ANNUAL REPORT 2010

Year Ended March 31, 2010

TOKYU LAND CORPORATION

CONTENTS

A Message from the President

During the fiscal year under review, the Japanese economy continued to struggle with uncertainty in the midst of an unpredictable outlook. Employment and income conditions remained severe and a moderate deflationary trend continued, although corporate earnings improved, backed by an upturn in exports and production as well as signs of an improvement in consumer spending aided by government stimulus policies.

In the real estate industry, the built-for-sale housing market benefited from an upturn in the new contract rate attributable to a reduction in inventory for sale, which in turn was driven by progress in price adjustments and the effects of a tax break for home buyers. However, the operating environment remained sluggish, as observed in large falls in housing construction and home sales. In the office building market, vacancy rates rose as corporate demand for offices declined on cost cutting, and rent levels remained weak as competition for tenants intensified.

Trading in the real estate investment market rebounded in the second half following the improving financing environment with the establishment of the Real Estate Market Stabilization Fund and the mergers and realignment of J-REITs.

Responding to these conditions, Tokyu Land Corporation and its consolidated subsidiaries (“the Group”) took steps to rationalize and streamline its management base, with initiatives that included sales activities geared to responding with speed and flexibility to changes in the business environment. The Group also instilled cost awareness in its employees, and restructured its asset portfolio based on optimum operations and the replacement of assets holdings.

As a result, the Group posted year-on-year earnings growth for the fiscal year under review, despite a decline in revenue. This performance was attributable to an increase in dividends from the sale of buildings through SPC and an improvement in the performance of the Real Estate Sales and the Real Estate Agents and Other segments, despite continued losses to some degree.

Looking ahead, we expect that the Japanese economy will continue to recover on the strength of improving corporate earnings led by external demand and the effect of stimulus measures by the government. Nonetheless, we note concerns about the prolonged deflation and difficult employment conditions.

With the real estate market showing signs of improvement, we identify as opportunity to begin building strategies for future growth. Consequently, the Group will take strategic action to bolster its management base by constructing the optimum portfolio with a focus on the future and engaging in new investment activities in which it can harness the integrated power of the Group for carefully selected targets.

The Group is committed to enhancing its brand value by maintaining a stable supply of high-quality products and services with a solid sense of originality, and by stepping up its CSR activities, including initiatives to preserve the global environment and contribute to the community and steps to improve corporate governance and internal control systems. In doing so, we aim to continue to earn the trust and support of our stakeholders—including customers, members of host communities and investors—in the years to come.

June 2010 Kiyoshi Kanazashi, President & CEO

BUSINESS REPORT
Years ended March 31, 2010

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2006	2007	2008	2009	2010	2010
Operating revenue	¥ 558,646	¥ 573,549	¥ 633,406	¥ 574,361	¥ 552,067	$ 5,936,204
Operating gross profit	132,057	136,360	159,936	114,347	106,458	1,144,710
Gross margin rate	*23.6%*	*23.8%*	*25.3%*	*19.9%*	*19.3%*	*19.3%*
Selling, general and administrative expenses	67,191	70,415	77,872	79,356	70,988	763,312
Sales selling ratio	*12.0%*	*12.3%*	*12.3%*	*13.8%*	*12.9%*	*12.9%*
Operating income	64,866	65,944	82,064	34,990	35,469	381,387
Operating income before depreciation	76,529	77,196	94,380	48,286	48,697	523,624
Other income	3,263	14,655	1,949	4,200	4,732	50,882
Other expenses	46,025	38,652	26,149	15,413	12,147	130,613
Income before income taxes and minority interests	22,104	41,947	57,864	23,776	28,054	301,656
Net income (loss)	¥ 10,143	¥ 31,364	¥ 28,696	¥ 10,192	¥ 11,058	$ 118,903

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2006	2007	2008	2009	2010	2010
Assets	¥ 885,741	¥ 954,074	¥ 1,013,916	¥ 1,035,731	¥ 1,055,364	$ 11,348,000
Capital stock	57,500	57,551	57,551	57,551	57,551	618,828
Equity	145,470	173,675	192,813	195,715	203,136	2,184,258
equity ratio	*16.4%*	*18.2%*	*19.0%*	*18.9%*	*19.2%*	*19.2%*
Interest-bearing debt	344,083	370,487	411,491	477,033	478,939	5,149,882
EBITDA-multiple	4.5	4.8	4.4	9.9	9.8	9.8
DE ratio	2.4	2.1	2.1	2.4	2.4	2.4
ROA	*7.4%*	*7.3%*	*8.4%*	*3.5%*	*3.4%*	*3.4%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2006	2007	2008	2009	2010	2010
Capital expenditure	¥ 14,358	¥ 42,528	¥ 52,904	¥ 39,955	¥ 47,095	$ 506,398
Payment for equity investment	32,360	98,989	60,021	65,860	25,761	277,000
Depreciation and amortization	11,663	11,251	12,316	13,291	13,228	142,237

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2006	2007	2008	2009	2010	2010
CF from operating activities	¥ 54,232	¥ 13,844	¥ 24,910	¥ 13,354	¥ 72,476	$ 779,312
CF from investing activities	(2,003)	(106,424)	(79,949)	(82,971)	(26,697)	(287,065)
CF from financing activities	(29,498)	(24,248)	36,930	68,029	(30,859)	(331,817)
Cash and cash equivalents at the end of the year	¥ 119,934	¥ 51,701	¥ 33,454	¥ 30,337	¥ 46,609	$ 501,172

2. Major Business

(1) Real Estate Sales

Development, construction and sales of condominiums, detached housings, housing sites, country houses, buildings and others

(2) Contracted Construction

Contracted construction of custom-built houses, house improvement of custom-built houses, condominiums and other buildings, and landscaping

(3) Retail sales

Retail sales of materials and products for living and DIY

(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 (resort hotels, golf courses, ski resorts, urban-style sports clubs and senior housing)

(7) Real Estate Agents and Other Businesses

Real estate agent, appraisal, and benefit package, etc.

3. Business policy

Basic Policy

Taking a holistic overview of everything involving people and living from seven business approaches, and based on the philosophy of “Toward a Beautiful Age,” this Corporate Group (Tokyu Land Corporation and its subsidiaries) is a general lifestyle industry that aims to create a beautiful living environment with our customers. As a member of the Tokyu Group, we are striving to improve the value of the “Tokyu” brand, as a brand associated with “trust and peace of mind”.

Moreover, by taking as our managerial mottoes “continuing” steadily to achieve a stable growth path and “taking on the challenge” of constantly achieving new business projects and accomplishing tasks, while responding to a business environment that seems set to go through some major changes, we are seeking to increase shareholder value.

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

In the Grow Value 2010 three-year medium-term management plan, which covers the period from the fiscal year ended March 31, 2009 to the fiscal year ending March 31, 2011, the Group set i) operating profit of ¥100 billion and ii) a D/E ratio of 1.6 times or less as consolidated numerical targets for the fiscal year ending March 31, 2011. In response to the sharp business downturn, however, the Group adjusted the targets to i) operating profit of ¥36 billion and ii) a D/E ratio of 2.4 times.

The Group will continue to execute its priority strategies, including growth strategies based on “strengthening and utilization of development functions,” “improvement of profitability and competitiveness through the strengthening of asset management ability” and “pursuit of the expansion of the Tokyu Land Group’s various businesses and the achievement of business synergy,” which it adopted to achieve these targets. It will also pursue its financial strategies based on controls on interest-bearing debt, and long-term strategies for ensuring future growth with reconstruction and redevelopment projects.

Basic Policies Regarding Distribution of Profits and Dividends

We will determine future distribution of profits by taking into consideration the overall situation, including current operating performance, the management environment going forward, and business development plans, while striving to achieve a balance with retained earnings. The Company believes that returning profits to our shareholders is one of our most important policies, and has a basic policy of distributing profits by taking into consideration the overall situation, including current performance, the management environment going forward, and business development plans, while striving to achieve a balance with retained earnings.

Moreover, we distribute surplus funds twice a year, providing interim dividends and year-end dividends; the bodies that determine the allocation of such surplus funds are the general meeting of shareholders, in the case of year-end dividends, and the board of directors, in the case of interim dividends.

Based on the policies outlined above, we decided to pay 7.0 yen per share, including interim dividends of 3.5 yen per share, as our annual dividends for the fiscal year under review.

We use retained earnings in our endeavors to improve corporate value, mainly using them as investment funds for future business development plans.

The Company has set forth in its articles of incorporation that, “based on the decision of the board of directors, the Company can provide an interim dividend, with September 30 of each year as the base date”.

The Company has decided to distribute the surplus funds for the fiscal year ended March 31, 2010 as follows:

Date of decision:	Total amount of dividend (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 6, 2009	1,859	3.5
Resolution of the general shareholders meeting on June 25, 2010	1,859	3.5

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 Corporate 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 drop, affecting adversely the profitability of the house selling business and the value of assets on hand.

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

The majority of the group's interest-bearing debts are long-term loans, almost all of which have fixed interest rates and are handled in such a way that there is little impact on them from interest rate fluctuations. However, in the event that interest rates were to rise in the future, although the impact on our operating results would be comparatively limited in the short-term, there is a possibility that it would increase in the medium- to long-term.

Moreover, with regard to investment via SPC, the dividends are subject to leverage through nonrecourse loans. Existing loans have been procured through debt that is fixed in principle to the end of the period, so will not be influenced by any rise in interest rates, but if the procurement costs of any new loans procured in the future were to rise, there is the potential for the dividend yield to decline.

