ANNUAL REPORT 2006

Year Ended March 31, 2006

TOKYU LAND CORPORATION

CONTENTS

BUSINESS REPORT
Years ended March 31, 2006

I. Outline of business

1. Five-Years Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2002	2003	2004	2005	2006	2006
Revenue from operations	¥ 494,453	¥ 508,625	¥ 508,335	¥ 540,304	¥ 558,646	$ 4,774,752
Gross profit	97,426	103,984	102,076	111,874	132,057	1,128,692
Gross margin rate	*19.7%*	*20.4%*	*20.1%*	*20.7%*	*23.6%*	*23.6%*
Selling, general and administrative expenses	71,848	72,846	69,746	71,559	67,191	574,282
Sales selling ratio	*14.5%*	*14.3%*	*13.7%*	*13.2%*	*12.0%*	*12.0%*
Operating income	25,578	31,138	32,330	40,315	64,866	554,410
Operating income before depreciation	38,316	43,595	44,527	52,898	76,529	654,094
Other income	7,085	2,387	8,298	11,590	3,263	27,889
Other expenses	20,073	20,817	26,535	39,089	46,025	393,376
Income before income taxes and minority interests	12,590	12,708	14,093	12,816	22,104	188,923
Net income (loss)	¥ 7,242	¥ 5,145	¥ 5,370	¥ 7,566	¥ 10,143	$ 86,692

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2002	2003	2004	2005	2006	2006
Assets	¥ 875,909	¥ 894,508	¥ 893,881	¥ 874,942	885,741	$ 7,570,436
Common stock	32,154	32,154	32,289	32,639	57,500	491,453
Shareholders' equity	63,389	69,905	81,987	83,978	145,470	1,243,333
Shareholders' equity ratio	*7.2%*	*7.8%*	*9.2%*	*9.6%*	*16.4%*	*16.4%*
Borrowings	472,760	461,110	440,064	418,054	344,083	2,940,880
EBITDA-multiple	12.5	10.6	9.9	7.9	4.5	4.5
ROA	*3.0%*	*3.6%*	*3.7%*	*4.7%*	*7.4%*	*7.4%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2002	2003	2004	2005	2006	2006
Capital expenditure	¥ 14,787	¥ 13,601	¥ 37,710	¥ 33,640	14,358	$ 122,718
Payment for equity investment	11,626	25,993	19,932	31,515	32,360	276,581
Depreciation and amortization	12,738	12,457	12,197	12,583	11,663	99,684

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2002	2003	2004	2005	2006	2006
CF from operating activities	¥ 32,091	¥ 39,683	¥ 45,146	¥ 34,467	54,232	$ 463,522
CF from investing activities	9,968	(25,689)	(10,986)	17,571	(2,003)	(17,120)
CF from financing activities	(37,121)	(14,225)	(20,837)	(27,622)	(29,498)	(252,120)
Cash and cash equivalents at the end of the year	¥ 59,588	¥ 59,495	¥ 72,780	¥ 97,189	119,934	$ 1,025,077

2. Major Business

(1) Real Estate Sales
Development and sales of condominiums and houses

(2) Contracted Construction
Contracted construction of custom-built houses, and house improvement of custom-built houses and condominiums

(3) Retail sales
Retail sales of materials and products for living and DIY in Tokyu Hands shops

(4) Leasing of Real Estate
Leasing of buildings to be used for offices, stores and shops, and hotels; and management of shopping centers

(5) Property Management
Facilities management for buildings, condominiums, and apartments

(6) Resorts
Operation of leisure and sports facilities (golf courses, ski resorts, membership resort hotels, urban-style sports clubs and senior housing)

(7) Real Estate Agent and Other Businesses
Real estate agent, appraisal, etc.

3. Business policy

Basic Policy

The Corporate Group (Tokyu Land Corporation and its subsidiaries) is a general life industry aiming to create a beautiful living environment, together with the group's customers, taking a global view of people and living from a business approach based on seven businesses under the Tokyu group's slogan of "Toward a Beautiful Age." As a member of the Tokyu group, the Company will continue its efforts to expand the Company's shareholders' values with a management focus on speedily responding to the rapidly changing business environment of the twenty-first century and achieving corporate evolution in terms of creating customer-oriented new products and services and thereby enhancing the value of the Tokyu brand, representing confidence and reliability. Tokyu Community and Tokyu Livable, the Company's consolidated subsidiaries listed on the Tokyo Stock Exchange, aim at achieving further management innovation and growth to realize independence and collaboration with support from their shareholders in the market.

Basic Policies Regarding Distribution of Profits

It is the Company's basic policy to determine the dividend payments to shareholders based on a comprehensive review of the results of corporate performance during the fiscal year, the future management environment, and the corporate business development plans and by balancing these factors with the Company's profit retention requirements. In the deep recession in the wake of the collapse of Japan's bubble economy, the Company was forced to suspend the payment of dividends for seven years in a row. However, in fiscal 2002(the business year ending on March 31,2003), the Company was able to resume a dividend payment of ¥2.5 per share. This year, thanks to satisfactory operating performance including a gain in sales through our SPC, we have surpassed the final-year profit target for the midterm (fiscal 2005–2007) management plan by a substantial margin, achieving a net profit of ¥10.1

billion after recognizing an extraordinary loss of ¥37.1 billion including a ¥27.5 loss due to the impairment of fixed assets. On this basis, the Company plans to pay a year-end dividend of ¥5 per share.

Dividend payment will be made based on the decision at the general shareholders meeting as before.

About investment unit reduction

The Company believe that, at present, it is unnecessary to reduce the Company's stock investment unit, judging from its stock's level, turnover volume, and shareholder composition. The Company will keep an eye on such factors as the distribution of shares and the composition of shareholders and discuss what steps to take as needed.

Target Management Indices

The midterm management plan, Grow Value 2007 (fiscal 2005–2007), set the Company's consolidated operating income objective for fiscal 2007 at ¥52 billion and ROA at 6.0%.

This year, the Company has surpassed these objective indices due partly to a temporary factor of an increased gain in sales through our SPC. The Company will continue making efforts to attain the objective indices also in fiscal 2006 when the above-mentioned temporary factor will be removed.

	FY2004 actual	FY2007 target
1) Operating Income	40.3 billion yen	52.0 billion yen
2) ROA	4.7%	6.0%

Mid- to Long-Term Management Strategies and Challenges

The Company's new mid-term management plan, Grow Value 2007(fiscal 2005–2007), was designed basically to achieve further profit growth and a stable financial ground to reach an even higher level of corporate value. To realize the profit objective described above, the Company focuses on the following three priority strategies:

In the real-estate industry environment, the role of real estate including cash flows as a financial product has been increasingly expanding because of the spreading use of real-estate securitization techniques such as Real-Estate Investment Trust (REIT). As a group of businesses covering total real-estate-related services from development to maintenance to marketing, the Company will increase its assets by cashing in on external funds through REIT and private funds while continuing its own private investment (including SPCs) expansion efforts.

In an effort to provide the Company's customers with satisfactory services for attractive prices, the Company will place emphasis on expanding its business foundation through well-charted cooperation with different lines of business such as property management, contracted construction, and real estate agent.

To respond to today's changing business environment reflecting the growing population of the senior generation, the Company will launch new projects to offer rental houses and nursing care facilities for elderly people. At the same time, we will continue and expand our existing resort development projects including the Harvest Club membership resort hotel chain and the Oasis fitness club for urban dwellers.

The consolidated net worth for the final year (2007) of the midterm business plan was projected at more than ¥110 billion (¥84 billion as of the end of fiscal 2004) because of expected increased income. Actually, this year's capital increase of ¥48.4 billion has resulted in a net worth of ¥145.5 billion with the ratio of interest-bearing debt to equity (DE ratio) improving dramatically to 2.4. On this satisfactory foundation, the Company will push with the above-mentioned three priority strategies, reinforce its financial structure, and accelerate the midterm management plan.

Business-related and other risks

(1) Real-estate market conditions and land price fluctuation

The Company is committed to supply, sell, and profit from its house selling business, including detached houses and condominiums, on a stable basis. However, the house selling business is characteristically heavily affected by demand trends reflecting business cycles and interest rate changes as well as supply trends reflecting the volume and prices of houses supplied by the competition. Office space leasing is also susceptible to changes in the unit lease fee and the vacancy factor, both of which reflect such demand/supply trends. Furthermore, land prices may continue to drop, affecting the profitability of the house selling business and the value of assets on hand.

(2) Dependence on interest-bearing debts and trends of interest

As a group of businesses, the Company raises funds for marketing and capital investment primarily by borrowing money from financial institutions, as well as by using its own funds and deposits received from its customers. Because of the Company's aggressive efforts to decrease interest-bearing debts, the year-end balance of money borrowed was reduced to ¥344.1 billion (down ¥74 billion from the year-earlier level). In addition, the Company increased its capital by ¥49.4 billion. As a result, the ratio of interest-bearing debts to equity (DE ratio) improved dramatically from the year-earlier level to 2.4. The Company took measures to reduce the influence of interest rate fluctuation. For example, the Company increased the ratio of fixed-interest borrowing accounts to 84% (parent-company basis). As a result, the Company's business performance will be relatively stabilized with respect to the influence of interest rates in the short run. However, it is inevitable that the Company's mid- to long-term operations will be affected by interest rate fluctuation.

