ANNUAL REPORT 2007

Year Ended March 31, 2007

TOKYU LAND CORPORATION

CONTENTS

BUSINESS REPORT
Years ended March 31, 2007

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2003	2004	2005	2006	2007	2007
Revenue from operations	¥ 508,625	¥ 508,335	¥ 540,304	¥ 558,646	¥ 573,549	$ 4,860,585
Gross profit	103,984	102,076	111,874	132,057	136,360	1,155,593
Gross margin rate	*20.4%*	*20.1%*	*20.7%*	*23.6%*	*23.8%*	*23.8%*
Selling, general and administrative expenses	72,846	69,746	71,559	67,191	70,415	596,737
Sales selling ratio	*14.3%*	*13.7%*	*13.2%*	*12.0%*	*12.3%*	*12.3%*
Operating income	31,138	32,330	40,315	64,866	65,944	558,847
Operating income before depreciation	43,595	44,527	52,898	76,529	77,196	654,203
Other income	2,387	8,298	11,590	3,263	14,655	124,195
Other expenses	20,817	26,535	39,089	46,025	38,652	327,559
Income before income taxes and minority interests	12,708	14,093	12,816	22,104	41,947	355,483
Net income (loss)	¥ 5,145	¥ 5,370	¥ 7,566	¥ 10,143	¥ 31,364	$ 265,797

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2003	2004	2005	2006	2007	2007
Assets	¥ 894,508	¥ 893,881	¥ 874,942	¥ 885,741	¥ 954,074	$ 8,085,373
Common stock	32,154	32,289	32,639	57,500	57,551	487,720
Equity	69,905	81,987	83,978	145,470	173,675	1,471,822
equity ratio	*7.8%*	*9.2%*	*9.6%*	*16.4%*	*18.2%*	*18.2%*
Interest-bearing debt	461,110	440,064	418,054	344,083	370,487	3,139,720
EBITDA-multiple	10.6	9.9	7.9	4.5	4.8	4.8
ROA	*3.6%*	*3.7%*	*4.7%*	*7.4%*	*7.3%*	*7.3%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2003	2004	2005	2006	2007	2007
Capital expenditure	¥ 13,601	¥ 37,710	¥ 33,640	¥ 14,358	¥ 42,528	$ 360,407
Payment for equity investment	25,993	19,932	31,515	32,360	98,989	838,890
Depreciation and amortization	12,457	12,197	12,583	11,663	11,251	95,347

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2003	2004	2005	2006	2007	2007
CF from operating activities	¥ 39,683	¥ 45,146	¥ 34,467	¥ 54,232	¥ 13,844	$ 117,322
CF from investing activities	(25,689)	(10,986)	17,571	(2,003)	(106,424)	(901,898)
CF from financing activities	(14,225)	(20,837)	(27,622)	(29,498)	(24,248)	(205,492)
Cash and cash equivalents at the end of the year	¥ 59,495	¥ 72,780	¥ 97,189	¥ 119,934	¥ 51,701	$ 438,144

2. Major Business

(1) Real Estate Sales
Development, construction and sales of condominiums, houses, buildings, and others

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

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

(4) Leasing of Real Estate
Development, lease, underlease and management of buildings to be used for offices, stores and shops, and houses; and management of extended stay-hotels

(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, and benefit package, 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.

Mid-Term Management Strategies and Challenges

The Company's new mid-term management plan, Grow Value 2007 (for three years from the fiscal year ended March 31, 2006 to the fiscal year ended March 31, 2008), was designed basically to achieve further profit growth and the 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:
The future-related things described in this text reflect the judgment made by the Corporate Group as of the end of the fiscal 2007(the business year ending on March 31, 2007).

In the real-estate industry environment, the role of real estate including cash flow as a financial product has been 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 the investments made through 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 agents.

To respond to today's changing business environment, which reflects the growing senior population, the Company will launch new projects to offer rental houses and nursing care facilities for the elderly. 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.

Target Management Indices

Our mid-term management plan set our consolidated operating income and ROA objectives for 2008, the final fiscal year of the plan, at ¥52 billion and 6.0%, respectively. Following the previous term, our 2007 business performance exceeded these goals. We therefore adjusted the original objectives for fiscal 2008 upward to ¥72 billion in our consolidated operating income and 7.3% in ROA, respectively. The next mid-term management plan starting in fiscal 2009 is currently being prepared.

Basic Policies Regarding Distribution of Profits and Dividends of Fiscal 2006 and 2007

Basically, our dividend to shareholders is decided by making a comprehensive assessment of our current performance, future outlook of the business environment, and operation plans while reinforcing our internal reserve. 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 2003, the Company was able to resume a dividend payment of ¥2.5 per share, and paid ¥5.0 per share for fiscal 2006. Amid the overall brisk operation, this fiscal year, this we have surpassed, the final-year profit target for the midterm (fiscal 2005-2007) management plan for the second consecutive year. Furthermore the Company achieved more net income than planned after implementing the earlier application of lower-of-cost-or-market method to inventory assets. Under these operational circumstances, we plan to pay year-end dividends of ¥7.0 per share.

Regarding dividends for fiscal 2007, the Company plans to pay interim dividends of ¥3.5 per share and year-end dividends of ¥3.5 per share, the total of which will be at the same level as fiscal 2006. Our Articles of Incorporation stipulates that the board of directors may vote to make an interim dividend on September 30th as the reference date every year.

We decided to make the distribution of surplus funds for fiscal 2007 as follows:

Date of decision:	Total amount of dividend (million yen)	Dividend per share (yen)
Resolution of the general shareholders meeting submitted on June 27, 2007	3,720	7

Business-related and other risks

Among the items that indicate the Company's business and financial situation, etc., the following may have a significant influence on investors' judgment.

The items regarding the future listed below are based on the judgment of the Company group.

(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 our aggressive investment activity, our balance of money borrowed was ¥350.5 billion as of the end of fiscal 2007. In addition, we raised funds by issuing corporate bonds worth ¥20 billion. As a result, the total of interest-bearing debts increased to ¥370.5 billion, up ¥26.4 billion from the end of the previous term. We keep the ratio of borrowed money with a fixed interest rate at as high as 84% in an effort to minimize the influence of interest rate fluctuation on our business performance (on a parent company basis). If there is an interest rate increase in the future, its impact on our business would be relatively small in the short term but large in the mid- to long-term.

(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

We ended this year with ¥573.5 billion in sales (up 2.7% from the previous year), ¥65.9 billion in operating income (up 1.7%), ¥60.4 billion in ordinary income (up 6.4%), and ¥31.4 billion in net income (up 209.2%), achieving increases in both revenues and profit from the year-earlier levels as well as increases in net income from the performance forecast made in November 2006. Operating income was up ¥1.1 billion thanks to a gain on the sales of buildings to investors in the Real Estate Sales segment. Ordinary income showed a ¥3.6 billion increase due to a ¥0.7 billion decrease in interests paid and other factors, achieving record highs for six years in a row.

We recognized ¥12.5 billion in extraordinary gains including a gain on the sales of fixed assets. At the same time, we posted ¥15.8 in revaluation loss of inventory assets resulting from earlier application of cost-or market method and other losses, thus recording a total extraordinary loss of ¥31.0 billion. In addition, we recorded tax gain for the period. All in all, the Company recognized ¥31.4 billion in net income, reaching another record.