(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.

Moreover, in the future, if such regulations were amended/abolished or new legal restrictions were put in place, or the Company were subject to new legal restrictions due to an expansion in the scope of its business services, there is a possibility that there would be an impact on the development of the group's business.

(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 a decrease in revenues and increase in profit; ¥552.1 billion in operating revenue (down 3.9% from the previous year), ¥35.5 billion in operating income (up 1.4%), ¥28.2 billion in ordinary income (up 1.8%) and ¥11.1 billion in net income (up 8.5%). Operating revenue decreased by ¥22.3 billion due to a decline in the number of condominium units sold, among others, while operating income increased by ¥0.5 billion as a result of the increase in dividends from the sale of buildings through SPCs, among others, offsetting a loss disposition on inventories and some assets held through SPCs. Ordinary income also increased by ¥0.5 billion.

Regarding extraordinary income/loss, although we recorded extraordinary income of ¥3.6 billion consisting of a gain on sales of noncurrent assets, among others, however, we also had an extraordinary loss of ¥3.8 billion, with a ¥3.6 billion impairment loss. Compared to the previous year, extraordinary income/loss improved by ¥3.8 billion, while increasing tax expenses affected on net income that profit increased by ¥0.9 billion.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	574.4	552.1	(22.3)
Operating income	35.0	35.5	0.5
Ordinary income	27.7	28.2	0.5
Net income	10.2	11.1	0.9

Interest-bearing debt	477.0	478.9	1.9

(2) Segment Performance

Operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	574.4	552.1	(22.3)
Real Estate Sales	157.0	118.8	(38.2)
Contracted Construction	62.2	59.4	(2.8)
Retail Sales	87.0	78.0	(9.0)
Leasing of Real Estate	111.8	134.9	23.1
Property Management	73.4	74.7	1.3
Resorts	59.9	58.4	(1.5)
Real-Estate Agents and Other Businesses	42.0	41.0	(1.0)
Adjustment for Inter-Company Transactions	(18.9)	(13.1)	5.7

Operating income (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	35.0	35.5	0.5
Real Estate Sales	4.1	(14.6)	(18.6)
Contracted Construction	(2.9)	(1.6)	1.3
Retail Sales	0.6	0.2	(0.4)
Leasing of Real Estate	34.3	50.0	15.7
Property Management	3.9	4.4	0.5
Resorts	1.3	1.4	0.2
Real-Estate Agents and Other Businesses	(1.2)	0.4	1.7
Adjustment for Inter-Company Transactions	(5.1)	(5.0)	0.1

① Real Estate Sales

In our Real Estate Sales business, we recognized ¥118.8 billion in operating revenue (down 24.3% from the previous year) and ¥14.6 billion in operating loss. A decrease in the number of condominium units sold, decrease in the sales and the gross profit margin ratio, as well as recording of ¥12.4 billion in valuation losses of inventories after revising sales price resulted in a decrease in both revenues and profit.

Regarding condominium sales, the number of contracts exceeded the forecast greatly driving down the inventory of completed units by 372 units. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year excluding the sale of rental residence buildings amounted to 44% (up 4% from the previous year; parent company basis).

During this fiscal year, we recorded sales of condominium units at “Branz Tower Minamisenju” (Arakawa-ku, Tokyo), “Osaki West City Towers” (Shinagawa-ku, Tokyo), “East Gate Tower Kawaguchi” (Kawaguchi, Saitama) and “Branz Ibaraki” (Ibaraki, Osaka), etc., as well as sales of detached housing at “Branz Garden Asumigaoka higashi” (Chiba, Chiba), etc. and country houses at “Tokyu Harvest Club Arima Rokusai” (Kobe, Hyogo), etc.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	157.0	118.8	(38.2)
Operating income	4.1	(14.6)	(18.6)

Breakdown of operating revenue (Before adjustments in ¥ billion)

	Previous year		Current year		Comparison
Condominium	2,693 units	99.6	2,362 units	87.5	(12.1)
Detached housing	283 units	7.2	251 units	7.3	0.2
Country houses	165 units	6.8	106 units	3.5	(3.4)
Other sales	–	43.4	–	20.5	(23.0)

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

	Previous year		Current year		Inventory of completed units	
	New supply	Contracted units	New supply	Contracted units	As of March 31, 2009	As of March 31, 2010
Condominium	1,726	1,972	1,810	1,942	816	372
Detached housing	163	174	169	164	43	31
Country houses	63	158	48	87	–	–

② Contracted Construction

In our Contracted Construction business, we posted ¥59.4 billion in operating revenue (down 4.5% from the previous year) and ¥1.6 billion in operating loss. Despite a decrease in revenues, expense retrenchment efforts under continuing market sluggishness succeeded in contracting the margin of loss.

Orders received also showed a recovery trend as low-end products in our custom-built houses business and reconstruction alternative products in our renovation business expanded steadily since the fall.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	62.2	59.4	(2.8)
Operating income	(2.9)	(1.6)	1.3

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Custom-built houses	19.1	15.9	(3.3)
Renovation	15.6	15.8	0.3
Landscape gardening etc.	27.5	27.7	0.2

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

	Previous year	Current year	Comparison
Total sales from orders	57.4	56.1	(1.4)
Custom-built houses	21.8	18.8	(2.9)
Renovation	15.6	16.1	0.5
Landscape gardening etc.	20.0	21.1	1.1

③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥78.0 billion (down 10.3% from the previous year), and we recorded operating income of ¥0.2 billion (down 59.6%). Although revenues at existing Tokyu Hands Inc. outlets continue to follow a downward trend as consumers are more oriented towards low prices and savings, we secured a profit by restructuring business and cost cutting.

Also during this fiscal year, we worked to strengthen our data transmissions under our “Hint Market” concept to support an abundant lifestyle for our customers.

Tokyu Hands has begun operations of a small-scale lifestyle shop “hands be” at Totsuka Tokyu Plaza (April 2010) and will also soon open Tokyu Hands Hakata (tentative store name; spring 2011) as the first Kyushu store of Tokyu Hands.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	87.0	78.0	(9.0)
Operating income	0.6	0.2	(0.4)

Breakdown of operating revenue

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

	Previous year		Current year		Comparison
Tokyo metropolitan area	65.5	[13]	58.8	[13]	(6.7)
Kansai region	13.4	[3]	11.7	[3]	(1.7)
Local regions	5.8	[2]	5.3	[2]	(0.5)
Small-scale outlets	2.3	[6]	2.2	[8]	(0.0)

④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥134.9 billion (up 20.7% from the previous year) with operating income at ¥50.0 billion (up 45.6%).We recorded revaluation losses on some assets, especially those of offices and commercial facilities in local regions held through SPCs, of ¥8.7 billion and loss on sales of ¥3.6 billion, however, distributions from the sale of a building through SPCs of ¥31.4 billion resulted in an increase in both revenues and profit.

For the fiscal year under review, regarding the office building market, the heightening of cost consciousness among tenants kept the market stagnant, however a focus on sales resulted in an improvement of vacancy rate at 3.0% (parent company basis) at the end of March and a steady decrease in space for rent in existing buildings.

In the next fiscal year, Totsuka Tokyu Plaza is to fully start its operations at Totsuka West Exit Kyodo Building in April 2010, with Kasumigaseki Tokyu Building and Futako Tamagawa Redevelopment Project to follow.

The business of house leasing deployed by our subsidiaries is well underway in the area of property development such as management services. Also, after the inauguration of Tokyu Stay Ikebukuro in April 2010, our Tokyu Stay chain of hotels designed for long stays has now 14 hotels with 1,899 rooms in the Tokyo metropolitan area maintaining a high occupancy rate.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	111.8	134.9	23.1
Operating income	34.3	50.0	15.7

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned	18.8	18.9	0.1
Leased	12.3	11.7	(0.6)
SPC	35.1	56.2	21.1
Subsidiaries and others	45.5	48.0	2.5

Investments in SPC (Parent company)

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
Number of SPC	71	64	62
Investment balance (¥ billion)	200.7	233.1	216.2

Office and commercial leasing floor space, and vacancy rate

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
Leasing floor space (m²)	814,146	828,719	772,364
Office/Commercial	496,433	470,684	458,285
SPC	317,713	358,035	314,079
Vacancy rate (consolidated basis)	2.0%	5.1%	3.9%
Vacancy rate (parent company basis)	1.4%	4.6%	3.0%

Major new opening (1,000m²)

	Use	Open	Floor space
Shibuya Place	Office	July 2009	4

Number of leased houses (Units)

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
House for lease	12,223	12,909	14,082
Lease management service	46,911	48,811	54,119
Company house management service	54,342	61,974	67,483

⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥74.7 billion (up 1.8% from the previous year) and ¥4.4 billion (up 12.4%) respectively. Tokyu Community Corporation aggressively promoted activities to increase orders to designated managers of public housing, which resulted in an increase in both revenues and profit along with expansion of their stock of condominium management services and cost cutting effect.

Also, we secured additional orders for condominium management services for 28,000 units bringing the total number as of the end of this fiscal year to 373,000 units.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	73.4	74.7	1.3
Operating income	3.9	4.4	0.5

Number of sites managed as of year end

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
Condominiums (units)	346,305	353,368	373,250
Buildings (no. of contracts)	1,134	1,107	1,181

⑥ Resorts

Our Resorts business generated ¥58.4 billion in operating revenue (down 2.4% from the previous year) and posted a ¥1.4 billion operating income (up 14.4%). Operating revenue decreased resulting from lower membership sales and disposition of bathing facilities despite some contributions from new facilities at Tokyu Sports Oasis fitness club. However, operating income increased due to factors such as favorable sales of our “Grancreer Center Minami” senior housing along with lower opening costs for facilities inaugurated in the previous fiscal year.