(3) Legal regulations

As a real-estate company, the Company conducts its operation with a business permit under the Building Lots and Buildings Transaction Business Law and must follow legal regulations associated with real-estate transactions, leasing, management commission, construction, property management, and others. It is also expected that as the scope of its business expands, new legal regulations will be imposed. For example, part of the Company's property investments through SPCs is under the regulation of the Law on the Special Assets Liquidation through Special Purpose Companies and others. The Company's group business would be affected by any future revision or replacement of these regulations.

(4) Information systems

In an effort to improve and better use its information systems, the Company has been taking various security measures, including IT infrastructure enhancement and the securing of data backup. In the event of facing a system risk, however, the business operation and processing would be seriously affected.

4. Operating Result and Financial Position

1. Current Operating Performance

The Company ended this year with ¥558.6 billion in sales (up 3.4% from the previous year), ¥64.9 billion in operating income (up 60.9%), and ¥10.1 billion in net income (up 34.1%), achieving increases in both revenues and income from the year-earlier levels as well as against the performance forecast made in November 2005.

Operating income had a substantial ¥24.6 billion increase resulting from a dividend increase due to the sale of building through its SPCs in the leasing business segment. In other income the Company recognized ¥3.2 billion including ¥1.8 billion of gain on sales of property and equipment. Also, the Company recognized ¥46 billion in other expenses by disposing of assets having a discrepancy from the market value, including ¥27.4 billion of impairment loss on fixed assets and ¥6.2 billion of revaluation losses of inventories.

All in all, the Company recognized ¥10.1 billion in income, hitting a record high for the first time in 18 years.

(Unit: ¥ billion)

	Previous year	Current year	Comparison	Projection (Nov 2005)	Against projection
Sales	540.3	558.6	18.3	550.0	8.6
Operating income	40.3	64.9	24.6	60.5	4.4
Net income	7.6	10.1	2.5	8.0	2.1
Interest-bearing debt	418.1	344.1	(74.0)	365.0	(20.9)

2. Segment Performance

Sales (Unit ¥ billion)

	Previous year	Current year	Comparison
	540.3	558.6	18.3
Real Estate Sales	151.5	141.1	(10.4)
Contracted Construction	69.0	72.2	3.2
Retail Sales	91.9	90.0	(1.9)
Leasing of Real Estate	88.3	105.3	17.0
Property Management	71.9	71.7	(0.2)
Resorts	40.2	45.4	5.2
Real-Estate Agents and Other	44.2	49.3	5.1
Adjustment for Inter-Company Transactions	(16.7)	(16.4)	0.3

Operating income (Unit ¥ billion)

	Previous year	Current year	Comparison
	40.3	64.9	24.6
Real Estate Sales	6.6	11.7	5.1
Contracted Construction	1.2	1.3	0.1
Retail Sales	2.1	1.9	(0.2)
Leasing of Real Estate	25.5	43.4	17.9
Property Management	3.3	2.4	(0.9)
Resorts	1.2	2.6	1.4
Real-Estate Agents and Other	4.8	6.5	1.7
Adjustment for Inter-Company Transactions	(4.4)	(4.9)	(0.5)

(1) Real Estate Sales

The Company recognized ¥141.1 billion in sales (down 6.9% from the previous year) and ¥11.7 billion in operating income (up 77.4%) by selling real estate including 3,162 condominiums (¥114.0 billion), 571 houses (¥16.1 billion), and resort houses (¥3.0 billion). Effective fiscal 2005, advertising expenses are to be recognized at the time of contract completion instead of at the time of expense generation, resulting in a ¥3.1 billion increase in income.

Sales of condominiums continued successfully. The Company supplied 3,287 new condominiums. The Company also has a backlog of condominium orders scheduled to be reported in fiscal 2007. As a result, the ratio of condominium units sold to planned sales for next year reached 52% (down four percentage points from a year earlier).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	151.5	141.1	(10.4)
Operating income	6.6	11.7	5.1

Sales breakdown (Before adjustments in ¥billion)

	Previous year		Current year		Comparison
Condominium	3,147 units	124.7	3,162 units	114.0	(10.7)
Detached housing	577 units	17.5	571 units	16.1	(1.4)
Country houses	89 units	2.8	164 units	3.0	0.2
Other sales	—	6.5	—	8.0	1.5

No. of units supplied and sold (Parent company) (Units)

	Previous year		End of March 2005	Current year		End of March 2006
	New supply	Contracted units	Inventory of completed units	New supply	Contracted units	Inventory of completed units
Condominium	3,111	3,412	221	3,287	3,573	71
Detached housing	436	408	87	434	466	33
Country houses	35	87	—	218	216	—

(2) Contracted construction

In contract-base construction, the Company achieved ¥72.2 billion in sales (up 4.6% from the previous year) and ¥1.3 billion in operating income (up 7.0%). This was because of increases in sales of houses built to order and landscaping, as well as an increase in gross margin in the house renovation business in spite of a decrease in sales. The Company secured more orders than the year-earlier level for built-to-order houses and landscaping, which more than offset decreases in orders for renovation work and major condominium repairs.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	69.0	72.2	3.2
Operating income	1.2	1.3	0.1

Sales Breakdown (¥ billion)

	Previous year	Current year	Comparison
Custom-made houses	24.7	25.6	0.9
Renovation	18.0	16.9	(1.1)
Landscape gardening, etc.	26.3	29.7	3.4

Orders received (sales) (Before adjustment, ¥ billion)

	Previous year	Current year	Comparison
Total sales	66.1	67.7	1.6
Custom-built houses	28.7	31.2	2.5
Renovation	17.3	16.9	(0.4)
Landscape gardening, etc.	20.1	19.6	(0.5)

(3) Retail Sales

In the Company's retail business, sales were ¥90 billion (down 2.1% from the previous year) and operating income was ¥1.9 billion (down 7.9%). Despite our cost-reduction efforts, the declining tendency of sales at existing stores could not be reversed in 2005, resulting in a fourth consecutive year of revenue decrease (down 3.8%). The Company has plans to open two new stores in large shopping centers, one in Toyosu, Koto-ku, Tokyo (October 2006) and the other in Lalaport Yokohama in Yokohama (March 2007).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	91.9	90.0	(1.9)
Operating income	2.1	1.9	(0.2)

Sales breakdown (Unit: ¥ billion)

(Current no. of outlets)	Previous year	Current year	Comparison
Tokyo metropolitan area (9)	64.5	63.1	(1.4)
Kansai region (3)	17.6	16.4	(1.2)
Local regions (2)	7.1	6.8	(0.3)
Small-scale outlets (8)	2.5	3.4	0.9

(4) Leasing of Real Estate

In the Company's real estate leasing business, sales were ¥105.3 billion (up 19.3% from the previous year) and operating income was ¥43.4 billion, representing a substantial 70.3% increase. In fiscal 2005, full-year operations of the five office buildings (including the Shibuya Minami Tokyu Building) and commercial facilities opened in the previous year helped turn around the declining tendency of sales with existing buildings. Since the Company sold Kitanomaru Square (Chiyoda-ku, Tokyo), etc., which the Company had developed through its SPC, we had a substantial increase in receipts of dividends. Sales from owned and leased buildings decreased because of the sale of Shibuya Plaza and Akasaka Plaza to the Company's SPCs in fiscal 2004 and the termination of unprofitable building leases. Reflecting the picking up of the metropolitan area office building market, the tenant business continued successfully. As a result, the vacancy rate of office buildings (parent company) substantially improved to 1.5% as of the end of March 2005.

The Company also launched a commercial facilities fund and a second office building fund. With these, the Company now has a total of four private offering real estate funds. Preparations are well underway for a new fund organization. The Company will push its fund business by taking advantage of outside funds.

As for new development projects, the Company is going to open the Uchisaiwaicho Tokyu Building and the Nihonbashi Maruzen Tokyu Building in fiscal 2006 and another project, tentatively named Shiodome I-2 Project, will open in fiscal 2007.

