

Financial Summary
FY2019 Third Quarter (First Nine Months)
Ended December 31, 2019

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on February 10, 2020 at 16:00 (GMT+9).
The review has not been completed.

1. Overview of the FY2019 Third Quarter (First Nine Months) Ended December 31, 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 nine months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2019	601,231	2.9	44,336	(0.4)	36,159	(4.1)	20,796	(12.8)
FY2018	584,375	(4.0)	44,496	(19.1)	37,687	(22.1)	23,848	(18.1)

Note: Comprehensive income: First nine months of FY2019 ¥25,668 million [25.0%]

First nine months of FY2018 ¥20,533 million [(24.4)%]

	Earnings per share	Fully diluted earnings per share
First nine months	(Yen)	(Yen)
FY2019	28.92	–
FY2018	37.20	–

(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 December 31, 2019	2,562,770	585,763	22.5	800.59
As of March 31, 2019	2,405,249	568,698	23.3	780.78

Reference: Equity: As of December 31, 2019 ¥575,643 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	–	8.00	–		
FY2019 ending March 31, 2020 (Forecast)				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	930,000	3.1	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 December 31, 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 December 31, 2019: 803,598 shares

As of March 31, 2019: 802,759 shares

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

Nine months ended December 31, 2019: 719,027,901 shares

Nine months ended December 31, 2018: 641,098,916 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 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 nine months ended December 31, 2019 showed ¥601.2 billion in operating revenue (up 2.9% from the same period of the previous fiscal year), ¥44.3 billion in operating profit (down 0.4%), ¥36.2 billion in ordinary profit (down 4.1%) and ¥20.8 billion in profit attributable to owners of parent (down 12.8%).

While market conditions for offices and condominiums continued to remain strong, profit decreased due partly to a reactionary drop from the recording of co-ownership shares of a facility opened in the previous fiscal year in the Wellness segment, despite increased revenues as a result of an increase in the number of condominium units sold in the Residential segment.

While the progress rates against the full-year forecast are at low levels due to the fact that a significant portion of sales of properties, including buildings for investors in the Urban Development segment, deliveries of condominiums in the Residential segment and sales of properties in the Wellness segment are expected to take place in the fourth quarter, we believe that results for this period are indicating steady progress toward achieving the full-year forecast.

The first nine months for FY2018 was from April 1, 2018 to December 31, 2018 and the first nine months for FY2019 was from April 1, 2019 to December 31, 2019.

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Operating revenue	584.4	601.2	16.9	930.0	64.6%
Operating profit	44.5	44.3	(0.2)	82.0	54.1%
Ordinary profit	37.7	36.2	(1.5)	71.0	50.9%
Profit attributable to owners of parent	23.8	20.8	(3.1)	39.0	53.3%

Operating revenue and operating profit

(Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2019	186.5	412.5	601.2	–
Operating revenue for FY2018	174.3	402.6	584.4	901.9
Operating profit for FY2019	11.2	31.7	44.3	–
Operating profit for FY2018	11.8	32.2	44.5	80.2

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

Operating revenue

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Total	584.4	601.2	16.9	930.0	64.6%
Urban Development	166.3	151.8	(14.5)	257.3	59.0%
Residential	45.0	70.1	25.1	132.0	53.1%
Property Management	123.3	138.3	15.1	194.5	71.1%
Real-Estate Agents	83.8	85.3	1.5	121.7	70.1%
Wellness	88.3	81.7	(6.6)	120.6	67.8%
Tokyu Hands	74.4	75.3	1.0	101.4	74.3%
Innovation Business	26.8	22.8	(3.9)	36.9	61.9%
Adjustment for Inter-Company Transactions	(23.4)	(24.2)	(0.8)	(34.3)	—

Operating profit

(Unit:¥ billion)

	First nine months		Comparison	Full-year forecast	Progress
	FY2018	FY2019			
Total	44.5	44.3	(0.2)	82.0	54.1%
Urban Development	31.6	32.8	1.2	50.0	65.6%
Residential	(1.0)	2.4	3.3	7.8	30.5%
Property Management	5.4	5.5	0.2	9.4	59.2%
Real-Estate Agents	9.6	8.9	(0.7)	15.2	58.4%
Wellness	3.2	1.5	(1.8)	7.2	20.2%
Tokyu Hands	0.7	0.8	0.0	1.3	63.1%
Innovation Business	0.3	(1.5)	(1.8)	(0.7)	—
Adjustment for Inter-Company Transactions	(5.3)	(6.0)	(0.7)	(8.1)	—

1) Urban Development

In our Urban Development business, we recorded ¥151.8 billion in operating revenue (down 8.7% from the same period of the previous fiscal year) and ¥32.8 billion in operating profit (up 3.9%).

