

TOKYU FUDOSAN HOLDINGS

2020 Integrated Report



WORK



HOME



LIFESTYLE CREATION

Combining new home, work and play styles



PLAY

An inheritance of Challenge-oriented DNA, a spirit of trying to solve social issues through business activities



I wanted to create something resembling
a Garden City in Japan and to make up even
a little for the shortcomings of city life.

Seien Kaikoroku [Memoirs of Eiichi Shibusawa]

The origin of wealth is *jingi-dotoku* (humanity and morality);
unjustified wealth cannot be eternal.

Rongo to Soroban [The Analects of Confucius and the Abacus]

Eiichi Shibusawa

Established the Den-en Toshi Company, the origin of the Group (1918)

Recently, I often hear the expression, “return of profits
from companies to society.” I absolutely hate these
words. In the first place, companies that are not needed
by society will never develop. Companies should pursue
their original goals. This is an act that we should call
“returning profits to society.”

Toshi to Ningen-no Atarashii Chowa wo Motomete [In pursuit of new harmony
between cities and people], a corporate bulletin published to commemorate
the 20th anniversary of TOKYU LAND CORPORATION

Noboru Goto

First president of TOKYU LAND CORPORATION (1953 to 1978)



Provided by: TOKYU CORPORATION

Communication with Stakeholders

Direct communication

- General meeting of shareholders
- Release of financial results
- Financial results briefings
- Dialogue with analysts and institutional investors
- Corporate briefings for individual investors
- Facility tours



Tour of Creer Residence Yokohama Tokaichiba

Reports

- Integrated Report



- Annual Securities Report
- Corporate Governance Report

WEB

- Investor Relations
<https://www.tokyu-fudosan-hd.co.jp/english/ir/>



- Sustainability Website
<https://tokyu-fudosan-hd-csr.disclosure.site/en>



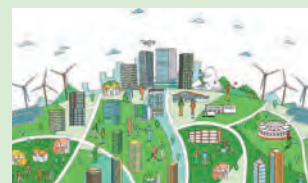
- Group Initiatives
<https://www.tokyu-fudosan-hd.co.jp/english/efforts/>



Video explaining the story of our value creation

An animated video introducing the value creation of the Tokyu Fudosan Holdings Group, which creates and proposes new lifestyles, taking advantage of the Challenge-oriented DNA that is its founding spirit.

<https://www.tokyu-fudosan-hd.co.jp/english/about/media/movie14.html>



Support of International Initiatives

<p>The UN Global Compact</p> <p>WE SUPPORT</p>	<p>Task Force on Climate-related Financial Disclosures</p>	<p>Renewable Energy 100%</p> <p>RE100</p> <p>CLIMATE GROUP CDP</p> <p>(TOKYU LAND CORPORATION)</p>	<p>Principles for Responsible Investment</p> <p>Signatory of:</p> <p>Principles for Responsible Investment</p> <p>(Tokyu Land Capital Management Inc.)</p>
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Major External Evaluations

<p>Dow Jones Sustainability Indices (World / Asia Pacific)</p>	<p>FTSE4Good Index Series</p>	<p>FTSE Blossom Japan Index</p>	<p>MSCI Japan ESG Select Leaders Index</p>
<p>MSCI Japan Empowering Women Index (WIN)</p>	<p>Global Real Estate Sustainability Benchmark</p>	<p>The Health & Productivity Stock Selection</p>	<p>WELL Building Standard (Precertified)</p> <p>NANPEIDAI PROJECT (SHIBUYA SOLASTA 5-11F)</p>

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The Tokyu Fudosan Holdings Group has continued to create unique value while always facing social issues head-on. This section introduces specific examples and other content to explain our past, present, and future.

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Section 2

Value Creation Strategy

This section describes our forecasts and the progress that has been made in our Medium-Term Management Plan 2017-2020, which we formulated to become the group we want to be, and also initiatives that address social issues through our business activities.

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Section 3

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Editorial Policy

This report is aimed at providing all of our stakeholders, including shareholders and investors, with easy-to-understand information about how the Tokyu Fudosan Holdings Group addresses social issues through its businesses to achieve sustainable growth and improve its corporate value. In addition to the value creation story and strategy, the report provides an integrated explanation of our non-financial initiatives, including those regarding corporate governance, human capital strategy, and financial information. The International Integrated Reporting Framework advocated by the International Integrated Reporting Council (IIRC), and the Guidance for Integrated Corporate Disclosure and Company-Investor Dialogues for Collaborative Value Creation published by Japan's Ministry of Economy, Trade and Industry, and other resources were consulted in the creation of this report.



Regarding Reporting Target

Covered in This Report : Our company and Tokyu Fudosan Holdings Group
Dates Covered : April 1, 2019 to March 31, 2020
(including some information from April 2020 and later)
Released : October 2020

Note on Forward-Looking Statements

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.

Who We Want To Be

The Tokyu Fudosan Holdings Group proposes and creates lifestyles, going beyond the bounds of physical structures. Since our foundation, we have always been truly committed to solving social issues through our business activities and have consistently provided new value to our customers and society. Having inherited this Challenge-oriented DNA, we aim “To Become a Corporate Group that Continues to Create Value”, in order to realize a sustainable society and growth.

Tokyu Fudosan Holdings Group Ideal

To Become a Corporate Group that Continues to Create Value

We go beyond the bounds of physical structures
to propose and create new lifestyles

Sustainability Vision

We solve issues in the society through our business activities and work
with stakeholders to realize a sustainable society and growth.

Sustainability Policy

- We strive for environmental and economic harmony through our business activities.
- We endeavor to collaborate properly with stakeholders and maintain and strengthen relationships with them.
- We pursue sound and highly transparent management and actively disclose sustainability information.

Framework for Integrated Thinking of the Group with Challenge-oriented DNA

To Become a Corporate Group that Continues to Create Value

Become a Corporate Group

Continues to Create

Create Value

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Our Three Core Strengths

Diverse Assets and Customers

We conduct business in varied life settings and come into contact with diverse assets and around 10 million customers.

A Culture that Produces Unique Businesses

Inheriting our founding spirit of Challenge-oriented DNA, we are involved in many pioneering and highly original businesses.

Highly Specialized Personnel and Knowhow

About 30,000* employees from Group companies work in a wide range of business fields, sharing urban development and business knowhow built up over many years.

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Foundations Supporting Our Sustainable Growth

Financial Initiatives

We aim to build on our stable financial base and increase shareholder value and corporate value by growing our earning power while maintaining financial discipline.

Non-Financial Initiatives

We are strengthening non-financial initiatives from the viewpoints of human capital strategy, social needs, environment, and corporate governance.

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Unique Value Creation

Lifestyle Creation

We are committed to solving various social issues through the proposal of new Home Styles, new Work Styles and new Play Styles.

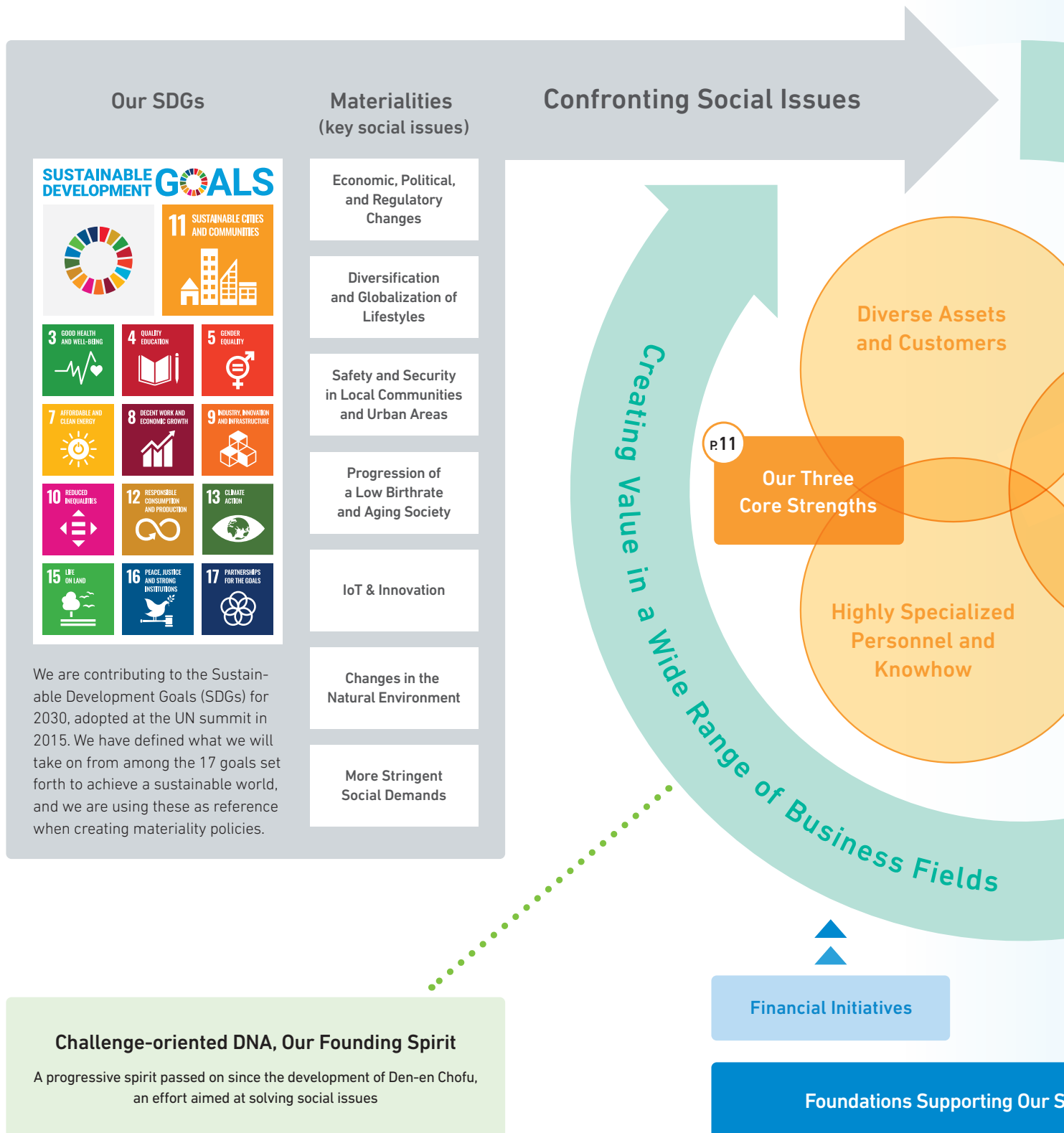
Wide Range of Business Fields

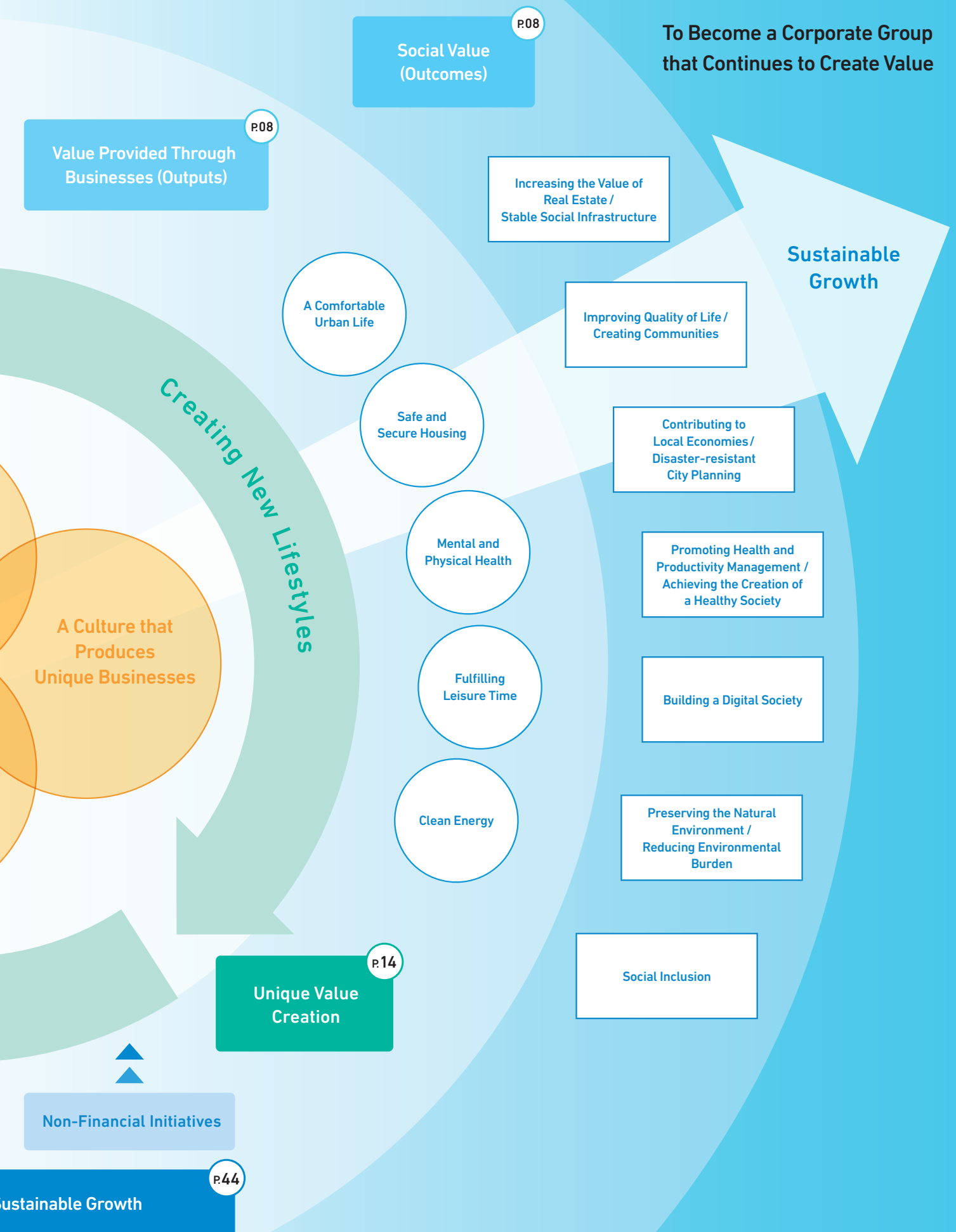
We create value by providing diverse services to address social issues, ranging from real estate development to the management, agents and operation of real estate.

*Includes temporary employees

Our Process for Value Creation

Our creating value begins with confronting social issues. We gain an accurate understanding of the social issues as they change with the times and create unique value, utilizing the three core strengths. Both financial initiatives and non-financial initiatives support our sustainable growth. Through this process cycle, we are able to implement our plan to become a corporate group that continues to create value.





Value We Provide

Outputs and Outcomes

Value Provided Through Businesses (Outputs)

A Comfortable Urban Life

- Office buildings 60 (Total floorspace: 640,000m²)
- Commercial facilities 32 (Total floorspace: 844,000m²)
- Building and facility management 1,561
- Logistics facilities 12^{*1}

Safe and Secure Housing

- Condominium units (cumulative number) Approx. 93,000
- Condominium units under management Approx. 830,000
- Rental housing units under management Approx. 145,000
- Real estate agent transactions Approx. 26,000

Mental and Physical Health

- Senior housing facilities 13
- Nursing care housing facilities 6
- Membership fitness clubs 38
- Consignment welfare members Approx. 3,840,000

Fulfilling Leisure Time

- Membership resort hotels 25
- Resort facilities 16
- Golf courses 19
- Ski resorts 8
- Urban style hotels 27
- TOKYU HANDS 58

Clean Energy

- Solar Power 41 (798MW)^{*1}
- Wind Power 8 (193MW)^{*1}
- Biomass Power 1 (50MW)^{*1}

Social Value (Outcomes)

Increasing the Value of Real Estate / Stable Social Infrastructure

- Urban development creating cities full of vitality (Futako Tamagawa Rise, Abeno Q's Mall, etc.)
- Management services and renovation to increase asset value

Urban development through redevelopment projects (Shibuya, Takeshiba, Ofuna, etc.)

Number of public housing units managed by private companies Ranked 1st in Japan^{*2}

Improving Quality of Life / Creating Communities

- Urban development based on lifestyle proposals centered around housing Life Story Town
- Area management (Greater Shibuya Area, Takeshiba, etc.)
- Support for student lifestyles (accommodations for students, support for career creation)

Contributing to Local Economies / Disaster-resistant City Planning

- Creating employment opportunities and tourism demand in communities (Niseko, Palau, etc.)
- Development of robust, disaster-resistant city functionality and alleviation of areas with high concentrations of wooden housing (Shibuya Sakuragaoka Block Redevelopment Plan, BRANZ Tower Ofuna, etc.)

Promoting Health and Productivity Management / Achieving the Creation of a Healthy Society

- Creating easy-to-work workplaces that seek to improve the mental and physical health of employees
- Improving the health of senior citizens through the provision of preventive medicine programs (Collaboration with Juntendo, an educational corporation, Fitness salon Lactive, etc.)
- Health support through welfare and benefits (EWEL)

The Health & Productivity Stock Selection

WELL Building Standard (Precertified)^{*3}

Building a Digital Society

- Provision of new value through digital transformation (DX) (Utilization of customer data, online customer services, MaaS^{*4} demonstrative testing, etc.)
- Smart cities and smart offices utilizing IoT (TOKYO PORTCITY TAKESHIBA, SHIBUYA SOLASTA, etc.)

Model project for Tokyo Society 5.0 "Smart Tokyo"^{*5}

Preserving the Natural Environment / Reducing Environmental Burden

- Urban development for coexistence with the environment (environmental real estate, green buildings, etc.)
- Supplying power with ReENE, a renewable energy business

Support for TCFD

Joining RE100^{*6}

20 DBJ Green Buildings

Social Inclusion

- Utilizing diverse human capital (employment of people with disabilities, active participation of women, etc.)
- Achieving stakeholder engagement (Human Rights Policy, Sustainable Procurement Policy)
- Urban development that is friendly to everyone, through universal design, etc. (Shibuya redevelopment, etc.)

Eruboshi Accreditation^{*7}

DSDC Gold award for dementia-friendly design^{*8}

Sustainable
Growth

To Become a Corporate Group that Continues to Create Value

We go beyond the bounds of physical structures to propose and create new lifestyles

**Corporate value is the sum total of the levels of
satisfaction of all of our stakeholders**

We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders.
We seek to achieve sustainable growth by expanding the circle of satisfaction for all manner of stakeholders.



Local and Social Satisfaction

We contribute to a sustainable society through efforts such as working to revitalize communities and conserve the environment through our business activities.

Customer Satisfaction

We provide value that will ensure that we continue to be chosen by customers, based on our Group Customer Service Standard.

Stakeholder and Investor Satisfaction

We answer to the expectations of shareholders and investors by maximizing share value through sustainable growth.

Client and Partner Satisfaction

We strive to nurture human capital who can tackle the challenges of the VUCA*⁹ era, and create workstyle environments where Group employees can work actively.

Employee Satisfaction

We aim to achieve growth together with our suppliers and partners by creating value across our entire supply chain.

*1. Including in development

*2. Number of public housing units managed by TOKYU COMMUNITY CORP. (Source: Real Estate Economic Institute, 2018)

*3. The Group has obtained preliminary certification under the WELL Building Standard (WELL certification) system for one of its key locations: its head office inside the SHIBUYA SOLASTA building. WELL certification is an assessment and rating system for buildings and indoor environments that pay consideration for health and comfort.

*4. MaaS: Mobility-as-a-Service. It is the concept of mobility seamlessly connecting transport services into a single service through information and communication technologies (ICT).

*5. Smart City Takeshiba has been selected as one of the projects in a public offering by Tokyo Metropolitan Government aimed at creating a "Smart Tokyo". The project will aim to implement services spanning multiple fields, utilizing cutting-edge technologies in an urban environment.

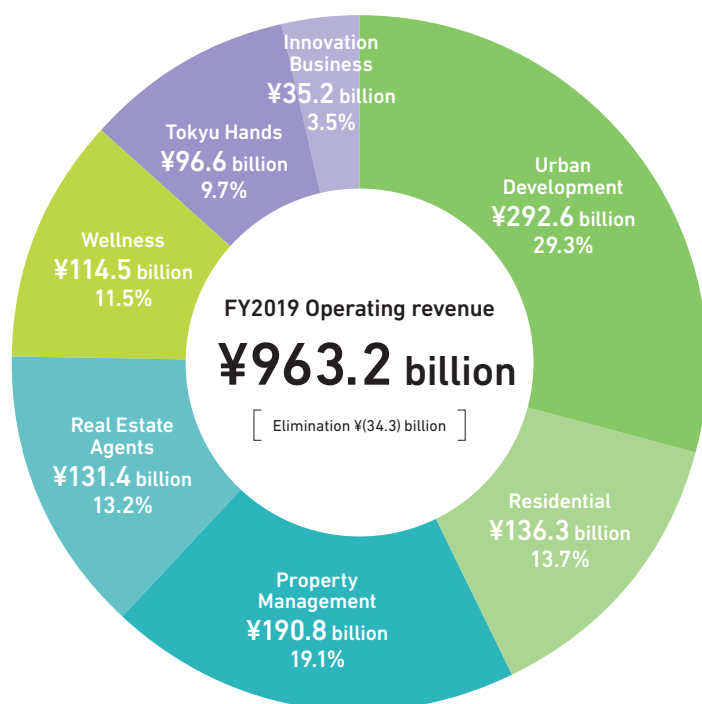
*6. In April 2019, TOKYU LAND CORPORATION joined RE100, an international initiative aimed at sourcing 100% of electricity consumed in business activities from renewable energy.

*7. TOKYU COMMUNITY CORP. received the highest of the three levels of Eruboshi certification, which is granted by the Minister of Health, Labor and Welfare (MHLW) based on the Act on the Promotion of Women's Participation and Advancement in the Workplace.

*8. Grancreer Setagaya Nakamachi Care Residence and Creer Residence Yokohama Tokaichiba have received the Gold award, the highest award from the University of Stirling's Dementia Services Development Centre (DSDC) in the United Kingdom.

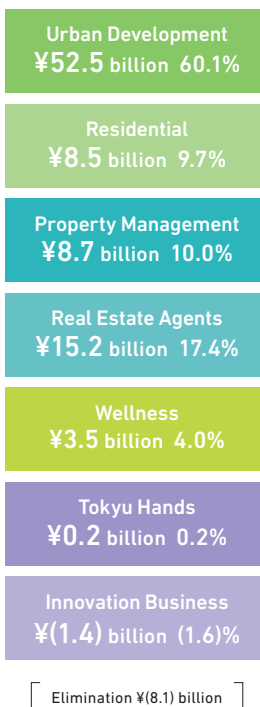
*9. VUCA: Volatility, Uncertainty, Complexity, and Ambiguity, referring to an unpredictable socio-economic environment.

At a Glance

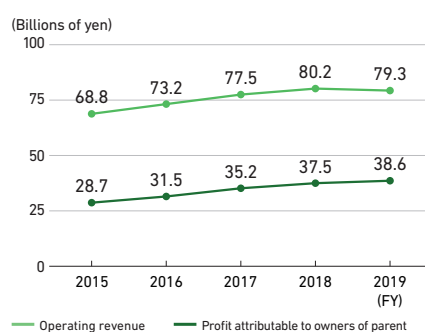


FY2019 Operating profit

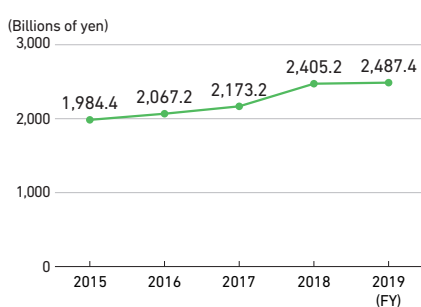
¥79.3 billion



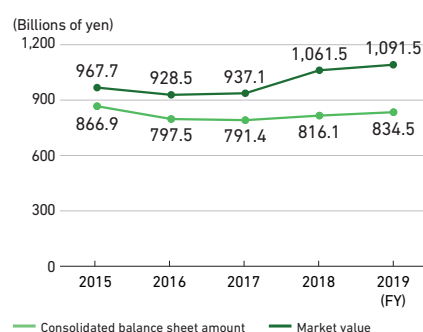
Operating revenue / Net profit



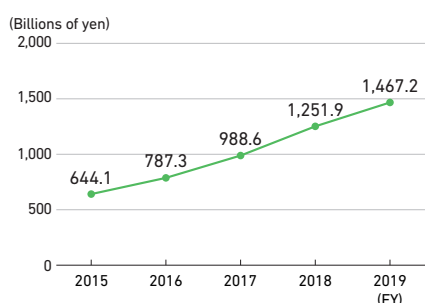
Total assets



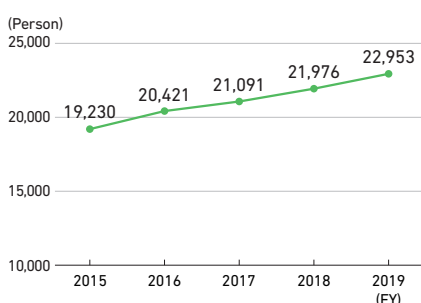
Market value appraisal for leased properties



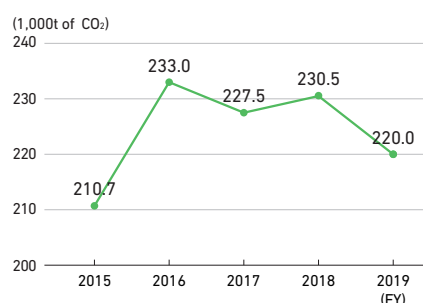
Assets under management



Group employees*



CO₂ emissions



* The number of Group employees does not include temporary employees.

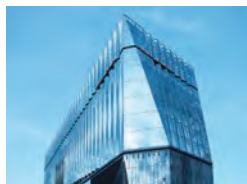
The Value Creation Story

Our Three Core Strengths

1 Strength of Business Foundations: Diverse Assets and Customers

We have worked continuously to resolve social issues accompanying changes in society. We are involved in diverse assets through a wide range of businesses in the varied life settings of live, work and spend time, and create opportunities for contact with a variety of customers.

Involvement in Diverse Assets



Tokyu Plaza Ginza



LOGI'Q Miyoshi



ReENE Matsumae Wind Farm



BRANZ Roppongi The Residence



Kiminomori Golf Club



Palau Pacific Resort

Customer Contact Points: Approx. 10 Million Customers

TOKYU HANDS Club members

Approx.
4,950,000

Consignment welfare members

Approx.
3,840,000

BRANZ CLUB members

Approx.
112,000

Fitness club members

Approx.
104,000

Tokyu Harvest Club members

Approx.
26,000

2 Strength of Corporate Culture: A Culture that Produces Unique Businesses

We have always anticipated the needs of the times and created innovative, unique businesses. This Challenge-oriented DNA is deeply rooted in the Group as a whole as our organizational culture.



Business-Airport membership-based satellite office service offers people the opportunity to cater for diverse work styles.



Tokyu Harvest Club private membership resort hotels propose new ways of spending leisure time.



Hi! Tenshu Project at TOKYU HANDS Shinjuku Store makes life more enjoyable through customer service.

Examples of services utilizing the characteristics of each business



3 Strength of Human Capital: Highly Specialized Personnel and Knowhow

The Group has around 30,000 employees (including temporary employees) working in various business fields. We also aim to encourage collaborative links within the Group and increase our human resource capabilities through information sharing opportunities, such as expert-run seminars and workshops.

Number of employees
with professional qualifications

7,606

First-class registered architects 345

Second-class registered architects 450

Real estate notaries 6,238

Condominium managers 573

Knowledge Café

(held 32 times with a total of 3,851 participants)

We hold seminars for Group employees around four times a year to promote understanding of the Group's businesses and create opportunities for cooperation between Group companies. We invite project leaders to speak as lecturers and share information, such as examples of progressive initiatives at each Group company.



A seminar held at the Group location COLABO! (November, 2019)

Knowledge Forum

(held 25 times with a total of 3,196 participants)

We hold self-improvement / awareness-raising seminars for Group employees on appealing themes, inviting professionals and leaders from various business fields and industries. The Knowledge Forum is held around four times a year and these are popular seminars, providing employees with an opportunity to increase their knowledge.



A session with CEO Yoshihisa Aono of Cybozu, Inc. (September, 2019)

Social Issues and the History of Lifestyle Creation

Our Group's origins lie with the development of Den-en Chofu, a pioneering effort to create the ideal town in a time of housing shortages. Since then, we have seriously faced the social issues in front of us, regardless of the times, and have worked to resolve those issues through Lifestyle Creation, by proposing new home, work and play styles, while also inheriting our Challenge-oriented DNA.

1950s and 1960s

From Post-war Recovery to Rapid Economic Growth

Japan rebuilt its economy, boosted by special demand from the Korean War, and completing the postwar reconstruction, ushered in a period of rapid economic growth. However, the housing shortage in urban areas became a serious problem due to population concentration in the three major metropolitan areas and increasing urban sprawl.

Establishment of the Company, focused on urban development in Shibuya, Daikanyama, etc., starting with Den-en Toshi

TOKYU LAND CORPORATION was established as the real estate department was spun off from TOKYU CORPORATION. The Company offered housing, which was in short supply, and commercial facilities to support residents' lives around our home base of Shibuya. The Company sought value creation through the real estate business.

1953 Establishment of TOKYU LAND CORPORATION

New company inaugurated with Keita Goto as chairman and Noboru Goto as president

Words of Keita Goto, the first chairman

“ At TOKYU CORPORATION, the Den-en Toshi business and other real estate business were overshadowed by the mainstay railway business, and this tended to prevent free development. We wanted to make this business a separate company, freeing it from the constraints it faced as a business incidental to the railway business, develop the business freely, branch out into other new fields, expand it to equal leading real estate companies such as Mitsui Fudosan Co., Ltd. and MITSUBISHI ESTATE CO., LTD., and become involved in national projects. *Snip* We want to contribute to the development of the area around Shibuya by building another four or five high-rise buildings near Shibuya Station. ”

Excerpt from Chairman Goto's speech about the Shibuya District Development Plan at a meeting to announce the establishment of TOKYU LAND CORPORATION to Shibuya District officials in January 27, 1954

Changes in Operating Revenue*

1953

1960

1970

1980

* From fiscal 1953 to fiscal 1992, non-consolidated operating revenue from TOKYU LAND CORPORATION, from fiscal 1993 to fiscal 2012, consolidated operating revenue from TOKYU LAND CORPORATION, and from fiscal 2013 onward, consolidated operating revenue from Tokyu Fudosan Holdings Corporation. (fiscal 1989 was only a 6-month fiscal term, as the fiscal term was changed from September to March that year)

1970s and 1980s

Drastic Change in the World Economy and Advancement of Living Standards

The period of rapid economic growth in Japan came to an end with the oil crisis. In Japan, which had become an economic superpower, people gained material well-being and began to seek spiritual enrichment. As a result, values in various areas of life, including society, culture and lifestyle, diversified.

Pursuing business diversification from an early stage to become a total lifestyle producer

We expanded into related business domains derived from real estate, including management, real estate agents, retail, fitness, resorts, and more early on. Through our business diversification, we grew to be a corporate group offering total lifestyle services.



Asumigaoka New Town



Palau Pacific Resort

Proposals for New Work Styles

Proposals for New Home Styles

1955 Completion of Daikanyama Tokyu Apartment
Japan's first luxury rental residence developed for foreign nationals

1958 Completion of Tokyu Skyline
The first condominiums in the Japanese real estate industry

1961 Start of Tokyu-Mitsubishi Home Loan Program
The prototype for the home loan system

1970 Establishment of TOKYU COMMUNITY CORP.
Expansion into the property management business to create comfortable lives and living spaces

1972 Establishment of Area Service Co., Ltd. (predecessor of TOKYU LIVABLE, INC.)
Expansion into the real estate agents business as a pioneer in real estate transactions

1982 Launch of the Asumigaoka New Town business
One of the largest urban developments in Japan, in harmony with natural surroundings

Proposals for New Play Styles

1965 Opening of Shibuya Tokyu Building (later Tokyu Plaza Shibuya)
A multipurpose commercial facility in front of Shibuya Station

1976 Establishment of TOKYU HANDS INC.
A pioneer in true DIY activities, creating new lifestyles and culture

1984 Opening of Palau Pacific Resort
An authentic resort hotel where development and environmental conservation co-exist

1986 Opening of TOKYU SPORTS OASIS Esaka
A members-only fitness club offering programs to promote healthy lifestyles

1988 Opening of Tokyu Harvest Club Tateshina
A membership resort hotel offering new ways to enjoy leisure time

Our Origin: Den-en Chofu Urban Development

Den-en Toshi Company was established in 1918, focused on Eiichi Shibusawa and others. During a time of housing shortages, the English-originated Garden City urban concept, combining the merits of nature and the city, was incorporated, and Den-en Chofu was created as the Tamagawadai residential area – a beautiful, comfortable town where housing and gardens coexisted.



Den-en Chofu at the time of development

1990s and 2000s

Post-bubble Period and Diversification of Lifestyles

Due to prolonged economic stagnation, coupled with the declining birthrate, aging population, and a drop in land prices, people began to return to the cities. Lifestyles and values became more diverse as a result of the advancement and diffusion of information technology and the tide of globalization.

Strengthening our revenue base by shifting the focus to the leasing business in the post-bubble era

In an effort to overcome the unprecedented crisis of the collapse of Japan's financial bubble, we shifted the focus of our operations away from long-term development of conventional suburban detached housing towards the leasing of office buildings and commercial facilities. We also improved our finances and strengthened our revenue base.



Setagaya Business Square

Collapse of Japan's financial

1990

2000

Global financial crisis

2010

FY2019
¥963.2 billion

2013 Establishment of Tokyu Fudosan Holdings Corporation Merger of TOKYU LAND CORPORATION, TOKYU COMMUNITY CORP. and TOKYU LIVABLE, INC.

We transitioned to a holdings system to anticipate changes and create new value. Aiming for medium- to long-term growth, we are creating lifestyles as a Group while inheriting our Challenge-oriented DNA.

1993 Opening of Setagaya Business Square
Tokyu Group's first super-high-rise office building

2007 Completion of Shiodome Building
A large-scale office building that caters to contemporary business needs

1994 Start of supplying houses for Kimi no Mori
Japan's first residential golf course country club

2004 Opening of Grancree Azamino
One of the first in the industry to enter the senior housing business

1993 Opening of former Tokyu Stay Kamata
Urban style hotels that can be used for medium- and long-term stays

2003 Opening of current Minoh Q's Mall
One of the Kansai region's largest shopping centers

Lifestyle Creation 3.0 Combining Every Aspect of Life



2014 Establishment of Tokyu Housing Lease Corporation
Merger of the Group's rental housing businesses

2015 Completion of the second phase of Futakotamagawa Rise business
Mixed-use development with a variety of functions, including office, residential, commercial and hotel

2016 Opening of Tokyu Plaza Ginza
As the eastern base of Tokyu Group, making its full-scale entry into the Ginza area

Consolidation of NATIONAL STUDENTS INFORMATION CENTER CO., LTD. into a Subsidiary
Strengthening the business of managing rental housing for students

2017 Opening of the Setagaya Nakamachi Project
Construction of a large complex that combines condominiums with senior housing facilities

2019 Completion of SHIBUYA SOLASTA
A smart office supporting diverse work styles

Completion of SHIBUYA FUKURAS and Opening of Tokyu Plaza Shibuya
Multipurpose facilities born as part of the redevelopment project

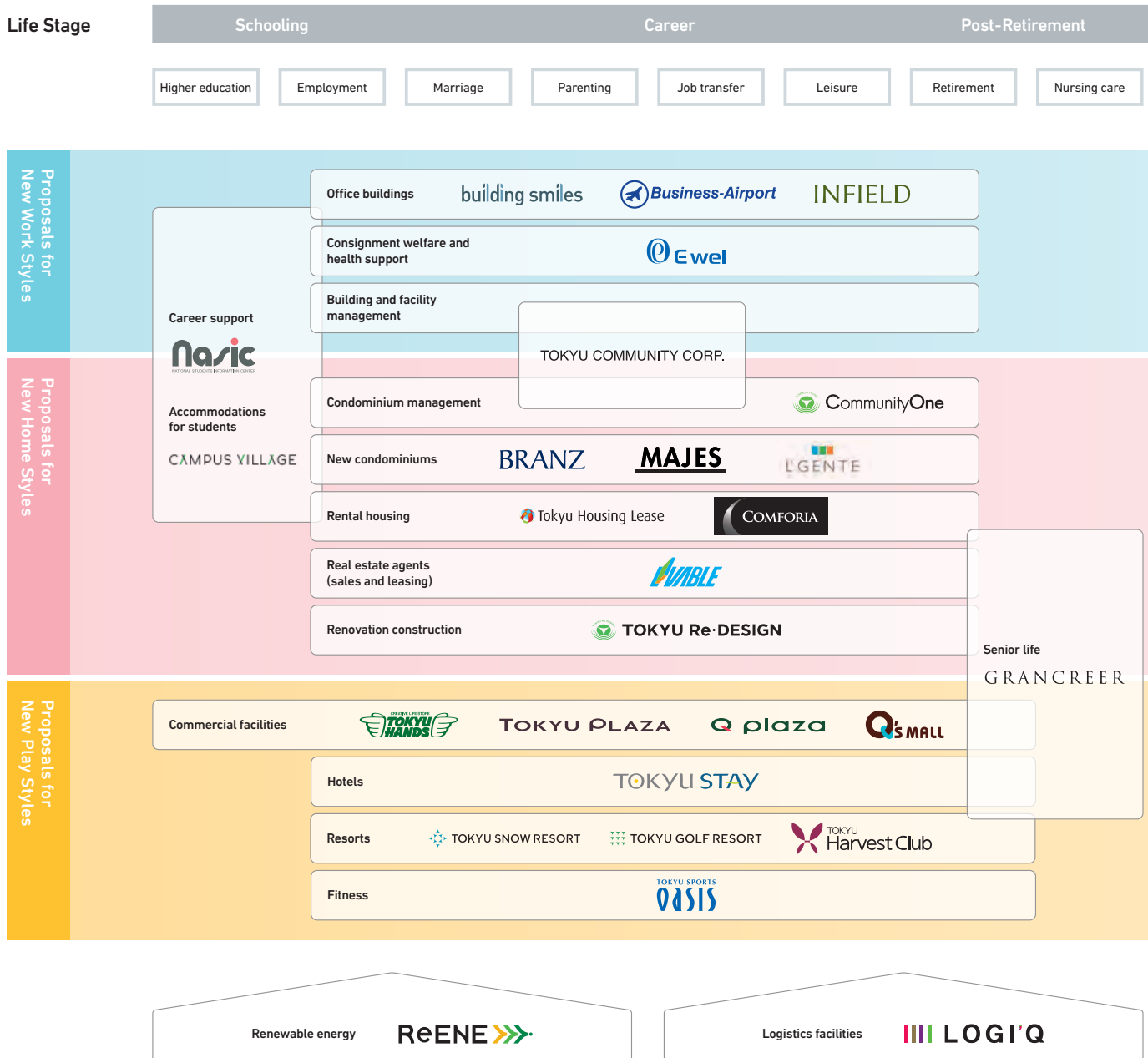
2020 Opening of TOKYO PORTCITY TAKESHIBA
A cutting-edge urban-style smart building utilizing the latest technologies

Unique Value Creation

The originality of our Group can be discussed in terms of creation of value on the time axis and creation of value on the spatial axis. On the time axis, we create new lifestyles by offering diverse services at every life stage of our customers. Meanwhile, on the spatial axis, we create value by harnessing our wide range of business fields in all kinds of urban settings.