The business of house leasing deployed by the Company's subsidiaries—the development of properties with management service in particular—was well underway. As a result, the number of houses for lease increased to 71,000 units. At present, the Company runs ten Tokyu Stays with a total of 1,195 rooms, a chain of hotels designed for long stays, in metropolitan areas. Their occupancy rate has been improving.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	88.3	105.3	17.0
Operating income	25.5	43.4	17.9

Sales breakdown (Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned	24.8	21.7	(3.1)
Leased	17.5	14.5	(3.0)
SPCs	14.6	34.9	20.3
Subsidiaries total	31.4	34.2	2.8

Outstanding investments in SPCs (Parent company)

End of March 2004	End of March 2005	End of March 2006	
35	40	56	(Case)
52.7	68.1	86.5	(¥ billion)

Office and commercial leasing floor space/Vacancy rate

	End of March 2004	End of March 2005	End of March 2006
Leasing floor space (square meters)	767,063	803,459	759,414
Office/Commercial	593,049	588,951	504,683
SPCs	174,014	214,508	254,731
Vacancy rate (consolidated basis)	5.0%	3.7%	1.7%
Vacancy rate (parent company basis)	4.7%	3.2%	1.5%

Major new opening and plans (1,000 m^2)

	Use	Open	Floor space
Uchisaiwaicho Tokyu Bldg.	Office	August 2006	14
Nakagyo-ku, Kyoto City	Parking space/commercials	December 2006	17
Nihonbashi Maruzen Tokyu Bldg.	Office/commercial	December 2006	17
(Temporal) Shinagawa project	Office	July 2007	21
(Temporal) Shiodome I-2 project	Office/commercial	December 2007	118

No. of leased houses (Units)

	End of March 2004	End of March 2005	End of March 2006
Houses for lease	9,805	9,486	12,411
Lease management service	33,069	34,538	37,518
Company house management service	21,781	27,659	33,098

(5) Property Management

Sales and operating income from our property management business were ¥71.7 billion (down 0.2% from the previous year) and ¥2.4 billion (down 27.7%), respectively. The income decrease resulted from a one-time depreciation (¥1.3 billion) of the consolidated adjustment account in association with the acquisition of additional shares of Tokyu Community.

Despite the intensifying sales competition, the Company secured orders for condominium management for an additional 21,000 units although we had management contract cancellations as well. All in all, the Company provided management services for a total of 327,000 condominiums as of the end of the year (an additional 12,000 units from the previous year).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	71.9	71.7	(0.2)
Operating income	3.3	2.4	(0.9)

Number of sites managed as of year end

	End of March 2004	End of March 2005	End of March 2006
Condominium (units)	297,786	315,166	326,743
Buildings (no. of contracts)	1,204	1,229	1,139

(6) Resorts

The Company's resort business generated ¥45.4 billion in sales (up 12.8% from the previous year) and ¥2.6 billion in operating income (up 112.9%). Contributing to this satisfactory performance was the sale of unprofitable facilities in Hokkaido in the previous year, a reduced burden of depreciation due to the accounting for impaired assets done in the first half of this year, and the successful operation of new facilities acquired this year. Business was in good shape in existing facilities as well: the Company's Harvest Club membership resort hotels improved the occupancy rate and fitness clubs increased their memberships. In 2005, the Company acquired five golf courses including the Otakijo Golf Club and the Yokawa Country Club, as well as two ski resorts including Hunter Mountain Shiobara .

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	40.2	45.4	5.2
Operating income	1.2	2.6	1.4

Sales breakdown (Unit: ¥ billion)

(No. of current facilities)	Previous year	Current year	Comparison	
Golf courses (13)	5.2	5.9	0.7	
Harvest (19)	7.9	8.1	0.2	(Membership resort hotel)
Oasis (21)	9.0	9.1	0.1	(Membership fitness club)
Ski (5)	7.3	10.1	2.8	
Other	10.8	12.1	1.3	

(7) Real Estate Agency and Other Businesses

In the Company's real estate agency and other businesses, sales were ¥49.3 billion (up 11.3% from the previous year) and operating income was ¥6.5 billion (up 35.8%). Against a backdrop of active real estate business transactions, Tokyu Livable's real estate agency business expanded (up 21.3% from the previous year) in terms of the number of contracts won for both retailing and wholesaling thanks to increased unit contract prices and numbers, resulting in increases in sales and income.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	44.2	49.3	5.1
Operating income	4.8	6.5	1.7

Sales breakdown (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	28.2	34.1	5.9
Consignment sales	7.9	7.0	(0.9)
Consignment welfare	1.2	1.7	0.5
Other	6.9	6.5	(0.4)

3. Financial Conditions

(1) Financial Conditions

Consolidated (Unit: ¥ billion)

	End of Mar. 2004	End of Mar. 2005	End of Mar. 2006
Total assets	893.9	874.9	885.7
Total liabilities	793.4	772.9	720.5
Shareholder's equity	82.0	84.0	145.5
Equity ratio	9.2%	9.6%	16.4%
Interest-bearing debt	440.1	418.1	344.1
EBITDA multiple	9.9×	7.9×	4.5×
ROA	3.7%	4.7%	7.4%

Parent company (Unit: ¥ billion)

	End of Mar. 2004	End of Mar. 2005	End of Mar. 2006
Total assets	717.5	682.3	670.0
Total liabilities	627.5	594.6	525.6
Shareholder's equity	90.0	87.6	144.4
Equity ratio	12.5%	12.8%	21.6%
Interest-bearing debt	369.0	349.5	289.8
EBITDA multiple	12.8×	10.5×	5.3×
ROA	3.0%	3.8%	7.3%

EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income before Depreciation)
ROA: (Operating Income + Non-Operating Income)/Total Assets

(2) Cash flow position

As of the end of fiscal 2005, cash and cash equivalents were ¥119.9 billion, representing a ¥22.7 billion increase from the previous year. The details of the cash flow are given below.

(Cash flow from operations)

Cash flow from operations increased by ¥54.2 billion, notwithstanding a ¥21.9 billion increase in inventory assets and a ¥14.9 billion decrease in deposit for special joint ventures, thanks to ¥22.1 billion in income before tax and minority interests, a ¥27.5 billion impaired loss in fixed assets, and a ¥9.3 billion increase in sales-on-consignment deposit.

(Cash flow from investment)

Cash flow from investment decreased by ¥2 billion because we invested ¥32.4 billion in equity and ¥14.4 billion in fixed assets with a ¥34.2 billion profit on the sale of fixed assets and a ¥16.4 billion reversal of equity investment.

(Cash flow from financing)

Cash flow from financing decreased by ¥29.5 billion. This was because although we procured ¥81.3 billion in long-term debts and ¥50 billion in capital increase, we had a long-term debt repayment of ¥139.8 billion and a decrease of ¥19.2 billion in short-term borrowing, among others.

<Trend of indices>

	Period ending March 2004	Period ending March 2005	Period ending March 2006
Equity ratio	9.2%	9.6%	16.4%
Equity ratio on market value basis	17.0%	24.2%	60.8%
Debt repayment years	9.7 years	12.1 years	6.3 years
Interest coverage ratio	4.5	3.9	7.4

Equity Ratio: Equity/Total Assets
Equity Ratio on Market Value Basis: Market Valuation/Total Assets
Debt Repayment Years: Interest-Bearing Debt/Operating Cash Flow
Interest Coverage Ratio: Operating Cash Flow/Interest Payments
Market Valuation: Monthly average stock price during the last month of the fiscal year X number of shares issued (after deducting treasury stock)
Operating Cash Flow: Cash Flow from Operations from the Consolidated Cash Flow Statement
Interest Payment: Interest Payment Amount from the Consolidated Cash Flow Statement
* All figures calculated based on the Consolidated Financial Statements.

5. Employees

(As of March 31, 2006)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	244	(24)
Contracted Construction	1,016	(11)
Retail Sales	2,854	(350)
Leasing of Real Estate	859	(26)
Property Management	5,308	(2,497)
Resorts	1,710	(1,798)
Real Estate Agent and Other	2,349	(168)
Whole Company (Common)	293	(5)
Total	14,633	(4,879)

Note: The number of temporary employees is the annual average number and is not included in the number of employees in the left hand column.

6. Purchase of Property and Equipment

In this financial year for consolidated accounting for the Corporate group companies (Tokyu Land Corporation and its consolidated subsidiaries), their total capital expenditure amounted to ¥14,357 million, including the acquisition of buildings for leasing business and repair work of existing buildings. The breakdown of the capital expenditure by segment is as follows. (The figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses but do not include consumption tax.)

Segment	Capital investment (Unit: ¥ million)	Composition
Real estate sales	124	0.87%
Contracted construction	406	2.83%
Retails sales	328	2.29%
Leasing of Real Estate	5,915	41.20%
Property Management	336	2.35%
Resorts	4,705	32.77%
Real Estate Agent and Other	1,279	8.91%
Subtotal	13,096	91.21%
Adjustment or Whole Company	1,261	8.79%
Total	14,357	100.0%

Decrease by sale

Parent Company

Name	Place	Segment	Detail	Land area (m^2)	Book value (Unit: ¥ million)			
					Land	Building	Other	Total
Setagaya Business Square	Setagaya-ku Tokyo	Leasing	Office	11,110	12,150	13,772	285	26,207
Jugobankan Building	Kawasaki, Kanagawa	Leasing	Office	268	1,036	313	13	1,362
Nihonbashi Hamacho Building	Chuo-ku, Tokyo	Leasing	Office	319	563	688	0	1,251
Tokyu Stay Yoga	Setagaya-ku, Tokyo	Leasing	Hotel	549	766	363	9	1,138

Domestic Subsidiary

Corporate name	Facility	Place	Segment	Detail	Land area (m^2)	Book value (Unit: ¥ million)			
						Land	Building	Other	Total
Tokyu Relocation	Tokyu Stay Yotsuya	Shinjuku-ku Tokyo	Leasing	Hotel	-	-	867	47	914

II. Outline of the Company

1. Distribution of Common Stock of the Company

(1) Total number of shares authorized to be issued by the Company: 1,000,000,000 shares

(2) Total number of shares issued: 532,849,304 shares

Note:
1. The Company issued 2,973,000 shares of common stock by exercising the common stock preemptive right (stock option) under the old Commercial Law Article 280-19.
2. On October 19, 2005, the Company added to its stock 51,500,000 shares through public offering and 11,500,000 shares through third-party allocations.
3. On November 15, 2005, the Company added to its stock 5,000,000 shares through over-allotment-related third-party allocations.

