



Promotion of Tobu Group Medium-Term Business Plan

November 16, 2018

TOBU RAILWAY CO., LTD.

Status of Progress on Medium-Term Business Plan

1. Tobu Group Management Strategy	• • • • •	P 2
2. Three Pillars of Management Strategy	• • • • •	P 3 – 5
3. Progress on Medium-Term Business Plan		
• Initiatives in Asakusa-Skytree area	• • • • •	P 6 – 7
• Acquisition of TOBU STORE shares	• • • • •	P 8
• Enhancement of Group Point Service	• • • • •	P 9
• Initiatives in each business	• • • • •	P 10 – 20

Promotion of Tobu Group Medium-Term Business Plan



Tobu Group Growth Strategy

◆ Maximization of revenue through focused investment in key areas

Expand revenue by focusing investments in Asakusa/TOKYO SKYTREE, Nikko/Kinugawa, Ikebukuro and Ginza/Yaesu/Coastal areas.

◆ Improvement of value along railway lines through further cultivation of businesses along railway lines

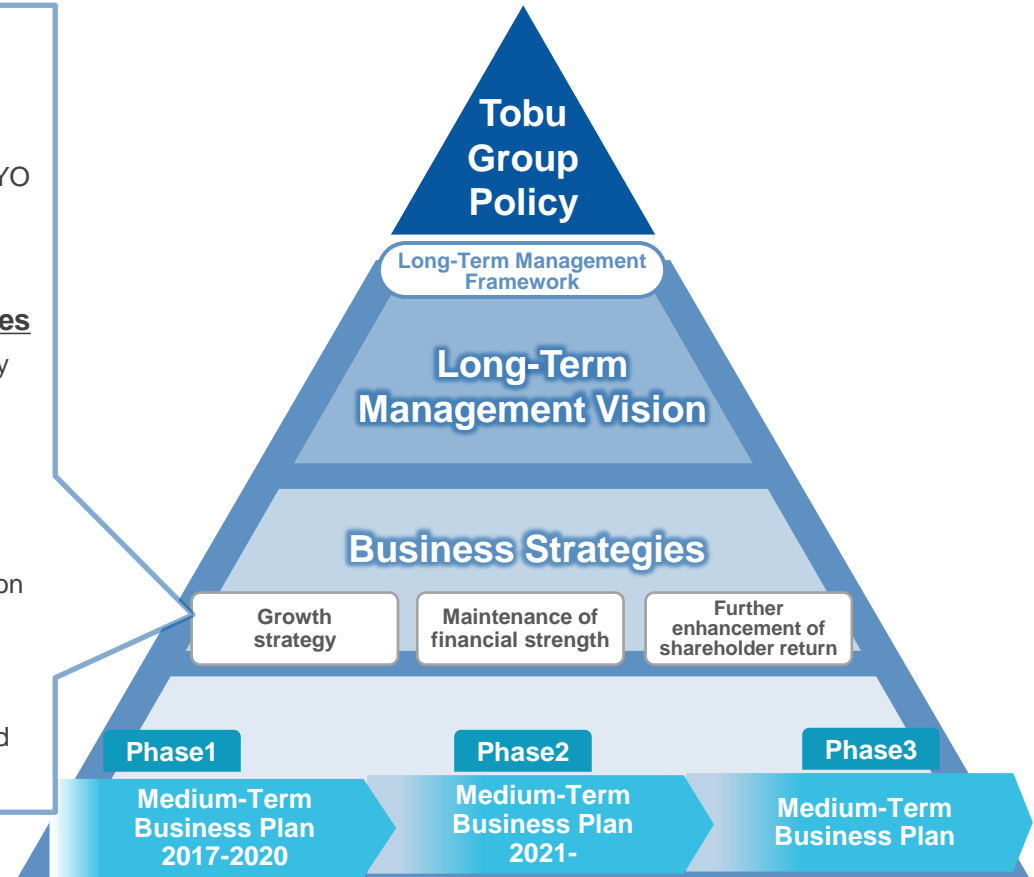
Raise value along railway lines by strengthening the railway network and improving convenience of life to increase the population along railway lines.

◆ Promotion of new businesses outside of railway lines

Accurately capture market demand and changes in the environment and seek new growth and increased recognition in areas outside of railway lines to expand the business.

◆ Inbound initiatives

Promote attraction of foreign tourists and play a role in making Japan a travel destination while working on inbound businesses in new fields.



Phase1

Positioning of Medium-Term Business Plan 2017-2020

- Promotion of growth investment for the next stage
- Planting/cultivation of business seeds anticipating Tokyo Olympics and Paralympics and thereafter
- Increased revenue through incorporation of rapidly growing inbound demand

Promotion of Tobu Group Medium-Term Business Plan



Progress on Investment Plan

2013-2016
Total capital
expenditures
¥237 billion
(excluding acquisition
of beneficial interests)

2017-2020
Total capital
expenditures
¥320 billion (plan)

Strategic
investments
for growth
¥ 107.0 billion

**Total strategic investments
for growth
Approx. ¥59 billion
(approx. ¥29 billion in 1H FY2018)**

Main 1H investments

- TOBU STORE Share acquisition
- TOBU TOWER SKYTREE Share acquisition
- Acquisition of new land/buildings (4 properties, including in Asakusa)