Value Creation on Time Axis Creating New Lifestyles

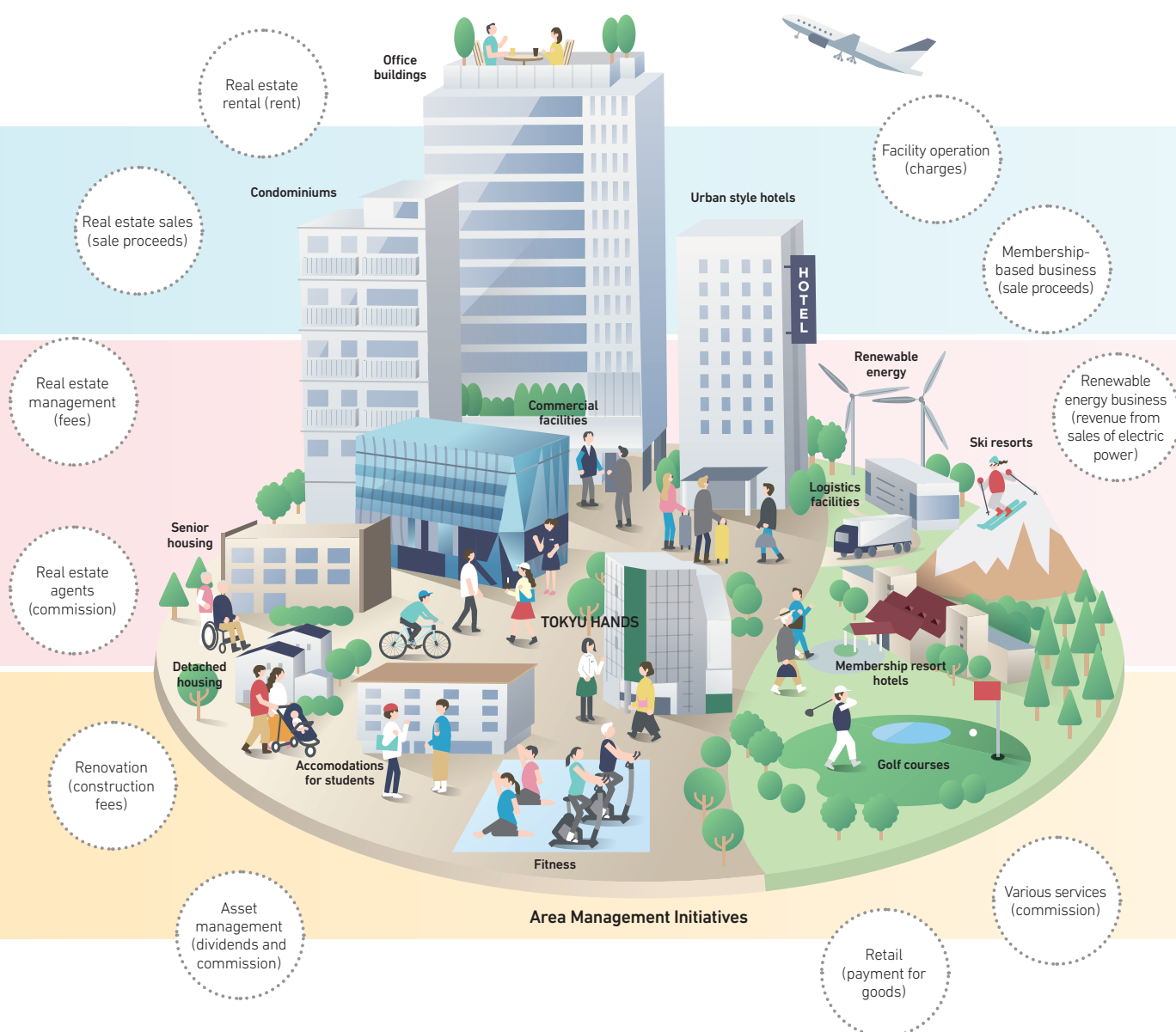
We offer diverse services at every life stage to all generations of customers, from students and professionals to families and retired people. Proposing new Home Styles, Work Styles and Play Styles in various life settings leads to the creation of new lifestyles.



Value Creation on Spatial Axis

Creating Value in a Wide Range of Business Fields

We create lifestyles that go beyond the bounds of physical structures in all kinds of settings, ranging from urban living to resort life. Value creation in a wide range of business fields creates diverse business models, including management, agents and operation, and generates new sources of earnings.



Aiming to Be a Corporate Group that Continues to Be Trusted and Loved by All Stakeholders



President & CEO
Tokyu Fudosan Holdings Corporation

Awarori Nishikawa

Turning an Unprecedented Crisis Into an Opportunity, and Driving the Group's Transformation

Firstly, I would like to extend my sincere condolences to everyone affected by the COVID-19 pandemic, and my heartfelt thanks to all of the healthcare professionals and those working hard to maintain our social infrastructure.

The Tokyu Fudosan Holdings Group engages in a wide range of BtoC business operations connecting with many customers, in areas such as commercial facilities, hotel and resort facilities, fitness clubs and senior housing, as well as BtoB operations which include the supply of renewable energy. Under the current circumstances, we feel a renewed and heavy sense of responsibility for our role in supporting the social infrastructure that protects safe and secure lifestyles.

We have numerous essential workers, working at the facilities we operate nationwide, to ensure the continuous provision of services to our customers. We are proud of our Group employees making continuous efforts on the front lines. Moving forward, we will keep making our very best efforts, leveraging the Group's combined total capabilities to ensure the continuity of our business activities, with a priority on preventing the spread of infection and ensuring safety. ▶ See page 22, "Adapting to the New Normal as Society Changes with the COVID-19 Pandemic"

The Speed of Transformation Demanded as a Result of the COVID-19 Pandemic

I was appointed president and representative director of Tokyu Fudosan Holdings Corporation this spring. The mission entrusted to me as representative director of our pure holding company is to pursue total optimization of the Group from a medium to long-term perspective, and aim to improve corporate value and achieve sustainable growth. I want to create a roadmap for us to become a corporate group that is considered needed by all of its stakeholders, and—by extension—by society as a whole.

Fiscal 2020 is the final year of our Medium-Term Management Plan 2017-2020, which we have worked towards since fiscal 2017. With the impact of the pandemic, however, we expect to fall short of all of the financial indicators that we had set. Currently, we are working to determine what kind of impact the pandemic will have on our business operations in both the with- and post-COVID phases, and holding discussions with regard to our medium- and long-term management plan for next fiscal year onward. However the Group's stance of aiming to improve shareholder and corporate value by seeking to enhance its earning power while maintaining financial discipline remains unchanged.

▶ See page 46, "Financial Capital Strategy"

After a major crisis such as this, it is conceivable that we will see a paradigm shift, in which the values of society as a whole will change. I am determined to drive the Group forward powerfully in its transformation, with a view to adapting to this post-COVID world. It seems safe to say that, as a result of the pandemic, the changes that we had predicted in the social and business landscape will be taking place quite a lot sooner than we had envisaged. For this reason, I focus daily on the importance of advancing this transformation with an even greater sense of speed and urgency than ever before.

Business Management Crises We Have Overcome in the Past

The Group has faced several other major business management crises in the past, and has overcome these difficulties by transforming itself.

The greatest crisis that the Group has faced since I joined TOKYU LAND CORPORATION in 1982 was the collapse of the Japanese economic bubble, the "asset price bubble" during the early 1990s. As the

popular myth surrounding land prices that they would continue to rise indefinitely began to fall apart, the Group suffered serious damage as a result of plummeting land prices. In response, we used the situation as an opportunity for change, shifting the focus of our business structure away from the conventional long-term development of suburban detached housing towards the leasing of properties such as office buildings and commercial facilities.

By 2008, the negative legacy of the economic bubble had been settled, and the Group had finally gotten itself back on track for future growth and begun expanding its business operations. Then came the bankruptcy of Lehman Brothers, the climax to the US subprime mortgage crisis. The simultaneous fall in stock prices around the world ushered in a global financial crisis. The Tokyu Fudosan Holdings Group, too, was forced to deal with massive losses, and we worked at full strength to optimize our balance sheet.

As we were doing so, in 2011 came the Great East Japan Earthquake, which left the whole country in a state of shock. At the time, I was TOKYU LAND CORPORATION's executive officer responsible for crisis management. I worked to formulate company-wide BCPs (Business Continuity Plans), and was kept busy ensuring the safety of our employees and providing support for communities affected by the disaster.

Around the time the impact of the global financial crisis began to show signs of coming to an end, and with the strong conviction of its senior management to ensure that "the same kind of crisis would never be repeated again," the Group listed two real estate investment trusts (REITs) organized by TOKYU LAND CORPORATION on the stock market, and began building a system for further accelerating its cyclical reinvestment model. In 2013, we established Tokyu Fudosan Holdings Corporation, as a pure holding company, strengthening the management base of the Group. After that we formulated a medium- and long-term management plan leading up until fiscal 2020, and worked to achieve stable growth for the Group such as by accelerating the pace of investments in good quality leasing properties, in the Greater Shibuya Area among others. ▶ See page 10, "At a Glance"

The key thing that I have learned from these past management crises is the importance of having a stable revenue base and financial base. When a company falls into a management crisis, it takes several years for the situation to come to an end, and for the company to recover. When you consider the impact of this on the organization's culture, the loss is enormous. I have felt keenly just how important it is to surely and steadily amass earnings from day to day in order to prevent this.

Now is Not the Time to Panic or Be Swayed by Others Around Us

Unlike the collapse of the economic bubble and the global financial crisis in the past, the current COVID-19 pandemic is not caused by financial factors, but rather by an external factor (i.e. the virus). Unlike the management crises of the past, in which the company had massive interest-bearing liabilities and was forced to immediately sell off assets, thanks to our sure and steady amassing of profits since the shift towards a holding company system, I also regard this current crisis as a chance to take the offensive.

Our Group has so far responded flexibly to the market conditions and environments while shifting its earning structure. In this current crisis, too, while withstanding short-term decreases in sales and cost-cutting primarily in our BtoC business operations, we believe that a new world will open up before us if we envisage the post-COVID world ourselves and spin the buds of next generation businesses.

In the media, we often see examples of extreme reporting which have an impact on the business environment, such as articles arguing that there is no need for offices, or stating that there is a complete lack of inbound demand. During situations such as this, I think that we must not be swayed by fleeting information, and identify the essential changes that are taking place, with our feet firmly on the ground. Based on our past experiences overcoming management crises, I am spreading the message, within the Group, the now is not the time to panic or be swayed by others around us; and am forcing myself to constantly consider our next moves from a long-term and higher-up perspective.

The Potential of Shibuya Remains Unchanged

On our home, Shibuya, we have worked to alleviate the long-standing issue of the shortage of office space, completing both the office building SHIBUYA SOLASTA and the large complex SHIBUYA FUKURAS in 2019.

In response to the COVID-19 pandemic, we have seen progress in the widespread adoption of workstyles such as telework and work-from-home. The way offices are used is changing. With the number of options available for workplaces and workstyles increasing, the significance of offices as “places where people gather together” is being reviewed, and we also hear many opinions asserting the necessity of face-to-face communication. With regard to this debate, rather than a two-dimensional argument between offline and online, I think that we

should show people ways of working which are suitable for this new era, utilizing the positive points of both online and offline.

The SHIBUYA SOLASTA building in which we are based is a showcase for doing that. Here, by implementing new workstyles and engaging in various experimental initiatives ourselves, we are proposing a diverse range of workplaces to our customers. ► See page 37, “Live Offices Proposing and Implementing New Workstyles”

Shibuya has always been a multi-faceted district filled with diversity. In addition to the cultural foundation of movies and music, Shibuya has developed as one of a handful of commercial centers that communicates fashion and other new trends. This has now seen the addition of good quality office stock, with creative content and startup companies gathering in the area. The fact that Shibuya offers such truly diverse urban functions gives it a unique appeal that cannot be found in other areas such as Marunouchi, Nihonbashi or Roppongi.

The grouping of other richly individualistic areas such as Aoyama, Omotesando, Harajuku, Ebisu, and Daikanyama forms the Greater Shibuya Area. We are advancing the Greater Shibuya Area concept for increasing the value of the overall area, and working to create a city area that is sustainable in the long term. Even with the new lifestyles being demanded under the current pandemic, we believe that the appeal and attraction of the Greater Shibuya Area remains unchanged, and our policy is to continue to invest proactively in the area.

► See page 25, “Feature: Greater Shibuya Area Concept”

Increasing Customer Experience Value Through Digital Transformation (DX)

Solving Social Problems Through Lifestyle Creation

The origins of our Group lie with the Den-en Toshi Company, established by Eiichi Shibusawa and his associates in 1918. At that time, urbanization and population influx were progressing in Tokyo, and the signs of a housing shortage were becoming apparent. Den-en Chofu was developed based on the British-originated Garden City (Den-en Toshi) concept, combining the merits of both nature and the city.

For over more than 100 years since then, we have continued to inherit the Challenge-oriented DNA of working to resolve a variety of social issues through our business activities, and expanded our business portfolio with real estate as our starting point. ► See page 12, “Social Issues and the History of Lifestyle Creation”

Our three core strengths can be summarized as our Diverse Assets and Customers, a Corporate Culture that Produces Unique Businesses, and our Highly Specialized Personnel and Knowhow. ► See page 11, “Our Three Core Strengths”

As I also touched upon earlier, a distinctive feature of our Group's business operations is that we have many points of direct contact with customers, in comparison with other general real estate companies. It is because we have such a wide range of contact points with customers, that we are able to sensitively detect changes in customer needs in the field and create unique businesses.

Our value creation is really born out of dialogue with customers. The keyword that symbolizes our value creation is Lifestyle Creation, in which we work to resolve various social issues through new home, work and play styles.

Lifestyle Creation has continued to evolve through three phases. After Lifestyle Creation 1.0, in which we developed business from buildings and other real estate, the concept evolved to Lifestyle Creation 2.0, in which we utilized buildings to propose solutions. We now advocate Lifestyle Creation 3.0, which combines every aspect of life, transcending

the conventional boundaries of living, working and spending time.

► See page 24 feature, “Taking Up the Challenge of Lifestyle Creation 3.0”

With the arrival of this new era, in which people can work anytime, anywhere, the boundaries between work and life for modern people are becoming increasingly blurred. It can therefore be said that the diversification of workstyles is essentially also the diversification of lifestyles. The range of options for spending time—playing, learning, resting and creating—has also become increasingly diverse, to the point where they can no longer be discussed in a uniform manner. The focus now is on how people work, live and spend their time. I feel that the Lifestyle Creation 3.0 concept is precisely what is needed for us to live in this modern era, to create a society in which people can feel happy and healthy both physically and mentally through the provision of an extensive array of time-spending options and experiences.

Making the Breadth of Our Business Wingspan Into a Real Advantage

As the Group, we have sought to create unique value through the provision of services for all manner of life stages and overall areas, namely, the time axis and spatial axis, respectively, developing a wide range of businesses. The width of our business wingspan is one of our group's key advantages, and is so broad because we have built up various kinds of value creation in line with changes in the needs of customers and society. ► See page 14, “Unique Value Creation”

At the same time, having a broad business wingspan alone is not sufficient to achieve the realization of Lifestyle Creation 3.0, which combines every aspect of life. It is essential to maximize the depth of each business, and the synergies between businesses.

Our role as a pure holding company, is to allocate management resources appropriately as we seek to achieve total optimization of the Group from a medium to long-term perspective, to match changes in



business conditions. Based on that, we delegate the execution of business to the Group's various operating companies, in order to maximize the effective utilization of the strengths of each Group company. Moving forward, in addition to seeking to increase the speed with which we implement strategies at each operating company, we will also work to turn the Group's broad business wingspan into a real advantage by driving business operations beyond the boundaries between individual operating companies. Specifically, our policy is to work to rebuild our business portfolio by carefully examining and determining which business operations we will continue as they are, which business we will revise, and which ones we will discontinue with a constant focus on total optimization, rather than the individual optimization of operating companies.

Society is Changing as a Result of Digitalization

We are currently in the midst of a pandemic, living in an age filled with unpredictable elements we refer to as VUCA^{*1}. It is because we live in such a highly uncertain era that we must face up to the social issues that we must tackle from a long-term perspective, taking a bird's-eye view of developments in the world around us.

In Japan, with its progressing social problems of low birth rate and ageing society, labor shortages and difficulties in recruitment—brought about by the shrinkage of the productive population—are becoming increasingly apparent. As an operator of labor-intensive building/facility management and operation services, these are very important issues for the Group.

Moreover, customer needs are changing as a result of dramatic progress in technological innovations. In particular, the Generation Z^{*2} that will support our society in the future are digital natives who have been familiarized with the Internet and social media from childhood. They are said to have tendency towards valuing individuality, and it is thought that diversification of value and individual optimization will continue to progress further as a result of this. There will therefore be a need for the products and services that we provide to change into solutions that are better matched to the needs of individuals, rather than being uniform one-size-fits-all solutions.

In the Group's business domains, too, there is now a possibility of domination by new players from outside the industry. We must make full use of our imagination, and maintain a healthy sense of crisis.

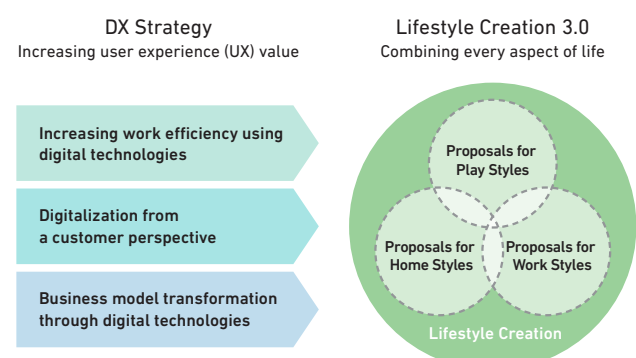
Bold Business Innovation Through DX

To boldly execute the transformation that we had already conceived, and with this current sense of crisis, we established the Digital Transformation Promotion Office in April this year. We now regard the digital transformation (DX) of our business operations as a key pillar of our growth strategy. The three elements of this DX are increasing work efficiency using digital technologies, digitalization from a customer perspective and business model transformation through digital technologies. The purpose of driving DX is to establish a competitive advantage by transforming our work processes, organization and corporate culture, thereby offering merits to all of our stakeholders including not only customers but also our employees and suppliers.

As I stated earlier, a distinctive feature of our Group is that it has extensive contact with customers over a long period of time. Using this advantage, we will utilize data accumulated within the Group as we seek to improve operational and work process efficiency, and increase corporate value by encouraging the transformation of business models spanning across the Group.

We believe that pursuing the Lifestyle Creation 3.0 concept I mentioned earlier increases customer experience value, and that DX is an effective means of doing this. (Figure 1. DX Strategy and Lifestyle Creation 3.0)

Figure 1. DX Strategy and Lifestyle Creation 3.0



Moving forward, through initiatives such as utilizing data internally within the Group and creating smart cities, we will aim to create added value for real estate such as buildings and other physical spaces using digital technologies. The flagship project for our smart city initiatives is TOKYO POPTCITY TAKESHIBA, which we opened this year.

Through this project and others like it, we are proposing urban lifestyles that combine new work and home styles, with smart buildings that feel as though they are from the near future. SoftBank Corporation has moved into the Office Tower—one of our largest ever buildings—as a tenant, and is engaged in joint efforts to build the smart city utilizing cutting-edge technologies. The project has also been selected by Tokyo Metropolitan Government as an advance model project for Smart Tokyo.

The power of technology is essential to the future of urban development. By conducting demonstrative testing utilizing real-time data and cutting-edge technologies such as robotics, MaaS (Mobility-as-a-Service), Augmented Reality, Virtual Reality and 5G, with our Takeshiba project, we are communicating our image of the kind of next-generation urban development which embodies our DX strategy. ► See page 28, “Feature: TOKYO PORTCITY TAKESHIBA”

Creating a Foundation for Executing Transformations

The Digital Transformation Promotion Office is pushing ahead swiftly with DX initiatives by taking a leading role in implementing the Business x IT (digital) strategies while coordinating organically with our corporate

planning & IT strategy divisions, under the leadership of our director responsible for DX. We have launched an organization comprising responsible personnel at each operating company from across the Group, and are working to resolve issues through information-sharing session and meeting on themes. (Figure 2. DX Promotion System)

With regard to securing and developing human capital, we have defined the necessary abilities required by DX personnel as being able to create business designs using new digital technologies as a starting point based on knowledge of existing businesses, and are holding internal training sessions and communicating DX-related information. We are also driving investment in human capital, including bolstering our hiring of mid-career personnel.

In order to push ahead with DX, it is important to develop and enhance internal IT infrastructure, in addition to utilizing both internal and external resources. We will accelerate our DX initiatives using investment through corporate venture capital (CVC) and the creation of new businesses using internal venture schemes. We will also evaluate existing systems and update them as necessary, with the aim of building a platform that will enable us to visualize and utilize data, with a view to tackling the 2025 Digital Cliff problem*⁴ highlighted in the Japanese Ministry of Economy, Trade and Industry (METI)’s DX Report.

In addition to such strategies, organizational structure and culture will also be important drivers for advancing DX. We will work to execute our transformation with the awareness that such initiatives, seeking to achieve overall group-wide innovation, are also part of our DX strategy.

Figure 2. DX Promotion System



Achieving a Sustainable Society and Growth by Expanding the Circle of Satisfaction

Human Capital Strategy and Promoting Health Management

I believe that the source of the Group’s value creation is undoubtedly its human capital. The active contribution of younger generations is essential to reading future needs and creating innovation with new ideas.

Until now, too, we have advanced workstyle reforms to create more active workplaces, and had worked to implement telework and work-from-home since before the COVID-19 pandemic. In order to make maximum effective use of human capital, we are advancing HR strategies such as diversity and inclusion, work-life balance and HR development.

► See page 50, “Human Capital Strategies”

In particular, promoting health management is an important management issue. While we can expect to see improvements in productivity as a result of introducing new technologies and advancing DX, it is also necessary for employees to familiarize themselves with these new technologies. As interpersonal relationships and behaviors change, and our home lives become more closely combined with our work, we experience an increase in physical and mental stress. We must also turn our attention to the fact that we may begin to suffer from lack of exercise.

For these reasons, the significance of health management is increasing, not only as a way of responding to the demands of society for lengthening healthy lifespans, but also as a way of maintaining the energy of employees to tackle the challenges of new changes. In view

of this background, we are working to implement group-wide health management, with a priority focus on the physical and mental health of our employees.

Last year, when TOKYU LAND CORPORATION relocated its head office to the SHIBUYA SOLASTA building, we utilized the opportunity to launch the GREEN FLAG PROJECT; an effort to advance cross-divisional organizational cultural reforms driven primarily by young employees. The Group's management, too, hopes to back these kinds of initiatives led by young employees, and to link them on to the next generation of innovation. I myself will act as a flag bearer for improving openness within the company, responding flexibly and agilely to environmental changes, and aiming to create an autonomous organization that can turn the crisis before us into an opportunity.

Jingi-Dotoku (Humanity and Morality) and Giving Back to Society

One of my beliefs in managing the Group is that of conducting activities in line with the common sense of the world around us. When put into words this seems like something that goes without saying, but we are members of society, and our activities are constantly together with society. A major prerequisite for any company to continue to prosper in perpetuity is for each of its constituent members—in other words, its individual employees—to be moral, and to act properly and ethically. The Group as it exists today has been built as a result of the accumulation of that. We must not forget that, before being a profit-making company, we are also a public institution of society.

In his book *Rongo and Soroban* (Analects of Confucius and the Abacus), Eiichi Shibusawa, who formed the origins of our Group, stated that "The root of wealth is *jingi-dotoku* (humanity and morality). If wealth is not based on correct morality, then it cannot continue in complete perpetuity."

I also empathize very much with the idea that morality and earning exist in balance, and that we must create such a balance. The stance of valuing morality and pursuing what is morally just, with a sense of duty to come to terms to society, is the basic thinking of our Group. Eiichi Shibusawa preached this concept of *jingi-dotoku*, and worked in the pursuit of public profit. Like Shibusawa, TOKYU LAND CORPORATION's first president, Noboru Goto, also faced sincerely up to the social issues in front of him, and followed through on the stance of resolving those issues through business activities. Goto advocated that when a company carries out its original objectives properly, it is effectively giving back to society.

We are currently managing the Group based on our vision for sustainability, which is to "solve social issues through our business activities and work with stakeholders to realize a sustainable society and growth." The idea of following the correct path as a member of society, gaining wealth as a result, and achieving sustainable prosperity for both the company and society continues to be inherited by our Group to this day. ► See page 1, "Lineage of Challenge-oriented DNA"

Environmental, Social and Governance Initiatives

Having inherited these high ideals and sense of duty, we are working continuously toward the achievement of our vision.

In this modern era, we face a mountainous heap of long-term

issues—including various environmental and energy-related problems—which must be tackled on a global scale, and the importance of initiatives in sync with international society is increasing. As members of international society ourselves, we are also contributing to the achievement of the Sustainable Development Goals (SDGs)—which were established at a UN summit in 2015—by 2030.

With regard to our response to climate change, we endorse the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD), and support RE100, which TOKYU LAND CORPORATION acquired,—an international initiative which aims to operate businesses using 100% renewable energy—and other activities aimed at suppressing climate change. Our renewable energy business, ReENE, has now grown to a rated power capacity of over 1GW, with over 50 facilities nationwide including those currently under development. We have also issued Green Bonds, which are used to raise funds for environment related projects. ► See page 52, "Environment"

To further advance our social initiatives, in fiscal 2019 we established our Human Rights Policy and Sustainable Procurement Policy, setting forth details of how we will work to thoroughly ensure fairness in our overall supply chain, respect for human rights and consideration for the environment. ► Page 51, "Social Needs"

In corporate governance, in fiscal 2019, we incorporated third-party assessment by lawyers with no advisory relationship with the Group into our assessment of the effectiveness of our Board of Directors. Moving forward, we will continue seeking to enhance our governance system with a view to improving management efficiency and building a sound and highly transparent management framework.

► Page 54, "Corporate Governance"

Going Beyond Trust to Become a Corporate Group that Is Loved

The role of management is to achieve sustainable growth by increasing corporate value, by transforming the value provided through business operations (outputs) into social value (outcomes). We believe that corporate value—which expresses the size of our impact on society—is the sum total of the levels of satisfaction of all of our stakeholders. We list five types of satisfaction by stakeholder (Customer Satisfaction, Shareholder and Investor Satisfaction, Local and Social Satisfaction, Client and Partner Satisfaction, and Employee Satisfaction), and work to increase corporate value by expanding this circle of satisfaction. ► See page 8, "Value We Provide"

The most important thing in order for us to be a corporate group that continues to create value is to continue to be trusted and loved by all of our stakeholders. In order for us to captivate a diverse range of customers, it is necessary to deliver something which goes beyond trust; something emotional other than just practical utility. We could call it an attachment or fondness for the brand, or even becoming "fans" of the Group. I can't help but feel that it is these kind of emotional, intangible assets that hold the key to the future of our Group.

Our aim is to become a corporate group that is loved by its stakeholders, by securing empathy with our ideas and initiatives. To achieve this aim, we will continue working ceaselessly to create value together with our 30,000 or so employees*5, at over 100 Group companies.

*1. VUCA: A term that is used to describe unpredictable socioeconomic environments. The initials stand for Volatility, Uncertainty, Complexity, and Ambiguity.

*2. Generation Z: A general term for the generation of people born between 1996 and around 2010. This generation is currently gaining attention for its values and characteristics as the generation following on from the so-called Millennial Generation, who entered their 20s during the 2000s.

*3. Smart City Takeshiba has been selected as one of the projects in a public offering by Tokyo Metropolitan Government aimed at creating a Smart Tokyo.

The project will aim to implement services spanning multiple fields, utilizing cutting-edge technologies in an urban environment.

*4. The 2025 Digital Cliff problem: The Report on Digital Transformation (DX) published by METI in 2018 pointed out the possibility that Japan may suffer an economic loss of up to 12 trillion yen per year from 2025 onward if Japanese companies fail to make progress in DX going forward.

*5. Number of group employees: This number includes temporary employees.

Adapting to the New Normal as Society Changes with the COVID-19 Pandemic

Interview

New Lifestyle Creation Responding to the Arrival of the Digital Society

Hiroaki Hoshino

Operating Officer and Supervisor for General Management, Tokyu Fudosan Holdings Corporation

The impact of the COVID-19 pandemic is giving rise to major changes in values with respect to distance, location and time. With the widespread adoption of telework and e-commerce, the digitalization of all manner of transactions will surely progress going forward, including movements towards deregulation. While differentiation between the use of online and offline methods progresses, both for individuals and organizations, I think that a fusion will also progress.

Recently, there has been an increase in the number of media reports regarding the state of office usage and changes in demand in due to the spread of telework. I think that the role of offices as places offering chance realizations and new ideas, and for increasing employee engagement will become more clear, and that this process will also generate new demand. Moving forward, I think that workplaces will become more diverse and differentiated according to people's various job types and lifestyles, falling into categories such as company, home, co-working space and resort. The Tokyu Fudosan Holdings Group has offered its Business-Airport membership-based satellite office service from an early stage. We believe that identifying this kind of new demand and continuing to offer new and improved versions of conventional offices to match changes is part of our role as a developer.

In terms of changes in the post-COVID era, we predict trends such as an increase in demand for working from home, and the digitalization of all manner of consumer behaviors. In each of our business segments, during the pandemic, we are seeking to strike a balance between precautionary measures against infection and maintaining business continuity, and working to provide new products and services as we regard these changes as a business opportunity. Since before the pandemic, e-commerce in the retail sector has expanded year by year. Now the digitalization of consumer behaviors such as experiential and extraordinary consumption which were previously completed primarily in reality



is progressing, and the boundaries for customers between online and offline are now being removed. Moving forward, we will accelerate the pace of initiatives in our various businesses that respond to these kinds of changes in values and lifestyles.

In this modern society, where importance is placed on diversity and individuality, I think that the arrival of this full-blown digital society will make it easier for people to achieve lifestyles in which they can stay true to themselves. As the Group with extensive contact points with customers, I hope that we can support people in living lives that suit them in fields such as home, work and play, and link this to the creation of new lifestyles by understanding individual consumers.

Moreover, as the Group is involved with diverse assets, until now we have aimed to increase the value of real spaces, areas and communities. Even as digitalization progresses, this major direction will remain unchanged.

By utilizing digital technologies to increase convenience and user experience (UX) for customers, we aim to maximize the value of related assets and contribute to creating appealing urban lifestyles.

► Predicted changes to society and related businesses

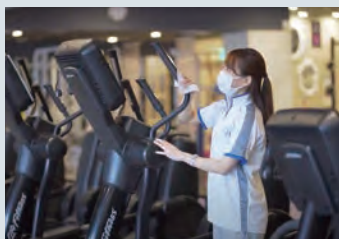
Trends	Behavioral changes	Main related businesses
Irreversible spread of telework	<ul style="list-style-type: none"> ● Firm establishment of telework and online meetings ● System design and assessment systems to respond to telework ● Changes to functions and roles of offices 	<ul style="list-style-type: none"> ● Urban Development (office buildings and shared offices) ● Residential ● Wellness (hotels and resorts)
Expansion of at-home demand / Increase in awareness of promoting better health	<ul style="list-style-type: none"> ● Decrease in movement, increase in time spent staying at home ● Increase in time spent exercising 	<ul style="list-style-type: none"> ● Residential ● Property Management ● Wellness (healthcare)
Digitalization of all manner of consumer behaviors	<ul style="list-style-type: none"> ● Irreversible spread of e-commerce ● Digitalization and shift to online sources for extraordinary consumption ● Increase in Internet use and online interaction ● Shift to online transactions and contracts 	<ul style="list-style-type: none"> ● All businesses (Especially commercial facilities, logistics facilities and TOKYU HANDS)
Widespread adoption of remote learning and healthcare, etc. / Expanded use of data	<ul style="list-style-type: none"> ● Deregulation, abandonment of old social customs ● Advancement of smart city developments ● Establishment of remote job seeking and penetration of online class 	<ul style="list-style-type: none"> ● Urban Development (office buildings, commercial facilities) ● Residential, Property Management (renovation construction) ● Wellness (healthcare)

Continuing Provision of Services to Customers

Operation, sales and management-related businesses carry many opportunities for direct interaction with customers. At the same time as implementing measures to prevent the spread of infection, we are also working to ensure the continuity of business operations with contact-less solutions, such as seeking to promote the utilization of IoT devices using telework environments.

- ▶ **TOKYU COMMUNITY:** gradually releasing web versions of directors' meetings and parking contracts online on its Life Time Portal site aimed at condominium residents and unions
- ▶ **TOKYU LIVABLE:** introducing online customer service and conducting non face to face sales
- ▶ **TOKYU HANDS:** investing energies into e-commerce, and expanding sales of items for stay-at-home consumption
- ▶ **NATIONAL STUDENTS INFORMATION CENTER:** conducting explanations of important IT-related matters online, VR property viewings without actual attendance, and providing online workshops for student tenants
- ▶ **TOKYU SPORTS OASIS:** providing 24-hour online fitness app WEBGYM and free online lessons for a fixed period

Examples of measures to prevent the spread of infection



Regular sterilization of fitness machines and equipment (TOKYU SPORTS OASIS Shinjuku 24Plus)



Customer service at a reception counter with an acrylic panel installed (Tateshina Tokyu Hotel)

Protecting the Safety of Group Employees

Since the declaration of a state of emergency in Japan in April 2020, the Tokyu Fudosan Holdings Group has taken swift and flexible measures seeking to secure the safety of its employees and their families, and to ensure business continuity.

The head offices of many of the Group's operating companies are located in Tokyo. During the state of emergency, as a general rule, employees who are able to work from home avoided attending work at the office, and refrained from unnecessary, non-urgent meetings or business trips. We have also sought to reduce the risk of infection, such as by making proactive use of online meetings and recommending staggered commuting when attendance at the office is necessary.

In particular, since the relocation of their head office in August 2019, Tokyu Fudosan Holdings Corporation and TOKYU LAND CORPORATION have worked to develop their IT environment and work schemes, such as by using the relocation as an opportunity to switch to lightweight PCs, in order to facilitate diverse and flexible ways of working and new work styles. As a result of advancing preparations for telework, we were able to shift smoothly to working from home when the state of emergency was declared.

We have also engaged in recruitment activities and HR training not constrained by time or location, such as by conducting recruitment interviews and training for new employees remotely.

Since the lifting of the state of emergency, we have continued to implement New Normal measures across the entire Group. At the head offices of each Group company, we have reduced em-

Interview

From the Front Line of Senior Residences

(TOKYU E-LIFE DESIGN Inc.)



Head of Nursing,
Grancrer Setagaya Nakamachi Care Residence

Ikue Tanaka

At our care residences, staff are on duty 24 hours a day to provide close lifestyle assistance for tenants who require various forms of support. We have a strong sense of duty to protect our residents. During the COVID-19 pandemic, we have toughened our measures to prevent infections, and are maintaining a sense of crisis awareness when interacting with our residents, based on our guideline of not bringing the virus into the residence, and not allowing it to spread. We have also launched limited-time online visitations and lobby visitations. Seeing the happy faces of our residents leads to greater energy and teamwork among our staff.



A tenant enjoys an online visitation with family (Grancrer Azamino)

ployee attendance rates to avoid the Three Cs (Confined spaces, Crowded places, Close contact), and are implementing thorough measures to prevent infection, including temperature checks, seating records, and installation of hand sanitizer.

In operation, sales and management workplaces, too, we have toughened hygiene management measures. We also ensure thorough implementation of temperature checks on arrival at work, wearing of masks, gloves, face shields and other protective clothing, social distancing, proper ventilation and disinfection of indoor spaces and equipment.

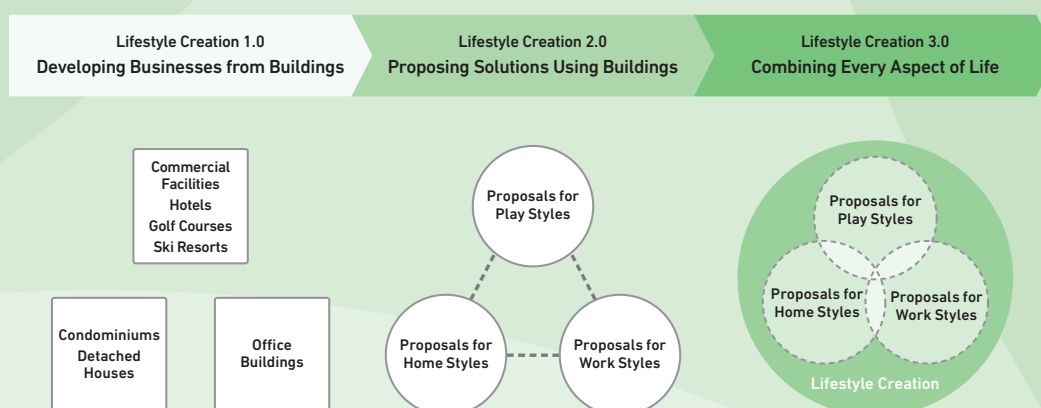
▶ Support for employees with childcare commitments (until June 30)

In response to the temporary closure of nursery schools and elementary schools as a measure to prevent the spread of COVID-19 infections, the Group has provided support to enable flexible workstyles for employees caring for children, making use of schemes such as working from home, flextime and break times outside of regular hours. We have also established a system that enables employees to work with greater peace of mind, allocating special paid leave when it is unavoidable to have employees take a leave of absence.

Taking Up the Challenge of Lifestyle Creation 3.0

Today, lifestyles and values are diversifying, and the needs of people living in cities are becoming increasingly segmented. At Tokyu Fudosan Holdings Corporation, we have leveraged the strengths of the Group to create new value in cities, and in society. The keyword in this process is Lifestyle Creation.

In Lifestyle Creation 1.0, we offered new lifestyles to society through the development and sale of condominiums and detached houses, development of commercial facilities, hotels and resorts, and the provision of spaces such as office buildings. In Lifestyle Creation 2.0, we proposed solutions in the form of new home, work and play styles, expanding the boundaries of our real estate business to include management, agency and operation of these various spaces and properties, as consumer behavior shifts from the consumption of goods to the consumption of services. Social issues are changing with the times, with examples including workstyle reform, childcare and nursing care problems, lengthening healthy lifestyles, and the advancement of new workstyles such as telework and workations; and customer lifestyle scenes are diversifying. To support these needs, our value creation model is evolving into Lifestyle Creation 3.0, which combines the three domains (home, work and play styles) to achieve ideal lifestyle proposals.



In this special feature, we introduce our attempts as Lifestyle Creation 3.0 through four key initiatives: the Greater Shibuya Area Concept, through which we are creating new value for the Shibuya area by utilizing the diversity of the district; TOKYO PORTCITY TAKESHIBA, an urban development project where we are communicating future lifestyle ideas through the power of technology; LOGI'Q Miyoshi, which is proposing new workstyles for the logistics industry leveraging the Group's total capabilities; and Tokyu Resort Town Tateshina MORIGURASHI, which is creating new resort appeal by resolving social issues.



Creating Value from the Area by Taking Advantage of the Area's Diversity



Director and Executive Officer,
TOKYU LAND CORPORATION
Takashi Ikeuchi

The rooftop terrace on the 18th floor of SHIBUYA FUKURAS, a complex completed in October 2019

Developing a town which attracts growth companies and people with enticing contents

Takashi Ikeuchi

Director and Executive Officer, TOKYU LAND CORPORATION

In the Greater Shibuya Area around Shibuya Station, we are proceeding with a project under the Greater Shibuya Area Concept, which is aimed at sustainably improving the value of the area as a whole. Bustling activity spreads from individual points to the area via people and places, connecting people and places together. The urban development project combines tangible and intangible features of the area, taking advantage of its diversity. It is a unique challenge the Tokyu Fudosan Holdings Group, which creates lifestyles, has taken up. We also work on area management through government-industry collaboration, to work proactively to revitalize the area.

The redevelopment of Shibuya, the scale of which is considered to be a once-in-a-100-year event, is at its peak. Last year, SHIBUYA SOLASTA and SHIBUYA FUKURAS were completed. Through integrated development together with its surroundings, the SHIBUYA FUKURAS pedestrian deck connects to the station, underground parking, bus terminal, and other facilities. It has contributed to solving issues in the area in front of Shibuya Station. For example, vehicles no longer need to be parked on road for cargo handling. In addition, the Shibuya Sakuragaoka Block Redevelopment Plan is scheduled to be completed in fiscal 2023. We will proceed with the development of an appealing area that will attract people and companies, by improving the international competitiveness of Shibuya with proposals integrating unprecedented new home, work and play styles.

The COVID-19 pandemic has ushered in a new normal, as peoples' values and lifestyles are also changing. These changes have also instigated diverse workstyle options in offices as well, partly reflecting the ubiquitization of teleworking. However, this has weakened connections between people, and the negative consequences of insufficient communication have also become apparent. Places that encourage communication and the creation of ideas and innovation are essential for business. Offices will play a significant role in strengthening employees' sense of belonging and the strength of the organization as well.

We believe, however, that the concept of offices will change entirely. We need to propose solutions providing greater added value than ever before, by accurately identifying customer needs and providing places and environments that enable flexible work styles. We would like to offer places for diverse purposes.

In addition, because Shibuya attracts diverse cultures, the area is free from the authoritarian hierarchy that is typical of traditional office streets. Startups attracted to the non-authoritarian atmosphere of Shibuya see the area's great potential as a place for innovating—more so now with the changes taking place. Progress in digital transformation (DX) will definitely lead to the development of businesses based on sensing technologies, D2C,* and other systems, resulting in an increase of companies enjoying significant growth. Support for these startups will make Shibuya a place that continues to develop and attract growth companies.

Looking ahead to the future of Shibuya, we will continue to sustainably take action to enhance the distinctive personality of the area and improve the value of the overall area. Thus, we will strive to continue proactively increasing the appeal of Shibuya, an area where diverse values coexist.

INFORMATION

We have defined the Greater Shibuya Area as including several highly distinctive neighborhoods, including Shibuya, Aoyama, Omotesando, Harajuku, Ebisu, and Daikanyama. We are working to realize the Entertainment City Shibuya concept as a member of the Tokyu Group. This area is home to many of the major properties of the Group, and features good access to transportation.