(3) Number of shareholders: 47,790

(4) Principal shareholders:

Name of Shareholder	Investment by each principal shareholder in the Company		Investment by the Company in each principal shareholder	
	Number of shares held	Percent of total shares issued	Number of shares held	Percent of total shares issued
	(thousand shares)	(%)	(thousand shares)	(%)
Tokyu Corporation	88,380	16.8	1,119	0.1
The Master Trust Bank of Japan Ltd. (Trust Account)	28,617	5.4	-	-
Japan Trustee Services Bank Ltd. (Trust Account)	24,381	4.6	-	-
Japan Trustee Services Bank Ltd. (The Chuo Mitsui Trust and Banking Company, Limited Retirement Benefit Trust Account)	22,508	4.3	-	-
The Dai-ichi Mutual Life Insurance Company	20,383	3.9	-	-
Nippon Life Insurance Company	13,881	2.6	-	-
CMBLSA Re Mutual Fund	11,243	2.1	-	-

2. Information on Major Subsidiaries

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Community Co., Ltd.	1,653	*54.88	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	*52.81	Intermediary and sales agency for land and buildings
Tokyu Home Co., Ltd.	400	100	Housing construction
Tokyu Hands Inc.	400	*72.92	Retail Sales of D-I-Y goods
Tokyu Amenix Corporation	100	100	Remodeling and rebuilding
Tokyu Loan & Guarantee Corporation	100	100	Guarantees for home loans and loan business
Ishikatsu Exterior, Inc	100	100	Design, execution, and management of landscape gardening and construction
Tokyu Resort Corporation	480	100	Sales, commission sales, and agent for villas
Tokyu Relocation Co., Ltd.	100	100	Real Estate management, leasing, sales and agency
EWEL Inc.	350	85	Welfare facilities outsourcing business

Note: 1. Shares marked with * include indirect ownership, through the Company's subsidiaries.

2. Tokyu Community Co., Ltd. and Tokyu Livable, Inc. are listed on the Tokyo Stock Exchange.

3. Principal lenders

Lender	Amount of borrowing	Shares of the Company held by lender	
		Number of shares held by lender	Percentage of shares owned by lender
	(million yen)	(thousand shares)	(%)
The Chuo Mitsui Trust and Banking Company, Limited	48,101	7	0.0
Mitsubishi UFJ Trust and Banking Corporation	38,162	3,029	0.6
Mizuho Corporate Bank Ltd.	34,585	2,165	0.4
The Bank of Tokyo-Mitsubishi UFJ Ltd.	33,975	4,940	0.9
The Sumitomo Trust and Banking Company, Limited	30,849	2,087	0.4

(Note) In addition to the above, Chuo Mitsui Trust and Banking has 22,508,000 shares (4.3% of voting shares) of the Company's stock as an employee pension trust. The voting right of the shares is reserved to Chuo Mitsui.

4. Directors and Statutory Auditors

Position and Name

President and Director	Masatake Ueki*
Directors	Kiyoshi Kanazashi
	Yoshihiro Nakajima
	Mitsuru Uchiyama
	Ushio Okamoto
	Satoshi Ogura
	Tetsuro Kamano
	Eiji Futami
	Tetsuro Aki
	Takahiko Dobashi
	Yasuo Sodeyama
	Toshiaki Koshimura
Statutory Auditors	Seimei Saitoh
	Hiroshi Yamaguchi
	Koichi Iki
	Isao Adachi

(as of June 28, 2006)

Note: Directors marked with * are Representative Directors.

ERNST & YOUNG SHINNIHON

Certified Public Accountants
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Chiyoda-ku, Tokyo, Japan 100-0011
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Tel: 03 3503 1100
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Report of Independent Auditors

The Board of Directors
Tokyu Land Corporation

We have audited the accompanying consolidated balance sheets of Tokyu Land Corporation and consolidated subsidiaries as of March 31, 2005 and 2006, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Land Corporation and consolidated subsidiaries at March 31, 2005 and 2006, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2006 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young Shinnihon

June 28, 2006

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2005 and 2006

Assets	Yen (millions) 2005	Yen (millions) 2006	U.S. dollars (thousands) (Note 3) 2006
Current assets:			
Cash and cash equivalents (Note 7)	¥ 97,189	¥ 119,934	$ 1,025,077
Short-term investments	192	1,187	10,145
Trade receivables	25,012	15,196	129,880
Inventories (Notes 4 and 7)	159,173	174,344	1,490,120
Short-term loans	430	253	2,162
Deferred tax assets (Note 10)	10,404	10,205	87,222
Other current assets	18,790	21,957	187,667
Allowance for doubtful accounts	(390)	(342)	(2,923)
Total current assets	310,800	342,734	2,929,350
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	660	686	5,863
Investments in Special Purpose Companies	68,331	86,294	737,556
Investments in other securities (Note 7)	17,991	24,512	209,504
Guarantee and lease deposits (Note 7)	59,051	57,712	493,265
Deferred tax assets (Note 10)	5,350	6,154	52,598
Other investments	13,743	12,687	108,436
Allowance for doubtful accounts	(4,714)	(4,701)	(40,179)
Total investments and other assets	160,412	183,344	1,567,043
Property and equipment (Notes 7, 8 and 15):			
Land	212,524	199,300	1,703,419
Buildings and structures	271,536	250,164	2,138,154
Machinery and equipment	32,835	31,105	265,855
Construction in progress	4,662	2,436	20,820
	521,557	483,005	4,128,248
Less accumulated depreciation	(142,581)	(148,341)	(1,267,872)
Net property and equipment	378,976	334,664	2,860,376
Intangible assets (Note 7)	24,754	24,999	213,667
Total assets	¥ 874,942	¥ 885,741	$ 7,570,436

See accompanying notes to the consolidated financial statements.

Liabilities, Minority interest and Shareholders' Equity	Yen (millions) 2005	Yen (millions) 2006	U.S. dollars (thousands) (Note 3) 2006
Current liabilities:			
Short-term borrowings (Notes 5, 6 and 7)	¥ 74,751	¥ 50,175	$ 428,846
Current portion of long-term debt (Notes 5 and 7)	98,724	84,758	724,427
Trade payables	50,029	51,559	440,675
Other payables	17,880	15,256	130,393
Accrued expenses	10,019	10,641	90,949
Accrued income taxes	1,569	7,376	63,043
Advances and deposits received	68,745	80,973	692,077
Deposit received from special joint ventures	24,897	25,990	222,137
Other current liabilities (Note 10)	3,686	3,604	30,803
Total current liabilities	350,300	330,332	2,823,350
Long-term debt (Notes 5 and 7)	244,578	209,150	1,787,607
Guarantee and lease deposits received (Notes 7 and 9)	131,648	142,286	1,216,120
Employees' retirement and severance benefits (Note 11)	14,254	15,645	133,718
Deferred tax liabilities (Note 10)	1,334	4,902	41,897
Deferred tax liabilities of land revaluation difference (Note 15)	10,145	10,999	94,009
Other liabilities	20,691	7,224	61,743
Total liabilities	772,950	720,538	6,158,444
Minority interests	18,014	19,733	168,659
Shareholders' equity (Note 12):			
Common stock (Note 14)			
Authorized 1,000,000,000 shares Issued 461,876,304 shares in 2005 and 532,849,304 shares in 2006	32,639	57,500	491,453
Additional paid-in capital	14,089	39,260	335,556
Land revaluation difference (Note 15)	14,916	15,823	135,239
Retained earnings	21,687	29,539	252,470
Unrealized gain on investments in securities	1,980	4,922	42,068
Foreign currency translation adjustments	(1,077)	(1,067)	(9,120)
	84,234	145,977	1,247,666
Less treasury stock at cost, 1,178,375 shares in 2005, 1,501,847 shares in 2006	(256)	(507)	(4,333)
Net shareholders' equity	83,978	145,470	1,243,333
Contingent liabilities (Note 16)			
Total liabilities, Minority interest and Shareholders' Equity	¥ 874,942	¥ 885,741	$ 7,570,436

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2005 and 2006

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2005	2006	2006
Revenue from operations	¥ 540,304	¥ 558,646	$ 4,774,752
Cost of revenue from operations	428,430	426,589	3,646,060
Gross profit	111,874	132,057	1,128,692
Selling, general and administrative expenses	71,559	67,191	574,282
Operating income	40,315	64,866	554,410
Other income:			
Interest	170	166	1,419
Dividends	294	265	2,265
Gain on sales of property and equipment	7,364	1,883	16,094
Gain on sales of marketable securities	2,214	304	2,598
Gain on sales of investment in affiliates	1,046	—	—
Foreign exchange gain	—	103	881
Equity in income of affiliates	—	79	675
Other	502	463	3,957
	11,590	3,263	27,889
Other expenses:			
Impairment loss on fixed assets (Note 8)	—	27,464	234,735
Interest	8,998	7,533	64,385
Provision for bad debts	102	33	282
Revaluation losses of inventories	2,436	6,288	53,744
Revaluation losses of marketable securities	43	10	85
Loss on investment in subsidiaries	1,095	—	—
Loss on sales of property and equipment	24,963	2,959	25,290
Foreign exchange loss	149	—	—
Equity in loss of affiliates	432	—	—
Other	871	1,738	14,855
	39,089	46,025	393,376
Income before income taxes and minority interests	12,816	22,104	188,923
Income taxes (Note 10):			
Current	2,409	7,446	63,641
Deferred	2,145	1,601	13,684
Income before minority interests	8,262	13,057	111,598
Minority interests	(696)	(2,914)	(24,906)
Net income	¥ 7,566	10,143	$ 86,692

