

Private Sector Management of Japanese Public Transport System



Tokyu Corporation
Noriaki Nakayama

Introduction of Tokyu Corporation



2

Vision ten years from now (What we want to be in 2022)

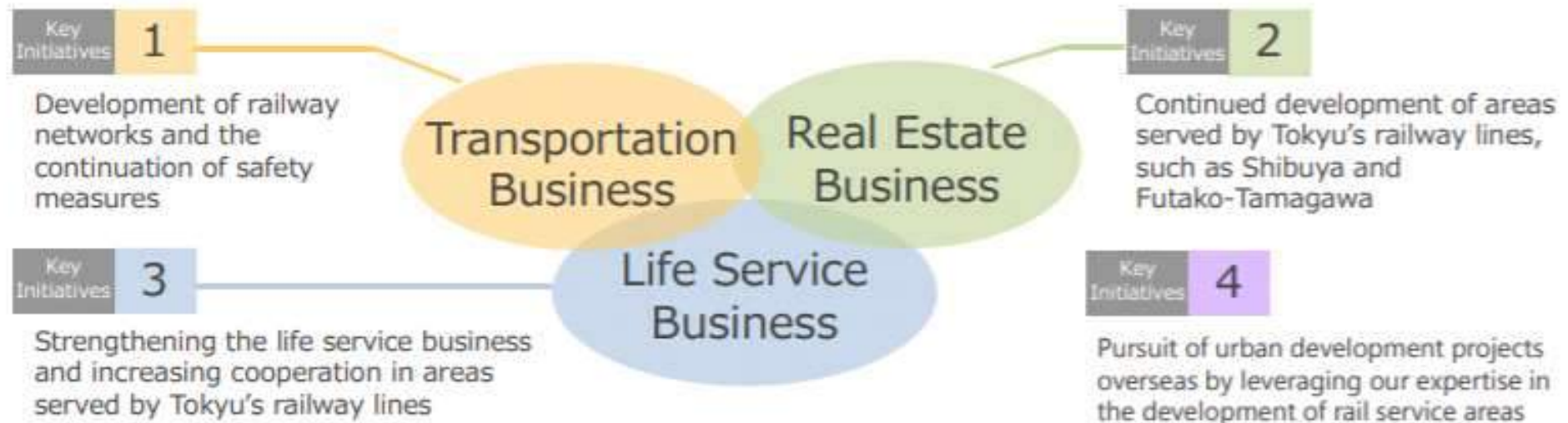
Keeping Tokyu's rail service areas being the main focus

The No.1 Areas in Japan for Living:	Areas Served by Tokyu's Railway Lines
The No.1 Town in Japan for Visiting:	Shibuya
The No.1 Town in Japan for Working:	Futako-Tamagawa

Becoming a strong business group as "one Tokyu"

Overall Strategy

Business development that keeps creating life value in the areas we serve



Outline of Other Transportation Businesses

Bus Business

Tokyu Bus Corporation

- The company runs a regular route bus business and also operates airport shuttles, expressway buses, tourist buses and contract transportation among other businesses.
- Tokyu Bus operates 12 offices, mainly in Central Tokyo.
- Total driving distance in FY2021 was approx. 35 million kilometers.

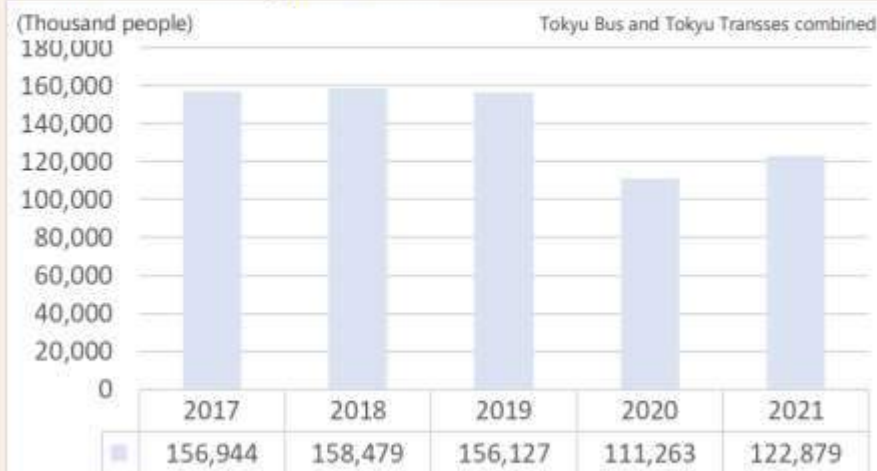


Creating Comfortable Mobility Services

- The company operates a service enabling passengers to learn how crowded upcoming buses are in real time using a computer, a mobile device, or devices at some bus stops.



Number of Passengers Carried



Regional Transportation Business

Contributing to local communities through business operations outside of the Tokyu train area

- Behavioral changes of residents along the Tokyu Line, such as telecommuting becoming a common practice after the beginning of the COVID pandemic, have put Tokyu Bus in a tough situation, but the company will continue to contribute to the community by continuing its business.

✓ Izukyu Corporation

- Total service distance: 45.7 km (between Ito Station and Izukyu-Shimoda Station)
- Number of passengers: 2.7 million people (FY2021)



✓ Ueda Dentetsu Company

- Total service distance: 11.6 km (between Ueda Station and Bessho-onsen Station in Ueda-shi, Nagano)
- Number of passengers: 878 thousand people (FY2021)



✓ Jotetsu Corporation

- Jotetsu is headquartered in Higashisapporo in Shiroishi-ku, Sapporo-shi, Hokkaido and operates bus, real estate and other businesses.



Rolling stock-related business

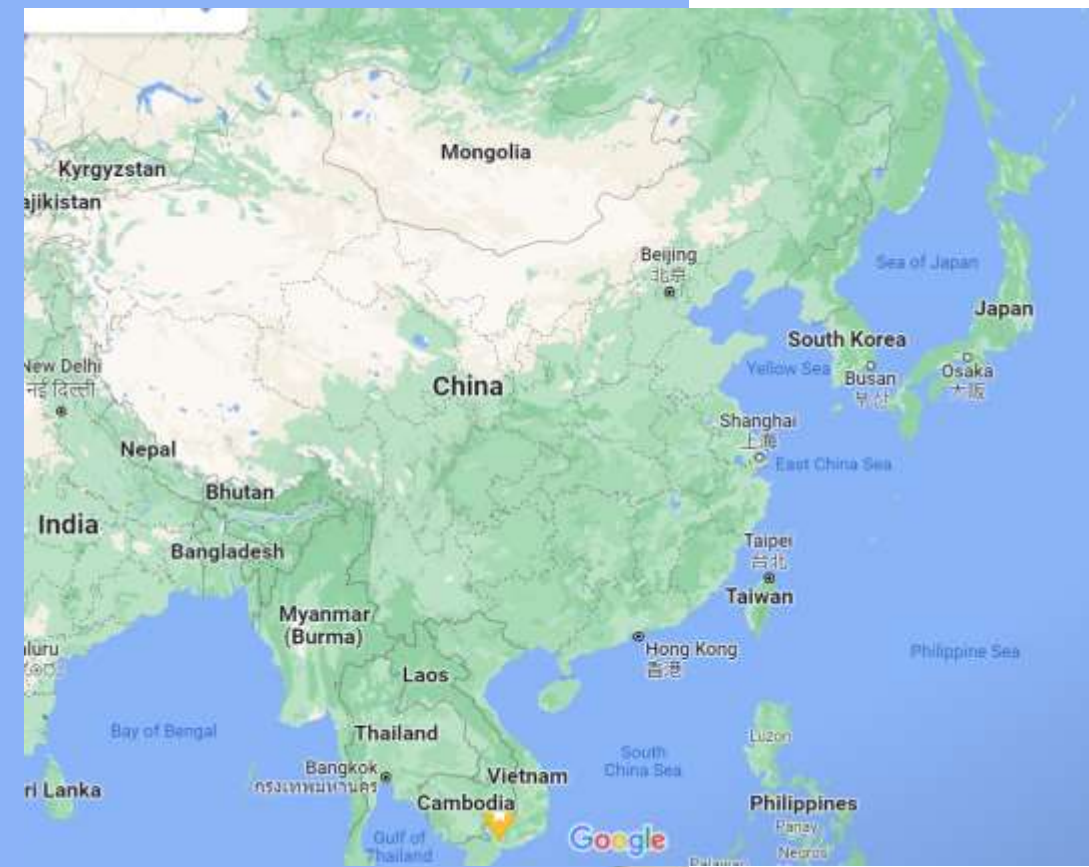
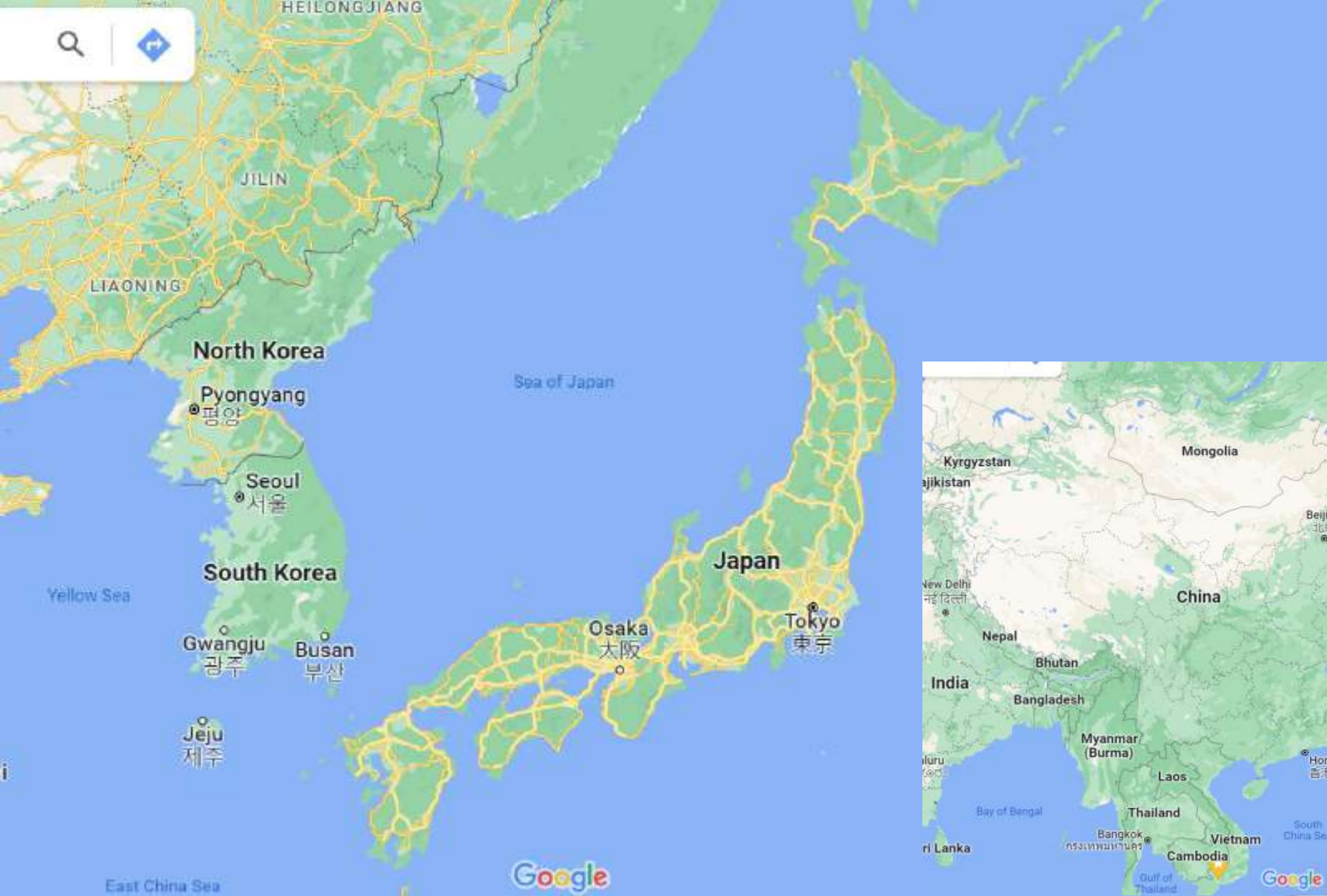
Tokyu Techno System Co., Ltd.

- The company is responsible for a part of the safe and stable operations of Tokyu's railway business and engages in the repair and refurbishment of railway vehicle equipment and construction relating to the railways' electric equipment (train lines, signals, station equipment, power transformation and communication).