During this fiscal year, several facilities commenced their operations; Arima Rokusai and VIALAannex Arima Rokusai at Tokyu Harvest Club, Totsuka of Tokyu Sports Oasis fitness club, and Creer Residence Sakuradai and Grancreer Center Minami as senior housing. Also, in the next fiscal year, we plan to open Grancreer Seijo in the summer of 2010 also as senior housing.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	59.9	58.4	(1.5)
Operating income	1.3	1.4	0.2

Breakdown of operating revenue

*The figures in brackets indicate the number of facilities at end of fiscal year.

(Unit: ¥ billion)

	Previous year		Current year		Comparison	
Golf course	10.3	[22]	10.4	[22]	0.1	
Harvest club	11.1	[23]	11.3	[24]	0.2	(Membership resort hotel)
Oasis	12.7	[32]	13.7	[32]	1.0	(Fitness club)
Ski resort	11.4	[8]	11.4	[8]	(0.0)	
Senior housing	3.3	[6]	3.7	[8]	0.4	
Other	11.1		8.0		(3.1)	

⑦ Real-Estate Agents and Other Businesses

In our Real-Estate Agents and Other Businesses, operating revenue was ¥41.0 billion (down 2.4% from the previous year) with operating income of ¥0.4 billion. Regarding our real-estate sales agent business, retail sales were firm as the number of contracts increased backed by lower prices and a drop in the supply number of new condominiums, with contracted prices on a bottoming out trend. Regarding wholesale sales, the real-estate investment market has yet to fully recover as no financial institutions changed their lending practices and large transactions are left incomplete. Consignment sales also decreased as large transactions dropped year on year, despite sales and deliveries at levels exceeding initial forecasts. On the other hand, profit increased due to cost cutting efforts mostly at Tokyu Livable, Inc.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	42.0	41.0	(1.0)
Operating income	(1.2)	0.4	1.7

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	26.5	26.9	0.4
Consignment sales	5.9	4.1	(1.8)
Consignment welfare	3.3	3.6	0.3
Other	6.3	6.4	0.0

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

(Unit: ¥ billion)

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
Total assets	1,013.9	1,035.7	1,055.4
Total liabilities	795.7	813.3	824.4
Net assets	218.2	222.5	231.0
Equity	192.8	195.7	203.1
Equity ratio	19.0%	18.9%	19.2%
Interest-bearing debt	411.5	477.0	478.9
EBITDA multiple	4.4×	9.9×	9.8×
DE ratio	2.1×	2.4×	2.4×
ROA	8.4%	3.5%	3.4%

EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
DE ratio: Interest-Bearing Debt/Equity
ROA: (Operating Income + Interest Income + Dividends Income)/Total Assets (Yearly Average)

② Cash flow position

As of the fiscal year ended March 31, 2010, cash and cash equivalents were ¥46.6 billion, representing a ¥16.3 billion increase from the previous fiscal year end. Cash flow position during this fiscal year is as follows.

Cash flow from operating activities

Net cash provided by operating activities was ¥72.5 billion thanks to ¥28.1 billion of income before income taxes and minority interests, a ¥16.0 billion of increase in undistributed earnings from silent partnership, a ¥13.5 billion of loss on valuation of inventories and ¥13.2 billion of depreciation and amortization, notwithstanding ¥11.3 billion in income taxes paid and ¥7.3 billion in interest expenses paid, among others.

Cash flow from investment activities

Net cash used in investment activities was ¥26.7 billion due to a ¥37.0 billion investment in noncurrent assets, a ¥14.4 billion equity investment, and ¥11.9 billion in purchase of short-term and long term investment securities, notwithstanding a ¥15.1 billion collection of equity investment and a ¥15.0 billion proceeds from sales of noncurrent assets, among others.

Cash flow from financing activities

Net cash used in financing activities was ¥30.9 billion due to ¥61.1 billion in repayment of long-term loans payable and ¥53.4 billion in decrease in short-term loans payable and ¥23.2 billion in repayments of long-term lease and guarantee deposited, notwithstanding capital procurement of ¥97.1 billion in proceeds from long-term loans payable, among others.

Trend of indices

	As of March 31, 2008	As of March 31, 2009	As of March 31, 2010
Equity ratio	19.0%	18.9%	19.2%
Equity ratio on market value basis	32.4%	12.9%	17.2%
Ratio of interest-bearing debt to cash flows	16.5 years	35.7 years	6.6 years
Interest coverage ratio	3.5	1.7	9.7

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 Operating Activities stated in the Consolidated Statements of Cash Flows
4. Interest bearing-debt contains all liabilities to pay interest.

5. Employees

(As of March 31, 2010)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	224	59
Contracted Construction	1,057	17
Retail Sales	2,710	418
Leasing of Real Estate	1,185	87
Property Management	5,040	2,919
Resorts	2,668	2,030
Real Estate Agents and Other Businesses	2,495	173
Whole Company (Common)	370	33
Total	15,749	5,735

Notes: 1. The number of temporary employees is the annual average number and is not included in the number of employees in the left hand column.

2. The number of employees in the Whole Company (Common) is the number of employees belonging to administration departments that cannot be classified into any specific business segment.

6. Purchase of Property and Equipment

In this consolidated fiscal year for the Group companies (Tokyu Land Corporation and its consolidated subsidiaries), their total capital expenditure amounted to ¥47,095 million, including the construction and acquisition of buildings for the leasing business and repairs to buildings. A breakdown of the capital expenditure by segment is as follows. (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	17	0.04%
Contracted construction	286	0.61%
Retail sales	1,096	2.33%
Leasing of Real Estate	27,017	57.37%
Property Management	133	0.28%
Resorts	17,105	36.32%
Real Estate Agents and Other Businesses	1,171	2.49%
Subtotal	46,827	99.43%
Adjustment or Whole Company	268	0.57%
Total	47,095	100.00%

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: 44,681

(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	16.64
Japan Trustee Services Bank Ltd. (Trust Account)	38,720	7.29
The Master Trust Bank of Japan Ltd. (Trust Account)	31,261	5.89
The Chuo Mitsui Trust and Banking Company	22,509	4.24
The Dai-ichi Mutual Life Insurance Company	20,383	3.84
Nippon Life Insurance Company	13,880	2.61
Japan Trustee Services Bank Ltd. (Trust Account 9)	10,146	1.91
Trust & Custody Services Bank, Ltd. (Pension trust account)	9,351	1.76
Japan Trustee Services Bank Ltd. (Trust Account 4)	7,557	1.42
Trust & Custody Services Bank, Ltd. (Securities investment trust account)	6,940	1.31

Notes: 1. Percentages of total shares issued are calculated by deducting treasury stock of 2,174,048 shares.

2. The Dai-ichi Mutual Life Insurance Company changed its name to the Dai-ichi Life Insurance Company, Limited effective April 1, 2010.

2. Information on Major Subsidiaries

(As of March 31, 2010)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Community Co., Ltd.	1,653	*55.57	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	*52.81	Intermediary and sales agency for land and buildings
Tokyu Hands Inc.	400	*75.00	Retail Sales of D-I-Y goods
Tokyu Homes Co., Ltd.	400	100.00	Contracted construction of houses and home improvement work
Tokyu Relocation Co., Ltd.	100	100.00	Real Estate management and leasing
Tokyu Sportsoasis Inc.	100	100.00	Management of fitness clubs
Ishikatsu Exteria Inc.	100	100.00	Landscaping work
Ewel Inc.	350	85.00	Benefit package agency services

Notes: 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	55,133
Mizuho Corporate Bank Ltd.	47,070
Development Bank of Japan Inc.	43,025
The Bank of Tokyo-Mitsubishi UFJ Ltd	39,362
Mitsubishi UFJ Trust and Banking Corporation	38,542
The Sumitomo Trust and Banking Company, Limited	31,153

4. Directors and Statutory Auditors

Position and Name

Chairman	Masatake Ueki*
President and Director	Kiyoshi Kanazashi*
Directors	Yoshihiro Nakajima
	Ushio Okamoto
	Satoshi Ogura
	Eiji Futami
	Osamu Arima
	Iwao Ohtaki
	Toshiaki Koshimura
	Yasuo Sodeyama
	Motonobu Nakamura
Statutory Auditors	Hiroshi Yamaguchi
	Takumi Kurosaki
	Isao Adachi
	Takahiro Inaba

(as of June 25, 2010)

Note: Directors marked with * are Representative Directors.

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

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Fax: +81 3 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, 2009 and 2010, and the related consolidated statements of operations, 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, 2009 and 2010, 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, 2010 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 2.