(Unit: ¥ billion)

	Previous year	Current year	Comparison	Forecast (Nov 2006)	Projected change
Sales	558.6	573.5	14.9	580.0	(6.5)
Operating income	64.9	65.9	1.1	57.0	8.9
Ordinary income	56.8	60.4	3.6	50.0	10.4
Net income	10.1	31.4	21.2	30.0	1.4
Interest-bearing debt	344.1	370.5	26.4	390.0	(19.5)

2. Segment Performance

Sales (Unit: ¥ billion)

	Previous year	Current year	Comparison
	558.6	573.5	14.9
Real Estate Sales	141.1	153.1	12.0
Contracted Construction	72.2	71.2	(1.0)
Retail Sales	90.0	85.8	(4.2)
Leasing of Real Estate	105.3	101.4	(3.9)
Property Management	71.7	72.6	0.9
Resorts	45.4	51.1	5.7
Real-Estate Agents and Other	49.3	55.5	6.2
Adjustment for Inter-Company Transactions	(16.3)	(17.0)	(0.7)

Operating income (Unit: ¥ billion)

	Previous year	Current year	Comparison
	64.9	65.9	1.1
Real Estate Sales	11.7	19.0	7.2
Contracted Construction	1.3	1.0	(0.3)
Retail Sales	1.9	(0.4)	(2.4)
Leasing of Real Estate	43.4	35.7	(7.7)
Property Management	2.4	4.0	1.7
Resorts	2.6	3.4	0.8
Real-Estate Agents and Other	6.5	8.6	2.0
Adjustment for Inter-Company Transactions	(5.0)	(5.3)	(0.3)

(1) Real Estate Sales

We recognized ¥153.1 billion in sales (up 8.5% from the previous year) and ¥19.0 billion in operating income (up 61.6%) by selling real estate including 3,248 condominiums (¥103.8 billion), 483 houses (¥13.3 billion), and country houses (¥6.6 billion). Effective Fiscal 2006, we recorded building sales to investors, and resulted in a material increase in profit. In the period, we supplied 3,209 new condominiums. Sales of condominiums continued successfully. The ratio of condominium units sold to planned sales for next year reached 55% (up three percentage points from the previous year) on a parent company basis.

(Unit:¥ billion)

	Previous year	Current year	Comparison
Sales	141.1	153.1	12.0
Operating income	11.7	19.0	7.2

Forecast (Nov 2006)	Projected change
158.8	(5.7)
13.2	5.7

Sales breakdown (Before adjustments in ¥ billion)

	Previous year		Current year		Comparison
Condominium	3,162 units	114.0	3,248units	103.8	(10.2)
Detached housing	571 units	16.1	483units	13.3	(2.9)
Country houses	164 units	3.0	300units	6.6	3.7
Other sales	—	8.0	—	29.4	21.4

Number of units supplied and sold (Parent company) (Units)

	Previous year		Current year		End of March 2006	End of March 2007
	New supply	Contracted units	New supply	Contracted units	Inventory of completed units	Inventory of completed units
Condominium	3,287	3,573	3,209	3,113	71	258
Detached housing	434	466	457	439	33	102
Country houses	218	216	450	315	—	—

(2) Contracted Construction

In contract-base construction, we posted ¥71.2 billion in sales (down 1.4% from the previous year) and ¥1.0 billion in operating income (down 23.3%). This decline in profit was mainly because of a drop of revenue from major condominium repairs and review of expenses recording in spite of an increase in gross margin in custom-built houses and renovation. Also, we received less orders than the year-earlier level, which was mainly a decrease in orders for houses for lease.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Sales	72.2	71.2	(1.0)
Operating income	1.3	1.0	(0.3)

Forecast (Nov 2006)	Projected change
74.2	(3.0)
1.7	(0.7)

Sales Breakdown (¥ billion)

	Previous year	Current year	Comparison
Custom-built houses	25.6	25.4	(0.2)
Renovation	16.9	16.6	(0.3)
Landscape gardening etc.	29.7	29.1	(0.6)

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

	Previous year	Current year	Comparison
Total sales	65.2	62.6	(2.6)
Custom-built houses	28.7	26.8	(1.9)
Renovation	16.9	16.6	(0.3)
Landscape gardening etc.	19.6	19.3	(0.4)

(3) Retail Sales

In our retail business, sales were ¥85.8 billion (down 4.7% from the previous year) and operating loss amounted to ¥0.4 billion. This decline is mainly attributable to a decrease in sales at existing outlets (down 4.2%) and expenses related to opening new outlets in LaLaport Toyosu (Koto-ku, Tokyo, opened in October 2006), LaLaport Yokohama (Yokohama, opened in March 2007), and one in Omiya (Saitama, opened in March 2007). We have plans to open two additional outlets one in Kashiwa (August 2007) and the other in Ginza of Chuo-ku, Tokyo (Autumn 2007).

(Unit:¥ billion)

	Previous year	Current year	Comparison	Forecast (Nov 2006)	Projected change
Sales	90.0	85.8	(4.2)	87.3	(1.5)
Operating income	1.9	(0.4)	(2.4)	0.1	(0.6)

Sales breakdown *The figures in parentheses indicate the number of outlets at end of fiscal year. (Unit: ¥ billion)

	Previous year	Current year	Comparison
Tokyo metropolitan area	63.1 (9)	60.1 (10)	(3.1)
Kansai region	16.4 (3)	15.6 (3)	(0.9)
Local regions	6.8 (2)	6.5 (2)	(0.3)
Small-scale outlets	3.4 (6)	3.4 (6)	0

(4) Leasing of Real Estate

In our real estate leasing business, sales were ¥101.4 billion (down 3.7% from the previous year) and operating income was ¥35.7 billion (down 17.7%). Though we recorded lower revenues and profit because of the absence of the considerable dividends received that was recorded last year, which came from the sales of Kitanomaru Square (Tokyo) employing our SPC, we recorded more revenues and profit if comparing with the forecast since dividends received from sales exceeded the plan this year. Sales from owned and leased buildings also decreased because of the sale of Setagaya Business Square in 2005 and the termination of unprofitable building leases.

For the fiscal year under review, reflecting the picking up of the metropolitan area office building market, the tenant business continued successfully. We started additional tenant business at Uchisaiwaicho Tokyu Building, Kyoto Karasuma Parking Building, Nihonbashi Maruzen Tokyu Building, Otemachi Kita Tokyu Building, and Kanda Sudacho Place with no vacancy. The vacancy rate of office buildings (on a parent company basis) continued to improve to 0.9% as of the end of March 2007. Revenues from existing buildings also increased.

Furthermore, we launched office building funds, commercial facilities funds, and housing funds. Including these, we now have a total of eight private offering real estate funds. Preparations are well underway for a new fund organization. We will continue to grow our fund business.

As for new development projects, we are going to open the tentatively named Shiodome I-2 Project in Fiscal 2007 and another project, tentatively named Nihonbashi 3-chome Project in Fiscal 2008. We are confident that good quality our SPC- managed lease assets will steadily grow.

The business of house leasing deployed by our subsidiaries— in particular, the development of properties with management service— is well underway. At present, we run ten Tokyu Stays with a total of 1,195 rooms, a chain of hotels designed for long stays, in metropolitan areas. Their business is brisk with a continued high occupancy rate (85.1%).