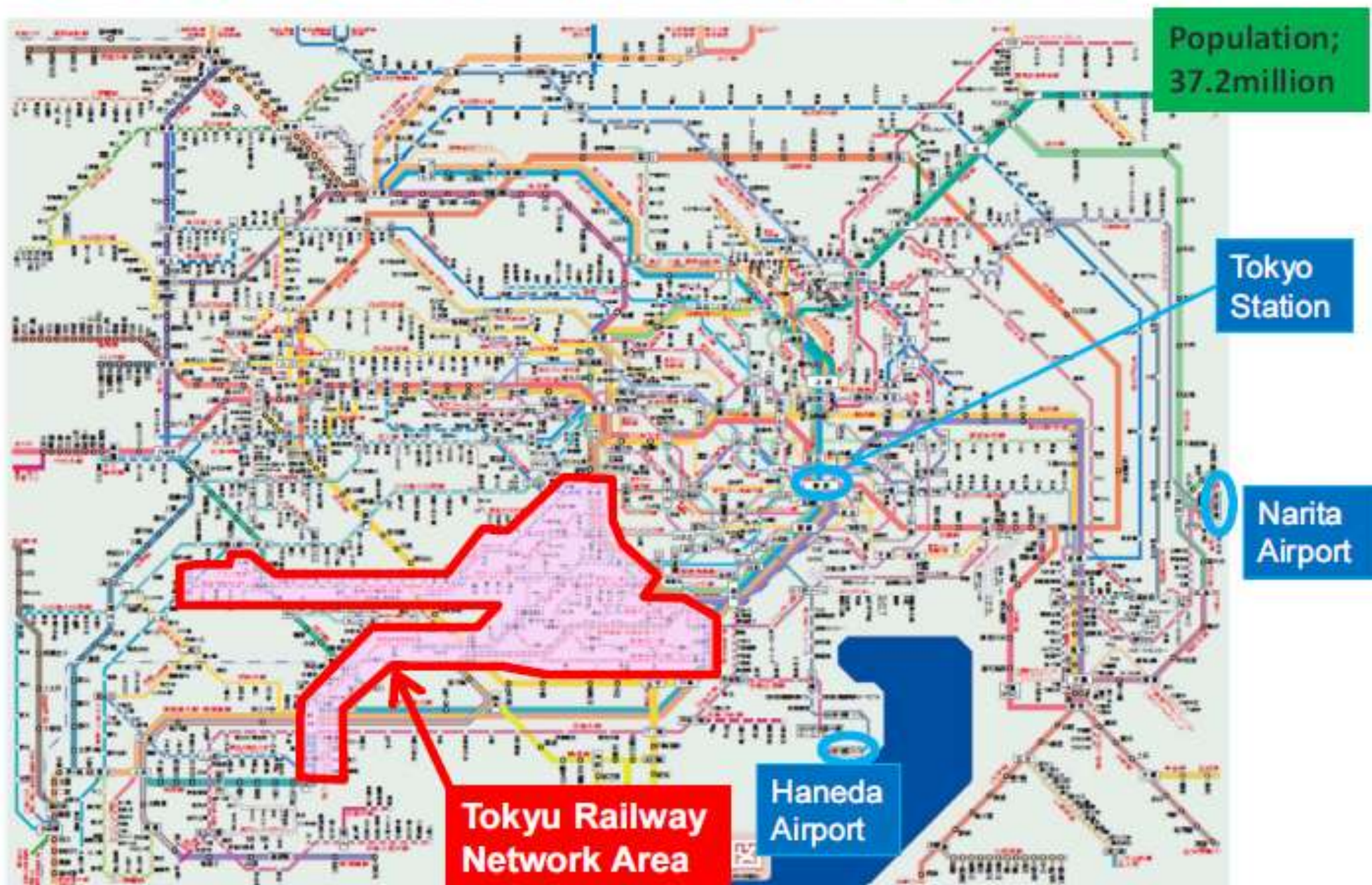
• Interior and wiring construction of THE ROYAL EXPRESS, a tourist train in Izu



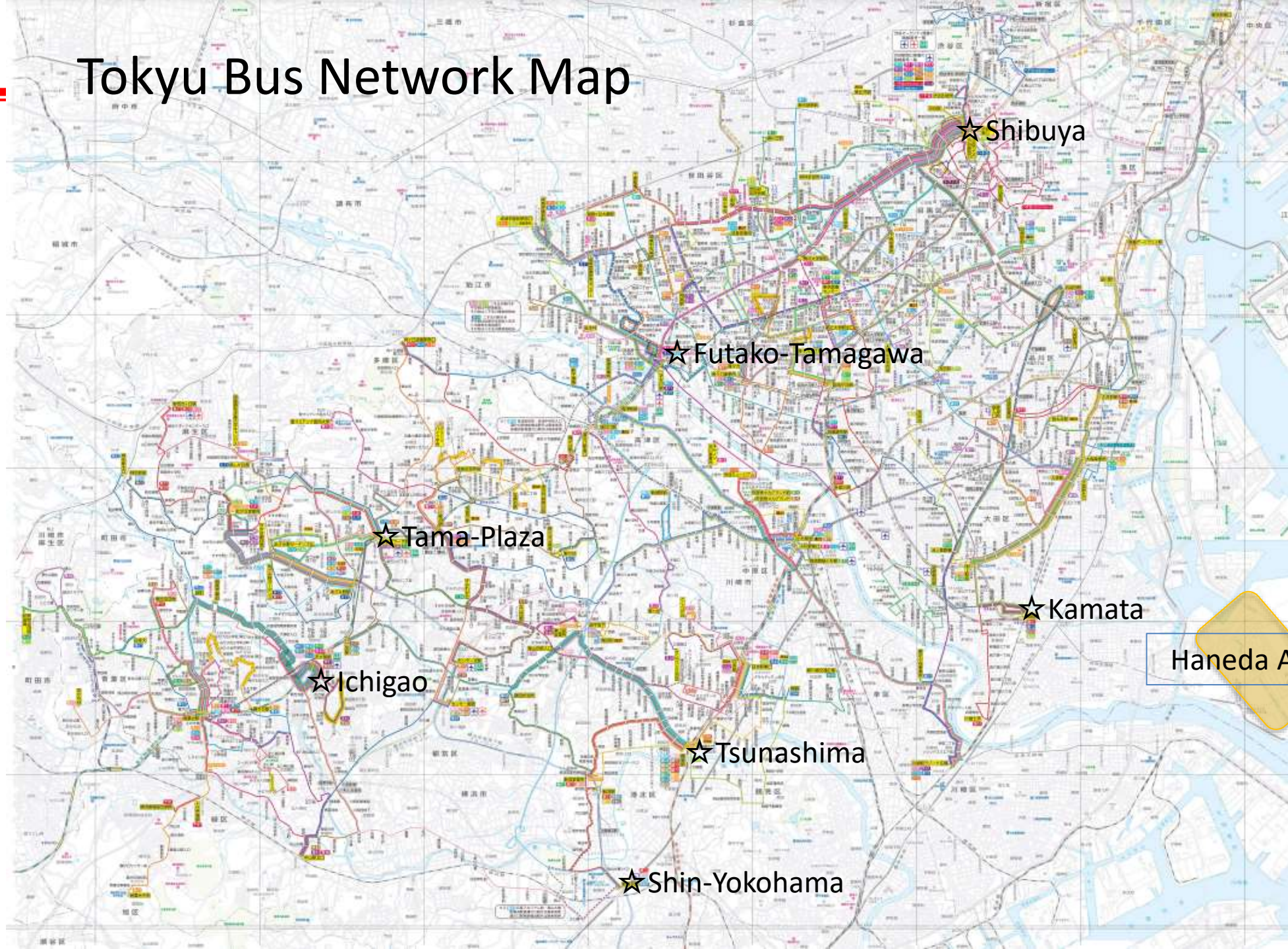


Railway network map in Tokyo and suburbs

5



Tokyu Bus Network Map



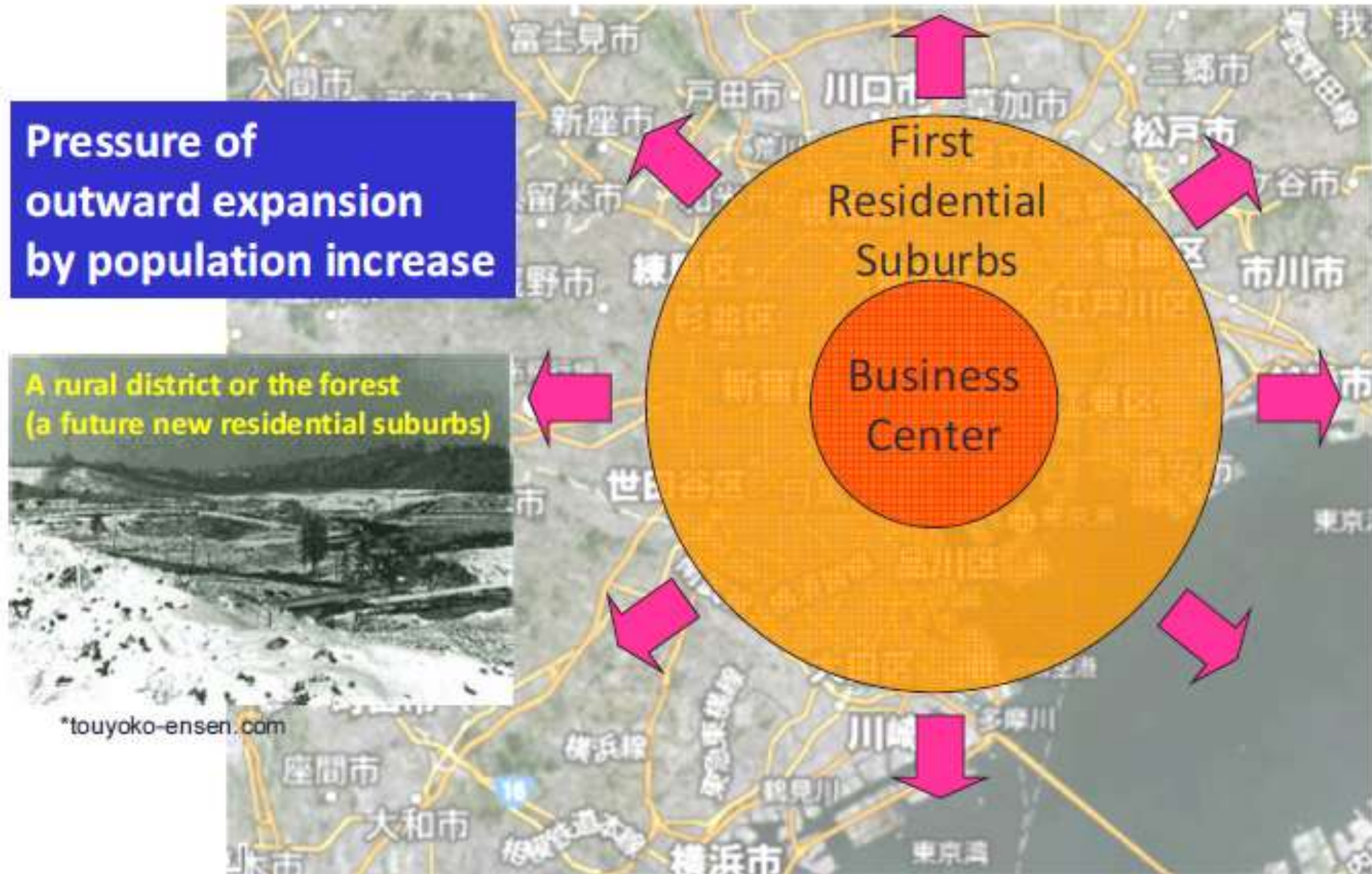
History of private railway company

Growth pattern of Tokyo 1/3

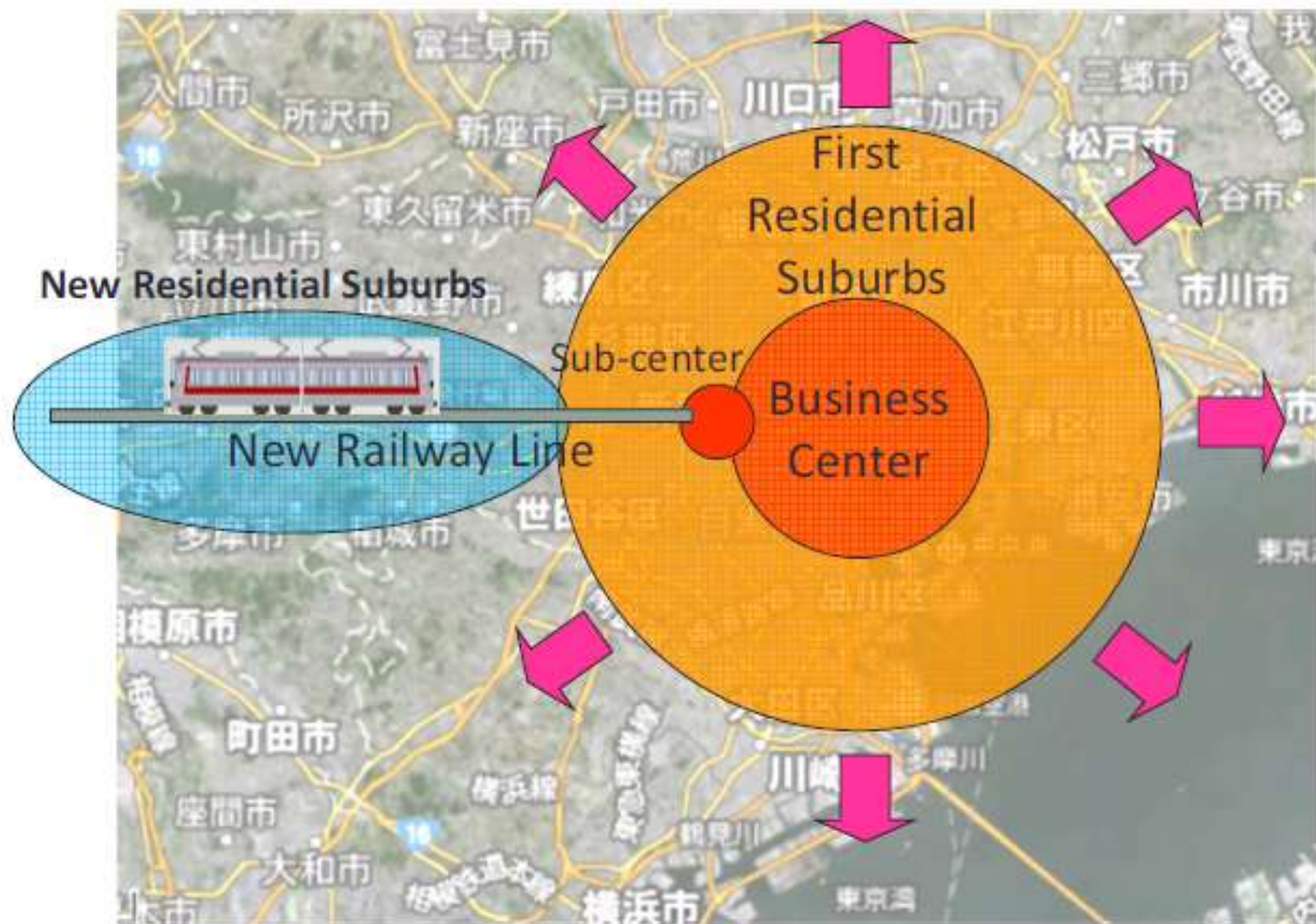
**Pressure of
outward expansion
by population increase**

