forecast
	FY2018	FY2019			
Operating revenue	54.7	54.5	(0.1)	256.4	255.8
Operating profit	10.6	11.8	1.2	49.9	50.0

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2018
	FY2018	FY2019		
Leasing (Office buildings)	9.1	10.0	0.8	36.8
Leasing (Commercial facilities)	10.1	11.3	1.2	41.5
Asset management etc.	14.0	11.1	(2.9)	89.9
Leasing (Residence) etc.	21.4	22.2	0.8	88.2

Vacancy rate of office buildings and commercial facilities

As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	As of June 30, 2019
2.0%	0.5%	0.4%	0.2%

Major openings (facilities to be opened during FY2019)

	Use	Completion	Floor space (thousand m ²)
SHIBUYA SOLASTA	Office	March 2019	47
Namba Motomachi 1-chome Place	Hotel	May 2019	5
Q Plaza Ikebukuro	Commercial and cinema	July 2019	17
Jimbocho North Tokyu Building	Office	July 2019	11
SHIBUYA FUKURAS	Office and commercial	October 2019 (scheduled)	59
(Tentative name) Asakusa 2-chome Hotel Project	Hotel	March 2020 (scheduled)	6

2) Residential

In our Residential business, we recorded ¥9.9 billion in operating revenue (down 24.5% from the same period of the previous fiscal year) and ¥1.2 billion in operating loss.

Both revenues and profit decreased due to such factors as a reactionary drop in bulk sales (included in “Others” in the breakdown of operating revenue below) which were recorded in the same period of the previous fiscal year. Sales continued to remain strong, and the ratio of contracted amount for sale to the planned sales amount for the full year for condominium grew from 54% at the beginning of the fiscal year to 66% (up 9 percentage points from the same period of the previous fiscal year), indicating steady progress toward achieving the full-year forecast.

In the first three months ended June 30, 2019, there were no newly completed buildings for condominium units, and inventory of completed units, which included “BRANZ Nagatacho” (Chiyoda-ku, Tokyo), was recorded.

	First three months		Comparison	FY2018	FY2019 forecast
	FY2018	FY2019			
Operating revenue	13.1	9.9	(3.2)	121.4	117.0
Operating profit	0.1	(1.2)	(1.3)	5.4	7.5

	First three months				Comparison	FY2018	
	FY2018		FY2019				
Condominiums	115 units	6.5	111 units	6.6	0.1	1,266 units	86.1
Detached housing	39 units	0.3	1 unit	0.0	(0.3)	111 units	2.2
Others	–	6.2	–	3.2	(3.0)	–	33.1

	First three months				Inventory of completed units	
	FY2018		FY2019		As of March 31, 2019	As of June 30, 2019
	New supply	Contracted units	New supply	Contracted units		
Condominiums	265	318	263	261	497	387
Detached housing	29	32	9	5	7	11

3) Property Management

In our Property Management business, we recorded ¥42.3 billion in operating revenue (up 12.2% from the same period of the previous fiscal year), and ¥1.2 billion in operating profit (up 2.1%).

Both revenues and profit increased due to such factors as an increase in revenue from management from expansion in the stock of condominium, building and other management service sites at Tokyu Community Corp., and higher sales of construction work for buildings, etc. Effective from the first quarter ended June 30, 2019, the detached housing renovation businesses were transferred from the Innovation Business segment, and in the breakdown of operating revenue below, their portion is included in “Condominiums.”

The stock of condominium management service sites continued to expand steadily to 841 thousand units (of which the number of units under comprehensive management was 525 thousand units) as of June 30, 2019.

	First three months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	37.7	42.3	4.6	173.9	192.6
Operating profit	1.1	1.2	0.0	8.6	9.0

Breakdown of operating revenue

	First three months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	
Condominiums	25.7	28.5	2.8	117.3	
Buildings	11.9	13.8	1.8	56.6	

Number of sites managed as of fiscal year (period) end

	As of March 31, 2017	As of March 31, 2018	As of March 31, 2019	As of June 30, 2019
Condominiums (units)	741,624	822,231	831,684	841,334
Buildings (no. of contracts)	1,483	1,500	1,540	1,550

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥26.7 billion in operating revenue (up 25.6% from the same period of the previous fiscal year) and ¥2.0 billion in operating profit (up 16.1%).

In real-estate sales agent business at Tokyu Livable Inc., the number of transactions increased both in retail and wholesale sales, and the real estate transaction market continued to remain strong. Both revenues and profit increased thanks mainly to an increase in real-estate sales, such as those of entire residential buildings for investment and those from purchase and resale transactions.