(Unit:¥ billion)

	Previous year	Current year	Comparison	Forecast (Nov 2006)	Projected change
Sales	105.3	101.4	(3.9)	97.2	4.2
Operating income	43.4	35.7	(7.7)	32.7	3.0

Sales breakdown (Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned	21.7	19.8	(1.9)
Leased	14.5	13.4	(1.2)
SPCs	34.9	25.4	(9.5)
Subsidiaries and others	34.2	42.8	8.6

Outstanding investments in SPCs (Parent company)

	End of March 2005	End of March 2006	End of March 2007
Number of SPC (case)	40	56	60
Outstanding amount (¥billion)	68.1	86.5	155.8

Office and commercial leasing floor space, and vacancy rate

	End of March 2005	End of March 2006	End of March 2007
Leasing floor space (m^2)	803,459	759,414	777,209
Office/Commercial	588,951	504,683	497,277
SPCs	214,508	254,731	279,932
Vacancy rate (consolidated basis)	3.7%	1.7%	1.1%
Vacancy rate (parent company basis)	3.2%	1.5%	0.9%

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

	Use	Open	Floor space
Shinagawa Tokyu Building	Office	July 2007	21
(Temporal) Shiodome I-2 project	Office/Commercial	December 2007	119
Shinbashi Tokyu Building	Office	April 2008	15
(Temporal) Minami Aoyama 3-chome project	Office	May 2008	12
(Temporal) Nihonbashi 3-chome project	Office/Commercial	June 2008	29

Number of leased houses (Units)

	End of March 2005	End of March 2006	End of March 2007
Houses for lease	9,486	12,411	11,467
Lease management service	34,538	37,518	44,493
Company house management service	27,659	33,098	42,614

(5) Property Management

Sales and operating income from our property management business were ¥72.6 billion (up 1.2% from the previous year) and ¥4.0 billion (up 70.6%), respectively. This fiscal year saw increases in both revenues and profit, though in the previous year, the operating income decreased resulted from a one-time depreciation (¥1.3 billion) of goodwill in association with the acquisition of additional shares of Tokyu Community. Despite the intensifying sales competition, we secured orders for condominium management for an additional 19,000 units although we had management contract cancellations as well. All in all, we provided management services for a total of 339,000 condominiums as of the end of the year (an additional 12,000 units from the previous year).

(Unit: ¥ billion)

	Previous year	Current year	Comparison	Forecast (Nov 2006)	Projected change
Sales	71.7	72.6	0.9	73.2	(0.6)
Operating income	2.4	4.0	1.7	3.9	0.2

Number of sites managed as of year end

	End of March 2005	End of March 2006	End of March 2007
Condominiums (units)	315,166	326,743	339,105
Buildings (no. of contracts)	1,229	1,139	1,118

(6) Resorts

Our resort business generated ¥51.1 billion in sales (up 12.6% from the previous year) and ¥3.4 billion in operating income (up 32.7%). Contributing to these higher revenues and profit was the successful operation of new facilities acquired in the previous year and the vibrant sales of membership of Tokyu Harvest Club, and golf courses acquired in the previous year.

As for Tokyu Harvest Club membership resort hotels, we opened one in Nasu in October 2006, and are planning to open additional one in Kyu-Karuizawa Annex in July 2007, and another in VIALA Hakone Hisui in April 2008. As such, the operation of Tokyu Harvest Club membership resort hotels showed continuing development. We opened three additional Oasis membership fitness clubs. In golf course business, we newly acquired Shibayama Golf Club and concluded a cooperative business agreement with Taiheiyo Club.

(Unit: ¥ billion)

	Previous year	Current year	Comparison	Forecast (Nov 2006)	Projected change
Sales	45.4	51.1	5.7	53.1	(2.1)
Operating income	2.6	3.4	0.8	3.2	0.2

Sales breakdown *The figures inside parentheses indicate the number of facilities at the end of fiscal year. (Unit: ¥ billion)

	Previous year		Current year		Comparison
Golf courses	5.9	(18)	8.8	(19)	2.9
Harvest (membership resort hotels)	8.1	(20)	8.9	(21)	0.8
Oasis (membership fitness clubs)	9.1	(22)	10.4	(24)	1.3
Ski	10.1	(8)	10.3	(8)	0.3
Other	12.1		12.6		0.4

(7) Real Estate Agency and Other Businesses

In our real estate agency and other businesses, sales were ¥55.5 billion (up 12.6% from the previous year) and operating income was ¥8.6 billion (up 30.6%). Against a backdrop of active real estate business transactions, Tokyu Livable's brokerage business expanded (up 19.7% 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	Forecast (Nov 2006)	Projected change
Sales	49.3	55.5	6.2	54.7	0.8
Operating income	6.5	8.6	2.0	7.7	0.9

Sales breakdown (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	34.1	39.8	5.8
Consignment sales	7.0	6.6	(0.4)
Consignment welfare	1.7	2.1	0.5
Other	6.5	6.9	0.4

3. Analysis of Financial Conditions

(1) Assets, Liabilities, and Net Assets

Consolidated (Unit: ¥ billion)

	End of Mar. 2005	End of Mar. 2006	End of Mar. 2007
Total assets	874.9	885.7	954.1
Total liabilities	772.9	720.5	757.8
Net assets	84.0	145.5	196.3
Equity	84.0	145.5	173.7
Equity ratio	9.6%	16.4%	18.2%
Interest-bearing debt	418.1	344.1	370.5
EBITDA multiple	7.9×	4.5×	4.8×
ROA	4.7%	7.4%	7.3%

Parent company (Unit: ¥ billion)

	End of Mar. 2005	End of Mar. 2006	End of Mar. 2007
Total assets	682.3	670.0	745.3
Total liabilities	594.6	525.6	590.3
Shareholders' equity	87.6	144.4	155.0
Equity ratio	12.8%	21.6%	20.8%
Interest-bearing debt	349.5	289.8	334.8
EBITDA multiple	10.5×	5.3×	6.6×
ROA	3.8%	7.3%	6.7%

EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
ROA: (Operating Income +Interest and Dividend Income)/Total Assets
*Figures listed under "Shareholders' equity" until the fiscal year ended March 2006, are conventionally listed under "Net assets" and "Equity."

(2) Cash flow position

As of the end of fiscal 2007, cash and cash equivalents were ¥51.7 billion, representing a ¥68.2 billion decrease from the previous year end. The details of the cash flows are given below.

Cash flow from operations

Cash flows from operations increased by ¥13.8 billion, notwithstanding a ¥37.3 billion decrease in inventory assets, a ¥19.7 billion decrease in sales-on-consignment deposit, and a ¥10.4 billion income taxes payment, thanks to ¥41.9 billion in income before income taxes and minority interests, a ¥18.4 billion revaluation losses on inventories, and a ¥11.3 billion increase in depreciation and amortization.

Cash flow from investment

Cash flows from investment decreased by ¥106.4 billion because we invested ¥84.4 billion in equity, ¥42.6 billion in fixed assets, and ¥17.6 billion in securities with a ¥27.6 billion return of equity investment and a ¥15.1 billion proceeds from sales of property and equipment.

Cash flow from financing

Cash flow from financing increased by ¥24.2 billion. This was because although we used ¥96.5 billion in repayment of long-term debt and ¥14.2 billion from decrease in guarantee and lease deposits received, we procured ¥104.8 billion from long-term debts and ¥20.0 billion by issuance of bonds, among others.

Trend of indices

	Period ended March 2005	Period ended March 2006	Period ended March 2007
Equity ratio	9.6%	16.4%	18.2%
Equity ratio on market value basis	24.2%	60.8%	75.0%
Ratio of interest-bearing debt to cash flows	12.1 years	6.3 years	26.7 years
Interest coverage ratio	3.9	7.4	2.0

Equity Ratio: Equity/Total Assets
Equity Ratio on Market Value Basis: Market Valuation/Total Assets
Ratio of Interest-Bearing Debt to Cash Flows: Interest-Bearing Debt/Operating Cash Flow
Interest Coverage Ratio: Operating Cash Flow/Interest Payments

Notes:

1. All figures are calculated based on the Consolidated Financial Statements.
2. Market Valuation: Monthly average stock price during the last month of the fiscal year × number of shares issued (after deducting treasury stock)
3. Operating Cash Flow: Cash Flow from Operations stated in the Consolidated Statements Cash Flows
4. Interest bearing-debt contains all liabilities to pay interest.