**A rural district or the forest
(a future new residential suburbs)**

*touyoko-ensen.com



Growth pattern of Tokyo 2/3

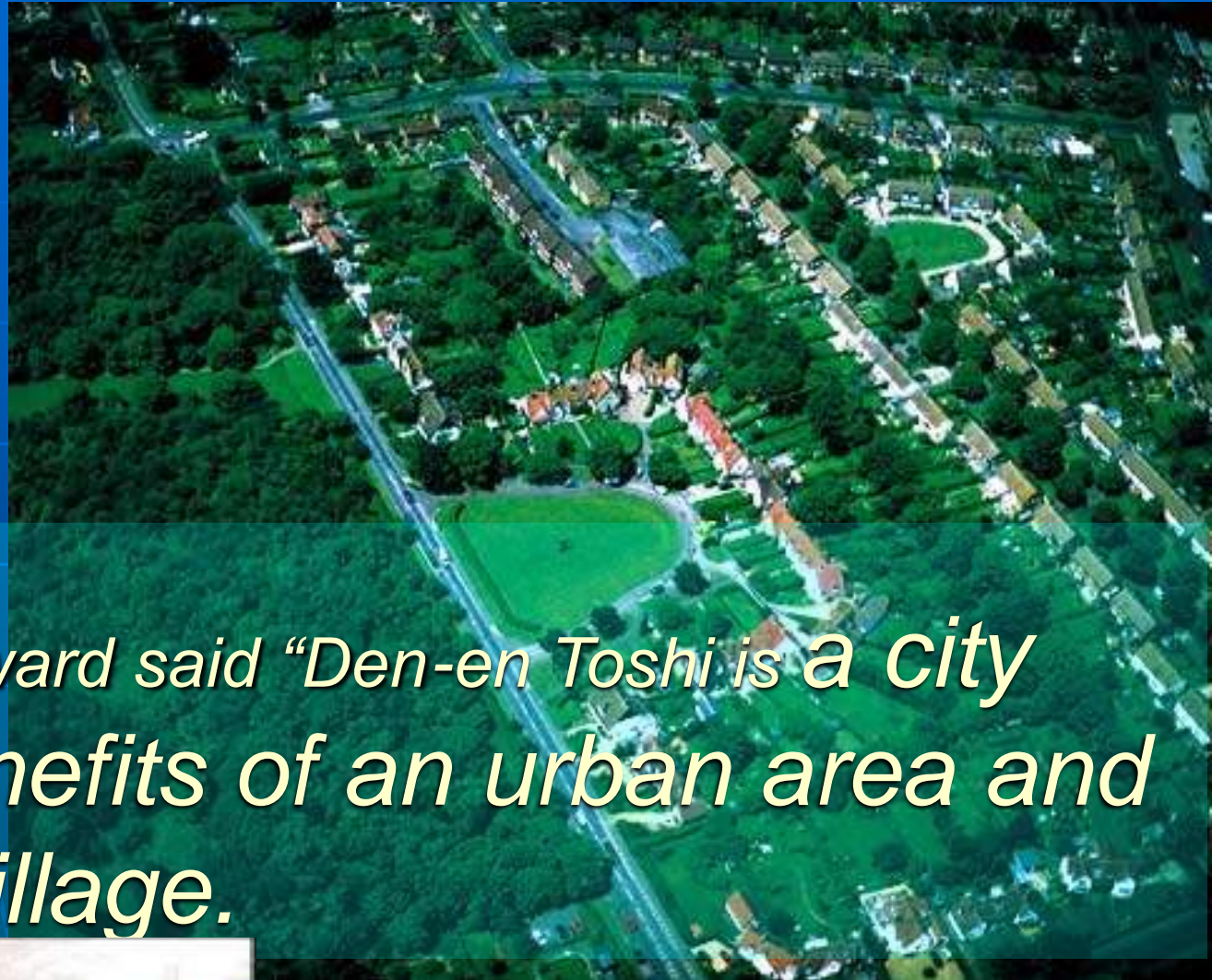




Ebenezer Howard

1902

Ebenezer Howard said “Den-en Toshi is a city with the benefits of an urban area and a farming village.”



Letchworth (England)

Map of "Tokyo" and Location of "Tama Garden City"



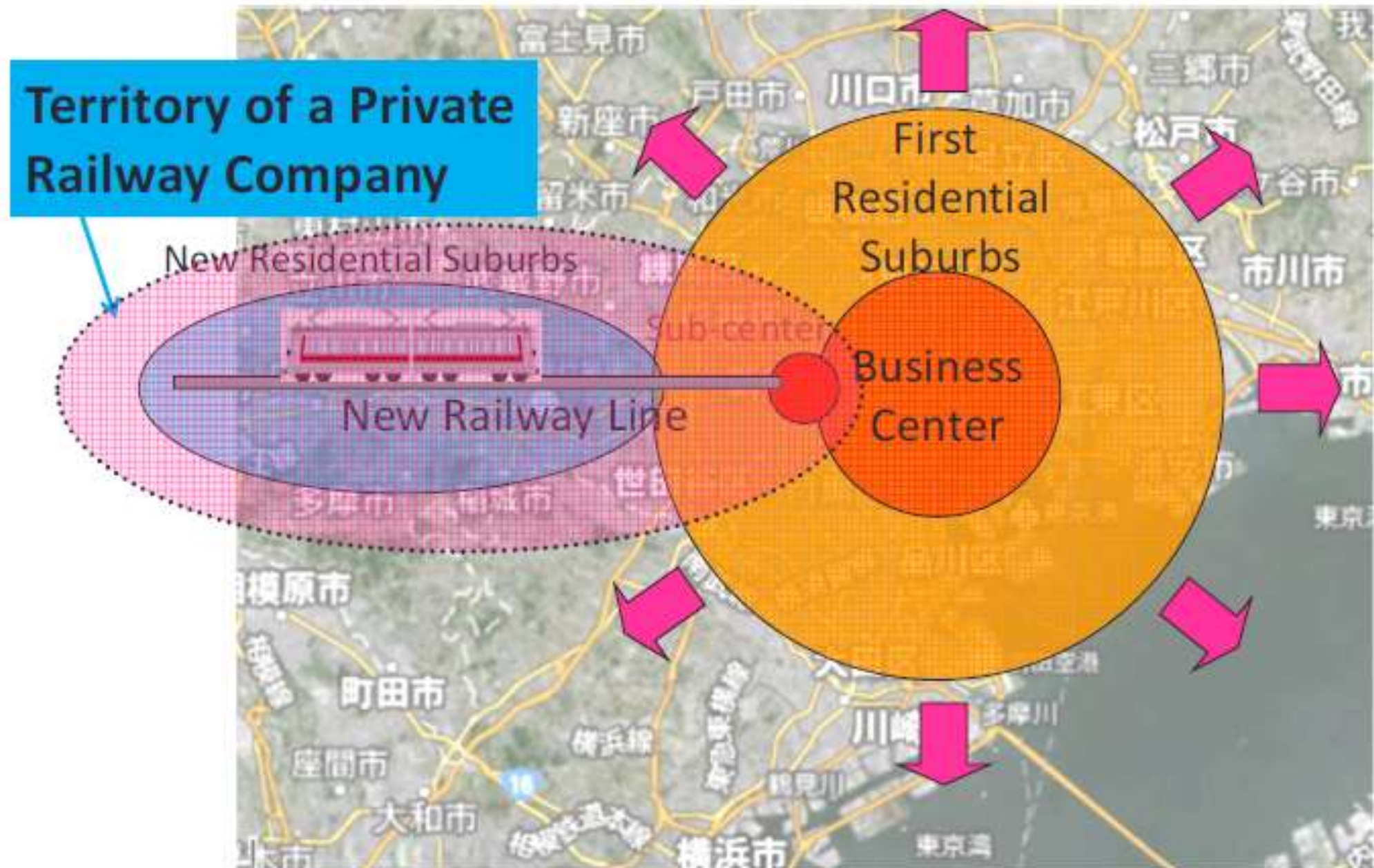
Approach for land readjustment

Development is conducted in cooperation with land owners.



Implemented by harmonizing urban development and railway extension.

Growth pattern of Tokyo 3/3



Structure of a private railway company's territory 1/2

14



Tama-plaza station
opened (1966)

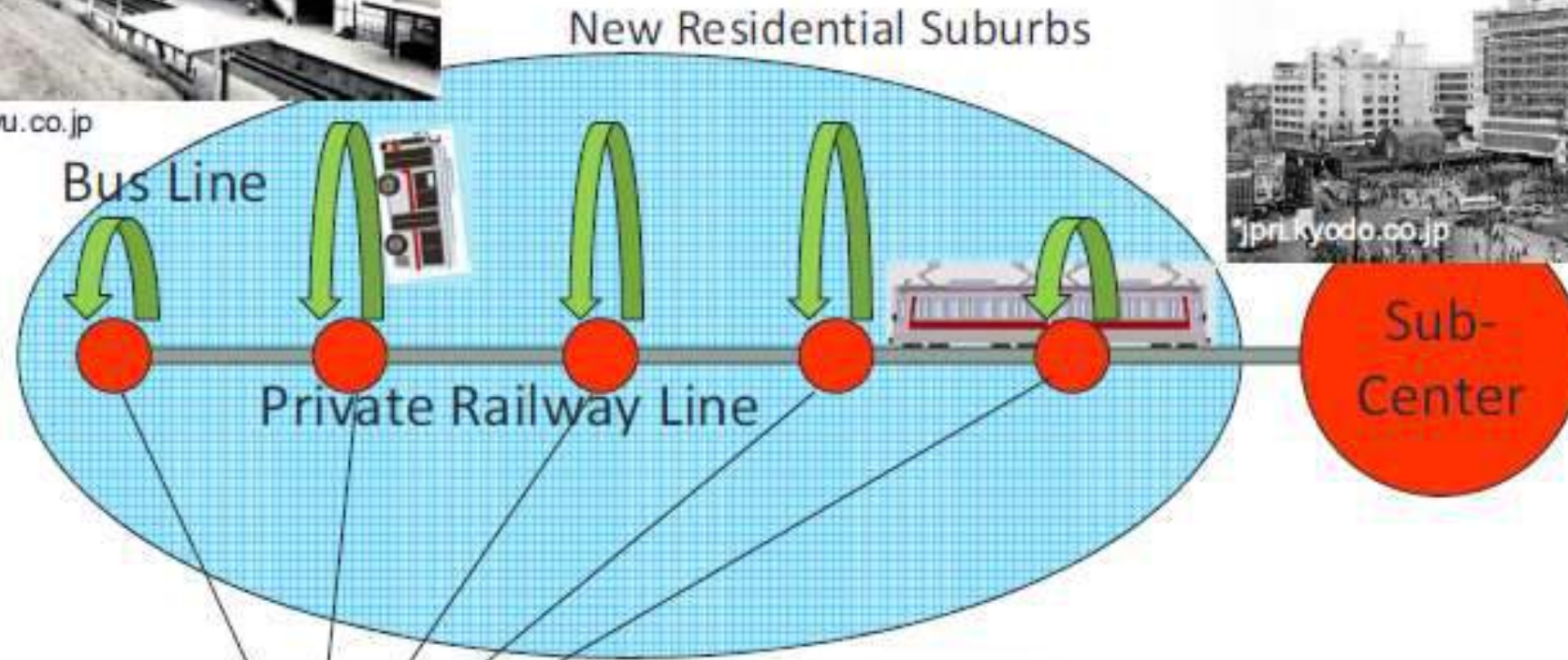
*tokyu.co.jp

SHIBUYA

(One of the most famous
Sub-Center in Tokyo)