Despite a decrease in revenues from sales of properties including buildings for investors, profit increased mainly due to a contribution from the start of operations at new facilities such as SHIBUYA SOLASTA.

In addition, the vacancy rate (office buildings and commercial facilities) remained at a low level of 0.4%. 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.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	166.3	151.8	(14.5)	256.4	257.3
Operating profit	31.6	32.8	1.2	49.9	50.0

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	
Leasing (Office buildings)	27.6	30.6	2.9	36.8	
Leasing (Commercial facilities)	31.2	32.1	1.0	41.5	
Asset management etc.	43.3	23.0	(20.3)	89.9	
Leasing (Residence) etc.	64.2	66.1	1.9	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 December 31, 2019
2.0%	0.5%	0.4%	0.4%

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	59

2) Residential

In our Residential business, we recorded ¥70.1 billion in operating revenue (up 55.8% from the same period of the previous fiscal year) and ¥2.4 billion in operating profit.

Both revenues and profit increased due mainly to an increase in the number of condominium units sold. Sales continued to remain strong, the inventory of completed units decreased compared to the end of the previous fiscal year 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 90% (down 0 percentage point from the same period of the previous fiscal year), indicating steady progress toward achieving the full-year forecast.

Sales of condominium units in “BRANZ Maruyama-Gaienmae” (Sapporo-shi, Hokkaido), “BRANZ Tower Hagoromo” (Takaishi-shi, Osaka), “DRESSER Yokohama Tokaichiba” (Yokohama-shi, Kanagawa) and others were recorded.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	45.0	70.1	25.1	121.4	132.0
Operating profit	(1.0)	2.4	3.3	5.4	7.8

Breakdown of operating revenue

	First nine months				Comparison	(Unit:¥ billion)	
	FY2018		FY2019			FY2018	
Condominiums	611 units	30.9	928 units	50.1	19.2	1,266 units	86.1
Detached housing	99 units	1.7	13 units	0.5	(1.2)	111 units	2.2
Others	–	12.4	–	19.5	7.0	–	33.1

Number of units supplied and sold

	First nine months				Inventory of completed units	
	FY2018		FY2019		As of March 31, 2019	As of December 31, 2019
	New supply	Contracted units	New supply	Contracted units		
Condominiums	1,179	1,223	1,813	1,635	497	340
Detached housing	51	49	9	12	7	4

3) Property Management

In our Property Management business, we recorded ¥138.3 billion in operating revenue (up 12.2% from the same period of the previous fiscal year), and ¥5.5 billion in operating profit (up 2.8%).

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. 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 844 thousand units (of which the number of units under comprehensive management was 526 thousand units) as of December 31, 2019.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	123.3	138.3	15.1	173.9	194.5
Operating profit	5.4	5.5	0.2	8.6	9.4

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)
	FY2018	FY2019		FY2018
Condominiums	83.4	91.6	8.3	117.3
Buildings	39.9	46.7	6.8	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 December 31, 2019
Condominiums (units)	741,624	822,231	831,684	843,701
Buildings (no. of contracts)	1,483	1,500	1,540	1,555

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥85.3 billion in operating revenue (up 1.8% from the same period of the previous fiscal year) and ¥8.9 billion in operating profit (down 7.1%).

Revenues increased at the real-estate sales agent business at Tokyu Livable Inc. due partly to an increase in the number of transactions and transaction amounts in both retail and wholesale sales, but profit decreased due partly to a reactionary drop from the recording of sales of highly profitable properties in the previous fiscal year.

(Unit:¥ billion)

	First nine months		Comparison	FY2018	FY2019 forecast
	FY2018	FY2019			
Operating revenue	83.8	85.3	1.5	118.9	121.7
Operating profit	9.6	8.9	(0.7)	13.9	15.2

Breakdown of operating revenue

(Unit:¥ billion)

	First nine months		Comparison	FY2018
	FY2018	FY2019		
Real-estate sales agent	40.4	42.1	1.8	57.7
Consignment sales	1.8	2.0	0.2	3.3
Real-estate sales	40.1	39.8	(0.3)	55.7
Others	1.5	1.3	(0.2)	2.1

5) Wellness

In our Wellness business, we recorded ¥81.7 billion in operating revenue (down 7.5% from the same period of the previous fiscal year) and ¥1.5 billion in operating profit (down 55.3%).

