

Financial Summary
FY2016 First Quarter (First Three Months)
Ended June 30, 2016

Tokyu Fudosan Holdings Corporation

This report provides information excerpts from Tokyu Fudosan Holdings' original disclosure in Japanese, "*Kessan Tanshin*," which was released on August 1, 2016 at 16:00 (GMT+9).

The review has not been completed.

1. Overview of the FY2016 First Quarter (First Three Months) Ended June 30, 2016

*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 income		Ordinary income		Profit attributable to owners of parent	
First three months	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)	(Millions of yen)	(%)
FY2016	145,776	(9.6)	9,356	(18.7)	6,935	(19.4)	1,886	(64.1)
FY2015	161,195	(0.5)	11,505	25.6	8,600	33.0	5,251	44.4

Note: Comprehensive income: First three months of FY2016 ¥(145) million [–%]
First three months of FY2015 ¥5,056 million [(25.8)%]

	Earnings per share	Fully diluted earnings per share
First three months	(Yen)	(Yen)
FY2016	3.10	–
FY2015	8.63	–

(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, 2016	2,040,910	418,679	20.3	681.25
As of March 31, 2016	1,984,382	422,381	21.1	687.92

Reference: Equity: As of June 30, 2016 ¥414,721 million; As of March 31, 2016 ¥418,785 million

2. Dividends

	Annual dividends				
	Q1 (Yen)	Q2 (Yen)	Q3 (Yen)	Year-end (Yen)	Total (Yen)
FY2015 ended March 31, 2016	–	5.50	–	6.50	12.00
FY2016 ending March 31, 2017	–				
FY2016 ending March 31, 2017 (Forecast)		6.50	–	6.50	13.00

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

3. Forecast for Fiscal Year 2016 Ending March 31, 2017

(% indicates year-on-year change.)

	Operating revenue		Operating income		Ordinary income		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	840,000	3.0	73,000	6.2	61,000	8.2	31,500	9.7	51.74

Note: Revisions to the forecasts most recently announced: None

* Indication regarding execution of quarterly review procedures

This quarterly financial summary report is not subject to the quarterly review procedures in accordance with the Financial Instruments and Exchange Act. At the time of disclosure of this quarterly financial summary report, the quarterly review procedures in accordance with the Financial Instruments and Exchange Act are in progress.

* 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, 2016 showed ¥145.8 billion in operating revenue (down 9.6% from the same period of the previous fiscal year), ¥9.4 billion in operating income (down 18.7%), ¥6.9 billion in ordinary income (down 19.4%) and ¥1.9 billion in profit attributable to owners of parent (down 64.1%).

Business performance remained steady against the backdrop of strong market conditions for offices and condominiums. However, both revenues and profit decreased due in part to lower revenues from sales of properties including buildings for investors in the Urban Development segment.

Profit attributable to owners of parent also decreased mainly due to the recording of an impairment loss as loss on disaster under extraordinary losses, for the damage on non-current assets (golf course) owned by a consolidated subsidiary from the Kumamoto Earthquake occurred in April 2016.

While the progress rates against the full-year forecast are at low levels due primarily to the facts that, in the Group, deliveries of properties tend to be concentrated at the end of the fiscal year in the Residential and the Real-Estate Agents segments; and that the Wellness segment operates ski resorts in the winter season, the results for this period indicate steady progress is being made toward achieving the full-year forecast.

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2015	FY2016			
Operating revenue	161.2	145.8	(15.4)	840.0	17.4%
Operating income	11.5	9.4	(2.1)	73.0	12.8%
Ordinary income	8.6	6.9	(1.7)	61.0	11.4%
Profit attributable to owners of parent	5.3	1.9	(3.4)	31.5	6.0%

Operating revenue and operating income

(Unit:¥ billion)

	First three months	First six months	First nine months	Full-year
Operating revenue for FY2016	145.8	—	—	—
Operating revenue for FY2015	161.2	351.3	548.1	815.5
Operating income for FY2016	9.4	—	—	—
Operating income for FY2015	11.5	29.5	47.3	68.8

By segment, the two segments of Real-Estate Agents and Wellness saw an increase in revenues and profit, the three segments of Property Management, Tokyu Hands, and Innovation Business saw an increase in revenues but a decrease 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
	FY2015	FY2016			
Total	161.2	145.8	(15.4)	840.0	17.4%
Urban Development	47.9	36.1	(11.8)	243.4	14.8%
Residential	15.9	9.6	(6.3)	116.7	8.2%
Property Management	33.2	34.0	0.7	152.6	22.3%
Real-Estate Agents	16.2	16.4	0.2	83.3	19.6%
Wellness	20.4	21.7	1.3	98.5	22.1%
Tokyu Hands	22.3	23.0	0.7	102.3	22.4%
Innovation Business	9.9	10.1	0.2	70.3	14.3%
Adjustment for Inter-Company Transactions	(4.6)	(4.9)	(0.4)	(27.1)	—