*jpr.kyodo.co.jp

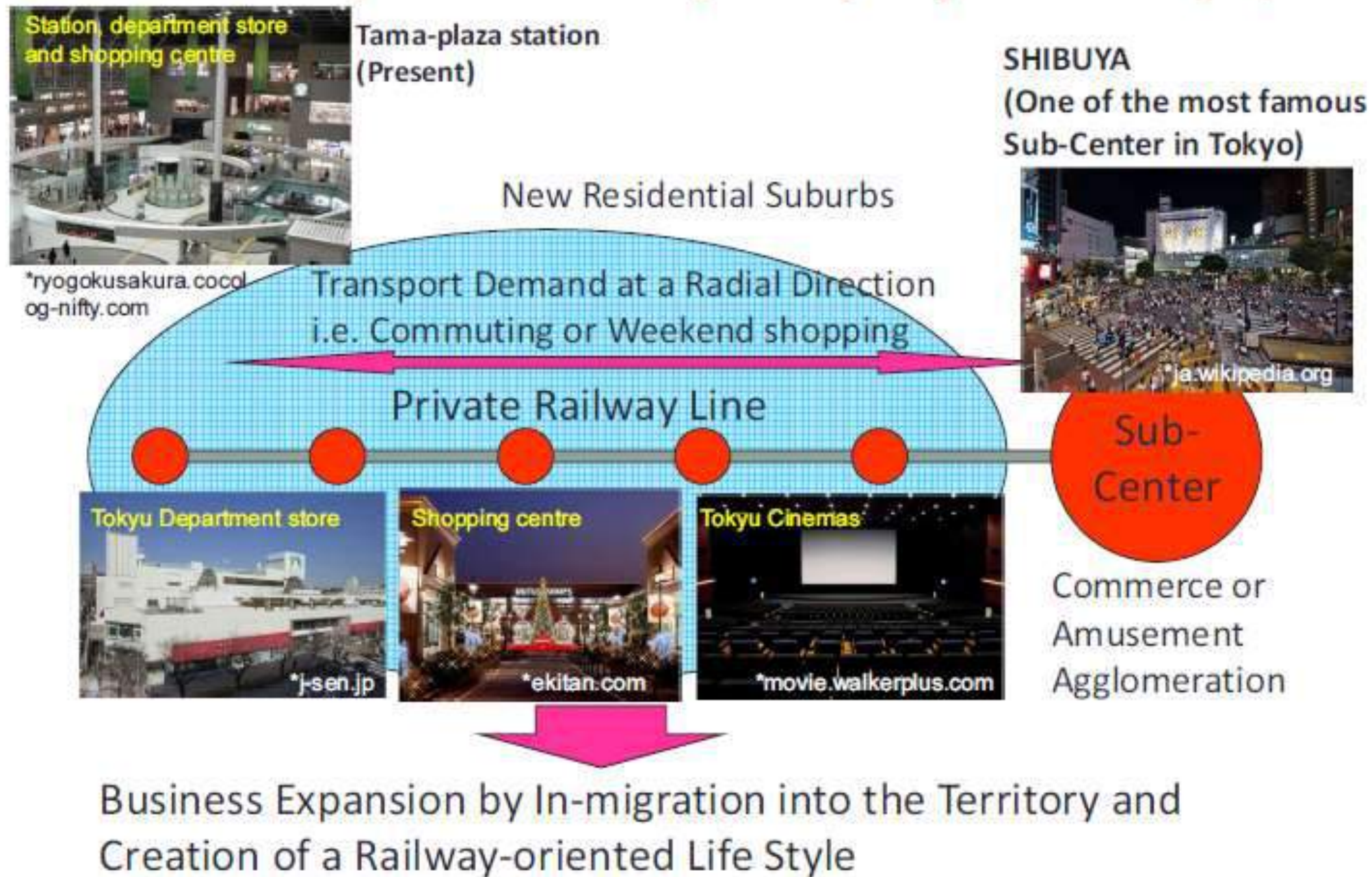


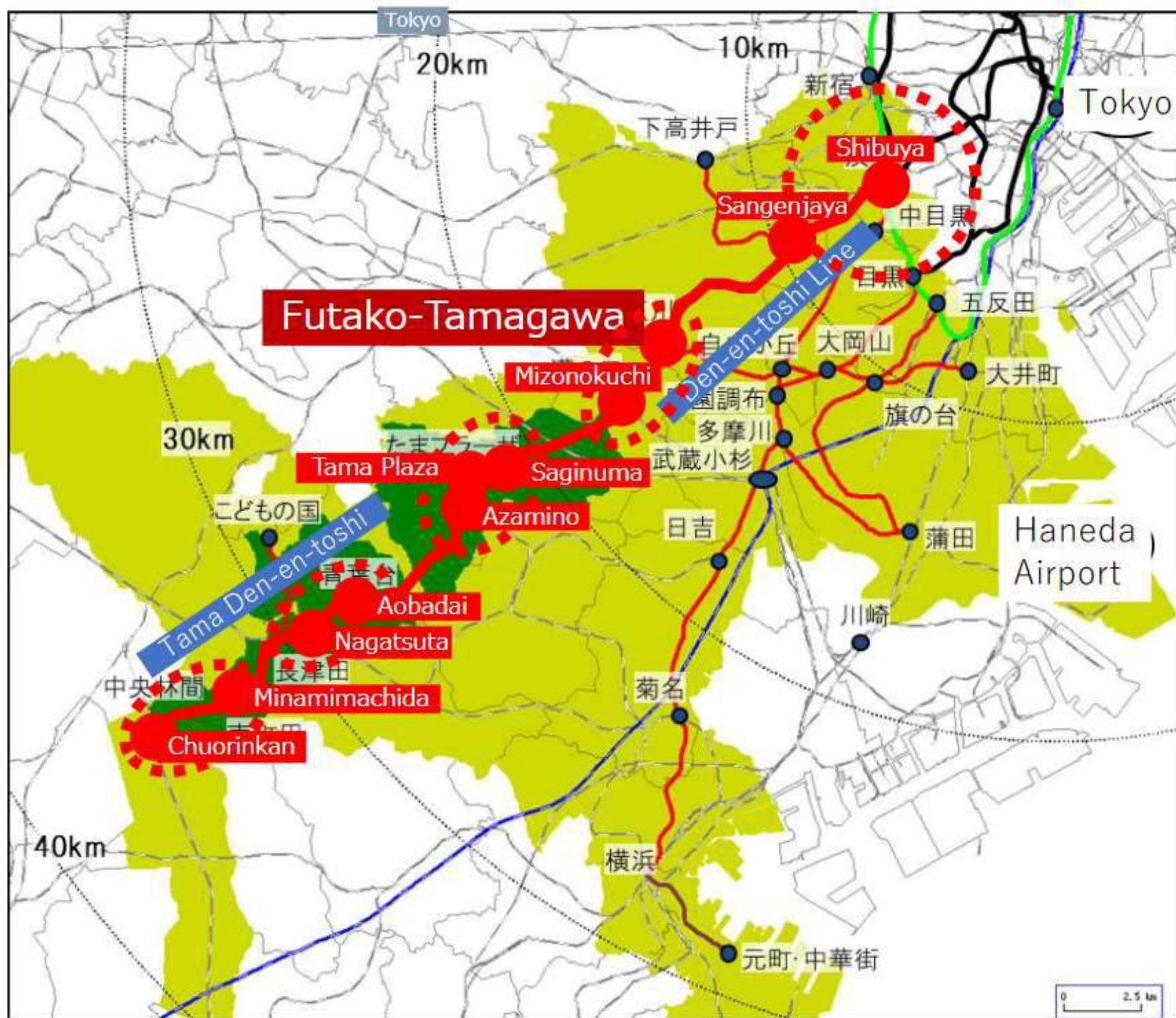
Local Centers : support daily life
(i.e. Grocery market)



*itot2.jp

Structure of a private railway company's territory 2/2

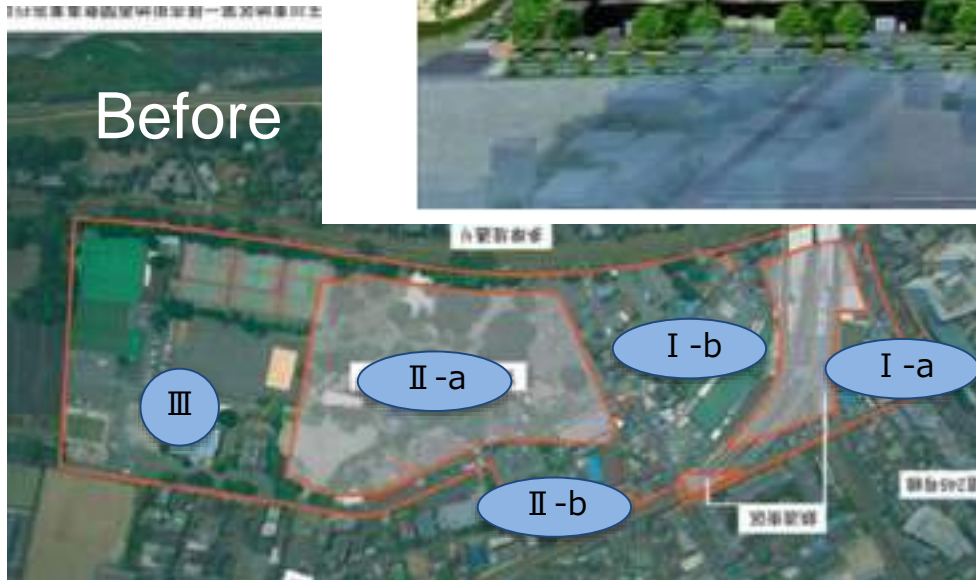




Futako-tamagawa RISE



Before



	First Phase				Railway District	Second Phase
	Block I-a	Block I-b	Block II-b	Block III		Block II-a
Construction Area	Approx. 8.1ha				≈ 0.9ha	Approx. 3.1ha
Floor Area	≈ 17,200㎡	≈ 106,700㎡	≈ 9,400㎡	≈ 133,300㎡	≈ 5,700㎡	Approx. 157,000㎡
Intended Use	Stores	Stores, Offices, Parking Lots, Bicycle Parking Lots	Stores, Residences, Parking Lots, Bicycle Parking Lots	Stores, Residences, Parking Lots, Bicycle Parking Lots	Stores	Stores, Offices, Hotels, Movie Theaters, Fitness Centers, Studios/Performance Halls, Parking Lots, Bicycle Parking Lots

Before

After













Effects of Futako-tamagawa Redevelopment

Efforts for Futako-tamagawa Redevelopment

■ Concept of redevelopment

Harmonize town development with the natural environment rich in water, greenery and light in pursuit of Japan's most attractive town to work in

■ Characteristics of redevelopment

Work

Attracting large offices

- Completion: Phase 1: November 2010
Phase 2: June 2015
- Total lettable area: Approx. 82,650 m²
- increased number of workers:
Approx. 10,000



Visit

Futako-Tamagawa Rise Shopping Center

- After the Phase 1 opening in 2011, the Center had a grand opening in 2015 with trendy features such as the first Japanese shop of an international franchise chain and the first cinema complex in Setagaya Ward with the latest equipment.



Live

Futako-Tamagawa Rise Tower & Residence

- Five buildings (1,033 rooms) mainly including the 42-story Tower East were constructed in a joint project with Tokyu Land Corporation. They were completed in 2010.

In 2015, Futako-Tamagawa Rise became the first in Japan to be gold certified in the LEED ND (Neighborhood Development category) international environmental certification.

Effects of Futako-tamagawa Redevelopment

■ Increase in population

(Persons)

	April 2011	April 2022	Increase/ Decrease
Within a one kilometer radius from Futako-tamagawa Station	39,517	44,957	+13.8%
Setagaya Ward overall	837,185	917,145	+9.6%

■ Rise in land prices

	January 2011	January 2022	Increase/ Decrease
Commercial area near Futako-tamagawa Station	Assuming the figure in January 2011 to be 100	160.5	+60.5%
Setagaya Ward overall	Assuming the figure in January 2011 to be 100	139.3	+39.3%

■ Increase of passengers (Futako-tamagawa Station)

(Thousand people)

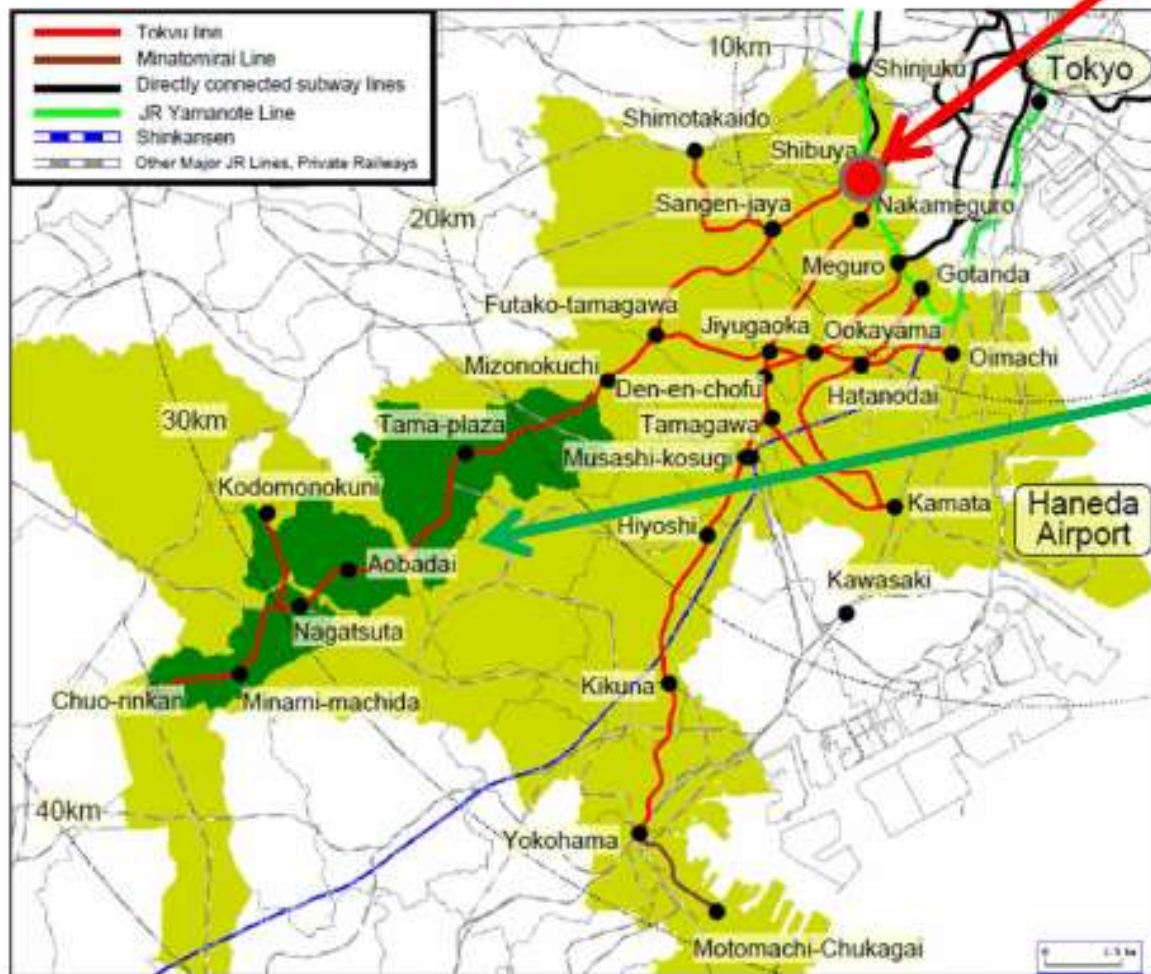
	FY2011	FY2019	Increase/ Decrease
Annual number of passengers	52,990	69,041	+30.3%
Average daily passengers	145	188	+29.7%



Private railway companies and their territories in Tokyo and suburbs



Tokyu's railway network



• Graphic and figure: Prepared with TR, AMS MAP: Copyright Kokusai Kogyo – Sumitomo Electric Industries

* Calculated by multiplying "average consumption expenditures of all households" in 5 wards of Tokyo, Yokohama City and Kawasaki City and "number of households" in the 17 cities and wards along Tokyu Lines respectively.
(Source: Ministry of Internal Affairs and Communications)



*www.gakko-shuhen.jp



*www.genehill.com

Area along the Tokyu Lines
(Defined as "17 Cities & Wards
where Tokyu Lines are operated")