Ernst & Young ShinNihon LLC

June 17, 2010

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2009 and 2010

Assets	Yen (millions) 2009	Yen (millions) 2010	U.S. dollars (thousands) (Note 2) 2010
Current assets :			
Cash and deposits (Note 5)	¥ 22,613	¥ 44,626	$ 479,849
Notes and accounts receivable-trade	13,750	14,667	157,710
Short-term investment securities	8,299	70	753
Merchandise	7,985	7,556	81,247
Real estate for sale (Note 5)	106,152	99,001	1,064,527
Real estate for sale in process	90,457	70,445	757,473
Costs on uncompleted construction contracts	3,391	2,731	29,366
Supplies	885	787	8,462
Short-term loans receivable	14	2,256	24,258
Deferred tax assets (Note 15)	4,761	5,402	58,086
Other	31,133	36,318	390,516
Allowance for doubtful accounts	(460)	(372)	(4,000)
Total current assets	288,984	283,490	3,048,280
Noncurrent assets :			
Property, plant and equipment			
Buildings and structures	262,496	277,905	2,988,226
Accumulated depreciation	(137,459)	(144,116)	(1,549,634)
Buildings and structures, net (Note 5)	125,037	133,788	1,438,581
Land (Notes 5 and 7)	255,303	281,925	3,031,452
Construction in progress	11,265	17,404	187,140
Other	37,093	39,402	423,677
Accumulated depreciation	(26,481)	(28,033)	(301,430)
Other, net	10,611	11,368	122,237
Total property, plant and equipment	402,218	444,486	4,779,419
Intangible assets			
Leasehold right (Note 5)	10,295	13,652	146,796
Goodwill	1,382	934	10,043
Other	14,714	13,846	148,882
Total intangible assets	26,391	28,433	305,731
Investments and other assets			
Investment securities (Note 5)	35,777	42,477	456,742
Investments in silent partnership	204,320	181,845	1,955,323
Long-term loans receivable (Note 5)	504	650	6,989
Lease and guarantee deposits	57,093	53,928	579,871
Deferred tax assets (Note 15)	12,760	12,902	138,731
Other	8,638	8,061	86,677
Allowance for doubtful accounts	(959)	(912)	(9,806)
Total investments and other assets	318,136	298,953	3,214,548
Total noncurrent assets	746,747	771,874	8,299,720
Total assets	¥1,035,731	¥1,055,364	$11,348,000

Liabilities and Net Assets	Yen (millions) 2009	Yen (millions) 2010	U.S. dollars (thousands) (Note 2) 2010
Current liabilities :			
Notes and accounts payable-trade	¥ 36,409	¥ 43,552	$ 468,301
Short-term loans payable (Notes 3, 4 and 5)	110,611	130,655	1,404,892
Commercial papers	48,000	—	—
Accounts payable-other (Note 5)	12,037	19,051	204,849
Income taxes payable	2,798	6,671	71,731
Deferred tax liabilities (Note 15)	19	12	129
Advances received	28,635	26,569	285,688
Deposits received from consignment sales	9,633	9,678	104,065
Deposits received (Note 5)	18,436	19,877	213,731
Deposits received for special joint ventures	10,100	5,150	55,376
Provision for bonuses	5,293	5,753	61,860
Provision for directors' bonuses	87	94	1,011
Provision for warranties for completed construction	316	274	2,946
Other provision	451	913	9,817
Other	10,060	10,727	115,344
Total current liabilities	292,893	278,981	2,999,796
Noncurrent liabilities :			
Bonds payable (Note 3)	40,000	41,000	440,860
Long-term loans payable (Notes 3 and 5)	278,422	307,283	3,304,118
Deferred tax liabilities (Note 15)	2,487	2,413	25,946
Deferred tax liabilities for land revaluation (Note 7)	12,533	14,358	154,387
Long-term lease and guarantee deposited (Note 8)	156,645	146,660	1,576,989
Deposits received for special joint ventures	5,150	6,800	73,118
Provision for retirement benefits (Note 14)	19,584	20,459	219,989
Provision for loss on guarantees	916	751	8,075
Provision for directors' retirement benefits	350	71	763
Other provision	34	79	849
Other (Note 5)	4,232	5,517	59,323
Total noncurrent liabilities	520,357	545,396	5,864,473
Total liabilities	¥ 813,250	¥ 824,378	$ 8,864,280
Net assets :			
Shareholders' equity (Note 18)			
Capital stock	57,551	57,551	618,828
Capital surplus	39,306	39,297	422,548
Retained earnings	85,513	89,927	966,957
Treasury stock	(1,121)	(1,147)	(12,333)
Total shareholders' equity	181,249	185,628	1,996,000
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	(140)	44	473
Deferred gains or losses on hedges	(20)	—	—
Revaluation reserve for land (Note 7)	16,439	19,098	205,355
Foreign currency translation adjustment	(1,812)	(1,635)	(17,581)
Total valuation and translation adjustments	14,465	17,508	188,258
Minority interests	26,765	27,849	299,452
Total net assets	222,480	230,986	2,483,720
Total liabilities and net assets	¥1,035,731	¥1,055,364	$11,348,000

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2009 and 2010

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2009	2010	2010
Operating revenue	¥ 574,361	¥ 552,067	$ 5,936,204
Operating cost (Note 9)	460,014	445,609	4,791,495
Operating gross profit	114,347	106,458	1,144,710
Selling, general and administrative expenses	79,356	70,988	763,312
Operating income	34,990	35,469	381,387
Non-operating income :			
Interest income	229	134	1,441
Dividends income	344	394	4,237
Equity in earnings of affiliates	191	190	2,043
Foreign exchange gains	69	—	—
Other	387	381	4,097
Total non-operating income	1,222	1,102	11,849
Non-operating expenses:			
Interest expenses	7,850	7,476	80,387
Provision of allowance for doubtful accounts	57	0	0
Other	629	920	9,892
Total non-operating expenses	8,537	8,397	90,290
Ordinary income	27,674	28,174	302,946
Extraordinary income :			
Gain on sales of noncurrent assets	2,609	3,536	38,022
Reversal of allowance for doubtful accounts	75	91	978
Other	292	1	11
Total extraordinary income	2,978	3,630	39,032
Extraordinary loss :			
Loss on valuation of investment securities	1,458	—	—
Loss on sales of noncurrent assets	2,006	88	946
Impairment loss (Note 10)	2,984	3,576	38,452
Other	427	85	914
Total extraordinary losses	6,876	3,750	40,323
Income before income taxes and minority interests	23,776	28,054	301,656
Income taxes-current	8,489	14,190	152,581
Income taxes-deferred	2,748	836	8,989
Total income taxes (Note 15)	11,237	15,026	161,570
Minority interests in income	2,346	1,969	21,172
Net income	¥ 10,192	¥ 11,058	$ 118,903

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, 2009 and 2010

Shareholders' equity	Yen (millions) 2009	Yen (millions) 2010	U.S. dollars (thousands) (Note 2) 2010
Capital stock :			
Balance at the end of previous period	¥ 57,551	¥ 57,551	$ 618,828
Changes of items during the period :			
Total changes of items during the period	—	—	—
Balance at the end of current period	¥ 57,551	¥ 57,551	$ 618,828
Capital surplus :			
Balance at the end of previous period	¥ 39,341	¥ 39,306	$ 422,645
Changes of items during the period :			
Disposal of treasury stock	(34)	(9)	(97)
Total changes of items during the period	(34)	(9)	(97)
Balance at the end of current period	¥ 39,306	¥ 39,297	$ 422,548
Retained earnings :			
Balance at the end of previous period	¥ 81,499	¥ 85,513	$ 919,495
Changes of items during the period :			
Dividends from surplus	(4,516)	(3,984)	(42,839)
Net income	10,192	11,058	118,903
Change of scope of consolidation	(59)	—	—
Reversal of revaluation reserve for land	(1,603)	(2,659)	(28,591)
Total changes of items during the period	4,013	4,414	47,462
Balance at the end of current period	¥ 85,513	¥ 89,927	$ 966,957
Treasury stock :			
Balance at the end of previous period	¥ (1,108)	¥ (1,121)	$ (12,054)
Changes of items during the period :			
Purchase of treasury stock	(116)	(54)	(581)
Disposal of treasury stock	103	28	301
Total changes of items during the period	(13)	(25)	(269)
Balance at the end of current period	¥ (1,121)	¥ (1,147)	$ (12,333)
Total shareholders' equity :			
Balance at the end of previous period	¥ 177,284	¥ 181,249	$ 1,948,914
Changes of items during the period :			
Dividends from surplus	(4,516)	(3,984)	(42,839)
Net income	10,192	11,058	118,903
Purchase of treasury stock	(116)	(54)	(581)
Disposal of treasury stock	68	19	204
Change of scope of consolidation	(59)	—	—
Reversal of revaluation reserve for land	(1,603)	(2,659)	(28,591)
Total changes of items during the period	3,965	4,378	47,075
Balance at the end of current period	¥ 181,249	¥ 185,628	$ 1,996,000

Valuation and translation adjustments	Yen (millions) 2009	Yen (millions) 2010	U.S. dollars (thousands) (Note 2) 2010
Valuation difference on available-for-sale securities :			
Balance at the end of previous period	¥ 1,091	¥ (140)	$ (1,505)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(1,232)	185	1,989
Total changes of items during the period	(1,232)	185	1,989
Balance at the end of current period	¥ (140)	¥ 44	$ 473
Deferred gains or losses on hedges :			
Balance at the end of previous period	¥ 5	¥ (20)	$ (215)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(26)	20	215
Total changes of items during the period	(26)	20	215
Balance at the end of current period	¥ (20)	¥ —	$ —
Revaluation reserve for land :			
Balance at the end of previous period	¥ 15,582	¥ 16,439	$ 176,763
Changes of items during the period :			
Net changes of items other than shareholders' equity	856	2,659	28,591
Total changes of items during the period	856	2,659	28,591
Balance at the end of current period	¥ 16,439	¥ 19,098	$ 205,355
Foreign currency translation adjustment :			
Balance at the end of previous period	¥ (1,151)	¥ (1,812)	$ (19,484)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(661)	177	1,903
Total changes of items during the period	(661)	177	1,903
Balance at the end of current period	¥ (1,812)	¥ (1,635)	$ (17,581)
Total valuation and translation adjustments :			
Balance at the end of previous period	¥ 15,529	¥ 14,465	$ 155,538
Changes of items during the period :			
Net changes of items other than shareholders' equity	(1,063)	3,042	32,710
Total changes of items during the period	(1,063)	3,042	32,710
Balance at the end of current period	¥ 14,465	¥ 17,508	$ 188,258

