ANNUAL REPORT 2012

Year Ended March 31, 2012

TOKYU LAND CORPORATION

CONTENTS

A Message from the President

I would like to begin by expressing my gratitude to our shareholders for their ongoing support. During the fiscal year under review, the Japanese economy showed some signs of a moderate recovery, although circumstances remained difficult given the effects of the Great East Japan Earthquake. The future outlook continued to be uncertain, given factors such as persistently unfavorable employment conditions, the appreciation of the yen, and slowing overseas economies slowing.

In the real estate industry, the build-for-sale housing market remained solid even after the earthquake, mainly in sales of condominium units, aided by low interest rates and policy support, whereas in the office building market, rent levels tended to remain sluggish, although vacancy rates showed signs of improvement as demand from companies for relocation, etc. was created, reflecting an increase in their needs for high-grade buildings in the wake of the earthquake.

In this operating environment, Tokyu Land Corporation and its consolidated subsidiaries ("the Group") advanced their businesses based on the Group's three-year medium-term management plan "Value Innovation 2013," which began in the fiscal year under review. The Group sought to strengthen its financial foundations and the Group's management system.

Consequently, although operating revenue, operating income, and ordinary income declined, attributable primarily to the posting of distributions from the sale of a building in the previous fiscal year and a fall in the number of condominium units sold, among other factors in the fiscal year under review, net income increased thanks to a rise in extraordinary income among other factors.

Although the upward momentum of the Japanese economy is expected to continue, the prospects for an economic recovery remain uncertain, given inherent risks such as the resurgence of fiscal insecurity in Europe, rising crude oil prices, and downside concerns about overseas economies.

While firm sales are expected to continue in the build-for-sale housing market, driven by ongoing policy support for preferential tax treatment, it is likely to take some time for the office building market to rebound in earnest, despite an expected improvement in the balance between supply and demand associated with rising demand for relocation to high-grade buildings in good locations. In addition, as the operating environment is changing rapidly, given developments such as a fall in the labor force population in Japan and the aging of society, the business model in the real estate industry requires a transformation that anticipates those changes.

In these business conditions, the Group will seek to strengthen its value chain in cooperation with its Group companies, keeping customers at the core, and to create the business value required by customers, leveraging the strength it derived from operations across a wide spectrum of business domains. In the Real Estate Sales business, the Group will promote operations that reflect customer needs based on enhanced links between manufacturing, sales, and management. In the Leasing of Real Estate, the Group will seek to maximize revenues from assets involved by raising the level of development and asset management capabilities and enhancing the organic linkage with the REIT business. In the Facility Operations business, the Group will strive to improve customer satisfaction on an ongoing basis by strengthening its operation capability in cooperation with Group companies. In addition, it will develop business overseas with China and Indonesia as the basis and, at the same time, work to create a new business model by harnessing its resources.

By moving forward with this series of business activities, the Group will build a solid financial position and a management foundation resistant to economic fluctuations and market developments.

The Group is also determined to fulfill its corporate social responsibility (CSR) through further efforts to contribute to the global environment based on the environmental vision it established in the fiscal year under review, as well as through social action programs such as support for reconstruction from the earthquake. In addition, the Group will build a sound and transparent management system by focusing on enhancing corporate governance and the internal control system. 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 2012 Kiyoshi Kanazashi, President & CEO

BUSINESS REPORT
Years ended March 31, 2012

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2008	2009	2010	2011	2012	2012
Operating revenue	¥ 633,406	¥ 574,361	¥ 552,067	¥ 571,443	¥ 556,841	$ 6,790,744
Operating gross profit	159,936	114,347	106,458	131,736	123,331	1,504,037
Gross margin rate	*25.3%*	*19.9%*	*19.3%*	*23.1%*	*22.1%*	*22.1%*
Selling, general and administrative expenses	77,872	79,356	70,988	69,234	73,245	893,232
Sales selling ratio	*12.3%*	*13.8%*	*12.9%*	*12.1%*	*13.2%*	*13.2%*
Operating income	82,064	34,990	35,469	62,502	50,086	610,805
Operating income before depreciation	94,380	48,286	48,697	77,384	70,858	864,122
Other income	1,949	4,200	4,732	3,259	50,396	614,585
Other expenses	26,149	15,413	12,147	44,202	58,310	711,098
Income before income taxes and minority interests	57,864	23,776	28,054	21,559	42,172	514,293
Net income (loss)	¥ 28,696	¥ 10,192	¥ 11,058	¥ 11,597	¥ 34,200	$ 417,073

