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FOR IMMEDIATE RELEASE

TOKYU CORPORATION
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Notice Regarding the Start of TOB for the Shares of Tokyu Recreation Co., Ltd. (Securities Code 9631), Underwriting of Disposition of Treasury Stock through Private Placement of New Shares, and Signing of Capital and Business Alliance Agreement

Tokyu Corporation (the "Company" or "Tender Offeror") announces that at a meeting of its Board of Directors held on February 10, 2016, it resolved to acquire common shares (the "Target Shares") of Tokyu Recreation Co., Ltd. (code 9631, Tokyo Stock Exchange Second Section) (the "Target") through a takeover bid (the "TOB"), to underwrite the disposition of the Target's treasury stock (the "Target Treasury Stock") through private placement of new shares to the Company, and to sign a capital and business alliance agreement between the Target and the Company. Details are as follows:

1. Objectives of TOB, etc.

(1) Overview of the TOB

As of today, the Company has 7,746,044 shares of the Target that are listed on the second section of Tokyo Stock Exchange, Inc. ("TSE") (24.25% ownership (rounded off to the second decimal place; the same applies hereinafter in the calculation of the ratio unless otherwise specified.)) and also indirectly has 381,552 shares of the Target through the Company's subsidiaries: Tokyu Store Chain Co., Ltd. (174,000 shares), Tokyu Agency Inc. (133,441 shares), Tokyu Facility Service Co., Ltd. (39,065 shares), Central Foods Co., Ltd. (19,000 shares), Tokyu Architects & Engineers Incorporated (13,946 shares) and Ueda Kotsu Corporation. (2,100 shares) (1.19% ownership). With a shareholding of 8,127,596 shares in total (25.45% ownership), the Target is the Company's affiliated company accounted for by the equity method. The Board of Directors decided on the TOB at the meeting held today to make the Target the Company's consolidated subsidiary through the concurrent Disposition of the Target Treasury Stock (as defined below). According to the decision, the Company resolved at the said meeting of the Board of Directors to execute the capital and business alliance agreement (the "Capital and Business Alliance Agreement") with the Target and, according to the said resolution, executed the Capital and Business Alliance Agreement with the Target today (for the outline of the Capital and Business Alliance Agreement, please refer to the description of "(i) Capital and Business Alliance Agreement" under "(3) Important agreement for the TOB, etc." In this regard, the Company confirmed on February 9, 2016 that it would not make subject to the TOB all the shares of the Target that are held by Tokyu Store Chain Co., Ltd., Tokyu Agency Inc., Tokyu Facility Service Co., Ltd., Central Foods Co., Ltd., Tokyu Architects & Engineers Incorporated and Ueda Kotsu Corporation.

(Note): The "percent ownership" refers to percentages in the total number of shares outstanding of the Target as of December 31, 2015 (31,937,474 shares) as presented in the summary of consolidated financial results for the fiscal year ended December 2015 (Japanese standards) (the "Target Financial Summary") published by the Target on February 10, 2016. The same applies to the following.

In addition, the Target resolved at the meeting of its Board of Directors held on February 10, 2016 to dispose of all the treasury stock that it holds as of December 31, 2015 (2,619,236 shares; 8.20% ownership) by the private placement of new shares to the Company (hereinafter referred to as the "Disposition of the Target Treasury Stock" and, together with the TOB, collectively referred to as the "Transaction") and submitted the registration statement for the Disposition of the Target Treasury Stock to the Director-General of the Kanto Finance Bureau on February 10, 2016.

As the purpose of the TOB constituting part of the Transaction is to make the Target a consolidated subsidiary of the Company and the Target's shares are to continue to be listed after the closing of the TOB, the number of shares to be purchased will be limited to a maximum of 5,255,000 shares (16.45% ownership; upon the acquisition of 5,255,000 shares through the TOB and the addition of 2,619,236 shares (8.20% ownership) that the Company will underwrite through the Disposition of the Target Treasury Stock, together with 8,127,596 shares (including the direct ownership of 7,746,044 shares) that the Company holds directly or indirectly, the total number of shares that will be held by the Company is 16,001,832 shares (50.10% ownership)).

Accordingly, if the total number of shares, etc. offered to sell in response to the TOB (the "Offered Share, etc.") exceeds the maximum limit of the number of shares to be purchased (5,255,000 shares), all or part of the exceeding portion will not be purchased and will be subject to transfer and other settlement procedures for the purchase, etc. of shares, according to the method of proportional distribution under Paragraph 5, Article 27-13 of the Financial Instruments and Exchange Act (Act No. 25 of 1948, including amendments thereto, hereinafter referred to as the "Act") and Article 32 of the Cabinet Office Ordinance on Disclosure Required for Tender Offer for Shares, etc. by Person Other than Issuer (Finance Ministry Ordinance No. 38 of 1990, including amendments thereto, hereinafter referred to as the "Ordinance"). Meanwhile, the lower limit of the number of shares to be purchased under the TOB is not established, and thus if the total number of the Offered Shares, etc. falls below the maximum number of the shares to be purchased (5,255,000 shares), all of the Offered Shares, etc. will be subject to purchase, etc.

In the meantime, according to the "notice of expression of opinions regarding the takeover bid of the company's shares by Tokyu Corporation and the capital and business alliance agreement" and the "notice regarding disposition of treasury stock by private placement" published by the Target on February 10, 2016 (collectively, the "Target's Press Releases"), the Target resolved at its Board of Directors meeting held today by unanimous agreement of its eight directors, except for Mr. Hirofumi Nomoto, to state that it agrees to the TOB based on the grounds and reasons stated in "(iv) Views on consent from all members of the Board of Directors on the absence of any interest in the target company and the absence of opposition among all Corporate auditors," "(4) Measures aimed at ensuring fairness of the TOB, such as those aimed at ensuring fairness of the price of the TOB and avoiding conflicts of interest" below and to submit to the shareholders of the Target whether or not its shares would be offered to the TOB and to sign the Capital and Business Alliance Agreement.

For details of the resolution of the Target's Board of Directors, please refer to the description of "(iv) Views on consent from all members of the Board of Directors on the absence of any interest in the target company and the absence of opposition among all Corporate auditors," "(4) Measures aimed at ensuring fairness of the TOB, such as those aimed at ensuring fairness of the price of the TOB and avoiding conflicts of interest" below.

(2) Objectives and background of the TOB and management policy after the TOB

(i) Objectives and background of the TOB

Under the slogan of "Toward a Beautiful Age," the Tokyu Group (the corporate group consisting of 221 companies and eight corporations, with the Company as the core company (as of September 30, 2015); the "Company Group") aims to establish Tokyu as a trusted and beloved brand through mutual cooperation among the Group's companies based on the principle of "working independently" and through the promotion of "collaboration" to create synergy effects according to the Group's philosophy of creating beautiful living environments" that meet the diverse values of a range of people. Under this Group philosophy, the Company and its consolidated subsidiaries are engaged in a wide variety of business activities that are closely related to the daily lives of customers including hotels and resorts, centered on the transportation business, real estate and lifestyle services.

The origin of the Company consists in urban development as typically exemplified by the cities of Denenchofu and Senzoku. The Company was listed on the TSE in 1949 and, starting with the construction of Tokyu Tama Den-en toshi town and the Den-en toshi Line, has engaged in large-scale projects toward comprehensive urban development since 1965. In the substantially changing business environment, the Company has prepared for new growth. Specifically, the three-year medium-term management plan, STEPS TO THE NEXT STAGE, was formulated. The period starting from FY2015 under the plan is positioned as the stage to step up to the completion of the large-scale development projects including the redevelopment of the Shibuya area. Business strategies and growth initiatives have been taken from a long-term perspective. In specific terms, under the basic policy of "taking on a challenge for new growth through the profound development of the rail service areas to step up to a further leap," the following four key initiatives are being proceeded with: (1) Offer Greater Security and Enriched Satisfaction; (2) Development of the TOKYU Area and Further; (3) Promote Lifestyle and Work Style Innovations; and (4) Embark on New Challenges by Leveraging Group.

Especially with respect to the initiative "(2) Development of the TOKYU Area and Further," the Company has been engaged in the redevelopment of the Shibuya area, the home of the Company Group, with the opening of the Shibuya Hikarie complex in 2012, the opening of a new complex in the Shibuya Station South Area scheduled for 2018 and the opening of the East complex in the Shibuya Station Area scheduled for 2020, among others. In addition, to create "the most popular town in Japan to visit: Shibuya" which is one of the "ideals to be realized in 2022" under the long-term vision, the Company has been implementing various initiatives under the concepts of "the town that offers everyone opportunities for expression, communication and challenges," "the town that produces movement from chaos" and "the town that attracts and fascinates the world with its style" according to the slogan "Entertainment City SHIBUYA."