Growth
investment
¥45.2 billion

+2.4x

Ongoing
investment in
updates and
safety measures
¥191.8 billion

+1.1x

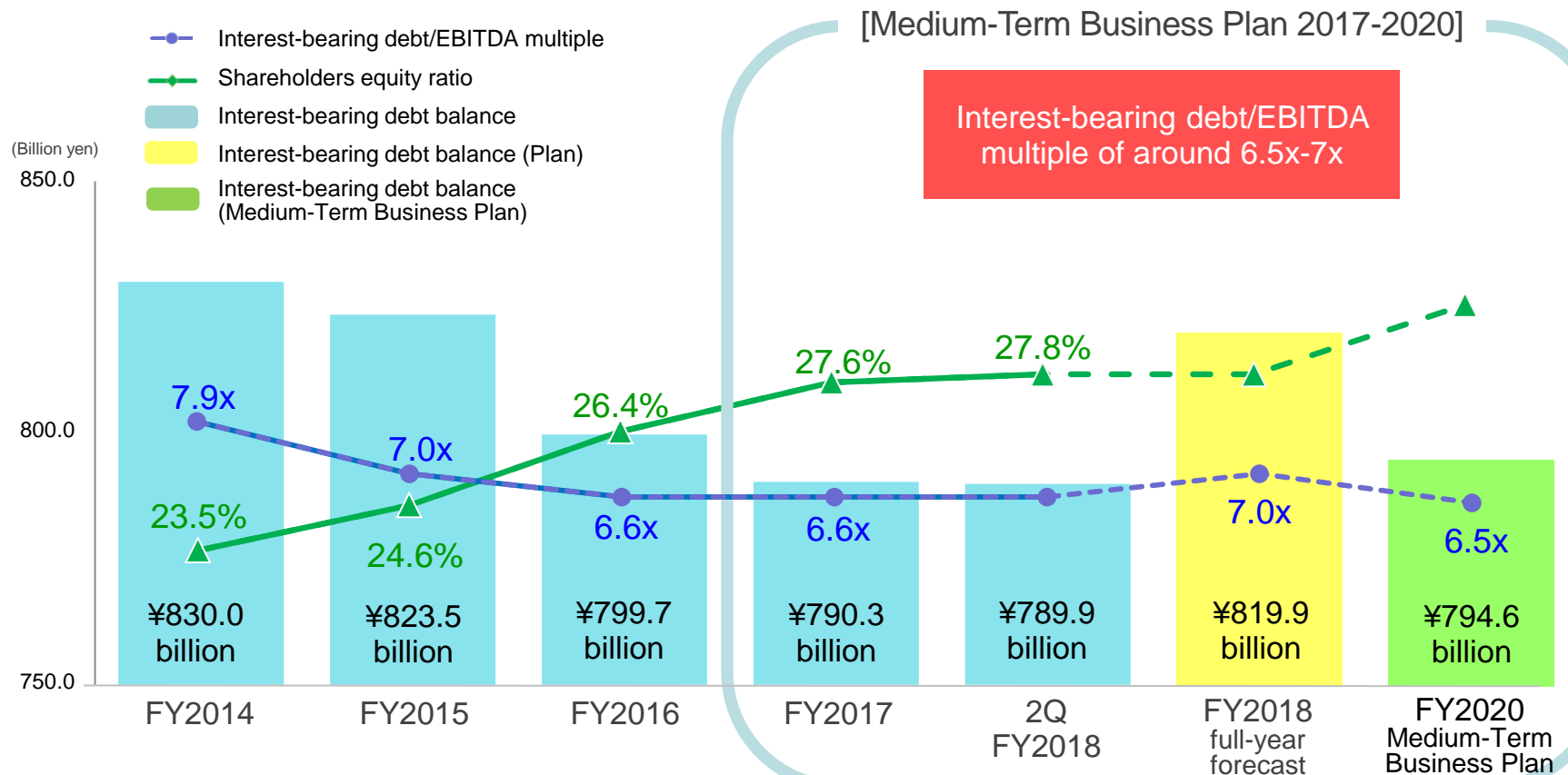
Ongoing
investment in
updates and
safety measures
¥213.0 billion

Promotion of Tobu Group Medium-Term Business Plan



Maintenance of Financial Strength

Maintain financial strength while working on growth investment and further enhancement of shareholder return