5. Employees

(As of March 31, 2007)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	273	(39)
Contracted Construction	1,032	(18)
Retail Sales	2,877	(336)
Leasing of Real Estate	918	(33)
Property Management	5,311	(2,418)
Resorts	2,027	(2,322)
Real Estate Agent and Other	2,454	(114)
Whole Company (Common)	315	(17)
Total	15,207	(5,297)

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 ¥42,528 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	174	0.41%
Contracted construction	767	1.80%
Retails sales	2,152	5.06%
Leasing of Real Estate	23,066	54.24%
Property Management	90	0.21%
Resorts	13,712	32.24%
Real Estate Agent and Other	1,241	2.92%
Subtotal	41,205	96.89%
Adjustment or Whole Company	1,322	3.11%
Total	42,528	100.0%

Domestic Subsidiary

Corporate name	Facility	Place	Segment	Detail	Land area (m^2)	Book value (Unit: ¥ million)			
						Land	Building	Other	Total
Tokyu Hands Inc.	Nishi Shibuya Tokyu Bldg.	Shibuya-ku Tokyo	Retail sales	Store	1,697	1,617	791	11	2,419

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: 533,345,304 shares

(3) Number of shareholders: 40,223

(4) Principal shareholders:

Name of Shareholder	Investment by each principal shareholder in the Company	
	Number of shares held	Percent of total shares issued
	(thousand shares)	(%)
Tokyu Corporation	88,380	16.76
Japan Trustee Services Bank Ltd. (Trust Account)	36,703	6.96
The Master Trust Bank of Japan Ltd. (Trust Account)	27,353	5.19
The Chuo Mitsui Trust and Banking Company	22,509	4.27
The Dai-ichi Mutual Life Insurance Company	20,383	3.87
Japan Trustee Services Bank Ltd. (Trust Account)	15,936	3.02
Nippon Life Insurance Company	13,881	2.63
CMBLSA Re Mutual Fund	10,590	2.01
Trust & Custody Services Bank, Ltd.	9,733	1.85
Morgan White Flyers Equity Derivatives	8,144	1.54

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	100.00	Housing construction
Tokyu Hands Inc.	400	*72.92	Retail Sales of D-I-Y goods
Tokyu Amenix Corporation	100	100.00	Remodeling and rebuilding
Ishikatsu Exterior, Inc	100	100.00	Design, execution, and management of landscape gardening and construction
Tokyu Relocation Co., Ltd.	100	100.00	Real Estate management, leasing, sales and agency
EWEL Inc.	350	85.00	Welfare facilities outsourcing business
Tokyu Sports Oasis	100	100.00	Management of fitness clubs

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
	(million yen)
The Chuo Mitsui Trust and Banking Company, Limited	48,821
Mizuho Corporate Bank Ltd.	38,106
The Bank of Tokyo-Mitsubishi UFJ Ltd	37,864
Mitsubishi UFJ Trust and Banking Corporation	37,817
The Sumitomo Trust and Banking Company, Limited	30,928

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
	Toshiaki Koshimura
	Takahiko Dobashi
	Yasuo Sodeyama
Statutory Auditors	Hiroshi Yamaguchi
	Koichi Iki
	Isao Adachi
	Takumi Kurosaki

(as of June 27, 2007)

Note: Directors marked with * are Representative Directors.

ERNST & YOUNG SHINNIHON

Certified Public Accountants
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2-2-3, Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011
C.P.O. Box 1196, Tokyo, Japan 100-8641

Tel : 03 3503 1100
Fax : 03 3503 1197

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, 2006 and 2007, and the related consolidated statements of income, changes in net assets, 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, 2006 and 2007, 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.

Supplemental Information:
As described in Note 2(a), Tokyu Land Corporation and consolidated subsidiaries adopted a new accounting standard for the presentation of net assets in the balance sheet.
And as described in Note 2(b), Tokyu Land Corporation and consolidated subsidiaries adopted a new accounting standard for the valuation of inventories effective the year ended March 31,2007.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2007 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 27 , 2007

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2006 and 2007

Assets	Yen (millions) 2006	Yen (millions) 2007	U.S. dollars (thousands) (Note 3) 2007
Current assets:			
Cash and cash equivalents	¥ 119,934	¥ 51,701	$ 438,144
Short-term investments	1,187	581	4,924
Trade receivables	15,196	15,460	131,017
Inventories (Notes 4 and 7)	174,344	194,332	1,646,881
Short-term loans	253	192	1,627
Deferred tax assets (Note 10)	10,205	22,356	189,458
Other current assets	21,957	25,744	218,169
Allowance for doubtful accounts	(342)	(342)	(2,898)
Total current assets	342,734	310,026	2,627,339
Investments and other assets:			
Investments in non-consolidated subsidiaries and affiliates	686	880	7,458
Investments in Special Purpose Companies	86,294	138,791	1,176,195
Investments in other securities (Note 7)	24,512	39,739	336,771
Guarantee and lease deposits	57,712	58,239	493,551
Deferred tax assets (Note 10)	6,154	7,431	62,975
Other investments	12,687	12,565	106,483
Allowance for doubtful accounts	(4,701)	(4,589)	(38,890)
Total investments and other assets	183,344	253,058	2,144,559
Property and equipment (Notes 7, 8 and 13):			
Land	199,300	227,880	1,931,186
Buildings and structures	250,164	259,014	2,195,034
Machinery and equipment	31,105	32,691	277,042
Construction in progress	2,436	3,685	31,229
	483,005	523,272	4,434,508
Less accumulated depreciation	(148,341)	(156,660)	(1,327,627)
Net property and equipment	334,664	366,611	3,106,873
Intangible assets	24,999	24,378	206,593
Total assets	¥ 885,741	¥ 954,074	$ 8,085,373

Liabilities and Net Assets	Yen (millions) 2006	Yen (millions) 2007	U.S. dollars (thousands) (Note 3) 2007
Current liabilities:			
Short-term borrowings (Notes 5, 6 and 7)	¥ 50,175	¥ 47,317	$ 400,992
Current portion of long-term debt (Notes 5 and 7)	84,758	66,861	566,619
Trade payables	51,559	52,101	441,534
Other payables	15,256	21,028	178,203
Accrued expenses	10,641	12,330	104,492
Accrued income taxes	7,376	19,456	164,881
Advances and deposits received	80,973	65,568	555,661
Deposit received from special joint ventures	25,990	7,550	63,983
Directors' and statutory auditors' retirement and severance benefits	―	199	1,686
Warranty reserve for completed construction contracts	97	346	2,932
Reserve for losses on repurchase contract	―	7,373	62,483
Reserve for losses on restructuring of Retail Sales business	―	1,023	8,669
Other current liabilities (Note 10)	3,507	4,384	37,153
Total current liabilities	330,332	305,538	2,589,305
Long-term debt (Notes 5 and 7)	209,150	256,309	2,172,110
Guarantee and lease deposits received (Notes 7 and 9)	142,286	144,879	1,227,788
Employees' retirement and severance benefits (Note 11)	15,645	15,983	135,449
Directors' and statutory auditors' retirement and severance benefits	909	1,115	9,449
Deferred tax liabilities (Note 10)	4,902	2,676	22,678
Deferred tax liabilities on land revaluation difference (Note 14)	10,999	11,647	98,703
Reserve for loss on guarantees	1,416	1,232	10,441
Deposit received from special joint ventures	500	14,950	126,695
Other liabilities	4,399	3,459	29,314
Total liabilities	720,538	757,791	6,421,958
Net assets:			
Shareholders' equity (Note 12):			
Common stock			
Authorized 1,000,000,000 shares			
Issued 532,849,304 shares in 2006 and 533,345,304 shares in 2007	57,500	57,551	487,720
Additional paid-in capital	39,260	39,319	333,212
Retained earnings	29,539	57,329	485,839
Less treasury stock at cost, 1,501,847 shares in 2006 and 1,797,117 shares in 2007	(507)	(842)	(7,136)
	125,792	153,359	1,299,653
Evaluation, translation and other differences			
Unrealized gain on investments in securities	4,922	4,741	40,178
Deferred loss on hedging derivatives	―	(48)	(407)
Land revaluation difference (Note 13)	15,823	16,636	140,983
Foreign currency translation adjustments	(1,067)	(1,012)	(8,576)
	19,678	20,316	172,169
Minority interests	19,733	22,607	191,585
Total net assets	165,203	196,282	1,663,407
Commitments and contingent liabilities (Note 14)			
Total liabilities and net assets	¥ 885,741	¥ 954,074	$ 8,085,373