Meanwhile, the Target was founded under the name of Shin Nihon Kogyo K.K. in 1946, mainly to engage in the picture show business. It was listed on the TSE in 1949 and then merged with Tokyo Seihyo K.K., which the Company founded in 1953, to join the Company Group. Since then, the Target has taken on the role of the management of the picture show and other entertainment businesses of the Company Group, with its name changed to Tokyu Recreation Co., Ltd. in 1969. Currently, the Target engages in three core businesses: first, the picture show and other video businesses; second, the life design business including the management of bowling alleys, futsal grounds, fitness facilities, convenience stores, restaurants, ranKing ranQueen (Note 1) and hotels; and third, the real estate master lease (Note 2) and other real estate leasing business.

(Note 1) The Target manages the variety store with the function of "advertising media that can be sold" marked by the characteristics of "NEW" (communicating new product information) and "NOW" (offering the latest best-selling products) under the name of "ranKing ranQueen."

(Note 2) Master lease means to lease an entire building from the owner of the building to a lessee for the purpose of subleasing it to third parties.

The current picture show business is generally conducted through a cinema complex that has multiple screens within the same facility (site). The Target manages the chain cinema complexes "109 CINEMAS" all over Japan, with 175 screens at 19 sites as of February 10, 2016. Particularly in the previous year, large cinema complexes with cutting-edge movie equipment, 109 CINEMAS FUTAKOTAMAGAWA and 109 CINEMAS OSAKA-EXPOCITY, were opened in succession. The Target has been actively expanding its business operations.

On the other hand, Shibuya Tokyu Bunka Kaikan and Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO), both of which were opened by the Target as the core foundation of its business in 1956 and served in the development of the towns of Shibuya and Shinjuku as the cultural communication base and the cultural symbol for almost half a century from opening were closed in June 2003 and December 2014, respectively. This was because of the deterioration of the buildings as well as the harsh business environment of the Target and intensified competition among the companies due to the necessity of meeting the diverse demands of various people, as the sense of value expected of entertainment has been changing substantially in recent years. In the Shibuya area, a new cinema complex is intended to be opened in lieu of Shibuya Tokyu Bunka Kaikan. The site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO) has been subject to the consideration of a redevelopment plan to make it a new cultural starting point.

The Target has pursued customer satisfaction and made efforts to enhance the corporate value under the management policy of "offering 'dreams and hope,' 'thrills and fun' and 'safety and trust' with the spirit of hospitality." In addition, in May 2014, the Target established the management vision of "an enterprise designing entertainment life" to realize this management policy. This management vision clarifies the course of action for the Target's business and serves as the new guideline with an eye toward the following ten years. The purpose of the vision is to strengthen cooperation with the Company Group for services that exceed the expectations of customers under the slogan of "challenge for change."

Furthermore, as the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku Tokyu MILANO) and the opening of a cinema complex in the Shibuya area under the Shibuya redevelopment project are essential for the realization of the management vision, the Target is engaged in these projects as the most important issues.

Under these circumstances, in the Target's new establishment of its business bases in Shibuya and Shinjuku in such a way that it secures a business structure that is not affected by the performance of the picture show business, whose profitability tends to fluctuate, the Company considered it appropriate to further reinforce the partnership between the Company and the Target by making the Target a consolidated subsidiary of the Company, because cooperation with the Company is essential as it has abundant knowledge of urban development and the Company's current shareholding ratio is not sufficient to ensure effective cooperation. Consequently, the Company proposed the additional acquisition of the Target's shares for the enhancement of the corporate value of both companies in late October 2015.

On the other hand, the Target considered that a stronger partnership between the Target as the provider of soft service (picture shows) and the Company as the provider of hard service (development of facilities) is essential to realize the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku Tokyu MILANO) and the opening of a cinema complex in the Shibuya area under the Shibuya redevelopment project, both of which are projects that are essential to the realization of the management vision. Consequently, the Target approved the direction of the Company's proposal of reinforcing the relationship between the two companies through the Company's additional acquisition of the Target's shares, and there were multiple discussions in consideration of the method of cooperation between the two companies.

As a result, the Company concluded in mid-January 2016, based on the discussions with the Target, that the Company's making the Target its consolidated subsidiary through the Transaction would facilitate the implementation of various measures in efficient and prompt cooperation between the two companies and help raise the corporate and shareholder value of the Company, the Target and the Company Group's companies, recognizing that it is appropriate to expand the role of the Target within the Company Group as the subsidiary in charge of the Group's entertainment strategies and jointly proceed with the urban development of Shibuya as the base of the said role because the role of "providing pleasure" to urban development is indispensable in the Company's implementation of the three-year medium-term management plan, STEPS TO THE NEXT STAGE. The Target also concluded based on the discussions with the Company that it should enter into the Transaction and sign the Capital and Business Alliance Agreement with the Company, considering that it is essential for the Company Group to proceed with the business as one in a stronger partnership by the Target's becoming a consolidated subsidiary of the Company rather than by maintaining the current status as an equity method company to realize the management vision. In addition, with respect to the specific method of making the Target a consolidated subsidiary, the Target's capital procurement through the Disposition of the Target Treasury Stock will strengthen the Target's financial base as well as realize the satisfaction of capital requirements for equipment investment to ensure differentiation in terms of the film appreciation environment under the Target's core cinema business and for the acquisition of co-ownership interest for the properties related to the cinema and real estate businesses, which will contribute to improving the earning power of the Target and enhancing the corporate value and shareholder's value. The two companies therefore came to the conclusion that the Disposition of the Target Treasury Stock concurrently with the TOB would be the best approach.

The Company and the Target specifically intend to implement the following initiatives and realize synergy by making the Target a consolidated subsidiary of the Company.

(i) Collaboration in the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO)

In mid-November 2015, the Company acquired 45% of the ownership interest to the land and buildings of Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO), the Target's former business foundation, which was closed in late December 2014, and the possibility of future joint development is being considered between the two companies. It is expected that a new form of entertainment facilities will be created by mutually gathering expertise between the two companies for the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan

(Shinjuku TOKYU MILANO), as there has been a mutual complementary relationship between the Company and the Target, shown by the fact that the cinema complex managed by the Target became a tenant of the commercial facilities developed by the Company as in the case of Futako-Tamagawa Rise, as well as the fact that the Company has achievements in multiple large-scale development such as Shibuya and Futako-Tamagawa.

In addition, Shinjuku is one of the areas attracting the most inbound demand in the Tokyo Prefecture, with many foreign tourists to Japan. Accordingly, the Company Group intends to position Shinjuku as an important base constituting the circular trip network together with Shibuya and Futako-Tamagawa with the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO) as a turning point.

(ii) Securing of a business base in Shibuya

The Target was a company that led entertainment in Shibuya for a long time, engaging in the management of movie theaters such as Pantheon within Shibuya Tokyu Bunka Kaikan. However, the Target temporarily lost the base in Shibuya due to the redevelopment of the Shibuya Hikarie complex, and thus it aims to open a large-scale cinema complex in Shibuya as the flagship facilities in the near future. It is intended that the Target will secure its business base by strengthening the relationship with the Company with its base in Shibuya, which is proceeding with multiple redevelopment projects.

(iii) Collaboration under the "Entertainment City SHIBUYA" strategy

To realize "Entertainment City SHIBUYA," the Company recognizes that the issue is slow progress in the provision of soft services such as entertainment arrangements, events and content as opposed to the provision of hard services based on the redevelopment projects. As a result, from the current fiscal year the Company decided to have the Company's subsidiary, Tokyu Media Communications Inc. take the leadership in town arrangement and has launched initiatives to address soft services and has proceeded with the establishment of the entertainment business strategy. It is also intended to enhance the added value of Shibuya by offering new products and producing events in cooperation among the individual operating companies of the Company Group in the entertainment field such as Tokyu Bunkamura, Inc., which is a subsidiary of both the Company and Tokyu Media Communications Inc.

In addition to this, considering that an additional important key player is needed, the Company intends to increase a wide variety of the product lineup of the future "Entertainment City SHIBUYA" by reinforcing the relationship with the Target with expertise in entertainment facilities management.

The Company Group has Tokyu Bunkamura, Inc. and other Group companies in the entertainment and media fields as well as Tokyu Media Communications Inc. described above, and currently has a business partnership with the Target. In future, it is intended to further promote cooperation among those Group companies and the Target toward the realization of "Entertainment City SHIBUYA" and to provide new products in the entertainment field on a group-wide basis by merging those companies' products.

(iv) Diversity of capital procurement of the Target

Although the Target's financial position is currently very sound, a huge amount of capital investment is scheduled for growth such as the redevelopment of the site of former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO) in future. The Company believes that the Target, as the Company's subsidiary, can consider various choices of capital procurement more than before in securing funds for growth in future.