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2008	2009	2010	2011	2012	2012
Assets	¥ 1,013,916	¥ 1,035,731	¥ 1,055,364	¥ 1,161,419	¥ 1,744,774	$ 21,277,732
Capital stock	57,551	57,551	57,551	57,551	57,551	701,841
Equity	192,813	195,715	203,136	208,638	240,804	2,936,634
equity ratio	*19.0%*	*18.9%*	*19.2%*	*18.0%*	*13.8%*	*13.8%*
Interest-bearing debt	411,491	477,033	478,939	559,791	1,063,978	12,975,341
EBITDA-multiple	4.4	9.9	9.8	7.2	15.0	15.0
DE ratio	2.1	2.4	2.4	2.7	4.4	4.4
ROA	*8.4%*	*3.5%*	*3.4%*	*5.7%*	*3.5%*	*3.5%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2008	2009	2010	2011	2012	2012
Capital expenditure	¥ 52,904	¥ 39,955	¥ 47,095	¥ 200,262	¥ 41,771	$ 509,402
Payment for equity investment	60,021	65,860	25,761	22,267	2,013	24,549
Depreciation and amortization	12,316	13,291	13,228	14,882	20,771	253,305

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2008	2009	2010	2011	2012	2012
CF from operating activities	¥ 24,910	¥ 13,354	¥ 72,476	¥ 66,178	¥ 44,885	$ 547,378
CF from investing activities	(79,949)	(82,971)	(26,697)	(146,178)	(28,780)	(350,976)
CF from financing activities	36,930	68,029	(30,859)	78,990	(16,421)	(200,256)
Cash and cash equivalents at the end of the year	¥ 33,454	¥ 30,337	¥ 46,609	¥ 43,963	¥ 64,220	$ 783,171

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) Facility Operations

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

(7) Real Estate Agents

Real estate agent

(8) Other

Benefit package and appraisal

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

Basic principle of corporate management

In November 2011, the Group formulated Value Innovation 2013, a new three-year medium-term management plan (from FY2011 to FY2013).

As its corporate vision under the new management plan, the Group will strive to become a one-stop source of the business value that customers seek. To achieve this, it will primarily focus on customers, strengthen the value chain through collaboration with Group companies, and effectively harness the Group's broad range of operating activities.

The Group will aim to engage and participate in unique urban development, such as development that incorporates advanced measures for the environment, by precisely meeting the needs of customers, flexibly responding to the rapidly changing business environment, and harnessing the Group's extensive resources and businesses. The Group will also seek to expand opportunities to generate earnings by increasing associated assets through activities such as the operation, administration, and management of REIT funds.

The Group has set the following two numerical targets* for FY2013: (1) consolidated operating income of ¥60.0 billion and (2) a debt equity ratio of 3.9 or less. The Group positions the period of the new plan as a period for laying the foundations for achieving the Group's vision and will achieve the targets by executing its priority strategies. To achieve these goals, we will push ahead with our priority strategies, namely bolstering the financial foundations and the Group's management system, developing the REIT fund business, bringing new innovations and greater strength to core businesses in response to changing business conditions, and developing new businesses for the future.

(a) Strengthening the financial foundations and the Group's management foundations
- 1) Developing an appropriate asset portfolio
- 2) Strengthening the management foundations by developing a integrated group structure

(b) Developing the REIT fund business
- 1) Evolving the recycling reinvestment model using the REIT business
  - Expanding associated assets by organically cooperating with REIT
  - The Company assumes a pipeline function and provides properties to maximize the associated earnings of the Group

(c) Innovating and bolstering core businesses in response to changing business conditions
- 1) Real Estate Sales Business
  - Promoting businesses that reflect customers' needs by strengthening collaboration in production, sales, and management
  - Achieving consistent earnings by increasing the number of properties provided
- 2) Leasing of Real Estate Business
  - Expanding the business in a comprehensive manner from development to management by stepping up collaboration with Group companies
  - Evolving the recycling reinvestment model based on REIT
- 3) Facilities Operations Business
  - Boosting customer satisfaction by bolstering management capabilities with the collaboration of Group companies

(d) Developing new businesses for the future
- 1) Overseas operations
- 2) Creating new business models using the Group's resources

The numerical targets* may be revised in association with changes in accounting standards and other factors.