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2009	2010	2010
Minority interests :			
Balance at the end of previous period	¥ 25,364	¥ 26,765	$ 287,796
Changes of items during the period :			
Net changes of items other than shareholders' equity	1,400	1,083	11,645
Total changes of items during the period	1,400	1,083	11,645
Balance at the end of current period	¥ 26,765	¥ 27,849	$ 299,452
Total net assets :			
Balance at the end of previous period	¥ 218,178	¥ 222,480	$ 2,392,258
Changes of items during the period :			
Dividends from surplus	(4,516)	(3,984)	(42,839)
Net income	10,192	11,058	118,903
Purchase of treasury stock	(116)	(54)	(581)
Disposal of treasury stock	68	19	204
Change of scope of consolidation	(59)	—	—
Reversal of revaluation reserve for land	(1,603)	(2,659)	(28,591)
Net changes of items other than shareholders' equity	337	4,126	44,366
Total changes of items during the period	4,302	8,505	91,452
Balance at the end of current period	¥ 222,480	¥ 230,986	$ 2,483,720

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2009 and 2010

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2009	2010	2010
Net cash provided by (used in) operating activities :			
Income before income taxes and minority interests	¥ 23,776	¥ 28,054	$ 301,656
Depreciation and amortization	13,291	13,228	142,237
Amortization of goodwill	1,415	407	4,376
Equity in (earnings) losses of affiliates	(191)	(190)	(2,043)
Loss (gain) on valuation of investment securities	1,458	—	—
Increase (decrease) in allowance for doubtful accounts	258	(135)	(1,452)
Increase (decrease) in provision for directors' retirement benefits	(677)	(291)	(3,129)
Increase (decrease) in provision for retirement benefits	498	873	9,387
Increase (decrease) in provision for bonuses	(1,910)	459	4,935
Impairment loss	2,984	3,576	38,452
Loss on valuation of inventories	10,100	13,473	144,871
Loss (gain) on sales of short-term and long term investment securities	39	24	258
Loss (gain) on sales of noncurrent assets	(603)	(3,448)	(37,075)
Loss on retirement of noncurrent assets	831	544	5,849
Interest and dividends income	(573)	(529)	(5,688)
Interest expenses	7,850	7,476	80,387
Decrease (increase) in notes and accounts receivable-trade	6,451	(1,787)	(19,215)
Decrease (increase) in inventories	(1,667)	6,529	70,204
Increase (decrease) in notes and accounts payable-trade	(14,206)	7,648	82,237
Increase (decrease) in accounts payable-other	(2,937)	97	1,043
Increase (decrease) in advances received	(805)	630	6,774
Increase (decrease) in deposits received for consignment sales	1,831	44	473
Increase (decrease) in deposits received for special joint ventures	(21,250)	(3,300)	(35,484)
Decrease (increase) in undistributed earnings from silent partnership	5,704	15,998	172,022
Other, net	725	1,038	11,161
Subtotal	32,396	90,423	972,290
Interest and dividends income received	742	663	7,129
Interest expenses paid	(7,550)	(7,348)	(79,011)
Income taxes paid	(12,235)	(11,261)	(121,086)
Net cash provided by (used in) operating activities	¥ 13,354	¥ 72,476	$ 779,312

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2009	2010	2010
Net cash provided by (used in) investing activities :			
Payments into time deposits	¥ (3)	¥ (12)	$ (129)
Proceeds from withdrawal of time deposits	103	2	22
Payments of loans receivable	(237)	(212)	(2,280)
Collection of loans receivable	358	32	344
Purchase of short-term and long term investment securities	(1,921)	(11,855)	(127,473)
Proceeds from sales and redemption of short-term and long term investment securities	770	1,511	16,247
Purchase of investments in subsidiaries	(5)	(203)	(2,183)
Proceeds from sales of investments in subsidiaries	15	―	―
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(2,547)	(88)	(946)
Payments for investments in silent partnership resulting in change in scope of consolidation	(781)	―	―
Payments for lease and guarantee deposits	(3,621)	(2,353)	(25,301)
Proceeds from collection of lease and guarantee deposits	3,290	5,384	57,892
Purchase of noncurrent assets	(47,106)	(36,950)	(397,312)
Proceeds from sales of noncurrent assets	9,832	15,036	161,677
Payments for investments in silent partnership	(64,428)	(14,444)	(155,312)
Proceeds from withdrawal of investments in silent partnership	22,923	15,106	162,430
Proceeds from contribution received for construction	―	2,190	23,548
Purchase of stocks of subsidiaries and affiliates	(1)	―	―
Other, net	389	158	1,699
Net cash provided by (used in) investing activities	¥(82,971)	¥(26,697)	$ (287,065)
Net cash provided by (used in) financing activities :			
Net increase (decrease) in short-term loans payable	38,697	(53,418)	(574,387)
Proceeds from long-term loans payable	109,554	97,142	1,044,538
Repayment of long-term loans payable	(72,909)	(61,115)	(657,151)
Repayments of long-term lease and guarantee deposited	(21,055)	(23,196)	(249,419)
Proceeds from long-term lease and guarantee deposited	19,473	14,171	152,376
Proceeds from issuance of bonds	―	1,000	10,753
Cash dividends paid	(4,516)	(3,984)	(42,839)
Cash dividends paid to minority shareholders	(972)	(696)	(7,484)
Net decrease (increase) in treasury stock	(48)	(35)	(376)
Other, net	(194)	(725)	(7,796)
Net cash provided by (used in) financing activities	¥ 68,029	¥(30,859)	$ (331,817)
Effect of exchange rate change on cash and cash equivalents	(330)	87	935
Net increase (decrease) in cash and cash equivalents	(1,918)	15,007	161,366
Cash and cash equivalents at beginning of period	33,454	30,337	326,204
Increase in cash and cash equivalents from newly consolidated subsidiary and other	―	1,264	13,591
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(1,198)	―	―
Cash and cash equivalents at end of period (Note 11)	¥ 30,337	¥ 46,609	$ 501,172

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 Financial Instruments and Exchange Law of Japan.

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 Financial Instruments and Exchange Law of Japan, amounts of less than one million yen have been rounded off. 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 silent partnership

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.

Investments in Special Purpose Companies are reported in Investment securities, in addition to Investments in Silent Partnerships.

(e) Short-term Investments and Investment 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 "Valuation difference on available-for-sale securities" in "Net assets." Other securities without a determinable market value are carried principally at cost. The cost of other securities sold is principally determined by the moving average-method.

(f) Inventories

Inventories are stated at the lower of cost or market. Real estate for sale, real estate for sale in process and costs on uncompleted construction are determined by the moving average method or individual method, merchandise by the retail method and the supplies by the average cost method.

(g) Property, plant and Equipment

Property, plant and equipment are stated at cost except for the land revalued pursuant to the Law Concerning Land Revaluation. Property, plant 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. 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

Effective April 1, 2008, the Company and its consolidated subsidiaries adopted the accounting standard for lease transactions (ASBJ Statement No.13) and the guidance on accounting standard for lease transactions. The standard requires that finance leases which commenced on or after April 1, 2008 are recognized as assets. Leased property is depreciated over the lease term by the straight-line method with no residual value.

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to lessees at the end of lease term are accounted for in the same method as that applies to operating 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 be reversed. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carry forwards. Valuation allowances are provided in order to reduce deferred tax assets in case some or all of the deferred tax assets are not realized.

(l) Provision for warranties for completed construction

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

(m) Provision for retirement 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 allocated 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 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.

(n) 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 included in other income (expenses).

The balance sheet accounts 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 “Valuation and translation adjustments”.

(o) 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 gains or losses on hedging”.

When the Company enters into interest rate swap agreements to hedge interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are not measured at fair value but are accounted for as if the debt had an interest rate under the interest swap agreement, not the original interest rate.

(p) 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, 2010.

2. 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 93=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2010. 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.

3. Short-term Loans Payable and Long-term Debt

Short-term loans payable at March 31, 2009 and 2010 consist of loans principally from banks with weighted average interest rates of 1.27% and 1.02% in 2009 and 2010, respectively.