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2006 and 2007

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Revenue from operations	¥ 558,646	¥ 573,549	$ 4,860,585
Cost of revenue from operations	426,589	437,188	3,704,983
Gross profit	132,057	136,360	1,155,593
Selling, general and administrative expenses	67,191	70,415	596,737
Operating income	64,866	65,944	558,847
Other income:			
Interest	166	92	780
Dividends	265	1,169	9,907
Gain on sales of property and equipment	1,883	11,944	101,220
Gain on sales of marketable securities	304	10	85
Foreign exchange gain	103	89	754
Equity in earnings of affiliates	79	350	2,966
Other	463	998	8,458
	3,263	14,655	124,195
Other expenses:			
Impairment loss on fixed assets (Note 8)	27,464	1,170	9,915
Interest	7,533	6,880	58,305
Provision for bad debts	33	29	246
Revaluation losses of inventories	6,288	—	—
Accumulated effect of change in accounting for inventory valuation(Note 2)	—	15,834	134,186
Revaluation losses of marketable securities	10	1,241	10,517
Loss on sales of property and equipment	2,959	112	949
Provision for losses on repurchase contract	—	7,373	62,483
Loss on restructuring of Retail Sales business	—	4,407	37,347
Other	1,738	1,603	13,585
	46,025	38,652	327,559
Income before income taxes and minority interests	22,104	41,947	355,483
Income taxes (Note 10):			
Current	7,446	21,763	184,432
Deferred	1,601	(14,869)	(126,008)
Income before minority interests	13,057	35,054	297,068
Minority interests	(2,914)	(3,689)	(31,263)
Net income	¥ 10,143	31,364	$ 265,797

	Yen		U.S. dollars (Note3)
Net income per share of common stock:	2006	2007	2007
Basic	¥ 20.25	¥ 59.00	$ 0.50
Diluted	20.19	58.99	0.50

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2006 and 2007

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Common stock :			
Balance at beginning of year	¥ 32,639	¥ 57,500	$ 487,288
Issuance of common shares under stock option plan	313	52	441
Issuance of common shares	24,548	—	—
Balance at end of year	¥ 57,500	¥ 57,551	$ 487,720
Additional paid-in capital :			
Balance at beginning of year	¥ 14,089	¥ 39,260	$ 332,712
Issuance of common shares under stock option plan	312	52	441
Issuance of common shares	24,853	—	—
Gain on sale of treasury stock	6	7	59
Balance at end of year	¥ 39,260	¥ 39,319	$ 333,212
Retained earnings :			
Balance at beginning of year	¥ 21,687	¥ 29,539	$ 250,331
Net income	10,143	31,364	265,797
Change in consolidated subsidiaries	—	2	17
Reversal of land revaluation difference	(1,048)	(814)	(6,898)
Cash dividend	(1,152)	(2,656)	(22,508)
Bonuses to directors and corporate auditors	(91)	(105)	(890)
Balance at end of year	¥ 29,539	¥ 57,329	$ 485,839
Treasury stock, at cost :			
Balance at beginning of year	¥ (256)	¥ (506)	$ (4,288)
Purchase of treasury stock	(250)	(340)	(2,881)
Disposal of treasury stock	—	5	42
Balance at end of year	¥ (506)	¥ (842)	$ (7,136)
Unrealized gain on investments in securities :			
Balance at beginning of year	¥ 1,980	¥ 4,922	$ 41,712
Net change during year	2,942	(181)	(1,534)
Balance at end of year	¥ 4,922	¥ 4,741	$ 40,178
Deferred loss on hedging derivatives :			
Balance at beginning of year	¥ —	¥ —	$ —
Net change during year	—	(48)	(407)
Balance at end of year	¥ —	¥ (48)	$ (407)

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Land revaluation difference:			
Balance at beginning of year	¥ 14,916	¥ 15,823	$ 134,093
Net change during year	907	814	6,898
Balance at end of year	¥ 15,823	¥ 16,636	$ 140,983
Foreign currency translation adjustments :			
Balance at beginning of year	¥ (1,077)	¥ (1,067)	$ (9,042)
Net change during year	10	54	458
Balance at end of year	¥ (1,067)	¥ (1,012)	$ (8,576)
Minority interests :			
Balance at beginning of year	¥ 18,014	¥ 19,733	$ 167,229
Net change during year	1,719	2,873	24,347
Balance at end of year	¥ 19,733	¥ 22,607	$ 191,585
Net Assets	¥ 165,203	¥ 196,282	$ 1,663,407

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2006 and 2007

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Cash flows from operating activities:			
Net income	¥ 10,143	¥ 31,364	$ 265,797
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	11,663	11,251	95,347
Equity in earnings of affiliates	(79)	(350)	(2,966)
Minority interests	2,914	3,689	31,263
Revaluation losses of marketable securities	10	1,241	10,517
Loss (gain) on sales and disposal of property and equipment	1,338	(10,724)	(90,881)
Revaluation losses on inventories	6,288	18,354	155,542
Impairment loss on fixed assets	27,464	1,170	9,915
Provision for losses on repurchase contract	—	7,373	62,483
Decrease (increase) in assets:			
Trade receivables	7,440	(146)	(1,237)
Allowance for doubtful accounts	(80)	(301)	(2,551)
Inventories	(21,888)	(37,334)	(316,390)
Other current assets	2,413	(1,788)	(15,153)
Increase (decrease) in liabilities:			
Trade payables	1,515	542	4,593
Other payables	(3,092)	5,411	45,856
Accrued expenses	515	1,453	12,314
Accrued income taxes	5,145	11,329	96,008
Advances and deposits received	5,346	(18,275)	(154,873)
Deposits received from special joint ventures	(14,907)	(1,490)	(12,627)
Other current liabilities	(160)	1,436	12,169
Employees' retirement and severance benefits	1,278	336	2,847
Directors' and statutory auditors' retirement and severance benefits	—	405	3,432
Bonuses to directors and statutory corporate auditors	(149)	(161)	(1,364)
Other, net	11,115	(10,943)	(92,737)
Net cash provided by operating activities	¥ 54,232	¥ 13,844	$ 117,322

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Cash flows from investing activities:			
Proceeds from sales of property and equipment	¥ 34,174	¥ 15,059	$ 127,619
Purchase of property and equipment	(14,358)	(42,643)	(361,381)
Proceeds from sales of investment securities	1,239	720	6,102
Purchase of investment securities	(2,051)	(17,574)	(148,932)
Additional acquisition of shares of consolidated subsidiaries	(2,274)	(112)	(949)
Payment for acquisition of subsidiaries resulting from changes in the scope of consolidation	(4,671)	(5,206)	(44,119)
Investments in Special Purpose Companies, net	(15,942)	(56,801)	(481,364)
Decrease (increase) in short-term investments, net	(994)	605	5,127
Decrease in short-term loans receivables, net	197	75	636
Decrease (increase) in guarantee and lease deposits, net	2,041	(505)	(4,280)
Other, net	636	(40)	(339)
Net cash used in investing activities	(2,003)	(106,424)	(901,898)
Cash flows from financing activities:			
Decrease in short-term borrowings	(19,246)	(2,870)	(24,322)
Proceeds from long-term debt	81,341	104,782	887,983
Repayment of long-term debt	(139,768)	(96,543)	(818,161)
Increase (decrease) in guarantee and lease deposits received	(24)	2,523	21,381
Proceeds from bond issues	—	20,000	169,492
Proceeds from issuance of common shares under stock option plan	624	104	881
Cash dividends paid	(1,152)	(2,656)	(22,508)
Cash dividends paid to minority interests	(429)	(755)	(6,398)
Purchase of treasury stock	(244)	(335)	(2,839)
Proceeds from issuance of common shares	49,400	—	—
Net cash provided by (used in) financing activities	(29,498)	24,248	205,492
Translation difference in cash and cash equivalents	15	18	153
Net increase (decrease) in cash and cash equivalents	22,746	(68,312)	(578,915)
Cash and cash equivalents at the beginning of year	97,188	119,934	1,016,390
Increase in cash and cash equivalents due to changes in consolidated subsidiaries	—	80	678
Cash and cash equivalents at the end of year	¥119,934	¥ 51,701	$ 438,144