As stated above, the Company and the Target believe that the further strengthening of the partnership between the two companies will lead to the mutual maximization of the corporate and shareholder value of both the Company and the Target. In addition, the Company and the Target agree that the Transaction upon the Target's becoming a consolidated subsidiary of the Company should be an extremely effective way of realizing the implementation of various measures in efficient and prompt cooperation between the two companies and should thereby contribute to the enhancement of the corporate and shareholder value of the Company, the Target and the Company Group's companies. The Company therefore resolved at its Board of Directors meeting held on February 10, 2016 to conduct the TOB for the purpose of making the Target a consolidated subsidiary of the Company, and signed the Capital and Business Alliance Agreement on the same day.

(ii) Management policy after the TOB

The management policy after the Transaction under the Capital and Business Alliance Agreement is as described below.

The Target has been proceeding with the medium-term management plan under the slogan of “challenge for change” according to the management vision “an enterprise designing entertainment life” that was determined in May 2014. To realize the said management vision, the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO) and the securing of the business base in Shibuya are and will remain essential factors after the Transaction.

It is planned to make the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO), for which the Company purchased 45% of the ownership interest from the Target in November 2015, into a new business base of the Company Group together with Shibuya and Futako-Tamagawa to ensure a circular trip in the rail service areas through joint redevelopment projects with the Company, which has extensive experience in development projects. The Target plans to operate the facilities to offer new entertainment services at the said new business base.

In addition, the Company expects that the large-scale cinema complex in Shibuya, which the Target will have as its business base, can be the core facility under the Company’s concept strategy “Entertainment City SHIBUYA.” It is intended to acquire further real estate that will serve as the base site for development through cooperation between the Company and the Target.

In such large-scale redevelopment projects that the Target will conduct with the Company, it is planned to establish a close cooperative structure by dispatching professional staff from the Company and other measures.

The Target is to steadily advance the structural conversion of the cinema business, the life design business and the real estate business respectively in cooperation with the Company under the management vision.

In the core cinema business after the Transaction, efficient theater management as well as a competitive advantage over the other cinema complexes in the same trading area will be ensured by introducing advanced video and sound effects. In addition, the ability to attract customers to the cinema complex will be increased with non-movie content. Furthermore, the Target intends to strengthen the business foundation by acquiring from the Company the properties it rents from the Company for the operation of the cinema complexes.

In the life design business, to further advance the strategy “selection and concentration” that has been implemented, it is expected to accelerate business growth by establishing the system for personnel support from the Company upon consideration of business restructuring between the Target and the Company.

In the real estate business, which will continue to play a complementary role in terms of profits for the cinema business, which will still face fluctuations of business performance, the business structure will continue to be reinforced as before through personnel exchanges and the sharing of property information with the Company’s Urban development business unit, whose market does not overlap that of the Target.

Furthermore, the Target will serve the function of supporting the Company’s strategy “Entertainment City SHIBUYA” in terms of planning and administration, which will advance new business creation through synergy.

As described above, it is considered that the Company and the Target can mutually enhance the corporate value of both through the Transaction by establishing a stronger capital tie based on the relationship of mutual trust that has developed between the two companies.

Upon the closing of the Transaction, a project team will be formed to secure synergy effects between the two companies, and each department will examine the specific synergy effects in order to realize them as soon as possible. In addition, the Company will provide the Target with management guidance and support in such a way as the Company considers appropriate to achieve the purposes of the capital and business alliance (the “Capital and Business Alliance”) specified under the Capital and Business Alliance Agreement.

The Target's current management and employees are expected to work for the development of the business as the core of business management. Accordingly, the Target's current management structure is to be maintained after the Transaction except for the dispatch of two new directors in addition to the existing director dispatched from the Company to further strengthen the relationship between the Target and the Company. Specifically, the Company has requested the Target's Board of Directors' resolution to submit a proposal for the new appointment of Mr. Yasuyuki Nakata and Mr. Toshiyuki Ichiki as directors to the Target's 83rd Annual Meeting of Shareholders to be held on March 30, 2016. Upon the approval of the said proposal, the Company will dispatch three directors to the Target: Mr. Hirofumi Nomoto, Mr. Yasuyuki Nakata and Mr. Toshiyuki Ichiki.

In addition, considering that the Target's management maintaining independence and mobility with a sense of tension will contribute to the improvement of profitability and growth and thereby the maximization of the corporate value, the Target will remain listed after becoming a consolidated subsidiary of the Company. In specific terms, the following effects are expected:

- Reflection of various opinions from individual shareholders on business management
- Maintenance of diversified means of capital procurement
- Securing a stable customer base through shareholders' benefits
- Maintenance of social recognition and social credibility

(3) Important agreement for the TOB, etc.

(i) Capital and Business Alliance Agreement

With respect to the Transaction, the Company executed the Capital and Business Alliance Agreement with the Target on February 10, 2016. An overview of the agreements under the Capital and Business Alliance Agreement is as set forth below.

(I) Objectives

It is intended to maximize the corporate and shareholder value of both the Company and the Target through the Transaction, etc. by implementing actions for the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO), the securing of a business base in Shibuya, and diversified means of capital procurement available to the Target upon the Company's making the Target its consolidated subsidiary for the realization of the Target's vision "an enterprise designing entertainment life" and the advancement of the Company's strategy "Entertainment City SHIBUYA."

(II) Specifics and method of the capital alliance

(a) The Company will conduct the TOB under the terms and conditions stated in the TOB notification for the TOB.

(b) The Target will resolve to approve the Disposition of the Target Treasury Stock under the terms and conditions summarized below at the Target's Board of Directors meeting to be held on February 10, 2016.

- Types and number of shares:	2,619,236 common shares
- Payment amount:	Total amount of 2,226,350,600 yen (850 yen per Target Share)
- Due date of payment:	Thursday, March 17, 2016
- Method of disposition:	Private placement of new shares to the Company (the number of shares scheduled for placement is 2,619,236)

(c) Upon the resolution of the approval described in (b) above, the Target will allocate all the Target Shares to the Company, and the Company will underwrite them only when the registration statement for the Disposition of the Target Treasury Stock becomes effective.

(III) Specifics and method of the business alliance

(a) The Company and the Target will gather the know-how that each holds to make Shinjuku an important base that constitutes the circular trip network with Shibuya and Futako-Tamagawa, as well as to create a new form of entertainment facilities in the redevelopment of the site of the former Shinjuku Tokyu Bunka Kaikan (Shinjuku TOKYU MILANO).

(b) The Company and the Target will secure a business base of the Target in Shibuya by strengthening the relationship between the two companies.

(c) The Company and the Target will establish a close cooperative structure by the dispatch of professional staff to the Target from the Company and other measures in the large-scale redevelopment projects described in (a) and (b) above.

(d) The Company and the Target will further promote cooperation between the Target and the operating companies of the Company Group and the offering of new products in the entertainment field on a group-wide basis by merging those companies' products toward the realization of "Entertainment City SHIBUYA."

(e) For the Target's life design business, the Company and the Target will consider business restructuring and establish a system for personnel support to accelerate business growth. For the Target's real estate business, the Company and the Target will strengthen the business structure through personnel exchanges and the sharing of property information with the Company as well as promote new business creation through synergy realized by the Target's support of the Company's strategy "Entertainment City SHIBUYA" in terms of planning and administration.

(f) The Company and the Target will form a project team to increase the synergy effects after the closing of the Transaction, and each department will examine specific synergy effects to realize them as soon as possible.

(g) The Company will provide the Target with management guidance and support in such a way as the Company considers appropriate to achieve the purposes of the Capital and Business Alliance specified under the Capital and Business Alliance Agreement.

(h) The Target is to participate in the Tokyu Group Cash Management System operated by the Company Group and will improve the efficiency of funds operations of both the Company and the Target through the appropriation of funds for the purpose of daily working capital via the manager, TOKYU FINANCE AND ACCOUNTING CO., LTD., which collects funds from the participating companies under the basic agreement for funds collection, appropriation and other services.

(IV) Dispatch of officers

The Target is to submit a proposal for the appointment of directors, including two candidates for new directors elected and appointed by the Company from among its officers or employees (including its former officers or employees), to the Target's 83rd Annual Meeting of Shareholders (to be held on March 30, 2016).

(V) Matters to be referred for deliberation

When the Target's Board of Directors passes a resolution regarding (a) formulation of a medium-term management plan, (b) budget formulation, (c) capital investment, (d) general investment and financing, (e) development of a new business plan, (f) sale of fixed assets, (g) capital procurement, (h) debt waiver, (i) donation, (j) execution of an important agreement, (k) important lawsuit and conciliation, and (l) foundation, transfer and reorganization of a subsidiary (the "Important Affairs"), the Target is to promptly submit the said resolution to the Company's Board of Directors, management meeting and other meetings for deliberation according to the fixed importance standards, and the Company's Board of Directors, management meeting and other meetings will determine whether or not to approve the relevant Important Affairs by respecting the resolution of the Target's Board of Directors.

(VI) Maintenance of independence

The Company and the Target mutually confirm that the Target's independent and flexible management as a listed company will be respected after the Transaction unless any reasonable causes justify other treatment.