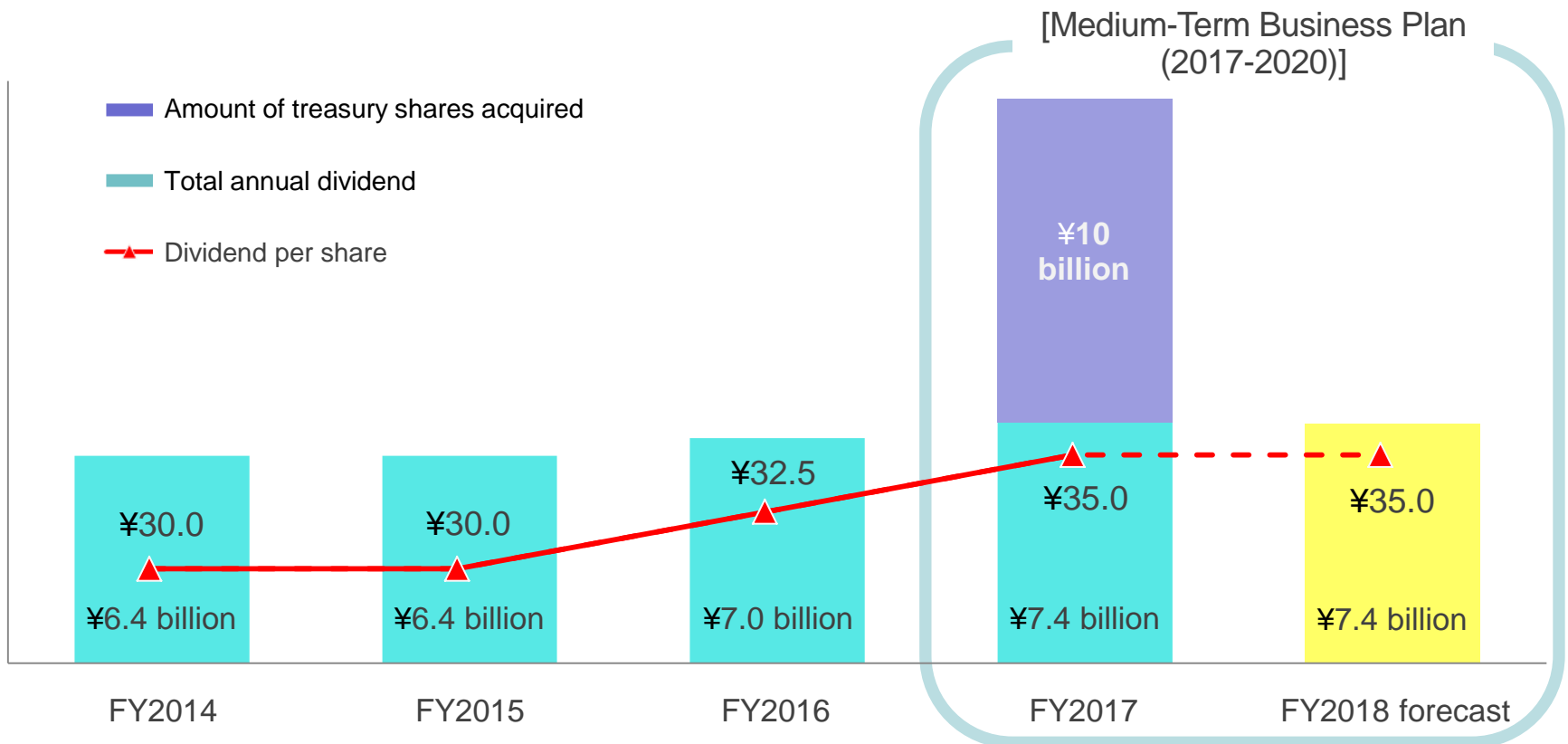


Promotion of Tobu Group Medium-Term Business Plan



Further Enhancement of Shareholder Return

Establish a total return ratio of around 30% for the period average of the Medium-Term Business Plan while keeping a basic policy of providing steady dividends



* Dividend per share reflects the impact of the reverse stock split (5 for 1 basis, ordinary shares) implemented on October 1, 2017.

Promotion of Tobu Group Medium-Term Business Plan



Becoming No. 1 hub in east area of Tokyo centered on two adjoining terminal stations

■ Creating lively and attractive area where people come and go from Asakusa to Skytree

- 2018–2020** Create biggest tourist area in Tokyo unifying Asakusa and Skytree areas by working on elevation at Skytree Station and promoting development of space where waterfront space, public park and commercial facilities are near to each other through public-private collaboration.
- 2021–** Further enhance potential of whole area and make it No. 1 hub in east area of Tokyo by engaging in town development in collaboration with government and redevelopment utilizing company-owned land.



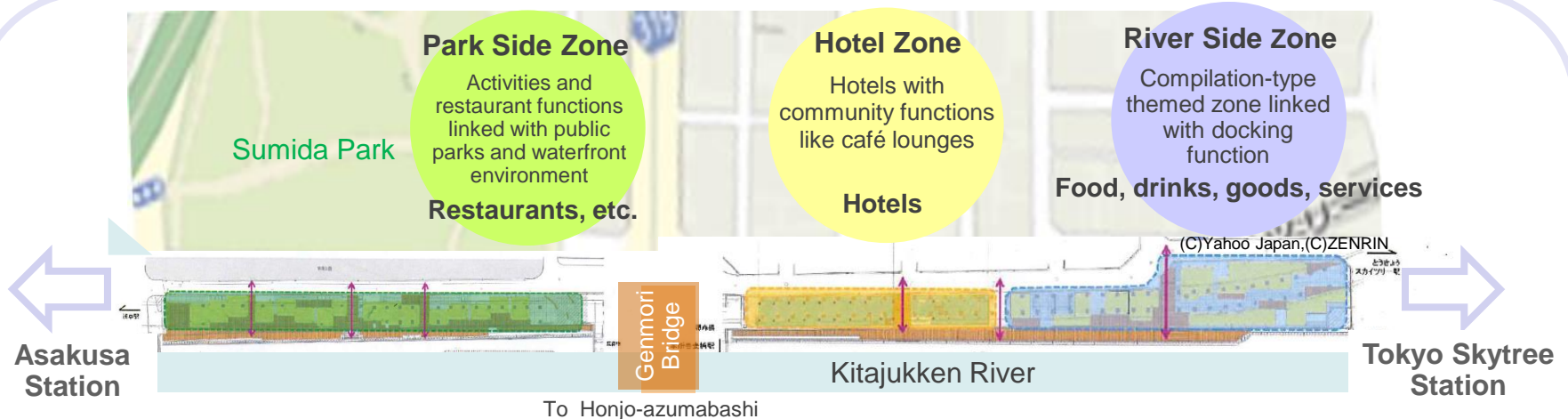
Copyright(c) NTT Geospace. All Rights Reserved

Establishment of walkway connecting two terminals and tourist areas

- **Town development utilizing downtown alleys and communities to connect Asakusa and Skytree**

Development concept: LIVE to Trip

- ◆ People, communities and culture intermingle for living like traveling (extraordinary) and traveling like living (ordinary).
- ◆ Develop destination-type waterfront space where people can experience community-based downtown appeal by coming and going.