Supplementary Cash flow Information:

	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2006	2007	2007
Cash paid during the year for:			
Interest	¥ 7,355	¥ 6,730	$ 57,034
Income taxes	2,300	10,433	88,415

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
Notes to the 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.

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

(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 promoted 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 consolidated subsidiaries defined 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 investments in securities" in "Net assets." 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

Effective April 1, 2006, the Company and consolidated subsidiaries began to value all inventories at the lower of cost or market. 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. Prior to March 31,2006, inventories were stated at cost, and adjusted for any substantial and permanent decline in value. Additional information was described in Note 2(b).

(g) Property and Equipment

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

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

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

(h) Impairment of Fixed Assets

The Company and consolidated subsidiaries have adopted the accounting standard related to impairment of fixed assets from fiscal year ended March 31, 2006. Fixed assets are reviewed annually for impairment.

(i) Recognition of Revenue

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

(j) 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.

(k) Income Taxes

The Company has adopted the Consolidated Taxation System. Deferred tax assets and liabilities are determined based on differences between the carrying amounts 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.

(l) Warranty Reserve for completed construction contracts

A warranty reserve for completed construction contracts is provided at an estimated amount, based on the actual level of defects and warranty costs found on completed construction contracts.

(m) Reserve for loss on repurchase contract

Reserve for loss on repurchase contract is provided at an estimated amount, based on the repurchase contract price and its fair market value of certain land.

(n) 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 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.

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.

(o) 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 and the revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the year end rates and the average rates, respectively. Gains and losses resulting from translation are generally excluded from the statements of income and are accumulated at "Foreign currency translation adjustments" in "Evaluation, translation and other differences".

(p) Derivative Financial Instruments

The Company and its certain consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) , but do not enter into such transactions for speculative or trading purposes. Derivative financial instruments are carried at fair value with any changes 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 and included in "Deferred loss on hedging derivatives".

(q) 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.

(r) 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, 2007.

2. Major Accounting Policy Change

(a) Accounting standard for Presentation of Net Assets in the Balance Sheet

Effective from the consolidated fiscal year of 2007, the new accounting standard for presentation of net assets in the balance sheet (ASBJ Statement No.5, December 9, 2005) and implementation guidance were adopted.

In this connection, the previously reported consolidated balance sheet as of March 31, 2006 and consolidated statement of shareholders' equity for the year then ended have been reclassified to conform to the presentation and disclosure of the consolidated financial statements for the year ended March 31, 2007.

(b) Accounting standard for valuation of inventories

Effective from the consolidated fiscal year of 2007, the new accounting standard for valuation of inventories (ASBJ Statement No.9, July 5, 2006) was adopted. Accumulated effect of the change in accounting at April 1, 2007 was charged to "Other expenses."

This resulted in a ¥2,519 million decrease in operating income, and a ¥18,353 million decrease in income before income taxes and minority interests.

(c) Accounting standard for Directors' and Statutory auditors' Retirement and Severance Benefits

While the Company has no legal obligation, it is customary practice in Japan to make lump-sum payments to directors and statutory auditors upon retirement, with the approval of shareholders at the annual shareholders' meeting. Effective from the consolidated fiscal year of 2007, the Company has adopted a new implementation guidance issued by the Japanese Institute of Certified Public Accountants.

This resulted in a ¥40 million decrease in operating income, and a ¥416 million decrease in income before income taxes and minority interests.

(d) Accounting standard for Directors' and Statutory auditors' Bonuses

Effective from the consolidated fiscal year of 2007, the Company and its consolidated subsidiaries have adopted a new accounting standard for directors' and statutory auditors' bonuses.

This resulted in a ¥218 million decrease in operating income, and income before income taxes and minority interests.

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 118=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2007. 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, 2006 and 2007 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Land	¥ 130,440	¥ 141,921	$ 1,202,720
Residential housing	34,513	43,308	367,017
	164,953	185,229	1,569,737
Merchandise	8,104	7,959	67,449
Materials and supplies	1,287	1,143	9,686
	¥ 174,344	¥ 194,332	$ 1,646,881

5. Short-term Borrowings and Long-term Debt

Short-term borrowings at March 31, 2006 and 2007 consist of loans principally from banks with weighted average interest rates of 0.86% and 1.18% in 2006 and 2007, 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, 2006 and 2007 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
1.97% unsecured corporate bond, maturing 2012	¥ —	¥ 10,000	$ 84,746
1.67% unsecured corporate bond, maturing 2012	—	10,000	84,746
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2006 to 2030, weighted average 1.97% in 2006, 1.86% in 2007.			
Secured	20,525	22,574	191,305
Unsecured	273,383	280,596	2,377,932
	293,908	323,170	2,738,729
Less current portion	(84,758)	(66,861)	(566,619)
	¥ 209,150	¥ 256,309	$ 2,172,110

The aggregate annual maturates of long-term debt after March 31, 2008 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2009	¥ 57,277	$ 485,398
2010	65,084	551,559
2011	60,682	514,254
2012	44,786	379,542
2013 and thereafter	28,480	241,356
	¥ 256,309	$ 2,172,110

6. Commitment Line

The Company and its certain consolidated subsidiaries entered into contracts for overdraft with 18 banks and 17 banks at March 31, 2006 and 2007, respectively, and commitment lines with 9 banks and 5 banks at March 31, 2006 and 2007, respectively. These contracts at March 31, 2006 and 2007 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Limit of overdraft	¥ 127,679	¥ 147,197	$ 1,247,432
Line of credit	24,000	24,000	203,390
Borrowing outstanding	(24,096)	(24,054)	(203,847)
Available commitment lines	¥ 127,583	¥ 147,143	$ 1,246,975

7. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2006 and 2007 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Inventories (Land for sale)	¥ 1,785	¥ 1,784	$ 15,119
Land	39,206	44,201	374,585
Buildings and structures	28,699	30,651	259,754
Long-term loans	—	332	2,814
Investments in other securities	682	102	864
	¥ 70,372	¥ 77,072	$ 653,153

In addition to the above, cash of ¥111 million and ¥130 million (U.S.$1,102 thousand), and investments in other securities ¥1,063 million and ¥1,063 million (U.S.$9,008 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2006 and 2007, respectively.

(2) Secured liabilities

	Yen (millions)				U.S. dollars (thousands)	
	2006		2007		2007	
Short-term borrowings	¥	60	¥	-	$	-
Current portion of long-term debt		2,480		2,130		18,051
Long-term debt		18,046		20,444		173,254
Guarantee and lease deposits received		7,306		7,306		61,915
	¥	27,892	¥	29,881	$	253,229

8. Impairment Loss on Fixed Assets

For the year ended March 31, 2007, 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	Unused land, etc.	Land, buildings, leasehold and other fixed assets	Arita Gun, Wakayama Prefecture, and other places	¥460 million
Subsidiaries	Offices, stores, etc.	Land, buildings, other fixed assets	Chiba City, Chiba Prefecture, and other places	¥709 million

To determine the impairment losses, the Company grouped assets by using minimum units that can generate relatively independent cash flows from the cash flows of other assets or asset groups. Consequently, the Company reduced the carrying amount of 18 fixed asset groups to the recoverable value. The impaired asset groups included idle assets and assets associated with stores to be closed. It recognized ¥1,170 million of impairment loss under other expenses.

