Financial Summary

FY2018 First Quarter (First Three Months)

Ended June 30, 2018

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, 2018 at 16:00 (GMT+9). The review has not been completed.

1. Overview of the FY2018 First Quarter (First Three Months) Ended June 30, 2018

*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)	(%)
FY2018	174,290	(5.2)	11,791	(32.2)	9,778	(36.7)	5,405	(33.6)
FY2017	183,947	26.2	17,396	85.9	15,440	122.6	8,145	331.7

Note: Comprehensive income: First three months of FY2018 ¥3,254 million [(35.0)%]
First three months of FY2017 ¥5,010 million [–%]

	Earnings per share	Fully diluted earnings per share
First three months	(Yen)	(Yen)
FY2018	8.88	–
FY2017	13.38	–

(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, 2018	2,229,060	474,294	21.0	767.26
As of March 31, 2018	2,173,225	475,345	21.5	768.85

Reference: Equity: As of June 30, 2018 ¥467,171 million; As of March 31, 2018 ¥468,140 million

Note: The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter ended June 30, 2018. Accordingly, the figures presented for the summary of the consolidated balance sheet for the previous fiscal year have been retrospectively adjusted to reflect the application of the aforementioned standard.

2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2017 ended March 31, 2018	–	7.00	–	7.50	14.50
FY2018 ending March 31, 2019	–				
FY2018 ending March 31, 2019 (Forecast)		7.50	–	8.00	15.50

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

3. Forecast for Fiscal Year 2018 Ending March 31, 2019

(% 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	880,000	1.6	80,000	3.2	70,000	1.9	37,000	5.2	60.77

Note: Revisions to the forecasts most recently announced: None

* 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, 2018 showed ¥174.3 billion in operating revenue (down 5.2% from the same period of the previous fiscal year), ¥11.8 billion in operating profit (down 32.2%), ¥9.8 billion in ordinary profit (down 36.7%) and ¥5.4 billion in profit attributable to owners of parent (down 33.6%).

Although market conditions for offices and condominiums continued to remain strong, both revenues and profit decreased due in part to a decline in the number of condominium units sold in the Residential segment and lower revenues from sales of properties including buildings for investors in the Urban Development segment. While the progress against the full-year forecast are at low levels due primarily to the facts that deliveries of properties tend to be concentrated at the end of the fiscal year in the Residential segment, etc., we believe that results for this period are indicating steady progress toward achieving the full-year forecast.

The first three months for FY2017 was from April 1, 2017 to June 30, 2017 and the first three months for FY2018 was from April 1, 2018 to June 30, 2018.

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Operating revenue	183.9	174.3	(9.7)	880.0	19.8%
Operating profit	17.4	11.8	(5.6)	80.0	14.7%
Ordinary profit	15.4	9.8	(5.7)	70.0	14.0%
Profit attributable to owners of parent	8.1	5.4	(2.7)	37.0	14.6%

Operating revenue and operating profit (Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2018	174.3	–	–	–
Operating revenue for FY2017	183.9	408.0	608.8	866.1
Operating profit for FY2018	11.8	–	–	–
Operating profit for FY2017	17.4	35.0	55.0	77.5

By segment, the two segments of Wellness and Tokyu Hands saw an increase in revenues and profit, the two segments of Property Management and Real-Estate Agents saw an increase in revenues but a decrease in profit, the Innovation Business segment saw a decrease in revenues but an increase in profit, and the two segments of Urban Development and Residential 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
	FY2017	FY2018			
Total	183.9	174.3	(9.7)	880.0	19.8%
Urban Development	55.1	54.7	(0.4)	233.4	23.4%
Residential	27.9	13.1	(14.8)	115.4	11.3%
Property Management	33.6	37.7	4.0	174.3	21.6%
Real-Estate Agents	18.4	21.3	2.8	107.9	19.7%
Wellness	21.2	23.2	2.1	126.3	18.4%
Tokyu Hands	22.9	23.0	0.1	98.6	23.3%
Innovation Business	9.5	7.0	(2.5)	48.6	14.4%
Adjustment for Inter-Company Transactions	(4.7)	(5.6)	(0.9)	(24.5)	–

Operating profit (Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2017	FY2018			
Total	17.4	11.8	(5.6)	80.0	14.7%
Urban Development	14.2	10.6	(3.6)	50.0	21.2%
Residential	2.1	0.1	(2.0)	5.0	1.8%
Property Management	1.3	1.1	(0.1)	8.4	13.5%
Real-Estate Agents	2.0	1.7	(0.3)	14.0	12.4%
Wellness	0.2	0.4	0.2	7.4	5.6%
Tokyu Hands	0.0	0.3	0.2	0.5	49.0%
Innovation Business	(0.9)	(0.7)	0.2	1.2	–
Adjustment for Inter-Company Transactions	(1.6)	(1.7)	(0.1)	(6.5)	–

1) Urban Development

In our Urban Development business, we recorded ¥54.7 billion in operating revenue (down 0.8% from the same period of the previous fiscal year) and ¥10.6 billion in operating profit (down 25.5%).