Operating income

(Unit:¥ billion)

	First three months		Comparison	Full-year forecast	Progress
	FY2015	FY2016			
Total	11.5	9.4	(2.1)	73.0	12.8%
Urban Development	10.3	9.1	(1.2)	43.3	21.1%
Residential	(0.5)	(1.2)	(0.7)	8.9	—
Property Management	1.7	1.2	(0.5)	9.0	13.1%
Real-Estate Agents	0.9	1.4	0.4	10.5	13.0%
Wellness	0.5	1.3	0.8	7.5	17.2%
Tokyu Hands	0.4	0.1	(0.3)	0.9	13.9%
Innovation Business	(0.6)	(0.9)	(0.3)	(0.6)	—
Adjustment for Inter-Company Transactions	(1.2)	(1.6)	(0.4)	(6.5)	—

1) Urban Development

In our Urban Development business, we recorded ¥36.1 billion in operating revenue (down 24.7% from the same period of the previous fiscal year) and ¥9.1 billion in operating income (down 11.2%).

Although there were contributing factors including the start of operations at “Tokyu Plaza Ginza” in March 2016, both revenues and profit decreased due in part to lower 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 1.0%.

(Unit:¥ billion)

	First three months		Comparison
	FY2015	FY2016	
Operating revenue	47.9	36.1	(11.8)
Operating income	10.3	9.1	(1.2)

FY2015	FY2016 forecast
258.7	243.4
44.8	43.3

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison
	FY2015	FY2016	
Leasing (Office buildings)	9.5	9.6	0.1
Leasing (Commercial facilities)	9.9	10.7	0.8
Asset management etc.	15.9	1.6	(14.4)
Leasing (Residence) etc.	12.6	14.2	1.6

FY2015
38.1
39.3
126.6
54.7

Vacancy rate of office buildings and commercial facilities

As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of June 30, 2016
1.8%	2.8%	0.9%	1.0%

2) Residential

In our Residential business, we recorded ¥9.6 billion in operating revenue (down 39.5% from the same period of the previous fiscal year) and ¥1.2 billion in operating loss.

Both revenues and profit decreased mainly due to decreased bulk sales of land as well as to lower sales of condominium units.

Sales of condominium units in “Branz City Shinagawa Katsushima” (Shinagawa-ku, Tokyo), “Branz Ashiya Midorigaoka” (Ashiya-shi, Hyogo), and others were recorded. Sales continued to perform firmly and the ratio of contracted amount for sale to the planned sales amount for the full year for condominium became 67% from 57% at the beginning of the fiscal year (up 9 percentage points from the same period of the previous fiscal year).

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	15.9	9.6	(6.3)	117.7	116.7
Operating income	(0.5)	(1.2)	(0.7)	7.0	8.9

Breakdown of operating revenue

(Before adjustments in ¥ billion)

	First three months				Comparison	FY2015	
	FY2015		FY2016				
Condominiums	147 units	10.1	154 units	7.4	(2.7)	1,892 units	87.6
Detached housing	18 units	0.6	65 units	2.0	1.4	236 units	7.5
Others	–	5.2	–	0.2	(5.0)	–	22.7

Number of units supplied and sold

(Units)

	First three months				Inventory of completed units	
	FY2015		FY2016		As of March 31, 2016	As of June 30, 2016
	New supply	Contracted units	New supply	Contracted units		
Condominiums	574	569	403	360	396	293
Detached housing	50	59	46	58	31	27

3) Property Management

In our Property Management business, we recorded ¥34.0 billion in operating revenue (up 2.2% from the same period of the previous fiscal year), and ¥1.2 billion in operating income (down 30.2%).

Although revenues increased due to expansion in the stock of condominium and building management service sites at Tokyu Community Corp., profit decreased due partly to an increase in costs for strategically executing maintenance, enhancement, etc. of the management structure, and to the absence of completed construction of large-scale buildings recorded in the same period of the previous fiscal year.

The stock of condominium management service sites continued to expand steadily to 750 thousand units (of which the number of units under comprehensive management was 507 thousand units) as of June 30, 2016.

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	33.2	34.0	0.7	145.2	152.6
Operating income	1.7	1.2	(0.5)	8.0	9.0

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2015
	FY2015	FY2016		
Condominiums	22.8	23.8	1.0	105.6
Buildings	10.4	10.1	(0.3)	39.6

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

	As of March 31, 2014	As of March 31, 2015	As of March 31, 2016	As of June 30, 2016
Condominiums (units)	641,591	678,479	715,660	750,564
Buildings (no. of contracts)	1,305	1,360	1,453	1,491

4) Real-Estate Agents

In our Real-Estate Agents business, we recorded ¥16.4 billion in operating revenue (up 1.1% from the same period of the previous fiscal year) and ¥1.4 billion in operating income (up 46.0%).