Shibuya's Attractive Points

Concentration of IT firms
Growth of creative industry

Abundant residential properties
Including embassies and foreign residents

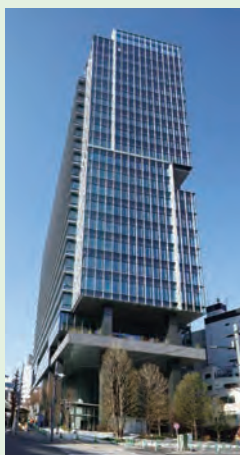
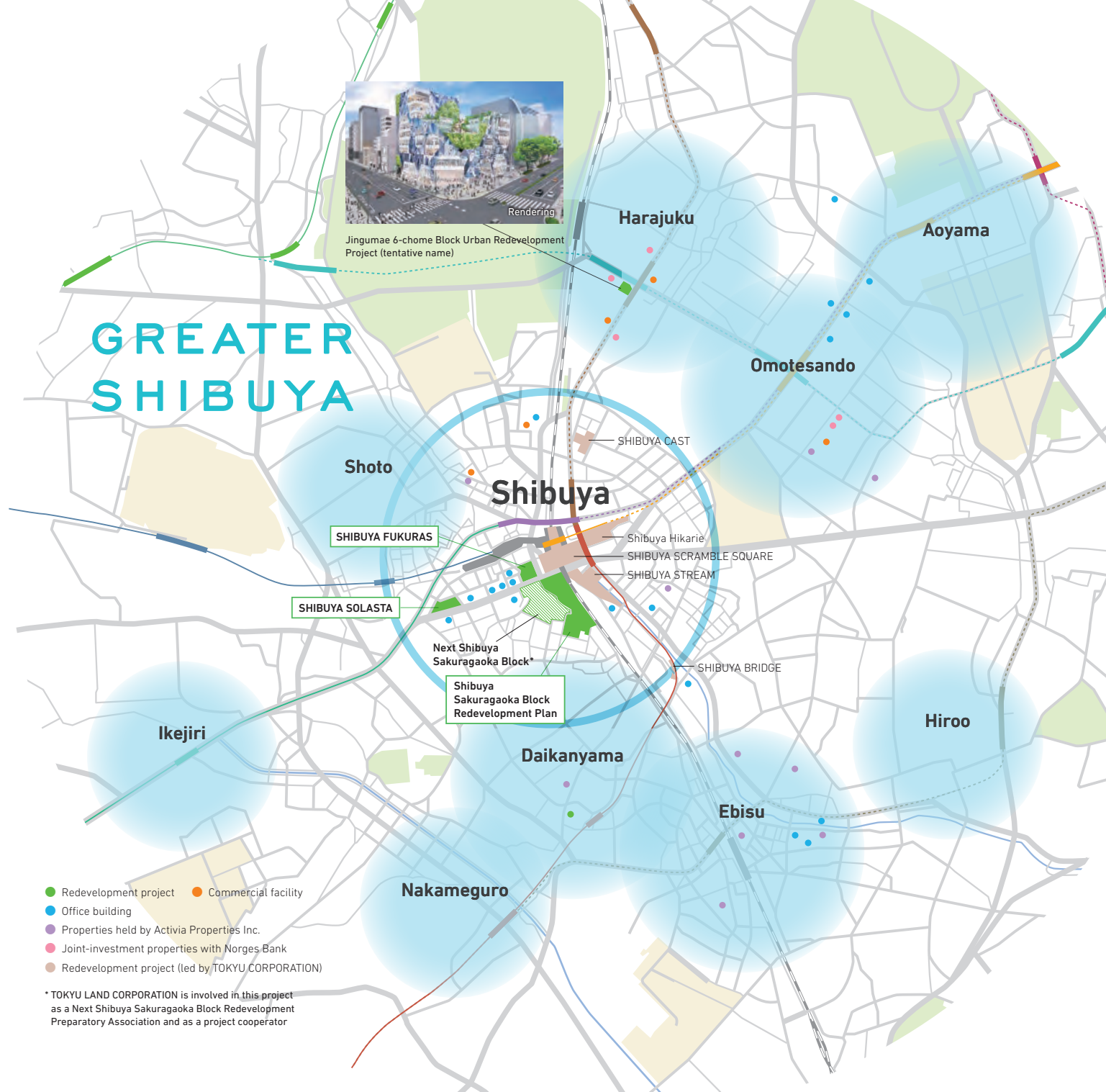
Major hub of commercial and cultural activity
A district that attracts new trends

Good access
Links up to 8 lines (JR and private train lines)



Rendering of what the area around Shibuya Station will look like around 2027 redevelopment of Shibuya, which will improve the flow of foot traffic around the station and accelerate the expansion of the city, will continue.

* D2C: Direct to Consumer. It refers to systems in which companies directly sell products they plan and produce to consumers.



SHIBUYA SOLASTA

Completion: March 2019

Business entity: Dogenzaka 121 General Incorporated association (Operating Company created by TOKYU LAND CORPORATION and a land owner)
Use: Offices, etc. / Total floorspace: Approx. 46,954 m² / Building scale: 21 floors above ground and 1 basement level

SHIBUYA SOLASTA is a large office building on a scale rare in Shibuya. To build it, we redeveloped the entire block that was the location of our former headquarters building. Featuring spaces filled with revitalizing plants and smart offices, SHIBUYA SOLASTA helps to create highly productive workstyles.



Initiatives to Increase the Area's Value

- Building a rare, large-scale office building in Shibuya
- Creating a lush, green, environmentally-friendly office
- Initiatives towards diversity

High Environmental Value

The construction for SHIBUYA SOLASTA, taking biodiversity and global warming into consideration, was rated highly, receiving multiple environmental certifications.



ABINC Certification



CASBEE S Rank



DBJ Green Building Certification



Edo-Midori Green Area Registration in Tokyo

The name, SHIBUYA SOLASTA, is made from the words SOLA (meaning "sky" in Japanese), SOLAR, and STAGE, suggesting a desire for this building to become a stage where diverse workers can flourish under a radiant sky.



SHIBUYA FUKURAS

Completion: October 2019

Business entity: Dogenzaka 1-chome Shibuya-station Front District Redevelopment Associate / Use: Retail stores, offices, etc. / Total floorspace: Approx. 58,970 m²/Building scale: 18 floors above ground (19 floors according to the Building Standards Act of Japan) and 4 basement levels

SHIBUYA FUKURAS is a complex created through the integrated development of the area including the land of the former Tokyu Plaza Shibuya. The atmosphere of the new Tokyu Plaza Shibuya enables business people to enjoy their time in Shibuya. The first-floor bus terminal is a solution to issues faced by the area in front of the station.



Initiatives to Increase the Area's Value

- Improving the transportation and accessibility of the area around Shibuya Station
- Establishing a drop off and pick up point for airport buses
- Strengthening disaster prevention and initiatives for the environment



SHIBU NIWA, a rooftop garden on the 17th floor that commands a panoramic view of Shibuya

The name, SHIBUYA FUKURAS, comes from the Japanese word, *fukurasu*, meaning "to inflate or expand". This expresses our desire to greatly "expand" the happiness of all who visit Shibuya.

Interview Tenant of SHIBUYA FUKURAS

GMO Internet Group

Establishing an Office in Shibuya, Wishing to Continue Growing in This Area

We were among the first to introduce teleworking in response to the COVID-19 pandemic. Our business performance has remained unaffected during the several months since then, so at one point we questioned the necessity of an office. However, we have now reaffirmed the role and significance of an office, and are certain of the significant importance of an office. If business is a battle, an office is a weapon, and so is teleworking. It is important to take advantage of every work style weapon we have. Of course, places for face-to-face communication are indispensable.

For our company, which only handles digital products, the office is a symbol that plays an important role in the building of credibility and the differentiation of our company from others. This is why we consolidated our group's financial businesses to open our second head office at SHIBUYA FUKURAS.

We relocated to Shibuya because our office in Aoyama, where we were founded, became too small for us. Since then, IT ventures have gradually collected here, resulting in the establishment of Bit Valley. Shibuya has become an area that contributes greatly to the acquisition of human resources and improvement of the corporate brand. When we moved to the building, people from TOKYU LAND CORPORATION welcomed us as if we were family. We cannot thank them enough for that. We would like to continue growing together with TOKYU LAND CORPORATION in this city, which is filled with diversity and supplies people with dreams.

GMO
INTERNET



Mr. Masatoshi Kumagai
CEO, Chairman of the Board and President, Founder and Group CEO
GMO Internet, Inc.

Shibuya Sakuragaoka Block Redevelopment Project

Completion:
FY2023 (planned)

Business entity: Shibuya Sakuragaoka Block Redevelopment Associate
Use: Offices, retail stores, residences, etc. / Total floorspace: Approx. 254,830 m² / Building scale: Block A: 39 floors above ground and 4 basement levels, Block B: 29 floors above ground and 2 basement levels, Block C: 4 floors above ground

We will create an area complete with places for home, work and play by developing a vast area to the southwest of Shibuya Station. We will implement barrier-free access from the station and build condominiums, commercial facilities and office buildings, to create a fulfilling residential environment.



Initiatives to Increase the Area's Value

- Connecting the flow of traffic in the southwestern part of Shibuya Station
- Establishing global livelihood support facilities
- Initiatives to maintain safety and security of the area when natural disaster strikes



Rendering

Creating Lifestyles of the Future with a Cutting-Edge Smart City



Chairperson of City & Tech Committee,
Contents innovation Program (CiP)
Ms. Nanako Ishido

TOKYU LAND CORPORATION
Shuhei Hanano

On the skip terrace of TOKYU PORTCITY TAKESHIBA with its abundant greenery

Creating a district that will be talked about for generations to come

Shuhei Hanano

Deputy Manager, Smart City Promotion Office, Urban Business Division, Urban Business Unit, TOKYU LAND CORPORATION

Since 2013, we have been working to create an international business hub utilizing land owned by Tokyo Metropolitan Government at Takeshiba: a gateway for both sea and air, owing to its close proximity to both the Port of Tokyo and Tokyo International Airport (Haneda). The project aims to create new lifestyles through the close proximity of workplaces and housing, connecting people, information and business from around the world, based on the core concept of Digital×Content. This September we opened TOKYU PORTCITY TAKESHIBA, which includes both office and residential spaces. The SoftBank Group has moved into the office tower as a tenant, and is engaged in efforts to co-create the smart city utilizing cutting-edge technologies.

Takeshiba is surrounded by greenery and the ocean. With housing, schools, office buildings, hotels, and even theaters, the district possesses a diverse array of urban features. This compact area also has social issues specific to urban areas along with various attractions. We therefore feel that Takeshiba has limitless potential as a field for demonstrating and implementing new trials in considering future urban development. We are also working together with the Contents innovation Program (CiP) — an organization established with the aim of creating a content industry agglomeration in the Takeshiba district—to create new businesses utilizing digital technologies. Moving forward, we will work to achieve the realization of a range of ideas.

We are also involved in long-term efforts to increase the vitality of the area, such as through the development of a pedestrian deck connecting Takeshiba to Hamamatsucho Station, and area management through industry-government-academia partnership. What we are envisaging is a vision of the district 70 years from now. For that reason, we are uncovering and nurturing local community resources and placing value on connections. We have also revived the *Takeshiba Mikoshi*, a portable shrine festival, for the first time in 30 years. Rather than chasing short-term profits, we are working to build a smart city that will create future lifestyles through the power of technology, by developing city infrastructure from a medium to long-term perspective. We feel strongly that it is our mission to take on the development of this district, going beyond generations.



**TOKYU
PORTCITY
TAKESHIBA**

INFORMATION

TOKYU PORTCITY TAKESHIBA is a specified project under the National Strategic Special Zones plan being jointly developed by TOKYU LAND CORPORATION and KAJIMA CORPORATION. TOKYU LAND CORPORATION has leased the land for the project from Tokyo Metropolitan Government for a fixed period of around 70 years, as part of the city's Urban Redevelopment Step Up Project, and is advancing the development of an international business base equipped with functionality that contributes to the nurturing and advancement of the content industry. The project has also been selected as an advance project for Tokyo Society 5.0 "Smart Tokyo."



The office tower and residence tower cover a combined area of around 200,000m². The office tower is home to a variety of tenants, including the Tokyo Metropolitan Industrial Trade Center.

Interview

Utilizing digital content to create an environment where people can make the most of their creativity

Ms. Nanako Ishido

Chairperson of City & Tech Committee,
Contents innovation Program (CiP)

AI, robots, smart mobility... Takeshiba is a district that enables us fulfill all of our dreams, with an accumulation of the cutting-edge technologies. The City & Tech Committee continues to engage in activities that will help to make Takeshiba a district where everyone can make the most of their creativity. Takeshiba is a kind of urban laboratory, socially implementing diverse technologies in urban spaces; a showcase for exhibiting cutting-edge technologies to the world. I have been involved with the project for seven years. TOKYU LAND CORPORATION is our reassuring partner, who always eagerly accept our proposals and lead them reliably toward actual implementation.

A Next-Generation Logistics Center that Seeks to Resolve Social Issues



TOKYU LAND CORPORATION
Natsuki Hirabayashi

Executive Officer, General Manager
of ECR Division, ASKUL Corporation
Mr. Hideo Amanuma

Outside LOGI'Q Miyoshi, the external appearance of which is characterized by its Santome Shinden motif

Proposing new workstyles and creating a place that is loved by the community

Natsuki Hirabayashi

Logistics Business Department, Infrastructure & Industry Division, Urban Business Unit, TOKYU LAND CORPORATION

LOGI'Q Miyoshi began as a reconstruction project for the former ASKUL Logi Park Greater Tokyo, and it is a BTS-type logistics facility built in accordance with the needs of tenant companies. We have completed a facility unique to TOKYU LAND CORPORATION, a comprehensive developer, under the concept of sustainable logistics that pursues safety and security while aiming to coexist with the community, and the concept of new work styles that change the image of facility.

Aiming to create a sustainable logistics facility, we have focused on safety aspects such as by installing firefighting equipment that exceeds the new legal standards and fire department guidelines. We also made proposals to create a facility that would be long loved by the community, such as by basing the external appearance of the facility on the nearby Santome Shinden (a unique agricultural landscape consisting of farmland and woodland areas, for which Japan aims to acquire world heritage status), and the development of promenade-style pedestrian walkways.

The inside of the facility incorporates ideas to increase the motivation and productivity of workers, including *Choitore Park*, a small-scale exercise training park aimed at improving the health of employees; *Irodori Toilet*, washroom spaces designed to offer a pleasurable user experience while at the same time maintaining a conscious focus on genderless design; the acoustic space service *KooNe*, which appeals to the five senses; and the use of original aromas intended to reduce the stress levels of facility users. In ways such as this, we have sought to offer a comfortable working environment that exceeds those offered by offices in the city center.

Partly due to the impact of the COVID-19 pandemic, there is growing demand for e-commerce and logistics. As the same time, the logistics industry is facing many issues, including increasingly serious personnel shortages, and the need to improve workforce diversity and working environments. We hope that our proposals for new workstyles will help resolve these issues.

Launched in 2016, the LOGI'Q brand is evolving continually with a view to creating next-generation logistics centers. Specific initiatives include local 5G networking and smart logistics solutions in partnership with companies. Through these efforts, we aim to contribute to the future of logistics as a member of society supporting social infrastructure.

Deliver future and smiles.

LOGI'Q

INFORMATION

The LOGI'Q (pronounced "logic") brand concept is that the facility spaces should offer comfort which exceeds that of offices in the city center, and that working there should be a kind of status symbol for workers. It seeks to create facilities with high added value that dispel the conventional image of warehouses. As of October, 2020, a total of ten LOGI'Q facilities have been established in Japan. LOGI'Q Miyoshi (Miyoshi, Iruma District, Saitama)—which was completed in January, 2020—is engaged in various environmentally friendly initiatives, such as utilizing wood from forest thinning for furniture in common areas.



From the rooftop Miharashi Terrace relaxation space, users can look out across the Santome Shinden district as they take a break and rest their weary bodies on the wood decks.

Interview Tenant of LOGI'Q Miyoshi

Creating a worker-oriented facility based on highly original space development

Mr. Hideo Amanuma

Executive Officer, General Manager of ECR Division,
ASKUL Corporation

The decisive reason why we asked TOKYU LAND CORPORATION to reconstruct our logistics center after the previous facility was lost to fire was the content of the proposal, which embodied new workstyles, as a comprehensive developer. The space development experience accumulated through TOKYU LAND CORPORATION's office building development efforts is also highly original, and was very appealing to us. We also empathized strongly with the brand concept, which aims to create facilities that enable users to feel the warmth of human interactions. Personnel shortages are currently an urgent issue for the logistics industry. The provision of good working environments helps to secure manpower, and leads to increased productivity. We are confident that LOGI'Q Miyoshi is a facility that is designed for working people.

A New Resort Style Born Out of Lifestyle Creation



General Manager,
Tokyu Resort Town Tateshina
Toshinori Ando

Manager, Commerce and
Industry Section, Industrial and
Economic Affairs Division, City
Government of Chino, Nagano
Mr. Kazuhide Kitahara

The Glamorous Dining Tateshina, glamping facility, opened in 2017

Embodying an advanced resort that seeks to resolve issues

Toshinori Ando

General Manager, Tokyu Resort Town Tateshina

Since 2017, Tokyu Resort Town Tateshina has worked to advance MORIGURASHI (“forest life”) initiatives in some areas based around the theme of eating, playing and staying overnight in the forest, with a view to offering a new resort lifestyle and implementing environmental initiatives. I had also been involved with the project from an earlier stage, but as we conducted surveys of the site and surrounding area when I was appointed to my current post last April, I once again began to appreciate the appeal and attraction of Tateshina.

As diverse relationships between lifestyles and workstyles are created, with the shift from *work-life balance* to *work-as-life*, as of this year we have added the new theme of relaxing, working and living in the forest as part of our rebranding with the MORIGURASHI concept, comprehensively encompassing the whole resort town. Working in the forest also links in with our “workation” strategy, which combines work—including telework, which is gaining more widespread popularity as a result of the COVID-19 pandemic—with vacation time. At the same time as seeking to expand the range of possibilities and options for resort life, other aspects that characterize the MORIGURASHI concept include paying consideration to the environment, tackling the SDGs, and facing up to social issues in local communities, such as the problem of social aging as it relates to holiday homes.

We are also attempting to improve traffic access, which is another of the issues faced by Tateshina. This June, a council to discuss new community public transportation was opened in Chino city, marking the beginning of efforts aimed at demonstrative testing of MaaS (Mobility-as-a-Service) in the area, to facilitate efficient mobility using a diverse range of transportation methods. With the approval of the city of Chino, we have also launched a MORIGURASHI Council in cooperation with property ward landowners, and are working to spread the MORIGURASHI concept to surrounding communities. We are seeking not only to increase the appeal of our resort facilities but also to achieve fusion with the city’s workation plans, as we work to create new value for the Tokyu Resort Town Tateshina facility while at the same time resolving various community issues, including the encouragement of permanent settlement and increasing numbers of stakeholders.



INFORMATION

Tokyu Resort Town Tateshina was opened in 1978, at a location which historically flourished as a hot-spring resort, with views of the Yatsugatake mountain area. The vast premises include around 2,400 holiday homes, as well as hotels, golf courses and ski areas as part of a multi-purpose resort which has earned the love of its guests. In 2017, the resort was partially renewed and remodeled around the morigurashi (“forest life”) theme. The resort is working to resolve community issues while proposing new resort lifestyle ideas.



We have formed a partnership with Rakuten to provide an unmanned delivery service for delivering food supplies to glamping facilities using an automated self-driving robot, with a view to delivering supplies to holiday homes.

Interview

A “community textbook” approach, attempting pioneering initiatives

Mr. Kazuhide Kitahara

Manager, Commerce and Industry Section, Industrial and
Economic Affairs Division, City Government of Chino, Nagano

As part of the MORIGURASHI initiative, the resort has launched a pioneering attempt at utilizing woodchips obtained through forest thinning activities as a biomass fuel. The city of Chino also recognizes forest thinning and recycling of resources as urgent issues. We are also promoting the “workation” concept as part of our regional revitalization efforts. The concept of protecting and living together with the forest also aligns with the direction we aim to take, and the fact that the initiative also seeks to resolve community issues makes it a real “community textbook” approach. I also hope that these efforts will enlighten more people about the positive aspects and value and of living in Chino.

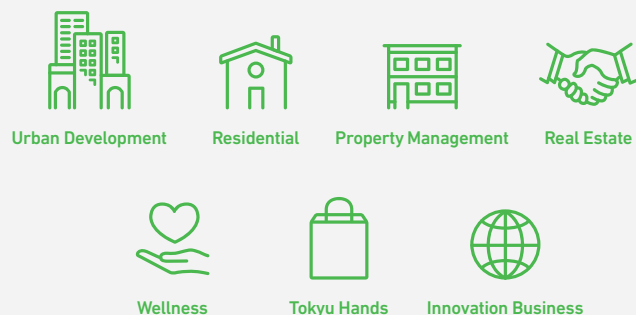
Section 2

Value Creation Strategy

SDGs that Tokyu Fudosan Holdings is Working on



7 Businesses for a Sustainable Society and Growth Based on SDGs



SDGs and Materialities

Since fiscal 2017, the Tokyu Fudosan Holdings Group has worked to achieve the goals of its Medium-Term Management Plan 2017-2020. When formulating this plan, we determined the SDGs we will focus on and identified seven materialities (key social issues) based partly on the input of experts. We remain committed to solving social issues through our business activities in order to realize sustainable society and growth.

Materiality Identification Process

STEP 1

Determination and Organization of Social Issues

When identifying key issues, the Group ascertained social issues while making reference to the Group's management plans, the GRI Guidelines, ISO 26000, the Sustainable Development Goals (SDGs), issues recognized by the Japanese government and economic organizations, and other information, and generated a long list comprising 470 items.

STEP 2

Integration and Consolidation of Issues

We integrated and consolidated the 470 social issues by organizing similar items and taking into account relevancy to the Group. Based on the results, we tentatively evaluated importance based on relevancy to the Group's value creation process and stakeholder expectations and demands and selected 31 materialities.

STEP 3

Interviews of Management Staff and Experts

We conducted interviews of management staff and experts with high levels of knowledge in specialized fields. We also gathered opinions regarding the importance of social issues from within the Group and society. (See below)

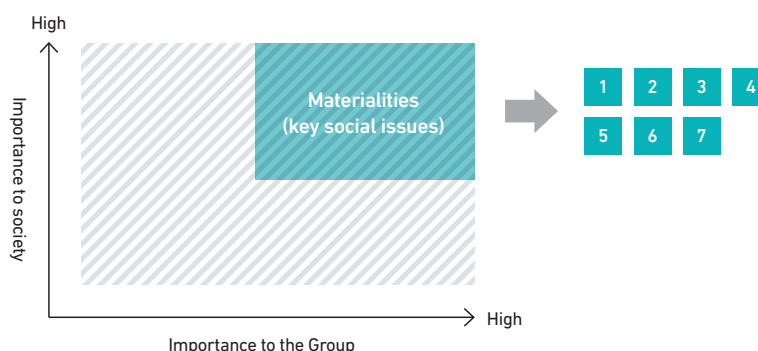
Management	President and Representative Director (Current Vice Chairman and Representative Director)	Yuji Okuma	<ul style="list-style-type: none"> Soundness and sustainable management requires an emphasis on the opinions of independent outside directors, arrangement of issues, and investigation of the details of measures. In order to enhance our competitiveness even further, we need to emphasize items that will make use of the Group's diversity and differentiate the Group from other companies.
	Director, Operating Officer (Current President and Representative Director)	Hironori Nishikawa	<ul style="list-style-type: none"> In a society with an aging population and advances in the Internet of Things (IoT), business will be born from services that combine various issues and can be provided in an integrated manner. When engaging in the resort business, it is necessary to take measures to mitigate environmental impact from business activities with regard to the issue of climate change.
Specialized Field Experts	Low Birthrate and Aging Society Research Director and Chief Producer Platinum Society Center, Mitsubishi Research Institute, Inc.	Tomoo Matsuda	<ul style="list-style-type: none"> It is important to create business from means of preventing the elderly from needing nursing care (such as sports, diet, and lifelong learning) — in other words, the perspective of preventing rather than addressing issues. In an aging society, there is potential for the Internet of Things (IoT) including the use of big data relating to health to play extremely important roles and become a new growth business.
	Living and Lifestyles Research institution	anonymous	<ul style="list-style-type: none"> It is important to consider what type of space people will come to in order to spend their time. Businesses need to realize that minority groups are becoming the majority (e.g., unmarried persons, double-income no-kids households, at-home workers).
	Environment Professor, Department of Environmental and Information Studies, Tokyo City University	Shiro Wakui	<ul style="list-style-type: none"> Platform-like spaces and services that can change flexibly according to the diversity of individual consumers will be expected in the future. The key is how to create value with environmental measures.
	Work Styles General Manager, Personnel Division and Director, Adecco Ltd.	Keiko Tsuchiya	<ul style="list-style-type: none"> With regard to changes in work styles, emphasis will be placed on flexible working styles not limited to a single site, such as work from anywhere (a work style whereby employees can work not just at a single office, but also at home, satellite offices, and other locations). As society becomes increasingly diverse, there will be calls for this to be reflected in buildings and the environment.
	ESG Investment Chairman, Japan Sustainable Investment Forum (JSIF)	Masaru Arai	<ul style="list-style-type: none"> What is currently being emphasized with regard to ESG investment is governance. Whether Board of Directors are functioning properly is being called into question. Policies, plans, and structures must be formulated, PDCA implemented, and the information disclosed.

* Titles are as of June 2016 when the interviews were conducted.

STEP 4














Identification of Materialities

Based on the interview results, we verified the appropriateness of the importance of each issue that should be prioritized by the Group. The evaluation results were plotted and organized as a materiality map and categorized into seven groups. The materialities were reported to the Board of Directors by the CSR Promotion Committee (Current: Sustainability Committee) and identification was finalized.



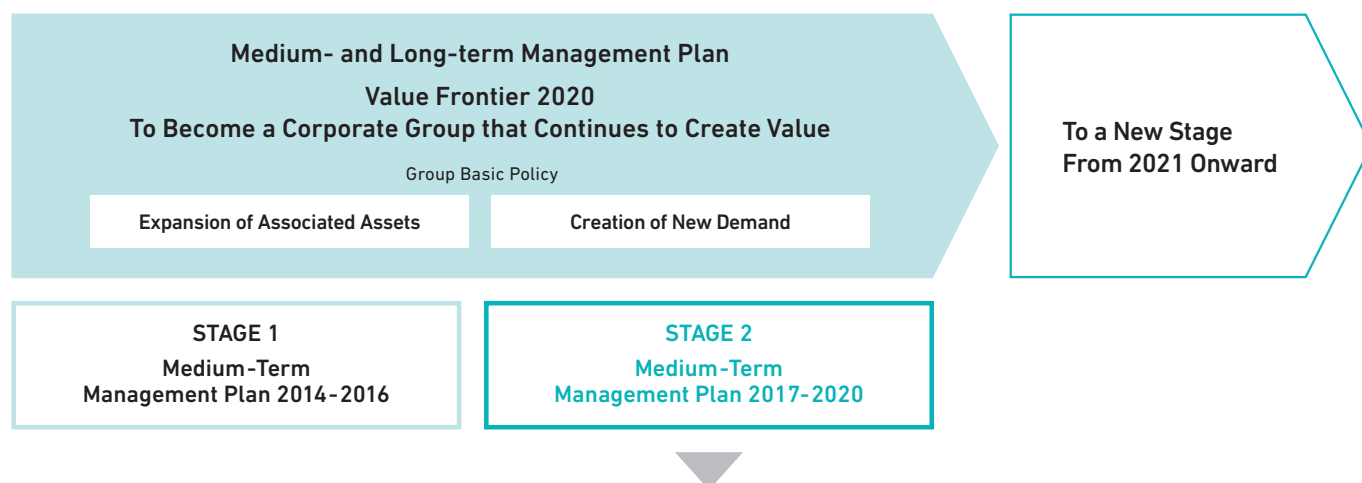
Materialities of the Tokyu Fudosan Holdings Group (key social issues)

1	Economic, political, and regulatory changes	Issues of social security by the Japanese government, privatization, uncertainty in the global economy, and other factors will have major impacts on business opportunities and capital procurement.
2	Diversification and globalization of lifestyles	Factors such as the diversification of lifestyles and consumer needs and the revitalization of regional communities significantly affect our business opportunities as an urban development company.
3	Safety and security in local communities and urban areas	As a real estate developer, the increase and aging of existing stock and rising need to respond to disasters will have a major impact on business opportunities.
4	Progression of a low birthrate and aging society	As a Group that develops business in residences and senior housing, the low birthrate, aging population, and declining population in Japan will have a major impact on business opportunities.
5	IoT & Innovation	As a company that provides both products and services, advances in IoT technology will have a major impact on innovation and changes in business models.
6	Changes in the natural environment	As a company that performs urban development, changes in infrastructure development and investor interests in conjunction with intensifying climate change will have a major impact on business opportunities and continuity.
7	More stringent social demands	Diverse demands from consumers, corporate governance, and various other factors will have a major impact on management systems.

Our SDGs	Materialities	Major Opportunities and Risks		Related Segments						Social Value	
				Urban Development	Residential	Property Management	Real Estate Agents	Wellness	Tokyu Hands		Innovation Business
	1 Economic, political, and regulatory changes	Opportunities	Capturing new business opportunities								Increasing the value of real estate / Stable social infrastructure
		Risks	Risk of long-term interest rate increases								
 	2 Diversification and globalization of lifestyles	Opportunities	Expanded inbound demand Expanded opportunities for overseas business								Improving quality of life / Creating communities
		Risks	Decline in total domestic demand (diversification of demand)								
 	3 Safety and security in local communities and urban areas	Opportunities	Expansion of markets related to existing stock, and accelerated privatization of public asset processing and operation								Contributing to local economies / Disaster-resistant city planning
		Risks	Issue of vacant homes Deterioration of existing stock								
 	4 Progression of a low birthrate and aging society	Opportunities	Increasing demand related to senior citizens								Promoting health and productivity management / Achieving the creation of a healthy society
		Risks	Falling demand in conjunction with the decline of the working age population								
	5 IoT & Innovation	Opportunities	Business innovation								Building a digital society
		Risks	Lowering of barriers to entry into existing business fields, delayed market entry, and increasingly rigorous information security and control								
  	6 Changes in the natural environment	Opportunities	Expansion of environmental markets								Preserving the natural environment / Reducing environmental burden
		Risks	Expansion of climate change risks								
 	7 More stringent social demands	Opportunities	Increase in non-financial value	(Groupwide issue / Non-financial initiatives)						Social inclusion	
		Risks	Increasingly stringent responses to various types of risk								

Medium-Term Management Plan Based on Materialities

In our Medium-Term Management Plan 2017-2020, we created strategies based on materiality, as it was investigated and determined to be an issue that we should prioritize and work on. In the Plan, we established our fiscal 2020 KPI goals, and our three growth strategies are progressing, making use of our overall ability as a Group in accordance with our two fundamental Group policies of expansion of associated assets and creation of new demand.



Medium-Term Management Plan 2017-2020

Three Growth Strategies

Urban Development that Proposes New Lifestyles

Making use of the regional characteristics fused with many living, working, and spending time functions and our strengths gathered by our Group's major projects, development and participation are progressing on the surface in the Greater Shibuya Area. Our initiative of promoting lifestyle communities with alteration of generations is also progressing, responding to the diverse residential needs in our super-aging society.

Expansion of the Scope of Cyclical Reinvestment Business

We have expanded the scope of our investments to new asset types, including infrastructure and industry, hotels, and student residences, in addition to office buildings, commercial facilities, and rental housing units, increasing our earning power through cyclical reinvestment. Our AUM grew to reach around ¥1.5 trillion in fiscal 2019.

Reinforcing Stock Utilization

Understanding the change from a flow-based society to a stock-based society, we are strengthening our stock utilization-based business centered around management and real estate agents. We are utilizing real estate information from the increasing management stock and real estate agents as much as possible, based on the rich connection points we have with our customers, increasing our profits through businesses without investments.

Reinforcing the Management Foundations that Support the Growth Strategies

Strengthening Measures to Generate Synergy Effects Among Businesses

We will maximize use of the Group's business foundations (stock, customer information, and human capital), acquire derivative business opportunities, and create added value.

Optimizing Group Management Assets and ESG Management

To achieve sustainable growth and increase corporate value over the long term, we are optimizing Group management assets and undertaking non-financial initiatives.

Business Portfolio

We have created a business portfolio to flexibly respond to social issues and changes in the business environment as the Group. We plan to investigate a business portfolio strategy, categorizing our seven business into three categories: Asset Utilization Businesses, including the Urban Development, Residential, and Wellness businesses; Stock Utilization Businesses, including the Property Management and Real Estate Agents businesses; and Strategic Businesses, including the Innovation and Tokyu Hands businesses.



KPI Targets for FY2020

KPI		FY2019 Results	FY2020 Targets	Results
Financial	Operating profit	¥79.3 billion	¥95.0 billion	
	Net profit	¥38.6 billion	¥50.0 billion	
	Debt-Equity ratio	2.3 times	2.3 times or below	●
	EBITDA multiple	11.6 times	10 times level	
	EPS	¥53.70	¥69.53	
	ROE	6.7%	Over 8.0%	
Environment	CO ₂ emissions	36.2% reduction compared to FY2005	25% reduction compared to FY2005	●
	Water use	1.8% reduction compared to FY2005	25% reduction compared to FY2005	
	Waste emissions	31.1% reduction compared to FY2005	25% reduction compared to FY2005	●
	Acquisition of environmental certifications such as CASBEE and DBJ*1	100%	100%	●
	Green buildings (roofs, walls, etc.) *1	100%	100%	●
	Midori wo Tsunagu Project (Area of Forest Protected)	1,636ha	2,000ha	
Human Capital Strategy	Working hours (average overtime hours per month)	20.1hours	(Internal target)	-
	Ratio of employees who undergo the stress check	92.4%	100%	
	Ratio of employees who undergo physical examinations	100%	100%	●
	Ratio of female hires	32.2%	At least 30%	●
	Ratio of female managers	8.1%	(Internal target)	-
	Ratio of disabled employees	2.27%	2.20%	●
Social Needs	Securing space for use during disasters*1	100%	100%	●
	Buildings certified under the Barrier Free Act*1	100%	100%	●
	Condominiums with stockpiles of disaster relief goods*2	100%	100%	●
	Persons who have nursing care or other professional qualifications*3	77%	80%	
Corporate Governance	Number of outside directors	4/13 (approx. 31%)	At least 1/3 (approx. 33%)	
	Board of Directors meeting attendance rate	99%	100%	
	Female directors	1	At least one	●
	Strict adherence to the Compliance Code of Conduct	99%	100%	
	Awareness of the Compliance Helpline Counter	88%	100%	

*1. For TOKYU LAND CORPORATION's newly constructed, large-scale properties, including office buildings and commercial facilities

*2. For TOKYU LAND CORPORATION's newly constructed condominiums

*3. For caregiving employees

Goals of Our Medium-Term Management Plan and the Impact of the COVID-19 Pandemic

Our Medium-Term Management Plan which began in fiscal 2017 was readjusted in May 2019, with financial targets for the final year (fiscal 2020) being revised upwards to account for performance exceeding initial expectations. Results progressed steadily, supported in part by the solid business environment, and we believed that would be able to sufficiently achieve all of our fiscal indicator targets. With the COVID-19 pandemic taking place from the fourth quarter of fiscal 2019, however, business conditions changed rapidly, especially with regard to BtoC business operations. We therefore expect not to achieve any of our financial target indicators or fiscal 2020.

Segment	Impact on business operations	Impact on business performance
Urban Development	Temporary closures of main commercial facilities and rental conference rooms	Decreases in percentage rent and reductions / exemptions of fixed rent, decrease in revenue from conference room rentals
Residential	Temporary closure of condominium galleries	Decrease in number of condominium units sold
Property Management	Shrinkage of new sales activities for construction business, suspension of some property management operations	Decrease in construction and property management revenues
Real Estate Agents	Shrinkage of operations at real estate agents	Decrease in real estate agent sales revenues
Wellness	Temporary closures of fitness clubs and hotels, shrinkage of operations due to shortening of business hours, etc.	Decrease in operating revenue
Tokyu Hands	Shrinkage of operations due temporary closures of stores and shortening of business hours, etc.	Decrease in sales
Innovation Business	Temporary closure of condominium galleries (Indonesia)	Decrease in number of condominium units sold (Indonesia)

Creating cities that bustle with activity

Urban Development Segment

Business fields: Office buildings and commercial facilities / Investment management / Management of rental housing / Renewable energy / Logistics facility

We are involved in improving the value of Tokyo, a global city, through urban development projects that bring out the potential of the area amongst the intensifying competition between cities. In addition to development and operations of office buildings and commercial facilities, we are also working with infrastructure and industry related businesses, such as renewable energy and logistic facilities, management of rental housing, etc., contributing to a comfortable and bountiful urban lifestyle.

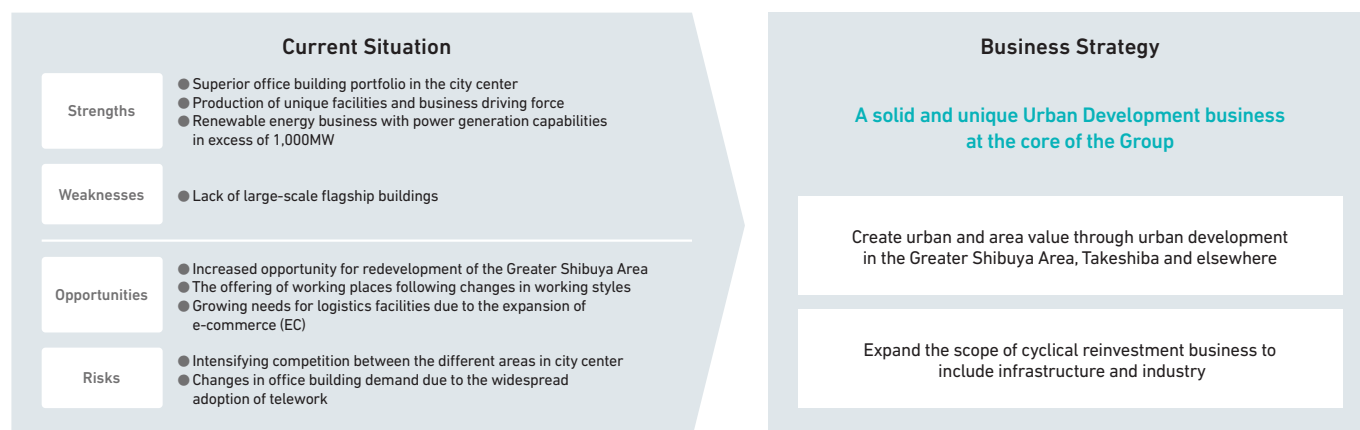


Value Provided to Our Customers

A Comfortable Urban Life

Safe and Secure Housing

Clean Energy



Advancing and Prospecting Our Medium-Term Management Plan

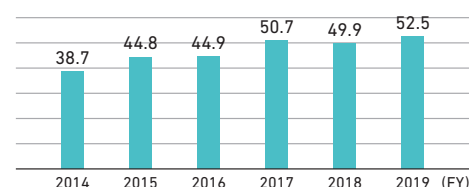
In the Urban Development segment, the expansion and enhancement of our revenue base is progressing, with the completion of projects such as SHIBUYA SOLASTA and SHIBUYA FUKURAS in the Greater Shibuya Area, and TOKYO PORTCITY TAKESHIBA in the Takeshiba Area. In the infrastructure and industry field, too, our development and operation of renewable energy power generation facilities and logistics facilities has also progressed, and we had continued to steadily expand revenues towards the achievement of our operating profit target for the segment in the Medium-Term Management Plan. However, impact in the form of rent reductions/waivers and decreases in percentage rents as a result of temporary closures of our main commercial facilities accompanying the spread of COVID-19 infections has caused an impact on business performance.

In the office business, approaches such as Green Work Style incorporating IoT and the power of greenery until now have enabled us to propose new workstyles that increase productivity and creativity. In order to cater to a diverse range of workstyles, we have proactively advanced the opening of more Business-Airport membership-based satellite offices. We expect that needs for workstyles both inside and outside offices will continue to increase in the future, accompanying the advancement and firm establishment of remote work, beginning as a response to the COVID-19 pandemic. Moving forward, we will continue to provide offices to support new workstyles while identifying social issues more than ever before.

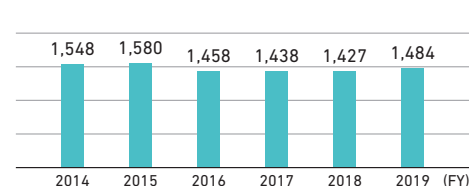
In infrastructure and industry related business, there is increasing demand for logistics facilities due to the rapid expansion of e-commerce, as represented by consumers staying at home and spending. Since its entry into the logistics facility development business in 2016, TOKYU LAND CORPORATION has been engaged in development efforts through the LOGI'Q brand, leveraging the Group's accumulated know-how and total capabilities as a comprehensive developer. Moving forward, together with ReENE, our renewable energy business, we will focus our energies into investment in the infrastructure and industry field.

In our rental housing management business, we are steadily increasing the number of units under management. The number has exceeded 100,000 at Tokyu Housing Lease Corporation. NATIONAL STUDENT INFORMATION CENTER CO., LTD. is gradually commencing its operation of CAMPUS VILLAGE, which was developed by TOKYU LAND CORPORATION and is operated and managed by NATIONAL STUDENT INFORMATION CENTER CO.,LTD.