(VII) Effective date

The Capital and Business Alliance Agreement will come into force on the date of the execution thereof; provided, however, that the matters described in (II) (c) above will become effective when the registration statement for the Disposition of the Target Treasury Stock becomes effective, the matters described in (III) (a) to (f) above will become effective upon the settlement of the TOB, and the matters described in (III) (g) and (h) and (V) above will become effective upon the closing of the Target's 83rd Annual Meeting of Shareholders (only when the Company makes the Target its consolidated subsidiary). Whenever the effective date is postponed or otherwise changed as necessary, it shall be agreed in writing by and between the Company and the Target.

(VIII) Termination of the Capital and Business Alliance Agreement

The Company or the Target may terminate the Capital and Business Alliance Agreement (a) if the other party fails to perform any of the provisions of the Capital and Business Alliance Agreement due to any causes attributable to it, (b) if a petition is filed against the other party for the institution of the proceedings for bankruptcy, (c) if any other causes hinder the realization of the Capital and Business Alliance and in any other specified cases.

(ii) Confirmation that the TOB will not include the shares of the Company's subsidiaries

The Company confirmed on February 9, 2016 that it would not make subject to the TOB all the Target Shares (381,552 shares in total) that are held by Tokyu Store Chain Co., Ltd. (174,000 shares), Tokyu Agency Inc. (133,441 shares), Tokyu Facility Service Co., Ltd. (39,065 shares), Central Foods Co., Ltd. (19,000 shares), Tokyu Architects & Engineers Incorporated (13,946 shares) and Ueda Kotsu Corporation (2,100 shares) (1.19% ownership).

(4) Measures aimed at ensuring fairness of the TOB, such as those aimed at ensuring fairness of the price of the TOB and avoiding conflicts of interest

The target company as of today is not the Company's subsidiary and the TOB does not apply to a tender offer by controlling shareholders, but the Company and the target company have implemented the following measures, among others, to ensure fairness and prevent conflicts of interest in consideration of the Company and its subsidiaries owning a total of 8,127,596 shares (shareholding: 25.45%) of the target company; the target company being an equity method affiliate; and one Director (Mr. Hirofumi Nomoto) having been dispatched from the Company to the target company. The measures stated below that have been implemented by the target company are based on an explanation received by the target company.

(i) The Company obtaining a stock valuation report from an independent third-party valuation institution

As part of the decision to set a price for the TOB, the Company requested its financial advisor Nomura Securities Co., Ltd. (hereinafter "Nomura Securities") to calculate the value of the shares of the target company as a way to ensure fairness of the price (hereinafter "the TOB price") of one share of the target company in the TOB. Nomura Securities is neither related to the Company nor the target company and does not have any material interest in the TOB.

Please refer to "(i) Basis of calculation" under "(4) Basis for calculating the price of the TOB," which is under the section "2. Overview of the Purchase, etc." for an overview of the stock valuation report the Company obtained from Nomura Securities regarding the stock valuation of the target company.

(ii) The target company obtaining a stock valuation report from an independent third-party valuation institution

The target company, in relation to announcing its opinions on the TOB, is said to have requested its financial advisor Daiwa Securities Co., Ltd. (hereinafter "Daiwa Securities") as a third-party valuation institution that is independent from the Company and itself to calculate the value of its own shares, according to a press release by the target company.

Given that the target company's stock is listed on the Second Section of the Tokyo Stock Exchange, Daiwa Securities, after considering the calculation method of the TOB, used the market value method by incorporating the discount cash flow method (hereinafter “DCF method”) to calculate the value of the target company’s shares in order to reflect the state of the target company’s future business conditions in the calculation. The target company is said to have obtained the stock valuation report (hereinafter “target company’s stock valuation report”) regarding its shares from Daiwa Securities on February 9, 2016. The target company is said to have not obtained a fairness opinion from Daiwa Securities regarding the fairness of the TOB. In addition, Daiwa Securities is neither related to the Company nor the target company and does not have any material interest in the TOB.

The methods used to calculate the value of the target company’s shares and the range of stock valuation per one share of the target company are as follows, according to Daiwa Securities.

Market value method: 730 yen to 774 yen
DCF method: 729 yen to 967 yen

The market value method used to calculate the range of the value of one share of the target company’s stock from 730 yen to 774 yen is said to have been based on a calculation base date of February 8, 2016; the closing price of 730 yen on the base date on the Second Section of the Tokyo Stock Exchange; a simple average of the closing prices of the past month, which is 731 yen (rounded to the nearest yen; the same applies hereafter in calculating the simple average of closing prices); a simple average of the closing prices of the past three months, which is 774 yen; and a simple average of the closing prices of the past six months, which is 763 yen.

The DCF method used to calculate the range of the value of one share of the target company’s stock from 729 yen to 967 yen is said to have been based on computing the target company’s corporate value and the stock value, among other items, by discounting the expected free cash flow – to be generated starting in the fiscal year ending in December 2016 – with the present value of the shares at a fixed discount rate. This calculation was premised on various factors, including earnings and investment plans in the business plan formulated by the target company (for five years from the fiscal year ending in December 2016 through the fiscal year ending in December 2020) as well as general information that has been publicly disclosed. Financial projections that the target company devised as the basis of calculation for the aforementioned DCF method are said to include fiscal years that show substantial fluctuations in year-over-year changes. Specifically, the market size for the fiscal year ending in December 2017 is anticipated to be similar to an average year, compared with the market size for the year ended December 2015 when the target company benefited from hit products. Also, major declines are expected in the operating profit and net profit in the fiscal year ending in December 2016 compared with the previous fiscal year as the impact of the partial sale of the fixed asset Shinjuku TOKYU MILANO will have disappeared. In addition, substantial gains in operating and recurring profits are said to be anticipated in the fiscal year ending in December 2017 compared with the previous fiscal year in the imaging business as a result of an impact from capital investments associated with differentiating venues for playing movies. Major increases are expected in net income compared with the previous fiscal year in the fiscal year ending in December 2018 as the impact of the cost of the disposal of the life design business, which was expected to be generated through the previous year, will disappear.

The synergy effect that the target company is anticipated to experience as a result of the TOB apparently has not been incorporated in the relevant business plan that the target company has submitted to Daiwa Securities.

(iii) Advice made by an independent law office to the target company

The target company’s Board of Directors, in order to engage in mindful deliberations regarding the TOB, has selected TMI Associates as a legal advisor that is independent from the Company and the target company, in an effort to ensure fairness and appropriateness during the decision-making process of the target company’s Board of Directors, according to a press release by the target company. It is said to be receiving legal advice on the course and methods used for the decision-making process leading to the time when its views on the TOB are to be announced as well as other points to take into consideration.

(iv) Views on consent from all members of the Board of Directors on the absence of any interest in the target company and the absence of opposition among all Corporate auditors

According to a press release by the target company, the target company, at a meeting of the Board of Directors held today , is said to have determined that: (i) it is necessary and essential to push the business along as one and a part of the Company's Group by becoming a consolidated subsidiary -- not an equity method affiliate as it is now -- under a more solid cooperative relationship, not only to realize the redevelopment of the former site of Shinjuku TOKYU MILANO and commencement of the movie complex project in Shibuya redevelopment plan, which is critical in realizing its management's vision, but also in its effort to realize its management vision for the life design and real estate businesses, as it would improve the corporate and shareholder value of of both the Company as well as the target company; and (ii) the target company's business domain can be anticipated to expand by becoming a consolidated subsidiary by promoting the Entertainment City SHIBUYA strategy as a member of the Group and along with all of the companies of the Group as it would be an extremely beneficial step toward improving the corporate and shareholder value of the Company, the target company and all the Group companies; and (iii) the target company, in managing the business with a sense of tension, is in line with and appropriate for its efforts in improving its earnings and growth capability while retaining as sense of independence and flexibility, given that the upper limit of the scheduled number of shares to be purchased in the TOB reflects the policy that the target company will continue to be listed on the stock exchange after the purchase in the TOB

As a result, all eight Directors, excluding Mr. Hirofumi Nomoto, all approved the TOB and to conclude a capital and business alliance agreement in an aim to maximize the corporate an shareholder value of the Company and the target company, after considering the improvement to be made to the target company's corporate and shareholder value; the stock valuation report that was obtained from Daiwa Securities, a financial advisor acting as a third-party valuation institution that is independent from the Company and the target company; and legal advice provided by TMI Associates, which is independent from the Company as well as the target company.

Meanwhile, the price of the TOB is reasonable to a certain extent in relation to the stock valuation report of the target company, but all eight Directors, excluding Mr. Hirofumi Nomoto, are said to have passed a resolution stating that the decision on whether to accept the TOB or not to the shareholders of the target company, in view of the fact that the shareholders of the target company could very well decide to hold onto the target company's shares after the upper limit of the planned number of shares to be purchased is set and the TOB takes place.