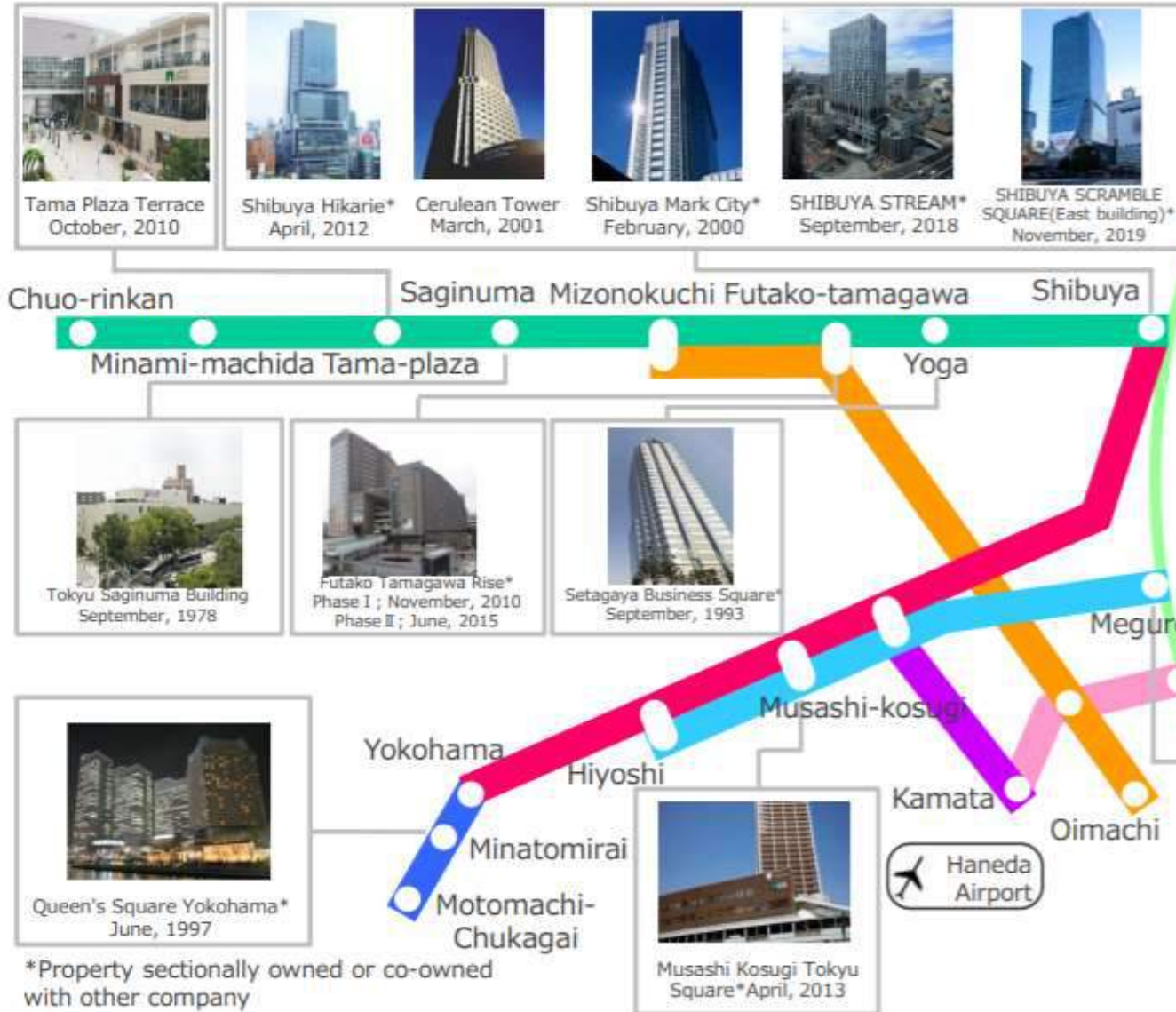
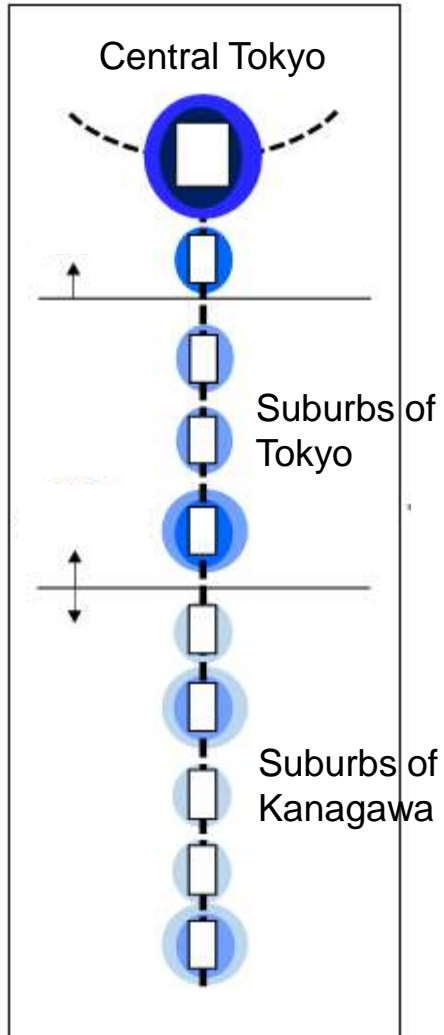
- Area : 490 km² (49,000ha)
- Population : 5.09 million
- Population density : 10,384 people / km²
- Number of households : 2.51 million
- Taxable Income / person :
approx. 1.5 times the national average
- Consumption expenditures in the area:
7,883.1 billion yen*

Tokyu Tama Den-en Tosh
(Tokyu Tama Garden City)

- Area : 50 km² (5,000ha) (0.6million)
- Population : approx. 600 thousand people

Business strategy before COVID-19

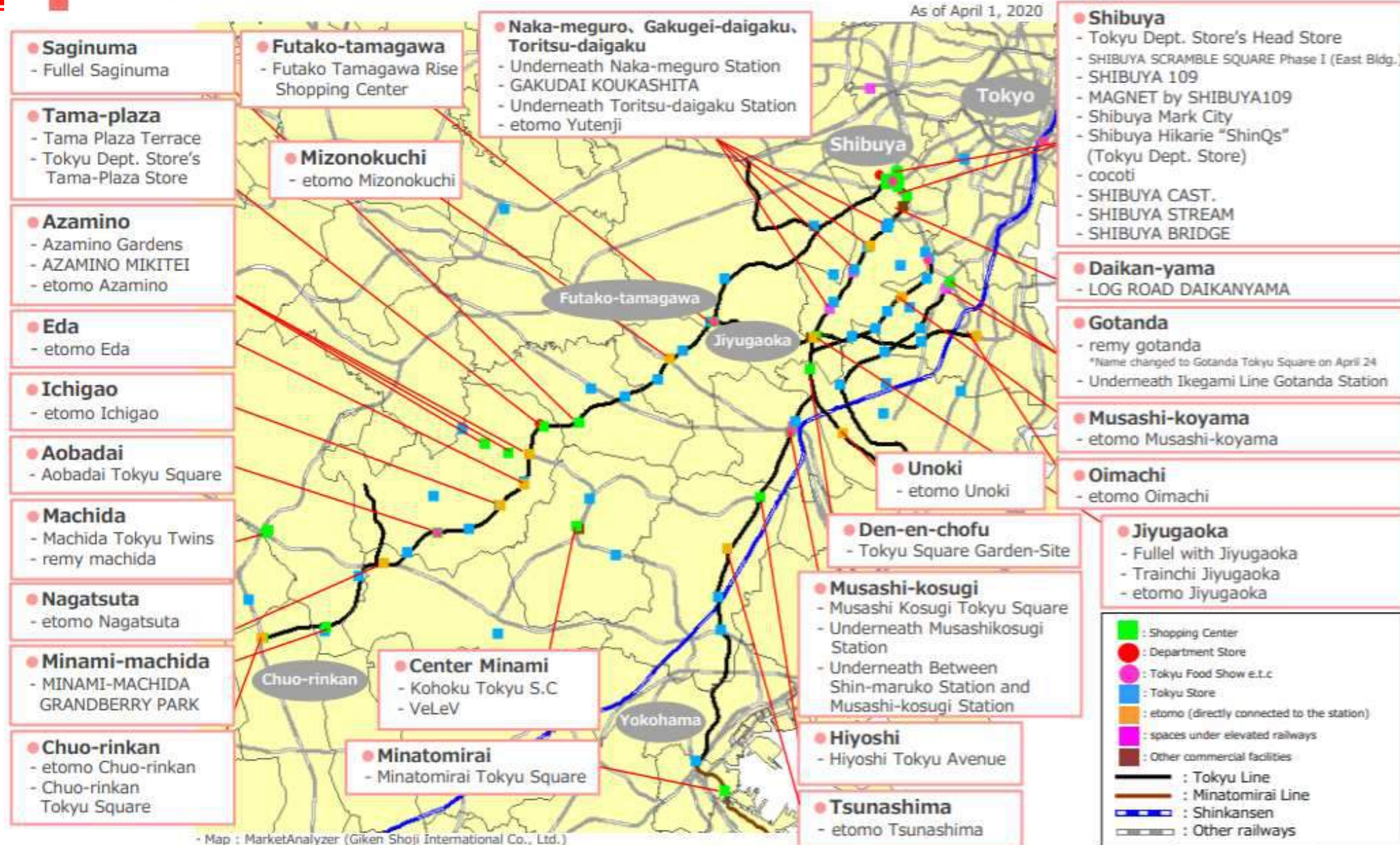
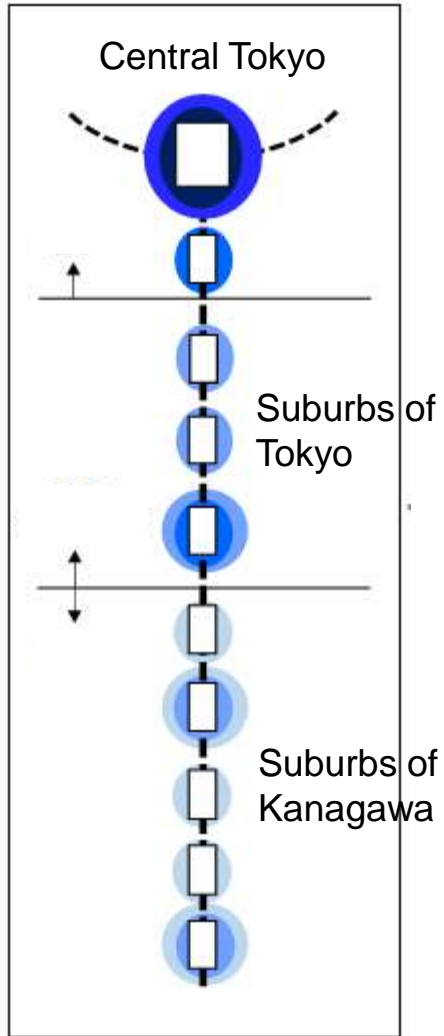
Past Development Track Record (Leasing Business)



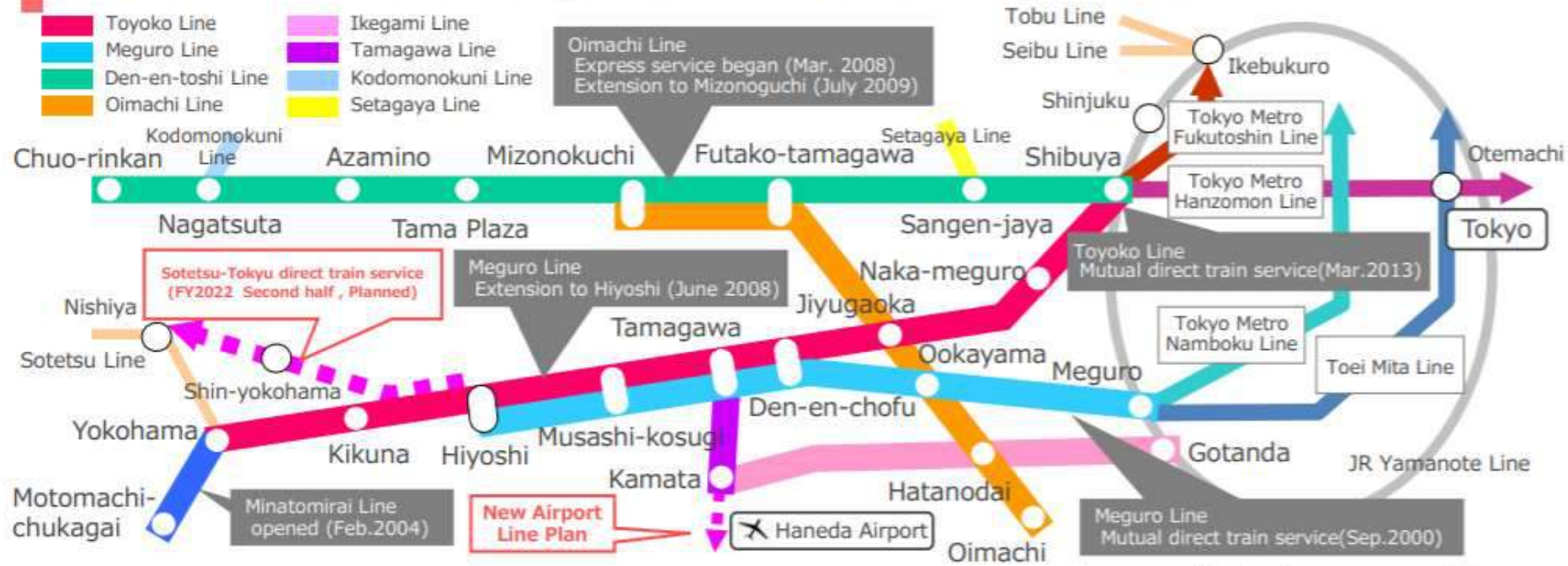
Total Floor Space of Major Properties

	Project name	Total floor area (m ²)
1	Queen's Square Yokohama	496,386 ※1※3
2	Futako Tamagawa Rise	293,108 ※1※3
3	SHIBUYA SCRAMBLE SQUARE(East building)	181,000 ※1※3
4	Shibuya Hikarie	144,546 ※1※3
5	Shibuya Mark City	138,620 ※1※3
6	SHIBUYA STREAM	116,000 ※1※3
7	Cerulean Tower	104,154 ※2※3
8	Setagaya Business Square	94,374 ※1※2※3
9	Tokyu Capitol Tower	87,428 ※3
10	Carrot Tower	77,754 ※1※3

Major Commercial Facilities along the Tokyu Lines

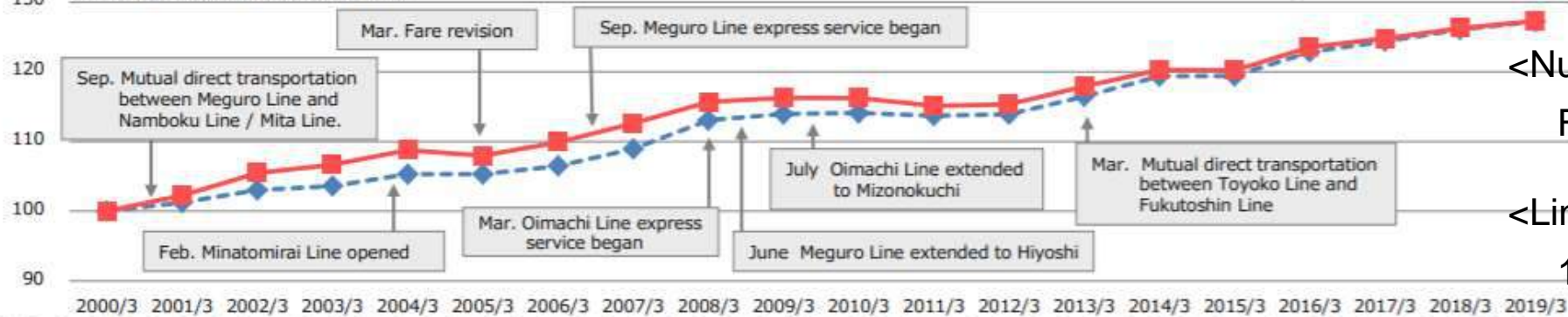


Effects of Development of Railway Networks



Changes in the number of passengers carried and passenger revenue

(with the figures in 2000/3 as 100)