	Yen		U.S. dollars (Note3)
Net income per share of common stock:	2005	2006	2006
Basic	¥ 16.17	¥ 20.25	$ 0.17
Diluted	16.09	20.19	0.17

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY
Years ended March 31, 2005 and 2006

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2005	2006	2006
Common stock :			
Balance at beginning of year	¥ 32,289	¥ 32,639	$ 278,966
Issuance of common shares under stock option plan (Note 13)	350	313	2,675
Issuance of common shares (Note 14)	─	24,548	209,812
Balance at end of year	¥ 32,639	¥ 57,500	$ 491,453
Additional paid-in capital :			
Balance at beginning of year	¥ 13,734	¥ 14,089	$ 120,419
Issuance of common shares under stock option plan (Note 13)	350	312	2,667
Issuance of common shares (Note 14)	─	24,853	212,419
Gain on sale of treasury stock	5	6	51
Balance at end of year	¥ 14,089	¥ 39,260	$ 335,556
Land revaluation difference:			
Balance at beginning of year	¥ 33,427	¥ 14,916	$ 127,487
Reversal	(18,511)	907	7,752
Balance at end of year	¥ 14,916	¥ 15,823	$ 135,239
Retained earnings (deficit) :			
Balance at beginning of year	¥ (3,183)	¥ 21,687	$ 185,359
Net income	7,566	10,143	86,692
Reversal of land revaluation difference	18,511	(1,048)	(8,957)
Cash dividend	(1,144)	(1,152)	(9,846)
Bonuses to directors and corporate auditors	(63)	(91)	(778)
Balance at end of year	¥ 21,687	¥ 29,539	$ 252,470
Unrealized gain on investments in securities :			
Balance at beginning of year	¥ 7,067	¥ 1,980	$ 16,923
Net change during year	(5,087)	2,942	25,145
Balance at end of year	¥ 1,980	¥ 4,922	$ 42,068
Foreign currency translation adjustments :			
Balance at beginning of year	¥ (1,209)	¥ (1,077)	$ (9,205)
Net change during year	132	10	85
Balance at end of year	¥ (1,077)	¥ (1,067)	$ (9,120)

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31 , 2005 and 2006

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2005	2006	2006
Cash flows from operating activities:			
Net income	¥ 7,566	¥ 10,143	$ 86,692
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	12,583	11,663	99,684
Equity in loss (income) of affiliates	432	(79)	(675)
Minority interests	696	2,914	24,906
Loss on sales and disposal of property and equipment	18,516	1,338	11,436
Revaluation losses of marketable securities	43	10	85
Revaluation losses on inventories	2,437	6,288	53,744
Impairment loss on fixed assets	—	27,464	234,735
Decrease (increase) in assets:			
Trade receivables	(11,030)	7,440	63,590
Allowance for doubtful accounts	(612)	(80)	(684)
Inventories	6,168	(21,888)	(187,077)
Other current assets	(6,148)	2,413	20,624
Other assets	6,499	—	—
Increase (decrease) in liabilities:			
Trade payables	(13,855)	1,515	12,949
Other payables	1,822	(3,092)	(26,427)
Accrued expenses	(71)	515	4,402
Accrued income taxes	(2,528)	5,145	43,974
Advances and deposits received	(11,424)	5,346	45,692
Deposits received for special joint ventures	2,439	(14,907)	(127,410)
Other current liabilities	292	(160)	(1,367)
Employees' retirement and severance benefits	1,440	1,278	10,923
Other liabilities	6,360	—	—
Bonuses to directors and statutory corporate auditors	(121)	(149)	(1,274)
Other, net	12,963	11,115	95,000
Net cash provided by operating activities	¥ 34,467	¥ 54,232	$ 463,522

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2005	2006	2006
Cash flows from investing activities:			
Proceeds from sales of property and equipment	¥ 60,361	¥ 34,174	$ 292,085
Purchase of property and equipment	(33,640)	(14,358)	(122,718)
Proceeds from sales of investment securities	5,946	1,239	10,590
Purchase of investment securities	(857)	(2,051)	(17,530)
Additional acquisition of shares of consolidated subsidiaries	(628)	(2,274)	(19,436)
Payment for acquisition of subsidiaries resulting from changes in the scope of consolidation	—	(4,671)	(39,923)
Cash and cash equivalents acquired from changes in the scope of consolidation	910	—	—
Investments in Special Purpose Companies-net	(17,586)	(15,942)	(136,256)
Decrease in short-term investments-net	117	(994)	(8,496)
Decrease in short-term loans receivables-net	1	197	1,684
Decrease in guarantee and lease deposits-net	2,454	2,041	17,444
Other, net	493	636	5,436
Net cash provided (used) in investing activities	17,571	(2,003)	(17,120)
Cash flows from financing activities:			
Decrease in short-term borrowings	(14,370)	(19,246)	(164,496)
Proceeds from long-term debt	106,242	81,341	695,222
Repayment of long-term debt	(117,904)	(139,768)	(1,194,598)
Increase (decrease) in guarantee and lease deposits received	(604)	(24)	(205)
Proceeds from issuance of common shares under stock option plan	701	624	5,333
Cash dividends	(1,144)	(1,152)	(9,846)
Cash dividends paid to minority interests	(429)	(429)	(3,667)
Purchase of treasury stock	(114)	(244)	(2,085)
Proceeds from issuance of common shares	—	49,400	422,222
Net cash used in financing activities	(27,622)	(29,498)	(252,120)
Translation difference in cash and cash equivalents	(7)	15	128
Net increase in cash and cash equivalents	24,409	22,746	194,410
Cash and cash equivalents at the beginning of year	72,780	97,188	830,667
Cash and cash equivalents at the end of year	¥ 97,189	¥ 119,934	$ 1,025,077

Supplementary Cash flow Information:

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2005	2006	2006
Cash paid during the year for:			
Interest	¥ 8,904	¥ 7,355	$ 62,863
Income taxes	4,936	2,300	19,658

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
Notes to Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

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

In preparing the accompanying financial statements, certain reclassifications have been made in order to present them in a form which is more familiar to readers outside Japan. In addition, the notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

(b) Consolidation Policy

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

Investments in subsidiaries and affiliates which are not consolidated or accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

(c) Cash and Cash Equivalents

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

(d) Investments in Special Purpose Companies (SPCs)

The Company has prompted the development plan of real estates utilizing securitization strategies with Special Purpose Companies in order to introduce the external fund. SPCs included in Investments in SPCs are not consolidated because these SPCs are not subject to subsidiaries under the accounting principles and practices generally accepted in Japan.

(e) Short-term Investments and Investments in Other Securities

The Company classifies its securities into one of the following three categories; trading, held-to-maturity, or other securities. Based on this classification system, all of the Company's securities are classified as held-to-maturity and other securities.

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

Other securities with a determinable market value are carried principally at market value. The difference between the acquisition cost and the carrying value of other securities, including unrealized gains and losses, is recognized in “Unrealized gain on investment securities” in “Shareholders’ equity.” Other securities without a determinable market value are carried principally at cost. The cost of other securities sold is principally computed by the moving average-method.

(f) Inventories

Inventories are stated at cost. The cost of land and residential housings is determined by the identified cost method, the cost of merchandise by the retail method and the cost of materials and supplies by the average cost method.

The cost does not include interest expense incurred in connection with the development of real estate.

(g) Property and Equipment

Property and equipment are stated at cost except for the land revalued pursuant to the Law Concerning Land Revaluation. Depreciation of property and equipment is principally computed by the declining-balance method based on their estimated useful lives.

In accordance with amendment of the Income Tax Law and the Corporation Tax Law in Japan, depreciation for buildings acquired after April 1, 1998 is computed by the straight-line method.

Estimated useful lives are as follows:

Buildings and structures	3 to 65 years
Machinery and equipment	2 to 17 years

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

(h) Recognition of Revenue

Revenue from the sale of land and residential housing is recognized when units are delivered and accepted by the customers.

(i) Leases

Noncancelable leases are primarily accounted for as operating leases (whether such leases are classified as operating or finance leases) except that leases that stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases.

(j) Income Taxes

The Company has adopted the Consolidated Taxation System. Deferred tax assets and liabilities are determined based on the financial statements and the tax bases of assets and liabilities, using the enacted tax rates in effect for the year in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carry forwards. Valuation allowances are allocated in order to reduce deferred tax assets in case some or all of the deferred tax assets are not realized.