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, 2012 as follows:

Date of decision:	Total amount of dividend (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 4, 2011	1,858	3.5
Resolution of the general shareholders meeting on June 27, 2012	1,858	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

To minimize the burden of interest expense and the effects of interest-rate fluctuations, the Group relies mostly on long-term loans for its interest-bearing debt and uses fixed-rate loans, with the exception of variable-rate loans for projects that the Group uses in certain financial situations. The effect of rises in interest rates on operating results will therefore be relatively limited in the short term. However, rises in interest rates may have a considerable impact on operating results in the medium to long terms.

(3) Changes in regulations, taxation, etc.

The Group's businesses are subject to a restriction on laws and regulations pertaining to real estate sales, leasing of real estate, property management, construction, facility operations, etc. as well as of ordinances, taxation, etc. established by local governments. The Group provides these services in accordance with Building Lots and Buildings Transaction Business Act and related ordinances.

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.

(5) Stock market

The Group has marketable stocks; however a substantial drop in the prices of such stocks following declines in the market could negatively impact the Group's operating results.

(6) Occurrence of natural disasters, man-made disasters, etc.

Any earthquake, rainstorm, flood, or other act of providence, as well as war, riot, terrorism, accident, fire, and other man-made disaster could negatively impact the Group's operating results and financial position.

4. Operating Result and Financial Position

(1) Current Operating Performance

Results for this fiscal year ended March 31, 2012 showed a decrease in revenues and profit with ¥556.8 billion in operating revenue (down 2.6% from the previous year), ¥50.1 billion in operating income (down 19.9%) and ¥34.9 billion in ordinary income (down 36.5%). The main factors of this result were the existence of distributions from the sale of a building through SPCs in the previous year and a decline in sales from condominium development.

Meanwhile, net income substantially increased to ¥34.2 billion (up 194.9%). This was the result of the recording of gain on negative goodwill, etc. of ¥49.0 billion as extraordinary income associated with the consolidation of silent partnerships, etc. and impairment loss, etc. of ¥41.7 billion as extraordinary loss associated with the consolidation of silent partnerships, etc. and with the decision to transfer commercial facilities and office buildings, as well as a decrease in tax expenses due to the change in corporate tax rate by amendment of the Corporation Tax Act, etc.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	571.4	556.8	(14.6)
Operating income	62.5	50.1	(12.4)
Ordinary income	54.9	34.9	(20.1)
Net income	11.6	34.2	22.6

Interest-bearing debt	559.8	1,064.0	504.2

(2) Segment Performance

Operating revenue

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	571.4	556.8	(14.6)
Real Estate Sales	142.7	116.3	(26.4)
Contracted Construction	61.6	66.7	5.1
Retail Sales	75.6	85.3	9.7
Leasing of Real Estate	140.1	125.3	(14.8)
Property Management	72.9	74.7	1.8
Facility Operations	57.9	59.6	1.7
Real-Estate Agents	37.9	37.7	(0.2)
Other	7.5	7.7	0.2
Adjustment for Inter-Company Transactions	(24.7)	(16.5)	8.2

Operating income (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	62.5	50.1	(12.4)
Real Estate Sales	(1.6)	6.7	8.4
Contracted Construction	0.0	0.9	0.9
Retail Sales	0.8	1.8	1.0
Leasing of Real Estate	59.7	35.3	(24.3)
Property Management	5.1	4.9	(0.2)
Facility Operations	0.9	3.0	2.1
Real-Estate Agents	3.0	2.9	(0.1)
Other	0.2	0.2	0.0
Adjustment for Inter-Company Transactions	(5.6)	(5.7)	(0.1)

① Real Estate Sales

In our Real Estate Sales business, we recognized ¥116.3 billion in operating revenue (down 18.5% from the previous year) and ¥6.7 billion in operating income, which was a significant increase from the previous year.