View from Asakusa (illustration)

←Daytime Nighttime→



Total area
Spring 2019

Spring 2020

Approx. 3,500m²
Commencement
of work

Opening

TOBU STORE greatly contributing to maximization of Group synergy

Strategic store openings utilizing our asset holdings, primarily inside and under stations

Active rollout of small stores with floor area of around 330m² primarily selling foodstuffs

TOBU STORE Hikifune Ekimae (tentative name)

Open **first store with new format** in conjunction with second stage of EQUiA Hikifune opening
(To open in March 2019)

Effective utilization of TOBU STORE asset holdings, etc.

Promote highly convenient development utilizing Group synergy

Complex development project in front of Shingashi Station

Consider construction of complex consisting of rental condominiums, stores, etc. as collaborative project with TOBU STORE in conjunction with rebuilding of TOBU STORE Shingashi

September 19, 2018
Conversion to consolidated subsidiary via takeover bid (TOB)



October 25, 2018
Conversion to wholly-owned subsidiary via demand for sale of shares



Profile of TOBU STORE Co., Ltd.

Number of stores 58
(22 in Tokyo, 23 in Saitama, 13 in Chiba)
4 food service stores

Operating revenue ¥83,661 million
(Fiscal year ended Feb. 2018, consolidated basis)

Promotion of Tobu Group Medium-Term Business Plan



Expansion of Group earnings by strengthening Group point service

Made into subsidiary

Expansion to daily shopping scene

NEW
Tobu Group points

Strengthening of sales and maximization of earnings through Group CRM

Introduction of TOBU Card points (2004)

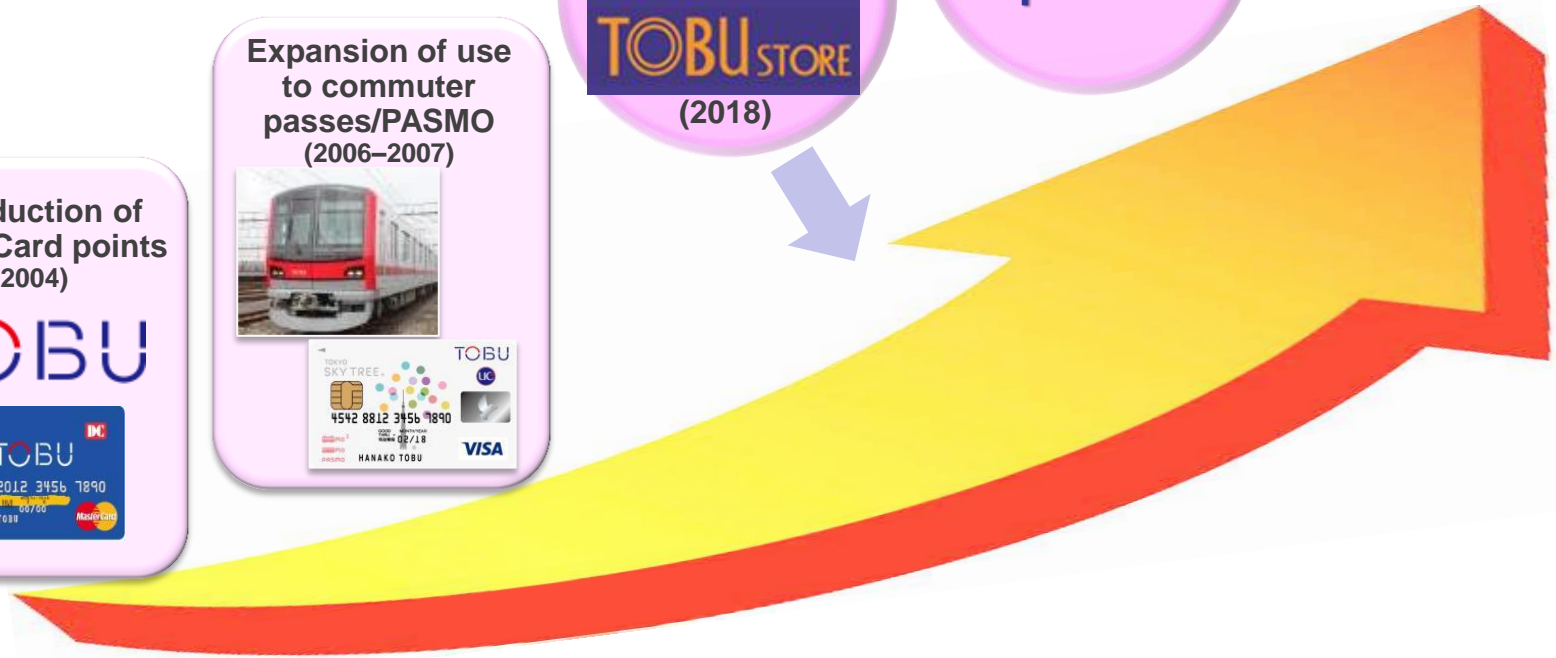
TOBU



Expansion of use to commuter passes/PASMO (2006-2007)



TOBU STORE
(2018)



Tokyo Skytree Town® building up its position as a leading shopping center in Tokyo

Ongoing initiatives to expand revenue

- Holding events to attract customers
 - Sorakuro Festival: Momokuro in Tokyo Skytree
 - Tie-up with Where's Wally?
 - Taiwan tourism fair, etc.