Mr. Hirofumi Nomoto, a Director at the target company, is said to have not participated in any of the deliberations or negotiations by the target company's Board of Directors regarding the TOB from the standpoint of ensuring fairness as soon as possible in the decision-making and preventing an appearance of a conflict of interest, given that he also serves as a president of the Company. In addition, four Corporate auditors from the target company (of which two are Outside Corporate auditors) also attended the aforementioned meeting of the Board of Directors, and apparently have said that they do not oppose the resolution stated above.

(5) Plan to acquire shares, etc. after the TOB

According to the securities registration report submitted by the target company today, the target company passed a resolution on the disposal of its own treasury stock, with the Company as the planned assignee, at a meeting of the Board of Directors held today, and the Company plans to sign a separate contract when underwriting the total number of shares of the target company associated with the disposal of the target company's treasury stock after the securities registration report becomes effective and following the conclusion of a separate underwriting agreement for the total number of shares with the target company. The payment date for the disposal of the treasury stock (March 17, 2016) will take place after the completion of the period for the TOB for purchase (hereinafter tender offer period") and is scheduled to take place on the same date as the first date of settlement associated with the TOB. The Company plans to acquire 2,619,236 shares (2,619 voting rights; shareholding at 8.20%) of the target company as a result of the disposal of the treasury stock.

If the TOB concludes at the upper limit of the planned number of shares to be purchased and the payment associated with the disposal of treasury stock is completed, the Company's ownership percentage of the total number of shares, including indirect holdings through subsidiaries, would be 50.10% of the target company's total outstanding shares of 31,937,474.

The Company aims to make the target company a consolidated subsidiary through this transaction, and if this objective is achieved at this point in time, the Company does not plan to acquire additional shares of the target company after the conclusion of the transaction. Even if the Company's percentage holdings of the target company's shares does not reach 50.10%, if the holdings total at least 40.00%, the plan is to achieve turning the target company into a consolidated subsidiary based on paragraph 7(2) of Accounting Standard for Consolidated Financial Statements" No. 22, and even if it were the case, the Company does not have any plans to purchase additional shares of the target company after the conclusion of the transaction. Meanwhile, if the target company does not become a consolidated subsidiary as a result of this transaction, the plan is to hold discussions on ways to handle the situation with the target company. Specific measures to handle such a situation has not been decided as of today, and there are no specific plans to acquire additional shares of the target company after the conclusion of the transaction.

(6) Expectations of delisting and its reason

The shares of the target company are listed on the Second Section of the Tokyo Stock Exchange as of today, and the upper purchase limit of 5,255,000 shares (shareholding at 16.45%; if 5,225,000 shares purchased through the TOB and 2,619,236 shares, which is the total number of shares the Company is planning to underwrite through the disposal of treasury stock and equals a share ownership of 8.20%, are totaled, the Company's holdings of the target company's shares, both directly and indirectly held, will be16,001,832, representing 50.10% of total shares owned) has been set. As a result, the shares of the target company are planned to remain listed after the conclusion of this transaction.

2. Overview of the purchase, etc.

(1) Overview of the target company

(1)	Company name	Tokyu Recreation Co., Ltd.	
(2)	Location	2-9, Sakuragaokacho, Shibuya-ku, Tokyo	
(3)	Title and name of the representative	Shinzo Kanno, President and Chief Executive Officer	
(4)	Business description	Management of movie theaters and other entertainment facilities	
(5)	Capital	7,028 million Yen (as of December 31, 2015)	
(6)	Date established	June 15, 1946	
(7)	Major shareholders and the percentage of their shareholdings (as of June 30, 2015)	Tokyu Corporation	24.25%
		Japan Trustee Services Bank (portion entrusted with Sumitomo Trust and Banking under a saishintaku or re-trust arrangement / Keikyu Corporation: employee retirement funds account)	4.67%
		Tokyu Land Corporation	4.10%
		Odakyu Electric Railway Co., Ltd.	2.04%
		Sumitomo Mitsui Trust Bank, Limited	1.99%
		Toei Company	1.75%
		Dai-ichi Life Insurance Company, Limited	1.29%
		Keio Corporation	1.21%
		Bank of Tokyo Mitsubishi-UFJ, Ltd.	1.07%
		Sompo Japan Nipponkoa Insurance Inc.	0.83%
(8)	Relationships between the target company and the Company		
	Capital relationship	The Company owns 8,127,596 (shareholding: 25.45%) of the target company's shares either directly or indirectly. Also, the target company owns 3,381,102 of the Company's common shares (Note: shareholding of the party proposing the	

		tender offer at 0.27%).
	Personal relationship	The Company has dispatched one Outside Director to the target company.
	Business relationship	The Company conducts transactions to sell/purchase products and leasing real estate with the target company. The Company also received a transfer of land as well as a portion of a building associated with Shinjuku TOKYU MILANO, which the target company had owned, on November 13, 2015. In addition, TMD Corporation, which is the Company's wholly owned subsidiary, is engaged in a transaction associated with leasing real estate with the target company, and is involved in refunding guarantee deposits associated with the transaction to the target company.
	Circumstances relevant to related parties	The target company is a related party as it is an equity method affiliate of the Company.

(Note 1) The stated shareholding in (7) Major shareholders and the percentage of their shareholdings (as of June 30, 2015) is the ratio of the number of shares held to the total number of shares outstanding of the target company (rounded down to the hundredth place).

(Note 2) Shareholding of the party proposing the TOB refers to the percentage of 1,234,589,752 shares, which excludes the number of treasury stock totaling 15,150,000 shares from the total number of shares outstanding of 1,249,739,752 as of December 31, 2015, as stated in the No. 147 Third Quarter Report that the Company submitted today.

(2) Dates, etc.

(1) Dates

Resolution by the Board of Directors	February 10, 2016 (Wednesday)
Date of public notice of the commencement of the TOB	February 12, 2016 (Friday) An electronic public notice will be sent and the content will be published in the Nikkei. (Address of the electronic public notice: http://disclosure.edinet-fsa.go.jp/)
Submission date of the TOB registration report	February 12, 2016 (Friday)

(2) Period of TOB in the initial stages from submission

From February 12, 2016 (Friday) to March 10, 2016 (Thursday) (20 business days)

(3) The possibility of an extension as a result of a request from the target company

The TOB period shall be 30 business days through March 25, 2016 (Friday) if the target company submits a statement of opinion that states a request to extend the TOB period per the provision under Article 27-10, paragraph 3 of the law.

(3) Price of TOB

850 yen per one common share

(4) Basis for calculating the price of the TOB

(i) Basis of the calculation

The Company, in deciding on a price for the TOB, requested its financial advisor Nomura Securities to calculate the value of the shares of the target company as a way to ensure fairness of the TOB. Nomura Securities is neither related to the Company nor the target company and does not have any material interest in the TOB.

Nomura Securities, after considering multiple stock valuation methods to determine the computation method that should be used to value the share price of the target company, calculated the value of the shares of the target company by using the average market share price and DCF methods. The Company obtained a stock valuation report regarding the results of the valuation of the target company's shares. The Company has not obtained a fairness opinion from Nomura Securities regarding the appropriateness of the price of the TOB.

The range of stock valuation per one share of the target company based on a calculation using each of the aforementioned methods is as follows, according to Nomura Securities.

Average market share price method: 725 yen to 773 yen

DCF method: 822 yen to 1,236 yen

The average market share price method analyzed that the stock valuation per one share of the target company ranges from 725 yen to 773 yen, with the record date set at February 9, 2016, and based on the closing price of 725 yen for the target company's shares on the record date on the Second Section of the Tokyo Stock Exchange; a simple average of the closing prices of the past week, which is 732 yen; a simple average of the closing prices of the past month, which is 731 yen; a simple average of the closing prices of the past three months, which is 773 yen; and a simple average of the closing prices of the past six months, which is 762 yen.

The DCF method analyzed the range of the value of one share of the target company's stock at 822 yen to 1,236 yen, based on analyses of the target company's corporate value and stock value arrived at by discounting the expected free cash flow – based on the target company's earnings forecasts into the future starting in the fiscal year ending in December 2016, which were considered from the standpoint of various factors, such as the business plan that the Company received from the target company and has verified; interview with the target company's management; earnings trends until now; and information that has been publicly disclosed – with the present value of the shares at a fixed discount rate. Financial projections that the target company devised as the basis of the calculation for the aforementioned DCF method include fiscal years that show substantial fluctuations in year-over-year changes. Specifically, the market size for the fiscal year ending in December 2017 is anticipated to be similar to an average year, compared with the market size for the year ended December 2015 when the target company benefited from hit products. Also, major declines are expected in the operating profit and net profit in the fiscal year ending in December 2017 compared with the previous fiscal year as the impact of the partial sale of the fixed asset Shinjuku TOKYU MILANO will have disappeared. In addition, substantial gains in operating and recurring profits are anticipated in the fiscal year ending in December 2017 compared with the previous fiscal year in the imaging business as a result of an impact from capital investments associated with differentiating venues for playing movies. A major increase is expected in net income compared with the previous fiscal year in the fiscal year ending in December 2018 as the impact of the cost of the disposal of the life design business, which was expected to be generated through the previous year, will disappear.