During this period, sales of condominium units in "Branz Minami Yukigaya" (Ota-ku, Tokyo), "Branz Aobadai 2-chome" (Yokohama-shi, Kanagawa), "Branz City Miyakojima Tomobuchi-cho" (Osaka-shi, Osaka) and others were recorded. However, as sales of condominium units in the large tower condominium "Futako Tamagawa Rise Tower & Residence" (Setagaya-ku, Tokyo) etc. were recorded in the previous fiscal year, there was a decrease in revenues due to a decline in the number of condominium units sold and the like. Meanwhile, profit increased thanks mainly to an improvement in the profit margin and a reduction in loss on valuation of inventories.

Sales continued to perform steadily and the inventory of completed units remained at a low level. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium excluding sales of rental residence building blocks amounted to 43% (up 10% from the previous year, parent company basis).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	142.7	116.3	(26.4)
Operating income	(1.6)	6.7	8.4

Breakdown of operating revenue (Before adjustments in ¥ billion)

	Previous year		Current year		Comparison
Condominium	2,881 units	109.4	2,741 units	98.8	(10.6)
Detached housing	286 units	9.8	220 units	5.0	(4.8)
Country houses	176 units	4.7	65 units	1.9	(2.9)
Other sales	–	18.8	–	10.7	(8.1)

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, 2011	As of March 31, 2012
Condominium	2,491	2,576	2,728	2,683	220	291
Detached housing	186	226	112	116	19	39
Country houses	228	194	81	108	–	–

② Contracted Construction

In our Contracted Construction business, we posted ¥66.7 billion in operating revenue (up 8.3% from the previous year) and ¥0.9 billion in operating income.

There was an increase in revenues and profit due to an increase in completions of constructions to custom-built houses and common areas of condominiums as well as expense retrenchment.

Orders received expanded steadily, with orders received for reconstruction alternative products etc. in our custom-built houses and renovation businesses, for constructions to common areas of condominiums, etc. performing well overall.

Please note that a change in the execution system for constructions by local branches of Tokyu Community Corporation led to the partial reclassification of sales from the Property Management Segment to the Contracted Construction Segment.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	61.6	66.7	5.1
Operating income	0.0	0.9	0.9

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Custom-built houses	16.6	18.1	1.6
Renovation	16.4	17.1	0.7
Landscape gardening etc.	28.6	31.5	2.8

Orders received (sales from orders) (Before adjustments in ¥ billion)

	Previous year	Current year	Comparison
Total sales from orders	59.6	66.7	7.1
Custom-built houses	18.4	19.0	0.6
Renovation	17.1	18.5	1.4
Landscape gardening etc.	24.2	29.3	5.2

③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥85.3 billion (up 12.8% from the previous year), and we recorded operating income of ¥1.8 billion (up 118.1%).

At Tokyu Hands, Inc., the opening of new stores led to an increase in both revenues and profit. Sales of products such as emergency supplies, which performed well this fiscal year, started to slow in the autumn, resulting in a decrease in revenues for the 18 existing outlets (down 1.7%).

The new stores that opened were “hands be Tokyu Plaza Omotesando Harajuku” and “Tokyu Hands Shanghai,” the first overseas store of Tokyu Hands, in April 2012. Moreover, “Tokyu Hands Tokyo” (Chiyoda-ku, Tokyo) is planned to be opened in September 2012. Through such store openings and other factors, Tokyu Hands is steadily expanding its business.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	75.6	85.3	9.7
Operating income	0.8	1.8	1.0

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	55.8 [13]	55.9 [13]	0.1
Kansai region	11.1 [3]	15.9 [5]	4.8
Local regions	5.7 [3]	10.0 [3]	4.3
Small-scale outlets	3.0 [12]	3.6 [15]	0.6

④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥125.3 billion (down 10.5% from the previous year) with operating income at ¥35.3 billion (down 40.8%).

In this fiscal year, we made 29 silent partnerships, etc. into consolidated subsidiaries. Previously, distributions from silent partnerships, etc. were recorded in operating revenue. However, as we recorded revenue from leasing of real estate, operating cost and interest expenses on loans payable because of their consolidation, there was an increase in revenues and profit. On the other hand, due to the recording of ¥34.0 billion for gain on the sale of a building through SPCs in the previous year, etc., the Leasing of Real Estate business experienced declines in both revenues and profit.