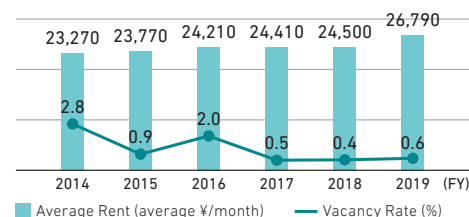
Changes in Operating Profit (Billions of yen)



Changes in Total Floor Space^{*1} (in 1,000m²)



Changes in Average Rent^{*2} and Vacancy Rate^{*1}



*1. For office buildings and commercial facilities

*2. Only for office buildings



TOKYO PORTCITY TAKESHIBA (Completion: May 2020)



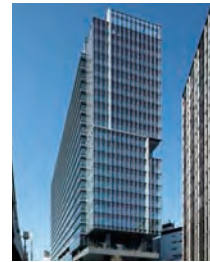
SHIBUYA FUKURAS (Completion: October 2019)



Tokyu Plaza Shibuya (Opening: December 2019)

Live Offices Proposing and Implementing New Workstyles

At the SHIBUYA SOLASTA building (where Tokyu Fudosan Holdings Corporation is a tenant) we have launched a Live Office system in which employees engage in new workstyles to enable customers to visualize them. We are seeking to energize communication and improve productivity by limiting office seating to only 50% of the size of our workforce, and creating diverse workspaces. By engaging in workstyle reform initiatives that we are possible only because we are a comprehensive developer, and conducting various demonstrative tests to prove the effectiveness of these initiatives, we are proposing workstyles that will lead to the resolution of customer issues, based on reliable insights and evidence.

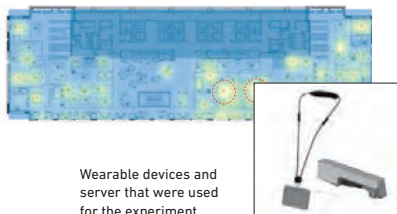
SHIBUYA SOLASTA
(Completion: March 2019)

Main initiatives and benefits

1

Natural communication

Wearable devices are used to acquire information regarding use of shared spaces and conversation levels. As a result, we have found that the areas in which employees work in the new office have diversified, and that free communication has become more active than before.

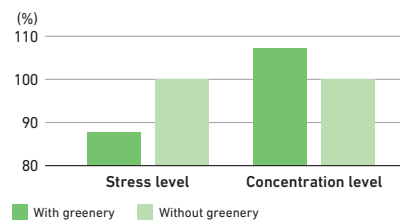


Wearable devices and server that were used for the experiment

2

Improving work quality

The effects of our Green Work Style, which incorporates greenery into office spaces, is being measured using KAN-SEI Analyzers^{*3}. Since it has been found to have the beneficial effects of reducing stress and increasing concentration for workers, it is hoped that the Green Work Style approach will contribute to increasing productivity.



3

Mental and physical improvement of each employee as the base of work

We are validating the effects of fitness training and meditation between work on the mind and body of workers, using wearable sensors and autonomic nerve activity measurement software. We have obtained both mental and physical benefits that suggest we can expect to see increases in concentration on work.



^{*3}. A simple brainwave measurement and emotional evaluation kit. Effects are assessed based on the results of comparative validation from brainwave measurements subjective evaluations. Given limited periods and dates, only some employees were measured.

Initiatives for Social Issues Through Our Business: Supporting Social Infrastructure through Renewable Energy Business Operations

We are currently seeing an increase in the importance of renewable energy globally. At TOKYU LAND CORPORATION, we have been engaged in the renewable energy business—which embodies a key aspect of our sustainability policy, that “we will strive for environmental and economic harmony through our business activities”—since 2014. Business operations being conducted under the ReENE brand contribute to suppressing CO₂ emissions and increasing Japan’s energy self-sufficiency. At the same time, they are resistant to the impact of economic changes, and can be expected to contribute to increasing demand and investment, as a stable revenue-generating asset.

The ReENE Matsumae Wind Farm commenced operation in April 2019. The wind farm is equipped with 12 wind turbines, which at the time were the largest in Japan, enabling a level of power generation equivalent to the yearly power consumption of around 30,000 typical households. Based on our emphasis on consideration for the environment and regional cooperation, we are developing solar sharing business operations that allow power generation to coexist with farming, and building a sustainable business model while promoting regional vitalization.

We have also established the Renewable Energy Association for Sustainable Power supply (REASP) in association with Renewable Japan Co., Ltd. and other powerful business operators, and are working to create systems that will enable the stable supply of renewable energy in the long term, in collaboration with local communities.

TOKYU LAND CORPORATION joined RE100^{*4} in April 2019. The Company is working to realize the goal of 100% Renewable Energy (including renewable energy used by the Company itself) by 2050. In this way, we will contribute to the realization of a low-carbon society, from a sustainable perspective.

ReENE Matsumae Wind Farm
(Commencement of operation: April 2019)

^{*4}. An international initiative where participating companies set a goal of attaining 100% renewable energy procurement for power used in business activities.

Shining a new light on housing

Residential Segment

Business fields: Condominiums development /
Rental housing units development (rental condominiums and student residences)

We are pursuing residential development that responds to the changes of the times, including the advancement of the decreasing birthrate and aging population and the diversification of lifestyles. We are contributing to local societies through disaster prevention and deterioration measures, revitalization of local communities, and initiatives that are energy-saving and environmentally-friendly.



BRANZ Maruyama Gaienmae (Completion: July 2019)

BRANZ

MAJES

COMFORIA

CAMPUS VILLAGE

Value Provided to Our Customers

A Comfortable Urban Life

Safe and Secure Housing

Current Situation

Strengths

- Mixed use development making use of our strength as a comprehensive developer
- Resident services offered by our entire Group

Weaknesses

- Business size and number of units sold not among the top in the industry

Opportunities

- The offering of residences that responds to the diversification of lifestyles (growing needs for consistent work and home)

Risks

- A decline in buying interest associated with worsened business confidence

Business Strategy

Establish a unique presence in business domains utilizing the combined total capabilities of the Group

Expansion in scale of urban area, redevelopment, mixed use development, and new domains (student residences)

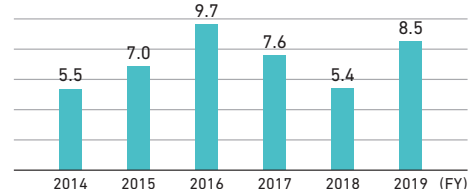
Drive development and sale of rental housing for investors

Advancing and Prospecting Our Medium-Term Management Plan

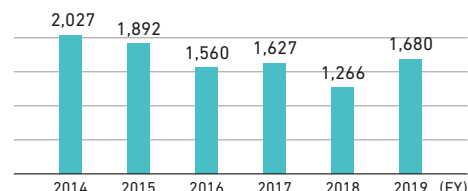
In the Residential segment, we have strengthened our city center properties and redevelopment business, developing and selling condominiums such as BRANZ Rokubancho and BRANZ Tower Umeda North. With the temporary closure of our condominium galleries as a response to the spread of COVID-19 infections in fiscal 2020, the segment has suffered impact such as a decrease in agreements signed and condominium units posted as sold. As a result of these impacts, we expect to see a decrease in both revenue and profit in comparison with the previous fiscal year.

As a result of the widespread adoption of work-from-home and remote workstyles during the COVID-19 crisis, the roles and values that are demanded of housing are diversifying. In our residence business, since the completion of Tokyu Skyline—one of the industry's first condominiums—in 1958, we have offered customers housing and services that support safe, comfortable, high-quality lifestyles, and design that can be passed on from one era to the next. In recent years we have also developed Life Story Town, an urban development concept that proposes new lifestyles starting with housing, which has contributed to area management, local community revitalization and improvement of value. Moving forward, we will continue to cater to customer expectations through the provision of housing that caters to a diverse range of needs.

Changes in Operating Profit (Billions of yen)



Number of Condominium Units Sold (Units)



Initiatives for Social Issues Through Our Business: Provision of Professional Daycare Services Inside Condominium Buildings

At BRANZ CITY Chofu, as a collaborative service with an NPO, TOKYU LAND CORPORATION will introduce a Childcare Family Support Service: a membership-based service available only to residents, which seeks to alleviate childcare problems and enable residents to spend quality time with their families. Residents will be able to make use of shared kitchens, children's spaces and other communal facilities; a Daycare Service in which dedicated childminders care for children after preschool, kindergarten and elementary school; and an Evening Meal Service that provides weekday evening meals for children on a reservation basis. The service will also offer events and childcare consultations. Moving forward, TOKYU LAND CORPORATION will provide more new lifestyle solutions with awareness of diversifying work lifestyles and social issues such as the declining birthrate and aging population.



BRANZ Chofu (Completion: January 2021[planned])



Providing lifelong support for buildings and customers

Property Management Segment

Business fields: Condominium management / Building and facility management / Renovation construction

We offer comprehensive support for management, operations, and renovations of a variety of buildings, including condominiums, buildings, commercial facilities, public facilities, and public housing. We are contributing to the sustained enhancement of our customers' living environment and value of our assets through the formation of high quality social stock.



TOKYU COMMUNITY CORP.

CommunityOne

TOKYU Re·DESIGN

Value Provided to Our Customers

A Comfortable Urban Life

Safe and Secure Housing

Current Situation

Strengths

- Number of units under management among the top in the industry and wide-reaching management domain
- Personnel with highly-specialized skills, including technical abilities

Weaknesses

- A business model where rapid expansion is difficult

Opportunities

- Increase in demand for renovations
- Utilization of personnel-saving technologies
- Expanded utilization of public projects (PFI and Designated Manager System)

Risks

- Securing a work force required by stock expansion
- Intensifying competition in replacing condominiums

Business Strategy

Strengthen the property management business and further expand expected growth areas

Add a broad range of management stock including condominiums, office buildings, commercial facilities and public facilities

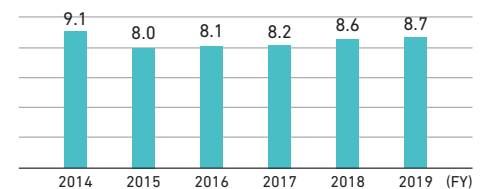
Acquire additional business opportunities originating from currently managed stock

Advancing and Prospecting Our Medium-Term Management Plan

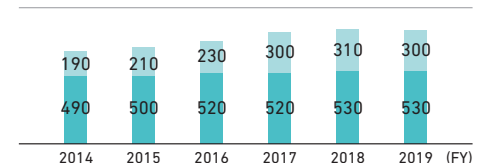
In the property management segment, which is the mainstay of the Property Management business, we have commenced management of properties such as RIKEN Wako Campus and SHIBUYA FUKURAS in the Greater Shibuya Area. In condominium management, as the replacement order environment grows increasingly challenging, we have worked to tackle increases in the amounts of management outsourcing fees as we seek to improve the quality and level of our services. We are also promoting IT-based management operations via the Life Time Portal website for customers. We have also invested our energies into public projects utilizing PFI and the Designated Manager System. Leveraging our extensive track record, we have expanded the scale of our business, and now manage over 200,000 units of publicly operated residential housing as a Designated Manager.

Overseas, following on from Indonesia in 2017, we established a local subsidiary in Vietnam in 2019, and commenced property management operations. Utilizing know-how developed through the management and operation of a diverse range of assets in Japan, we will provide Japanese-quality real estate management services in these countries in line with the Lifetime Management concept of increasing asset value by maintaining buildings in a sound state for a long period of time.

Changes in Operating Profit (Billions of yen)



Changes in Management Stock (in 1,000 units)



■ Condominium Management (Comprehensive Management)
■ Condominium Management (Facility Management)

Initiatives for Social Issues Through Our Business: Promoting Personnel and Labor Saving through DX

Tokyu Community Technical Training Center NOTIA, which commenced operations in May 2019, has introduced cutting-edge Nearly ZEB environmental technologies. The center has been working to progress initiatives based on the concepts of having the building itself as a research material and providing a place for demonstrative testing of new technologies. At NOTIA, we are working in a joint effort with Cyberdyne Inc. to develop and demonstratively test a robot-oriented elevator control system designed to cater to major Japanese manufactures. It is an advanced system that will enable cleaning robots and other service robots to use elevators by themselves. By building next-generation management methods that will enable personnel saving through the utilization of robots and other new technologies, we will help to alleviate labor shortages and cater to new needs for contactless services created by the COVID-19 pandemic.



Demonstrative testing of an elevator control system for robots



Connecting customers and real estate

Real Estate Agents Segment

Business fields: Real estate agents (sales and leasing) / Consignment sales / Real estate sales / Real estate solutions

We are responding to each and every need related to real estate transactions, including real estate sales agents, consignment sales, and real estate sales, with advanced services and suitable solutions. We aim for further evolution as a real estate transaction multi-value creator.



Value Provided to Our Customers

A Comfortable Urban Life

Safe and Secure Housing

Current Situation

Strengths

- Strong brand power, rich connection points we have with our customers
- Rich real estate transaction information and information processing ability

Weaknesses

- A business model that is easily influenced by the condition of the real estate market

Opportunities

- The expansion of the existing real estate transaction market
- The continuation of the good real estate purchasing environment due to low interest rates

Risks

- The reduction in the value of information through advance of digitalization.

Business Strategy

Real estate information multi-value creator

Acquire business opportunities and expand business domains by evolving into a real estate brokerage business that provides value-added information

Achieve three No.1 positions in the industry: in customer recognition, business competitiveness and meaningfulness of work

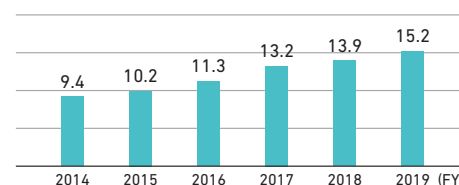
Advancing and Prospecting Our Medium-Term Management Plan

In the Real Estate Agents segment, we have continued to advance the opening of new real estate agent branches in the retail domain, and also steadily expanded our revenues in the wholesale domain. In the real estate sales business, sales for renovation (i.e. acquisition and resale upon renovation) and investment purposes have increased steadily, and contributed to growth of operating profit for the segment. However, profits for fiscal 2020 are expected to decrease in comparison with the previous year due in part to the impact of temporary closures of stores for face-to-face transactions, as a result of the COVID-19 pandemic.

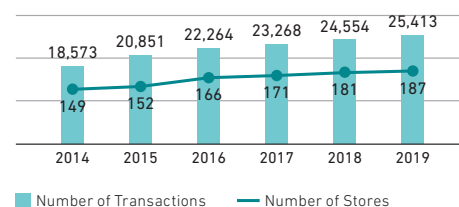
TOKYU LIVABLE, INC. has set itself the goal of securing three No.1 positions in the industry, and is making steady steps forward towards achieving that goal, such as by rolling out GRANTACT branches specializing in high-priced condominiums in city centers, implementing a retail brand strategy through continuous advertising, and creating workplaces that offer job satisfaction.

In addition to our introduction of AI chatbots so far, we are also seeking to improve convenience for customers and secure revenues through efforts such as introducing online customer services and remote property viewings. Moving forward, we will continue to provide diverse value to customers as a real estate information multi-value creator.

Changes in Operating Profit (Billions of yen)



Changes in Retail



Initiatives for Social Issues Through Our Business:

Opening Senior Home Relocation Salons in Response to the Increasing Number of Senior Households

With the increase in the number of senior households, relocation needs among senior demographics are increasing. TOKYU LIVABLE, INC. established a dedicated contact desk for senior customers in 2017, and has dedicated staff who assist customers, not only with relocation but also with guidance to senior residences, and offer other assistance up to and including the point of actually moving into their new homes. As a provider of professional real estate services, TOKYU LIVABLE, INC. works together with nursing care specialists, financial planners and other experts to receive consultations regarding concerns that senior customers and their families may have about their future lifestyles; to objectively propose future life planning, and deliver support for enabling a relocation that customers and their families will be satisfied with. Following on from the Shibuya branch, a branch was also opened at Tama Plaza in January 2020.



Scene from a seminar on choosing residences for senior citizens (March 2018)



Providing quality time and experiences

Wellness Segment

Business fields: Hotels and resorts / Senior life / Fitness / Consignment welfare

To realize a healthy society with longevity and to work on regional revitalization and other social issues, we are expanding our healthcare domain that offers cross-sectional services aimed at life extension and our hotel and resort domain that supports the quality and quantity of time spent by our customers enjoying life.



Hyatt Regency Seragaki Island Okinawa (opening: August 2018)

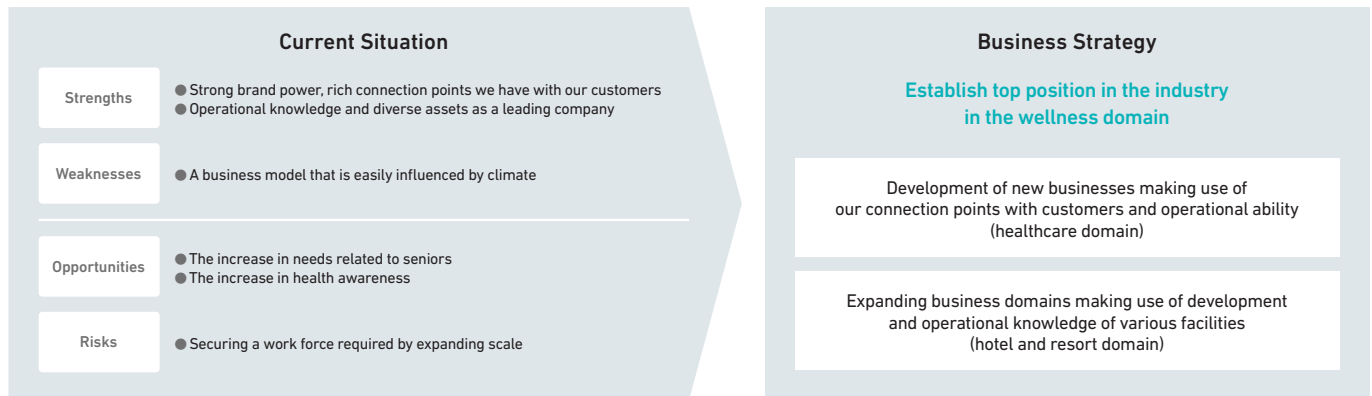


Value Provided to Our Customers

A Comfortable Urban Life

Mental and Physical Health

Fulfilling Leisure Time

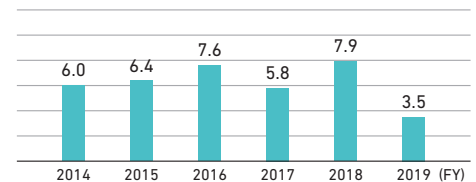


Advancing and Prospecting Our Medium-Term Management Plan

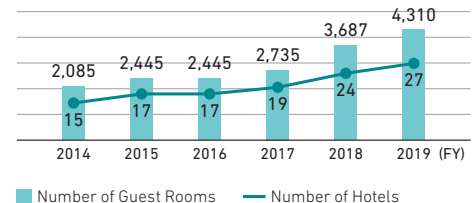
In the Wellness segment, we have advanced the opening of hotels and resorts such as Tokyu Harvest Club Karuizawa & VIALA and our Tokyu Stay urban-style hotels. On July 1, 2020, we consolidated two hotel operating companies and commenced operation of Tokyu Resorts & Stays Co., Ltd. In addition to the Group's own facilities, we are also pushing ahead with outsourcing to external parties, leading to the enhancement of the Group's Hotel and Resort business. In the healthcare domain, we have leveraged our operating capabilities and points of contact with customers to open the senior housing complex Creer Residence Yokohama Tokaichiba, and rolled out new services such as Lactive which contribute to extending healthy life expectancy, at TOKYU SPORTS OASIS.

At the facilities we operate in each business field, we promote personnel and labor saving and sophisticate our business models by digitalizing operations, aiming to deepen and expand points of contact with customers. Through these initiatives, we will continue working to propose new ways of spending time, such as by proposing the WEBGYM online fitness service and hotel workation plans.

Changes in Operating Profit (Billions of yen)



Changes at Tokyu Stay



Initiatives for Social Issues Through Our Business:

Overcoming Lack of Exercise by Connecting the Gym to Users' Homes with the WEBGYM App

WEBGYM is an online fitness app which enables users to choose from an extensive range of over 1,500 exercise programs packed with TOKYU SPORTS OASIS know-how. It is built around the concept of enabling users to take gym lessons at home, anytime, anywhere. A further evolution of the app, WEBGYM LIVE, enables users to participate in programs being conducted at gyms in real time, via live streaming functionality. It is also possible to retake classes on demand, allowing users to take lessons freely whenever they wish, at their own preferred time. With the impact of the COVID-19 pandemic, there are great needs to overcome lack of exercise at home. As of April 2020, the number of WEBGYM users had grown to three times the number of users in February, and there is growing recognition of the app as a new exercise format.



The industry's first 24-hour online fitness service

Making life fun

Tokyu Hands Segment

Business fields: TOKYU HANDS / hands be

We are offering ideas for a fruitful life, employing a brand slogan of “Its Hint Market” and gathering together a diverse selection of products from a wide range of fields as an aid in realizing the unique lifestyles of each customer.



Value Provided to Our Customers

A Comfortable Urban Life

Fulfilling Leisure Time

Current Situation

Strengths

- Strong, unique brand power and name recognition
- A wide selection of products and staff with high product knowledge

Weaknesses

- A need to accelerate digital strategies including EC

Opportunities

- Increase in the emphasis on lifestyle and service consumption
- Growing “at home” demand accompanying the establishment of new normal lifestyles

Risks

- Accelerated shrinkage of in-store retail share due to the expansion of EC
- Increase in similar companies and intensification of competition

Business Strategy

No.1 brand for lifestyle creation proposals

Propose products aligned with customer needs through consulting sales

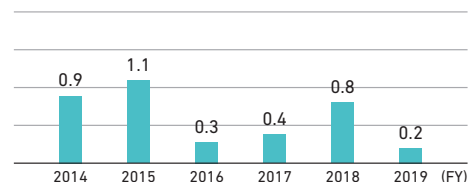
Transition to and reinforce a structure that can generate stable profits and strengthen the TOKYU HANDS brand

Advancing and Prospecting Our Medium-Term Management Plan

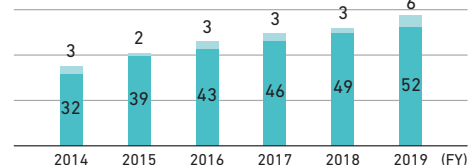
Utilizing its three core strengths—Products (wide selection of trustworthy products), Services (a place to find exciting ideas), and People (reliable staff with ample product knowledge)—TOKYU HANDS has worked to create stores with a strong sense of individuality that cannot be found at competing stores, such as with the Hi! Tenshu Project at its Shinjuku store, which proposes products in line with customer needs as a form of consulting-based sales. We are also seeking to shift towards a more robust organization for generating stable profits, and have made progress by closing unprofitable stores and opening new stores both in Japan and overseas. We have also worked to create new markets at regional stores, opening Plugs Market stores in collaboration with departments stores.

Store performance was affected greatly from the fourth quarter of fiscal 2019 onward, as a result of temporary store closures and shortening of business hours, primarily at city center stores, as a means of preventing the spread of COVID-19 infections. In addition to building an organizational structure to secure e-commerce demand, which is growing as a result of the COVID-19 crisis, we are also seeking to shift to a structure that will enable us to earn more efficiently, by focusing our energies into increasing in-store value and improving work efficiency through digitalization.

Changes in Operating Profit (Billions of yen)



Changes in the TOKYU HANDS* (stores)



■ Domestic ■ Global *Includes franchised stores

Initiatives for Social Issues Through Our Business:

Plugs Market: A New Business Type for Uncovering Regional Needs from the Perspective of Regional Revitalization

TOKYU HANDS launched Plugs Market in February 2020 as a new business type for regional rediscovery and community co-creation, under the slogan of “making communities happier and healthier.” Plugs Market stores consist of three areas: the Tsutaeba (communication area) event zone, Uriba (sales area) TOKYU HANDS product zone, and Hanashiba (talking area) tenant zone. The stores seek to uncover area needs from the perspective of regional revitalization through activities such as sales events uncovering local community resources, TOKYU HANDS product lineups narrowed down to local needs, and lifestyle service-type communication with tenants; and to communicate their appeal not only locally but over a wider area. We opened our first store at Kintetsu Department Store Kusatsu, and our second store at Shimonoseki Daimaru.



KINTETSU Department Store Kusatsu (Open: February 2020)



Developing new fields

Innovation Business Segment

Business fields: Overseas (North America and Asia) / Landscaping and greening

We are creating and expanding new business fields, including our overseas business and our landscaping and greening business. In our overseas business, centered around Indonesia and the United States, we are developing a business aimed at demonstrating our presence as a comprehensive developer.



BRANZ SIMATUPANG (Completion: December 2018)

Overseas Businesses

Value Provided to Our Customers

A Comfortable Urban Life

Safe and Secure Housing

Current Situation

Strengths

- Development knowledge cultivated in Japan
- Large presence as a foreign developer (Indonesia)

Weaknesses

- Overseas development only in specific regions and reputation

Opportunities

- The potential of business development in Asian countries with continuing economic growth

Risks

- Political risks, and worsening of the state of affairs abroad due to war, conflict, terrorism, etc.
- Abrupt exchange rate fluctuations

Business Strategy

Make the most of our presence as a comprehensive developer in overseas businesses

Strengthening of the North American business, utilizing our redevelopment business presence in New York

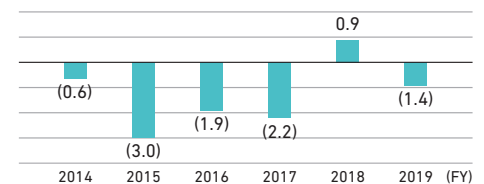
Strengthen business in Indonesia as the leading foreign-affiliated developer and expand business to other Asian countries

Advancing and Prospecting Our Medium-Term Management Plan

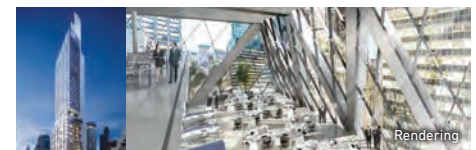
In our overseas business, we have worked to make the most of our presence as a comprehensive developer, based primarily around the United States and Asian countries, which continue to display economic growth. In the United States, we are pushing ahead with investments and operation of assets with a primary focus on the development of high-grade office buildings with high-level environmental performance, and leased residences. In particular, we are progressing steadily towards the completion of 425 Park Avenue project, located in New York's Manhattan district. In Indonesia, we are rolling out the same BRANZ brand condominiums as in Japan, working to create good quality housing and establish a strong brand image. With BRANZ SIMATUPANG and BRANZ MEGA KUNINGAN, we have established an all-Japanese project structure, in which all aspects, from development and design to construction, management and operation are all handled by Japanese companies.

Elsewhere in Asia, we established a local subsidiary in Singapore in 2019, and are seeking to expand our business in the area—with its potential for future growth—by leveraging our experience and knowledge from each Group company accumulated through our overseas business operations up until now.

Changes in Operating Profit* (Billions of yen)



* Total value Innovation Business



425 Park Avenue (Completion: FY2020 [planned])

Initiatives for Social Issues Through Our Business: Making Jakarta a Pedestrian Friendly City Using Japanese Experience

With the support of the Japan Overseas Infrastructure Investment Corporation for Transport & Urban Development (JOIN), PT. Tokyu Land Indonesia is developing multi-purpose facilities consisting of condominiums, rental housing and commercial facilities on a 1ha plot of land in the Mega Kuningan area, in the center of the Special Capital Region of Jakarta, which is currently undergoing large-scale redevelopment. As part of the development, we have widened all frontal roads in the development area, contributed to the smoothing traffic flow in the district, and proactively added greenery to the front of the first floor of the commercial facilities. Combined with other features, the design—which pays consideration to frontal roads makes this development one of only a handful of areas in Jakarta where people can live and get around easily on foot. Utilizing its track record of over 40 years in business in Indonesia, PT. Tokyu Land Indonesia will continue working to develop urban areas that will help promote employment, contribute to the economic growth of the country and be loved by the local people.



BRANZ MEGA KUNINGAN (Open: FY2023 [planned])



Section 3

Foundations Supporting Our Sustainable Growth

We will solve social issues through
our business activities and work with stakeholders
to realize a sustainable society and growth.



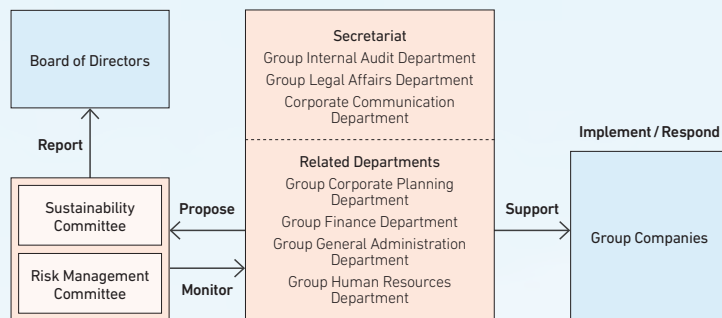
Financial Initiatives

A stable financial base is essential for sustainable growth. The growth of the financial base is more important than ever in the current uncertain business environment, which has been affected by COVID-19. At the Tokyu Fudosan Holdings Group, we are striving to achieve the growth of earnings per share (EPS) and improve return on equity (ROE) by enhancing our earning power while maintaining financial order, with the goal of further improving our shareholder and corporate value.

Non-Financial Initiatives

We position non-financial initiatives as an important management issue. Having inherited the founding spirit of Challenge-oriented DNA, we have set four themes: human capital strategies to develop an organizational climate that will improve our competitiveness; social needs, to contribute to the building of a sustainable, prosperous society; the environment, which includes climate change and biodiversity, and corporate governance. We are taking action throughout the Group to achieve the KPI targets set for these themes.

Sustainability Promotion System



Sustainability Committee

Photo: View from 196 meters above TOKYO PORTCITY TAKESHIBA



Financial Capital Strategy

Business conditions have changed rapidly as a result of the COVID-19 pandemic, and it remains difficult to forecast when the situation will end. Under these uncertain conditions, where it is unclear what may lie ahead, having a stable financial base becomes more important than ever. Moving forward, we aim to improve EPS growth and ROE by enhancing our earning power while maintaining financial discipline, with a view to further improving shareholder and corporate value in the future.

In May 2019, which marked the beginning of the third year in our Medium-Term Management Plan 2017-2020, we readjusted our Medium-Term Management Plan based on factors such as the robust business conditions that had existed until that time, business results that exceeded those of our initial plan, and the increase in capital through the public offering carried out in October 2018. The readjustment involved upward revisions to financial target indicators. Although business performance remained steady until the third quarter of fiscal 2019, business conditions changed drastically from the fourth quarter onwards as a result of the COVID-19 pandemic. The Group's business performance has been greatly affected by the pandemic, primarily in BtoC business operations. As a result, we cannot expect to achieve our financial indicators for fiscal 2020, the final year of the plan.

In the readjustment to our Medium-Term Management Plan, we added EPS and ROE as new indicators for increasing shareholder value. We have established the policy of aiming to improve EPS growth and ROE through strengthening our earning power while maintaining financial discipline with a view to further improving shareholder and corporate value. Although both EPS and ROE are expected to fall for fiscal 2020 (Figures 5 and 6) as a result of the drastic changes in the present business environment, the Group's stance of aiming to improve shareholder and corporate value in the medium to long-term remains unchanged. With regard to ROE, we feel that it will be necessary to make a conscious effort to achieve a level of 8%, while keeping shareholder capital costs in mind. In order to improve EPS and ROE, we will continue to work on three missions: to grow net earnings, to increase total return on assets (ROA), and to maintain financial discipline (Figure 1).

To achieve these missions, it is essential to increase the profitability of each business. In fiscal 2020, however, we are facing challenging conditions, in which profitability is expected to worsen for all business segments. With respect to our business portfolio strategy going forward, we are planning to discuss changing the current seven business categories into three: Asset Utilization Businesses, Stock Utilization Businesses and Strategic Businesses. We will advance this

discussion along with the medium- and long-term management plan that we are currently drafting, while carefully determining the impact of With-COVID-19 and Post-COVID-19 conditions on each business.

Achieving sustainable growth requires a stable financial base, and maintaining financial discipline is essential. Under such uncertain business conditions, the importance of these requirements is increasing even further. The Group has adopted debt-to-equity ratio as an indicator of financial discipline, and has set a target of 2.3x for this indicator. In fiscal 2019, we achieved a debt-to-equity ratio of 2.3x as a result of an expansion of capital, partly due to the public offering carried out in fiscal 2018 (Figures 2 and 3). In fiscal 2020, our debt-equity ratio will rise since interest-bearing debt is expected to increase, partly due to a decrease in cash flow as a result of worsening business performance. In the medium-term however, we are still considering a guideline level of 2.3x. Moving forward, we will control our debt-equity ratio based on increases in equity due to earnings for the period. Our policy for investment capabilities created through increases in equity is to direct them towards excellent properties, particularly in the Greater Shibuya Area. Our current rating with the Japan Credit Rating Agency (JCR)'s Long-term issuer Rating Scale is an A rating. By maintaining this rating, we can achieve stable financing (procurement of capital) and achieve our investment plans with regard to large-scale redevelopments and other projects.

For our capitalization strategy, we will seek to secure shareholder returns by improving ROE and achieving stable growth of EPS. Our basic policy for shareholder returns under the Medium-Term Management Plan is to achieve a dividend payout ratio of 25% or higher, while continuing to maintain stable dividend payouts. Our aim is to deliver shareholder returns through increased dividend payments by steadily growing our net earnings. The dividend payout ratio in fiscal 2019 was 29.8%, which was the seventh consecutive increase (Figure 7). Although net earnings are also expected to decrease for fiscal 2020, we plan to make decisions on dividends from a comprehensive standpoint, such as by maintaining dividend payouts at a stable level.

Figure 1. Basic Policies Aimed at Further Improving Shareholder and Corporate Value

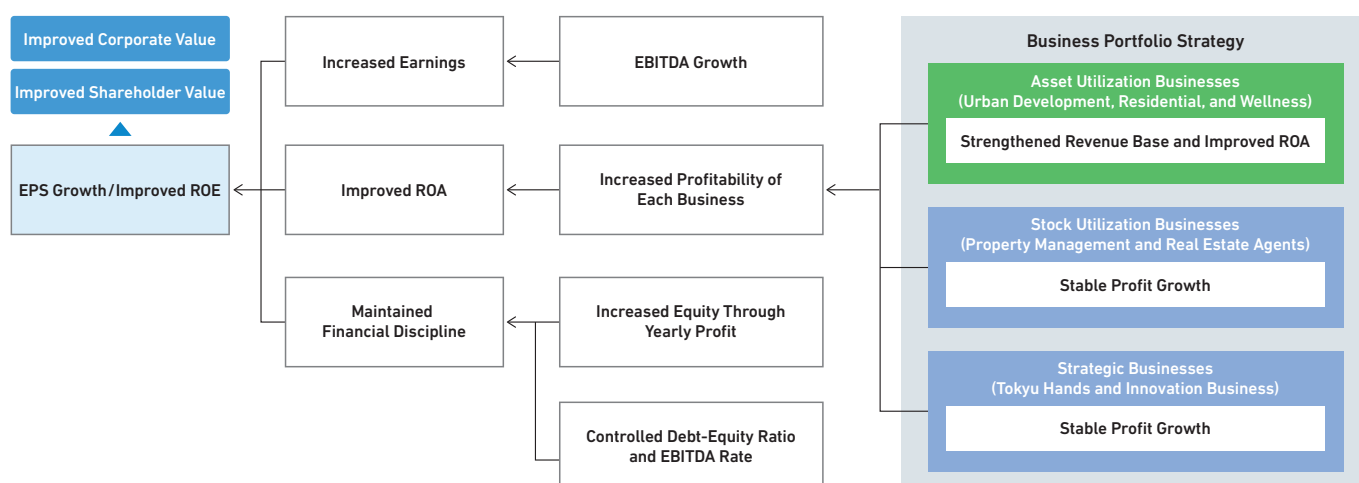


Figure 2. Changes in Equity and Interest-bearing Debt

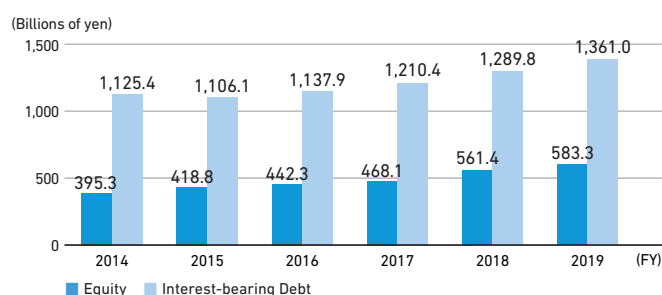


Figure 3. Changes in Debt-Equity Ratio

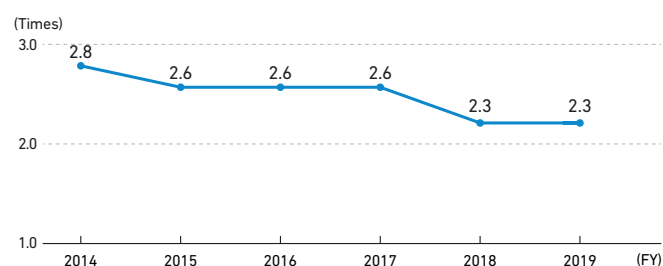


Figure 4. Changes in EBITDA Ratio

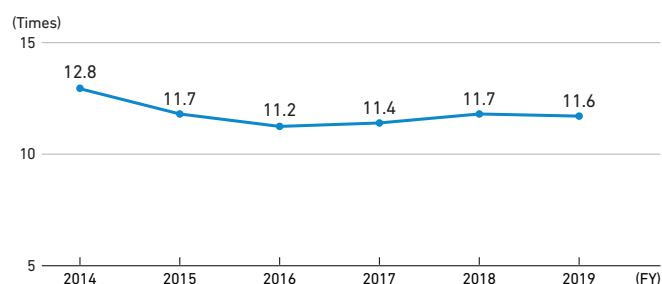


Figure 5. Changes in EPS

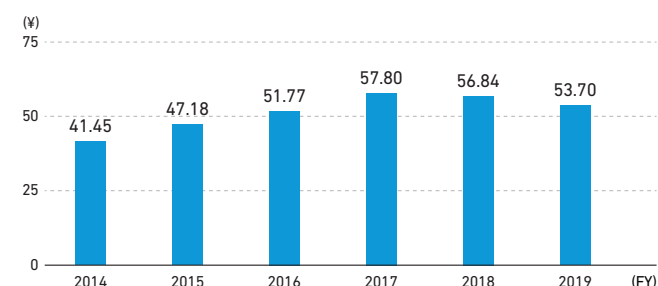


Figure 6. Changes in ROE

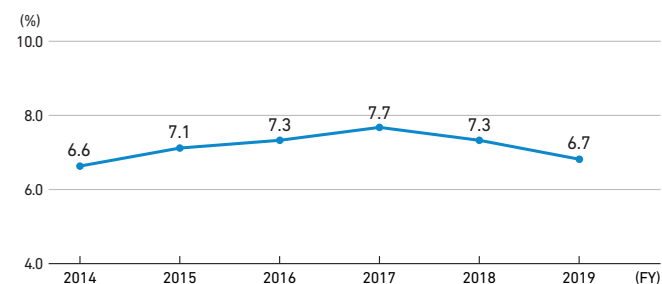
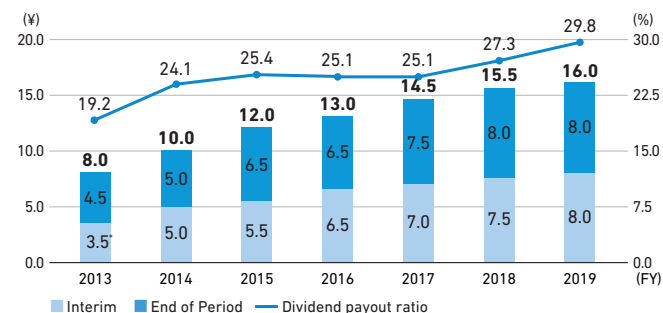
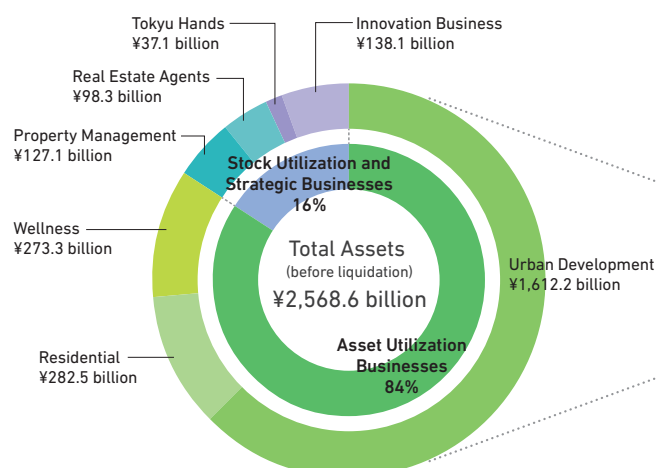


Figure 7. Changes in Dividends (Per Share)

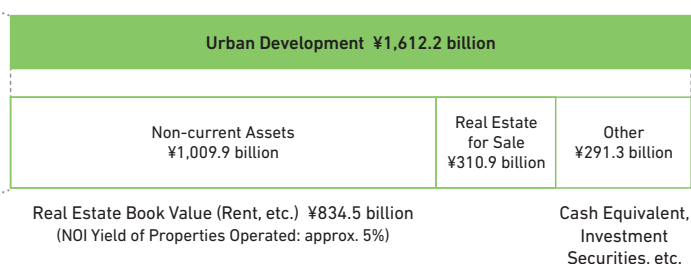


*. Interim dividends for fiscal 2013 are the dividends for TOKYU LAND CORPORATION

Breakdown of Assets by Segment



Breakdown of the Urban Development Segment



Financial Analysis

Operating Results

Summary of Results

- The results for fiscal 2019 include an operating revenue of ¥963.2 billion (6.8% increase from previous year), an operating profit of ¥79.3 billion (1.1% decrease), an ordinary profit of ¥67.5 billion (4.6% decrease) and a profit attributable to owners of parent of ¥38.6 billion (3.1% increase).
- Performance was solid until the third quarter, as conditions in the real estate market remained robust. In the fourth quarter, however, performance was affected by the COVID-19 pandemic, ultimately resulting in an increase in revenue with a decrease in operating profit.
- Profit attributable to owners of parent increased for the seventh consecutive term since the Group shifted to a holdings system, setting a new record for net earnings.