Both revenues and profits decreased due partly to a reactionary drop from the recording of co-ownership shares of “Tokyu Harvest Club Karuizawa & VIALA” (Kitasaku-gun, Nagano) which opened in July 2018, despite the full-year operation of properties opened in the previous fiscal year, including resort facilities and urban style hotels.

In addition, a new senior housing complex, “Creer Residence Yokohama Tokaichiba” (Yokohama-shi, Kanagawa) opened in April 2019. Three urban style hotels, “Tokyu Stay Kanazawa” (Kanazawa-shi, Ishikawa), “Tokyu Stay Okinawa-Naha” (Naha-shi, Okinawa) and “Tokyu Stay Osaka-Hommachi” (Osaka-shi, Osaka), are scheduled to open in February 2020.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	88.3	81.7	(6.6)	123.9	120.6
Operating profit	3.2	1.5	(1.8)	7.9	7.2

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	
Resort operations	27.5	29.3	1.8	41.3	(Golf course, Harvest club, Ski resort, etc.)
Oasis	13.2	14.5	1.2	17.9	(Fitness club, etc.)
Senior housing	5.9	7.4	1.5	7.9	
Tokyu stay	10.2	11.6	1.3	13.3	(Urban style hotel)
Consignment welfare	7.3	7.6	0.3	9.7	
Sales	19.0	4.6	(14.4)	26.2	
Others	5.2	6.7	1.5	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 nine months of FY2018 and for the full year of FY2018 have been retrospectively reclassified.

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥75.3 billion in operating revenue (up 1.3% from the same period of the previous fiscal year) and ¥0.8 billion in operating profit (up 6.0%).

At Tokyu Hands, Inc., although revenues decreased at existing stores (down 0.1%), revenues increased mainly due to a contribution from new stores and profit increased mainly due to a contribution from existing stores.

The new stores that opened were “Tokyu Hands Jewel Store” in April 2019 and “TOKYU HANDS Paya Lebar Store” in August 2019 as the fourth and fifth overseas stores (both in Singapore), “Tokyu Hands Hamamatsu Store” (Hamamatsu-shi, Shizuoka) in September, and “SHIBUYA SCRAMBLE SQUARE Store” (Shibuya-ku, Tokyo) in November.

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	74.4	75.3	1.0	97.4	101.4
Operating profit	0.7	0.8	0.0	0.8	1.3

7) Innovation Business

In our Innovation Business, we recorded ¥22.8 billion in operating revenue (down 14.7% from the same period of the previous fiscal year) and ¥1.5 billion in operating loss.

Both revenues and profits decreased due partly to the transfer of detached housing renovation businesses to the Property Management segment from the first quarter ended June 30, 2019, and a reactionary drop in sales of properties in overseas operations, despite the recording of transactions related to condominium units in Indonesia, namely “BRANZ Simatupang” and “BRANZ BSD.”

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Operating revenue	26.8	22.8	(3.9)	41.6	36.9
Operating profit	0.3	(1.5)	(1.8)	0.9	(0.7)

Breakdown of operating revenue

	First nine months		Comparison	(Unit:¥ billion)	
	FY2018	FY2019		FY2018	FY2019 forecast
Overseas operations, etc.	4.6	9.7	5.2	9.3	
Custom-built houses	14.2	5.7	(8.6)	19.4	
Landscape gardening	7.9	7.4	(0.5)	13.0	

(2) Analysis of Financial Position

As of the end of the third quarter ended December 31, 2019, total assets increased by ¥157.5 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 and an increase in real estate for sale in process. Total liabilities also increased by ¥140.5 billion compared to the end of the previous fiscal year due mainly to an increase in interest-bearing debt.

(Unit:¥ billion)

	As of December 31, 2018	As of December 31, 2019	(Reference) As of March 31, 2019	
Total assets	2,338.8	2,562.8	2,405.2	
Total liabilities	1,784.2	1,977.0	1,836.6	
Net assets	554.6	585.8	568.7	
Equity	547.1	575.6	561.4	As of March 31, 2020 (Forecast)
Equity ratio	23.4%	22.5%	23.3%	1,380.0
Interest-bearing debt	1,317.4	1,483.4	1,289.8	2.3×
DER	2.4×	2.6×	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	930.0	82.0	71.0	39.0

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

There is no change from the forecasts announced on November 8, 2019.

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.