The vacancy rate (office buildings and commercial facilities) remained at its low level of 2.0% (parent company basis), thanks mainly to "Abeno Market Park Q's MALL" (Osaka-shi, Osaka), which started its operations at 100% capacity and to the improved occupancy at existing office buildings.

In addition, we newly acquired "COCOE Amagasaki Ryokuyu Shintoshin" (Amagasaki-shi, Hyogo) and "Shibuya Nomura Building" (Shibuya-ku, Tokyo).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	140.1	125.3	(14.8)
Operating income	59.7	35.3	(24.3)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned	–	65.2	–
Leased	–	12.1	–
Subsidiaries and others	–	48.0	–

*1: Due to the consolidation of silent partnerships, etc., we have changed the presentation method for breakdown of operating revenue.
*2: Owned refers to office buildings and commercial facilities, etc. owned by the parent company and those owned by consolidated silent partnerships, etc.
*3: Leased etc. refers to leases by the parent company, and businesses of non-consolidated silent partnerships, etc.
*4: Subsidiaries and others refers to subsidiaries etc. other than consolidated silent partnerships, etc.

Office buildings and commercial facilities leasing floor space, and vacancy rate

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Leasing floor space (m^2)	772,364	832,573	1,072,228
Vacancy rate (consolidated basis)	3.9%	4.1%	2.3%
Vacancy rate (parent company basis)	3.0%	3.7%	2.0%

Major new opening

	Use	Open	Floor space (thousand m²)
Abeno Market Park Q's MALL	Commercial	April 2011	123
Luogo Shiodome	Office	August 2011	9
A–PLACE Ikebukuro	Office	November 2011	5
COCOE Amagasaki Ryokuyu Shintoshin	Commercial	February 2012	164
Shibuya Nomura Building	Office	March 2012	13

Number of leased houses

(Units)

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
House for lease	14,082	14,635	15,674
Lease management service	54,119	55,444	57,823
Company house management service	67,483	74,622	88,181

⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥74.7 billion (up 2.5% from the previous year) and ¥4.9 billion (down 3.1%), respectively.

While revenues grew because of an increase in orders received for condominium management services and for building management services at Tokyu Community Corporation, profit decreased due to such factors as an increased cost for improving operational service quality.

Although the new condominium market is contracting, we are making efforts to expand the stock of condominium management services, including having been named as a designated manager of public housing complex.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	72.9	74.7	1.8
Operating income	5.1	4.9	(0.2)

Number of sites managed as of year end

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Condominiums (units)	373,250	400,876	405,911
Buildings (no. of contracts)	1,181	1,303	1,356

⑥ Facility Operations

Our Facility Operations business generated ¥59.6 billion in operating revenue (up 2.9% from the previous year) and posted an operating income of ¥3.0 billion (up 223.8%).

Both revenues and profit increased as a result of such factors as an increase in revenues in senior housing due to the start of operations of “Grancreer Seijo” (Setagaya-ku, Tokyo) and “Grancreer Bajikouen” (Setagaya-ku, Tokyo), which opened in the previous fiscal year; the recording of compensation income in association with the accident at the Tokyo Electric Power Company, Incorporated's Fukushima Daiichi and Daini nuclear power plants; and cost cutting measures undertaken to mitigate the impact of the Great East Japan Earthquake.

In addition, sales of membership for the “Tokyu Harvest Club Atami Izusan & VIALA” membership resort hotel, which is scheduled to open in August 2013, are steadily progressing.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	57.9	59.6	1.7
Operating income	0.9	3.0	2.1

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	9.7 [21]	9.5 [20]	(0.3)	
Harvest club	12.0 [24]	12.1 [24]	0.1	(Membership resort hotel)
Oasis	14.1 [31]	14.1 [31]	0.1	(Fitness club)
Ski resort	10.3 [8]	10.7 [8]	0.3	
Senior housing	4.7 [10]	5.9 [10]	1.2	
Other	7.0	7.3	0.3	

⑦ Real-Estate Agents

In our Real-Estate Agents businesses, operating revenue was ¥37.7 billion (down 0.6% from the previous year) and operating income amounted to ¥2.9 billion (down 3.3%).