<Numbers of passengers carried>
FY2019 1.2billion

<Line distance(working kilometers)>
100.1km

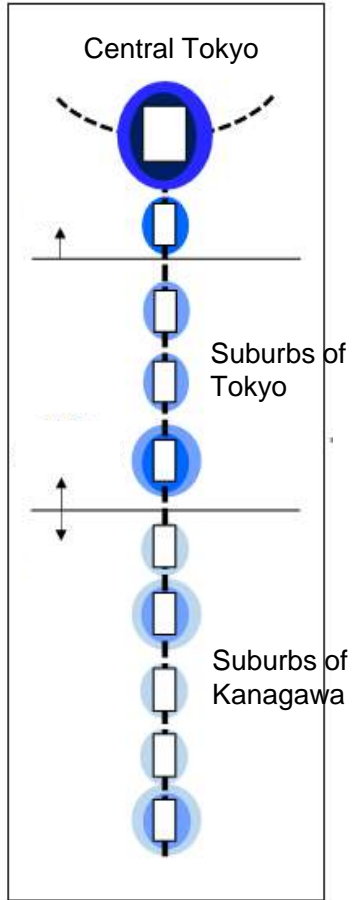


Tokyu Corporation

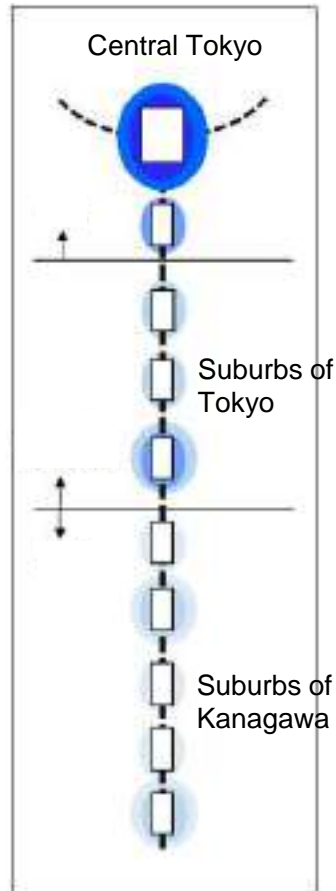
Business strategy after COVID-19

COVID-19 has forced Tokyu to reconsider the “TOD only” strategy

Before COVID-19

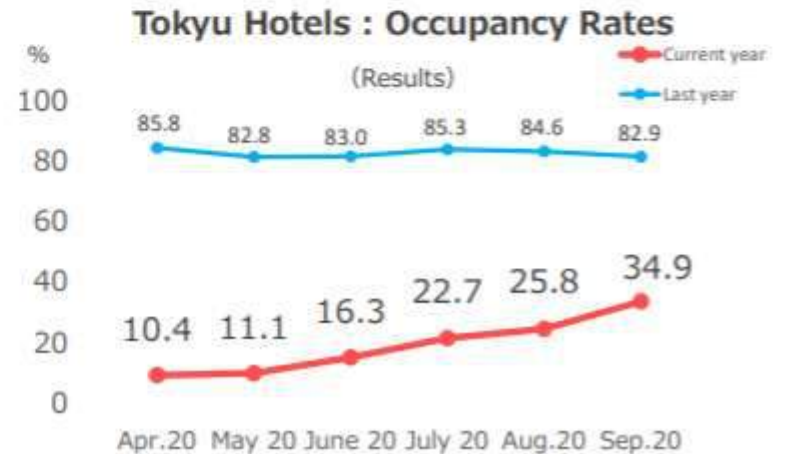
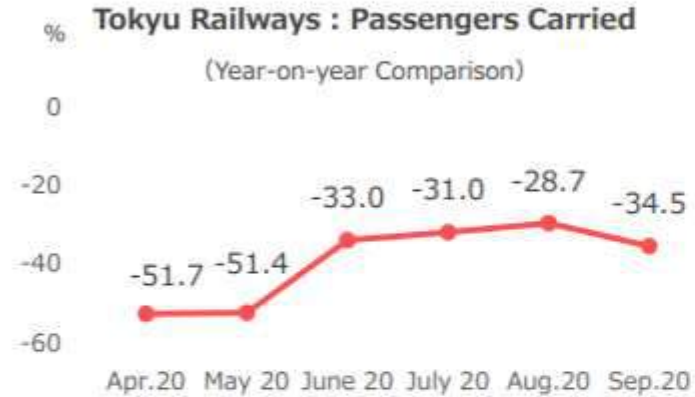


After COVID-19



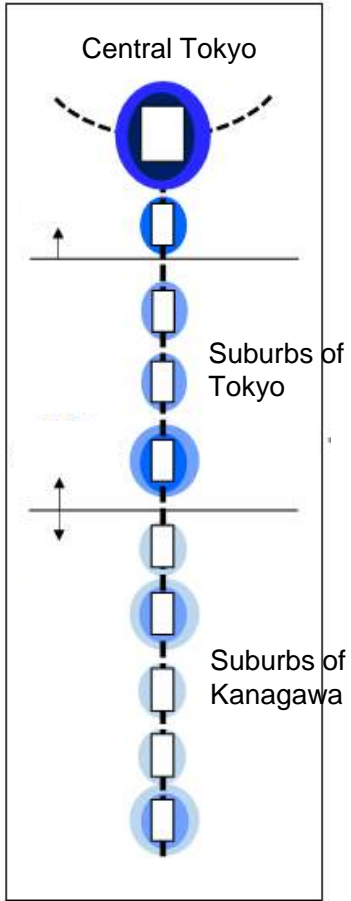
[Reference] Recent Events

Since the lifting of the declaration of a state of emergency on May 25, demand has been gradually recovering with respect to the railway, department store and hotel businesses.
(September partially reflects a decline in demand due to the absence of the last-minute surge in demand before the consumption tax increase in the previous year.)

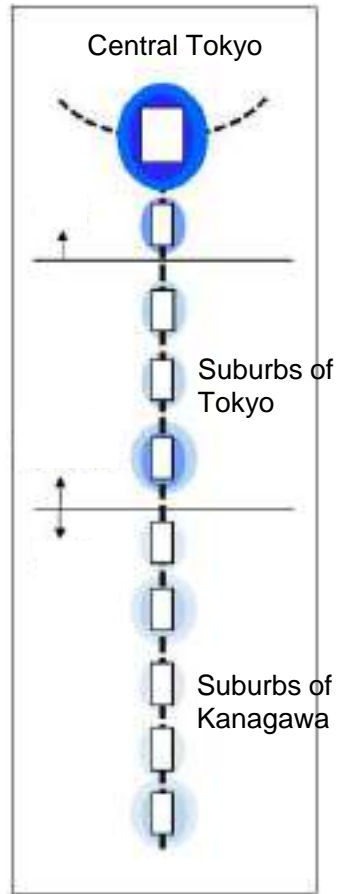


COVID-19 changed the balance of consumption from city center to residential suburb

Before COVID-19

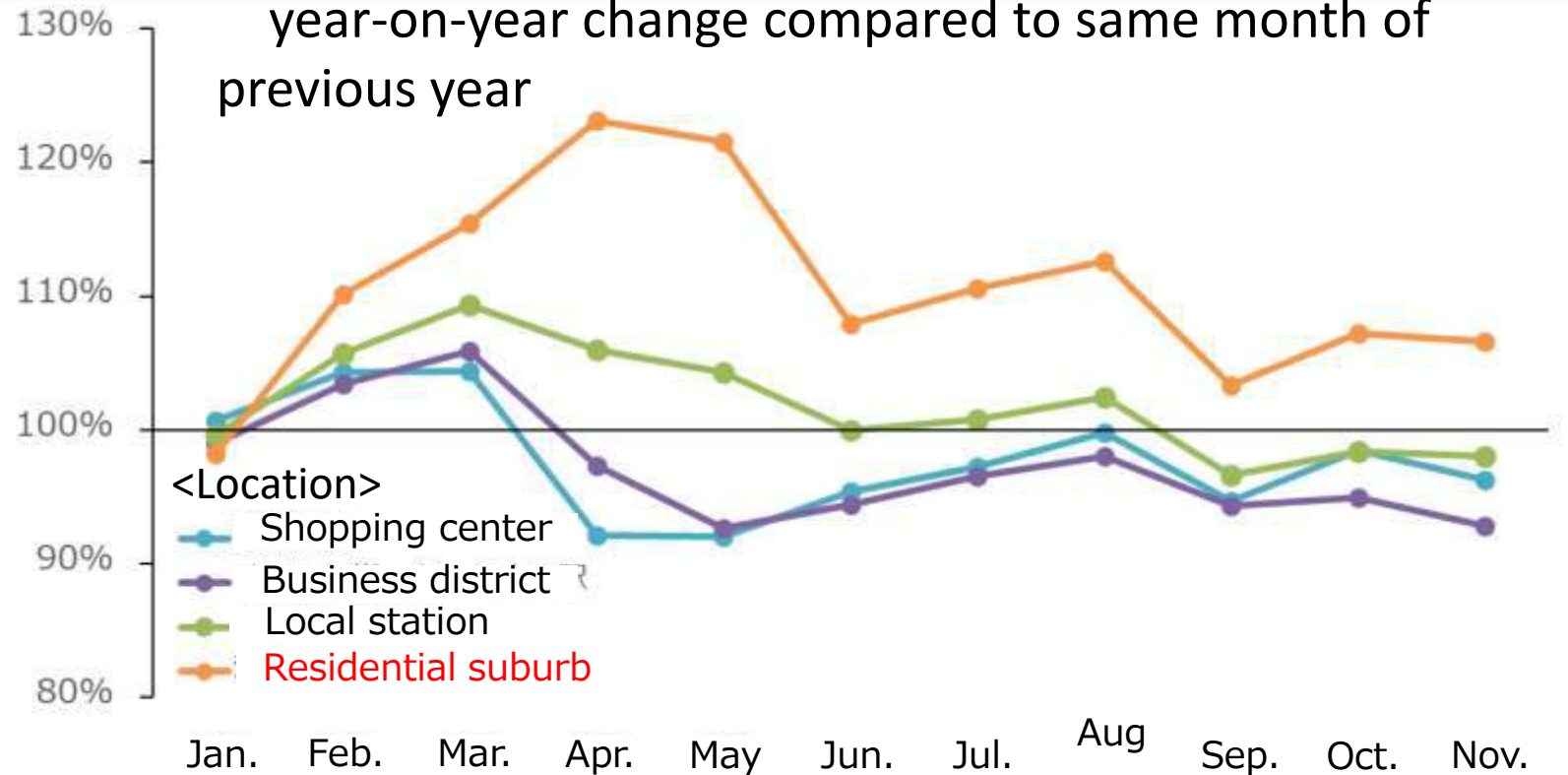


After COVID-19



Revenue of Tokyu Store

year-on-year change compared to same month of previous year



Assumptions for FY2022 Forecasts

Assumptions for forecasts

- The direct impact of the COVID-19 pandemic will continue up until the end of the first half of the fiscal year, after which no new spread is expected.
- With regard to inbound tourism, demand is not expected
- Changes in the external environment, such as soaring energy prices, have been reflected in individual businesses. If there is additional impact, measures including cost control will be taken within the expected scope.
- With regard to cost reductions, we will continue to make reductions for businesses that carry out structural reforms, and increase the ratio of constant necessary reductions.

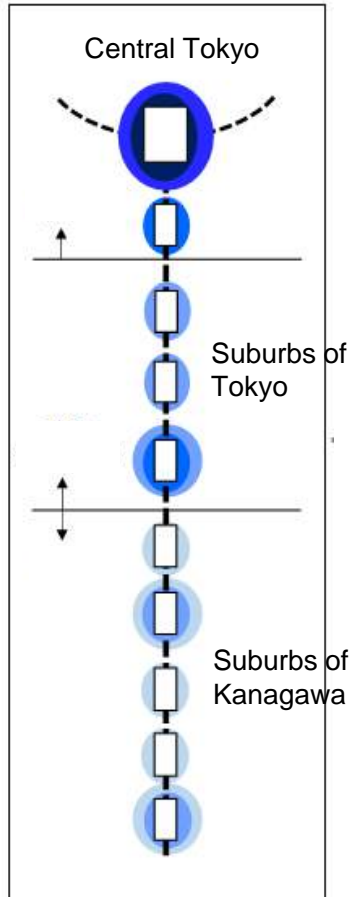
Assumptions in the financial forecasts for each segment

Segment	Assumptions for forecasts
Transportation	<ul style="list-style-type: none"> • Tokyu Railways: Number of passengers carried by Tokyu Railways will decrease by approx. -21.0% from FY2019 (+4.5% year on year comparison)
Real Estate	<ul style="list-style-type: none"> • Real estate leasing: Vacancy rates and rent levels are the same as at the end of the previous fiscal year, and there is no expected vacancy risk • Real estate sales : Although a certain amount of sales are expected in the current fiscal year, this is a reactionary decline from the previous fiscal year, when there were sales of large properties.
Life Service	<ul style="list-style-type: none"> • Sales at Tokyu Department Store will increase approx. +3.5% year on year and sales at Tokyu Store Chain will increase approx. +2.2% year on year.
Hotel and Resort	<ul style="list-style-type: none"> • The full-year occupancy rate for Tokyu Hotels is expected to be around the 69% range (1Q: 54%, 2Q: 73%, 3Q :77%, 4Q:74%)..