(k) Employees' Retirement and Severance Benefits

Allowance for retirement and severance benefits for employees is provided based on the estimated retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized transition differences, unrecognized actuarial gain or loss and unrecognized prior service cost.

The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the employees. The net retirement benefit obligation at transition is being amortized over the period of principally 15 years by the straight-line method.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over the period of principally 10 years which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over the period of principally 10 years which are shorter than the average remaining years of service of the employees.

(l) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of the balance sheet dates, and the unrealized gain or loss is reflected in other income (expenses).

The balance sheet accounts of foreign subsidiaries are translated into yen at the year end rates. Gains and losses resulting from translation are generally excluded from the statements of income and are accumulated under the balance sheet caption "Foreign currency translation adjustments" in "Shareholders' equity".

Revenue and expense accounts of the consolidated foreign subsidiaries are translated into Japanese yen at annual average exchange rate.

(m) Derivative financial instruments

The Company and certain of its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) and weather (weather derivatives), but do not enter into such transactions for speculative or trading purposes. Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or liability.

(n) Net Income Per Share

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of stock option plan.

(o) Reclassification

Certain reclassifications have been made to the previous year's consolidated financial statements to conform to the presentation used for the year ended March 31, 2006.

2. Major accounting policy change

(a) Impairment loss on fixed assets

Effective this consolidation accounting year, the Company employed The Accounting Standards with Respect to Impairment Loss on Fixed Assets (The Business Accounting Council: Statement of Position Concerning the Establishment of Accounting Standards with Respect to Impairment Loss on Fixed Assets, August 9, 2002) and The Guideline for the Use of the Accounting Standards with Respect to Impairment Loss on Fixed Assets (The Business Accounting Council, October 31, 2002). This has resulted in a ¥420 million increase in operating income and a ¥27,043 million decrease in income before taxes and minority interests. The total amount of impairment loss was deducted from the value of each individual asset based on the revised regulations concerning the consolidated financial statements.

(b) A change of timing of recognizing advertising expenses

In consideration of the increasing supply of large-scale condominiums that require a longer lead time from the start of selling to delivery, the company decided that periodic profit and loss calculations be made more appropriate by relating the timing of sales to the expenses incurred within the same accounting period. To this end, the timing of recognizing the expense spent to advertise each condominium has been changed from the time of its advertisement to the time of its delivery, effective this consolidation accounting year. As a results, operating income and income before taxes and minority interest increased by ¥3,140 million.

3. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers, have been translated into United States dollars at the rate of 117=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2006. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that or any other rate.

4. Inventories

Inventories at March 31, 2005 and 2006 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Land	¥ 118,984	¥ 130,440	$ 1,114,872
Residential housing	30,992	34,513	294,983
	149,976	164,953	1,409,855
Merchandise	8,046	8,104	69,265
Materials and supplies	1,151	1,287	11,000
	¥ 159,173	¥ 174,344	$ 1,490,120

5. Short-term Borrowings and Long-term Debt

Short-term borrowings at March 31, 2005 and 2006 consist of loans principally from banks with weighted average interest rates of 1.45% and 0.86% in 2005 and 2006, respectively.

Short-term bank loans represent notes maturing within one year. As is customary in Japan, these notes are renewed at maturity without difficulty and the Company's management anticipates that this financing method will be continued.

Long-term debt at March 31, 2005 and 2006 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2005 to 2030, weighted average 1.96% in 2005, 1.97% in 2006.			
Secured	¥ 23,201	¥ 20,525	$ 175,427
Unsecured	320,101	273,383	2,336,607
	343,302	293,908	2,512,034
Less current portion	(98,724)	(84,758)	(724,427)
	¥ 244,578	¥ 209,150	$ 1,787,607

The aggregate annual maturates of long-term debt after March 31, 2007 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2008	¥ 67,671	$ 578,385
2009	56,086	479,368
2010	43,704	373,538
2011	13,735	117,393
2012 and thereafter	27,954	238,923
	¥ 209,150	$ 1,787,607

6. Commitment Line

The Company and its certain consolidated subsidiaries entered into contracts for overdraft with 26 banks and 18 banks at March 31, 2005 and 2006, respectively, and commitment lines with 5 banks and 9 banks at March 31, 2005 and 2006, respectively. These contracts at March 31, 2005 and 2006 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Limit of overdraft	¥ 126,855	¥ 127,679	$ 1,091,274
Loan ceiling amount for commitment line	20,000	24,000	205,128
Borrowing outstanding	(41,790)	(24,096)	(205,949)
Available commitment lines	¥ 105,065	¥ 127,583	$ 1,090,453

7. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2005 and 2006 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Inventories (Land for sale)	¥ 1,401	¥ 1,785	$ 15,256
Land	39,358	39,206	335,094
Buildings and structures	34,140	28,699	245,291
Intangible assets (Land lease rights)	709	-	-
Investments in other securities	690	682	5,829
Guarantee and lease deposits	310	-	-
	¥ 76,608	¥ 70,372	$ 601,470

In addition to the above, cash of ¥79 million (U.S.$ 738 thousand), ¥111 million (U.S.$949 thousand) and investments in other securities ¥1,037 million (U.S.$9,692 thousand), ¥1,063 million (U.S.$9,085 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31,2005 and 2006, respectively.

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Short-term borrowings	¥ 360	¥ 60	$ 513
Current portion of long-term debt	4,028	2,480	21,197
Long-term debt	19,172	18,046	154,239
Guarantee and lease deposits received	7,306	7,306	62,444
	¥ 30,866	¥ 27,892	$ 238,393

8. Impairment Loss on Fixed Assets

During this consolidation accounting year, the Company recognized impairment losses on fixed assets with the following asset groups:

Asset holding company	Primary use	Type	Location	Impairment loss
Tokyu Land Corporation	Resort facilities (Golf courses, ski resorts, hotels, etc.)	Land Buildings Leasehold right Other tangible fixed assets	Kamiminochi County, Nagano Prefecture, and other places	¥20,597 million
Tokyu Land Corporation	Assets leased to other parties	Land Buildings Other tangible fixed assets	Suita City, Osaka Prefecture, and other places	¥1,288 million
Tokyu Land Corporation	Unused land, etc.	Land Other tangible fixed assets	Kume County, Okayama Prefecture, and other places	¥2,580 million
Subsidiaries	Offices, stores, etc.	Land Buildings Other tangible fixed assets	Yokohama City, Kanagawa Prefecture, and other places	¥2,999 million

To calculate the impairment losses incurred, the Company made groupings of its assets by using the minimal unit capable of generating cash flows that are generally independent of the cash flows of other assets or asset groups. The Company accordingly reduced to recoverable levels the book values of 53 fixed-asset groups that had experienced substantial current value decreases due to a continuing decline of land prices or incurred operating losses and recognized the reduced amount as an impairment loss (¥27,464 million) under extraordinary losses.

The recoverable amounts for these asset groups were measured in terms of their net selling prices or use values. The net selling prices were evaluated based on the current or salable prices of land, etc., and the use values were calculated by discounting the corresponding future cash flows by 2.0% to 3.0%.

9. Guarantee and Lease Deposits Received

Guarantee and lease deposits received at March 31, 2005 and 2006 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Guarantee deposits from tenants, non-interest-bearing	¥ 65,977	¥ 66,978	$ 572,462
Guarantee deposits primarily from members of golf clubs and leisure facilities, non-interest-bearing	59,536	68,976	589,538
Guarantee deposits from others, principally non-interest-bearing	6,135	6,332	54,120
	¥ 131,648	¥ 142,286	$ 1,216,120

The Company and its consolidated subsidiaries have received guarantee and lease deposits from tenants of leased property according to the relevant lease agreements. These guarantee deposits are refundable to the tenants when the contracts are terminated.

Guarantee deposits received other than from tenants are refundable at the dates of termination of the relevant contract or retirement from the golf clubs and leisure facilities.

10. Income Taxes

The significant component of the deferred tax assets and deferred tax liabilities at March 31, 2005 and 2006 are as follows:

	Yen(millions)		U.S. dollars (thousands)
	2005	2006	2006
Deferred tax assets:			
Valuation loss on inventories	¥ 8,128	¥ 8,272	$ 70,701
Valuation loss on securities	2,427	2,823	24,128
Amortization of intangible assets	730	1,118	9,556
Allowance for doubtful accounts	1,813	1,622	13,863
Accrued expenses	336	414	3,538
Accrued bonuses to employees	3,120	3,644	31,145
Retirement and severance benefits	5,486	6,148	52,547
Net operating loss carryforwards	1,935	1,564	13,368
Unrealized inter-company transactions	2,296	906	7,744
Denial of impairment losses on fixed assets	-	3,851	32,914
Other	2,114	3,764	32,171
Gross deferred tax assets	28,385	34,126	291,675
Less: valuation allowance	(11,561)	(14,137)	(120,829)
Total deferred tax assets	¥ 16,824	¥ 19,989	$ 170,846
Deferred tax liabilities:			
Unrealized gain on investment securities	1,419	3,541	30,265
Other	993	5,004	42,769
Total deferred tax liabilities	2,412	8,545	73,034
Net deferred tax assets	¥ 14,412	¥ 11,444	$ 97,812

	Yen(millions)		U.S. dollars (thousands)
	2005	2006	2006
Deferred tax assets – current	¥ 10,404	¥ 10,205	$ 87,222
Deferred tax assets – non current	5,350	6,154	52,598
Deferred tax liabilities – current (included in other current liabilities)	(8)	(13)	(111)
Deferred tax liabilities – non current	(1,334)	(4,902)	(41,897)
	¥ 14,412	¥ 11,444	$ 97,812

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2005 differ from the statutory tax rate for the following reasons:

	2005	2006
Statutory tax rate	40.5%	—
Increase (reduction) in income taxes resulting from:		
Entertainment expenses not deductible for tax purposes	2.5	—
Non-taxable dividends income	(0.9)	—
Equity in income of non-consolidated subsidiaries and affiliates	1.4	—
Per capita inhabitant tax	1.2	—
Realization of unrealized gain on intercompany transaction	(10.1)	—
Other	0.9	—
Effective tax rate	35.5%	—

No figure was reported because the difference between the effective tax rate and the statutory tax rate was less than 5% of the statutory tax rate for the fiscal year ending March 31, 2006.