Momoiro Clover Z collaborative event
©TOKYO-SKYTREE



Taiwan Tourism Fair



Where's Wally? collaborative event
©TOKYO-SKYTREE

©DreamWorks Distribution Limited. All rights reserved.

- Strengthening communication/sales targeting overseas customers
 - Improved convenience with consolidated duty-free counter
- Creating new customer demand
 - Launch of SKYTREE TERRACE TOURS
Outdoor tours at Tokyo Skytree 155 meters above ground starting on October 23, 2018
 - Group fare revision (effective April 1, 2019)
Capture more group trips by revising conditions for group reservations



SKYTREE TERRACE TOURS
©TOKYO-SKYTREE

Making Skytree a symbol of Tokyo

- Initiatives ahead of Tokyo Olympics/Paralympics
 - Two-year countdown ceremony
 - Sale of Olympic/Paralympic-related merchandise



Day of event



Olympic/Paralympic-related merchandise display

1H FY2018 Results

Tokyo Solamachi sales **Up 3.6%** (YoY)

Tokyo Solamachi average amount from each customer **Up 6.9%** (YoY)

Tokyo Skytree inbound ratio **26.3%** (Up+4.3% YoY)

Promotion of Tobu Group Medium-Term Business Plan



Nikko area steadily enhancing tourist content and improving ease of getting around

Renewal of discount passes for foreign tourists to Nikko/Kinugawa area

Passes for foreign tourists renewed to make them more convenient, effective July 1

Discount passes (July-September)

Number sold up 10% (YoY)

1 year anniversary of launch of Taiju steam locomotive operations

Total passengers
(8/10/2017-8/9/2018)

109,000 people

Economic ripple effect (estimate)
(Total up to 8/9/2018)

Approx. ¥5.7 billion

Tobu Group 1H FY2018 operating revenue from Nikko/Kinugawa area as a whole

Approx. ¥5.2 billion
(Up 0.2% YoY)

Acquisition of new customer segments

Summer 2020 opening
THE RITZ-CARLTON NIKKO

Luxury inn "Nikko Fufu"
to open in autumn 2019

Multilingual admission ticket sales machines installed on Rinnoji Temple ground

Kinugawa-onsen area

Conversion of Kinugawa Line to sightseeing line (Retro Showa-themed work)

Shimo-imaichi area

Shimo-imaichi station building, SL shed Won 30th Tochigi Maronie Architecture Award

Shimo-imaichi Station

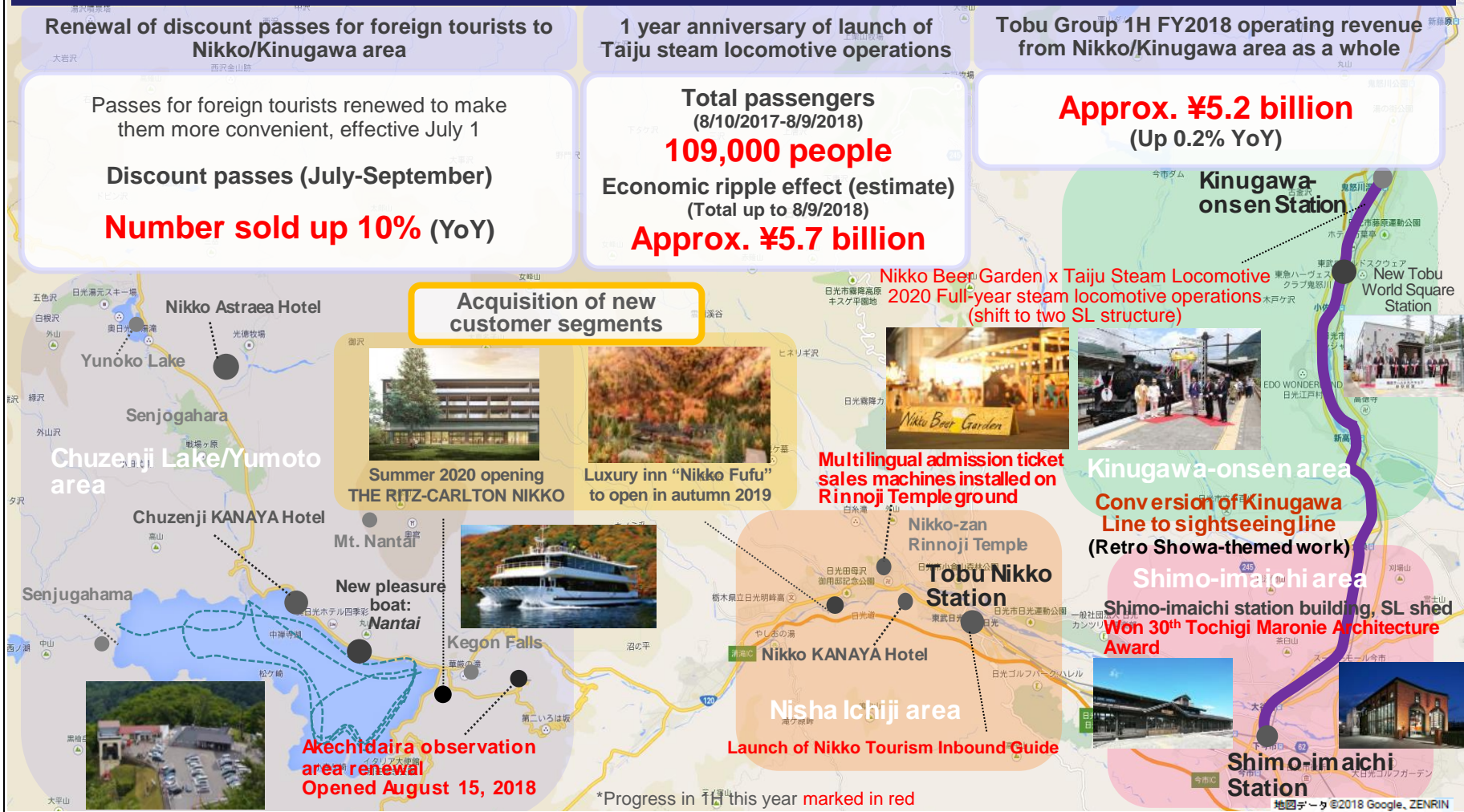
Nikko-zan Rinnoji Temple
Tobu Nikko Station