Short-term bank loans represent notes payable 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, 2009 and 2010 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
1.97% unsecured corporate bond, maturing 2012	¥ 10,000	¥ 10,000	$ 107,527
1.67% unsecured corporate bond, maturing 2012	10,000	10,000	107,527
1.84% unsecured corporate bond, maturing 2013	10,000	10,000	107,527
1.50% unsecured corporate bond, maturing 2013	10,000	10,000	107,527
0.94% specified corporate bond issued by special purpose companies, maturing 2012	-	1,000	10,753
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2009 to 2020, weighted average 1.71% and 1.55% in 2009 and 2010 respectively.			
Secured	18,954	43,813	471,108
Unsecured	319,798	349,615	3,759,301
	378,752	434,428	4,671,269
Less current portion	(60,330)	(86,145)	(926,290)
	¥ 318,422	¥ 348,283	$ 3,744,978

The aggregate annual maturates of long-term debt after March 31, 2010 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2012	¥ 141,849	$ 1,525,258
2013	94,568	1,016,860
2014	63,364	681,333
2015	26,493	284,871
2016 and thereafter	22,009	236,656
	¥ 348,283	$ 3,744,978

4. Commitment Line

The Company and its certain consolidated subsidiaries entered into contracts for overdraft with 18 banks and 21 banks at March 31, 2009 and 2010, respectively, and commitment lines with 5 banks at March 31, 2009 and 2010. These contracts at March 31, 2009 and 2010 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Limit of overdraft	¥ 150,416	¥ 152,850	$ 1,643,548
Line of credit	51,000	51,000	548,387
Borrowing outstanding	(32,712)	(32,875)	(353,495)
Available commitment lines	¥ 168,704	¥ 170,975	$ 1,838,441

5. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2009 and 2010 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Inventories (Real estate for sale)	¥ 1,524	¥ 1,524	$ 16,387
Land	35,366	71,001	763,452
Buildings and structures	22,876	23,157	249,000
Leasehold right	861	4,177	44,914
Long-term loans receivable	311	301	3,237
Investment securities	105	112	1,204
	¥ 61,046	¥ 100,274	$ 1,078,215

In addition to the above, cash of ¥216 million and ¥370 million (U.S.$3,978 thousand), and Investment securities of ¥973 million and ¥883 million (U.S.$ 9,495 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2009 and 2010, respectively.

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Short-term loans payable	¥ 2,299	¥ 3,893	$ 41,860
Accounts payable-other	-	96	1,032
Long-term loans payable	16,655	39,920	429,247
Long-term lease and guarantee deposited	4,200	-	-
Deposits received	2,080	1,797	19,323
Noncurrent liabilities and other	-	871	9,366
	¥ 25,235	¥ 46,580	$ 500,860

The Company made additional investments in a silent partnership in Shibuya Plaza Ltd. on February 25, 2010. The Company recorded the transaction as a real estate repurchase based on the “Practical Guideline Regarding Accounting Treatment for Securitization of Real Estate Using Special Purpose Companies by Transferors” (Accounting Committee Report No. 15 issued on July 31, 2000).

For this reason, the above transaction includes the following amounts posted as pledged assets and secured liabilities.

Pledged assets

	Yen (millions)	U.S. dollars (thousands)
	2010	2010
Land	¥ 23,323	$ 250,785
Buildings and structures	1,752	18,839
Leasehold right	3,235	34,785
	¥ 28,312	$ 304,430

Secured liabilities

	Yen (millions)	U.S. dollars (thousands)
	2010	2010
Short-term loans payable	¥ 291	$ 3,129
Long-term loans payable	17,836	191,785
	¥ 18,127	$ 194,914

6. Contingent Liabilities

At March 31, 2009 and 2010 the Company and consolidated subsidiaries had the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 26,280	¥ 22,280	$ 239,570
Landowner's union for development cost of land	4,271	299	3,215
Employees for their purchase of residential houses	278	219	2,355
Endorsed notes	2	-	-
	¥ 30,832	¥ 22,798	$ 245,140

7. 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 the land after revaluation exceeded the market value by ¥5,007 million at March 31, 2009 while the market value exceeded the carrying amount of land after revaluation at March 31, 2010.

8. Long-term Lease and Guarantee Deposited

Long-term lease and guarantee deposited at March 31, 2009 and 2010 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Guarantee deposits from tenants, non-interest-bearing	¥ 68,885	¥ 60,575	$ 651,344
Guarantee deposits primarily from members of golf clubs, leisure facilities and senior housings, non-interest-bearing	84,485	82,545	887,581
Guarantee deposits from others, principally non-interest-bearing	3,274	3,539	38,054
	¥ 156,645	¥ 146,660	$ 1,576,989

The Company and its consolidated subsidiaries have received lease and guarantee 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.

9. Loss on valuation of inventories

The balance of inventories at the end of the fiscal year is the amount after a write-down performed in response to the decline profitability. The following loss on valuation of inventories is included in the operating cost from operations.

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Loss on valuation on inventories	¥ 10,100	¥ 13,473	$ 144,871

10. Impairment Loss on Fixed Assets

For the year ended March 31, 2010, the Company recognized impairment loss on fixed assets with the following asset groups:

Asset holding company	Primary use	Type	Location	Impairment loss Yen (millions)
Tokyu Land Corporation	Leasing assets, Resort facilities, etc.	Land, buildings and structures, other fixed assets	Setagaya-ku, Tokyo, Arita gun, Wakayama Prefecture, and other places	¥ 2,496
Subsidiaries	Resort facilities	Land	Abuta gun, Kutchan-cho, Hokkaido	¥ 714
Subsidiaries	Sales offices, etc.	Land, buildings and structures, other fixed assets	Koto-ku, Tokyo, and other places	¥ 365

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 fourteen fixed asset groups to the recoverable value, and reported the reduced amount of ¥3,576 million as impairment loss in extraordinary loss. The impaired asset groups included assets associated with business that was to be sold or scrapped in the fiscal year and those that have recorded losses from their business activities for successive years.

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

11. Supplementary Cash Flow Information

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2009 and 2010 were as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Cash and deposits	¥ 22,613	¥ 44,626	$ 479,849
Time deposits with maturity over three months	(75)	(85)	(914)
Short-term investment securities	7,999	70	753
Short-term loans receivable	-	2,199	23,645
Short-term loans payable	(200)	(200)	(2,151)
Cash and cash equivalents	¥ 30,337	¥ 46,609	$ 501,172

The following are significant non-fund transactions associated with a real estate repurchase based on the “Practical Guideline Regarding Accounting Treatment for Securitization of Real Estate Using Special Purpose Companies by Transferors” (Accounting Committee Report No. 15 issued on July 31, 2000):

	Yen (millions)	U.S. dollars (thousands)
	2010	2010
Increase in noncurrent assets	¥ 28,357	$ 304,914
Increase in long-term loans payable	18,200	195,699
Decrease in investments in silent partnership	¥ 11,530	$ 123,978

12. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to lessees at the end of lease term are accounted for in the same method as that applies to operating leases. Additional lease information as of and for the years ended March 31, 2009 and 2010 is as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and book value of leased properties (mainly office equipment) at March 31, 2009 and 2010 if they were capitalized would be as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Acquisition cost	¥ 13,401	¥ 12,122	$ 130,344
Accumulated depreciation	4,234	4,405	47,366
Accumulated impairment loss	50	28	301
Book value	¥ 9,115	¥ 7,687	$ 82,656

(2) Future lease payments at March 31, 2009 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Due within one year	¥ 1,668	¥ 1,379	$ 14,828
Due after one year	11,756	10,433	112,183
Total	¥ 13,424	¥ 11,812	$ 127,011
Balance in impairment loss account on leased assets	¥ 28	¥ 15	$ 161

(3) The equivalent amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense, interest expenses thereof at March 31, 2009 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Lease payments	¥ 2,029	¥ 1,658	$ 17,828
Reversal of impairment loss account on leased assets	15	15	161
Depreciation expense	1,775	1,378	14,817
Interest expenses	407	398	4,280

(Operating Lease Transactions as lessee)

Future lease payments at March 31, 2009 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Due within one year	¥ 16,589	¥ 17,431	$ 187,430
Due after one year	105,065	108,269	1,164,183
Total	¥ 121,654	¥ 125,701	$ 1,351,624

(Operating Lease Transactions as lessor)

Future lease income at March 31, 2009 and 2010 is as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Due within one year	¥ 7,416	¥ 8,311	$ 89,366
Due after one year	27,880	29,563	317,882
Total	¥ 35,296	¥ 37,874	$ 407,247

13. Financial Instruments

Effective the fiscal year ended March 31, 2010, a new accounting standard for financial instruments and related implementation guidance have been adopted.

Financial Instruments at March 31, 2010 are summarized as follows:

Overview

(1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plan. In fund management, the Group emphasizes liquidity and avoids market risks as far as possible through short-term investments. The primary purposes of derivatives trading are to hedge interest rate risks and reduce interest expenses. The Group does not enter into derivative transactions for the purpose of speculation.

(2) Types of financial instruments and related risk

Primary investment securities are preferred capital contribution certificates of special purpose companies under the Asset Liquidation Act, shares in companies with which the Group has business relationships, and bonds held to maturity. The Group has exposed to the credit risks of issuers, interest rate risks, and market price fluctuation risks.

Investments in silent partnership are investments in special purpose companies and are exposed to the credit risks of issuers and interest rate risks.

Lease and guarantee deposits for leased properties are exposed to the credit risks of counterparties.

Most notes and accounts payable-trade, operating liabilities, are payable within one year.

The purpose of loans payable and bonds payable is the raising of operating funds (primarily short-term funds) and funds for capital expenditure (long-term funds). Floating-rate loans and bonds are exposed to interest rate risks, but the risks are hedged using derivatives (interest rate swaps).

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

Each operating department monitors the status of major counterparties and manages the due dates and balances of lease and guarantee deposits at each counterparty. The Group seeks to identify at an early stage any collectability issues due to the worsening financial conditions of counterparties to mitigate credit risk.

(b) Monitoring of market risks

(the risks arising from fluctuations in foreign exchange rates, interest rates and others)

To minimize the risks arising from fluctuations in interest rates on loans payable, the Group uses interest rate swaps. In relation to investment securities, the Group regularly monitors the fair values and financial situation of the issuers (counterparties). The Group reviews the status of its holdings of financial instruments, excluding bonds held to maturity, considering market trends and relationships with counterparties.