The recoverable value of the asset groups was measured by applying net selling prices, which were assessed based on the current market price of land and other salable price.

9. Guarantee and Lease Deposits Received

Guarantee and lease deposits received at March 31, 2006 and 2007 are summarized as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2006		2007		2007	
Guarantee deposits from tenants, non-interest-bearing	¥	66,978	¥	69,845	$	591,907
Guarantee deposits primarily from members of golf clubs and leisure facilities, non-interest-bearing		68,976		67,498		572,017
Guarantee deposits from others, principally non-interest-bearing		6,332		7,536		63,864
	¥	142,286	¥	144,879	$	1,227,788

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.

Other guarantee deposits from members of golf clubs and leisure facilities are refundable when the relevant contract is terminated.

10. Income Taxes

The significant component of the deferred tax assets and deferred tax liabilities at March 31, 2006 and 2007 are as follows:

	Yen(millions)				U.S. dollars (thousands)	
	2006		2007		2007	
Deferred tax assets:						
Valuation loss on inventories	¥	8,272	¥	12,241	$	103,737
Valuation loss on securities		2,823		2,768		23,458
Amortization of intangible assets		1,118		1,256		10,644
Allowance for doubtful accounts		1,622		989		8,381
Accrued expenses		414		430		3,644
Accrued bonuses to employees		3,644		4,149		35,161
Retirement and severance benefits		6,148		6,144		52,068
Net operating loss carryforwards		1,564		3,267		27,686
Unrealized inter-company transactions		906		829		7,025
Impairment losses on fixed assets		3,851		3,858		32,695
Accrued enterprise tax/business office tax		577		1,509		12,788
Revaluation of assets for merger		1,623		1,631		13,822
Other		1,564		5,173		43,839
Gross deferred tax assets		34,126		44,251		375,008
Less: valuation allowance		(14,137)		(8,776)		(74,373)
Total deferred tax assets	¥	19,989	¥	35,474	$	300,627
Deferred tax liabilities:						
Unrealized gain on investment securities		3,541		3,467		29,381
Other		5,004		5,233		44,347
Total deferred tax liabilities		8,545		8,700		73,729
Net deferred tax assets	¥	11,444	¥	26,773	$	226,890

	Yen(millions)				U.S. dollars (thousands)	
	2006		2007		2007	
Deferred tax assets – current	¥	10,205	¥	22,356	$	189,458
Deferred tax assets – non current		6,154		7,431		62,975
Deferred tax liabilities – current (included in other current liabilities)		(13)		(337)		(2,856)
Deferred tax liabilities – non current		(4,902)		(2,676)		(22,678)
	¥	11,444	¥	26,773	$	226,890

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2007 differ from the statutory tax rate for the following reasons:

	2007
Statutory tax rate	40.7%
Increase (reduction) in income taxes resulting from:	
Valuation allowance related to the deffered income tax asset	(12.7)
Entertainment expenses not deductible for tax purposes	1.1
Non-taxable dividends income	(0.8)
Adjustable items related to the consolidated taxation system	0.2
Equity in earnings of non-consolidated subsidiaries and affiliates	(0.3)
Per capita inhabitant tax	0.4
Realization of unrealized gain on intercompany transaction	(11.8)
Other	(0.4)
Effective tax rate	16.4%

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 ended 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 benefit 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)
	2006	2007	2007
Projected benefit obligation	¥ 39,811	¥ 40,775	$ 345,551
Plan assets at fair value	(21,273)	(22,681)	(192,212)
Funded status	18,538	18,093	153,331
Unrecognized transition differences resulting from changes in accounting standards	(5,176)	(4,554)	(38,593)
Unrecognized plan assets	-	(14)	(119)
Unrecognized actuarial gain (loss)	1,487	1,717	14,551
Unrecognized prior service cost	522	435	3,686
Net retirement benefit obligation	15,371	15,677	132,856
Prepaid pension cost	(274)	(305)	(2,585)
Employees' retirement and severance benefits	¥ 15,645	¥ 15,983	$ 135,449

Net periodic pension cost for the years ended March 31, 2006 and 2007 consisted of the following:

	2006	2007	2007
Service cost	¥ 2,275	¥ 2,333	$ 19,771
Interest cost on projected benefit obligation	871	882	7,475
Expected return on plan assets	(431)	(498)	(4,220)
Amortization of unrecognized prior service cost	(87)	(79)	(669)
Amortization of actuarial loss	311	(110)	(932)
Amortization of transition differences resulting from changes in accounting standards	576	575	4,873
Net periodic pension cost	¥ 3,515	¥ 3,103	$ 26,297

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

	2006	2007
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 new Corporation Law of Japan 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, 2006 and 2007. 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. Revaluation of Land

The land for business owned by the Company and 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

The carrying amount of land after revaluation exceeded the market value by ¥6,398 million at March 31, 2006 and ¥7,921 million (US$67,127 thousand) at March 31, 2007.

14. Contingent Liabilities

At March 31, 2006 and 2007 the Company and consolidated subsidiaries had the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 42,470	¥ 35,137	$ 297,771
Landowner's union for development cost of land	7,321	7,032	59,593
Employees for their purchase of residential houses	576	431	3,653
Endorsed notes	85	62	525
	¥ 50,452	¥ 42,663	$ 361,551

15. Information Regarding Certain Leases

(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, 2006 and 2007 if they were capitalized would be as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Acquisition cost equivalents	¥ 9,215	¥ 8,632	$ 73,153
Accumulated depreciation equivalents	4,918	5,034	42,661
Accumulated impairment loss equivalents	155	196	1,661
Book value equivalents	¥ 4,142	¥ 3,400	$ 28,814

(2) Future lease payments at March 31, 2006 and 2007 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Due within one year	¥ 1,564	¥ 1,519	$ 12,873
Due after one year	2,751	2,067	17,517
Total	¥ 4,315	¥ 3,586	$ 30,390
Balance in impairment loss account on leased assets	¥ 140	¥ 100	$ 847

(3) The equivalent amount of lease payments, reversal of impairment loss account on leased assets, and depreciation expense, impairment loss on fixed assets, and interest expenses thereof at March 31, 2006 and 2007 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Lease payments	¥ 1,838	¥ 1,814	$ 15,373
Reversal of impairment loss account on leased assets	30	39	331
Depreciation expense	1,665	1,559	13,212
Interest expenses	90	79	669
Impairment loss on fixed assets	170	55	466

(Operating Lease Transactions as lessee)

Future lease payments at March 31, 2006 and 2007 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Due within one year	¥ 3,491	¥ 5,009	$ 42,449
Due after one year	22,521	33,590	284,661
Total	¥ 26,012	¥ 38,599	$ 327,110

(Operating Lease Transactions as lessor)

Future lease income at March 31, 2006 and 2007 is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2006	2007	2007
Due within one year	¥ 2,439	¥ 5,980	$ 50,678
Due after one year	18,499	31,967	270,907
Total	¥ 20,938	¥ 37,948	$ 321,593

16. 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, 2006 and 2007 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2006 and 2007 are as follows:

	Yen (millions)									
Year ended March 31, 2006	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