(Unit:¥ billion)

	First three months		Comparison	FY2018	FY2019 forecast
	FY2018	FY2019			
Operating revenue	21.3	26.7	5.4	118.9	121.8
Operating profit	1.7	2.0	0.3	13.9	15.0

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2018
	FY2018	FY2019		
Real-estate sales agent	12.7	12.6	(0.1)	57.7
Consignment sales	0.4	0.5	0.1	3.3
Real-estate sales	7.6	13.1	5.5	55.7
Others	0.6	0.5	(0.0)	2.1

5) Wellness

In our Wellness business, we recorded ¥25.7 billion in operating revenue (up 10.3% from the same period of the previous fiscal year) and ¥0.2 billion in operating loss.

Although revenues increased thanks to the full-year operation of properties opened last year including resort facilities and urban style hotels, profit decreased due mainly to a reactionary drop in sales of country houses and membership business, which are included in “Sales” in the breakdown of operating revenue below.

In addition, a new senior housing facility “Creer Residence Yokohama Tokaichiba” (Yokohama-shi, Kanagawa) opened in April 2019.

	First three months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	23.2	25.7	2.4	123.9	122.3
Operating profit	0.4	(0.2)	(0.7)	7.9	7.2

Breakdown of operating revenue

	First three months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	
Resort operations	8.0	8.7	0.7	41.3	(Golf course, Harvest club, Ski resort, etc.)
Oasis	4.3	4.7	0.4	17.9	(Fitness club, etc.)
Senior housing	1.8	2.4	0.5	7.9	
Tokyu stay	3.1	3.8	0.7	13.3	(Urban style hotel)
Consignment welfare	2.6	2.6	(0.0)	9.7	
Sales	1.7	1.4	(0.4)	26.2	
Others	1.7	2.1	0.4	7.6	

* Effective from the first quarter ended June 30, 2019, among items that were previously included in “Others,” the resort hotel business was transferred to “Resort operations,” and the resort-related real estate transaction business was transferred to “Sales,” and figures for those items for the first three months of FY2018 and for the full year of FY2018 have been retrospectively reclassified.

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥23.2 billion in operating revenue (up 1.0% from the same period of the previous fiscal year) and ¥0.1 billion in operating profit (down 55.3%).

At Tokyu Hands, Inc., although revenues increased at existing stores (up 0.6%), profit decreased due to an increase in expenses such as costs for opening new stores. The new store that opened was “Tokyu Hands Jewel Store” (Singapore) in April 2019 as the fourth overseas store, and in June, “Tokyu Hands Urasoe Nishikaigan Store” (Urasoe-shi, Okinawa) opened as a franchise store.

	First three months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	23.0	23.2	0.2	97.4	101.2
Operating profit	0.3	0.1	(0.1)	0.8	1.3

7) Innovation Business

In our Innovation Business, we recorded ¥9.9 billion in operating revenue (up 41.2% from the same period of the previous fiscal year) and ¥0.4 billion in operating loss.

Both revenues and profit increased due in part to recording of transactions related to condominium units in Indonesia, namely “BRANZ Simatupang” and “BRANZ BSD.” In regard to “Custom-built houses” in the breakdown of operating revenue below, the detached housing renovation businesses were transferred to the Property Management segment from the first quarter ended June 30, 2019, and the name of “Custom-built houses” was changed from “Renovation/custom-built houses,” which was the name used until FY2018.

(Unit:¥ billion)

	First three months		Comparison	FY2018	FY2019 forecast
	FY2018	FY2019			
Operating revenue	7.0	9.9	2.9	41.6	40.2
Operating profit	(0.7)	(0.4)	0.4	0.9	(0.5)

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2018
	FY2018	FY2019		
Overseas operations, etc.	0.2	5.6	5.4	9.3
Custom-built houses	4.1	2.1	(1.9)	19.4
Landscape gardening	2.7	2.1	(0.6)	13.0

(2) Analysis of Financial Position

As of the end of the first quarter ended June 30, 2019, total assets increased by ¥3.7 billion compared to the end of the previous fiscal year mainly due to an increase in non-current assets resulting from progress of under-development projects. Total liabilities also increased by ¥3.9 billion compared to the end of the previous fiscal year due mainly to an increase in interest-bearing debt.

(Unit:¥ billion)

	As of June 30, 2018	As of June 30, 2019	(Reference) As of March 31, 2019	As of March 31, 2020 (Forecast)
Total assets	2,229.1	2,409.0	2,405.2	
Total liabilities	1,754.8	1,840.5	1,836.6	
Net assets	474.3	568.5	568.7	
Equity	467.2	560.5	561.4	
Equity ratio	21.0%	23.3%	23.3%	
Interest-bearing debt	1,301.6	1,364.8	1,289.8	1,380.0
DER	2.8×	2.4×	2.3×	2.3×

(3) Forecast for Fiscal Year 2019 Ending March 31, 2020

	Operating revenue (Billions of yen)	Operating profit (Billions of yen)	Ordinary profit (Billions of yen)	Profit attributable to owners of parent (Billions of yen)
Full-year forecast	920.0	82.0	71.0	39.0

Reference: Projected earnings per share (full-year): ¥54.24

There is no change from the forecasts announced on May 10, 2019.