(c) Monitoring of liquidity risk

(the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are used in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2).

	Yen (millions)		
	Carrying Value	Estimated Fair Value	Difference
(1) Cash and deposits	¥ 44,626	¥ 44,626	¥ -
(2) Investment securities			
Held-to-maturity securities	1,005	1,007	2
Other securities	7,306	7,306	-
Total assets	¥ 52,937	¥ 52,940	¥ 2
(1) Notes and accounts payable-trade	43,552	43,552	-
(2) Short-term loans payable	44,509	44,509	-
(3) Bonds payable	41,000	41,381	381
(4) Long-term loans payable	393,429	395,903	2,473
Total liabilities	¥ 522,491	¥ 525,346	¥ 2,855
Derivatives	¥ -	¥ -	¥ -

	U.S. dollars (thousands)		
	Carrying Value	Estimated Fair Value	Difference
(1) Cash and deposits	$ 479,849	$ 479,849	$ -
(2) Investment securities			
Held-to-maturity securities	10,806	10,828	22
Other securities	78,559	78,559	-
Total assets	$ 569,215	$ 569,247	$ 22
(1) Notes and accounts payable-trade	468,301	468,301	-
(2) Short-term loans payable	478,591	478,591	-
(3) Bonds payable	440,860	444,957	4,097
(4) Long-term loans payable	4,230,419	4,257,022	26,591
Total liabilities	$ 5,618,183	$ 5,648,882	$ 30,699
Derivatives	$ -	$ -	$ -

Notes:

1. Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

Cash and deposits

Since these items are settled in a short period of time, their carrying value approximates fair value.

Investment securities

The fair value of Held-to-maturity securities is based on prices provided by Japan Securities Dealers Association. The fair value of other securities is based on quoted market prices.

Liabilities

Notes and accounts payable-trade, Short-term loans payable

Since these items are settled in a short period of time, their carrying value approximates fair value.

Bonds payable

The fair value of bonds is based on present value of the total of principal and interest discounted by an interest rate determined taking into account the remaining period of each bond and current credit risk.

Long-term loans payable (Including Current portion of long-term loans payable)

The fair values are estimated by discounting the total principal and interest, using rates at which similar new loans would be made. Floating-rate long-term loans payable satisfy the requirements for preferential procedures for interest rate swaps and are estimated by discounting the total principal and interest that are processed with the interest rate swaps, using reasonably estimated rates at which similar loans would be made.

2. Financial instruments for which it is extremely difficult to determine the fair value

	Yen (millions)	U.S. dollars (thousands)
Specified corporate bond issued by special purpose companies	¥ 30,098	$ 323,634
Unlisted stocks	4,067	43,731
Investments in silent partnership	¥ 181,845	$ 1,955,323

Because no quoted market price is available and it is extremely difficult to determine the fair value, the above financial instruments are not included in the table of financial instruments with fair value.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 53,928	$ 579,871
Long-term lease and guarantee deposited	¥ 146,660	$ 1,576,989

Because no quoted market price is available, calculating the deposit period is difficult, or the amount is not significant, the above financial instruments are not included in the table of financial instruments with fair value.

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2010

	Yen (millions)			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash on hand and in banks	¥ 43,207	¥ -	¥ -	¥ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	454	379	171	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	10	73	-	-
(2) Corporate bonds	-	-	-	-
Total	¥ 45,091	¥ 453	¥ 171	¥ -

	U.S. dollars (thousands)			
	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash on hand and in banks	¥ 464,591	¥ -	¥ -	¥ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	4,882	4,075	1,839	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	108	785	-	-
(2) Corporate bonds	-	-	-	-
Total	¥ 484,849	¥ 4,871	¥ 1,839	¥ -

14. 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.

As we switched part of our retirement and severance benefit plan to a defined contribution pension plan on July 1, 2008, we applied "Accounting Treatment for Transfers Between Retirement Benefit Plans" (Article 1 of Guidelines for Application of Corporate Accounting Principles).

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Projected benefit obligation	¥ 35,089	¥ 35,437	$ 381,043
Plan assets at fair value	(10,203)	(11,918)	(128,151)
Funded status	24,885	23,518	252,882
Unrecognized transition differences resulting from changes in accounting standards	(2,256)	(1,880)	(20,215)
Unrecognized actuarial gain (loss)	(4,399)	(2,177)	(23,409)
Unrecognized prior service cost	11	(26)	(280)
Net retirement benefit obligation	18,240	19,434	208,968
Prepaid pension cost	(1,344)	(1,025)	(11,022)
Employees' retirement and severance benefits	¥ 19,584	¥ 20,459	$ 219,989

Net periodic pension cost for the years ended March 31, 2009 and 2010 consisted of the following:

Service cost	¥ 2,398	¥ 2,264	$ 24,344
Interest cost on projected benefit obligation	792	763	8,204
Expected return on plan assets	(309)	(228)	(2,452)
Amortization of unrecognized prior service credit	(37)	(37)	(398)
Amortization of actuarial gain	302	876	9,419
Amortization of transition differences in connection with from changes in accounting standards	375	362	3,892
Contributions to the defined contribution pension plan	184	244	2,624
Net periodic pension cost	¥ 3,705	¥ 4,245	$ 45,645

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

	2009	2010
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%

15. Income Taxes

The significant component of the deferred tax assets and deferred tax liabilities at March 31, 2009 and 2010 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Deferred tax assets:			
Valuation loss on inventories	¥ 597	¥ 436	$ 4,688
Valuation loss on securities	4,538	4,070	43,763
Amortization of intangible assets	1,713	3,819	41,065
Allowance for doubtful accounts	442	402	4,323
Accrued expenses	280	325	3,495
Accrued bonuses to employees	2,370	2,519	27,086
Retirement and severance benefits	7,919	8,103	87,129
Net operating loss carry forwards	3,845	4,015	43,172
Unrealized inter-company transactions	1,478	1,301	13,989
Impairment losses on fixed assets	5,444	3,455	37,151
Loss of investments in silent partnership	-	3,780	40,645
Accrued enterprise tax/business office tax	440	1,052	11,312
Revaluation of assets for merger	1,631	1,631	17,538
Other	2,871	3,750	40,323
Gross deferred tax assets	33,574	38,665	415,753
Less: valuation allowance	(11,224)	(15,494)	(166,602)
Total deferred tax assets	¥ 22,349	¥ 23,170	$ 249,140
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	3,992	3,350	36,022
Valuation difference on consolidated subsidiaries	2,478	3,058	32,882
Other	864	882	9,484
Total deferred tax liabilities	7,334	7,291	78,398
Net deferred tax assets	¥ 15,014	¥ 15,879	$ 170,742

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Deferred tax assets – current	¥ 4,761	¥ 5,402	$ 58,086
Deferred tax assets – non current	12,760	12,902	138,731
Deferred tax liabilities – current (included in other current liabilities)	(19)	(12)	(129)
Deferred tax liabilities – non current	(2,487)	(2,413)	(25,946)
	¥ 15,014	¥ 15,879	$ 170,742

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2009 and 2010 differ from the statutory tax rate for the following reasons:

	2009	2010
Statutory tax rate	40.7%	40.7%
Increase (reduction) in income taxes resulting from:		
Valuation allowance related to the deferred income tax asset	1.3	11.1
Entertainment expenses not deductible for tax purposes	1.6	1.2
Per capita inhabitant tax	0.9	0.7
Corporate tax for prior periods	0.6	-
Amortization of goodwill	2.4	0.6
Other	(0.2)	(0.7)
Effective tax rate	47.3%	53.6%

16. Investment and Rental Properties

Effective the fiscal year ended March 31, 2010, a new accounting standard for disclosures regarding fair value of investment and rental real estate properties and related implementation guidance have been adopted.

The Company and certain consolidated subsidiaries own office buildings for lease mainly in Tokyo and other areas. The carrying value in the consolidated balance sheet and corresponding fair value of those properties are as follows:

Yen (millions)			
Carrying Value			Fair Value
As of March 31, 2009	Net Change	As of March 31, 2010	As of March 31, 2010
¥ 160,042	¥ 27,208	¥ 187,251	¥ 238,701

U.S. dollars (thousands)			
Carrying Value			Fair Value
As of March 31, 2009	Net Change	As of March 31, 2010	As of March 31, 2010
$ 1,720,882	$ 292,559	$ 2,013,452	$ 2,566,677

Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. The components of net change in carrying value included increases mainly due to acquisitions in the amount of ¥ 9,087million ($ 97,710 thousand) and the transactions recorded as real estate repurchases of ¥25,489 million ($ 274,075 thousand) under the “Practical Guideline Regarding Accounting Treatment for Securitization of Real Estate Using Special Purpose Companies by Transferors” (Accounting Committee Report No. 15 issued on July 31, 2000), and decreases primarily due to the sale of real estate worth ¥10,666 million ($ 114,688 thousand).
3. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.

17. Information Per Share Date

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.

Diluted net income per share was not recorded as there were no residual securities.

	Yen		U.S. dollars
	2009	2010	2010
Net asset per share of common stock	¥ 368.39	¥ 382.43	$ 4,112.15
Net income per share of common stock	¥ 19.18	¥ 20.82	$ 223.87

Calculation base for net income per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Net income	¥ 10,192	¥ 11,058	$ 118,903
Net income of common stock	¥ 10,192	¥ 11,058	$ 118,903
The weighted average number of shares of common stock outstanding during the year (thousands)	531,287	531,221	5,712,054

Calculation base for net asset per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2009	2010	2010
Total net assets	¥ 222,480	¥ 230,986	$ 2,483,720
Minority interests	¥ (26,765)	¥ (27,849)	$ (299,452)
Equity of common stock at March 31, 2010	¥ 195,715	¥ 203,136	$ 2,184,258
The number of shares of common stock at March 31, 2010 (thousands)	531,268	531,171	5,711,516

18. Shareholders' Equity

The 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, 2009 and 2010. 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.