Although revenues from existing buildings improved, both revenues and profit decreased mainly due to lost earnings following the sales of properties in the previous fiscal year, and a decrease in revenues from sales of properties including buildings for investors. The vacancy rate (office buildings and commercial facilities) remained at a low level of 0.5%.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	55.1	54.7	(0.4)	269.8	233.4
Operating profit	14.2	10.6	(3.6)	50.7	50.0

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2017
	FY2017	FY2018		
Leasing (Office buildings)	10.2	9.1	(1.1)	37.9
Leasing (Commercial facilities)	10.6	10.1	(0.5)	42.9
Asset management etc.	13.4	14.0	0.6	107.3
Leasing (Residence) etc.	20.8	21.4	0.6	81.6

Vacancy rate of office buildings and commercial facilities

As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of June 30, 2018
0.9%	2.0%	0.5%	0.5%

2) Residential

In our Residential business, we recorded ¥13.1 billion in operating revenue (down 53.1% from the same period of the previous fiscal year) and ¥0.1 billion in operating profit (down 95.8%).

Both revenues and profit decreased mainly due to a decrease in the number of condominium units sold. However, sales continued to perform firmly and the ratio of contracted amount for sale to the planned sales amount for the full year for condominium grew from 32% at the beginning of the fiscal year to 57% (down 11 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, 2018, there were no newly completed buildings for condominium units, and inventory of completed units, which included "BRANZ Yokohama" (Yokohama-shi, Kanagawa), was recorded.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	27.9	13.1	(14.8)	123.5	115.4
Operating profit	2.1	0.1	(2.0)	7.6	5.0

Breakdown of operating revenue (Unit:¥ billion)

	First three months				Comparison	FY2017	
	FY2017		FY2018				
Condominiums	409 units	24.7	115 units	6.5	(18.2)	1,627 units	95.5
Detached housing	12 units	0.5	39 units	0.3	(0.1)	71 units	3.1
Others	–	2.8	–	6.2	3.5	–	25.0

Number of units supplied and sold (Units)

	First three months				Inventory of completed units	
	FY2017		FY2018			
	New supply	Contracted units	New supply	Contracted units	As of March 31, 2018	As of June 30, 2018
Condominiums	298	287	265	318	629	482
Detached housing	22	25	29	32	6	6

3) Property Management

In our Property Management business, we recorded ¥37.7 billion in operating revenue (up 12.0% from the same period of the previous fiscal year), and ¥1.1 billion in operating profit (down 9.3%).

While revenues increased due to an expansion in the stock of condominium, building and other management service sites at Tokyu Community Corp., as well as increased sales of construction work following such factors as the start of operations in October 2017 of Tokyu Re·design Corporation, which was established with the purpose of strengthening and expanding the renovation business, profit decreased partly due to an increase in costs resulting from the started Tokyu Re·design Corporation operations.

The stock of condominium management service sites continued to expand steadily to 831 thousand units (of which the number of units under comprehensive management was 521 thousand units) as of June 30, 2018.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	33.6	37.7	4.0	160.9	174.3
Operating profit	1.3	1.1	(0.1)	8.2	8.4

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2017
	FY2017	FY2018		
Condominiums	23.6	25.7	2.1	111.6
Buildings	10.1	11.9	1.9	49.3

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

	As of March 31, 2016	As of March 31, 2017	As of March 31, 2018	As of June 30, 2018
Condominiums (units)	715,660	741,624	822,231	831,944
Buildings (no. of contracts)	1,453	1,483	1,500	1,525

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥21.3 billion in operating revenue (up 15.2% from the same period of the previous fiscal year) and ¥1.7 billion in operating profit (down 15.2%).

In real-estate sales agent business at Tokyu Livable Inc., both retail and wholesale sales showed continuously strong performance. Although revenues increased due to sales increases in real-estate sales agent and real-estate sales businesses, profit decreased due to such factors as the absence of sales from the development-type asset management business recorded in “Others” in the same period of the previous fiscal year.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	18.4	21.3	2.8	99.3	107.9
Operating profit	2.0	1.7	(0.3)	13.2	14.0

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2017
	FY2017	FY2018		
Real-estate sales agent	11.4	12.7	1.3	54.9
Consignment sales	0.5	0.4	(0.2)	2.7
Real-estate sales	5.2	7.6	2.4	39.0
Others	1.3	0.6	(0.7)	2.7

5) Wellness

In our Wellness business, we recorded ¥23.2 billion in operating revenue (up 9.8% from the same period of the previous fiscal year) and ¥0.4 billion in operating profit (up 92.7%).