Nisha Ichiji area

Launch of Nikko Tourism Inbound Guide

Aketchidaira observation area renewal
Opened August 15, 2018

*Progress in 1H this year marked in red



Aiming for collaborative development space to increase flow of people from station to town

- Promoting business in aims of strengthening international competitiveness in Ikeburo area and improving value along Tobu Tojo Line

Improvement of revenue at existing facilities

- Renovation of 2nd basement level at Tobu Department Store
Complete opening on 11/1/2018
“eatobu” to address food needs
- New event space on 1st basement level
To open late December 2018
Effective use of space to create liveliness and attract customers



New food shop: “eatobu”

Promotion of redevelopment project for west exit of Ikebukuro Station

- Support for initiatives to revitalize Ikebukuro as art town
⇒ Co-sponsorship of LA FOLLE JOURNÉE TOKYO 2018
- Collaborative development plan to increase flow of people from station to town
⇒ Formation of station core according to Ikebukuro Station Area Infrastructure Development Policy (announced in May 2018)
- Create symbolic atrium space as place to share various information and interact to serve as gateway to the town



LA FOLLE JOURNÉE TOKYO 2018



Collaborative development space (illustration)

Improving quality of railway services through multifaceted seamless offerings



Seamless

Revaty Limited Express
Allows cars to be connected and disconnected

Received Laurel Prize from Japan Railfan Club for **achieving more frequent and efficient operations** with introduction of cars that can be connected and disconnected



Creation of opportunities for use

Ryomo Limited Express
All trains stop at Kuki

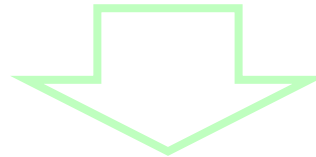
Created new demand by improving convenience at junction stations
1.5% increase in passengers (YoY)



Seating demand

TJ Liner
10th anniversary since launch of operations

Comfortable commuting environment leads to increase in population along railway line and higher property values
Total of 11 million users



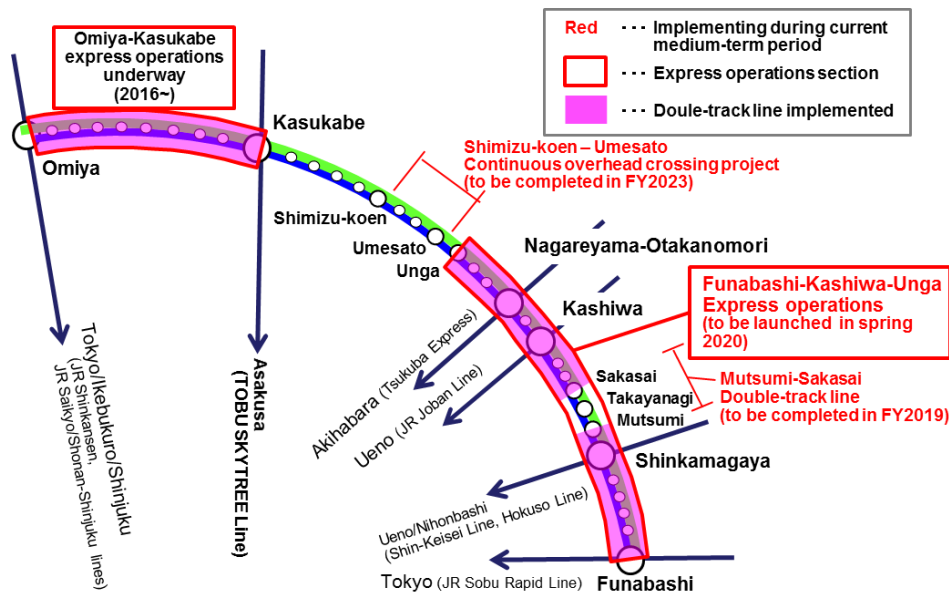
- Starting design of new limited express for sightseeing leveraging accumulated know-how
- Considering designated seats on TJ Liner and increasing number of sitting cars on major lines