	Yen (millions)									
Year ended March 31, 2007	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	152,957	65,483	85,595	99,844	66,906	51,025	51,734	573,549	—	573,549
Inter-segment	115	5,673	237	1,523	5,702	30	3,718	17,003	(17,003)	—
Total	153,073	71,157	85,832	101,368	72,609	51,056	55,453	590,552	(17,003)	573,549
Costs and expenses	134,116	70,172	86,264	65,664	68,573	47,636	46,902	519,330	(11,725)	507,604
Operating income	18,956	984	(431)	35,704	4,036	3,420	8,551	71,222	(5,277)	65,944
Total assets	181,224	24,751	45,305	434,042	11,800	155,744	49,271	902,140	51,934	954,074
Depreciation expenses	65	363	654	4,712	328	3,479	843	10,447	803	11,251
Capital expenditures	174	767	2,152	23,066	90	13,712	1,241	41,205	1,322	42,528

	U.S. dollars (thousands)									
Year ended March 31, 2007	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	1,296,246	554,941	725,381	846,136	567,000	432,415	438,424	4,860,585	-	4,860,585
Inter-segment	975	48,076	2,008	12,907	48,322	254	31,508	144,093	(144,093)	-
Total	1,297,229	603,025	727,390	859,051	615,331	432,678	469,941	5,004,678	(144,093)	4,860,585
Costs and expenses	1,136,576	594,678	731,051	556,475	581,127	403,695	397,475	4,401,102	(99,364)	4,301,729
Operating income	160,644	8,339	(3,653)	302,576	34,203	28,983	72,466	603,576	(44,720)	558,847
Total assets	1,535,797	209,754	383,941	3,678,322	100,000	1,319,864	417,551	7,645,254	440,119	8,085,373
Depreciation expenses	551	3,076	5,542	39,932	2,780	29,483	7,144	88,534	6,805	95,347
Capital expenditures	1,475	6,500	18,237	195,475	763	116,203	10,517	349,195	11,203	360,407

＜For Reference Purposes＞

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2003	2004	2005	2006	2007	2007
Revenue from operations						
Real Estate Sales	¥ 151,369	¥ 139,690	¥ 151,454	¥ 141,061	¥ 153,073	$ 1,297,229
Tokyu Land Corporation	144,239	133,986	144,602	133,176	139,660	1,183,559
Tokyu Livable, Inc.	7,035	5,267	7,044	7,338	12,974	109,949
Eliminations	(0)	(15)	(10,033)	(0)	(236)	(2,000)
Contracted Construction	¥ 61,529	¥ 64,888	¥ 69,021	¥ 72,199	¥ 71,157	$ 603,025
Tokyu Home Corporation	26,115	28,849	30,451	33,688	33,383	282,907
Tokyu Amenix Corporation	17,709	17,608	17,982	16,946	16,611	140,771
Tokyu Community Corporation	12,475	13,291	15,172	15,371	14,065	119,195
Ishikatsu Exterior, Inc	5,420	5,312	5,602	6,425	7,586	64,288
Eliminations	(190)	(172)	(187)	(232)	(487)	(4,127)
Retail Sales	¥ 98,630	¥ 93,807	¥ 91,935	¥ 90,020	¥ 85,832	$ 727,390
Tokyu Hands, Inc.	98,630	93,807	91,935	90,020	85,832	727,390
Leasing of Real Estate	¥ 77,390	¥ 79,528	¥ 88,292	¥ 105,295	¥ 101,368	$ 859,051
Tokyu Land Corporation	52,695	53,357	56,871	71,121	59,180	501,525
Tokyu Community Corporation	12,778	13,389	13,370	14,112	15,310	129,746
Tokyu Relocation Corporation (consolidated)	8,832	9,369	10,852	12,239	14,361	121,703
Tokyu Livable, Inc.	3,387	4,095	4,301	4,505	5,355	45,381
Eliminations	(450)	(1,496)	(88)	(2,214)	997	8,449
Property Management	¥ 64,738	¥ 68,948	¥ 71,872	¥ 71,723	¥ 72,609	$ 615,331
Tokyu Community Corporation	61,070	65,064	68,009	67,808	68,829	583,297
Subsidiaries of Tokyu Community Corporation	12,965	14,431	15,413	16,233	15,852	134,339
Eliminations	(9,297)	(10,547)	(11,551)	(12,316)	(12,071)	(102,297)
Resorts	¥ 35,338	¥ 37,859	¥ 40,220	¥ 45,360	¥ 51,056	$ 432,678
Tokyu Land Corporation	28,577	30,932	33,009	34,607	23,980	203,220
Tokyu Resort Service Corporation	14,566	18,063	19,495	20,835	22,017	186,585
Tokyu Sports Oasis Inc.	5,838	6,158	6,413	6,843	10,693	90,619
Izu Kankoukaihatsu Co., Ltd.	1,532	1,490	1,462	1,454	1,371	11,619
Tanbara Tokyu Resort Co., Ltd.	1,543	1,294	1,376	1,417	1,497	12,686
Pacific Islands Development Corp.	1,177	1,017	1,193	1,234	1,338	11,339
Niseko Kougen Kankou Co., Ltd.	1,385	1,069	1,942	2,143	2,279	19,314
Hunter Mountain Shiobara	-	-	-	2,287	2,205	18,686
Eliminations	(21,210)	(24,005)	(26,412)	(27,770)	(24,674)	(209,102)
Real Estate Agent and Other	¥ 37,795	¥ 40,874	¥ 44,248	¥ 49,252	¥ 55,453	$ 469,941
Tokyu Livable, Inc.	29,152	32,323	36,097	40,427	45,807	388,195
Tokyu Resort Corporation	2,857	2,530	2,278	2,749	2,989	25,331
Tokyu Land Corporation	951	862	638	1,115	664	5,627
Eliminations	(582)	(547)	(511)	(532)	(549)	(4,653)
Total	526,791	525,598	557,042	574,910	590,552	5,004,678
Eliminations	(18,166)	(17,263)	(16,738)	(16,264)	(17,003)	(144,093)
Revenue from operations (Consolidated)	¥ 508,625	¥ 508,335	¥ 540,304	¥ 558,646	¥ 573,549	$ 4,860,585
Operating income	¥ 31,138	¥ 32,330	¥ 40,315	¥ 64,866	¥ 65,944	$ 558,847
Real Estate Sales	8,378	5,021	6,614	11,732	18,956	160,644
Contracted Construction	(195)	(229)	1,199	1,283	984	8,339
Retail Sales	3,016	2,354	2,111	1,944	(431)	(3,653)
Leasing of Real Estate	18,104	21,556	25,475	43,376	35,704	302,576
Property Management	2,609	3,169	3,272	2,367	4,036	34,203
Resorts	460	748	1,211	2,578	3,420	28,983
Real Estate Agent and Other	2,638	4,219	4,821	6,546	8,551	72,466
Elimination / Headquarters	(3,875)	(4,510)	(4,388)	(4,960)	(5,277)	(44,720)
Operating income ratio	6.1%	6.4%	7.5%	11.6%	11.5%	
Real Estate Sales	5.5%	3.6%	4.4%	8.3%	12.4%	
Contracted Construction	(0.3%)	(0.4%)	1.7%	1.8%	1.4%	
Retail Sales	3.1%	2.5%	2.3%	2.2%	(0.5%)	
Leasing of Real Estate	23.4%	27.1%	28.9%	41.2%	35.2%	
Property Management	4.0%	4.6%	4.6%	3.3%	5.6%	
Resorts	1.3%	2.0%	3.0%	5.7%	6.7%	
Real Estate Agent and Other	7.0%	10.3%	10.9%	13.3%	15.4%	

Company Profile (parent company)

Established	December 17, 1953
Headquarters	Shin-Nanpeidai Tokyu Building., Dogenzaka 1-21-2, Shibuya-ku, Tokyo
Capital	¥ 57,551 millions (as of March 31, 2007)
URL	http://www.tokyu-land.co.jp/english/