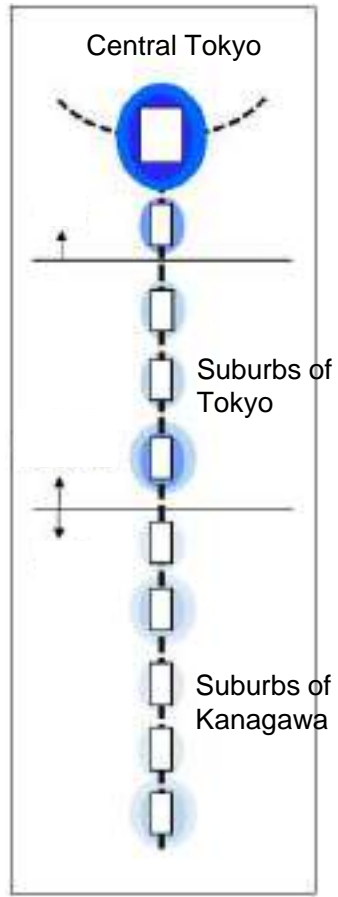


Tokyu is trying to adapt to a “new normal” lifestyle and find new business opportunities

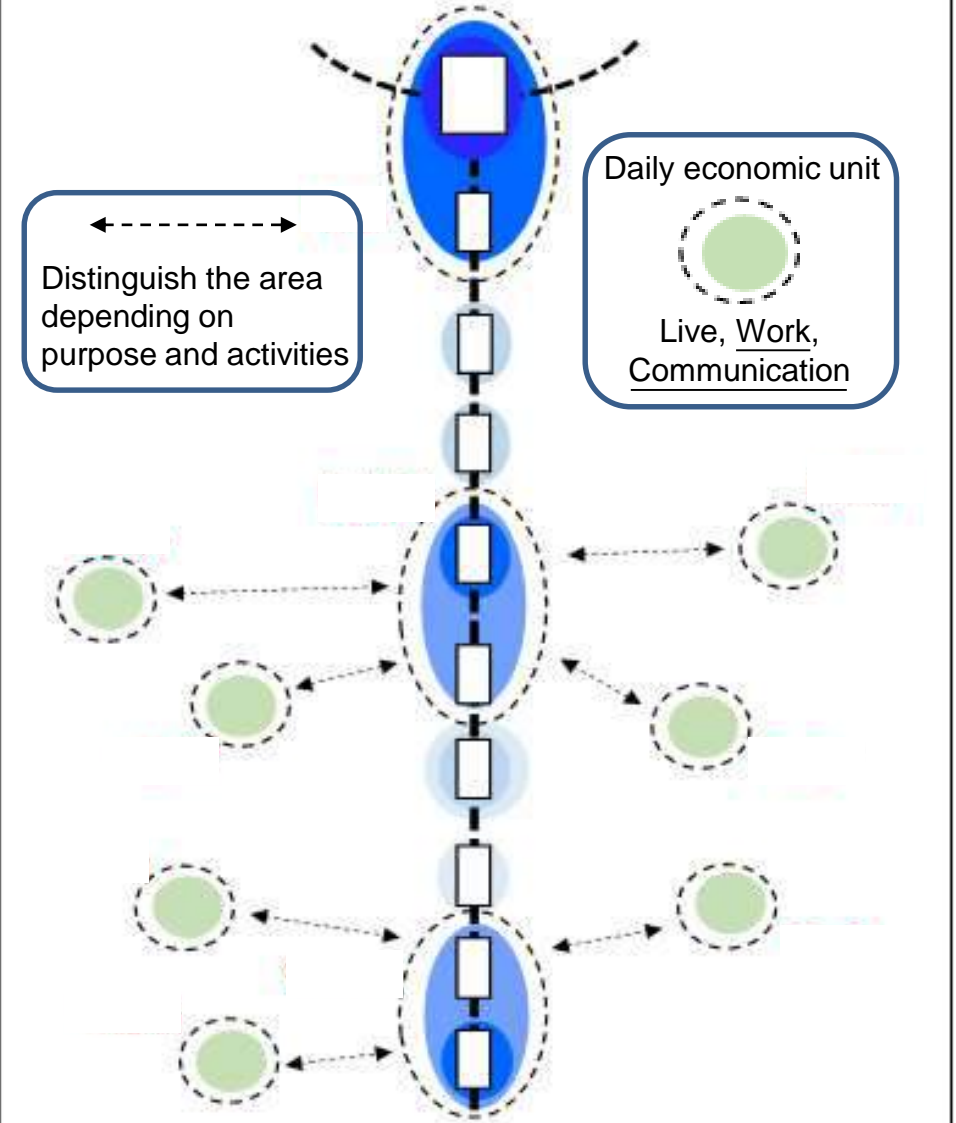
Before COVID-19



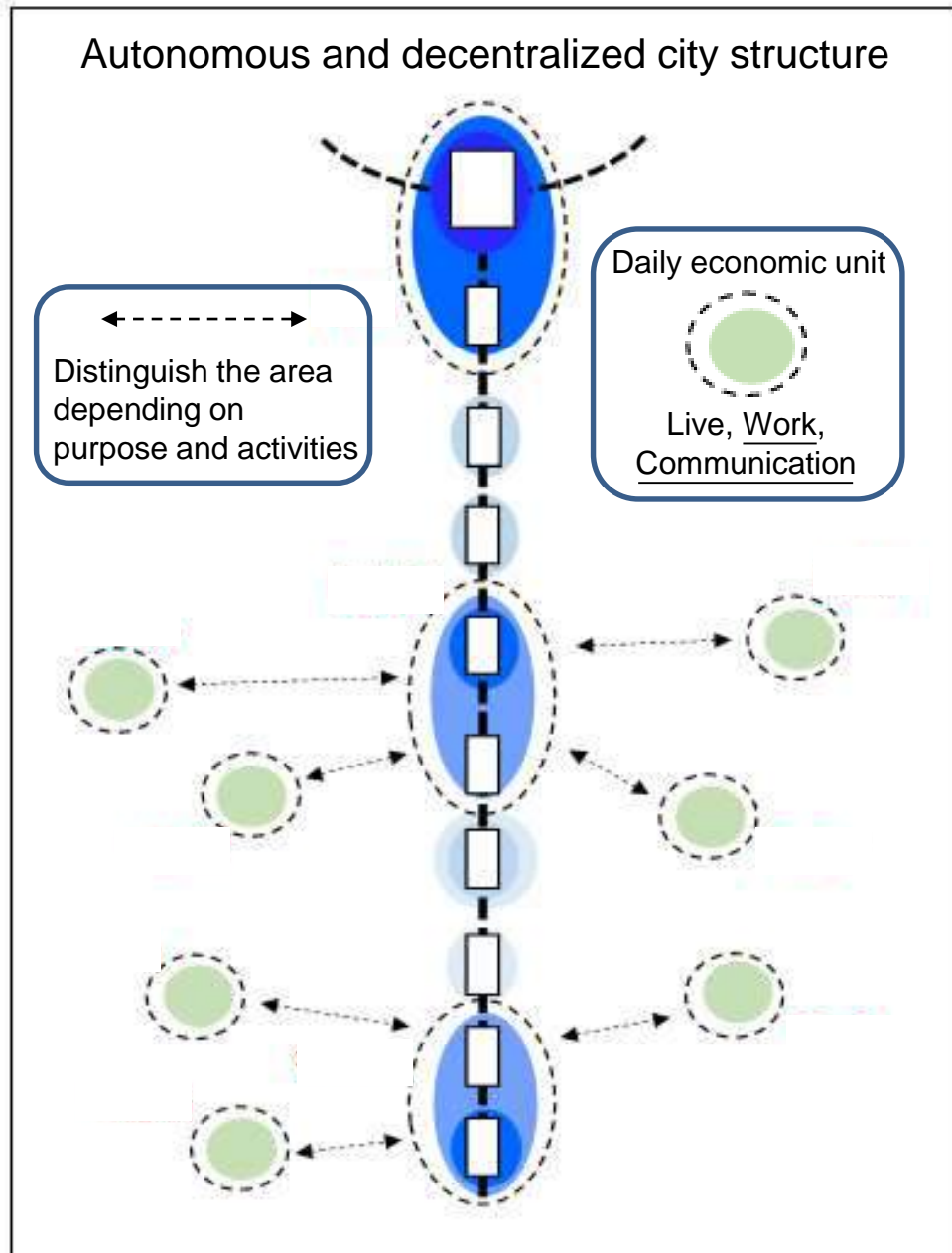
After COVID-19



Autonomous and decentralized city structure



This also brings about “pandemic-ready” urban structure for residents



<Normal>

work, shopping, hang out, interact with many people in city



residents can select each lifestyle according to natural & social environment (e.g. pandemic)

<Emergency>

work, shopping, interact with some people in daily economic unit

Key Takeaways

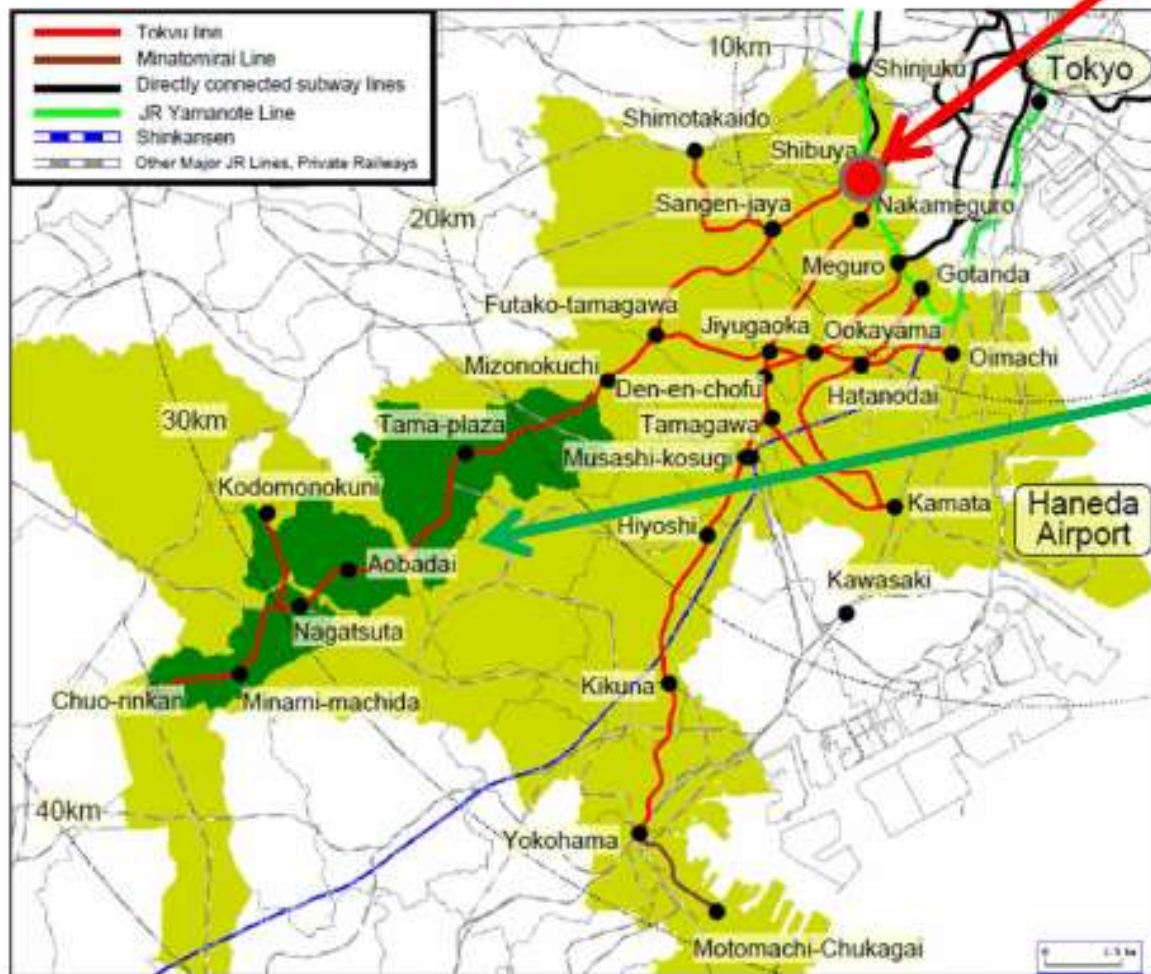
- ◇ TOD model of private railway companies has been developed for nearly a century.
However, COVID-19 has forced Tokyu to change from pin-point and tangible development to mutual and intangible one. We call it “autonomous and decentralized city model”.
- ◇ COVID-19 gives us the opportunities to reconsider how to upgrade TOD structure .
However, it will also create enormous business opportunities and new city model toward post pandemic era.

This is the end of my
presentation

Thank you very much for your attention

Reference Material

Tokyu's railway network



•Graphic and figure: Prepared with TR, AMS MAP: Copyright Kokusai Kogyo – Sumitomo Electric Industries

* Calculated by multiplying "average consumption expenditures of all households" in 5 wards of Tokyo, Yokohama City and Kawasaki City and "number of households" in the 17 cities and wards along Tokyu Lines respectively.
(Source: Ministry of Internal Affairs and Communications)



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MINAMIMACHIDA GRANDBERRY PARK



- Promoting the integrated development of retail facilities and Tsuruma Park in cooperation with Machida City
- Under the concept of "life amusement park," around 230 individualistic stores plan to open, such as outlet malls and experience-based facilities.

Summary

- November 2019: Town opening. *Snoopy museum will open in December.
- Development area: Approx. 220,000 square meters (Approx. 1.2 times larger than the Futako-Tamagawa development area)
- Floor area: Approx. 53,000 square meters (almost equal to the Futako-Tamagawa development area)



Excellent access conditions

- Opposite Minami-Machida Station on the Tokyu Denentoshi Line (Approx. 35 minutes by train from Shibuya)
- Adjacent to Route 16 and Route 246
- Approx. one kilometer from Yokohama-Machida IC on the Tomei Freeway



Improving Minami-Machida Station

- Express trains to stop at the station on weekdays
- The name to change to "Minami-Machida Grandberry Park"
- A station space to be created as a gateway to the town

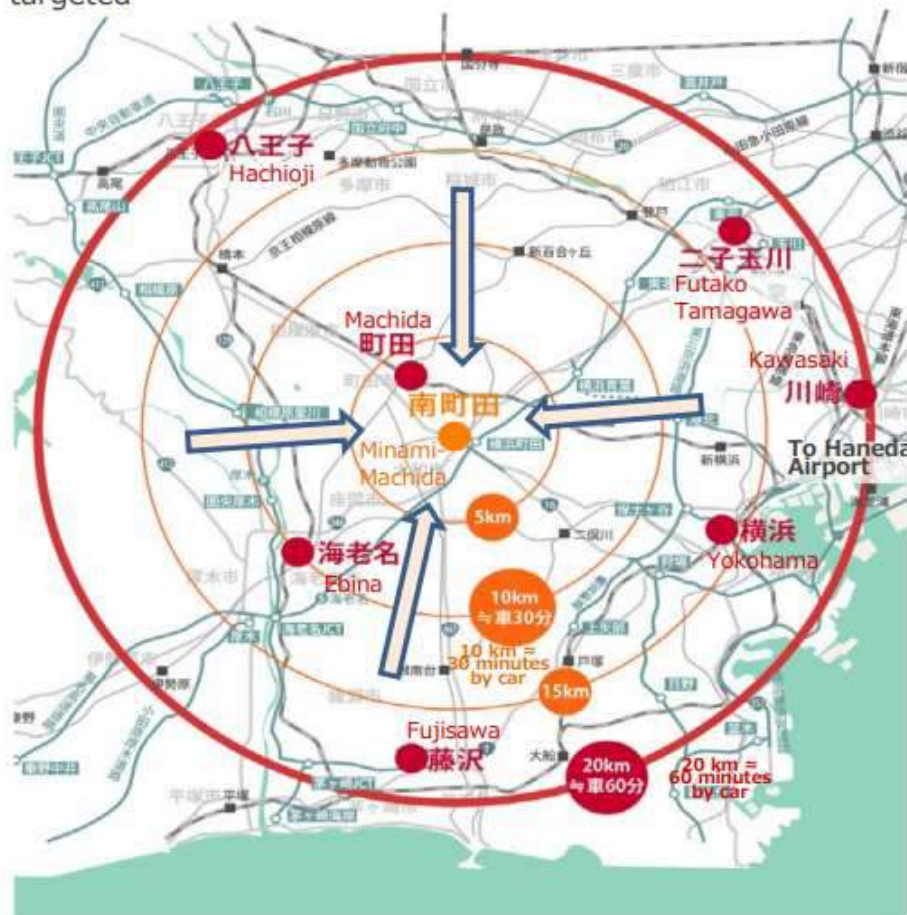


Effects of Minami-machida Grandberry Park Opening

An increase in visitors from a wide area was seen in connection with the opening of Minami-machida Grandberry Park.