11. Employees’ Retirement and Severance Benefits

The Company and its domestic consolidated subsidiaries have defined benefit plans, i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans, covering substantially all employees who are entitled to lump-sum or annuity payments, the amounts of which are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

	Yen (millions)		U.S. dollars (thousands)
	2005	2006	2006
Projected benefit obligation	¥ 38,921	¥ 39,811	$ 340,265
Plan assets at fair value	(17,418)	(17,418)	(181,821)
Funded status	21,503	18,538	158,444
Unrecognized transition differences resulting from changes in accounting standards	(5,752)	(5,176)	(44,239)
Unrecognized plan assets	326	-	-
Unrecognized actuarial gain (loss)	(2,469)	1,487	12,709
Unrecognized prior service cost	609	522	4,462
Net retirement benefit obligation	14,217	15,371	131,376
Prepaid pension cost	(37)	(274)	(2,342)
Employees’ retirement and severance benefits	¥ 14,254	¥ 15,645	$ 133,718

Net periodic pension cost for the years ended March 31, 2005 and 2006 consisted of the following:

	2005	2006	2006
Service cost	¥ 2,297	¥ 2,275	$ 19,444
Interest cost on projected benefit obligation	867	871	7,444
Expected return on plan assets	(369)	(431)	(3,684)
Amortization of unrecognized prior service cost	(103)	(87)	(744)
Amortization of actuarial loss	777	311	2,659
Amortization of transition differences resulting from changes in accounting standards	578	576	4,924
Net periodic pension cost	¥ 4,047	¥ 3,515	$ 30,043

Actuarial assumptions used in accounting for the above plans are summarized as follows:

	2005	2006
Discount rate	2.0%–2.5%	2.0%–2.5%
Expected rate of return on plan assets	2.0%–3.0%	2.0%–3.0%

12. Shareholders’ Equity

The Japanese Commercial Code provides that an amount equal to at least 10 percent of appropriations paid in cash be appropriated as a legal reserve until an aggregated amount of additional paid-in capital and the legal reserve equals 25 percent of common stock. Amount of the legal reserve was not included in the retained earnings at March 31, 2005 and 2006. The portion of such aggregated amount in excess of 25 percent of common stock may become available for dividends subsequent to release to retained earnings.

13. Stock Option Plan

In accordance with the Commercial Code of Japan, a stock option for directors (except outside directors) and all employees of the Company as of June 27, 2001 was approved at the annual general meeting of the shareholders held on June 27, 2001. Under the terms of this plan, the issuance of 8,397,000 shares of common stock has been authorized. The eligible participants may purchase these stock options at ¥210. The options become exercisable on July 1, 2003 and are scheduled to expire on June 30, 2006.

A summary of changes in granted stock options are as follows:

Granted	8,397,000	shares
Exercised in 2004	(1,283,000)	
Cancelled in 2004	(290,000)	
Outstanding at March 31, 2004	6,824,000	
Exercised in 2005	(3,337,000)	
Cancelled in 2005	(8,000)	
Outstanding at March 31,2005	3,479,000	
Exercised in 2006	(2,973,000)	
Cancelled in 2006	(8,000)	
Outstanding at March 31,2006	498,000	shares

14. Capital increase

During this accounting year, the Company issued new shares as follows:

Type of issue	Public offering	Third-party allocation	Third-party allocation
Date of issue	October 19, 2005	October 19, 2005	November 15, 2005
No. of shares	51,500,000 shares	11,500,000 shares	5,000,000 shares
Issue price	¥721.28 per share	¥721.28 per share	¥721.28 per share
Total amount	¥37,145,920,000	¥8,294,720,000	¥3,606,400,000
Capitalization amount	¥18,591,500,000	¥4,151,500,000	¥1,805,000,000

15. Revaluation of Land

The land for business owned by the Company and by one consolidated subsidiary was revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998) and the revised Law Concerning Land Revaluation (Revised Law No. 19, promulgated March 31, 2001).

Method of revaluation

Value of land is determined based on the price which is described in Article 2, Item 5 of the Ordinance Implementing the Law Concerning Land Revaluation (Government Ordinance No. 119, promulgated March 31, 1998). Value of certain sections of the land is determined based on Articles 2, 3, and 4 of the government ordinance.

Date of revaluation

The Company	March 31, 2000
(Revaluation on merger of subsidiaries)	March 31, 2001
Consolidated subsidiary	January 31, 2001

Book value after revaluation exceeded the market value by ¥14,158 million (US$121,009 thousand) at March 31, 2005 and ¥6,398 million (US$54,684 thousand) at March 31, 2006.

16. Contingent Liabilities

At March 31, 2005 and 2006 the Company and consolidated subsidiaries had the following contingent liabilities:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Guarantee of loans on behalf of:						
Individual customers for principally housing loans	¥	48,517	¥	42,470	$	362,992
Landowner's union for development cost of land		3,745		7,321		62,573
Employees for their purchase of residential houses		749		576		4,923
Affiliate company		51		-		-
Endorsed notes		27		85		726
	¥	53,089	¥	50,452	$	431,214

17. Information Regarding Certain Leases

(Items Pertaining to Finance Lease Transactions as lessee)

Finance Leases other than those which are deemed to transfer ownership to lessees are accounted for in the same manner as operating leases.

(1) Acquisition cost equivalents, accumulated depreciation equivalents and book value equivalents of leased properties (mainly office equipment) at March 31, 2005 and 2006 if they were capitalized are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Acquisition cost equivalents	¥	7,649	¥	9,215	$	78,761
Accumulated depreciation equivalents		3,445		4,918		42,034
Accumulated impairment loss equivalents		-		155		1,325
Book value equivalents	¥	4,204	¥	4,142	$	35,402

(2) Future lease payments at March 31, 2005 and 2006 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Due within one year	¥	1,409	¥	1,564	$	13,368
Due after one year		2,909		2,751		23,512
Total	¥	4,318	¥	4,315	$	36,880

(3) The equivalent amount of lease payments and depreciation expense and interest expenses there of at March 31, 2005 and 2006 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Lease payments	¥	1,540	¥	1,838	$	15,709
Reversal of impairment loss account on leased assets		-		30		256
Depreciation expense		1,467		1,665		14,231
Interest expenses		66		90		769
Impairment loss on fixed assets		-		170		1,453

(Items Pertaining to Operating Lease Transactions as lessee)

Lessee side

Future lease payments:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Due within one year	¥	3,542	¥	3,491	$	29,838
Due after one year		24,985		22,521		192,487
Total	¥	28,527	¥	26,012	$	222,325

Lessor side

Future lease payments:

	Yen (millions)				U.S. dollars (thousands)	
	2005		2006		2006	
Due within one year	¥	2,726	¥	2,439	$	20,846
Due after one year		20,939		18,499		158,111
Total	¥	23,665	¥	20,938	$	178,957

18. Related Party Transactions

Tokyu Corporation holds 16.99 percent of the Company's issued shares and some board members are concurrently working for both companies. As a result, the Company is deemed as affiliate company of Tokyu Corporation.

19. Segment Information

The Company's business is composed primarily of seven segments: (1) Real Estate Sales, including the development and sales of condominiums and houses; (2) Contracted Construction, including the construction of custom-built houses, and house improvement of custom-built houses and condominiums; (3) Retail Sales, retail sales of materials and products for living and D-I-Y; (4) Leasing of Real Estate, including leasing of buildings to be used for offices, stores and shops, and hotels, and management of shopping centers; (5) Property Management, principally including facilities management for buildings, condominiums and apartments; (6) Resorts, principally including operations of leisure and sports facilities (golf courses, membership resort hotels, and urban-style sports clubs); and (7) Real Estate Agent and Other Businesses, principally including real estate agency, and insurance agency, etc.