The Company decided at a meeting of the Board of Directors held today to set the price for the TOB at 850 yen per share. This was based on the results of deliberations and negotiations with the target company after comprehensively considering various factors, including the valuation results of the stock valuation report obtained from Nomura Securities, in addition to the results of due diligence that the Company conducted; price changes in the target company's shares for the past three months as well as recently on the Second Section of the Tokyo Stock Exchange; actual instances of the premium added when setting the price of a purchase implemented by those other than past issuers in an actual tender offer of similar types of shares; whether the Board of Directors of the target company would approve or reject the TOB; and the expected number of subscriptions to the TOB.

The price for the TOB is a result of separately adding these premiums: 17.24% added to the closing price of 725 yen for the shares of the target company on the Second Section of the Tokyo Stock Exchange on February 9, 2016, one day prior to the date of public notice for the TOB (rounded off to the nearest hundredth; the same applies hereafter regarding percentage numbers for premiums); 16.28% added to 731 yen, the simple average of the target company's closing share price on the Second Section of the Tokyo Stock Exchange for one month until February 9, 2016, 9.96% added to 773 yen, the simple average of the target company's closing share price on the

Second Section of the Tokyo Stock Exchange for the three months until February 9, 2016; and 11.55% added to 762 yen, the simple average of the target company's closing share price on the Second Section of the Tokyo Stock Exchange for the six months up to February 9, 2016.

(ii) Background to Calculations

(Sequence of events leading to the decision on the price for the TOB)

The Company decided on the price for the TOB based on the sequence of events stated below.

(a) Name of the third party from which an opinion was obtained at the time of calculation

The Company, in deciding on a price for the TOB, requested its financial advisor Nomura Securities to calculate the value of the shares of the target company as a way to ensure fairness of the TOB. Nomura Securities is neither related to the Company nor the target company and does not have any material interest in the TOB.

(b) Overview of the opinion

Nomura Securities calculated the value of the target company's shares by using both the average market share price method and the DCF method, and the range of stock valuation per one share of the target company based on a calculation using each of the aforementioned methods is as follows.

Average market share price method: 725 yen to 773 yen
DCF method: 822 yen to 1,236 yen

(c) Sequence of events leading to setting the price for the TOB following the opinion

The Company decided at a meeting of the Board of Directors held today to set the price for the TOB at 850 yen per share. This followed was based the results of deliberations and negotiations with the target company after comprehensively considering various factors, including the valuation results of the stock valuation report obtained from Nomura Securities, in addition to the results of due diligence that the Company conducted; price changes in the target company's shares for the past three months as well as recently on the Second Section of the Tokyo Stock Exchange; actual instances of the premium added when setting the price of a purchase implemented by those other than past issuers in an actual tender offer of similar types of shares; whether the Board of Directors of the target company would approve or reject the TOB; and the expected number of subscriptions to the TOB.

(iii) Relationship with the entity that performed the calculation

Nomura Securities, which is the Company's financial advisor (entity that performed the calculation), is neither related to the Company nor the target company and does not have any material interest in the TOB.

(5) Number of stock certificates, etc. scheduled to be purchased

Number of shares to be purchased	Minimum number of shares to be purchased	Maximum number of shares to be purchased
5,255,000	–	5,255,000

(Note 1) In the event the total number of tendered shares purchased is below the maximum number (5,255,000 shares), all the tendered shares will be purchased. In the event the total number of tendered shares purchased is above the maximum number (5,255,000), all or a portion of the amount in excess will not be purchased, and a settlement for the purchase of the shares will be conducted using a method that utilizes proportional distribution as per Article 27-13, paragraph 5, of the Law and Article 32 of the Cabinet Office Ordinance.

(Note 2) The target company passed a resolution at a meeting of the Board of Directors held today to sell 2,619,236 shares (percentage of shareholdings: 8.20%) of its treasury stock in a third-party allocation to the Company.

(Note 3) Purchase of fractional shares is also part of the TOB. As per the Companies Act (per Law No. 86 of 2005; including subsequent amendments), in the event shareholders exercise their right to purchase the fractional shares, the target company may purchase its own shares during the TOB period by following statutory procedures.

(6) Transfer of percentage of shares through purchase

Number of voting rights associated with shares owned by the party implementing the TOB prior to the purchase	7,746	(percentage of shares, etc. prior to the purchase: 24.25%)
Number of voting rights associated with shares owned by parties that have a special relationship with the party implementing the TOB prior to the purchase	346	(percentage of shares, etc. prior to the purchase: 1.08%)
Number of voting rights associated with shares owned by the party implementing the TOB after the purchase	13,001	(percentage of shares, etc. after the purchase: 40.71%)
Number of voting rights associated with shares owned by parties that have a special relationship with the party implementing the TOB after the purchase	346	(percentage of shares, etc. after the purchase: 1.08%)
Number of voting rights associated with the target company's total number of shareholders	29,106	

(Note 1)The "Number of voting rights associated with shares owned by parties that have a special relationship with the party implementing the TOB prior to the purchase" represents the total number of voting rights associated with shares owned by all parties that have a special relationship with the party making the TOB. [However, of the parties with a special relationship, this does not include parties with a special relationship that are excluded as such pursuant to Article 3, paragraph 2, item 1 of the Cabinet Office Ordinance per the calculation of the percentage of shareholdings established in all items under Article 27-2, paragraph 1, of the Law (hereinafter "small-scale shareholders").] The breakdown of the 346 voting rights is: 174 voting rights associated with 174,000 shares of the target company that Tokyu Store Corporation owns; 133 voting rights associated with 133,441 shares of the target company that Tokyu Agency Inc. owns; and 39 voting rights associated with 39,065 shares of the target company Tokyu Facility Service Co., Ltd. owns.

(Note 2) The "Number of voting rights associated with shares owned by the party implementing the TOB after the purchase" represents the number of voting rights (5,255) associated with 5,255,000 shares that are planned to be purchased in the TOB plus the voting rights of the shares representing "Number of voting rights associated with shares owned by the party implementing the TOB prior to the purchase" (7,746).

(Note 3) The "Number of voting rights associated with the target company's total number of shareholders" represents the number of voting rights of all shareholders as of June 30, 2015 as stated in the No. 83 Third Quarter Report that the target company submitted on November 13, 2015 (those that were stated as 1,000 shares per unit). However, fractional shares are also included in the TOB. The "percentage of shares, etc. prior to the purchase" and "percentage of shares, etc. after the purchase" were calculated by using 31,937 voting rights – associated with the total number of outstanding shares (31,937,474) of the target company as of December 31, 2015 stated in the target company's Financial Statements – as the denominator, given that the treasury stock totaling 2,619,236 shares that the target company owns are scheduled to be sold to the Company through a third-party allocation.

(Note 4) According to the securities registration report the target company submitted today, the target company passed a resolution at a meeting of the Board of Directors held today to approve the sale of the target company's treasury stock (2,619,236 common shares; percentage of shareholdings at 8.20%; 850 yen per share for the selling price; total value of 2,226,350,600 yen) through a third-party allocation to the Company, with the payment date set on March 17, 2016. Accordingly, the Company plans to underwrite the target company's total number of treasury stock associated with the disposal of its own treasury shares. In the event the disposal of treasury stock is implemented, the "Number of voting rights associated with the target company's total number of shareholders" shall be 31,937, as calculated above (Note 3). Regarding the TOB, shares held by parties that have a special relationship (but this excludes treasury shares held by the target company) will also be included in the TOB. However, verification is currently being made to see that the 381,552 shares that are held by the Company's subsidiaries – Tokyu Store Chain Co., Ltd., Tokyu Agency Inc., Tokyu Facility Service Co., Ltd., Central Foods Co., Ltd., Tokyu Architects & Engineers Incorporated and Ueda Kotsu Corporation. – will not be subscribed as part of the TOB. Thus, the "percentage of shares, etc. after the purchase" would be 50.10%, if the number of voting rights associated with the number of shares held by the party implementing the TOB is set at 16,000 by adding the "Number of voting rights associated with shares owned by the party implementing the TOB after the purchase" (13,001 rights) to 2,619 voting rights associated with the scheduled disposal of the target company's treasury stock that the Company is planning to underwrite and to 380 voting rigths associated with the target company's 381,552 shares that Tokyu Store Chain Co., Ltd.,, Tokyu Agency Inc., Tokyu Facility Service Co., Ltd., Central Foods Co., Ltd., Tokyu Architects & Engineers Incorporated and Ueda Kotsu Corporation. hold. The three companies – Central Foods Co., Ltd., Tokyu Architects & Engineers Incorporated and Ueda Kotsu Corporation. – are applicable as small-scale shareholders, but they are deemed to be held indirectly by the Company, given that they are the Company's subsidiaries. Thus, the 34 voting rights associated with the target company's 35,046 shares that the three companies hold is added to the numerator when calculating the "percentage of shares, etc. after the purchase."