The forecasts and other forward-looking statements in this report are based on currently available information and certain assumptions determined as rational. Actual performance may significantly differ from these forecasts due to various factors in the future.

First Quarter Consolidated Balance Sheets

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	185,091	87,358
Notes and accounts receivable - trade	33,766	25,608
Securities	17,480	24,106
Merchandise	12,107	12,371
Real estate for sale	229,459	229,552
Real estate for sale in process	331,980	376,809
Costs on construction contracts in progress	6,564	7,098
Supplies	791	818
Other	55,585	60,169
Allowance for doubtful accounts	(88)	(87)
Total current assets	872,740	823,807
Non-current assets		
Property, plant and equipment		
Buildings and structures	413,188	440,380
Accumulated depreciation	(190,587)	(193,877)
Buildings and structures, net	222,601	246,503
Land	722,691	725,609
Construction in progress	129,299	151,175
Other	75,660	77,070
Accumulated depreciation	(44,051)	(45,329)
Other, net	31,608	31,741
Total property, plant and equipment	1,106,201	1,155,029
Intangible assets		
Goodwill	77,131	75,776
Other	36,162	36,079
Total intangible assets	113,294	111,856
Investments and other assets		
Investment securities	180,720	185,712
Leasehold and guarantee deposits	89,310	89,272
Other	42,986	43,345
Allowance for doubtful accounts	(359)	(348)
Total investments and other assets	312,657	317,981
Total non-current assets	1,532,153	1,584,868
Deferred assets		
Share issuance cost	355	320
Total deferred assets	355	320
Total assets	2,405,249	2,408,996

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

Account title	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,765	25,330
Short-term borrowings	163,275	158,450
Current portion of bonds	20,000	20,000
Commercial papers	–	69,000
Income taxes payable	14,179	5,785
Provisions	15,846	10,122
Other	176,683	136,460
Total current liabilities	435,750	425,149
Non-current liabilities		
Bonds payable	185,825	185,825
Long-term borrowings	920,707	931,520
Long-term leasehold and guarantee deposits received	197,598	201,362
Retirement benefit liability	29,262	29,169
Provisions	76	78
Other	67,331	67,383
Total non-current liabilities	1,400,801	1,415,339
Total liabilities	1,836,551	1,840,489
Net assets		
Shareholders' equity		
Share capital	77,562	77,562
Capital surplus	166,675	166,678
Retained earnings	298,411	296,463
Treasury shares	(367)	(367)
Total shareholders' equity	542,281	540,336
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,183	15,728
Deferred gains or losses on hedges	(1,066)	(821)
Revaluation reserve for land	8,067	8,067
Foreign currency translation adjustment	(1,304)	(1,125)
Remeasurements of defined benefit plans	(1,754)	(1,672)
Total accumulated other comprehensive income	19,124	20,176
Non-controlling interests	7,292	7,994
Total net assets	568,698	568,506
Total liabilities and net assets	2,405,249	2,408,996

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

First Quarter Consolidated Statements of (Comprehensive) Income
(First Quarter Consolidated Statements of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First three months FY2018 (from April 1, 2018 to June 30, 2018)	First three months FY2019 (from April 1, 2019 to June 30, 2019)
Operating revenue	174,290	186,541
Operating cost	136,976	147,647
Operating gross profit	37,314	38,894
Selling, general and administrative expenses	25,522	27,668
Operating profit	11,791	11,226
Non-operating income		
Interest income	27	35
Dividend income	126	108
Share of profit of entities accounted for using equity method	90	50
Other	144	131
Total non-operating income	389	325
Non-operating expenses		
Interest expenses	2,124	2,523
Other	277	557
Total non-operating expenses	2,402	3,080
Ordinary profit	9,778	8,471
Profit before income taxes	9,778	8,471
Income taxes	4,685	4,782
Profit	5,093	3,688
Loss attributable to non-controlling interests	(312)	(120)
Profit attributable to owners of parent	5,405	3,808

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

(First Quarter Consolidated Statements of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First three months FY2018 (from April 1, 2018 to June 30, 2018)	First three months FY2019 (from April 1, 2019 to June 30, 2019)
Profit	5,093	3,688
Other comprehensive income		
Valuation difference on available-for-sale securities	2,116	545
Deferred gains or losses on hedges	(153)	225
Foreign currency translation adjustment	197	183
Remeasurements of defined benefit plans, net of tax	134	82
Share of other comprehensive income of entities accounted for using equity method	(4,133)	(5)
Total other comprehensive income	(1,838)	1,032
Comprehensive income	3,254	4,720
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	3,608	4,860
Comprehensive income attributable to non-controlling interests	(353)	(140)

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