19. Segment Information

Tokyu Land Group's business is composed primarily of seven segments: (1) Real Estate Sales, including the development and sales of condominiums, housing and building; (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 Agents 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, 2009 and 2010 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2009 and 2010 are as follows:

Year ended March 31, 2009	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agents and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	153,006	57,744	86,759	109,771	68,455	59,886	38,737	574,361	_	574,361
Inter-segment	3,998	4,455	217	1,988	4,932	18	3,249	18,860	(18,860)	_
Total	157,005	62,199	86,977	111,760	73,388	59,905	41,986	593,222	(18,860)	574,361
Costs and expenses	152,930	65,097	86,388	77,428	69,442	58,639	43,227	553,154	(13,783)	539,371
Operating income	4,074	(2,898)	588	34,331	3,945	1,266	(1,241)	40,068	(5,077)	34,990
Total assets	204,172	21,663	35,382	493,363	11,234	199,382	37,530	1,002,730	33,000	1,035,731
Depreciation expenses	86	454	812	4,834	302	4,612	1,379	12,482	809	13,291
Capital expenditures	84	902	1,010	25,893	318	12,864	2,627	43,702	(3,746)	39,955

Year ended March 31, 2010	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agents and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	118,778	55,774	77,569	132,718	70,166	58,409	38,649	552,067	_	552,067
Inter-segment	33	3,616	441	2,132	4,559	39	2,315	13,137	(13,137)	_
Total	118,812	59,391	78,011	134,850	74,725	58,449	40,964	565,204	(13,137)	552,067
Costs and expenses	133,376	60,941	77,773	84,851	70,289	57,000	40,548	524,782	(8,184)	516,598
Operating income	(14,564)	(1,550)	237	49,999	4,435	1,448	416	40,422	(4,953)	35,469
Total assets	181,863	18,404	32,369	524,071	11,697	209,609	45,903	1,023,920	31,443	1,055,364
Depreciation expenses	54	374	950	4,561	256	4,763	1,428	12,387	841	13,228
Capital expenditures	17	286	1,096	27,017	133	17,105	1,171	46,827	268	47,095

Year ended March 31, 2010	U.S. dollars (thousands)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agents and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	1,277,183	599,720	834,075	1,427,075	754,473	628,054	415,581	5,936,204	_	5,936,204
Inter-segment	355	38,882	4,742	22,925	49,022	419	24,892	141,258	(141,258)	_
Total	1,277,548	638,613	838,828	1,450,000	803,495	628,484	440,473	6,077,462	(141,258)	5,936,204
Costs and expenses	1,434,151	655,280	836,269	912,376	755,796	612,903	436,000	5,642,817	(88,000)	5,554,817
Operating income	(156,602)	(16,667)	2,548	537,624	47,688	15,570	4,473	434,645	(53,258)	381,387
Total assets	1,955,516	197,892	348,054	5,635,172	125,774	2,253,860	493,581	11,009,892	338,097	11,348,000
Depreciation expenses	581	4,022	10,215	49,043	2,753	51,215	15,355	133,194	9,043	142,237
Capital expenditures	183	3,075	11,785	290,505	1,430	183,925	12,591	503,516	2,882	506,398

<For Reference Purposes>

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2006	2007	2008	2009	2010	2010
Operating revenue						
Real Estate Sales	¥ 141,061	¥ 153,073	¥ 176,972	¥ 157,005	¥ 118,812	$ 1,277,548
Tokyu Land Corporation	133,176	139,660	160,918	139,370	107,791	1,159,043
Tokyu Livable, Inc.	7,338	12,974	14,330	9,254	9,805	105,430
Eliminations	(0)	(236)	(3,357)	(2,449)	(17)	(183)
Contracted Construction	¥ 72,199	¥ 71,157	¥ 77,726	¥ 62,199	¥ 59,391	$ 638,613
Tokyu Homes Corporation ※	－	－	－	38,880	36,840	396,129
Tokyu Home Corporation	33,688	33,383	40,472	－	－	－
Tokyu Amenix Corporation	16,946	16,611	16,526	－	－	－
Tokyu Community Corporation	15,371	14,065	14,904	16,605	16,163	173,796
Ishikatsu Exterior, Inc	6,425	7,586	7,863	6,766	6,476	69,634
Eliminations	(232)	(487)	(2,077)	(51)	(87)	(935)
Retail Sales	¥ 90,020	¥ 85,832	¥ 90,809	¥ 86,977	¥ 78,011	$ 838,828
Tokyu Hands, Inc.	90,020	85,832	90,809	86,977	78,011	838,828
Leasing of Real Estate	¥ 105,295	¥ 101,368	¥ 120,097	¥ 111,760	¥ 134,850	$ 1,450,000
Tokyu Land Corporation	71,121	59,180	78,435	66,292	86,846	933,828
Tokyu Community Corporation	14,112	15,310	15,443	16,290	16,940	182,151
Tokyu Relocation Corporation (consolidated)	12,239	14,361	12,910	14,733	15,561	167,323
Tokyu Livable, Inc.	4,505	5,355	6,166	6,679	6,856	73,720
Eliminations	(2,214)	997	(751)	(3,793)	(653)	(7,022)
Property Management	¥ 71,723	¥ 72,609	¥ 73,376	¥ 73,388	¥ 74,725	$ 803,495
Tokyu Community Corporation	67,808	68,829	69,297	68,753	70,241	755,280
Subsidiaries of Tokyu Community Corporation	16,233	15,852	13,145	10,760	10,043	107,989
Eliminations	(12,316)	(12,071)	(9,065)	(6,125)	(5,560)	(59,785)
Resorts	¥ 45,360	¥ 51,056	¥ 55,428	¥ 59,905	¥ 58,449	$ 628,484
Tokyu Land Corporation	34,607	23,980	25,422	26,279	24,802	266,688
Tokyu Resort Service Corporation	20,835	22,017	23,677	25,284	28,473	306,161
Tokyu Sports Oasis Inc.	6,843	10,693	11,572	13,559	13,440	144,516
Niseko Kougen Kankou Co., Ltd.	2,143	2,279	2,485	2,344	2,365	25,430
Hunter Mountain Shiobara	2,287	2,205	2,493	2,286	2,310	24,839
Eliminations	(27,770)	(24,674)	(27,066)	(27,930)	(30,296)	(325,763)
Real Estate Agents and Other Businesses	¥ 49,252	¥ 55,453	¥ 54,315	¥ 41,986	¥ 40,964	$ 440,473
Tokyu Livable, Inc.	40,427	45,807	43,527	32,068	30,753	330,677
Tokyu Resort Corporation	2,749	2,989	2,882	2,336	1,935	20,806
Tokyu Land Corporation	1,115	664	927	202	255	2,742
Eliminations	(532)	(549)	(803)	(772)	(651)	(7,000)
Total	574,910	590,552	648,723	593,222	565,204	6,077,462
Eliminations	(16,264)	(17,003)	(15,320)	(18,860)	(13,137)	(141,258)
Operating revenue (Consolidated)	¥ 558,646	¥ 573,549	¥ 633,406	¥ 574,361	¥ 552,067	$ 5,936,204
Operating income	¥ 64,866	¥ 65,944	¥ 82,064	¥ 34,990	¥ 35,469	$ 381,387
Real Estate Sales	11,732	18,956	20,946	4,074	(14,564)	(156,602)
Contracted Construction	1,283	984	105	(2,898)	(1,550)	(16,667)
Retail Sales	1,944	(431)	661	588	237	2,548
Leasing of Real Estate	43,376	35,704	53,623	34,331	49,999	537,624
Property Management	2,367	4,036	4,273	3,945	4,435	47,688
Resorts	2,578	3,420	1,935	1,266	1,448	15,570
Real Estate Agents and Other Businesses	6,546	8,551	6,719	(1,241)	416	4,473
Elimination / Headquarters	(4,960)	(5,277)	(6,200)	(5,077)	(4,953)	(53,258)
Operating income ratio	11.6%	11.5%	13.0%	6.1%	6.4%	6.4%
Real Estate Sales	8.3%	12.4%	11.8%	2.6%	(12.3)%	(12.3%)
Contracted Construction	1.8%	1.4%	0.1%	(4.7%)	(2.6%)	(2.6%)
Retail Sales	2.2%	(0.5%)	0.7%	0.7%	0.3%	0.3%
Leasing of Real Estate	41.2%	35.2%	44.6%	30.7%	37.1%	37.1%
Property Management	3.3%	5.6%	5.8%	5.4%	5.9%	5.9%
Resorts	5.7%	6.7%	3.5%	2.1%	2.5%	2.5%
Real Estate Agents and Other Businesses	13.3%	15.4%	12.4%	(3.0%)	1.0%	1.0%

※ Tokyu Home Corp. have marged with Tokyu Amenix Corp. on April 1,2008.

Company Profile (parent company)	
Established	December 17, 1953
Headquarters	Shin-Nanpeidai Tokyu Building., Dogenzaka 1-21-2, Shibuya-ku, Tokyo
Capital	¥ 57,551 million (as of March 31, 2010)
URL	http://www.tokyu-land.co.jp/english/