Both revenues and profit increased thanks mainly to newly opened Tokyu Stay urban style hotels, senior housing and other facilities, as well as to greater operating revenue from country house land sales in sales of country houses and membership.

In addition, we opened new facilities, namely urban style hotels, "Tokyu Stay Sapporo" (Sapporo-shi, Hokkaido) in April 2018 and "Tokyu Stay Hakata" (Fukuoka-shi, Fukuoka) in June. We also rebranded "Kyukaruizawa Hotel" acquired in 2016, and started its operations as "KYUKARUIZAWA KIKYO, Curio Collection by Hilton" (Kitasaku-gun, Nagano) in April 2018.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	21.2	23.2	2.1	97.0	126.3
Operating profit	0.2	0.4	0.2	5.8	7.4

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2017	
	FY2017	FY2018			
Resort operations	7.3	7.3	0.0	36.3	(Golf course, Harvest club, Ski resort, etc.)
Oasis	4.1	4.3	0.1	17.1	(Fitness club, etc.)
Senior housing	1.6	1.8	0.2	7.5	
Tokyu stay	2.6	3.1	0.5	10.6	(Urban style hotel)
Consignment welfare	2.3	2.6	0.3	9.2	
Sales of country houses and membership	0.4	0.8	0.4	2.5	
Others	2.9	3.3	0.5	13.8	

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥23.0 billion in operating revenue (up 0.7% from the same period of the previous fiscal year) and ¥0.3 billion in operating profit (up 515.7%).

At Tokyu Hands, Inc., although revenues decreased at existing stores (down 1.7%), both revenues and profit increased mainly due to a contribution from new stores and a decrease in costs. The new stores that opened were "Tokyu Hands Kokubunji Store" (Kokubunji-shi, Tokyo) and "Tokyu Hands Sapporo Store" (Sapporo-shi, Hokkaido) in April 2018.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	22.9	23.0	0.1	97.1	98.6
Operating profit	0.0	0.3	0.2	0.4	0.5

7) Innovation Business

In our Innovation Business, we recorded ¥7.0 billion in operating revenue (down 26.2% from the same period of the previous fiscal year) and ¥0.7 billion in operating loss.

While revenues decreased mainly due to transfer of a part of the renovation business to the Property Management segment in October 2017, profit increased due in part to a decrease in costs.

(Unit:¥ billion)

	First three months		Comparison	FY2017	FY2018 forecast
	FY2017	FY2018			
Operating revenue	9.5	7.0	(2.5)	41.7	48.6
Operating profit	(0.9)	(0.7)	0.2	(2.2)	1.2

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2017
	FY2017	FY2018		
Renovation / custom-built houses	7.0	4.1	(2.9)	26.3
Landscape gardening	2.5	2.7	0.3	12.0
Overseas operations, etc.	0.0	0.2	0.2	3.4

(2) Analysis of Financial Position

As of the end of the first quarter ended June 30, 2018, total assets increased by ¥55.8 billion compared to the end of the previous fiscal year mainly due to an increase in real estate for sale in process resulting from the investments, etc. Total liabilities also increased by ¥56.9 billion compared to the end of the previous fiscal year due mainly to an increase in interest-bearing debt.

In addition, the Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the first quarter ended June 30, 2018. Accordingly, the figures used in the presentation and comparison of the financial position as of the end of the first quarter ended June 30, 2017 and as of the end of the previous fiscal year have been retrospectively adjusted to reflect the application of the aforementioned standard, etc.

(Unit:¥ billion)

	As of June 30, 2017	As of June 30, 2018	(Reference) As of March 31, 2018
Total assets	2,066.2	2,229.1	2,173.2
Total liabilities	1,618.9	1,754.8	1,697.9
Net assets	447.3	474.3	475.3
Equity	443.3	467.2	468.1
Equity ratio	21.5%	21.0%	21.5%
Interest-bearing debt	1,182.1	1,301.6	1,210.4
DER	2.7×	2.8×	2.6×

(3) Forecast for Fiscal Year 2018 Ending March 31, 2019

	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	880.0	80.0	70.0	37.0

Reference: Projected earnings per share (full-year): ¥60.77

There is no change from the forecasts announced on May 10, 2018.