Information by geographic areas is omitted as overseas sales of the Company for the years ended March 31, 2005 and 2006 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2005 and 2006 are as follows:

Year ended March 31, 2005	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agent and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	151,328	65,831	91,758	86,265	65,127	40,210	39,785	540,304	—	540,304
Inter-segment	126	3,190	177	2,027	6,745	10	4,463	16,738	(16,738)	—
Total	151,454	69,021	91,935	88,292	71,872	40,220	44,248	557,042	(16,738)	540,304
Costs and expenses	144,840	67,822	89,824	62,817	68,600	39,009	39,427	512,339	(12,350)	499,989
Operating income	6,614	1,199	2,111	25,475	3,272	1,211	4,821	44,703	(4,388)	40,315
Total assets	167,875	21,591	45,016	359,730	12,103	147,857	60,775	814,947	59,995	874,942
Depreciation expenses	59	366	764	5,657	317	4,278	762	12,203	380	12,583
Capital expenditures	163	360	675	25,459	996	3,985	1,815	33,453	1,231	34,684

Year ended March 31, 2006	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agent and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	140,945	68,379	89,833	103,236	65,553	45,325	45,375	558,646	-	558,646
Inter-segment	116	3,820	187	2,059	6,170	35	3,877	16,264	(16,264)	-
Total	141,061	72,199	90,020	105,295	71,723	45,360	49,252	574,910	(16,264)	558,646
Costs and expenses	129,329	70,916	88,076	61,919	69,356	42,782	42,706	505,084	(11,304)	493,780
Operating income	11,732	1,283	1,944	43,376	2,367	2,578	6,546	69,826	(4,960)	64,866
Total assets	167,296	23,945	43,448	343,332	11,905	144,283	67,788	801,997	83,744	885,741
Depreciation expenses	53	349	705	5,339	347	3,494	764	11,051	612	11,663
Impairment loss on fixed assets	2,580	533	520	2,080	193	20,597	961	27,464	-	27,464
Capital expenditures	124	407	328	5,916	337	4,705	1,279	13,096	1,262	14,358

Year ended March 31, 2006	U.S. dollars (thousands)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agent and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	1,204,658	584,436	767,803	882,359	560,282	387,393	387,821	4,774,752	-	4,774,752
Inter-segment	992	32,649	1,599	17,598	52,735	299	33,136	139,008	(139,008)	-
Total	1,205,650	617,085	769,402	899,957	613,017	387,692	420,957	4,913,760	(139,008)	4,774,752
Costs and expenses	1,105,376	606,119	752,787	529,222	592,786	365,658	365,008	4,316,956	(96,614)	4,220,342
Operating income	100,274	10,966	16,615	370,735	20,231	22,034	55,949	596,804	(42,394)	554,410
Total assets	1,429,880	204,658	371,350	2,934,462	101,752	1,233,188	579,385	6,854,675	715,761	7,570,436
Depreciation expenses	453	2,983	6,026	45,632	2,966	29,863	6,530	94,453	5,231	99,684
Impairment loss on fixed assets	22,051	4,556	4,444	17,778	1,650	176,043	8,213	234,735	-	234,735
Capital expenditures	1,060	3,479	2,803	50,564	2,880	40,214	10,932	111,932	10,786	122,718

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2002	2003	2004	2005	2006	2006
Revenue from operations						
Real Estate Sales	¥ 200,458	¥ 151,369	¥ 139,690	¥ 151,454	¥ 141,061	$ 1,205,650
Tokyu Land Corporation	137,162	144,239	133,986	144,602	133,176	1,138,256
Tokyu Livable, Inc.	-	7,035	5,267	7,044	7,338	62,718
Tokyu Home Corporation	30,241	-	-	-	-	-
Tokyu Amenix Corporation	18,838	-	-	-	-	-
Tokyu Community Corporation	12,782	-	-	-	-	-
Ishikatsu Exterior, Inc.	5,450	-	-	-	-	-
Eliminations	(4,026)	(0)	(15)	(10,033)	(0)	(0)
Contracted Construction	¥ -	¥ 61,529	¥ 64,888	¥ 69,021	¥ 72,199	$ 617,085
Tokyu Home Corporation	-	26,115	28,849	30,451	33,688	287,932
Tokyu Amenix Corporation	-	17,709	17,608	17,982	16,946	144,838
Tokyu Community Corporation	-	12,475	13,291	15,172	15,371	131,376
Ishikatsu Exterior, Inc	-	5,420	5,312	5,602	6,425	54,915
Eliminations	-	(190)	(172)	(187)	(232)	(1,983)
Retail Sales	¥ 100,164	¥ 98,630	¥ 93,807	¥ 91,935	¥ 90,020	$ 769,402
Tokyu Hands, Inc.	100,164	98,630	93,807	91,935	90,020	769,402
Leasing of Real Estate	¥ 74,290	¥ 77,390	¥ 79,528	¥ 88,292	¥ 105,295	$ 899,957
Tokyu Land Corporation	52,241	52,695	53,357	56,871	71,121	607,872
Tokyu Community Corporation	12,224	12,778	13,389	13,370	14,112	120,615
Tokyu Relocation Corporation (consolidated)	7,143	8,832	9,369	10,852	12,239	104,607
Tokyu Livable, Inc.	2,843	3,387	4,095	4,301	4,505	38,504
Eliminations	(516)	(450)	(1,496)	(88)	(2,214)	(18,923)
Property Management	¥ 62,139	¥ 64,738	¥ 68,948	¥ 71,872	¥ 71,723	$ 613,017
Tokyu Community Corporation	58,465	61,070	65,064	68,009	67,808	579,556
Subsidiaries of Tokyu Community Corporation	11,734	12,965	14,431	15,413	16,233	138,744
Eliminations	(8,060)	(9,297)	(10,547)	(11,551)	(12,316)	(105,265)
Resorts	¥ 34,677	¥ 35,338	¥ 37,859	¥ 40,220	¥ 45,360	$ 387,692
Tokyu Land Corporation	28,388	28,577	30,932	33,009	34,607	295,786
Tokyu Resort Service Corporation	7,457	14,566	18,063	19,495	20,835	178,077
Tokyu Sports Oasis Inc.	5,489	5,838	6,158	6,413	6,843	58,487
Izu Kankoukaihatsu Co., Ltd.	1,592	1,532	1,490	1,462	1,454	12,427
Tanbara Tokyu Resort Co., Ltd.	1,531	1,543	1,294	1,376	1,417	12,111
Pacific Islands Development Corp.	1,222	1,177	1,017	1,193	1,234	10,547
Niseko Kougen Kankou Co., Ltd.	1,387	1,385	1,069	1,942	2,143	18,316
Hunter Mountain Shiobara	-	-	-	-	2,287	19,547
Eliminations	(14,352)	(21,210)	(24,005)	(26,412)	(27,770)	(237,350)
Real Estate Agent and Other	¥ 39,144	¥ 37,795	¥ 40,874	¥ 44,248	¥ 49,252	$ 420,957
Tokyu Livable, Inc.	30,195	29,152	32,323	36,097	40,427	345,530
Tokyu Resort Corporation	2,768	2,857	2,530	2,278	2,749	23,496
Tokyu Land Corporation	2,219	951	862	638	1,115	9,530
Eliminations	(401)	(582)	(547)	(511)	(532)	(4,547)
Total	510,872	526,791	525,598	557,042	574,910	4,913,760
Eliminations	(16,419)	(18,166)	(17,263)	(16,738)	(16,264)	(139,008)
Revenue from operations (Consolidated)	¥ 494,453	¥ 508,625	¥ 508,335	¥ 540,304	¥ 558,646	$ 4,774,752
Operating income	¥ 25,578	¥ 31,138	¥ 32,330	¥ 40,315	¥ 64,866	$ 554,410
Real Estate Sales	5,262	8,378	5,021	6,614	11,732	100,274
Contracted Construction	-	(195)	(229)	1,199	1,283	10,966
Retail Sales	3,184	3,016	2,354	2,111	1,944	16,615
Leasing of Real Estate	14,158	18,104	21,556	25,475	43,376	370,735
Property Management	2,537	2,609	3,169	3,272	2,367	20,231
Resorts	815	460	748	1,211	2,578	22,034
Real Estate Agent and Other	3,338	2,638	4,219	4,821	6,546	55,949
Elimination / Headquarters	(3,716)	(3,875)	(4,510)	(4,388)	(4,960)	(42,394)
Operating income ratio	5.2%	6.1%	6.4%	7.5%	11.6%	
Real Estate Sales	2.6%	5.5%	3.6%	4.4%	8.3%	
Contracted Construction	-	(0.3%)	(0.4%)	1.7%	1.8%	
Retail Sales	3.2%	3.1%	2.5%	2.3%	2.2%	
Leasing of Real Estate	19.1%	23.4%	27.1%	28.9%	41.2%	
Property Management	4.1%	4.0%	4.6%	4.6%	3.3%	
Resorts	2.4%	1.3%	2.0%	3.0%	5.7%	
Real Estate Agent and Other	8.5%	7.0%	10.3%	10.9%	13.3%	

* From the year ended March 31, 2003, Contracted Construction segment is separated from Real Estate Sales segment.

Company Profile (parent company)

Established	December 17, 1953
Headquarters	Shin-nanpeidai Tokyu Bidg., Dogenzaka 1-21-2, Shibuya-ku, Tokyo
Capital	¥57,499,619,228 (as of March 31, 2006)
URL	http://www.tokyu-land.co.jp/english/