In operations by Tokyu Livable Inc., against the backdrop of strong performance in the real estate transaction market, in real-estate sales agent, although revenues decreased in wholesale sales due partly to the absence of large contracts recorded in the same period of the previous fiscal year, both the number of transactions and contract prices rose in retail sales, which led to an increase in revenues and profit.

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	16.2	16.4	0.2	80.3	83.3
Operating income	0.9	1.4	0.4	10.2	10.5

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2015
	FY2015	FY2016		
Real-estate sales agent	10.2	10.7	0.5	48.4
Consignment sales	0.3	0.3	0.0	2.7
Real-estate sales	5.2	4.8	(0.4)	26.3
Others	0.5	0.6	0.1	3.0

5) Wellness

In our Wellness business, we recorded ¥21.7 billion in operating revenue (up 6.4% from the same period of the previous fiscal year) and ¥1.3 billion in operating income (up 168.0%).

Both revenues and profit increased due in part to higher revenues at Tokyu Stay urban style hotels, where there were a contribution from the new facilities and a rise in average daily rate at existing facilities. In addition, in sales of country houses and membership, Tokyu Harvestclub Karuizawa & VIALA started its membership sales during the period, which led to an increase in registration fee revenue, and also operating revenue from country house real estates was recorded.

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	20.4	21.7	1.3	90.2	98.5
Operating income	0.5	1.3	0.8	6.4	7.5

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2015	
	FY2015	FY2016			
Resort operations	7.0	6.9	(0.1)	34.9	(Golf course, Harvest club, Ski resort, etc.)
Oasis	3.9	4.2	0.3	16.4	(Fitness club, etc.)
Senior housing	1.7	1.5	(0.2)	6.5	
Tokyu stay	2.0	2.5	0.5	8.7	(Hotel)
Consignment welfare	1.8	2.2	0.4	7.7	
Sales of country houses and membership	1.0	1.4	0.5	4.2	
Other	3.0	2.9	(0.1)	11.9	

6) Tokyu Hands

In our Tokyu Hands business, we recorded ¥23.0 billion in operating revenue (up 3.2% from the same period of the previous fiscal year) and ¥0.1 billion in operating income (down 69.4%).

While revenues increased mainly due to a contribution from new stores at Tokyu Hands, Inc., profit decreased due to higher costs for opening new stores as well as to a decline in revenues at existing stores (down 4.0%).

The new store that opened was “Tokyu Hands Nagasaki Store” in April 2016, and we are also working to achieve steady business expansion.

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	22.3	23.0	0.7	95.7	102.3
Operating income	0.4	0.1	(0.3)	1.1	0.9

7) Innovation Business

In Innovation Business, we recorded ¥10.1 billion in operating revenue (up 1.6% from the same period of the previous fiscal year) and ¥0.9 billion in operating loss.

While revenues increased mainly due to the increase in completions of constructions in custom-built houses, profit decreased due in part to the absence of sales of properties in overseas operations recorded in the same period of the previous fiscal year.

(Unit:¥ billion)

	First three months		Comparison	FY2015	FY2016 forecast
	FY2015	FY2016			
Operating revenue	9.9	10.1	0.2	51.2	70.3
Operating income	(0.6)	(0.9)	(0.3)	(3.0)	(0.6)

Breakdown of operating revenue

(Unit:¥ billion)

	First three months		Comparison	FY2015
	FY2015	FY2016		
Renovation / custom-built houses	3.7	7.6	3.9	32.6
Landscape gardening	2.0	1.9	(0.2)	12.2
Overseas operations, etc.	4.1	0.6	(3.6)	6.4

(2) Analysis of Financial Position

As of the end of the first quarter ended June 30, 2016, total assets increased by ¥56.5 billion compared to the end of the previous fiscal year mainly due to increases in cash and deposits and real estate for sale in process. Total liabilities also increased by ¥60.2 billion due mainly to an increase in interest-bearing debt, compared to the end of the previous fiscal year.

(Unit:¥ billion)

	As of June 30, 2015	As of June 30, 2016	(Reference) As of March 31, 2016
Total assets	1,987.5	2,040.9	1,984.4
Total liabilities	1,587.4	1,622.2	1,562.0
Net assets	400.1	418.7	422.4
Equity	397.4	414.7	418.8
Equity ratio	20.0%	20.3%	21.1%
Interest-bearing debt	1,163.5	1,188.7	1,106.1
DE ratio	2.9×	2.9×	2.6×

(3) Forecast for Fiscal Year 2016 Ending March 31, 2017

	Operating revenue (Millions of yen)	Operating income (Millions of yen)	Ordinary income (Millions of yen)	Profit attributable to owners of parent (Millions of yen)
Full-year forecast	840,000	73,000	61,000	31,500

Reference: Projected earnings per share (full-year): ¥51.74

There is no change from the forecasts announced on May 11, 2016.