(Note 5)The "percentage of shares, etc. prior to the purchase" and the "percentage of shares, etc. after the purchase" are rounded off to the nearest hundredth.

(7) Purchase price 4,466,750,000 yen

(Note) The value stated for the number of shares planned for purchase is arrived at by multiplying the number of shares planned for purchase (5,255,000) by the TOB price per share (850 yen).

(8) Settlement method

(1) Name and address of the head office of the financial instruments service operator/bank charged with the settlement of the purchase

Nomura Securities 1-9-1, Nihonbashi, Chuo-ku, Tokyo

(2) Settlement commencement date

March 17, 2016 (Thursday)

(Note) In the event the target company submits a statement of opinion that states a request to extend the TOB period per the provision under Article 27-10, paragraph 3 of the Law, the settlement commencement date shall be April 1, 2016 (Friday).

(3) Settlement method

A notice of purchase in the TOB is to be mailed without delay to the addresses of the tendering shareholders after the TOB period (standing proxy in case of a non-resident shareholder). In the event that consent is given to send an electronic notice via Nomura Net & Call, the notice will be delivered electronically via Nomura Net & Call (https://netcall nomura.co.jp/).

Purchases are to be made in cash. Tendering shareholders may receive proceeds from the sale without delay in the method instructed by the tendering shareholders, such as by wire transfer, starting from the settlement commencement date (wire transfer fees may apply).

(4) Method for returning stocks

In the event that all or a portion of the subscribed shares cannot be purchased based on the conditions stated below – "(1) The presence or absence of all items under Article 27-13, paragraph 4, of the Law" and "(2) The presence or absence of conditions attached to a withdrawal of the TOB, their method used to disclose the content and withdrawal" under "(9) Other conditions and methods for the purchase" – the shares shall be returned by swiftly restoring the record of the tendered shares to the state they were in immediately prior to the subscription using the tendering shareholder's account with a tender offer agent from two business days after the final day of the TOB period (the withdrawal date in the event the TOB is withdrawn). (If the shares are to be transferred to an account at another financial instruments service operator as designated by tendering shareholders, please verify this with the TOB agent at the head office or any of the nationwide branches that the tender was accepted.)

(9) Other conditions and methods for the purchase

(i) The presence or absence of all items under Article 27-13, paragraph 4, of the Law

In the event the total number of tendered shares is below the maximum number of shares planned for purchase (5,255,000), all the tendered shares will be purchased.

In the event the total number of tendered shares exceeds the maximum number of shares planned for purchase (5,255,000), all or a portion of the amount in excess will not be purchased, and a settlement for the purchase of the shares will be conducted using a method involving proportional distribution as per Article 27-13, paragraph 5, of the Law and Article 32 of the Cabinet Office Ordinance (if a portion of a specific set of shares constitutes less than one stock unit, or 1,000 shares, the number of purchased shares, as calculated using the proportional distribution method, will be limited to the maximum number of shares tendered, etc.

If the result of the calculation using the proportional distribution method – a calculation in which the number of shares that is less than one stock unit is rounded off – shows that the total number of purchased shares from each of the tendering shareholders does not reach the maximum number of shares planned for purchase, purchases will increase by one stock unit (if the additional purchases of one stock unit exceeds the number of tendered shares, the limit will be the number of tendered shares) successively starting with tendering shareholders that held the most number shares that were rounded off until the total reaches or exceeds the maximum number of shares planned for purchase. However, if purchases are made from all of the multiple tendering shareholders subject to an equal amount of shares that were rounded off, and the purchases exceed the maximum number of shares planned for purchase, shareholders eligible for the purchases will be randomly drawn from a pool of applicable tendering shareholders until the maximum number of shares planned for purchase is reached.

If the result of the calculation using the proportional distribution method – a calculation in which the number of shares that is less than one stock unit is rounded off – shows that the total number of purchased shares from each of the tendering shareholders exceeds the maximum number of shares planned for purchase, purchases will be decreased by one stock unit (the number of shares is to include those that are less than one stock unit if the shares to be purchased include less than one stock unit as a result of using the proportional distribution method) successively starting with tendering shareholders that held the most number shares that were rounded off until the total reaches and does not fall below the maximum number of shares planned for purchase. However, if multiple tendering shareholders are subject to an equal amount of rounding and purchases from all these shareholders do not reach the maximum number of shares planned for purchase, shareholders that are to reduce the number of stock purchases will be randomly drawn from a pool of applicable tendering shareholders until the maximum number of shares planned for purchase is reached.

(ii) The presence or absence of conditions attached to a withdrawal of the TOB, their method used to disclose the content and withdrawal

The TOB may be withdrawn if any of the conditions occur, as established in the provisions of the Order for Enforcement of the Financial Instruments and Exchange Act (Regulation No. 321 of 1965, including amendments thereafter; hereinafter "Enforcement Order") as well as Article 14, paragraph 1, items 1.1 or 1.9 and 1.12 or 1.18, item 2, items 3.1 or 3.8 and 3.10, item 5 and Article 14, paragraph 2, items 3 or 6. Regarding the TOB, the "facts that are in line with the facts in 3.1 through 3.9," as established in Article 14, paragraph 1, item 3.10, refers to the identification of legal disclosure documents – which the target company submitted in the past – that included misrepresentation of material matters or omission of such matters. If the TOB is to be withdrawn, an electronic notice will be posted and the information will be published in the Nikkei newspaper. However, if notification is deemed difficult before the final day of the TOB period, a public announcement will be made per Article 20 of the Cabinet Office Ordinance and an official notice will be made immediately thereafter.

(iii) The presence or absence of conditions attached to lower the price of purchases, their method used to disclose the content and lowering of the price

If the target company takes action as established in Article 13, paragraph 1 of the Enforcement Order during the TOB period as a result of Article 27-6, paragraph 1, item 1 of the Law, the price of purchases may be lowered in compliance with the standards established in Article 19, paragraph 1 of the Cabinet Office Ordinance. In the event the price of the purchases is to be lowered, an electronic notice will be posted and the information will be published in the Nikkei newspaper. However, if notification is deemed difficult before the final day of the TOB period, a public announcement will be made per Article 20 of the Cabinet Office Ordinance and an official notice will be made immediately thereafter. In the event the price of the purchases is lowered, shares that were tendered prior to this notification date shall also be purchased at the purchase price set after the reduction.

(iv) Item regarding the right for tendering shareholders to cancel an agreement

Tendering shareholders may cancel their agreement associated with the TOB at any time during the TOB period. In the event the agreement is to be cancelled, tendering shareholders are asked to issue or mail a written statement noting the cancellation of the agreement associated with the TOB (hereinafter “cancellation statement”) to the head office or any of the nationwide branches – where the subscription was accepted by the designated party below – by 3:30 pm of the final day of the TOB period. However, if it to be mailed, the cancellation statement must arrive by 3:30 pm on the final day of the TOB period. Cancellation of an agreement that was made on the Nomura Net & Call will have to be made on the Nomura Net & Call website (https://netcall.nomura.co.jp/) or by mailing a cancellation statement. If the cancellation is to be made on the Nomura Net & Call website, the cancellation procedures must be completed by 3:30 pm of the final day of the TOB period. If the cancellation is to be mailed, the form for cancellation statement must be requested from Nomura Net & Call Customer Support ahead of time, and the filled form must be addressed and mailed to Nomura Net & Call. The condition attached to Nomura Net & Call is also such that cancellation statements must arrive by 3:30 pm of the final day of the TOB period.

Party with the authority to accept cancellation statements

Nomura Securities	1-9-1 Nihonbashi, Chuo-ku, Tokyo
	(All Nomura Securities branches nationwide)

In the event that tendering shareholders cancel their agreement, the party proposing the TOB will not request the tendering shareholders to pay for damages or penalty for the contract cancellation. In addition, expenses incurred for the return of the tendered shares shall be the responsibility of the party proposing the TOB.

(v) Disclosure method in the event of a change in the term of purchase

The party proposing the TOB may change the terms of the purchase during the TOB period except for situations when it is prohibited by Article 27-6, paragraph 1 of the Law and Article 13 of the Enforcement Order.

If the terms of the purchase are to be changed, an electronic notice is to be posted regarding the content of the changes and the information will be published in the Nikkei newspaper. However, if notification is deemed difficult before the final day of the TOB period, a public announcement will be made per Article 20 of the Cabinet Office Ordinance and an official notice will be made immediately thereafter. Tendering shares from the time prior to the notification date will be purchased based on the terms of purchase after the change, even in the event changes are made to the terms of purchase.

(vi) Disclosure method in the event an amendment to the registration report is submitted

In the event an amendment to the registration report is submitted to the Director of the Kanto Finance Bureau, a public announcement will be made immediately in compliance with the method stated in Article 20 of the Cabinet Office Ordinance regarding the content, which is included in the amendment to the registration report associated with the stated information in the public notice of the commencement of the TOB. In addition, an amendment is made by issuing an explanatory statement on the TOB that includes the amendments to tendering shareholders to whom an explanatory statement on the TOB has already been issued. However, if the scope of amendments is limited, an amendment is made using a method that involves creating a statement that notes the items that were amended, the content after the amendment and then issuing a statement to tendering shareholders.