Systematic development of transportation environment in aims of becoming private railway with No. 1 commuting environment

TOBU URBAN PARK LINE

■ Plan for express train between Funabashi, Kashiwa and Unga

Launch of express train operations in spring 2020 to further improve convenience



■ Facility improvements ahead of launch of express train operations

- Double-track line between Mutsumi and Sakasai
- Improvements at Takayanagi Station

Two platforms/four lines and elevation of station building

- March 2020 Completion of construction

Station building elevation

- October 28, 2018 Opening of elevated station building



Construction of double-track line between Mutsumi and Sakasai



Construction of elevated station building at Takayanagi



Safety measures to provide customers with peace of mind

Promotion of safety improvement measures

■ Platform door installation

[Progress]

Operational in FY2018

→ Ikebukuro and Asaka stations

Construction to begin in FY2018

→ Shiki Station

[Planned for future]

- Installing at base stations and stations nearest to Tokyo Olympics and Paralympics venues by FY2020
- Installing at 29 most used stations one at a time in FY2021 and later (total of 40 stations)



Ikebukuro Station platform door

Promotion of station-centered town development

■ Continuous overhead crossing project

- Elevation project in area around Takenotsuka Station (Upbound local train switched over in September 2018)
- Elevation project between Shimizu-koen Station – Umesato Station (to be completed in FY2023)

■ Station building improvements

- Satte Station Elevation of station building (to be operational in spring 2019)
- Ogose Station Station building improvements (to be operational in spring 2019)



Illustration of elevation project at Satte Station



Illustration of pedestrian passage at Ogose Station after completion

Joint initiatives for railway and regional revitalization with local authorities

■ Tobu Utsunomiya Line Free Ride Day

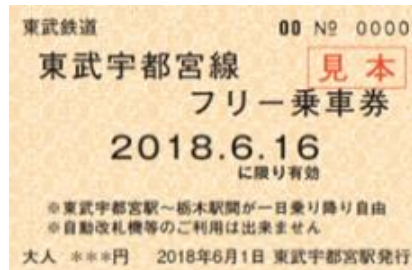
In conjunction with the Tochigi Prefectural Citizens' Day commemorative events, we conducted our first free ride campaign in the aim of increasing recognition of the Tobu Utsunomiya Line, promoting use and revitalizing the region

[Date] Saturday, June 16, 2018

[Sponsorship] Tochigi Pref., Utsunomiya City, Mibu-machi, Tochigi City



Day of event (Tobu Utsunomiya Station)



Front of free ride ticket

■ Local authorities cooperate with measures to promote use of public transportation

Gunma Pref. became third local authority, following Tochigi City and Tatebayashi City, to cooperate in social experiment subsidizing limited Express fare on Kiryu Line

■ Move to Saitama Bus Tour

Bus tours conducted in collaboration with Saitama Pref. for those considering moving to Saitama
Initiatives to encourage people to move to and establish residence along our railway lines will continue

■ Launch of Railway Social Studies Tours

Junior high and high school students given tours of our railway facilities



Move to Saitama Bus Tour



Railway Social Studies Tour

Total number of non-commuter passengers on Free Ride Day
50,552 (our research)

In aims of developing station space open to the town

■ Soka VARIE reopening after renovation

North building reopened as “VARIE2”
(October 26, 2018)

- Facility composition adapted to lifestyle diversification
- 20% increase in store floor area
- Strengthening of customer attraction/expansion of sales through bringing in large stores

Sales forecast
(full-year average)
(compared to FY2016)

Up approx. 80%



Soka VARIE: “VARIE2”



■ Station building project at south exit of Wakoshi Station

Construction commenced in August 2018

Station building with commercial facilities and hotel

→ Commercial facilities: 1F-3F (merchandise, food, drinks, services)
Hotel: Guest rooms on 4F-7F

Future schedule (tentative)

FY2019 Partial advance opening
Spring 2020 Grand opening



Wakoshi Station south exit station building (illustration)

■ EQUiA Hikifune Phase 2 Opening

New opening of 4 stores, including new Tobu Store format (scheduled for March 2019)
Commercial facility will have 9 stores, including those from Phase 1

EQUiA



EQUiA Hikifune (illustration)

Combining various support for child-raising to create railway lines providing comfortable lifestyles to three generations

Creating environment conducive to child-raising along railway lines

Initiatives for balancing child-raising and work

- **Construction of rental condominium with child care facility**
(Nerima-ku, Tokyo)
- **Development of company housing with child care facilities, creation of company housing business model**
⇒ Company-led child care facility (application pending in October 2018)
Considering future business expansion along railway lines

• Satellite offices

	Registered companies	Users
Apr 2018	67	2,582
Oct 2018	134	3,911



Rental condominium in Kitamachi, Nerima-ku (illustration)



Company housing with child care facility (illustration)

Child-raising support at group companies

- **TOBU TOWER SKYTREE Co.,Ltd.**
Tokyo Skytree
Considering free (individual) admission for toddlers
- **TOBU CARD BUSINESS CO.,LTD.**
Priority passes for members with elementary school-aged children purchasing commuter passes with Skytree Card
→ Presented to 2,646 people
Also considering priority limited express passes

Providing living environments along railway lines suited to life stages



Solaie Katsushika Kosuge (illustration)

■ Development of high-quality residences

Condominiums

- Solaie Nagareyama Otaka no Mori
- Solaie Soka Matsubara
- Solaie Katsushika Kosuge, etc.