Third 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 December 31, 2019
Assets		
Current assets		
Cash and deposits	185,091	91,664
Notes and accounts receivable - trade	33,766	30,902
Securities	17,480	27,128
Merchandise	12,107	13,931
Real estate for sale	229,459	282,024
Real estate for sale in process	331,980	406,483
Costs on construction contracts in progress	6,564	8,338
Supplies	791	831
Other	55,585	63,512
Allowance for doubtful accounts	(88)	(81)
Total current assets	872,740	924,736
Non-current assets		
Property, plant and equipment		
Buildings and structures	413,188	476,609
Accumulated depreciation	(190,587)	(197,120)
Buildings and structures, net	222,601	279,488
Land	722,691	785,461
Construction in progress	129,299	91,955
Other	75,660	82,897
Accumulated depreciation	(44,051)	(46,822)
Other, net	31,608	36,075
Total property, plant and equipment	1,106,201	1,192,981
Intangible assets		
Goodwill	77,131	73,065
Other	36,162	37,886
Total intangible assets	113,294	110,951
Investments and other assets		
Investment securities	180,720	200,791
Leasehold and guarantee deposits	89,310	88,723
Other	42,986	44,674
Allowance for doubtful accounts	(359)	(336)
Total investments and other assets	312,657	333,852
Total non-current assets	1,532,153	1,637,785
Deferred assets		
Share issuance cost	355	248
Total deferred assets	355	248
Total assets	2,405,249	2,562,770

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

Account title	As of March 31, 2019	As of December 31, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	45,765	34,431
Short-term borrowings	163,275	185,132
Current portion of bonds	20,000	30,000
Commercial papers	–	110,000
Income taxes payable	14,179	7,207
Provisions	15,846	8,564
Other	176,683	132,347
Total current liabilities	435,750	507,682
Non-current liabilities		
Bonds payable	185,825	185,825
Long-term borrowings	920,707	972,395
Long-term leasehold and guarantee deposits received	197,598	201,105
Retirement benefit liability	29,262	29,497
Provisions	76	91
Other	67,331	80,410
Total non-current liabilities	1,400,801	1,469,324
Total liabilities	1,836,551	1,977,006
Net assets		
Shareholders' equity		
Share capital	77,562	77,562
Capital surplus	166,675	166,678
Retained earnings	298,411	307,694
Treasury shares	(367)	(367)
Total shareholders' equity	542,281	551,567
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	15,183	21,514
Deferred gains or losses on hedges	(1,066)	(412)
Revaluation reserve for land	8,067	8,067
Foreign currency translation adjustment	(1,304)	(3,576)
Remeasurements of defined benefit plans	(1,754)	(1,517)
Total accumulated other comprehensive income	19,124	24,076
Non-controlling interests	7,292	10,120
Total net assets	568,698	585,763
Total liabilities and net assets	2,405,249	2,562,770

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

Third Quarter Consolidated Statements of (Comprehensive) Income

(Third Quarter Consolidated Statements of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2018 (from April 1, 2018 to December 31, 2018)	First nine months FY2019 (from April 1, 2019 to December 31, 2019)
Operating revenue	584,375	601,231
Operating cost	459,727	469,456
Operating gross profit	124,648	131,775
Selling, general and administrative expenses	80,151	87,438
Operating profit	44,496	44,336
Non-operating income		
Interest income	101	139
Dividend income	602	414
Other	561	475
Total non-operating income	1,265	1,030
Non-operating expenses		
Interest expenses	6,884	7,531
Other	1,190	1,676
Total non-operating expenses	8,074	9,207
Ordinary profit	37,687	36,159
Extraordinary losses		
Loss on disaster	474	919
Other	37	282
Total extraordinary losses	512	1,201
Profit before income taxes	37,175	34,957
Income taxes	14,107	14,227
Profit	23,068	20,730
Loss attributable to non-controlling interests	(780)	(66)
Profit attributable to owners of parent	23,848	20,796

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

(Third Quarter Consolidated Statements of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First nine months FY2018 (from April 1, 2018 to December 31, 2018)	First nine months FY2019 (from April 1, 2019 to December 31, 2019)
Profit	23,068	20,730
Other comprehensive income		
Valuation difference on available-for-sale securities	(530)	6,331
Deferred gains or losses on hedges	(807)	650
Foreign currency translation adjustment	(1,950)	(229)
Remeasurements of defined benefit plans, net of tax	408	237
Share of other comprehensive income of entities accounted for using equity method	345	(2,052)
Total other comprehensive income	(2,534)	4,938
Comprehensive income	20,533	25,668
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,358	25,748
Comprehensive income attributable to non-controlling interests	(824)	(80)

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