Expanded trading zone

In addition to the core trading zone within a 10-km radius of the location, visitors within a 20-km zone were strategically targeted



Effects of the Opening of Minami-machida Grandberry Park

- Visitor data one month after the opening of Minami-machida Grandberry Park (based on the number of passengers passing through ticket gates)

Station Name	Train Lines	Year-on-Year Change
Nagatsuta	JR Yokohama Line	299% increase
Chuo-Rinkan	Odakyu Enoshima Line	250% increase
Mizonokuchi	JR Nambu Line	252% increase
Shibuya	JR / Keio / Tokyo Metro Lines	152% increase

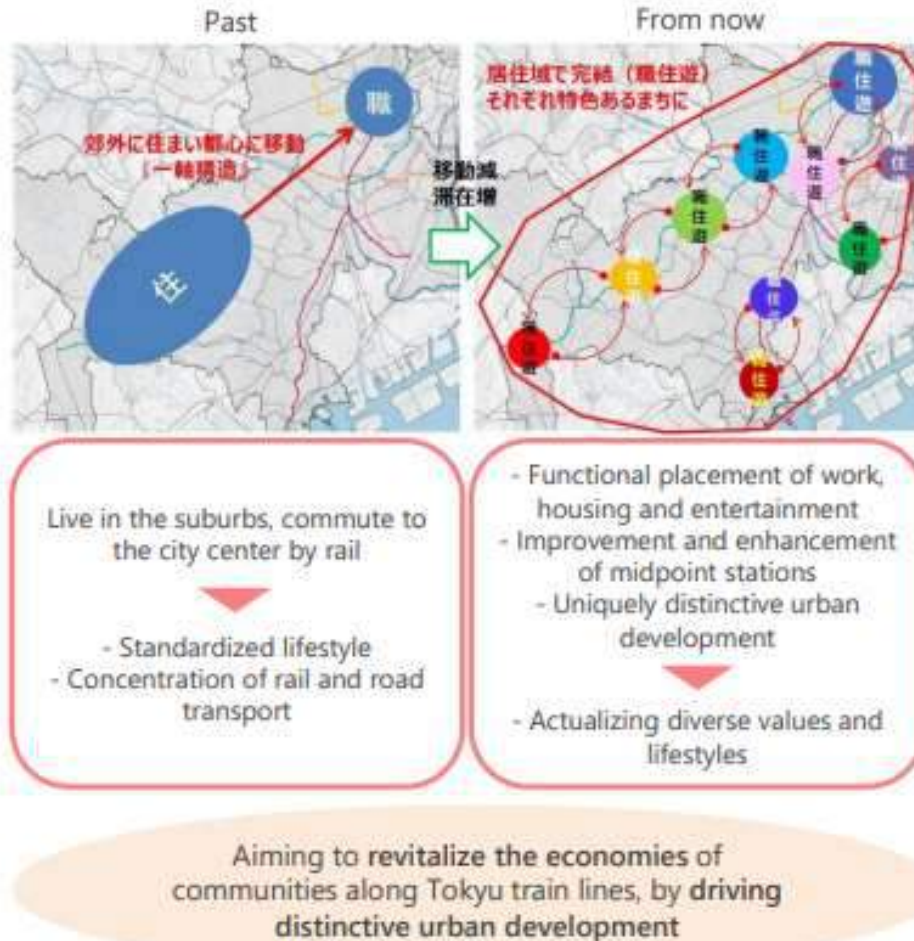
- Comparison of Visitor Numbers Associated with Redevelopment (One-month Comparison)



Tokyu Area Development based on the concept of "autonomous and decentralized city structure"

Based on our autonomous and decentralized city structure concept, we are actively promoting the functional arrangement of work, housing and entertainment, and revitalizing communities by attracting stakeholders from the worlds of industry, government and academia.

Autonomous and decentralized city structure concept



Development of midpoint stations to drive urban development

▼ Fujigaoka

Partners: Yokohama City, Showa University

An integrated urban development combining station area facilities, hospitals and parks



Conceptual image of redevelopment

▼ Saginuma

Partners: Kawasaki City

Redevelopment project aimed at creating station area community hubs
(Relocation of Miyamae Ward Office and other public facilities)



Conceptual image of redevelopment

Nexus Challenge Park

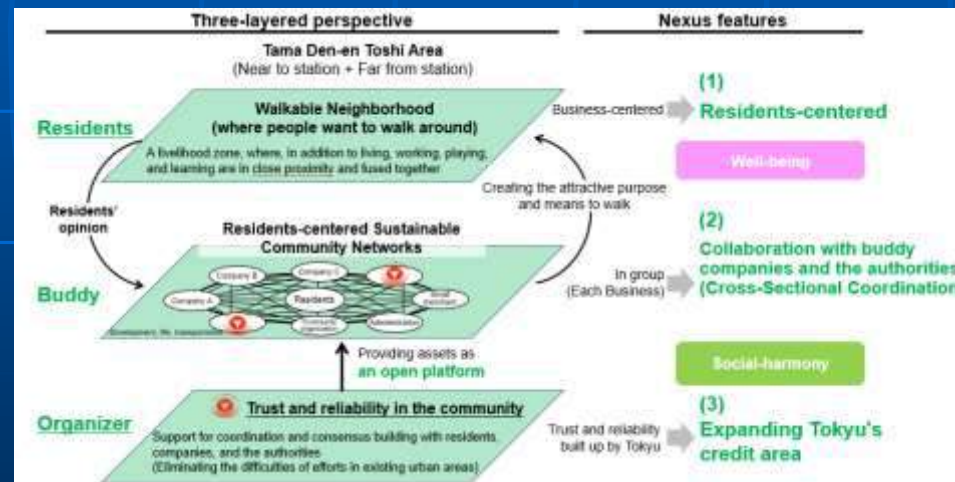
nexus concept



Nexus Challenge park Hayano

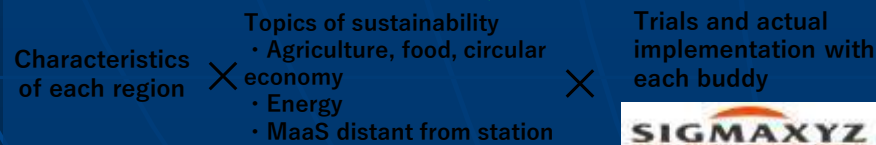
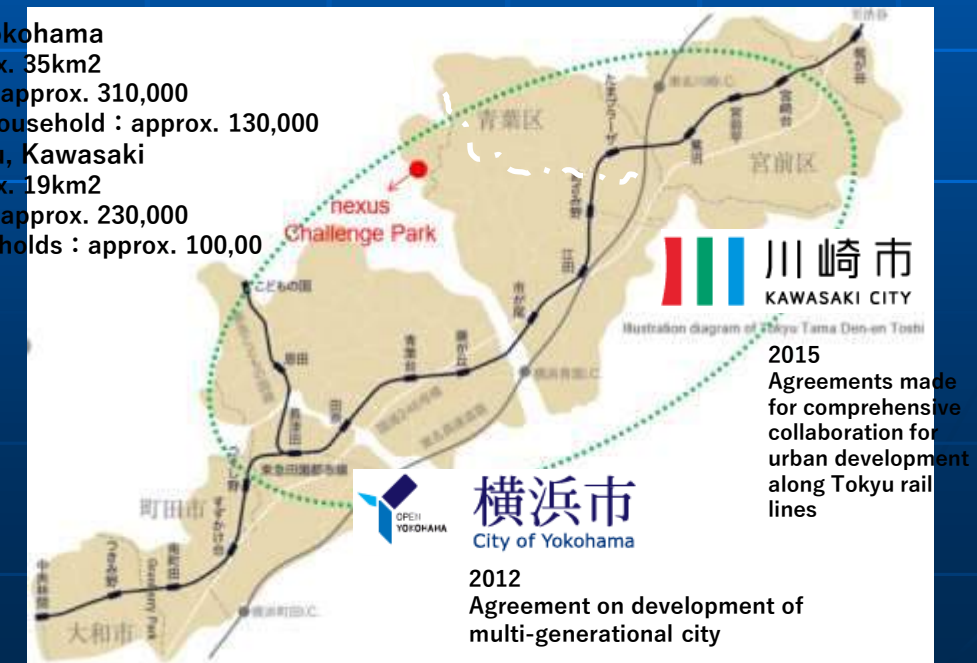


Transport : Tokyu Den-en-toshi line 「Asamino」 Bus stop #3 on right hand side after station exit (Bus to Susukinodanchi). Get off at Nijigaoka Elementary school and walk 3 min



nexus concept area

- ◆Aoba ku, Yokohama
Area : approx. 35km2
Population : approx. 310,000
Number of household : approx. 130,000
- ◆Miyamae ku, Kawasaki
Area : approx. 19km2
Population : approx. 230,000
No. of households : approx. 100,00



Nexus Challenge Park Hayano Facility Overview

Place: 1150-2 Hayano, Asao Ward, Kawasaki City (owned by Tokyu Corporation)
 Site area: 7,800 m²
 Design: Consolidated company HOC
 Development and Construction:
 Momoyama Construction Co., Ltd.
 Farm construction: Plantio Inc.
 Operating entity: Tokyu Corporation
 Usage: Community farm,
 Event space. Parking lot
 Opening date: April 7, 2022
 Business hours:
 Weekdays 10: 00 - 18: 00
 *Saturdays and Sundays
 only for events

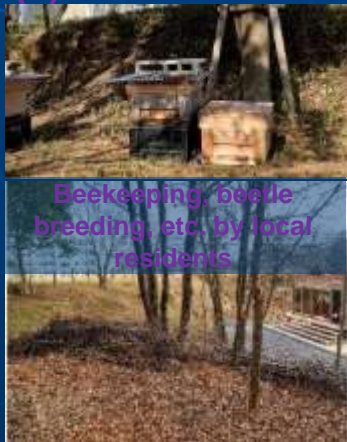


(1) Niji Farm – IoT share farm

- *Plantio Inc.'s grow app
- *Paid membership "Sowing the seeds together"
- *Collaboration with shop associations and neighboring schools



(4) Forest of



Beekeeping, beetle
breeding, etc. by local
residents

(3) Nexus Lab

- * Common ground between Tokyu employees and the community
- * Place for consultation with buddy companies



(2) Fireplace



Experience the circulation of firewood and food under the cooperation of local volunteers



Nexus concept: Creating a mutuality (community/commons) that connects persons (Individuals) and the public (society and the environment)

The Nexus concept is the creation of a mutuality (community/commons) that connects the maximization of individual wellbeing and the minimization of social and environmental issues to the community level to realize the coexistence of both. We will create a "community commons" in which empathy and mutual assistance circulate, such as the accommodation of surpluses and shortages in the community and the building of reciprocal relationships.



◆ Sustainable themes

Agriculture and Food: Lifestyles where people grow together and eat together, and agriculture and food are at hand
Energy: Local production for local consumption of energy in the community and optimization of surpluses and shortages
Mobility: Maximizing the vitality of residents by providing new mobility according to the diverse life stages
Resource Recycling: Recyclable society based on local communities and residents (resource utilization, zero waste, natural symbiosis, etc.)
Wellness: Realizing well-being corresponding to the diverse values of the era of the 100-year-old
Education: Relationships among residents who regard the community as a place to learn, such as schools having a close connection with the community

◆ Commonalities (region/commons) that connection me (individual) with public (society/environment)

- Creating "local commons" where empathy and mutual aid circulate
- Creating commons "from the consumer's point of view and together with the consumer".
- ※ We are looking for "buddies" who share and co-create this philosophy.

Nexus Challenge Park Hayano Potential with the Surrounding Area

UR “Welfare”



Future housing complex



Nijigaoka 2-chome Housing Complex
(Rent: approx. 1,600 units)

Nijigaoka 3-chome Housing Complex
(Rent: approx. 400 units)

Susukino Housing Complex
(Rent: approx. 1,100 units)

nexus
challenge
park

Hayano
Sacred Land
Park

Administrative coordination

2012
Conclusion of an agreement to promote the Next-Generation Suburban Community Development

2015
Conclusion of a comprehensive partnership agreement on community development along Tokyu railway lines



Common Issues
Aging / Multi-generation / Mobility / What housing complexes should be

Nexus Challenge Park Hayano

Trial of coordination between Kawasaki City and Yokohama City (example)

Mobile sales

- Kitchen car
- Traveling sales

Mobility

- Last one mile
- Transfer base

Agriculture and food circulation

- A life with farming
- Farmers' direct sales store

Future housing complex

- Final abode
- Well-being

Next-Generation Suburban Development

What is the Next-Generation Suburban Community Development?



April 2012: Yokohama City and Tokyu Corporation reach an agreement to promote the Next-Generation Suburban Community Development.

Using the Tama Plaza district as a model, industry-academic-public-private partnerships begin efforts to sustain and revitalize favorable residential neighborhoods in existing communities.



2017 & April 2022: Agreement renewed

Re-establishing the values of suburban residential areas and presenting their appeal and lifestyles to society at large.

Community development: Revitalizing existing residential areas in conjunction with industry, academic, public, and private sectors



Vision of the Ideal Community Community Living





Working to Realize True Community Living

WISE Living Lab Sankaku BASE



Opened in May 2017

- Activity hub for the Next-Generation Suburban Community Development
- Functions as a living lab for co-creation

CO-NIWA Tama Plaza



Opened in Nov 2018

- The lower floors of residential units for sale include facilities for multi-generational community exchange / easily accessible workspaces and child nursing/childcare-support functions.