(Billions of yen)

	FY2017	FY2018	FY2019	Comparison
Operating revenue	866.1	901.9	963.2	61.3
Operating profit	77.5	80.2	79.3	(0.9)
Ordinary profit	68.7	70.7	67.5	(3.2)
Profit attributable to owners of parent	35.2	37.5	38.6	1.2
EBITDA multiple*1	11.4 times	11.7 times	11.6 times	(0.1)
ROA	3.7%	3.5%	3.3%	(0.3)P
ROE	7.7%	7.3%	6.7%	(0.5)P

Operating Revenue/Operating Profit by Segment

- Although there were increases in both revenue and profit for the Urban Development, Residential, Property Management and Real Estate Agents segments for fiscal 2019, there were decreases in both revenue and profit for other segments, including the Wellness and Tokyu Hands segments, which were impacted by the COVID-19 pandemic.

Urban Development Commencement of operations at new properties including office buildings such as SHIBUYA SOLASTA and renewable energy power generation facilities, along with increases on gains on the sale of buildings to investors resulted in an increase in both revenue and profit.

Residential An increase in the total number of condominium properties sold resulted in an increase in both revenue and profit for this segment.

Property Management There was an increase in both revenue and profit owing to an increase in construction sales, in addition to an increase in management revenue for condominiums and buildings. As of fiscal 2019, house renovation work has been transferred to this segment from the Innovation Business segment.

Real Estate Agents There was an increase in both revenue and profit due to an increase in real estate sales, in addition to increases in the number of transactions taking place in the retail and wholesale departments of the real estate sales agent division.

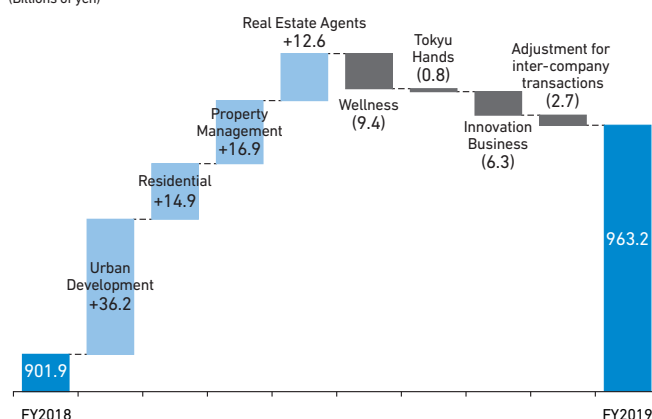
Wellness Although resort facilities and urban hotels were in operation throughout the fiscal year, a reactive decrease due to the handing over of co-owned shares of a members-only resort hotel coupled with poor business performance at various facilities owing to the effects of the COVID-19 pandemic during the fourth quarter resulted in a decrease in both revenue and profit.

Tokyu Hands While revenue increased primarily at existing stores until the second quarter, the impact of the consumption tax hike from the third quarter onwards compounded with the effects of the COVID-19 pandemic resulted in a decrease in both revenue and profit.

Innovation Business Despite an increase in the number of condominium sales posted in Indonesia, other factors such as the transferal of the house renovation business to the Property Management segment and the decrease in sales of properties from overseas operations resulted in a decrease in both revenue and profit for the segment.

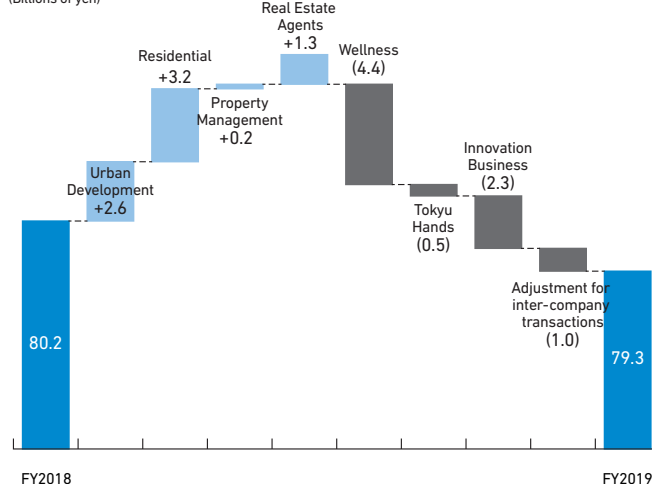
Operating Revenue by Segment

(Billions of yen)



Operating Profit by Segment

(Billions of yen)



*1. EBITDA multiple: Interest-bearing debt/EBITDA (Operating profit before depreciation)

Financial Position

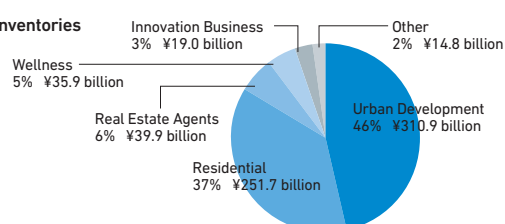
Assets, Liabilities, and Total Net Assets

- Total assets at the end of fiscal 2019 were ¥2 trillion 487.4 billion, an increase of ¥82.1 billion compared to the end of the previous fiscal year. There was an increase in land and buildings for sale due to investments primarily in the Urban Development and Residential segments, as well as an increase in fixed assets accompanying the progress of large-scale development properties and various other properties.
- Total liabilities were ¥1 trillion 893.1 billion, an increase of ¥56.6 billion compared to the end of the previous fiscal year. Total net assets were ¥594.2 billion, an increase of ¥25.5 billion from the end of the previous fiscal year due to capital increases mainly through public offering.

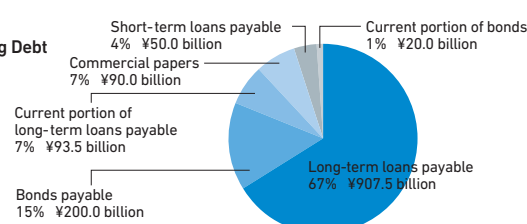
(Billions of yen)

	FY2017*2	FY2018	FY2019	Comparison
Real estate for sale	473.7	568.0	658.0	90.0
Property and equipment, Intangible assets	1,165.6	1,142.4	1,192.7	50.4
Goodwill	82.6	77.1	71.7	(5.4)
Other investment	258.1	294.4	312.2	17.8
Other	193.2	323.3	252.7	(70.6)
Total assets	2,173.2	2,405.2	2,487.4	82.1
Interest-bearing debt	1,210.4	1,289.8	1,361.0	71.2
Other	487.5	546.7	532.0	(14.7)
Total liabilities	1,697.9	1,836.6	1,893.1	56.6
Total net assets	475.3	568.7	594.2	25.5

Breakdown of Inventories



Breakdown of Interest-bearing Debt



Market Value Appraisal for Leased Properties

- The carrying value at the end of fiscal 2019 for leased properties, including office buildings and commercial facilities, was ¥834.5 billion, with a fair value of 1 trillion ¥91.5 billion – a difference of ¥257.1 billion. Properties that are planned but not yet opened (¥74.7 billion at the end of fiscal 2019) are not included in year-end fair value or carrying value, as it is difficult to determine their value.*3

(Billions of yen)

	FY2017	FY2018	FY2019	Comparison
Carrying value	791.4	816.1	834.5	18.3
Fair value	937.1	1,061.5	1,091.5	30.0
Difference	145.7	245.3	257.1	11.7

Cash Flows

- Cash flows from operating activities in fiscal 2019 decreased by ¥6.7 billion, partly due to an increase in inventory assets, while cash flows from investing activities decreased by ¥147.2 billion, due in part to fixed asset investments in office buildings, commercial buildings and other fixed assets. In order to compensate for this decrease in investment funds, cash flows from financing activities increased by ¥65.1 billion due to the procurement of interest-bearing debts and other sources of funding.

(Billions of yen)

	FY2017	FY2018	FY2019	Comparison
Cash flows from operating activities	12.3	44.5	(6.7)	(51.2)
Cash flows from investing activities	(96.4)	(60.4)	(147.2)	(86.8)
Cash flows from financing activities	82.4	139.1	65.1	(74.0)

Return to Shareholders

- We consider returns to shareholders as one of the most important policies in our Medium-Term Management Plan 2017-2020, comprehensively considering achievements, the future business environment, and capital requirements including medium-term development. We have made it a policy to determine the distribution of profits with a target payout of 25% or more while maintaining stable dividend policies.
- In fiscal 2019, we've achieved an increase in dividends over 7 consecutive terms through a steady increase in profit attributable to owners of parent.

(yen)

	FY2017	FY2018	FY2019	Comparison
Dividends per share	14.50	15.50	16.00	0.50
EPS (earnings per share)	57.80	56.84	53.70	(3.14)
Dividend payout ratio	25.1%	27.3%	29.8%	-

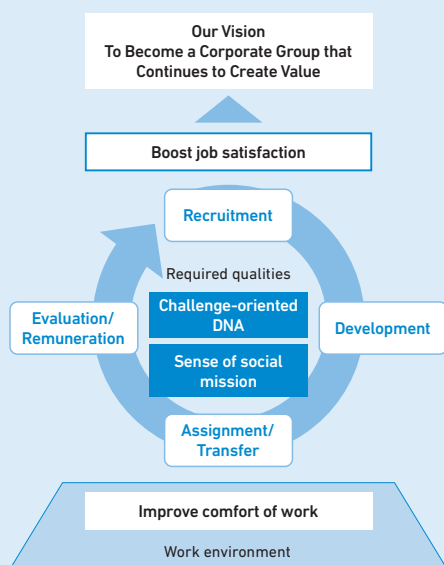
*2. The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) took effect at the beginning of the first quarter of fiscal 2018, and this Accounting Standard was applied retroactively to the main management indexes from fiscal 2017

*3. The Residence Tower of TOKYO PORTCITY TAKESHIBA, which will open in fiscal 2020, is included because its market value can now be determined. The Office Tower has been included since fiscal 2018

Human Capital Strategy

To improve our competitiveness it is important that we cultivate an organizational climate under which the spirit of Challenge-oriented DNA is inherited and vitality is generated. Our human capital strategies seek to develop an organizational climate that empowers employees who understand their missions in society to act, with each employee to demonstrating their capabilities to the full.

Basic Approach



In order to continuously provide new value to customers at the Tokyu Fudosan Holdings Group, we believe that our employees should remain highly aware of social issues in their daily activities and take on challenges to address them. To achieve this, we will build a comfortable work environment and have a human capital management utilizing our systems for employment, development, assignment/transfer, and evaluation/remuneration, aiming to improve the job satisfaction of each employee.

Management Structure

- We manage each issue regarding our human capital strategies in a Group-wide manner, through the activities of the Group Human Capital Council and other initiatives.
- We have set target values for each key issue, and examine progress based on KPIs.
- We share labor management information related to occupational health and safety through the Group Labor Liaison Committee.
- We monitor employees to ensure they receive stress checks and health examinations.
- We provide training to raise health awareness.

Division with Authority and Responsibility

Group Human Resources Department

KPI targets

See P.35

Initiatives on Human Capital Management

Recruitment Our policy is to employ human capital who are willing to take on challenges and have a sense of mission and responsibility to solve social issues. Each company employs human capital that have the qualities required by the Group. We also hold Group joint briefing sessions and similar events to create opportunities to recruit and assess a wide range of candidates. In these activities, we attach importance to diversity of values during recruiting activities.

Development We develop human capital who identify social issues and customer needs to suggest new sources of value. We also provide specialized training to develop specialists in each business domain. We intend to improve the DX literacy of our employees through e-learning and other training initiatives, in addition to creating horizontal relationships beyond boundaries that exist between individual companies through joint new employee training programs and other similar efforts.

Evaluation/Remuneration We have established evaluation and remuneration systems that are appropriate for each company and business. Our evaluation is based on not only the achievement of short-term profit targets and initiatives taken from medium- and long-term perspectives, but also activities maintaining an awareness of social issues and a stance that takes on challenges by thinking outside the box. We evaluate individuals from multiple perspectives, including through behavioral evaluations, evaluation of the capabilities they demonstrate, a 360-degree evaluation, and other methods, in our attempt to ensure their development as human capital.

Assignment/Transfer We provide diverse options to support the development of individual employees. Each company has introduced a rotation system, FA/open recruitment program, a Challenge Post system, and other initiatives that enable us to assign diverse, autonomous individuals to the right positions, to increase our organizational strength.

Creation of an Environment for Greater Comfort at Work

Basic Policy With an awareness of the PDCA cycle, we are moving ahead with initiatives to create an environment that enables the Group's diverse human capital to enjoy their work.

Health and Productivity Management The good physical and mental health of employees is the foundation for the sustainable growth of a company, and the extension of healthy life expectancies leads to the fulfillment of demands from society. Tokyu Fudosan Holdings Corporation was selected by the 2020 Health & Productivity Stock Selection program in recognition of the Group's diverse initiatives. In addition, SHIBUYA SOLASTA, where our headquarters is located, has obtained preliminary WELL certification.

Work-Style Reform To improve employee productivity, we are reinforcing our IT infrastructure and improving business efficiency through DX, including a shift to paperless offices and the introduction of RPA. We are also moving ahead with corporate climate reforms with the goal of creating a vibrant workplace.

Diversity and Inclusion We respect the diversity of our employees as we work to utilize our human capital. We have been selected to be a constituent of the MSCI Japan Empowering Women Index (WIN) in recognition of our initiatives promoting the active participation of women.

Improving Engagement We regularly conduct engagement and employee satisfaction surveys, which are designed with the characteristics of each company firmly in mind. We visualize engagement between the organization and its employees to identify issues as they arise aiming to increase organizational strength.

Foundations Supporting Our Sustainable Growth

Social Needs

The Tokyu Fudosan Holdings Group sees the social issues that various stakeholders must resolve, such as neighborhood safety and security, as social needs. We are working to resolve these issues through our businesses and focusing on the development of a sustainable, enriched society.

Basic Approach

The Group believes that creating products and services that can resolve social issues and making them widely available will lead to the development of an enriched society and sustainable companies. We strive to understand increasingly diverse social issues and needs, including the pursuit of safety and security and regional revitalization, and work in collaboration with all stakeholders toward the creation of a sustainable and prosperous society through our business activities.

Management Structure

- We have established the Sustainability Committee, which is under the direct authority of the president and representative director.
- The committee conducts Group-wide management and promotes individual projects to resolve social issues and create value through business in areas such as urban revitalization, reducing environmental impact, and creating barrier-free buildings.
- Targets are set in each business department and progress is monitored based on KPIs.

Division with Authority
and Responsibility

Each business department

KPI targets

See P.35

Initiatives to Ensure Respect for Human Rights

Human Rights Policy and Sustainable Procurement Policy At the Tokyu Fudosan Holdings Group, we have established a Human Rights Policy and a Sustainable Procurement Policy in accordance with the Group's Code of Conduct. We move ahead with business activities to build a sustainable, prosperous society in every stage of the supply chain.

Enhancement of Technical Intern

Training for Foreigners In 2017, TOKYU BLDG. MAINTENANCE began working with the Technical Intern Training Program in its building cleaning business. As of March 2020, the company has accepted 47 foreign technical interns from Vietnam and Indonesia. The parent company of TOKYU BLDG. MAINTENANCE, TOKYU COMMUNITY CORP., has subsidiaries in these countries. TOKYU BLDG. MAINTENANCE is working to strengthen and enhance its programs, with a view toward these interns applying their knowledge and skills in their home countries and taking other initiatives.



Pursuit of Safety and Security

Addressing the Issue of Vacant Homes In 2019, Tokyu Housing Lease Corporation launched its Prepaid Lease, a subleasing plan intended for the owners of condominiums and detached housing in the 23 wards of Tokyo and the areas served by Tokyu Railway Lines. This plan enables a part of five years of rent to be prepaid to owners on the condition that the money is used for the renovation of the property. This gives owners a financial ability they would not have had on their own to renovate their properties, thus promoting the active utilization of vacant homes.

Regional Revitalization

Demonstration of MaaS MaaS, one of the diverse means of providing transportation that is seen as promising, is a service that solves social issues in areas with aging populations. For three months from November 2019, TOKYU LAND CORPORATION and Tokyu Fudosan R&D Center Inc. conducted a MaaS demonstration experiment of between the Shibuya area and Kimi-no-Mori Golf Club. The purpose of this experiment was to make suburban resort facilities accessible to users in urban areas, thereby enriching the user experience. In addition, TOKYO PORTCITY TAKESHIBA, was commissioned by the Tokyo Metropolitan Government to conduct the Demonstration for the constructing a social implementation model of MaaS project. It is working on the project that is aimed at implementing a new mobility service.

Creation of Bustling Activities The Tsuruma Park Life Partners with ISHIKATSU EXTERIOR INC. serving as the representative company have been commissioned by the city government of Machida to manage Tsuruma Park. Tsuruma Park is a vast urban park approx. 7.1 hectares in area. It is a part of the Minami-Machida Grandberry Park, which has been re-developed in an integrated manner with commercial facilities directly linked to the station and other facilities. ISHIKATSU EXTERIOR INC. aims to leverage the expertise it has cultivated to create new bustling activity in the area.



SDG Initiatives

Support for SDG Education for Students In April 2020, NATIONAL STUDENT INFORMATION CENTER CO., LTD. began its SDGs PBL Program, an educational program for students living in Kuritaya Academia, a Kanagawa University residence hall for international students. The goal of the program is to develop human capital who work toward the achievement of the SDGs. NATIONAL STUDENT INFORMATION CENTER CO., LTD. plans and executes basic and practical programs, facilitates overall training programs, and provides other support, in combination with managing the residence hall.

Specific SDG Initiatives TOKYU HANDS INC. engages in specific SDG initiatives through its business, including the introduction of products related to the SDGs. In addition, the company promotes internal understanding of the SDGs and improves its employees proposal activity through activities including training to improve the capabilities of general managers, store managers, and higher-ranked employees and the production of videos by employees to raise their awareness of the SDGs.

Environment

The Tokyu Fudosan Holdings Group recognizes that environmental issues such as climate change are important issues that have a major impact on business continuity. Based on our Environmental Vision established in 1998, we are implementing ongoing initiatives to address environmental issues through our business activities.

Basic Approach

The Group understands that five environmental issues – climate change, biodiversity conservation, pollution and resources, water use, and supply chains – can have a major impact on business activities. The Group seeks to actively solve these issues in the development and operation of business sites and office buildings, commercial facilities, resort facilities and other properties. Believing that business which excels in environmental initiatives will enhance competitiveness and create new business opportunities, the Group cooperates with various stakeholders including design companies, construction companies, and customers to carry out ongoing measures.



Management Structure

- We have established the Sustainability Committee, which is under the direct authority of the president and representative director. The committee conducts Group-wide management for each of the environmental issues.
- Targets are set for CO₂ emissions, waste generation, and water use, and progress of KPIs is monitored.

Division with Authority and Responsibility

Related departments in each company

KPI targets

See P.35

Environmental Vision (Basic Policy developed in 1998, revised in 2015)

Environmental Philosophy

We will create value to connect cities and nature, and people with the future.

Environmental Policy

We will make efforts to harmonize the environment and the economy through business activities.

Environmental Action

We will tackle five environmental issues from three viewpoints.

Three Viewpoints

- Publicize a goal and implement action
- Endeavor to implement progressive activities
- Conduct community-based activities in collaboration with local people

Five Environmental Issues

- Climate change
- Biodiversity conservation
- Pollution and resources
- Water use
- Supply chains

Climate Change

Renewable Energy Business TOKYU LAND CORPORATION conducts the renewable energy business under the brand name ReENE and contributes to the reduction of CO₂ emissions through solar power and wind power generation.

Participation in RE100 In 2019, TOKYU LAND CORPORATION joined the global corporate leadership initiative RE100, with a commitment to source 100% renewable energy by 2050.

Initiatives to Reduce CO₂ Emissions SHIBUYA SOLASTA, which was developed by TOKYU LAND CORPORATION, was placed in the S Rank of the CASBEE Smart Wellness Office Certification, a new Comprehensive Assessment System for Built Environment Efficiency (CASBEE) for certifying office buildings designed in consideration of both health and the environment. TOKYU COMMUNITY CORP.'s Tokyu Community Technology Training Center NOTIA acquired Nearly ZEB certification under the Building-Housing Energy-efficiency Labeling System (BELS) led by the Ministry of Land, Infrastructure, Transport and Tourism.

Issuance of Green Bonds To enhance our environmental initiatives, in January 2020 we issued green bonds worth 10 billion yen in relation to SHIBUYA SOLASTA and ReENE Matsumae Wind Power Plant expenses. In addition, Activia Properties Inc. issued green bonds twice, totaling 9.0 billion yen, in fiscal 2019, and Comforia Residential REIT, Inc. issued 1.5 billion yen of green bonds in July 2020.

Biodiversity Conservation

Harmony with Nature SHIBUYA SOLASTA, where TOKYU LAND CORPORATION is a tenant, has established an ecological network and set up nest boxes to enable Parus major, birds commonly known as great tits, to nest on the grounds. The building zoning plan features a diverse selection of plant species on its rooftop terrace and the terraces on each floor to permit birds, insects, and other living organisms to make the property their home. In recognition of this initiative, the building acquired ABINC and *Edo-no Midori Touroku Ryokuchi* (registered green area in Tokyo) certifications.

Planting Greenery in Urban Areas TOKYO PORTCITY TAKESHIBA, which was developed by TOKYU LAND CORPORATION and KAJIMA CORPORATION, includes Skip Terrace, which features diverse greenery and open spaces arranged in a stair-like manner. The Skip Terrace highlights *Takeshiba Shin Hakkei* (the eight new landscapes of Takeshiba), which are eight landscaped areas on the themes of the sky, bees, rice paddies, fragrances, vegetable gardens, water, islands, and rain. In creating this green environment, TOKYO PORTCITY TAKESHIBA, also furthers urban biodiversity initiatives in Japan.



Paddy field on the 4th floor of Skip Terrace

ReENE

RE100
CLIMATE GROUP



Initiatives on the Task Force on Climate-related Financial Disclosures (TCFD)

Support for TCFD Recommendations

We believe that climate change has a significant impact on our business activities and creates new business opportunities as well as risks. In light of the importance of climate-related financial disclosures, we announced our support for the TCFD recommendations* in March 2019. We also participate in the TCFD Consortium, an organization in Japan that discusses TCFD initiatives.



* TCFD recommendations are recommendations from the Task Force on Climate-related Financial Disclosures, which was established in 2015 by G20's Financial Stability Board, requiring that companies investigate and disclose the financial impact of climate change.

Governance

At the Tokyu Fudosan Holdings Group, we have established the Tokyu Fudosan Holdings Sustainability Committee comprising operating officers and chaired by the president and representative director of Tokyu Fudosan Holdings Corporation. At its regular meetings, this committee evaluates and monitors risks and opportunities related to climate change. Committee agenda items are reported to the Board of Directors for approval.

Strategies

We analyze the risks and opportunities in our businesses created by climate change through the assumption of multiple climate change scenarios with 2030 and 2050 set as target years. Our specific initiatives include the reduction of GHG emissions, promotion of the renewable energy business, efforts to achieve RE100 (100% renewable energy), and the introduction of green bonds.

Assumed environmental changes	Transition risks		Physical risks	
	Introduction of carbon tax		Increasingly serious natural disasters	Rise in average temperature
	Urban areas (2030 scenario) Greater importance of building environmental performance and BCP readiness		Resort areas (2050 scenario) Greater impact of abnormal weather	
2 °C scenario	↑ Competitive advantage of buildings with high environmental performance ↓ Generation of carbon tax expenses		↑ Use of renewable energy ↑ Spread of energy-saving technologies ↓ Tougher GHG emission regulations for building construction and operation	
4 °C scenario	↑ Competitive advantage created by proactive introduction of BCP measures ↓ Increased damage to buildings caused by winds and floods		↑ New business opportunities created using existing assets ↓ Constraints on construction sites and building design caused by sea level rise and storm surges	
	-		↑ Differentiation from other facilities through the introduction of environmentally friendly equipment, etc. ↓ Shorter seasons for ski resorts attributed to reduced snowfall	

2 °C scenario: To keep the climate change within a temperature rise of up to 2 °C, policies are strengthened and laws and regulations are made tougher, resulting in greater use of renewable energy. A scenario including increased regulatory risks is assumed.

4 °C scenario: Progress in decarbonization is not achieved, and the average temperature rises by around 4 °C, resulting in increasingly serious natural disasters. A scenario including increased transition risks is assumed.

↑ Positive financial impact

↓ Negative financial impact

Risk Management

Climate change risks which impact the Tokyu Fudosan Holdings Group are identified, assessed, and managed by the entire Group in an integrated manner through joint meetings of the Sustainability Committee and the Risk Management Committee. We have set KPI targets related to climate change issues by setting 2020 and 2030 as target years, in accordance with the material issues specified in the Medium-Term Management Plan and the Environmental Vision of the Tokyu Fudosan Holdings Group. We assess risk and manage the progress of related initiatives based on the KPI targets.

Indicators and Targets

In the process of assessing and managing climate change risk, we set and disclose indicators and targets regarding CO₂ emissions, energy consumption, water consumption, waste emissions, rate of acquisition of environmental certification among major buildings, rate of the greening of buildings, and the area of the forests that we preserve. We also ensure the accuracy and appropriateness of our Scope 1, 2, and 3 CO₂ emissions through third-party verifications.

Corporate Governance

The Tokyu Fudosan Holdings Group places the utmost emphasis on ensuring thorough risk management and strict compliance and are enhancing the transparency and accountability of our management. We are constantly endeavoring to strengthen corporate governance in a bid to ensure bold and timely decisions.

Message from the Chairman of the Board of Directors

With the goal of being a corporate group that continues to create value, the Tokyu Fudosan Holdings Group is working to achieve sustainable growth and the medium- and long-term improvement of our corporate value under our Sustainability Vision, which states, "We will solve social issues through our business activities and work with stakeholders to realize a sustainable society and growth." We are also working to build a governance system that achieves the goal of more agile group management based on sound management and transparency.

Seven years after transitioning to a holding company structure, the environment surrounding corporate management has changed significantly. Society demands good corporate governance more strongly than ever before. In anticipation of this trend, we established the Group Corporate Governance Guidelines in December 2018. We have since continued to push ahead with the optimization of the governance system in view of social conditions and the global business environment.

While the evaluations of our Board of Directors' effectiveness has mostly been excellent, we are aware that its ability to supervise the organization needs to be improved in response to the dramatic changes in the business environment, including the COVID-19 pandemic and digital transformation (DX). We will seriously address the issues in as we continue to improve the Board of Directors' effectiveness.

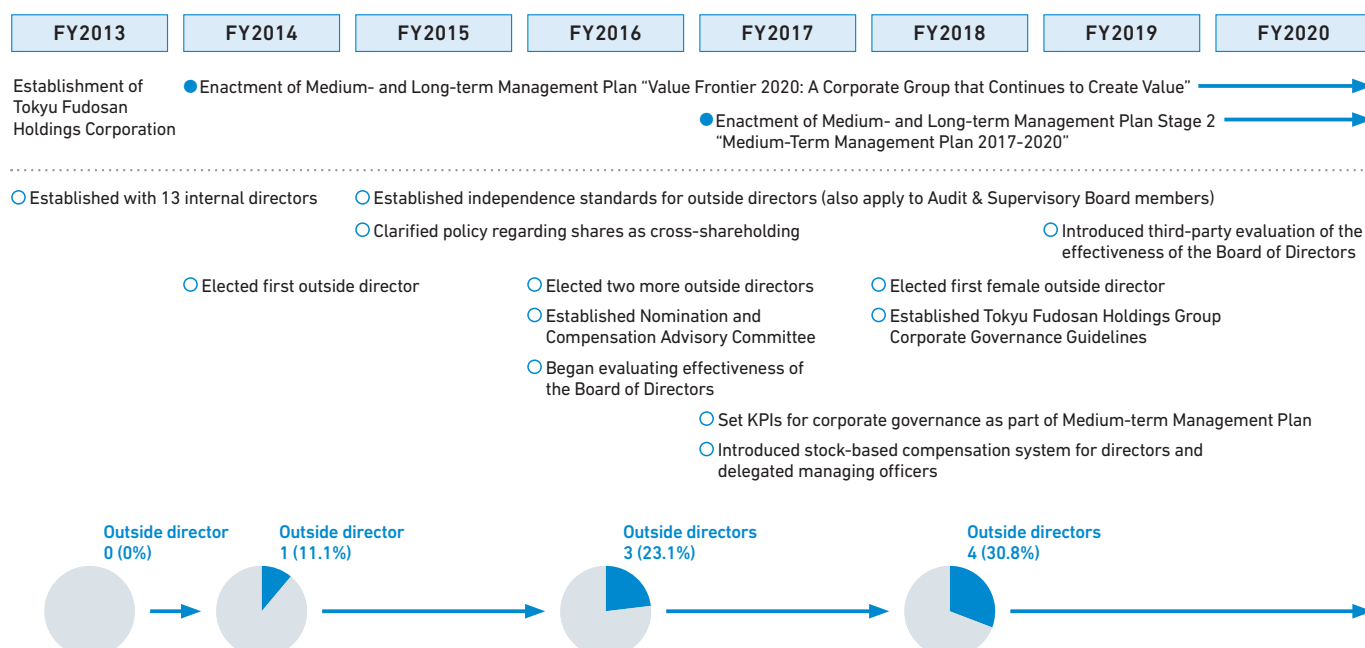
Moving forward, we will continue to provide value to our stakeholders by implementing measures to strengthen the supervisory capabilities of the Board of Directors and enhance corporate value to achieve long-term sustainable growth.



Kiyoshi Kanazashi

Chairman, Chairman of the Board of Directors
Tokyu Fudosan Holdings Corporation

Progress in Strengthening Corporate Governance



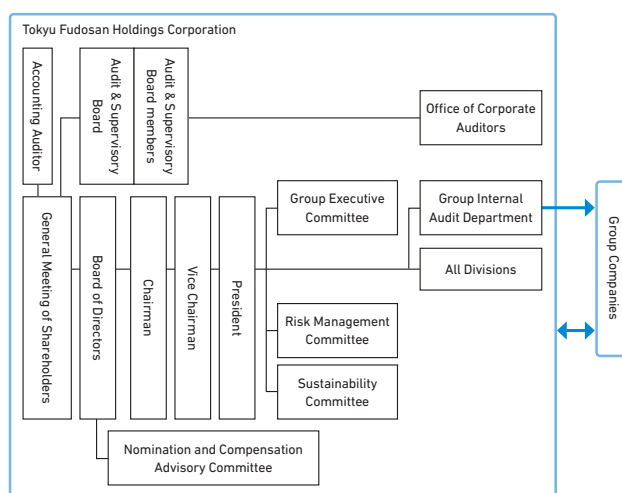
Basic Approach

In order to fulfill its responsibility to its stakeholders surrounding Tokyu Fudosan Holdings Group, including shareholders, customers, business partners, local communities and employees, Tokyu Fudosan Holdings Corporation strives to ensure its sustainable growth and increase corporate value over the medium and long term by engaging in social issues through its business. To that end, the Company will work to ensure soundness and transparency of management and build a corporate governance system that contributes to expediting decision making.

Corporate Governance Guidelines

In December 2018, we organized/systemized our governance initiatives into the Tokyu Fudosan Holdings Group Corporate Governance Guidelines, which we then approved and enacted as guidelines for our future initiatives and a basic policy that will facilitate constructive dialogue with shareholders and investors. At the same time, we also set out the Group's basic approach to corporate governance.

Corporate Governance Structure



Roles of Key Organizations

Nomination and Compensation Advisory Committee The Nomination and Compensation Advisory Committee, chaired by an independent outside director, was established as an advisory body to the Board of Directors to increase the fairness and transparency of procedures for matters related to the election of directors and operating officers and matters relating to their compensation. The Board of Directors consults the Nomination and Compensation Advisory Committee before passing resolutions on matters relating to the nomination of director candidates and operating officers and matters relating to the compensation of directors and operating officers, etc., among other matters. In fiscal 2019, the Nomination and Compensation Advisory Committee met twice, with 100% of its members attending.

Composition of Nomination and Compensation Advisory Committee (as of June 25, 2020)

Koichi Iki (Independent Outside Director, Chair of Nomination and Compensation Advisory Committee)
Makoto Kaiami (Independent Outside Director)
Kiyoshi Kanazashi (Chairman)
Hironori Nishikawa (President and Representative Director)

Board of Directors The Board of Directors functions as a supreme decision-making body second to the General Meeting of Shareholders, and makes decisions on important issues related to business operations. The Board of Directors develops internal rules such as the Board of Directors Regulations and the Duty Authority Regulations in addition to the matters stipulated in laws and regulations and the Articles of Incorporation. Based on these rules, the Board of Directors makes decisions on important matters related to the Group's management, such as management policies, business plans, and large-scale investment plans. Authority for the execution of business and decisions relating to the execution of duties for issues other than the important matters listed above is delegated to the Group Executive Committee and other subordinate meeting bodies, officers and others in charge of business operations. Meanwhile, the Board of Directors supervises the performance of duties by the meeting bodies as well as officers and others. In principle, the Board of Directors meets once a month. Extraordinary meetings are held as and when necessary. In order to clarify the management responsibility of directors and establish a system that is able to respond rapidly to changes in the management environment, the term of office of directors is set at one year. In

addition, regular internal training on laws and regulations, ESG, and other themes is given to officers, aiming to improve their knowledge for the good of future management. In fiscal 2019, training was held focusing on the theme of environmental problems.

Audit & Supervisory Board The Company has adopted a statutory auditor system. Under this system, Audit & Supervisory Board members attend important meetings including those of the Board of Directors to receive business reports from directors and other officers. Audit & Supervisory Board members peruse documentation on important decisions and listen to reports as well as other presentations from the Internal Audit Department, subsidiaries, other parties, and the accounting auditor as a part of their audit of the status of business execution at the Company, its subsidiaries, and related companies. Audit & Supervisory Board members form fair audit opinions by accurately grasping information based on on-site visits and other activities, which are mainly conducted by full-time Audit & Supervisory Board members, and effectively audit directors in the performance of their duties as an independent body under the mandate of shareholders by utilizing the fast responsiveness and flexibility of the Audit & Supervisory system.

Group Executive Committee The Group Executive Committee was set up as an entity to deliberate, discuss and report on matters in two areas: important plans and proposals relating to Group management policy, management strategies and Group management; and important investment plans and proposals as well as business strategy proposals for subsidiaries. Comprising the chairman and representative director, president and operating officers from directors on down, the Group Executive Committee convenes, in principle, once a month.

Succession Plan Director candidates are elected based on the belief that directors should have integrity, moral character and good health. Each candidate's qualification regarding the knowledge, judgment, and management capabilities they have acquired through their work experience as a person responsible for two or more segments, based on their achievement of management indexes in the medium and long-term management plan. At the same time, their aptitude is evaluated objectively by a third party. Then, the president and representative director creates a proposal regarding the members of senior management for the following fiscal year and consults the Nomination and Compensation Advisory Committee before a decision is made by the Board of Directors.

Corporate Governance

Strengthening the Functions of the Board of Directors and Ensuring Its Effectiveness

Evaluating the Effectiveness The Group Executive Committee was set up as an entity to deliberate, discuss and report on matters in two areas: important plans and proposals relating to Group management policy, management strategies and Group management; and important investment plans and proposals as well as business strategy proposals for subsidiaries. Comprising the chairman and representative director, president and operating officers from directors on down, the Group Executive Committee convenes, in principle, once a month. forward, these issues will be addressed and the status of improvements will be continuously verified through annual assessments. As one example, revisions made in areas evaluated as inadequate, such as the method and timing of provision of information to directors and Audit & Supervisory Board members, led to improvement in the evaluation of initiatives for following year.

In addition, in fiscal 2019, we introduced a third-party evaluation of effectiveness conducted by a lawyer, who is not our corporate lawyer. The results of this evaluation were that "The continuous initiatives for improving effectiveness are praiseworthy because they have resulted in increased effectiveness." We will continue striving to improve effectiveness.

Diverse Composition We believe that a key to increasing the effectiveness of the Board of Directors is to ensure that board members are diverse in their knowledge, experience and abilities. One precondition for election as director is that candidates have the moral character and integrity required of a director and have no health issues. We also consider the overall balance of the board to ensure sufficient gender diversity and diversity in other attributes.

Independent Outside Directors For the Company's corporate governance, independent outside directors should have rich experience in management and a high level of discernment and character as well as other pertinent attributes together with an understanding of the Group's wide-ranging business fields and the value they create. They are to provide advice from a broad, high-level perspective, while appropriately supervising executives from an independent position. We currently have four independent outside directors who have vast experience of their own specialist areas, including management, legal affairs and accounting, etc. To enable appropriate and flexible decision-making on business activities and the supervision of execution, the Company considers it advantageous for the Board of Directors to be composed of directors from inside the Company who have specialist capabilities and insight into business fields, management plans, personnel, finance and accounting, and so forth, and independent outside directors who are able to proactively offer opinions on growth strategies as well as the enhancement of governance, and raise concerns, from the perspectives of diverse stakeholders and society. Candidates for outside director are selected based on the premise that they will not hold concurrent positions as a director, corporate auditor, or executive officer at more than five listed companies other than the Company.

Criteria for Determining Independence

The Company deems independent outside directors to be independent when, in addition to meeting the independence standards for independent officers stipulated by the Tokyo Stock Exchange, they have not been any of the following for any of the previous three fiscal years.

1. An executive of a business partner to which the Company's net sales account for 2% or more of the Company's consolidated net sales
2. An executive of a business partner whose net sales to the Company account for 2% or more of the business partner's net sales
3. An executive of a lender from which the Company borrows funds that account for 2% or more of the Company's consolidated total assets
4. An executive of a major shareholder or investor of the Company with an investment ratio of 10% or more
5. A consultant, accounting professional, or legal professional who receives compensation of more than ¥10 million a year from the Company besides officer compensation
6. A spouse or relative within two degrees of kinship of a director, etc. of the Company or a consolidated subsidiary

System of Remuneration for Officers

The system of remuneration for officers (excluding outside directors and non-executive directors) consists of fixed remuneration, performance-based remuneration and stock-based compensation. Fixed remuneration is a consideration for the day-to-day execution of internal operations, whereas performance-based remuneration takes into consideration the business results in a single fiscal year and the achievement level of management plans. Stock-based compensation is designed to have officers share the benefits and risks of stock price fluctuations with shareholders and increase the contribution to the improvement of medium- and long-term earnings performance and corporate value. Also, for the levels of remuneration for officers (excluding outside directors and non-executive directors), first, the level of remuneration for the president and representative director is determined, and then, the levels of remuneration for other directors and Audit & Supervisory Board members are determined based on fixed differences in positions. The level of remuneration for the president and representative director (monetary compensation plus stock-based compensation) is set around 0.1% of the operating profit for the previous consolidated fiscal year, as consolidated operating profit is adopted as the target index under the Medium-Term Management Plan. Their level of contribution to the achievement of plans, ESG initiatives, and other initiatives is also considered comprehensively.

Target percentages for fixed remuneration and variable remuneration and the approach to determining the remuneration of each officer are as shown in the following table.

Item	Fixed Remuneration	Variable Remuneration	
	Monthly Remuneration	Bonus	Stock-based Compensation
Positioning	Basic remuneration	Short-term incentive	Medium-to-long-term incentive
Target percentage of total remuneration	60%	30%	10%
Group level: Approach to fluctuation		Linked to business results in a single fiscal year	Linked to stock price
Group level: Fluctuation from base amount		Determined with reference to employees' bonuses	Linked to stock price
Individual level: Approach to fluctuation		Linked to performance evaluation	-
Individual level: Fluctuation from base amount		60-140%	Linked to stock price

A remuneration proposal prepared by the president and representative director based on the above is referred to the Nomination & Compensation Advisory Committee and compensation is determined within the limits of the total compensation amount by a resolution of the Board of Directors. For stock-based compensation, a transfer restriction period of three years from the time of delivery of the stock is set. The compensation of Audit & Supervisory Board members is determined within the limits of the total amount of compensation through consultation among Audit & Supervisory Board members. The following table contains the total amount of remuneration, etc. in fiscal 2019.