(vii) Disclosure method for the results of the TOB

The results of the TOB is to be disclosed on the day after the final day of the TOB period using the method established in Article 9-4 of the Enforcement Order and Article 30-2 of the Cabinet Office Ordinance.

Other

The TOB, whether direct or indirect, will not be conducted in or to the United States, and nor will the methods/procedures of the US post service, international or interstate commerce be used (including, but not limited to telephones, telex, facsimile, electronic mail and Internet communication), and further, not by any of the securities exchanges in the United States. Subscriptions cannot be made to the TOB utilizing the aforementioned method/procedures, nor could it be done through the aforementioned exchanges or from within the United States. The TOB registration report or related purchase documents cannot be sent or distributed within or to the United States, or from the United States via a postal service or other methods. Subscriptions to the TOB that are in violation, either directly or indirectly, of the aforementioned restrictions will not be accepted.

Tendering shareholders (standing proxy in case of a non-resident shareholder) may be asked to make a statement or guarantee to the TOB agent as per stated below in association with the subscriptions to the TOB: (i) The fact that the tendering shareholder is not in the United States at the time of the tender and at the time the application form for the TOB is sent; (ii) The fact that any kind of information related to the TOB (including its copies) has not been received or sent, either directly or indirectly, within, to or from the United States via the US postal service or international or interstate commerce (including, but not limited to telephones, telex, facsimile, electronic mail and Internet communication), and further, not by any of the securities exchanges in the United States; and (iii) The fact that it is not an entity that acts as an agent or a trustee/appointee without any discretionary power of another party (excludes instances when such other party provides all instructions regarding the TOB from outside the United States).

(10) Date of public notice of the commencement of the TOB

February 12, 2016 (Friday)

(11) Tender offer agent

Nomura Securities 1-9-1, Nihonbashi, Chuo-ku, Tokyo

3. Policies after the TOB and future prospects

(1) Policies after the TOB

Please refer to the aforementioned “(2) Purpose of the TOB, background and management policy after the TOB” under “1. Purpose of the purchase” regarding policies after the TOB is implemented.

(2) Outlook on the impact on the Company's future consolidated earnings

The impact of the TOB on the Company's earnings is currently being scrutinized, and the need for revisions to earnings forecasts and matters that need to be publicized will be swiftly announced going forward.

4. Other

(1) The presence or absence of an agreement between the party proposing the TOB and the target company or its officers

(i) Underwriting agreement associated with the disposal of treasury stock

According to the securities registration report the target company submitted today, the target company passed a resolution at a meeting of the Board of Directors held today to approve the sale of the target company's treasury stock. Accordingly, the Company, after the said securities registration report takes effect, plans to execute a contract – after concluding a separate underwriting agreement for total shares with the target company – for underwriting the total number of the target company's shares associated with disposing treasury stock. The payment date for the disposed treasury stock (March 17, 2016) will take place after the TOB period. The Company plans to purchase the target company's 2,619,236 shares (number of voting rights: 2,619; percentage of shareholdings: 8.20%) as a result of the disposal of the treasury stock.

For details, please refer to "(ii) Content and methods regarding capital alliance" under "(i) Business alliance for the TOB," which is in "(3) Important agreements associated with the TOB" in the section for "1. Purpose of the purchase."

(ii) Approval for the TOB and capital and business alliance agreement

According to a press release by the target company, the Board of Directors reached a decision at a meeting held today that: (i) it is necessary and essential to push the business along as one and a part of the Company's Group by becoming a consolidated subsidiary -- not an equity method affiliate as it is now – under a more solid cooperative relationship, not only to bring about the redevelopment of the former site of Shinjuku TOKYU MILANO, which is critical in realizing its management's vision, but also realizing the opening of a cinema complex in the Shibuya area as part of the Shibuya redevelopment plan and accomplishing its management vision for the life design and real estate businesses, as it would lead to maximizing the corporate and shareholder value of both the Company as well as the target company; (ii) the target company's business domain can be anticipated to expand by becoming a consolidated subsidiary by promoting the Entertainment City SHIBUYA strategy as a member of the Group and along with all of the companies of the Group as it would be an extremely beneficial step toward improving the corporate and shareholder value of the Company, the target company and all the Group companies; and (iii) the target company, in managing the business with a sense of tension, is in line with and appropriate for its efforts in improving its earnings and growth capability while retaining a sense of independence and flexibility, given that the upper limit of the scheduled number of shares to be purchased in the TOB reflects the policy that the target company will remain listed on the stock exchange after the purchase in the TOB.

As a result, all eight Directors, excluding Mr. Hirofumi Nomoto, approved the TOB as well as to conclude a capital and business alliance agreement in a bid to maximize the corporate and shareholder value of the Company and the target company, after considering the improvement to be made to the target company's corporate and shareholder value; the stock valuation report that was obtained from Daiwa Securities, a financial advisor acting as a third-party valuation institution that is independent from the Company and the target company; and legal advice provided by TMI Associates, which is independent from the Company as well as the target company. The Company and the target company concluded a business and capital alliance agreement based on this resolution effective today. For an overview of the business and capital alliance, please refer to "(i) The business and capital alliance agreement" under "(3) Important agreements associated with the TOB" in the section for "1. Purpose of the purchase."

Meanwhile, the TOB price can been seen as reasonable to a certain extent in view of the target company's stock valuation report, but all eight Directors, excluding Mr. Hirofumi Nomoto, are said to have passed a resolution stating that the decision on whether to subscribe to the TOB or not will be left to the shareholders of the target company in view of the fact that it is sufficiently reasonable to recognize that the target company's shareholders will continue to hold their shares after the TOB, given that the maximum for the planned number of shares to be purchased has been set and the target company's shares are planned to remain listed after the TOB.

For details on the resolution passed by the target company's Board of Directors, please refer to (iv) Approval by all Directors without interest in the target company and views on the absence of objections by all Corporate auditors without interest in the target company" under "(4) Measures aimed at ensuring fairness of the TOB, such as those aimed at ensuring fairness of the price of the TOB and avoiding conflicts of interest" in the section for "1. Purpose of the purchase."

(2) Other information deemed necessary for investors to decide on whether or not to subscribe

The target company announced its financial statements today. An overview of the target company's financial statements in this announcement is as shown below. The content apparently has not been audited by an audit company pursuant to Article 193-2, paragraph 1, of the Law. The overview below is an excerpt of the content announced by the target company, and thus the party proposing the TOB has not independently verified the accuracy nor the truthfulness of the content. For details, please refer to the content of the target company's said announcement.

① Profit and loss conditions (consolidated)

Fiscal year	Ended December 2015
Operating revenue	31,683,255 thousand yen
Cost of sales	29,157,123 thousand yen
SG&A expenses	1,130,208 thousand yen
Non-operating profit	85,640 thousand yen
Non-operating expenses	773,563 thousand yen
Net income	1,408,906 thousand yen

② Per share information (consolidated)

Fiscal year	Ended December 2015
Net income per share	48.05 yen
Dividend per share	6.00 yen
Value of net assets per share	795.56 yen

[Restriction on solicitation]
This press release is an announcement for the press and is for publicizing the TOB to the public. It was not created with the purpose of soliciting sales. Those applying to sell must read the explanatory statement regarding the TOB and then make their own decisions regarding the application. This press release does not constitute all or a part of an offer to sell, solicit or an offer to purchase any securities. Neither this press release nor its distribution is to be interpreted as a basis for any agreement in relation to the TOB, and this press release may not be relied upon when entering into any such agreement.

[Forward-looking statements]
This press release contains forward-looking statements of the Company's management regarding future business developments in the event the shares of Tokyu Recreation Co., Ltd. are acquired. Actual results may deviate substantially from these statements as a result of numerous factors.

[US regulations]
The TOB, whether direct or indirect, will not be conducted in or to the United States, and nor will the methods/procedures of the US post service, international or interstate commerce be used (including, but not limited to telephones, telex, facsimile, electronic mail and Internet communication), and further, not by any securities exchange in the United States. Subscriptions cannot be made to the TOB utilizing the aforementioned method/procedures, nor could it be done through the aforementioned facilities or from within the United States. Press releases and documents related to the TOB are not intended to be and cannot be sent or distributed within or to the United States, or from the United States via a postal service or other methods. Subscriptions to the TOB that are in violation, either directly or indirectly, of the aforementioned restrictions will not be accepted.

[Other countries]
Legal restrictions may apply to the announcement, issuance or distribution of press releases depending on the country or a region. Please pay careful attention and comply if restrictions apply. This does not constitute a solicitation to purchase or sell shares relating to the TOB and shall be solely deemed a distribution of materials for information purposes only.