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, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	62,785	77,715
Notes and accounts receivable - trade	31,042	23,267
Securities	15,831	15,987
Merchandise	11,759	11,730
Real estate for sale	207,705	193,426
Real estate for sale in process	260,138	309,923
Costs on uncompleted construction contracts	5,858	7,328
Supplies	746	793
Other	54,084	52,477
Allowance for doubtful accounts	(110)	(127)
Total current assets	649,841	692,522
Non-current assets		
Property, plant and equipment		
Buildings and structures	404,150	411,199
Accumulated depreciation	(179,695)	(182,874)
Buildings and structures, net	224,455	228,325
Land	813,087	821,047
Construction in progress	79,430	82,267
Other	64,322	64,968
Accumulated depreciation	(40,624)	(41,206)
Other, net	23,698	23,761
Total property, plant and equipment	1,140,671	1,155,401
Intangible assets		
Goodwill	82,553	81,198
Other	24,944	25,721
Total intangible assets	107,498	106,919
Investments and other assets		
Investment securities	159,863	159,236
Lease and guarantee deposits	72,829	72,291
Other	42,871	43,034
Allowance for doubtful accounts	(351)	(346)
Total investments and other assets	275,213	274,216
Total non-current assets	1,523,383	1,536,538
Total assets	2,173,225	2,229,060

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

Tokyu Fudosan Holdings Corporation

(Review has not been completed.) (Millions of yen)

Account title	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable - trade	36,977	27,481
Short-term loans payable	179,532	196,199
Current portion of bonds	10,000	10,000
Commercial papers	–	89,000
Income taxes payable	8,739	5,507
Provision	12,035	7,159
Other	147,063	138,536
Total current liabilities	394,348	473,883
Non-current liabilities		
Bonds payable	185,825	185,825
Long-term loans payable	835,018	820,581
Long-term lease and guarantee deposited	179,963	179,164
Net defined benefit liability	29,646	29,915
Provision	84	62
Other	72,993	65,334
Total non-current liabilities	1,303,531	1,280,883
Total liabilities	1,697,879	1,754,766
Net assets		
Shareholders' equity		
Capital stock	60,000	60,000
Capital surplus	119,188	119,183
Retained earnings	270,095	270,929
Treasury shares	(2,197)	(2,197)
Total shareholders' equity	447,087	447,915
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	13,796	15,912
Deferred gains or losses on hedges	(169)	(302)
Revaluation reserve for land	8,067	8,067
Foreign currency translation adjustment	1,319	(2,595)
Remeasurements of defined benefit plans	(1,959)	(1,825)
Total accumulated other comprehensive income	21,053	19,256
Non-controlling interests	7,204	7,122
Total net assets	475,345	474,294
Total liabilities and net assets	2,173,225	2,229,060

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 FY2017 (from April 1, 2017 to June 30, 2017)	First three months FY2018 (from April 1, 2018 to June 30, 2018)
Operating revenue	183,947	174,290
Operating cost	141,860	136,976
Operating gross profit	42,087	37,314
Selling, general and administrative expenses	24,691	25,522
Operating profit	17,396	11,791
Non-operating income		
Interest income	31	27
Dividend income	122	126
Share of profit of entities accounted for using equity method	15	90
Other	247	144
Total non-operating income	417	389
Non-operating expenses		
Interest expenses	1,929	2,124
Other	442	277
Total non-operating expenses	2,372	2,402
Ordinary profit	15,440	9,778
Extraordinary income		
Gain on sales of non-current assets	2	–
Gain on sales of investment securities	3	–
Total extraordinary income	6	–
Extraordinary losses		
Loss on building reconstruction	665	–
Impairment loss	277	–
Other	54	–
Total extraordinary losses	997	–
Profit before income taxes	14,449	9,778
Income taxes	6,275	4,685
Profit	8,173	5,093
Profit (loss) attributable to non-controlling interests	28	(312)
Profit attributable to owners of parent	8,145	5,405

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 FY2017 (from April 1, 2017 to June 30, 2017)	First three months FY2018 (from April 1, 2018 to June 30, 2018)
Profit	8,173	5,093
Other comprehensive income		
Valuation difference on available-for-sale securities	(2,125)	2,116
Deferred gains or losses on hedges	–	(153)
Foreign currency translation adjustment	620	197
Remeasurements of defined benefit plans, net of tax	232	134
Share of other comprehensive income of entities accounted for using equity method	(1,890)	(4,133)
Total other comprehensive income	(3,163)	(1,838)
Comprehensive income	5,010	3,254
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	4,986	3,608
Comprehensive income attributable to non-controlling interests	23	(353)

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