Category	Number of Persons	Total Amount of Remuneration (Millions of yen)
Directors*1	15	239
(of which, independent outside directors)	5	43
Audit & Supervisory Board members	5	67
(of which, outside Audit & Supervisory Board members)	2	9
Total	20	306
(of which, outside officers)	7	52

*1. Includes the two directors who retired and an auditor who resigned at the close of the 6th Ordinary General Meeting of Shareholders held on 26th June 2019.

Dialogue with Shareholders and Investors

The Company engages in constructive dialogue with shareholders and other investors to contribute to sustainable growth and the improvement of corporate value over the medium- to long- term. In addition to individual meetings with shareholders and investors, the Company regularly holds results briefings for institutional investors and analysts, and for individual investors. Through these and other events, the president and the relevant directors and departments actively engage in dialogue. The views aired by shareholders and investors during these events are regularly reported to the Board of Directors and used in improving the Company's management.

Risk Management

Basic Stance on Risk Management Guided by its Basic Risk Management Policy, the Company has put in place and maintains a risk management structure and systems. The Company recognizes as potential risks all internal and external factors that negatively impact the Group's business operations resulting in financial loss, damage to its brand or reputation, or interruption and suspension of activities as a going concern. The Company evaluates, analyzes, and manages all relevant risks in each Group company.

The Company has classified the aforementioned risks into three broad categories: operating and management risks; business process risks, and; other major risks including crisis management. The Company manages each risk on an individual basis as follows.

Basic Risk Management Policy

The Company makes every effort to clearly identify all major risks as they apply to the Group as a whole and takes systematic and continuous steps to implement all necessary measures on a priority basis in order to comprehensively manage all risks that have the potential to hinder the Group from achieving its objectives or to create a loss.

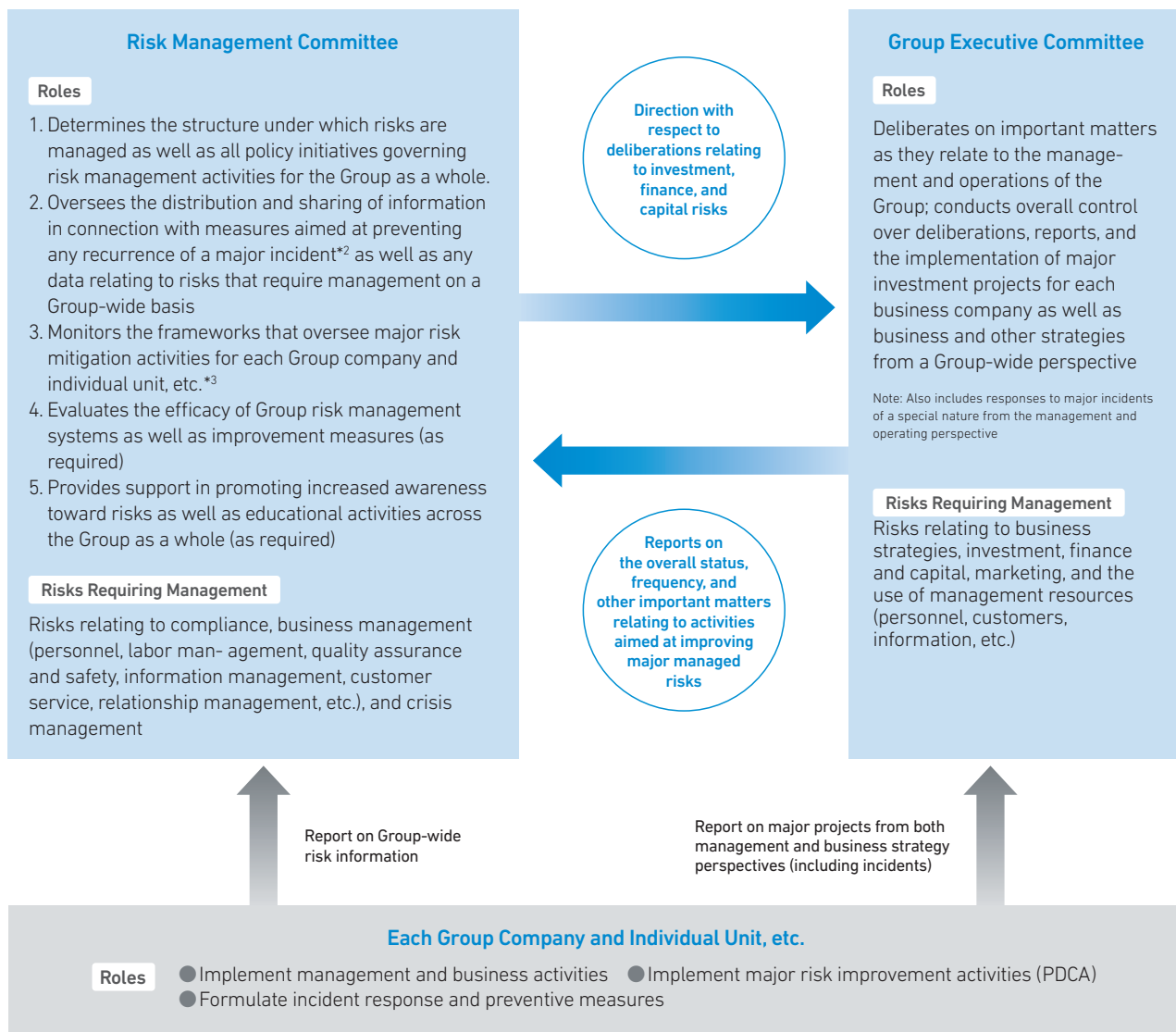
Highly significant risks

- Investment risks
- Financial and capital risks
- Personnel and labor risks
- Climate change risks

Other risks

- Legal and compliance risks
- IT strategy risks
- Information management and leakage risks
- Crisis management risks

Risk Management Structure



*2. Incident: Incidents accidents or injuries that have occurred or are likely to occur

*3. Includes Tokyu Fudosan Holdings Corporation, each unit (Urban Development, Residential, Wellness, Investment) of TOKYU LAND CORPORATION, other businesses (ISHIKATSU EXTERIOR INC.), TOKYU COMMUNITY CORP., TOKYU LIVABLE, INC., TOKYU HANDS INC., Tokyu Housing Lease Corporation and NATIONAL STUDENTS INFORMATION CENTER CO., LTD.

Corporate Governance

Risk Management

Risk Management System In addition to the Group Executive Committee and Board of Directors, the Company has established the Risk Management Committee to ensure the proper management of risks on a comprehensive Group-wide basis (See **Risk Management Structure on the previous page**). A department has also been formed to oversee individual risks within the Company. This department is responsible for ascertaining, evaluating, and analyzing the Group's risk management structure and systems as well as the status of operations.

Complementing these initiatives, the Company takes steps to confirm the efficacy of its risk management structure and systems as well as its risk management operations through internal audits. Audits of major risks are systematically undertaken in accordance with their priority. In the event of a major loss or emergency that could cause serious damage to the Group, the Company takes appropriate steps in line with its Emergency Response Provisions. These include the distribution of information and decisive action as necessary to minimize damage.

Risk Management Process The Company takes steps to identify the wide variety of risks to which the Group is susceptible. At the same time, the Company undertakes an evaluation and analysis of risks in line with the degree of impact and likelihood of occurrence. Based on the results of evaluations and analyses, the Risk Management Committee has identified the following parameters with respect to the continuous management of major risks.

Major Risks

- Occurrence of an accident that negatively impacts the safety of customers, business partners, and/or employees
- Leakage or loss of confidential or personal information
- Prolonged working hours and unpaid overtime
- Inadequate customer service and product quality
- Breach of statutory or regulatory requirement (industrial, financial, commercial, and other legislation) or compliance
- Inadequate crisis management systems
- Improper or inappropriate work-related conduct by officers and employees
- Inadequate internal control system development and operation

Major Risks Relating to Investment and Financing Capital

- Deviations from or delays in new investment strategies
- Inappropriate decision-making with respect to changes in the external environment
- Changes in economic and business conditions
- Delays in the application of Group management resources (personnel, customers, information, etc.); errors in the use, education, or training of human capital
- Sharp rise in personnel and raw material prices including the prices of lumber; changes in construction costs
- Inadequate medium- and long-term IT strategies; errors in systems investment
- Slump in overseas business development
- Drop in the values of assets held (drop in operating rents)
- Errors in identifying customers' needs

Compliance

The Company has positioned the establishment of risk management through compliance-based management as a priority management issue. We are keenly aware that the practice of such risk management is the foundation of our operations, and we undertake educational measures so that all officers and employees not only comply with laws and regulations applicable to our corporate activities, but also make decisions and act in accordance with the Tokyu Fudosan Holdings Group Code of Conduct.

The Company also created the Tokyu Fudosan Holdings Group Compliance Manual as a concrete manual for understanding the Tokyu Fudosan Holdings Group Code of Conduct and putting it into practice. All officers and employees are thoroughly informed about compliance through periodic training. Compliance helplines were established at the Company and individual Group companies for consultations and whistleblowing relating to violations of laws and regulations, internal rules, and the Tokyu Fudosan Holdings Group Code of Conduct. This helpline can be used by all Group employees (including contract employees, temporary employees, and part-time workers). There is an internal whistleblowing office that allows anonymous reports to be made and an external whistleblowing office, where cases are handled by a lawyer who is not our corporate lawyer. The aim of these offices is to discover and rectify violations at the earliest possible time. A total of 151 consultations and reports including consultations and questions on minor matters were received by the Company and Group companies in fiscal 2019.

Reinforcing Information Security

The Company has established rules on proper information retention and management, and as a part of its efforts to raise information security levels even further and reinforce development of the internal control environment, we adopted a fundamental policy on information management, reorganized the Fundamental Rules on Information Management, and put them into practice on April 1, 2017. The Fundamental Rules on Information Management clarify responsibility for information management and specify basic requirements and principles of information management pursuant to the fundamental policy on information management.

In addition, a Group Information Security Committee was established. The committee is establishing PDCA cycles including receipt of reports on annual activities from each Group company. Similar rules have been established by each company of the Tokyu Fudosan Holdings Group, and measures are being taken throughout the Group.

Internal Control

The Tokyu Fudosan Holdings Group has taken active steps to put in place and implement internal control systems for all members of the Group, including the Board of Directors and other organizations, management and employees, with the aims of thoroughly implementing compliance-based management, ensuring proper business operations, achieving management priorities such as earnings targets by raising the levels of efficiency and effectiveness, and undertaking the appropriate disclosure of information; all of which will contribute to the sustainable development of the Group and the consistent improvement of its corporate value. In addition, Audit & Supervisory Board members are monitoring and validating the progress of developments in its internal control system in accordance with the Audit Practice Standards for Internal Control Systems.

Foundations Supporting Our Sustainable Growth

Creating the Future Together with Outside Directors

**Makoto Kaiami**

Outside Director
(Independent Officer)

Worked as a judge at district courts in Tokyo, Hiroshima, etc., family courts, and the high court. Retiring from the courts after experience as a chief judge at the Tokyo District Court and others, he became a registered lawyer. He became an outside director in 2018.

Koichi Iki

Outside Director
(Independent Officer)

Worked as an executive vice president, working in real estate development, personnel, and more at The Dai-ichi Life Insurance Company. After resigning and working at asset management and other companies, he took on his current role in 2014.

Saeko Arai

Outside Director
(Independent Officer)

Worked as a certified public accountant on audits and more. Later, she became a co-founder of an IT company, becoming Japan's first female CFO, and also had experience in management at an American corporation. She became an outside director in 2018.

Michiaki Ogasawara

Outside Director
(Independent Officer)

Worked in information and communication administration, etc., at the Ministry of Internal Affairs and Communications, taking on the role of Vice-Minister for Internal Affairs and Communications in 2012. During his tenure there, he oversaw the restructuring of NTT, the digitalization of broadcasts, and more. After leaving the Ministry, he worked as a director, etc., at a stock brokerage group before assuming the role of outside director in 2019.

The August 21 outside director roundtable talk was held online due to the COVID-19 pandemic. In this session, our outside directors energetically participated in a long discussion, expressing their hopes for the Group's future and presenting problems. They also provided frank opinions and recommendations in their role as outside directors.

Board of Directors during the COVID-19 Pandemic

Iki We, the outside directors, participated in the Board of Directors' meetings via the internet due to the COVID-19 pandemic. It is different from meeting face-to-face, but I felt that each time I participated in a meeting, I got more used to it. I hope that our communications continue to evolve as we adapt to the realities of the situation.

Ogasawara Before the pandemic, there were already opportunities to receive explanations of agenda items submitted to the Board of Directors prior to meetings. Now we also receive reports about the evolving COVID-19 situation. Through these efforts, the Company strives to share information with us, which is praiseworthy.

Arai I think that online meetings are an effective means of communication in the digital era, although we need to make the big adjustment to communicating only through voice and a limited amount of visual information.

Kaiami Online communication has its own benefits. It can be used in emergencies. I think, however, that people who wish to participate in the meeting in person should be allowed to now, because the Company's infection control measures seem to be highly reliable.

Arai It is true that, as far as discussion is concerned, the division between online and offline teams creates inconvenience for us in a way. I also think that comments made by directors during meetings decreased after they began to be held online.

Iki While many other companies are increasing opportunities to exchange opinions, our inside directors do not make many statements about topics outside of the fields they are in charge of. I think that there may be interactions which are different from those in the Executive Committee meetings.

Kaiami It is a problem that few opinions are expressed at Board of Directors' meetings because the agenda items have been thoroughly discussed at the Executive Committee meetings, but this same problem exists at other companies as well. If inside directors were to express their slightly different, if not opposing, opinion, it would facilitate discussion for outside directors.

Arai Exactly. This would increase the opportunities for outside directors to monitor directors. Some companies create opportunities for discussion separately from Board of Directors' meetings.

Iki I think that if the ratio of outside directors is increased, oversight will be increased and discussions during the Board of Directors' meetings will be more active. We need to continue to think about this.

Round-table talks by outside directors

Roles of the Group as a Part of Social Infrastructure

Ogasawara The COVID-19 pandemic continues to impact every aspect of society, and many people in the Group are involved in work that is essential to the roles of the Company as an essential piece of social infrastructure. I would like to express my respect for these people, who continue to work hard to execute businesses in the current tough conditions.

Kaiami I agree with you. I think attention should be paid to the Group's businesses that address social issues, including renewable energy, logistics facilities, and senior housing. I think that these businesses also secure profitability. On the other hand, there are some Group businesses that leave something to be desired. I would like to have specific discussions about them with the directors.

Makoto Kaiami: He has a wealth of legal expertise and practical experience as a legal professional. Mainly, his strength is making recommendations about governance and compliance.



Ogasawara Compared to other comprehensive developers, the Group has an extremely wide business domains, which can be both positive and negative. The Group is affected by COVID-19 more greatly than other companies, partly because it operates a large number of facilities in the Wellness business and other businesses.

Iki Facility operation, a distinctive feature of the Group, is an extremely labor-intensive business. If current work styles are left unchanged, the profitability of this business will not improve, and the Group may be required to withdraw from the market in the near future. The people involved in the operation of facilities of course understand that their ability to adopt technological innovations will determine their ability to succeed. This process also involves digital transformation (DX). It is necessary to adopt new technologies, change styles, and transform the business into one that is less labor intensive. The key lies in how quickly they proceed with this process.

Ogasawara To advance DX, it is important to make thorough use of technologies to provide optimal services to customers. This requires flexibility and imagination, which is different than before. In addition, to make maximum use of new technologies, it is important to consider the profit of the company as a whole, beyond the profits and losses of the individual divisions. It is also necessary for top management to have a strong will to follow through and to build a system that supports the ideas of staff members. I request that they proceed boldly with this.

Increasing Speed as the Key to DX

Arai The DX that you mentioned is an important theme for aggressive governance. Because our competitors are hesitating in this field, it may be a great opportunity if we act quickly. As is apparent from the initiative in Takeshiba, creative measures are devised skillfully within individual projects of the Group. However, the Group's overall strategy is an issue. To provide services efficiently, we need to consider both profit and service quality. I think that we should continue to suggest new lifestyles that take advantage of DX to society.

Iki In the United States, PropTech has made progress. For example, there are an increasing number of companies which have their real estate agents accompany salespeople remotely via a website in all of their sales activities. Changes have begun to be seen in facility operation and the real-estate sales agent business. Many of these changes must be reflected in the Group's DX strategy. I think that we need to thoroughly review the strategy again, to decide how to build a system to promote DX and a schedule to for proceeding with the transformation. Of course, various external and internal collaborations will be necessary. I request that a specific plan be presented.

Kaiami Hereafter, DX will be an extremely important strategy. I request that the management staff and executives take on this challenge aggressively and boldly. I request that they maintain an aggressive stance and do not hesitate because we can step in and stop if we see some issue.

Expecting the Transformation as a Holding Company

Arai If we break down the ROE, we see that Japan is behind other countries in the securing of a sufficient profit margin. The nature of the Japanese people, who believe that it is not good to make too much profit when others are unable to, is reinforced further by the important perspectives of CSR and ESG investment. However, to be sustainable, a company must earn sufficient profit margins. I think that the content of individual businesses and projects should be scrutinized using common reliable indicators that we should develop for each business.

Saeko Arai: She has practical experience at an IT company and global knowledge on management. She maintains a flexible perspective and is involved in the Company's management with a view toward business strategies that are adapted to the DX era.



Ogasawara As a holding company, it is important to compare the Group's businesses from the viewpoint of ROE and profitability and

reconfirm the social significance of each business from a contemporary viewpoint. In addition, while environmental considerations are called for globally, the pursuit of the eco-friendliness, safety, and security of the properties offered by the Group and the renewable energy business are believed to be more important than ever. I am sure that activities to fulfill these expectations that society has of the Group will improve the value of the Group.

Michiaki Ogasawara: He has a wealth of practical experience as a government administrator involved in information and telecommunications. He gives business management advice that reflects his awareness of solutions for social issues and the roles people and companies have in society.



Iki As a holding company, we need play a role in considering the business portfolio of the Group. In the face of numerous issues, including of course COVID-19, but also the super-aging society and the decrease of the working-age population, we must seriously consider our business portfolio based on the issues we project for five and ten years into the future. We should look at the current figures, as well as the macro environment, predict the shape that society will take on in the future, and think from a multilateral perspective. These are tasks that the Company should work on.

Arai I think that the time has come to review, once again, the overall Group's culture, climate, missions, and other elements as we consider the business portfolio as well. If we are too preoccupied with the idea of urban development, it will remain difficult for us to sort out and organize what we have, because of our adherence to the legacy of the past. We may need to undertake a fundamental review.

Kaiami I think that we should be uncompromising about our policy of solving social issues through our business activities, which is

a good point of the Group. However, I ask that executives create initiatives that they can continue to implement while securing a profit. I request that they proceed boldly with these initiatives. Outside directors will proactively support the Group by understanding activities such as aggressive governance.

Arai If DX is aggressive governance, defensive governance is the motivation and ethics of our workers. Increasing their motivation, improving their ethical actions, and instilling a corporate culture in them are essential for the development of our business. What I feel from my external perspective is that employees are making great efforts regarding IT, and they are devising creative measures for it. I would like to continue fulfilling my duties as an outside director by considering the Group's role in society.

Ogasawara The Group operates a broad range of businesses, so risk management is very important. Identifying risks in existing business domains and thoroughly considering the appropriateness of new investment projects at each level of management will remain important. As an outside director, I would like to aid the making of appropriate business decisions.

Iki As an outside director, I would like to continue carefully supervising and watching how Tokyu Fudosan Holdings Corporation will face the Group companies. In 2023, the Company will celebrate its 10th anniversary and TOKYU LAND CORPORATION will mark its 70th anniversary. I want to see Tokyu Fudosan Holdings Corporation achieve its transformation by then, by promoting businesses from a long-term perspective. This is what I wish.

Koichi Iki: Leveraging his experience in real estate development, personnel affairs, and other operations, he proactively makes recommendations related to management. Of the Company's current outside directors, his tenure has been the longest.



Response to the Messages from the Outside Directors

Due to the COVID-19 pandemic, the era we are now living in is an era of VUCA. In this rapidly changing environment, I am made aware again of the significance of the existence of the Group, and strongly feel our responsibilities as an entity supporting the infrastructure of society. As a leader of the pure holding company, I will stay oriented on the future and pursue the transformation of Tokyu Fudosan Holdings Corporation by working on the review of our business portfolio and the promotion of DX, both issues that were pointed out, and other initiatives, from the perspective of the total optimization of the Group.

Hironori Nishikawa President and Representative Director



Management Structure

Directors



Chairman
Kiyoshi Kanazashi
Director, TOKYU CORPORATION
Director, TOKYU RECREATION CO., LTD.



Vice Chairman and Representative Director
Yuji Okuma
Chairman, TOKYU LAND CORPORATION



President and Representative Director
Hironori Nishikawa



Director
Hitoshi Uemura
Vice Chairman and Representative Director, TOKYU LAND CORPORATION



Director
Katsuhide Saiga
President and Representative Director, TOKYU COMMUNITY CORP.



Director
Masashi Okada
President and Representative Director, TOKYU LAND CORPORATION



Director
Shouhei Kimura



Director
Youichi Ohta
President and Representative Director, TOKYU LIVABLE, INC.



Director
Hirofumi Nomoto
Chairman of the Board and Representative Director, TOKYU CORPORATION
Director, TOKYU RECREATION CO., LTD.
Outside Director, TOEI COMPANY, LTD.
Outside Director, Mitsubishi UFJ Financial Group, Inc.



Outside Director (Independent Officer)
Koichi Iki

Reasons for nomination
The Company nominated Mr. Koichi Iki as an independent outside director with the expectation that he will continue to utilize his extensive operational experience as a former executive officer at The Dai-ichi Mutual Life Insurance Group and broad insight of corporate management in general for the management of the Company.



Outside Director (Independent Officer)
Makoto Kaiami
Outside Audit & Supervisory Board Member, SEIREN CO., LTD.
Member of Otemachi Law Office
Outside Director, Japan Post Holdings Co., Ltd.

Reasons for nomination
The Company nominated Mr. Makoto Kaiami as an outside director so that his expert insight as a judge and attorney at law and his extensive experience in corporate legal affairs may be reflected in the management of the Company.



Outside Director (Independent Officer)
Saeko Arai
Outside Member, Board of Directors, Sumitomo Dainippon Pharma Co., Ltd.
Specially-Appointed Professor, Hakuoh University

Reasons for nomination
The Company nominated Ms. Saeko Arai as an outside director with the expectation that she will utilize her broad knowledge in accounting as a certified public accountant, as well as her extensive experience in corporate management as a CFO, for the management of the Company.



Outside Director (Independent Officer)
Michiaki Ogasawara
Outside Director, Daiwa Securities Group Inc.
Chairperson of the Board, Foundation for Multimedia Communications

Reasons for nomination
The Company nominated Mr. Michiaki Ogasawara as an outside director so that his rich experience in and wide-ranging knowledge of government administration may be reflected in management.

Directors' Skills Matrix

Director			Expertise and Experience						Member of committee		
Name	Inside / Outside	Gender	Corporate management	Accounting / Financial affairs	Legal affairs / Compliance / Risk management	Overseas businesses	Human capital / Labor relations	IT / Tele-communications / DX	Nomination and Compensation Advisory Committee	Risk Management Committee	Sustainability Committee
Kiyoshi Kanazashi	Inside	Male	●						●		
Yuji Okuma	Inside	Male	●				●				
Hironori Nishikawa	Inside	Male	●		●		●		●	Chair	Chair
Hitoshi Uemura	Inside	Male	●			●				●	●
Katsuhide Saiga	Inside	Male	●	●				●		●	●
Masashi Okada	Inside	Male	●							●	●
Shouhei Kimura	Inside	Male	●	●		●		●		●	●
Youichi Ohta	Inside	Male	●				●			●	●
Hirofumi Nomoto	Inside	Male	●								
Koichi Iki	Outside	Male	●	●			●		Chair		
Makoto Kaiami	Outside	Male			●				●		
Saeko Arai	Outside	Female	●	●	●	●		●			
Michiaki Ogasawara	Outside	Male			●			●			

Audit & Supervisory Board Members



Full-time Audit & Supervisory Board Member

Kazuo Mochida

Full-time Audit & Supervisory Board Member,
TOKYU LAND CORPORATION
Audit & Supervisory Board Member,
TOKYU LIVABLE, INC.
Audit & Supervisory Board Member,
Tokyu Housing Lease Corporation



Full-time Audit & Supervisory Board Member

Masahiko Hashizume

Full-time Audit & Supervisory Board Member,
TOKYU LAND CORPORATION
Audit & Supervisory Board Member,
TOKYU COMMUNITY CORP.
Audit & Supervisory Board Member,
TOKYU HANDS INC.



Outside Audit & Supervisory Board Member (Independent Officer)

Tomoyasu Asano

Outside Director,
Seiko Holdings Corporation



Outside Audit & Supervisory Board Member (Independent Officer)

Katsunori Takechi

Representative Director,
Takechi & Partners
Outside Audit & Supervisory,
DIC Corporation

Operating Officers

Position in the Company	Name	Supervision and Responsibility
President & CEO	Hironori Nishikawa	Group Internal Audit Department Supervisor
Operating Officer	Hitoshi Uemura	Supervisor for Overseas Business (Vice Chairman and Representative Director, TOKYU LAND CORPORATION)
Operating Officer	Katsuhide Saiga	TOKYU COMMUNITY CORP. Supervisor (President and Representative Director, TOKYU COMMUNITY CORP.)
Operating Officer	Masashi Okada	TOKYU LAND CORPORATION Supervisor (President and Representative Director, TOKYU LAND CORPORATION)
Operating Officer	Shouhei Kimura	General management control, Digital Transformation Promotion Office Supervisor
Operating Officer	Youichi Ohta	TOKYU LIVABLE, INC. Supervisor (President and Representative Director of TOKYU LIVABLE, INC.)
Operating Officer	Katsushi Miki	Tokyu housing Lease Corporation Supervisor (President and Representative Director of Tokyu Housing Lease Corporation)
Operating Officer	Katsuhiro Yoshiura	NATIONAL STUDENTS INFORMATION CENTER CO., LTD. Supervisor (President and Representative Director of NATIONAL STUDENTS INFORMATION CENTER CO., LTD.)
Operating Officer	Seiichi Kimura	TOKYU HANDS INC. Supervisor (President and Representative Director of TOKYU HANDS INC.)
Operating Officer	Hiroaki Hoshino	Supervisor for General Management, and for the Group Corporate Planning, Group Planning Strategy, and Group Solutions Promotion
Operating Officer	Kazuhiro Nishimura	Supervisor for the Corporate Communication and Group Finance Departments
Operating Officer	Shigeyuki Kameshima	Supervisor for the Group General Administration, Group Legal Affairs, Group Human Resources, and Group IT Strategy Departments

Financial and Non-Financial Data

Financial Indicators	(Unit)	FY2009	FY2010	FY2011
Operating revenue	Billions of yen	552.1	571.4	556.8
Operating gross profit	Billions of yen	106.5	131.7	123.3
Operating profit	Billions of yen	35.5	62.5	50.1
Ordinary profit	Billions of yen	28.2	54.9	34.9
Net profit* ¹	Billions of yen	11.1	11.6	34.2
Total assets* ²	Billions of yen	1,055.4	1,161.4	1,744.8
Current assets	Billions of yen	283.5	274.9	300.7
Real estate for sale* ³	Billions of yen	172.2	155.7	172.7
Non-current assets	Billions of yen	771.9	886.5	1,444.1
Total net assets	Billions of yen	231.0	239.8	275.3
Equity	Billions of yen	203.1	208.6	240.8
Interest-bearing debt	Billions of yen	478.9	559.8	1,064.0
Cash flows from operating activities	Billions of yen	72.5	66.2	44.9
Cash flows from investing activities	Billions of yen	(26.7)	(146.2)	(28.8)
Cash flows from financing activities	Billions of yen	(30.9)	79.0	(16.4)
Capital investment	Billions of yen	46.9	199.5	41.6
Depreciation	Billions of yen	13.2	14.9	20.8
EPS (Net profit per share of common stock)	Yen	20.82	21.84	64.40
BPS (Net assets per share of common stock)	Yen	382.43	392.87	453.46
Dividends (per share)	Yen	7.00	7.00	7.00
ROA	%	3.4	5.7	3.5
ROE	%	5.5	5.6	15.2
Equity ratio	%	19.2	18.0	13.8
Debt-equity ratio	Times	2.4	2.7	4.4
Dividend payout ratio	%	33.6	32.1	10.9
EBITDA* ⁴	Billions of yen	49.1	77.8	71.0
EBITDA multiple* ⁵	Times	9.8	7.2	15.0

*1. Net profit has been reclassified as profit attributable to owners of parent from fiscal 2015.

*2. The Partial Amendments to Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, February 16, 2018) took effect at the beginning of the first quarter of fiscal 2018, and this Accounting Standard was applied retroactively to the main management indexes from fiscal 2017.

*3. Real estate for sale: includes real estate for sale in process and costs of uncompleted construction contracts

*4. EBITDA: Operating profit before depreciation = Operating profit + Depreciation + Amortization of goodwill

*5. EBITDA multiple: Interest-bearing debt/EBITDA (Operating profit before depreciation)

Human Capital Indicators	(Unit)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
Number of employees	Person	17,594	18,243	19,230	20,421	21,091	21,976	22,953
Ratio of female managers	%	4.8	5.7	5.9	5.7	8.6	8.3	8.1
Female directors (non-consolidated)	Person	0	0	0	0	0	1	1
Female Audit & Supervisory Board members (non-consolidated)	Person	0	0	0	0	0	0	0
Female operating officers	Person	1	2	2	2	2	2	3
Male average years of service	Year	13.2	13.2	13.0	12.9	12.7	13.1	13.2
Female average years of service	Year	8.8	9.0	8.7	8.8	8.7	9.2	8.9
Ratio of female full-time employees	%	23.7	24.2	25.3	26.5	27.2	28.5	29.8
Ratio of new female employee hires to total hires	%	31.5	33.0	35.4	41.6	40.1	39.5	32.2

FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
595.9	714.1	773.1	815.5	808.5	866.1	901.9	963.2
126.8	145.3	148.8	163.8	173.0	182.5	193.4	201.7
52.0	61.4	63.3	68.8	73.2	77.5	80.2	79.3
39.9	50.6	51.7	56.4	63.6	68.7	70.7	67.5
22.1	23.7	25.2	28.7	31.5	35.2	37.5	38.6
1,718.4	1,789.8	1,973.8	1,984.4	2,067.2	2,173.2	2,405.2	2,487.4
324.0	416.0	572.6	491.9	588.0	649.8	872.7	889.0
175.3	245.9	394.7	364.4	418.6	473.7	568.0	658.0
1,394.4	1,373.8	1,401.2	1,492.4	1,479.1	1,523.4	1,532.2	1,598.1
307.0	369.2	398.3	422.4	446.3	475.3	568.7	594.2
268.7	364.5	395.3	418.8	442.3	468.1	561.4	583.3
974.1	991.0	1,125.4	1,106.1	1,137.9	1,210.4	1,289.8	1,361.0
70.2	(13.5)	(38.5)	87.9	68.9	12.3	44.5	(6.7)
42.5	19.7	(100.3)	(112.4)	(71.0)	(96.4)	(60.4)	(147.2)
(90.5)	3.0	139.2	(30.5)	23.0	82.4	139.1	65.1
43.8	77.5	126.7	78.8	60.3	44.6	89.8	136.1
20.2	20.0	20.2	21.0	23.5	23.1	24.6	32.3
41.71	41.61	41.45	47.18	51.77	57.80	56.84	53.70
505.99	598.73	649.40	687.92	726.59	768.85	780.78	811.04
7.00	8.00	10.00	12.00	13.00	14.50	15.50	16.00
3.0	3.5	3.4	3.5	3.6	3.7	3.5	3.3
8.7	7.5	6.6	7.1	7.3	7.7	7.3	6.7
15.6	20.4	20.0	21.1	21.4	21.5	23.3	23.5
3.6	2.7	2.8	2.6	2.6	2.6	2.3	2.3
16.8	19.2	24.1	25.4	25.1	25.1	27.3	29.8
72.4	84.6	88.0	94.3	101.7	106.1	110.2	117.1
13.5	11.7	12.8	11.7	11.2	11.4	11.7	11.6

Environmental Indicators	(Unit)	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
CO ₂ emissions	1,000 t of CO ₂	228.3	234.8	210.7	233.0	227.5	230.5	220.0
Basic unit	kg-CO ₂ /m ²	98.6	101.9	98.4	106.7	101.0	95.9	84.8
Energy consumption	1,000 GJ	4,596.8	4,660.2	4,374.3	4,542.6	4,463.5	4,555.4	4,577.7
Water use	1,000 m ³	3,042	3,141	2,811	2,650	2,548	2,612	2,815
Basic unit	m ³ /m ²	1.33	1.39	1.32	1.23	1.14	1.10	1.10
Number of target facilities* ⁶	Facility	213	226	210	192	204	211	216
Waste emissions	t	14,189	18,796	18,908	25,127	25,569	22,932	22,422
Basic unit	kg/m ²	10.3	10.2	10.1	12.5	12.6	10.2	9.1
Number of target facilities* ⁶	Facility	124	152	161	151	159	170	175

*6. Includes office buildings, commercial facilities, resort facilities, other facilities, and overseas facilities(Palau)

Consolidated Financial Statements

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Assets			
Current assets			
Cash and deposits (Note 7)	¥ 185,091	¥ 97,644	\$ 904,111
Notes and accounts receivable - trade	33,766	35,940	332,778
Securities (Notes 3, 10, 19)	17,480	24,417	226,083
Merchandise	12,107	13,501	125,009
Real estate for sale (Notes 7, 10)	229,459	287,345	2,660,602
Real estate for sale in process (Note 10)	331,980	366,591	3,394,361
Costs on construction contracts in progress	6,564	4,031	37,324
Supplies	791	802	7,426
Other	55,585	58,893	545,306
Allowance for doubtful accounts	(88)	(121)	(1,120)
Total current assets	872,740	889,046	8,231,907
Non-current assets			
Property, plant and equipment			
Buildings and structures	413,188	468,156	4,334,778
Accumulated depreciation	(190,587)	(195,206)	(1,807,463)
Buildings and structures, net (Note 7)	222,601	272,950	2,527,315
Land (Notes 6, 7)	722,691	728,712	6,747,333
Construction in progress (Note 7)	129,299	112,966	1,045,981
Other	75,660	84,885	785,972
Accumulated depreciation	(44,051)	(48,126)	(445,611)
Other, net	31,608	36,759	340,361
Total property, plant and equipment (Notes 10, 23)	1,106,201	1,151,389	10,661,009
Intangible assets			
Leasehold interests in land (Note 7)	19,129	22,646	209,685
Goodwill	77,131	71,710	663,981
Other	17,033	18,679	172,954
Total intangible assets (Note 10)	113,294	113,036	1,046,630
Investments and other assets			
Investment securities (Notes 7, 10, 19)	180,720	195,125	1,806,713
Long-term loans receivable (Note 7)	266	1,307	12,102
Leasehold and guarantee deposits	89,310	89,553	829,194
Deferred tax assets (Note 22)	18,596	21,799	201,843
Retirement benefit asset (Note 21)	118	199	1,843
Other	24,004	26,030	241,019
Allowance for doubtful accounts	(359)	(332)	(3,074)
Total investments and other assets	312,657	333,684	3,089,667
Total non-current assets	1,532,153	1,598,109	14,797,306
Deferred assets			
Share issuance cost	355	213	1,972
Total deferred assets	355	213	1,972
Total assets	¥2,405,249	¥2,487,369	\$23,031,194

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	As of March 31, 2019	As of March 31, 2020	As of March 31, 2020
Liabilities			
Current liabilities			
Notes and accounts payable – trade	¥ 45,765	¥ 51,783	\$ 479,472
Short-term borrowings (Notes 7,8,9)	163,275	143,558	1,329,241
Commercial papers	–	90,000	833,333
Current portion of bonds payable (Note 8)	20,000	20,000	185,185
Accounts payable – other	31,503	35,376	327,556
Income taxes payable	14,179	12,388	114,704
Advances received	46,488	39,772	368,259
Deposits received from consignment sales	34,201	19,262	178,352
Deposits received	33,761	33,924	314,111
Deposits received for special joint ventures	14,000	–	–
Provision for bonuses	11,263	11,183	103,546
Provision for bonuses for directors (and other officers)	234	259	2,398
Provision for warranties for completed construction	746	1,190	11,019
Other provisions	3,602	2,496	23,111
Other	16,727	19,419	179,806
Total current liabilities	435,750	480,616	4,450,148
Non-current liabilities			
Bonds payable (Notes 7, 8)	185,825	200,000	1,851,852
Long-term borrowings (Notes 7,8)	920,707	907,483	8,402,620
Deferred tax liabilities (Note 22)	30,641	28,982	268,352
Deferred tax liabilities for land revaluation (Note 6)	4,980	4,980	46,111
Long-term leasehold and guarantee deposits received	197,598	198,776	1,840,519
Deposits received for special joint ventures	–	8,500	78,704
Retirement benefit liability (Note 21)	29,262	30,023	277,991
Provision for loss on guarantees	21	14	130
Provision for retirement benefits for directors (and other officers)	55	80	741
Other (Note 7)	31,709	33,665	311,713
Total non-current liabilities	1,400,801	1,412,507	13,078,769
Total liabilities	1,836,551	1,893,123	17,528,917
Net assets			
Shareholders' equity (Note 25)			
Share capital	77,562	77,562	718,167
Capital surplus	166,675	166,678	1,543,315
Retained earnings	298,411	325,509	3,013,972
Treasury shares	(367)	(260)	(2,407)
Total shareholders' equity	542,281	569,489	5,273,046
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	15,183	8,696	80,519
Deferred gains or losses on hedges (Note 20)	(1,066)	(206)	(1,907)
Revaluation reserve for land (Note 6)	8,067	8,067	74,694
Foreign currency translation adjustment	(1,304)	(1,047)	(9,694)
Remeasurements of defined benefit plans (Note 21)	(1,754)	(1,709)	(15,824)
Total accumulated other comprehensive income	19,124	13,800	127,778
Non-controlling interests	7,292	10,956	101,444
Total net assets	568,698	594,246	5,502,278
Total liabilities and net assets	¥2,405,249	¥2,487,369	\$23,031,194

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2019 (From April 1, 2018 to March 31, 2019)	2020 (From April 1, 2019 to March 31, 2020)	2020 (From April 1, 2019 to March 31, 2020)
Operating revenue	¥901,884	¥963,198	\$8,918,500
Operating cost (Note 11)	708,435	761,492	7,050,852
Operating gross profit	193,448	201,705	1,867,639
Selling, general and administrative expenses	113,243	122,393	1,133,269
Operating profit	80,205	79,312	734,370
Non-operating income			
Interest income	139	190	1,759
Dividend income	712	491	4,546
Share of profit of entities accounted for using equity method	204	57	528
Subsidy income	616	93	861
Other	720	606	5,611
Total non-operating income	2,392	1,439	13,324
Non-operating expenses			
Interest expenses	9,291	10,273	95,120
Foreign exchange losses	444	822	7,611
Other	2,115	2,156	19,963
Total non-operating expenses	11,852	13,251	122,694
Ordinary profit	70,744	67,499	624,991
Extraordinary income			
Gain on sales of non-current assets	117	78	722
Total extraordinary income	117	78	722
Extraordinary losses			
Impairment loss (Note 13)	7,768	3,537	32,750
Loss on disaster	518	868	8,037
Other	1,357	171	1,583
Total extraordinary losses	9,644	4,576	42,370
Profit before income taxes	61,218	63,001	583,343
Income taxes – current	24,063	26,880	248,889
Income taxes – deferred (Note 22)	(198)	(2,466)	(22,833)
Total income taxes (Note 22)	23,865	24,413	226,046
Profit	37,353	38,587	357,287
Loss attributable to non-controlling interests	(105)	(24)	(222)
Profit attributable to owners of parent	¥ 37,459	¥ 38,611	\$ 357,509

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2019 (From April 1, 2018 to March 31, 2019)	2020 (From April 1, 2019 to March 31, 2020)	2020 (From April 1, 2019 to March 31, 2020)
Profit	¥37,353	¥38,587	\$357,287
Other comprehensive income			
Valuation difference on available-for-sale securities	1,387	(6,486)	(60,056)
Deferred gains or losses on hedges	(916)	859	7,954
Foreign currency translation adjustment	(1,369)	1,344	12,444
Remeasurements of defined benefit plans, net of tax	204	45	417
Share of other comprehensive income of entities accounted for using equity method	(1,279)	(1,084)	(10,037)
Total other comprehensive income (Note 15)	(1,973)	(5,322)	(49,278)
Comprehensive income	35,379	33,265	308,009
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	35,529	33,287	308,213
Comprehensive income attributable to non-controlling interests	¥ (150)	¥ (22)	\$ (204)