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, 2016	As of June 30, 2016
Assets		
Current assets		
Cash and deposits	40,230	72,098
Notes and accounts receivable - trade	24,217	18,383
Securities	1,272	1,808
Merchandise	11,620	11,732
Real estate for sale	199,285	194,788
Real estate for sale in process	159,337	184,652
Costs on uncompleted construction contracts	5,751	7,072
Supplies	823	853
Other	49,570	51,386
Allowance for doubtful accounts	(165)	(83)
Total current assets	491,942	542,694
Non-current assets		
Property, plant and equipment		
Buildings and structures	398,216	399,377
Accumulated depreciation	(159,028)	(162,289)
Buildings and structures, net	239,187	237,088
Land	857,528	865,170
Construction in progress	56,887	58,115
Other	58,961	59,226
Accumulated depreciation	(35,588)	(36,139)
Other, net	23,373	23,086
Total property, plant and equipment	1,176,976	1,183,460
Intangible assets		
Goodwill	75,873	74,744
Other	30,730	30,709
Total intangible assets	106,603	105,454
Investments and other assets		
Investment securities	110,757	109,246
Lease and guarantee deposits	63,405	64,754
Other	35,572	36,116
Allowance for doubtful accounts	(877)	(816)
Total investments and other assets	208,858	209,301
Total non-current assets	1,492,439	1,498,216
Total assets	1,984,382	2,040,910

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

Account title	As of March 31, 2016	As of June 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	37,281	25,713
Short-term loans payable	215,450	254,274
Current portion of bonds	20,000	20,000
Commercial papers	58,000	99,000
Income taxes payable	9,355	4,739
Provision	10,723	6,527
Other	125,149	118,121
Total current liabilities	475,960	528,377
Non-current liabilities		
Bonds payable	80,000	100,000
Long-term loans payable	732,664	715,420
Long-term lease and guarantee deposited	174,058	174,021
Net defined benefit liability	28,473	28,631
Provision	179	175
Other	70,664	75,604
Total non-current liabilities	1,086,039	1,093,853
Total liabilities	1,562,000	1,622,230
Net assets		
Shareholders' equity		
Capital stock	60,000	60,000
Capital surplus	118,638	118,704
Retained earnings	219,855	217,785
Treasury shares	(1,789)	(1,789)
Total shareholders' equity	396,704	394,699
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	16,713	15,100
Revaluation reserve for land	7,741	7,741
Foreign currency translation adjustment	990	289
Remeasurements of defined benefit plans	(3,364)	(3,110)
Total accumulated other comprehensive income	22,080	20,022
Non-controlling interests	3,596	3,958
Total net assets	422,381	418,679
Total liabilities and net assets	1,984,382	2,040,910

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

First Quarter Consolidated Statement of (Comprehensive) Income

(First Quarter Consolidated Statement of Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First three months FY2015 (from April 1, 2015 to June 30, 2015)	First three months FY2016 (from April 1, 2016 to June 30, 2016)
Operating revenue	161,195	145,776
Operating cost	128,669	113,793
Operating gross profit	32,525	31,983
Selling, general and administrative expenses	21,020	22,627
Operating income	11,505	9,356
Non-operating income		
Interest income	30	18
Dividend income	191	139
Other	103	96
Total non-operating income	326	253
Non-operating expenses		
Interest expenses	2,564	2,083
Other	667	590
Total non-operating expenses	3,231	2,674
Ordinary income	8,600	6,935
Extraordinary income		
Gain on sales of non-current assets	–	109
Other	–	11
Total extraordinary income	–	120
Extraordinary losses		
Loss on disaster	–	1,124
Total extraordinary losses	–	1,124
Profit before income taxes	8,600	5,931
Income taxes	3,357	4,002
Profit	5,242	1,929
Profit (loss) attributable to non-controlling interests	(8)	43
Profit attributable to owners of parent	5,251	1,886

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

(First Quarter Consolidated Statement of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

(Review has not been completed.)

(Millions of yen)

Account title	First three months FY2015 (from April 1, 2015 to June 30, 2015)	First three months FY2016 (from April 1, 2016 to June 30, 2016)
Profit	5,242	1,929
Other comprehensive income		
Valuation difference on available-for-sale securities	662	(1,612)
Deferred gains or losses on hedges	73	—
Foreign currency translation adjustment	(1,077)	1,522
Share of other comprehensive income of entities accounted for using equity method	(11)	(2,240)
Remeasurements of defined benefit plans, net of tax	165	254
Total other comprehensive income	(186)	(2,075)
Comprehensive income	5,056	(145)
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	5,066	(171)
Comprehensive income attributable to non-controlling interests	(10)	25

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