Detached houses

- Solaie Shimizu-koen Urban Park Town

■ Development of residences for senior citizens

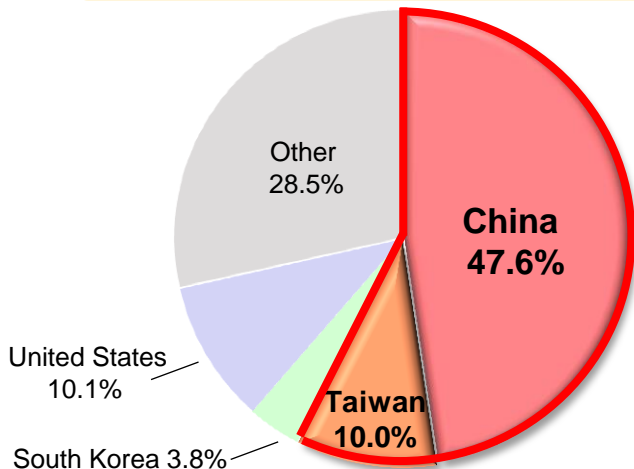
- Construction of complex in front of Iwatsuki Station
Promoting design plans for complexes centered on residences for senior citizens near stations

Identifying needs of foreign tourists to become No. 1 in terms of rate of inbound increase

Establishment of Asia Sales Branch

Work on expanding number of travelers from China and Group inbound revenue by establishing Asia Sales Branch and Shanghai Liaison Office and promoting effective and efficient PR activities

1H FY2018 Breakdown by Country
Tobu Group Inbound Revenue



China and Taiwan account for around 60% of whole

Initiatives to expand revenue

■ Tobu Department Store

- Introduce WeChat Pay at all department stores
- Implement customer referral measures through partnership with local travel agencies
- Install currency exchange machines (15 languages, 14 currencies)
- Live streaming by influencers, articles with coupons



Currency exchange machine

■ Customer referral measures utilizing BOJ (BEAUTY OF JAPAN)

Attract customers to tourist spots along railway lines by developing travel products utilizing advanced product planning capabilities of BOJ, with which capital tie-up was established in August 2017

1H FY2018 Results

Inbound percentage at major hotels

Up 6.1% (YoY)

Tobu Department Store duty free sales

Up 50% (YoY)

Tobu Group revenue from inbound operations

¥6.2 billion, up 28.1% (YoY)

Promotion of Tobu Group Medium-Term Business Plan



Maximizing hotel business revenue ahead of Olympics/Paralympics

Steady promotion of new hotel development

- Construction commenced on 5 hotels with aim of opening in 2020

- THE RITZ-CARLTON NIKKO**
Commenced Feb 2018/94 rooms
- AC Hotels by Marriott Tokyo Ginza**
Commenced Mar 2018/296 rooms
- Tobu Hotel Kawagoe Station West Exit Ekimae (tentative name)**
Commenced Jul 2018/168 rooms
- Asakusa Tobu Hotel (tentative name)**
Commenced Aug 2018/275 rooms
- Wakoshi Station South Exit Station Building Tobu Hotel (tentative name)**
Commenced Aug 2018/158 rooms

Total number of guest rooms
Approx. 1,000 rooms



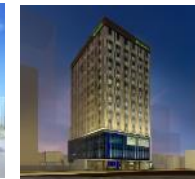
THE RITZ-CARLTON NIKKO



AC Hotels by Marriott Tokyo Ginza



Tobu Hotel Kawagoe Station West Exit Ekimae (tentative name)



Asakusa Tobu Hotel (tentative name)



Wakoshi Station South Exit Station Building Tobu Hotel (tentative name)

Targets of Medium-Term Business Plan

No. of hotels
No. of guest rooms
15 hotels
Approx. 2,500 rooms



No. of hotels
No. of guest rooms
20 hotels
Approx. 3,500 rooms

Operating revenue
Annual average
¥26 billion

Improving product value at existing hotels

- Renovations to increase unit prices of sales

- Courtyard by Marriott Tokyo Ginza Hotel
→ Renovation in conjunction with making all guest rooms on 4F non-smoking
- Narita Tobu Hotel Airport
→ Guest rooms on 10F/11F of West Building made into four-guest rooms



Narita Tobu Hotel Airport West Building guest room after renovation

1H FY2018 Results at Main Hotels

	Occupancy rate	ADR (YoY)
Ginza	94.5%	¥23,200 (Up 6.1%)
Kinshicho	88.0%	¥15,400 (Up 2.2%)
Narita	83.4%	¥9,700 (Up 9.2%)

Important Notes Concerning This Document

The Company's profit plans and other goals set forth in this document are based on projections of industry trends related to the business of the Company and Group companies and other such factors that impact business results, including the economy in Japan and other countries, which are made based on the information currently available to the Company.

As such, the reader is asked to note that actual business results may differ from the forecasts within this document due to changes in the business environment and other such factors.