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

Tokyu Fudosan Holdings Corporation

2019 (from April 1, 2018 to March 31, 2019)

Account title	Yen (millions)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥60,000	¥119,188	¥270,095	¥(2,197)	¥447,087
Changes during period					
Issuance of new shares	17,562	17,562			35,124
Dividends of surplus			(9,143)		(9,143)
Profit attributable to owners of parent			37,459		37,459
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		29,930		1,831	31,761
Change in ownership interest of parent due to transactions with non-controlling interests		(5)			(5)
Net changes in items other than shareholders' equity					—
Total changes during period	17,562	47,486	28,315	1,829	95,194
Balance at end of period	¥77,562	¥166,675	¥298,411	¥(367)	¥542,281

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥13,796	¥(169)	¥8,067	¥1,319	¥(1,959)	¥21,053	¥7,204	¥475,345
Changes during period								
Issuance of new shares								35,124
Dividends of surplus								(9,143)
Profit attributable to owners of parent								37,459
Purchase of treasury shares								(1)
Disposal of treasury shares								31,761
Change in ownership interest of parent due to transactions with non-controlling interests								(5)
Net changes in items other than shareholders' equity	1,387	(897)	—	(2,623)	204	(1,929)	87	(1,841)
Total changes during period	1,387	(897)	—	(2,623)	204	(1,929)	87	93,352
Balance at end of period	¥15,183	¥(1,066)	¥8,067	¥(1,304)	¥(1,754)	¥19,124	¥7,292	¥568,698

2020 (from April 1, 2019 to March 31, 2020)

Account title	Yen (millions)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥166,675	¥298,411	¥(367)	¥542,281
Changes during period					
Issuance of new shares					—
Dividends of surplus			(11,512)		(11,512)
Profit attributable to owners of parent			38,611		38,611
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		107	107
Change in ownership interest of parent due to transactions with non-controlling interests		2			2
Net changes in items other than shareholders' equity					—
Total changes during period	—	2	27,098	106	27,208
Balance at end of period	¥77,562	¥166,678	¥325,509	¥ (260)	¥569,489

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	¥15,183	¥(1,066)	¥8,067	¥(1,304)	¥(1,754)	¥19,124	¥7,292	¥568,698
Changes during period								
Issuance of new shares								—
Dividends of surplus								(11,512)
Profit attributable to owners of parent								38,611
Purchase of treasury shares								(0)
Disposal of treasury shares								107
Change in ownership interest of parent due to transactions with non-controlling interests								2
Net changes in items other than shareholders' equity	(6,486)	860	—	257	45	(5,323)	3,663	(1,660)
Total changes during period	(6,486)	860	—	257	45	(5,323)	3,663	25,548
Balance at end of period	¥8,696	¥(206)	¥8,067	¥(1,047)	¥(1,709)	¥13,800	¥10,956	¥594,246

Consolidated Statement of Changes in Equity

Tokyu Fudosan Holdings Corporation

2020 (from April 1, 2019 to March 31, 2020)

Account title	U.S. dollars (thousands) (Note 2)				
	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	\$718,167	\$1,543,287	\$2,763,065	\$(3,398)	\$5,021,120
Changes during period					
Issuance of new shares					—
Dividends of surplus			(106,593)		(106,593)
Profit attributable to owners of parent			357,509		357,509
Purchase of treasury shares				(0)	(0)
Disposal of treasury shares		(0)		991	991
Change in ownership interest of parent due to transactions with non-controlling interests		19			19
Net changes in items other than shareholders' equity					—
Total changes during period	—	19	250,907	981	251,926
Balance at end of period	\$718,167	\$1,543,315	\$3,013,972	\$(2,407)	\$5,273,046

Account title	Accumulated other comprehensive income							
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
Balance at beginning of period	\$140,583	\$(9,870)	\$74,694	\$(12,074)	\$(16,241)	\$177,074	\$67,519	\$5,265,722
Changes during period								
Issuance of new shares								—
Dividends of surplus								(106,593)
Profit attributable to owners of parent								357,509
Purchase of treasury shares								(0)
Disposal of treasury shares								991
Change in ownership interest of parent due to transactions with non-controlling interests								19
Net changes in items other than shareholders' equity	(60,056)	7,963	—	2,380	417	(49,287)	33,917	(15,370)
Total changes during period	(60,056)	7,963	—	2,380	417	(49,287)	33,917	236,556
Balance at end of period	\$ 80,519	\$(1,907)	\$74,694	\$(9,694)	\$(15,824)	\$127,778	\$101,444	\$5,502,278

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2019 (From April 1, 2018 to March 31, 2019)	2020 (From April 1, 2019 to March 31, 2020)	2020 (From April 1, 2019 to March 31, 2020)
Cash flows from operating activities			
Profit before income taxes	¥ 61,218	¥ 63,001	\$ 583,343
Depreciation	24,567	32,345	299,491
Amortization of goodwill	5,421	5,421	50,194
Share of loss (profit) of entities accounted for using equity method	(204)	(57)	(528)
Increase (decrease) in retirement benefit liability	338	211	1,954
Increase (decrease) in other provision	1,415	(55)	(509)
Impairment loss	7,768	3,537	32,750
Loss on valuation of inventories	2,416	1,566	14,500
Loss on retirement of non-current assets	1,073	1,956	18,111
Interest and dividend income	(851)	(681)	(6,306)
Interest expenses	9,291	10,273	95,120
Decrease (increase) in trade receivables	(3,805)	(2,312)	(21,407)
Decrease (increase) in inventories	(55,586)	(64,161)	(594,083)
Increase (decrease) in trade payables	7,635	6,011	55,657
Increase (decrease) in deposits received for consignment sales	23,847	(14,938)	(138,315)
Increase (decrease) in deposits received for special joint ventures	(17,500)	(5,500)	(50,926)
Other, net	4,118	(6,767)	(62,657)
Subtotal	71,166	29,851	276,398
Interest and dividend income received	1,104	2,382	22,056
Interest paid	(9,366)	(10,184)	(94,296)
Income taxes paid	(18,380)	(28,710)	(265,833)
Net cash provided by (used in) operating activities	¥ 44,522	¥ (6,660)	\$ (61,667)
Cash flows from investing activities			
Loan advances	(13)	(1,087)	(10,065)
Collection of loans receivable	28	29	269
Purchase of short-term and long-term investment securities	(24,672)	(31,989)	(296,194)
Proceeds from sales and redemption of short-term and long-term investment securities	5,748	4,413	40,861
Payments of leasehold and guarantee deposits	(9,557)	(6,027)	(55,806)
Proceeds from refund of leasehold and guarantee deposits	5,061	5,285	48,935
Purchase of non-current assets	(74,957)	(136,247)	(1,261,546)
Proceeds from sales of non-current assets	37,769	19,214	177,907
Purchase of shares of subsidiaries resulting in change in scope of consolidation	—	(307)	(2,843)
Other, net	202	(506)	(4,685)
Net cash provided by (used in) investing activities	¥(60,389)	¥(147,223)	\$ (1,363,176)

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2019 (From April 1, 2018 to March 31, 2019)	2020 (From April 1, 2019 to March 31, 2020)	2020 (From April 1, 2019 to March 31, 2020)
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ 3,042	¥(30,296)	\$(280,519)
Net increase (decrease) in commercial papers	–	90,000	833,333
Proceeds from long-term borrowings	213,159	107,818	998,315
Repayments of long-term borrowings	(152,260)	(110,772)	(1,025,667)
Proceeds from long-term lease and guarantee deposited	24,497	18,740	173,519
Repayments of long-term lease and guarantee deposited	(15,159)	(14,630)	(135,463)
Proceeds from issuance of bonds	20,000	40,000	370,370
Redemption of bonds	(10,100)	(25,825)	(239,120)
Dividends paid	(9,143)	(11,512)	(106,593)
Proceeds from share issuance to non-controlling shareholders	746	3,843	35,583
Dividends paid to non-controlling interests	(70)	(200)	(1,852)
Repayments of finance lease obligations	(1,555)	(2,057)	(19,046)
Payments for investments in silent partnership that do not result in change in scope of consolidation	(421)	(30)	(278)
Proceeds from issuance of shares	47,213	–	–
Purchase of treasury shares	(1)	(0)	(4)
Proceeds from disposal of treasury shares	19,148	–	–
Net cash provided by (used in) financing activities	¥139,093	¥ 65,077	\$ 602,565
Effect of exchange rate change on cash and cash equivalents	(155)	1,042	9,648
Net increase (decrease) in cash and cash equivalents	¥123,071	¥(87,763)	\$(812,620)
Cash and cash equivalents at beginning of period	61,729	184,800	1,711,111
Cash and cash equivalents at end of period (Note 16)	¥184,800	¥ 97,037	\$ 898,491

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

Tokyu Fudosan Holdings Corporation and Consolidated Subsidiaries

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

The accompanying consolidated financial statements of the Company and its consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Consolidation Policy

The accompanying consolidated financial statements include the accounts of the Company and significant subsidiaries controlled directly or indirectly by the Company. Significant affiliates over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements by applying the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated nor accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

There were 172 consolidated subsidiaries as of March 31, 2020. The following companies have become consolidated subsidiaries: TLUS Oakland Portfolio Holdings, LLC and 18 other companies became consolidated subsidiaries, as they were newly established. Silent Partnership Kawanishi Solar Farm and 11 other companies (due to new investments) and three other companies (due to acquisitions of shares and so forth) also became consolidated subsidiaries.

On the other hand, Nasic I support Co., Ltd. was removed from the scope of consolidation as a result of its merger through absorption into NATIONAL STUDENTS INFORMATION CENTER CO., LTD., the surviving entity. Six other companies were also removed from the scope of consolidation, as a result of the completion of liquidation and so forth.

(c) Securities

The Company classifies its securities into the following three categories; trading, held-to-maturity, or available-for-sale securities. Based on this classification, all of the Company's securities were classified

as either held-to-maturity or available-for-sale securities.

Held-to-maturity securities are carried at amortized cost.

Available-for-sale securities with determinable market values are carried principally at market value. The difference between the acquisition cost and the carrying value of these securities, consisting of unrealized gains and losses, is recognized net of the applicable income taxes in "Valuation difference on available-for-sale securities" in "Net assets." Available-for-sale securities without determinable market values are carried principally at cost. The cost of available-for-sale securities sold is principally determined by the moving average-method.

For investments in silent partnerships and preferred equity securities of special purpose companies, the ownership interest equivalent profits and losses attributable to the Group are recorded as operating revenue or operating cost, and the corresponding amounts are added or deducted to the securities or investment securities account.

(d) Inventories

Inventories are stated at the lower of cost or market. Real estate for sale, real estate for sale in process and costs on uncompleted construction contracts are determined by the gross average method or individual method, merchandise by the retail method and supplies by the moving average method.

(e) Property, Plant and Equipment (except for leased assets)

Property, plant and equipment are stated at cost except for land revalued pursuant to the Law Concerning Land Revaluation. Property, plant and equipment are principally depreciated by the declining-balance method over their estimated useful lives.

Depreciation for buildings acquired after April 1, 1998 and structures acquired after April 1, 2016 are computed by the straight-line method.

Most of estimated useful lives are as follows:

Buildings and structures 3 to 65 years

Repairs and maintenance that do not improve or extend the life of the respective assets are charged to expense as incurred.

(f) Intangible Assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software (for internal use) are amortized over their estimated useful lives of 5 years.

(g) Leases

Finance leases are principally recognized as assets. Leased property is depreciated over the lease term by the straight-line method with no residual value.

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be

transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases.

(h) Deferred assets

Share issuance cost is amortized by the straight-line method over three years.

Bond issuance costs are charged to income as incurred.

(i) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide for an allowance for doubtful accounts to cover the estimated probable losses on collection. The allowance consists of a general reserve calculated based on the historical write-off rate, and a specific reserve calculated based on the estimate of uncollectible amounts with respect to each identified doubtful account.

(j) Provision for Bonuses

The estimated amount of bonus payments relevant to the consolidated fiscal year is provided to cover the payment of bonuses to employees.

(k) Provision for Warranties for Completed Construction

A warranty reserve for completed construction contracts is provided at an estimated amount, based on the historical level of warranty costs incurred on completed construction contracts.

(l) Retirement benefit liability

Liability for retirement and severance benefits for employees is recorded based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

Actuarial gain and loss are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over the period of principally from 3 to 10 years, which is shorter than the average remaining years of service of the employees. Prior service cost is amortized by the straight-line method over the period of principally from 5 to 12 years, which is shorter than the average remaining years of service of the employees.

(m) Recognition of Revenue

Revenue from the sale of real estate is recognized when they are delivered and accepted by the customers.

(n) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of the balance sheet date, and the translation gain or loss is included in other non-operating income or expenses.

The assets and liability accounts and the revenue and expense accounts of the consolidated foreign subsidiaries are translated

into yen at the year-end rates and the average rates in effect during the period, respectively. Differences resulting from the translation are presented as "Foreign currency translation adjustment" and "Non-controlling interests" in the "Net assets" section.

(o) Derivative Financial Instruments

The Company and certain consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps), but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes recognized in income or expense, except for those which meet the criteria for deferral hedge accounting under which the gain or loss is deferred and presented in "Deferred gains or losses on hedging".

When the Company enters into interest rate swap agreements to hedge the interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are eligible for a special treatment. Under the special treatment, the hedged debt is accounted for as if it had the interest of the debt and the interest rate swap combined, not the original interest rate of the debt by itself.

(p) Amortization of Goodwill

Goodwill is amortized by the straight-line method over the estimated period (from one year to twenty years) of its effect.

(q) Cash and Cash Equivalents

For purposes of the consolidated statement of cash flows, cash equivalents are defined as low-risk, highly liquid, short-term investments (maturing within three months from the acquisition date) which are readily convertible to cash.

(r) Income Taxes

Deferred tax assets and liabilities are determined based on differences between the carrying amounts and the tax bases of the assets and liabilities, using the enacted tax rates in effect for the year in which those temporary differences are expected to be reversed. Deferred tax assets are also recognized for the estimated future tax effects attributable to tax operating loss carry forwards. Valuation allowances are provided in order to reduce the deferred tax assets in case some or all are not realized.

(s) Reclassification

Certain reclassifications have been made to the previous year's consolidated financial statements to conform to the presentation used for the year ended March 31, 2020.

Changes in presentation method
(Consolidated statement of income)

The amount of "Loss on disaster" included in "Other" under "Extraordinary losses" in the previous consolidated fiscal year is reported in a separate component of extraordinary losses as the amount exceeded 10/100 of total extraordinary losses in the current fiscal year. To reflect this change in presentation, items were reclassified for the previous consolidated fiscal year.

As a result, ¥1,875 million presented in "Other" under "Extraordinary losses" in the previous consolidated fiscal year is separated into ¥518 million in "Loss on disaster" and ¥1,357 million in "Other."

(t) Accounting estimates associated with the spread of COVID-19

The Group made accounting estimates in the application of impairment accounting for fixed assets, etc. under the assumption that COVID-19 is a highly uncertain event that contains ambiguous elements, such as future spread and containment, and there will be serious constraints on the Group's business activities in the first quarter of the following consolidated fiscal year, followed by a gradual recovery from the second quarter onwards.

2. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of ¥108=U.S. \$1.00, the approximate exchange rate prevailing on the

Tokyo Foreign Exchange Market on March 31, 2020. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

3. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships and TMKs holding properties for sale, and operational investment securities included in securities at March 31, 2019 and 2020 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Investments in silent partnership	4,730	9,889	91,565
Securities	¥12,706	¥14,159	\$131,102

4. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2019 and 2020 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Investment securities	¥83,263	¥101,106	\$936,167

5. Contingent Liabilities

At March 31, 2019 and 2020 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 12	¥ 11	\$ 102
Membership loan users	4	2	19
Employees for their purchase of residential houses	1	1	9
PT. TTL Residences	173	152	1,407
425 Park Owner LLC	10,300	10,099	93,509
Shiba Park TMK	10,000	—	—
Mizuho Trust & Banking Co., Ltd. : The real-estate trust beneficiary company	5,500	5,500	50,926
Yonago Biomass power plant Joint company	998	979	9,065
Rhapsody TMK	3,000	3,000	27,778
Renewable Japan Energy Operator SPC	—	1,000	9,259
	¥29,991	¥20,746	\$192,093

6. Revaluation of Land

Land owned by TOKYU LAND CORPORATION and IZU KANKOU KAIHATSU, subsidiaries of the company, were revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998).

Method of revaluation

Value of land is determined based on the price which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain portions of the land is determined

based on Item 2, 3, and 4 of the Government Ordinance.

Date of revaluation

TOKYU LAND CORPORATION March 31, 2000

(Revaluation on merger of subsidiaries) March 31, 2001

IZU KANKOU KAIHATSU January 31, 2001

The market value of the revalued land was higher than the book value after revaluation at March 31, 2019 and 2020 respectively. As such, the difference is not stated.

7. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2019 and 2020 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Cash and deposits	¥ 1,516	¥ 229	\$ 2,120
Inventories (Real estate for sale)	25,343	26,283	243,361
Buildings and structures	84,391	97,481	902,602
Land	533,830	477,448	4,420,815
Construction in progress	11,126	—	—
Leasehold interests in land	9,510	14,140	130,926
Investment securities	136	139	1,287
Long-term loans receivable	193	182	1,685
	¥666,049	¥615,904	\$5,702,815

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Short-term borrowings	¥ 38,926	¥ 5,542	\$ 51,315
Bonds payable	5,825	—	—
Long-term borrowings	321,674	323,341	2,993,898
Other non-current liabilities	2,261	2,261	20,935
	¥368,687	¥331,144	\$3,066,148

In addition to the above, Investment securities of ¥294 million and ¥30 million (U.S. \$278 thousand) at March 31, 2019 and 2020, respectively were pledged as collateral for guarantee of the real estate agent business.

Tokyu Land Corporation, a subsidiary of the Company, transferred land to another company in which Tokyu Land Corporation has made

preferred equity investment and treated the transaction as a finance transaction according to the Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA) dated November 4, 2014).

Accordingly, the figures above include such assets offered as security and the secured obligations as follows.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Real estate for sale	¥2,261	¥2,261	\$20,935
Other non-current liabilities	¥2,261	¥2,261	\$20,935

Of the long-term loans payable, the following are in the form of non-recourse loans where security is limited to certain specified assets.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Short-term borrowings (Current portion of long-term borrowings)	¥ 39,086	¥ 5,542	\$ 51,315
Bonds payable	5,825	—	—
Long-term borrowings	¥321,514	¥323,341	\$2,993,898

Specified assets subject to allowances for the payment of such debt are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Cash and deposits	¥ 1,516	¥ 229	\$ 2,120
Real estate for sale	22,433	23,766	220,056
Land	533,830	477,448	4,420,815
Buildings and structures	84,391	97,481	902,602
Construction in progress	11,126	—	—
Leasehold interests in land	9,510	14,140	130,926
Investment securities	¥ 0	¥ 0	\$ 0

8. Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2019 (¥80,485 million) and 2020 (¥50,017 million (\$463,120 thousand)) consist of loans principally from banks with weighted average interest rates of 0.32% in 2020.

Long-term debt at March 31, 2019 and 2020 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
0.639% unsecured corporate bond, maturing 2021	¥ 10,000	¥ 10,000	\$ 92,593
0.298% unsecured corporate bond, maturing 2020	10,000	—	—
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	92,593
0.968% unsecured corporate bond, maturing 2026	10,000	10,000	92,593
0.371% unsecured corporate bond, maturing 2021	10,000	10,000	92,593
0.190% unsecured corporate bond, maturing 2022	10,000	10,000	92,593
0.780% unsecured corporate bond, maturing 2032	10,000	10,000	92,593
0.800% unsecured corporate bond, maturing 2032	10,000	10,000	92,593
0.180% unsecured corporate bond, maturing 2022	10,000	10,000	92,593
0.001% unsecured corporate bond, maturing 2020	10,000	—	—
0.455% unsecured corporate bond, maturing 2027	10,000	10,000	92,593
0.160% unsecured corporate bond, maturing 2023	10,000	10,000	92,593
0.790% unsecured corporate bond, maturing 2033	10,000	10,000	92,593
0.410% unsecured corporate bond, maturing 2028	10,000	10,000	92,593
0.170% unsecured corporate bond, maturing 2023	10,000	10,000	92,593
0.780% unsecured corporate bond, maturing 2033	10,000	10,000	92,593
0.390% unsecured corporate bond, maturing 2028	10,000	10,000	92,593
0.980% unsecured corporate bond, maturing 2038	10,000	10,000	92,593
0.180% unsecured corporate bond, maturing 2024	10,000	10,000	92,593
0.455% unsecured corporate bond, maturing 2029	10,000	10,000	92,593
0.199% specified corporate bond issued by special purpose company, maturing 2021	5,825	—	—
0.370% unsecured corporate bond, maturing 2030	—	10,000	92,593
0.880% unsecured corporate bond, maturing 2040	—	10,000	92,593
0.190% unsecured corporate bond, maturing 2025	—	10,000	92,593
0.700% unsecured corporate bond, maturing 2040	—	10,000	92,593
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2021 to 2038 with weighted average interest rates of 0.65% in 2020.			
Secured	360,600	328,884	3,045,216
Unsecured	642,896	672,140	6,223,523
	1,209,322	1,221,024	11,305,778
Less current portion	(102,790)	(113,542)	(1,051,311)
	¥1,106,532	¥1,107,483	\$10,254,467

The aggregate annual maturity of long-term debt after March 31, 2021 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2022	¥ 89,790	\$ 831,388
2023	146,554	1,356,982
2024	135,653	1,256,046
2025	137,913	1,276,973
2026 and thereafter	597,573	5,533,087
	¥1,107,483	\$10,254,472

9. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 28 banks at March 31, 2019 and 2020, and commitment lines with 3 banks at March 31, 2019 and 10 banks at March 31, 2020 respectively. These contracts at March 31, 2019 and 2020 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Limit of overdraft	¥261,219	¥249,719	\$2,312,213
Line of credit	54,000	104,000	962,963
Borrowing outstanding	43,807	49,207	455,620
Available commitment lines	¥271,412	¥304,512	\$2,819,556

10. Change in Purpose of Possession

The following amount was transferred due to a change in the purpose of possession.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
From property, plant and equipment to real estate for sale	¥ 42,297	¥ 23,491	\$ 217,509
From property, plant and equipment to real estate for sale in process	–	3,273	30,306
From intangible assets (leasehold interests in land) to real estate for sale	–	106	981
From real estate for sale to property, plant and equipment	2,868	–	–
From real estate for sale in process to property, plant and equipment	–	1,175	10,880
From securities to investment securities	¥ 519	¥ –	\$ –

11. Loss on Valuation of Inventories

The balance of inventories at the end of the fiscal year is the amount after a write-down corresponding to declined profitability. The following loss on valuation of inventories is included in "Operating cost".

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Loss on valuation of inventories	¥ 2,416	¥ 1,566	\$ 14,500

12. Selling, General and Administrative expenses

The main items of selling, general and administrative expenses are as follows.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Salaries, allowance and bonuses	¥ 22,819	¥ 24,233	\$ 224,380
Selling and advertising expenses	11,903	12,229	113,231
Rent expenses	17,022	17,493	161,972
Provision for bonuses	2,858	2,735	25,324
Provision for bonuses for directors (and other officers)	139	150	1,389
Retirement benefit expenses	1,347	1,361	12,602
Provision for retirement benefits for directors (and other officers)	¥ 30	¥ 29	\$ 269

13. Impairment Loss on Fixed Assets

2019

For the year ended March 31, 2019, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Golf course	Land, buildings and structures, other fixed assets	Miki-shi, Hyogo	¥4,852	\$44,109
Leased assets	Buildings and structures, other fixed assets	Shibuya-ku, Tokyo	¥1,922	\$17,473
Others (9 assets)	Land, buildings and structures, other fixed assets	Other area	¥ 993	\$ 9,027

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 11 asset groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded

as impairment loss of ¥7,768 million (\$70,618 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. Value in use is calculated by discounting expected future cash flows using 2.0%.

2020

For the year ended March 31, 2020, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Project site	Land	Katsuyama-shi, Fukui	¥2,821	\$26,120
Others (11 assets)	Buildings and structures, other fixed assets	Other area	¥ 715	\$ 6,620

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 12 asset groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years and those where decisions of aborting operational-

ization of a project site were made. The amounts written down were recorded as impairment loss of ¥3,537 million (\$32,750 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets.

14. Loss on Disaster

2019

The expenditures and estimated expenditures recorded as "loss on disaster" under extraordinary losses for the year ended March 31, 2019 were chiefly due to the restoration of fixed assets (golf courses, commercial facilities, etc.) that were damaged by the effects of the heavy rain in July 2018, mainly in western Japan.

2020

The expenditures and estimated expenditures recorded as "loss on disaster" under extraordinary losses for the year ended March 31, 2020 were chiefly due to the restoration of fixed assets (golf courses, etc.) damaged by the impact of "Typhoon No. 15" mainly in eastern Japan in September 2019, "Typhoon No. 19" and "Typhoon No. 21" mainly in western Japan and eastern Japan in October 2019.

15. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2019 and 2020:

(1) Reclassification to income for the year of other comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥1,998	¥(9,375)	\$(86,806)
Reclassification to income for the year	–	25	231
Total valuation difference on available-for-sale securities	1,998	(9,350)	(86,574)
Deferred gains or losses on hedges:			
Amount arising during the year	(1,320)	1,238	11,463
Reclassification to income for the year	–	–	–
Total deferred gains or losses on hedges	(1,320)	1,238	11,463
Foreign currency translation adjustment:			
Amount arising during the year	(1,002)	1,344	12,444
Reclassification to income for the year	(367)	–	–
Total foreign currency translation adjustment	(1,369)	1,344	12,444
Remeasurements of defined benefits:			
Amount arising during the year	(461)	(269)	(2,491)
Reclassification to income for the year	690	426	3,944
Total remeasurements of defined benefits	228	156	1,444
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	(1,279)	(1,084)	(10,037)
Reclassification to income for the year	–	–	–
Total share of other comprehensive income of entities accounted for using equity method	(1,279)	(1,084)	(10,037)
Amount before tax effect	(1,742)	(7,694)	(71,241)
Tax effect	(231)	2,372	21,963
Total accumulated other comprehensive income	¥(1,973)	¥(5,322)	\$(49,278)

(2) Tax effect of other comprehensive income

	Yen (millions)		
	2019		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥1,998	¥ (611)	¥1,387
Deferred gains or losses on hedges	(1,320)	404	(916)
Foreign currency translation adjustment	(1,369)	–	(1,369)
Remeasurements of defined benefit plans	228	(24)	204
Share of other comprehensive income of entities accounted for using equity method	(1,279)	–	(1,279)
Total accumulated other comprehensive income	¥(1,742)	¥ (231)	¥(1,973)

	Yen (millions)		
	2020		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥(9,350)	¥2,863	¥(6,486)
Deferred gains or losses on hedges	1,238	(379)	859
Foreign currency translation adjustment	1,344	–	1,344
Remeasurements of defined benefit plans	156	(111)	45
Share of other comprehensive income of entities accounted for using equity method	(1,084)	–	(1,084)
Total accumulated other comprehensive income	¥(7,694)	¥2,372	¥(5,322)

	U.S. dollars (thousands)		
	2020		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	\$(86,574)	\$26,509	\$(60,056)
Deferred gains or losses on hedges	11,463	(3,509)	7,954
Foreign currency translation adjustment	12,444	–	12,444
Remeasurements of defined benefit plans	1,444	(1,028)	417
Share of other comprehensive income of entities accounted for using equity method	(10,037)	–	(10,037)
Total accumulated other comprehensive income	\$(71,241)	\$21,963	\$(49,278)

16. Supplementary Cash Flow Information

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with little risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2019 and 2020 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Cash and deposits	¥185,091	¥97,644	\$904,111
Time deposits with maturity over three months	(321)	(657)	(6,083)
Short-term loans receivable	30	50	463
Cash and cash equivalents	¥184,800	¥97,037	\$898,491

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥42,297	¥23,597	\$218,491
The amount transferred from property, plant and equipment to real estate for sale in process due to change in purpose of holdings the real estate	–	3,273	30,306
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.	2,868	–	–
The amount transferred from real estate for sale in process to property, plant and equipment due to change in purpose of holdings the real estate	–	1,175	10,880
The amount transferred from securities to investment securities due to change in purpose of holdings the securities	519	–	–
Assets related to finance leases	5,097	1,870	17,315
Liabilities related to finance leases	¥ 6,234	¥ 2,073	\$ 19,194

17. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2019 and 2020 are as follows:

- (1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2019 and 2020 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Acquisition cost	¥6,251	¥6,251	\$57,880
Accumulated depreciation	3,666	3,978	36,833
Carrying amount	¥2,584	¥2,272	\$21,037

- (2) Future lease payments at March 31, 2019 and 2020

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Due within one year	¥ 517	¥ 517	\$ 4,787
Due after one year	3,717	3,199	29,620
Total	¥4,234	¥3,717	\$34,417

- (3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2019 and 2020

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Lease payments	¥ 517	¥ 517	\$ 4,787
Reversal of impairment loss account on leased assets	–	–	–
Depreciation expense equivalent	312	312	2,889
Interest expenses equivalent	¥ 192	¥ 174	\$ 1,611

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2019 and 2020 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Due within one year	¥ 25,194	¥ 27,644	\$ 255,963
Due after one year	428,773	524,467	4,856,176
Total	¥453,968	¥552,111	\$5,112,139

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2019 and 2020 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Due within one year	¥ 30,230	¥ 31,359	\$ 290,361
Due after one year	88,364	107,178	992,389
Total	¥118,595	¥138,537	\$1,282,750

18. Financial Instruments

Financial instruments at March 31, 2019 and 2020 are summarized as follows:

Overview

(1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plans. In fund management, the Group emphasizes liquidity and avoids market risks as much as possible by investing short-term. The primary purpose of derivative transactions is to hedge interest rate risks and reduce interest payments. The Group does not enter into derivative transactions for the purpose of speculation.

(2) Types of financial instruments and related risk

Primary operational investment securities and investment securities are preferred equity securities of special purpose companies under the Asset Liquidation Act, shares in companies with which the Group has business relationships, and bonds held to maturity. The Group has exposures to the credit risks of issuers, interest rate risks, and market price fluctuation risks.

Investments in silent partnerships are investments in special purpose companies and are exposed to the credit risks of issuers and interest rate risks.

Lease and guarantee deposits for leased properties are exposed to the credit risks of counterparties.

The purpose of loans payable and bonds payable is the raising of operating funds (primarily short-term funds) and funds for capital expenditure (long-term funds). Floating-rate loans and bonds are exposed to interest rate risks, but the risks are hedged using derivatives (interest rate swaps).

(3) Risk management for financial instruments

- (a) Monitoring of credit risk (The risk that customers or counterparties may default)

Each operating department monitors the status of major counterparties and manages the due dates and balances of lease and guarantee deposits made by each counterparty. The Group seeks to identify at an early stage any collectability issues due to financial difficulties of counterparties to mitigate credit risk.

(b) Monitoring of market risks

(The risks arising from fluctuations in foreign exchange rates, interest rates and others)

To minimize the risks arising from fluctuations in interest rates on loans payable, the Group uses interest rate swaps. In relation to investment securities, the Group regularly monitors the fair values and financial positions of the issuers (counterparties). The Group reviews the status of its holdings of financial instruments, other than bonds held to maturity, considering market trends and relationships with counterparties.

(c) Monitoring of liquidity risk

(The risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on reports from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on quoted market prices, if available. When there is no quoted market price, fair value is reasonably estimated. Since various assumptions and factors are used in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2020 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2).

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Cash and deposits	¥ 97,644	¥ 97,644	¥ -
(2) Securities and investment securities			
Held-to-maturity securities	9	10	0
Available-for-sale securities	61,927	61,927	-
Total assets	¥ 159,581	¥ 159,581	¥ 0
(1) Short-term borrowings	50,017	50,017	-
(2) Commercial papers	90,000	90,000	-
(3) Bonds payable	220,000	218,767	(1,232)
(4) Long-term borrowings	1,001,025	1,005,437	4,412
Total liabilities	¥1,361,042	¥1,364,222	¥3,180
Derivatives			
Derivatives to which hedge accounting is not applied	(911)	(911)	-
Derivatives to which hedge accounting is applied	(325)	(325)	-

	U.S. dollars (thousands)		
	Book value	Estimated fair value	Difference
(1) Cash and deposits	\$ 904,111	\$ 904,111	\$ -
(2) Securities and investment securities			
Held-to-maturity securities	83	93	0
Available-for-sale securities	573,398	573,398	-
Total assets	\$ 1,477,602	\$ 1,477,602	\$ 0
(1) Short-term borrowings	463,120	463,120	-
(2) Commercial papers	833,333	833,333	-
(3) Bonds payable	2,037,037	2,025,620	(11,407)
(4) Long-term borrowings	9,268,750	9,309,602	40,852
Total liabilities	\$12,602,241	\$12,631,685	\$29,444
Derivatives			
Derivatives to which hedge accounting is not applied	(8,435)	(8,435)	-
Derivatives to which hedge accounting is applied	(3,009)	(3,009)	-

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

Cash and deposits

Since these items are settled in a short period of time, their carrying value approximates fair value.

Securities and Investment securities

The fair value of held-to-maturity securities is based on prices provided by Japan Securities Dealers Association. The fair value of available-for-sale securities is based on quoted market prices.

Liabilities

Short-term borrowings and Commercial papers

Since these items are settled in a short period of time, their carrying value approximates fair value.

Bonds payable (Including current portion of bonds)

The fair value of bonds is based on present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

Long-term borrowings (Including current portion of long-term borrowings)

The fair values are estimated by discounting the total principal and interest, using rates at which similar new loans would be made. Floating-rate long-term borrowings satisfy the requirements for special treatment of interest rate swaps and are estimated by discounting the total principal and interest of the loans and the interest rate swaps combined, using rates at which similar loans would be made.

Derivatives

Please see Note 20. Derivatives.

2. Financial instruments for which it is extremely difficult to determine the fair value

	Yen (millions)	U.S. dollars (thousands)
Operational investment securities	¥ 1,783	\$ 16,509
Unlisted stocks – current	12,733	117,898
Unlisted stocks – non-current	125,988	1,166,556
Investments in silent partnerships – current	9,889	91,565
Investments in silent partnerships – non-current	¥ 7,209	\$ 66,750

Because no quoted market price is available and future cash flows cannot be estimated, it is extremely difficult to determine the fair value. Therefore, the above financial instruments are not included in the table of financial instruments with estimated fair values.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 89,553	\$ 829,194
Long-term lease and guarantee deposited	¥198,776	\$1,840,519

Because no quoted market price is available, calculation of the substantial deposit period is difficult, the above financial instruments are not included in the table of financial instruments with estimated fair values.

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2020.

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥97,644	¥ –	¥ –	¥ –
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	9	–	–	–
(2) Corporate bonds	–	–	–	–
Available-for-sale securities with maturities				
(1) National and local government bonds	11	–	–	–
(2) Corporate bonds	–	–	–	–
Total	¥97,665	¥ –	¥ –	¥ –

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	\$904,111	\$ –	\$ –	\$ –
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	83	–	–	–
(2) Corporate bonds	–	–	–	–
Available-for-sale securities with maturities				
(1) National and local government bonds	102	–	–	–
(2) Corporate bonds	–	–	–	–
Total	\$904,306	\$ –	\$ –	\$ –

19. Securities

Securities held by the Company as of March 31, 2019 and 2020 are summarized as follows:

(1) Held-to-maturity Securities

	Yen (millions)		
	2019		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥238	¥240	¥2
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	238	240	2
Securities whose fair value does not exceed book value:			
National and local government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	¥238	¥240	¥2

	Yen (millions)		
	2020		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥9	¥10	¥0
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	9	10	0
Securities whose fair value does not exceed book value:			
National and local government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	¥9	¥10	¥0

	U.S. dollars (thousands)		
	2020		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	\$83	\$93	\$9
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	83	93	9
Securities whose fair value does not exceed book value:			
National and local government bonds	–	–	–
Corporate bonds	–	–	–
Other	–	–	–
Subtotal	–	–	–
Total	\$83	\$93	\$9

(2) Available-for-sale securities

	Yen (millions)		
	2019		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥68,474	¥46,466	¥22,008
National and local government bonds	36	35	0
Other	–	–	–
Subtotal	68,510	46,502	22,008
Securities whose book value does not exceed acquisition cost:			
Stocks	80	81	(0)
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	80	81	(0)
Total	¥68,591	¥46,583	¥22,007

	Yen (millions)		
	2020		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥60,894	¥48,177	¥12,717
National and local government bonds	11	10	0
Other	–	–	–
Subtotal	60,905	48,188	12,717
Securities whose book value does not exceed acquisition cost:			
Stocks	1,021	1,178	(157)
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	1,021	1,178	(157)
Total	¥61,927	¥49,367	¥12,560

	U.S. dollars (thousands)		
	2020		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	\$563,833	\$446,083	\$117,750
National and local government bonds	102	93	9
Other	–	–	–
Subtotal	563,935	446,185	117,750
Securities whose book value does not exceed acquisition cost:			
Stocks	9,454	10,907	(1,454)
National and local government bonds	–	–	–
Other	–	–	–
Subtotal	9,454	10,907	(1,454)
Total	\$573,398	\$457,102	\$116,296

Notes: Securities for which it is extremely difficult to determine the fair value

	Yen (millions)		U.S. dollars (thousands)
Available-for-sale securities	2019	2020	2020
Operational investment securities	¥ 3,050	¥ 1,783	\$ 16,509
Unlisted stocks, etc	35,060	37,258	344,981
Investments in silent partnerships	¥ 7,978	¥17,099	\$158,324

Because these instruments do not have quoted market prices and is considered to be extremely difficult to determine their fair values, they are not included in "Available-for-sale securities" in the table above.

(3) Sales of Available-for-sale securities

Sales of Available-for-sale securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2019 and 2020:

2019 Not applicable.

2020

	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥58	¥21	¥ –

	U.S. dollars (thousands)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	\$537	\$194	\$ –

(4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2019 and 2020:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Loss on valuation of investment securities (Note)	¥274	¥619	\$5,731

Note: Securities which market value is very difficult to determine

20. Derivatives

Contract /notional amount and the estimated fair value of the derivative instruments as of March 31, 2019 and 2020 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied

Currency-related transactions

2019	Type of derivatives	Yen (millions)			
		Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF To sell foreign currency: Indonesian rupiah	¥10,040	¥ 6,160	¥ (328)	¥ (328)

2020	Type of derivatives	Yen (millions)			
		Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF To sell foreign currency: Indonesian rupiah	¥ 8,690	¥ -	¥ (911)	¥ (911)

2020	Type of derivatives	U.S. dollars (thousands)			
		Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF To sell foreign currency: Indonesian rupiah	\$80,463	¥ -	\$(8,435)	\$(8,435)

Note: The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

(2) Derivatives to which hedge accounting is applied

Currency-related transactions

2019			Yen (millions)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deffered treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	¥ 13,834	¥ 13,772	¥ (889)
	Euro		¥ 197	¥ -	¥ (10)
2020			Yen (millions)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deffered treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	¥ 13,772	¥ 13,772	¥ 471
	Euro		¥ -	¥ -	¥ -
2020			U.S. dollars (thousands)		
Hedge accounting method	Type of derivatives	Major hedged items	Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deffered treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	\$127,519	\$127,519	\$ 4,361
	Euro		\$ -	\$ -	\$ -

Note: The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

Interest rate-related transactions

2019

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)		
			Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 14,785	¥ 14,638	¥ (664)
Special treatment for interest rate swaps			¥ 269,660	¥ 242,217	(Note 1)

2020

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)		
			Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 15,099	¥ 15,024	¥ (796)
Special treatment for interest rate swaps			¥ 254,044	¥ 205,598	(Note 1)

2020

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands)		
			Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	\$ 139,806	\$ 139,111	\$(7,370)
Special treatment for interest rate swaps			\$2,352,259	\$1,903,685	(Note 1)

Notes: 1. Interest rate swaps which qualify for the special treatment for interest swaps is treated together with the hedged long-term debt. Accordingly, the fair value of those interest rate swaps are included in the fair value of the long-term debt.
2. The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

21. Employees' Retirement and Severance Benefits

The Group have defined benefit plans (i.e., welfare pension fund plans and lump-sum retirement benefit plan). The amounts of benefit are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The Company and certain consolidated subsidiaries have adopt-

ed a defined contribution pension plan for part of their retirement benefit system. Under the defined-benefit corporate pension plan and lump-sum retirement benefit plan owned by certain consolidated subsidiaries, net defined benefit liability and retirement benefit cost are calculated using the simplified method.

Defined benefit plan

I. Table of reconciliation of retirement benefit obligations as of the beginning and end of the fiscal period

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
1. Principle method			
Retirement benefit obligations at beginning of year	¥34,971	¥35,389	\$327,676
Service cost	2,211	2,306	21,352
Interest cost	230	229	2,120
Actuarial loss	178	(49)	(454)
Retirement benefits paid	(2,205)	(1,997)	(18,491)
The amount of transfer in association with changing from the simplified method to the principle method	2	117	1,083
Prior service cost that arose in the fiscal year	(0)	–	–
Retirement benefit obligations at end of year	¥35,389	¥35,995	\$333,287
2. Simplified method			
Retirement benefit obligations at beginning of year	¥ 1,122	¥ 1,063	\$9,843
Retirement benefit cost	76	198	1,833
Retirement benefits paid	(130)	(115)	(1,065)
The amount of transfer in association with changing from the simplified method to the principle method	(2)	(117)	(1,083)
Contributions to the system	(2)	–	–
Retirement benefit obligations at end of year	¥ 1,063	¥ 1,028	\$ 9,519

II. Table of reconciliation of pension assets as of the beginning and end of the fiscal period

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Pension assets at beginning of year	¥ 7,269	¥ 7,309	\$ 67,676
Expected return on plan assets	225	225	2,083
Actuarial loss	(282)	(319)	(2,954)
Contributions from employer	652	614	5,685
Retirement benefits paid	(556)	(629)	(5,824)
Pension assets at end of year	¥ 7,309	¥ 7,199	\$ 66,657

III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2019 and 2020 and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Retirement benefit obligations under the savings-type plan	¥ 9,233	¥ 9,011	\$ 83,435
Plan assets at fair value	(7,309)	(7,199)	(66,657)
	1,924	1,811	16,769
Retirement benefit obligations under the non-savings-type plan	27,219	28,012	259,370
Net amount of liability and asset recorded in the consolidated balance sheet	¥29,143	¥29,824	\$276,148
Net defined benefit liability	¥29,262	¥30,023	\$277,991
Net defined benefit asset	(118)	(199)	(1,843)
Net amount of liability and asset recorded in the consolidated balance sheet	¥29,143	¥29,824	\$276,148

IV. Components of retirement benefit cost for the year ended March 31, 2019 and 2020

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Service cost	¥ 2,211	¥ 2,306	\$ 21,352
Interest cost	230	229	2,120
Expected return on plan assets	(225)	(225)	(2,083)
Amortization of actuarial loss	652	388	3,593
Amortization of prior service cost	38	38	352
Retirement benefit cost calculated using the simplified method	76	198	1,833
Retirement benefit cost for the defined benefit plan	¥ 2,982	¥ 2,936	\$ 27,185

V. Remeasurements of defined benefit plans, net of tax

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Prior service cost	¥ (38)	¥ (38)	\$ (352)
Actuarial loss	(190)	(118)	(1,093)
Total	¥ (228)	¥ (156)	\$ (1,444)

VI. Remeasurements of retirement benefit plans

The following items are recorded under remeasurements of retirement benefit plans (before deduction of tax effects) for the year ended March 31, 2019 and 2020.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Unrecognized prior service cost	¥ (242)	¥ (203)	\$ (1,880)
Unrecognized actuarial loss	(1,928)	(1,810)	(16,759)
Total	¥(2,171)	¥(2,014)	\$(18,648)

VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2019 and 2020 are set forth below.

	2019	2020
Bonds	38%	39%
Stocks	13%	17%
General account	28%	29%
Others	21%	15%
Total	100%	100%

2. Method of establishing the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, the current and forecast allocation of pension assets and the current and expected long-term rates of return on various assets constituting the pension assets are considered.

VIII. Matters regarding assumptions for actuarial calculations

Major assumptions for actuarial calculations as of March 31, 2019 and 2020

	2019	2020
Discount rate	0.03% - 1.58%	(0.17)% - 1.58%
Long-term expected rate of return on pension assets	0.75% - 3.20%	0.75% - 3.20%
Expected rate of salary increase	1.85% - 7.47%	1.85% - 7.47%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,498 million and ¥1,525 million (\$14,120 thousand) for the year ended March 31, 2019 and 2020.

22. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2019 and 2020 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Deferred tax assets:			
Valuation loss on inventories	¥ 569	¥ 213	\$ 1,972
Valuation loss on securities	2,280	2,508	23,222
Amortization of intangible assets	3,972	4,397	40,713
Allowance for doubtful accounts	115	115	1,065
Accrued expenses	777	484	4,481
Accrued bonuses to employees	3,879	3,907	36,176
Net defined benefit liability	8,589	8,755	81,065
Tax loss carried forward	7,915	10,737	99,417
Unrealized inter-company profits	825	1,024	9,481
Impairment losses on fixed assets	6,109	5,532	51,222
Loss of investments in silent partnerships	7	21	194
Valuation difference on consolidated subsidiaries	–	109	1,009
Undistributed loss from consolidated subsidiaries	226	283	2,620
Accrued enterprise tax/business office tax	1,452	1,400	12,963
Revaluation of assets for merger	7	7	65
Asset retirement obligations	1,898	2,333	21,602
Asset adjustment account	3,473	1,929	17,861
Other	5,837	8,048	74,519
Gross deferred tax assets	47,939	51,809	479,713
Valuation allowance related to tax loss carried forward (Note 2)	(4,854)	(6,802)	(62,981)
Valuation allowance related to future deductible temporary differences	(12,762)	(13,161)	(121,861)
Less: valuation allowance (Note 1)	(17,617)	(19,964)	(184,852)
Total deferred tax assets	¥ 30,321	¥ 31,845	\$ 294,861
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ 6,664	¥ 3,800	\$ 35,185
Valuation difference on consolidated Subsidiaries	28,072	28,031	259,546
Reserve for advanced depreciation of non-current assets	2,286	2,423	22,435
Loss on approval for exchange of land rights	591	1,118	10,352
Property, plant and equipment corresponding to asset retirement obligations	1,129	1,460	13,519
Other	3,623	2,193	20,306
Total deferred tax liabilities	42,366	39,027	361,361
Net deferred tax assets (liabilities)	¥(12,045)	¥ (7,182)	\$ (66,500)

Notes: 1. The valuation allowance increased by ¥2,346 million. The main reason for the increase was that the valuation allowance was additionally recognized for consolidated subsidiaries whose deferred tax assets were deemed non-recoverable in full due to the occurrence of tax loss carried forward, etc.
2. Tax losses carried forward and the amounts of their deferred tax assets according to carry-forward period deadlines.

2020	Yen (millions)						Total
	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	
Tax loss carried forward (Note 1)	–	–	8	95	1,370	9,263	10,737
Valuation allowance	–	–	–	(66)	(1,260)	(5,476)	(6,802)
Deferred tax assets	–	–	8	29	110	3,786	3,934 (Note 2)

Notes: 1. Tax losses carried forward indicate amounts multiplied by legally-designated effective tax rates.
2. Deferred tax assets amounting to ¥3,934 million have been posted in conjunction with the tax loss carried forward of ¥10,737 million (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
Deferred tax assets – non-current	18,596	21,799	201,843
Deferred tax liabilities – non-current	¥30,641	¥28,982	\$268,352

Breakdown by major items that caused a significant difference between the statutory tax rate and the effective tax rate is as follows:

	2019	2020
Statutory tax rate (Adjustments)	30.6%	30.6%
Items not included in tax deductions permanently, such as entertainment expenses	0.8%	0.7%
Items not included in taxable income permanently, such as dividend income	(0.1)%	(0.0)%
Temporary difference for consolidation	(2.0)%	(1.0)%
Inhabitant tax on a per capita basis	0.5%	0.5%
Increase/decrease in the amount of valuation reserve	6.5%	3.7%
Amortization of goodwill	2.8%	2.7%
Tax credit for wage increases and productivity improvement and tax incentives to promote capital expenditure on productivity enhancing equipment	(0.5)%	–
Equity in earnings of entities accounted for by the equity method	(0.1)%	(0.0)%
Exclusion from tax deductions directors' bonuses	0.1%	0.1%
Others	0.5%	1.4%
Effective tax rate	39.0%	38.8%

23. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings for lease in Tokyo and other areas. The carrying value in

the consolidated balance sheet and corresponding fair value of those properties at March 31, 2019 and 2020 are as follows:

2019		Yen (millions)	
		Carrying value	Fair value
As of April 1, 2018	Net change	As of March 31, 2019	As of March 31, 2019
¥791,381	¥24,767	¥816,148	¥1,061,489

2020		Yen (millions)	
		Carrying value	Fair value
As of April 1, 2019	Net change	As of March 31, 2020	As of March 31, 2020
¥816,148	¥18,306	¥834,454	¥1,091,527

2020		U.S. dollars (thousands)	
		Carrying value	Fair value
As of April 1, 2019	Net change	As of March 31, 2020	As of March 31, 2020
\$7,556,926	\$169,500	\$7,726,426	\$10,106,731

- Notes: 1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. Of the changes, the increase during the year ended March 31, 2020 is mainly attributable to the acquisition of properties, new opening and progress of properties to be developed before opening of ¥58,970 million (\$546,019 thousand). The increase during the year ended March 31, 2019 were mainly attributable to the acquisition of properties of ¥100,159 million. The decrease during the year ended March 31, 2020 were mainly due to the sales of properties of ¥18,641 million (\$ 172,602 thousand), and transfers to real estate for sale of ¥19,059 million (\$ 176,472 thousand), respectively. The decrease during the year ended March 31, 2019 were mainly due to the sales of properties of ¥37,283 million, and transfers to real estate for sale of ¥32,847 million.
3. Fair value is estimated by internal appraisers in accordance with appraisal standards issued by the Japanese Association of Real Estate Appraisers.
4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥52,883 million and ¥74,708 million (\$691,741 thousand) as of March 31, 2019 and 2020) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

24. Per Share Information

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

Diluted net income per share is not presented as there are no dilutive potential shares.

	Yen		U.S. dollars
	2019	2020	2020
Net asset per share of common stock as of March 31	¥780.78	¥811.04	\$7.51
Net income per share of common stock for the year ended March 31	¥ 56.84	¥ 53.70	\$0.50

Bases of calculation for net income per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
For the year ended March 31			
Profit attributable to owners of parent	¥ 37,459	¥ 38,661	\$ 357,972
Profit attributable to owners of parent of common stock	¥ 37,459	¥ 38,661	\$ 357,972
Weighted average number of shares of common stock (thousands)	659,059	719,040	

Bases of calculation for net asset per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2019	2020	2020
As of March 31			
Total net assets	¥568,698	¥594,246	\$5,502,278
Amount deducted from total net assets	7,292	10,956	101,444
Non-controlling interests	(7,292)	(10,956)	(101,444)
Net assets of common stock at March 31	¥561,405	¥583,289	\$5,400,824
Number of shares of common stock at March 31 (thousands)	719,028	719,189	

25. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of distributions paid in cash be appropriated as a legal reserve until the aggregated amount of the capital reserve and the legal reserve equals 25 percent of common stock.

The portion of such aggregated amount in excess of 25 percent of common stock may become available for distributions subsequent to release of such excess to retained earnings.

26. Segment Information

The business of the Company and its consolidated subsidiaries is composed primarily of seven segments:

(1) Urban Development; (ii) development, leasing, and operation of office buildings, renewable energy power facilities, logistics facilities and other properties and, (ii) sales of properties for investors, (2) Residential; development and sales of condominiums and detached housing, (3) Property Management; (i) property management of condominiums, buildings and other properties and, (ii) construction of common areas of condominiums, buildings and other properties, (4) Real Estate Agents; real estate brokerage and property sales, (5)

Wellness; (i) development and sales of membership resort hotels and country houses and, (ii) ownership and management of resort facilities, urban style hotels, senior housing and membership sports clubs, (6) Tokyu Hands; retail sales of materials and products for living and D-I-Y, and (7) Innovation Business, (i) development, sales, and leasing of condominiums and other properties in overseas, (ii) construction of residential homes and others.

Information by geographic areas is omitted as overseas sales of the Company for the year ended March 31, 2020 and 2019 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the year ended March 31, 2020 and 2019 are as follows:

	Yen (millions)								
Year ended March 31, 2019	Urban Development	Residential	Property Management	Real Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/ Headquarters	Consolidated
Revenues:									
Third party customers	¥ 252,452	¥121,276	¥158,276	¥112,068	¥123,200	¥96,485	¥ 38,123	¥ –	¥ 901,884
Inter-segment	3,975	142	15,627	6,793	704	907	3,456	(31,607)	–
Total	¥ 256,427	¥121,419	¥173,904	¥118,862	¥123,904	¥97,392	¥ 41,580	¥ (31,607)	¥ 901,884
Operating profit/loss	49,882	5,363	8,573	13,918	7,864	759	931	(7,086)	80,205
Total assets	¥1,534,097	¥236,351	¥102,457	¥104,886	¥273,720	¥37,828	¥129,961	¥ (14,052)	¥2,405,249
Depreciation expenses	11,004	641	1,322	1,322	8,290	1,339	66	579	24,567
Amortization of goodwill	1,008	–	1,922	–	0	–	1	2,488	5,421
Investment in entities accounted for using equity method	–	–	–	154	–	–	76,379	816	77,350
Additions to property, plant and equipment and intangible assets	48,402	1,239	2,862	1,897	30,178	1,216	171	644	86,614

	Yen (millions)								
Year ended March 31, 2020	Urban Development	Residential	Property Management	Real Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/ Headquarters	Consolidated
Revenues:									
Third party customers	¥ 286,340	¥136,159	¥171,108	¥128,829	¥113,842	¥95,646	¥ 31,270	¥ –	¥ 963,198
Inter-segment	6,297	179	19,702	2,608	613	928	3,961	(34,290)	–
Total	¥ 292,637	¥136,338	¥190,811	¥131,438	¥114,455	¥96,574	¥ 35,231	¥ (34,290)	¥ 963,198
Operating profit/loss	52,525	8,541	8,729	15,220	3,474	243	(1,361)	(8,062)	79,312
Total assets	¥1,612,161	¥282,530	¥127,111	¥98,286	¥273,263	¥37,100	¥138,131	¥ (81,215)	¥2,487,369
Depreciation expenses	16,458	858	1,561	1,573	9,442	1,568	89	792	32,345
Amortization of goodwill	1,008	–	1,897	–	0	–	1	2,513	5,421
Investment in entities accounted for using equity method	2,339	–	–	192	–	–	97,306	779	100,617
Additions to property, plant and equipment and intangible assets	114,621	1,663	2,401	2,761	11,688	2,153	77	991	136,359

	U.S. dollars (thousands)								
Year ended March 31, 2020	Urban Development	Residential	Property Management	Real Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/ Headquarters	Consolidated
Revenues:									
Third party customers	\$ 2,651,296	\$1,260,731	\$1,584,333	\$1,192,861	\$1,054,093	\$885,611	\$ 289,537	\$ –	\$ 8,918,500
Inter-segment	58,306	1,657	182,426	24,148	5,676	8,593	36,676	(317,500)	–
Total	\$ 2,709,602	\$1,262,389	\$1,766,769	\$1,217,019	\$1,059,769	\$894,204	\$ 326,213	\$ (317,500)	\$ 8,918,500
Operating profit/loss	486,343	79,083	80,824	140,926	32,167	2,250	(12,602)	(74,648)	734,370
Total assets	\$14,927,417	\$2,616,019	\$1,176,954	\$ 910,056	\$2,530,213	\$343,519	\$1,278,991	\$ (751,991)	\$23,031,194
Depreciation expenses	152,389	7,944	14,454	14,565	87,426	14,519	824	7,333	299,491
Amortization of goodwill	9,333	–	17,565	–	0	–	9	23,269	50,194
Investment in entities accounted for using equity method	21,657	–	–	1,778	–	–	900,981	7,213	931,639
Additions to property, plant and equipment and intangible assets	1,061,306	15,398	22,231	25,565	108,222	19,935	713	9,176	1,262,583

27. Significant Subsequent Events

Due to the spread of COVID-19, there have been incidents such as temporary closings and shortened opening hours of commercial facilities, operated facilities and stores of the Group and delays in constructions, in addition to the decreases in the number of visitors and impacts from voluntary restraint on business activities in each business of the Group.

Although the matters described above may affect the financial positions and operating results of the Group from the following consolidated fiscal year, it is difficult to reasonably estimate their impact at this moment.

Independent Auditor's Report



Ernst & Young ShinNihon LLC
Hibiya Mitsui Tower, Tokyo Midtown Hibiya
1-1-2 Yurakucho, Chiyoda-ku
Tokyo 100-0006, Japan

Tel: +81 3 3503 1100
Fax: +81 3 3503 1197
ey.com

Independent Auditor's Report

The Board of Directors
Tokyu Fudosan Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2020, and the consolidated statement of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition for real estate sale transactions with related parties, parties with whom the Company has continuous real estate transactions, and special purpose companies	
Descriptions of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries engage in real estate sales transactions with related parties, parties with whom the Company has continuous real estate transactions, and special purpose companies (hereinafter referred to as "related parties").</p> <p>In general, real estate sale transactions have unique conditions, and the amount of each real estate transaction is material to the financial statement. In particular, if the transferee is a related party, the transferor might have a continuous relationship through engaging in property management, having repurchase conditions, or holding a part of equity of the transferee. In such cases, judgement about whether almost all risks and economic values are transferred or not, might be complex and judgmental. If this judgment is incorrect, there is a risk that revenue or gain on sale might be recognized for the real estate sale transaction where almost all of the risks and economic values are not transferred to the transferee. Also, if the transferee is a related party, there is a risk that the transaction amount might be intentionally manipulated to recognize improper revenue or gain on sale, or avoid loss.</p> <p>Therefore, we determined that revenue recognition for real estate sale transactions with related parties is a key audit matter.</p>	<p>We conducted the following procedures to verify real estate sale transactions with related parties:</p> <ul style="list-style-type: none"> • Read the related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors in order to understand the transactions. • Read the related sales contracts and other agreements, and inquired of management, in order to understand and assess the transaction terms and conditions. • Obtained an understanding of the relationship with the transferee, and the rationality for the transactions, and confirmed the consistency of our understanding with related external information, where available. • Compared the transaction price with similar historical transaction and the real estate appraisal report in order to verify the transaction amount. • Reviewed the bank statement and the certified copy of registry, in order to confirm the fact of transfer.



Impairment of Non-current assets of large-scale real estate developments	
Description of Key Audit Matter	Auditor's Response
<p>The Company and its consolidated subsidiaries engage in real estate development business. Under this business, assets are recorded as Non-current assets such as Land and Construction in progress on the Consolidated Balance Sheet. When an affiliate engages in the real estate investment business, its assets are recorded as Investment securities on the Company's Consolidated Balance Sheet.</p> <p>In the real estate development business, there is a risk that the investment cannot be recovered due to the changes in the development plan. Specifically, the following events might cause those changes: disagreement with landowners, disapprovals from the local government, delay of the construction, increase of construction costs, and delay of tenant leasing.</p> <p>In particular, large-scale real estate developments require large investments and have long development periods, therefore, they have a high degree of uncertainty and material potential impact on the financial statements.</p> <p>In terms of impairment of real estate development assets, the Company is required to determine if an indication of impairment exists, based on assumptions, such as the status of negotiation with landowners and local governments, planned tenant rent and occupancy rate, and construction costs. This impairment process includes significant judgement and assumptions by management. Consequently, there is a risk that impairment loss might not be recorded appropriately.</p> <p>Therefore, we determined that the impairment of Non-current assets of large-scale real estate developments is a key audit matter.</p>	<p>We conducted the following procedures to identify whether there is any indication of impairment on Non-current assets of large-scale real estate developments:</p> <ul style="list-style-type: none"> • Read the related approval documents, minutes of the Group Executive Committee, and minutes of the Board of Directors in order to understand the business plans and its progress. • Inquired of management and the department in charge, to understand the status of negotiation with landowners and local governments, the status of applications, and approval from city planning and scheme of exchange rights with new building. Confirmed the consistency of their responses with related external information, where available. • Inspected the development site to corroborate the information in the related documents read and responses received from management. • Compared the assumptions for planned tenant rent, occupancy rate, and construction cost with similar development projects and prior development results. • Read the related contracts when a construction contract or a lease contract was entered into as the development progresses, and compared the assumptions in the business plan with those contracts.



Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.



- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Conflicts of Interest

We have no interest in the Group which should be disclosed in accordance with the Certified Public Accountants Act.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2020 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 25, 2020

町之内 和徳 

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

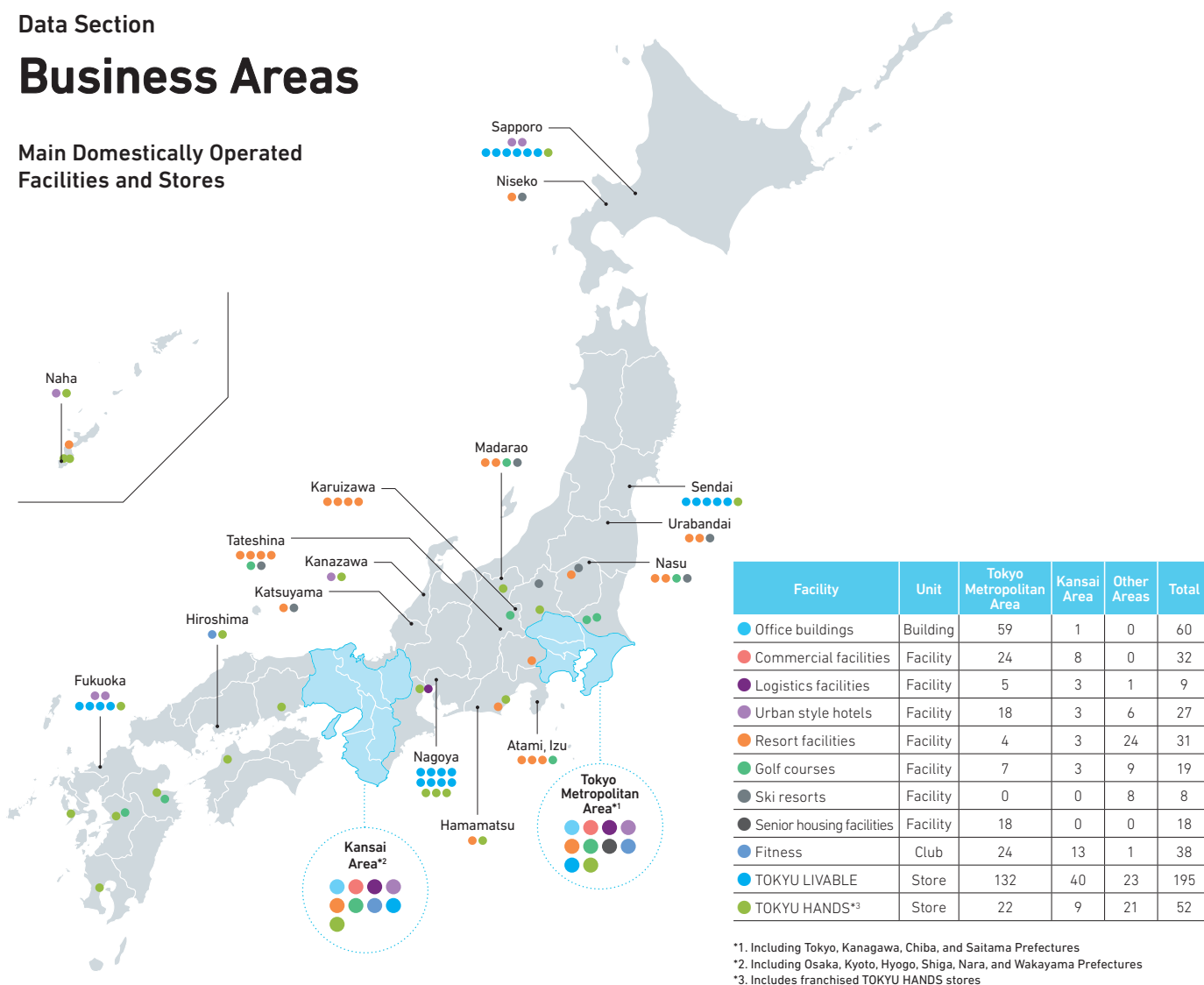
小島 亘司 

Koji Ojima
Designated Engagement Partner
Certified Public Accountant

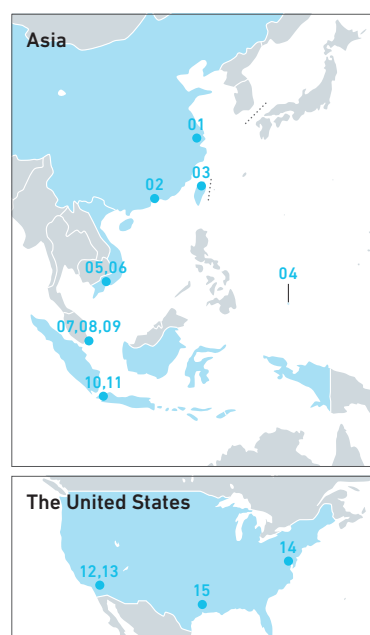
A member firm of Ernst & Young Global Limited

Business Areas

Main Domestically Operated Facilities and Stores



Main Overseas Bases



China	Shanghai	01	TOKYU LAND CORPORATION (SHANGHAI) LTD. (TOKYU LAND CORPORATION)
	Hong Kong	02	Tokyu Livable Hong Kong Branch (TOKYU LIVABLE, INC.)
Taiwan		03	TOKYU LIVABLE (TAIWAN), INC. (TOKYU LIVABLE, INC.)
Palau		04	Pacific Islands Development Corporation (TOKYU LAND CORPORATION)
Vietnam		05	TOKYU PM VIETNAM (TOKYU COMMUNITY CORP.)
		06	NOZOMI RESIDENTIAL MANAGEMENT (TOKYU COMMUNITY CORP.)
Singapore		07	Tokyu Land Asia Pte. Ltd. (TOKYU LAND CORPORATION)
		08	Investment in OrangeTee Holdings Pte Ltd. (TOKYU LIVABLE, INC.)
		09	TOKYU HANDS SINGAPORE PTE. LTD. (TOKYU HANDS INC.) TOKYU HANDS Orchard Store TOKYU HANDS Suntec City Store TOKYU HANDS Jewel Store TOKYU HANDS Paya Lebar Store TOKYU HANDS Great World Store
Indonesia	Jakarta	10	PT. Tokyu Land Indonesia (TOKYU LAND CORPORATION)
		11	PT. Tokyu Property Management Indonesia (TOKYU COMMUNITY CORP.)
The United States	Los Angeles	12	Tokyu Land US Corporation (TOKYU LAND CORPORATION)
		13	Tokyu Livable US, Inc. (TOKYU LIVABLE, INC.)
	New York	14	Participated in the 425 Park Avenue redevelopment project (TOKYU LAND CORPORATION)
	Dallas	15	Tokyu Livable Texas Investment Advisors, LLC (TOKYU LIVABLE, INC.)

Data Section

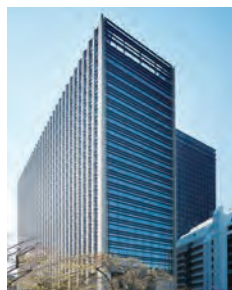
Socially and Environmentally Friendly Assets

List of Environmental Real Estate (DBJ Green Building Certification)



5 stars

Properties with the best class environmental & social awareness



HIBIYA PARKFRONT
Chiyoda-ku, Tokyo



SHIBUYA SOLASTA
Shibuya-ku, Tokyo



SHIBUYA FUKURAS
Shibuya-ku, Tokyo



TOKYO PORTCITY TAKESHIBA (Office tower)
Minato-ku, Tokyo *Plan certification

4 stars

Properties with exceptionally high environmental & social awareness

Spline Aoyama Tokyu Building	Minato-ku, Tokyo
Shin-Aoyama Tokyu Building	Minato-ku, Tokyo
Nihombashi Front	Chuo-ku, Tokyo
Shin-Meguro Tokyu Building	Shinagawa-ku, Tokyo
Jimbocho Kita Tokyu Building	Chiyoda-ku, Tokyo
Tokyu Plaza Omotesando Harajuku	Shibuya-ku, Tokyo
Amagasaki Q's Mall	Amagasaki-shi, Hyogo

3 stars

Properties with excellent environmental & social awareness

Kasumigaseki Tokyu Building	Chiyoda-ku, Tokyo
Minamiaoyama Tokyu Building	Minato-ku, Tokyo
Nihombashi Maruzen Tokyu Building	Chuo-ku, Tokyo
Uchisaiwaicho Tokyu Building	Chiyoda-ku, Tokyo
Shibuya Minami Tokyu Building	Shibuya-ku, Tokyo
Nihombashi Honcho Tokyu Building	Chuo-ku, Tokyo
Ichigaya Tokyu Building	Chiyoda-ku, Tokyo

2 stars

Properties with high environmental & social awareness

Hamamatsucho Square	Minato-ku, Tokyo
Ebisu Business Tower	Shibuya-ku, Tokyo
Shimbashi Tokyu Building	Minato-ku, Tokyo

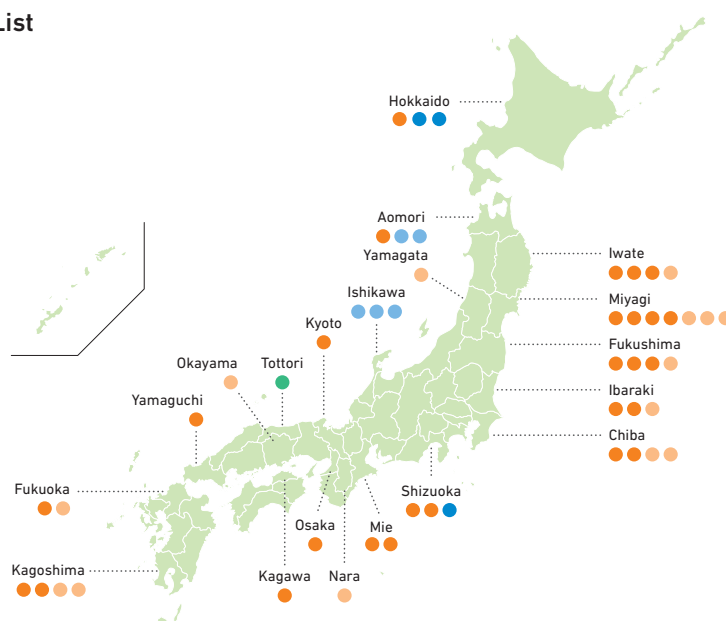
(As of March 31, 2020)

Renewable Energy Business List

ReENE

Total Number of Businesses **50**

Rated Capacity **1,041 MW**



(As of March 31, 2020)

Participating in RE100, Aiming for Use of Renewable Energy Exclusively

In April 2019, TOKYU LAND CORPORATION joined RE100, a global initiative, under which companies are working together for the commitment to 100% renewable energy for the electricity used for business activities.







RE100
CLIMATE GROUP



Corporate Overview and Stock Information

Holdings Structure

At the Tokyu Fudosan Holdings Group, we operate seven businesses: Urban Development, Residential Business, Property Management, Real-Estate Agents, Wellness, Tokyu Hands, and Innovation Business. Leading roles are played by six core operating companies under Tokyu Fudosan Holdings Corporation as the holding company. They are TOKYU LAND CORPORATION, TOKYU COMMUNITY CORP., TOKYU LIVABLE, INC., TOKYU HANDS INC., Tokyu Housing Lease Corporation, and NATIONAL STUDENTS INFORMATION CENTER CO., LTD.

 TOKYU FUDOSAN HOLDINGS					
 TOKYU LAND CORPORATION	TOKYU COMMUNITY CORP.			 Tokyu Housing Lease	
TOKYU LAND CORPORATION	TOKYU COMMUNITY CORP.	TOKYU LIVABLE, INC.	TOKYU HANDS, INC.	Tokyu Housing Lease Corporation	NATIONAL STUDENTS INFORMATION CENTER CO., LTD.
TOKYU SPORTS OASIS Inc. ISHIKATSU EXTERIOR INC. EWEL, Inc. TLC REIT Management Inc. Tokyu Land Capital Management Inc. TOKYU LAND SC MANAGEMENT CORPORATION Tokyu Resorts & Stays Co., Ltd. Tokyu Resort Corporation TOKYU E-LIFE DESIGN Inc. Pacific Islands Development Corporation PT. Tokyu Land Indonesia Tokyu Land US Corporation TOKYU LAND CORPORATION (SHANGHAI) LTD. Tokyu Land Asia Pte. Ltd. and others	COMMUNITY ONE CO., LTD. MARIMO COMMUNITY CO., LTD TOKYU BLDG. MAINTENANCE SHONAN COMMUNITY DAI-ICHI Building Service Inc. YOGA DISTRICT HEATING AND COOLING CO., LTD. TC FORUM CORP. INFIELD INC. Tokyu Re·design Corporation HOC PARTNERS PFI Co., Ltd. PT. Tokyu Property Management Indonesia TOKYU PM VIETNAM NOZOMI RESIDENTIAL MANAGEMENT	Tokyu Livable Staff Corporation Livable Asset Management Inc. TOKYU LIVABLE (TAIWAN), INC. Tokyu Livable US, Inc. Tokyu Livable Texas Investment Advisors, LLC	HANDS LAB INC. TOKYU HANDS SINGAPORE PTE. LTD.	Tokyu Corporate Housing Management Inc. Residential Partners K.K.	SIGMA JAPAN CO., LTD. HOKUWA CONSTRUCTION, INC
Segment					
Urban Development	Property Management	Real Estate Agents	Tokyu Hands	Urban Development	Urban Development
Residential	Urban Development	Urban Development			
Wellness					
Innovation Business					

(As of July 1, 2020)

Corporate Overview

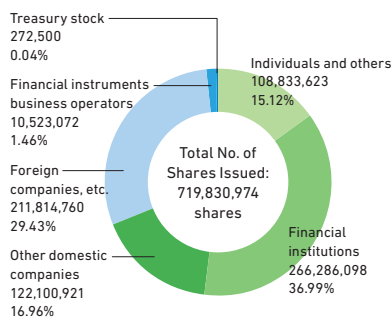
Corporate name	Tokyu Fudosan Holdings Corporation	Business activities	Management and administration of the Tokyu Fudosan Holdings Group
Address	1-21-1 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan	Established	October 1, 2013
Representative	Hironori Nishikawa, President and Representative Director	Capital	¥77,562 million (As of March 31, 2020)
		Employees	67 (consolidated: 22,953) (As of March 31, 2020)

Stock Information (As of March 31, 2020)

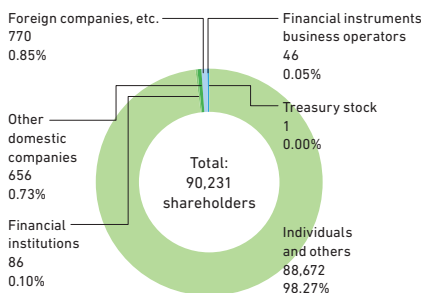
Listed stock market	Tokyo Stock Exchange	(Shareholder registry administrator)	Sumitomo Mitsui Trust Bank, Limited 1-4-1 Marunouchi, Chiyoda-ku, Tokyo, 100-8233, Japan
Securities code	3289	(Mailing address)	Sumitomo Mitsui Trust Bank, Limited Stock Transfer Agency 2-8-4 Izumi, Suginami-ku, Tokyo, 168-0063, Japan
Share trading unit	100 shares	(Website URL)	https://www.smtb.jp/tools/english
Shares authorized to be issued by the Company	2,400,000,000 shares		
Shares issued	719,830,974 shares		
Fiscal year	April 1 to March 31 of the following year		
Ordinary General Meeting of Shareholders	June each year		
Shareholders' record date	<ul style="list-style-type: none"> • Ordinary General Meeting of Shareholders: March 31 • Dividends: March 31 • Interim dividend: September 30 • Other: Certain days for which prior notice is provided. 		

Shareholder Composition (As of March 31, 2020)

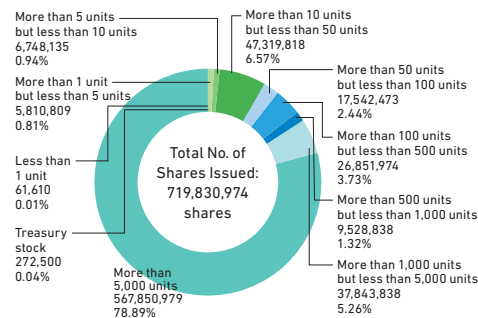
Breakdown of Shares by Shareholder



Breakdown of the Number of Shareholders



Distribution of Stock by the Size of Holdings



Major Shareholders

Name	Number of Shares Held (thousands)	Percentage of Shares Held*
TOKYU CORPORATION	114,379	15.90%
The Master Trust Bank of Japan Ltd. (Trust Account)	60,437	8.40%
Japan Trustee Services Bank Ltd. (Trust Account)	60,008	8.34%
Sumitomo Mitsui Trust Bank, Limited	16,008	2.22%
The Dai-ichi Life Insurance Company, Limited	14,918	2.07%
SSBTC CLIENT OMNIBUS ACCOUNT	12,524	1.74%
Japan Trustee Services Bank Ltd. (Trust Account 7)	11,697	1.63%
Japan Trustee Services Bank Ltd. (Trust Account 5)	10,919	1.52%
JP MORGAN CHASE BANK 385151	10,612	1.47%
STANDARD LIFE ASSURANCE LIMITED-PENSION FUNDS	9,250	1.29%

* The percentage of shares held is calculated after deducting 272,500 of treasury stock.

On Publishing the 2020 Integrated Report

This year's integrated report is the fifth to be issued by Tokyu Fudosan Holdings Corporation. The importance of integrating both our financial and non-financial information and communicating details of our corporate value creation to our stakeholders is increasing with each year, and we make improvements to the content that we disclose on an annual basis.

In this year's report, we endeavored to convey our ideal vision of "To Become a Corporate Group that Continues to Create Value" in an easily understandable story, with specific details.

This year's core theme is Lifestyle Creation 3.0. To enable readers to gain a deep understanding of the story of our value creation utilizing the Group's three core strengths and the breadth of its business wingspan, we sought to improve and enhance the content of the report with features on projects that lead to the creation of future lifestyles through our proposal of new home, work and play styles.

We have also reflected the requests of our investors. In the new report, we summarized the value provided through our business operations (outputs) and social value (outcomes) created as a result, with additional editing to enable readers to understand the impact of our business on society.

We also had our outside directors participate in online round-table talks to exchange opinions, and heard their frank and unreserved opinions on various issues, including how communication has been and should be conducted during the COVID-19 pandemic.

Although the business environment has changed dramatically in the face of this crisis, the Group's stance in aiming for sustainable growth and society remains unshaken. We will continue to thoroughly communicate details of our further growth in the future, and our mission in supporting social infrastructure. Advancing the process of digital transformation (DX) is another pressing issue for the Group, I, as director responsible for DX, will be working to implement transformations in business models within the Group with a sense of urgency.

As of this year, we also decided to stop printing paper copies of our report, and disclose it to our stakeholders on our website. This decision was based on our desire to drive the advancement of digitalization, and our consideration for the global environment.

As a company working to resolve social issues through its business activities, we have participated in the UN Global Compact advocated by the United Nations, and are supporting its Ten Principles with regard to human rights, labor, the environment and anti-corruption. We have also committed to contributing to the achievement of the Sustainable Development Goals (SDGs) adopted by the UN in 2015, with a view to building a sustainable society.

Looking ahead, we will continue to value the importance of dialogs with our stakeholders, and create various opportunities for communication.



Shouhei Kimura

Director, Operating Officer
Supervisor for General Management,
Digital Transformation Promotion Office Supervisor
Responsible for publishing the 2020 Integrated Report
Tokyu Fudosan Holdings Corporation

October 2020

Under the direction of Director Shouhei Kimura, members from the Corporate Communication Department, together with the Group Corporate Planning and Group General Administration departments formed the administrative office for compiling this report. We summarized concepts spanning the Group, while coordinating closely with Group companies. The administrative office held a total of 16 editorial meetings (shifting to an online format as of April), as well as holding theme-based subcommittee meetings and conducting interviews as required in order to compile the report. We hope that this report will be useful to stakeholders as a communication tool for gaining an understanding of our Group.

Administrative office and cooperative departments: Corporate Communication Department (Investor Relations Department / Sustainability Office / PR Department) / Group Corporate Planning Department / Group General Administration Department / Group Planning Strategy Department / Group Human Resources Department / other departments and members of each Group company



Screenshot of an online editorial meeting



GROUP SLOGAN

Toward a Beautiful Age — Tokyu Group

GROUP PHILOSOPHY

**We hold this philosophy in common as we work together
to create and support Tokyu Group.**

Mission Statement	We will create a beautiful living environment, where each person can pursue individual happiness in a harmonious society.
Management Policy	<p>Work independently and in collaboration to raise Tokyu Group synergy and establish a trusted and beloved brand.</p> <ul style="list-style-type: none">• Meet current market expectations and develop new ones.• Manage in harmony with the natural environment.• Pursue innovative management from a global perspective.• Value individuality and encourage the best from each employee. <p>Through these means, we will fulfill our corporate social responsibilities.</p>
Guidelines for Action	<p>Fulfill your responsibilities. Collaborate to enhance each other's abilities. Reinvent yourself with a global awareness.</p>



TOKYU FUDOSAN HOLDINGS



Tokyu Fudosan Holdings Corporation
Corporate Communication Department
www.tokyu-fudosan-hd.co.jp/english/