Regarding our real-estate sales agent business, there was an increase in revenues as a result of efforts undertaken in the retail sales, including opening of new stores, aiming at expanding actual demand transactions targeting individual customers and stronger efforts made in the wholesale sales towards large contracts in real-estate investment markets. However, there was a decrease in revenues and profit in consignment sales because of a contribution from large condominiums such as “Futako Tamagawa Rise Tower & Residence” (Setagaya-ku, Tokyo) recorded in the previous year.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	37.9	37.7	(0.2)
Operating income	3.0	2.9	(0.1)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	30.4	31.4	1.0
Consignment sales	5.0	3.5	(1.5)
Other	2.5	2.8	0.3

⑧ Other

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	7.5	7.7	0.2
Operating income	0.2	0.2	0.0

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Consignment welfare	4.6	5.0	0.4
Other	2.8	2.7	(0.2)

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets increased by ¥583.4 billion compared to the end of the previous fiscal year due to an increase in noncurrent assets, etc. from the consolidation of silent partnerships, etc., and total liabilities also increased by ¥547.8 billion due to an increase in interest-bearing debt, etc. from the consolidation of silent partnerships, etc.

Of interest-bearing debt, ¥590.3 billion is loans payable of silent partnerships, etc.

Since sales of some commercial facilities and office buildings are planned in the fiscal year ending March 31, 2013, the interest-bearing debt is expected to be ¥975.0 billion and DE ratio 3.9 times as of the end of that fiscal year.

(Unit: ¥ billion)

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Total assets	1,055.4	1,161.4	1,744.8
Total liabilities	824.4	921.6	1,469.4
Net assets	231.0	239.8	275.3
Equity	203.1	208.6	240.8
Equity ratio	19.2%	18.0%	13.8%
Interest-bearing debt	478.9	559.8	1,064.0
EBITDA multiple	9.8×	7.2×	15.0×
DE ratio	2.4×	2.7×	4.4×
ROA	3.4%	5.7%	3.5%

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 end of fiscal 2011, cash and cash equivalents were ¥64.2 billion, representing a ¥20.3 billion increase from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥44.9 billion thanks to ¥42.2 billion in income before income taxes and minority interests, ¥39.4 billion in impairment loss, ¥20.8 billion in depreciation and amortization, among others, notwithstanding net cash used in ¥48.4 billion of gain on negative goodwill, an increase of ¥20.5 billion in inventories and a decrease of ¥15.9 billion in interest expenses paid, among others.

Cash flows from investing activities

Net cash used in investing activities was ¥28.8 billion due to ¥46.7 billion for purchase of noncurrent assets, among others, notwithstanding ¥8.7 billion in sales of noncurrent assets, among others.

Cash flows from financing activities

Net cash used in financing activities was ¥16.4 billion due to ¥320.0 billion in repayment of long-term loans payable and ¥22.0 billion in redemption of bonds, among others, notwithstanding net cash provided by a capital procurement of ¥291.8 billion as proceeds from long-term loans payable and ¥20.0 billion of issuance of bonds, among others.

Trend of indices

	As of March 31, 2010	As of March 31, 2011	As of March 31, 2012
Equity ratio	19.2%	18.0%	13.8%
Equity ratio on market value basis	17.2%	18.2%	12.3%
Ratio of interest-bearing debt to cash flows	6.6 years	8.5 years	23.7 years
Interest coverage ratio	9.7	8.6	3.0

Equity Ratio: Equity/Total Assets
Equity Ratio on Market Value Basis: Market Capitalization/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 Capitalization: Monthly average stock price during the last month of the fiscal year × number of shares issued (after deducting treasury stock)
3. 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, 2012)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	223	68
Contracted Construction	1,158	12
Retail Sales	2,862	528
Leasing of Real Estate	1,329	113
Property Management	5,239	3,129
Facility Operations	2,557	1,634
Real Estate Agents	2,240	56
Other	324	206
Whole Company (Common)	373	36
Total	16,305	5,780

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 ¥41,771 million, including the 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	96	0.23%
Contracted construction	197	0.47%
Retail sales	1,121	2.68%
Leasing of Real Estate	33,637	80.53%
Property Management	118	0.28%
Facility Operations	4,338	10.39%
Real Estate Agents	586	1.40%
Other	1,240	2.97%
Subtotal	41,336	98.96%
Adjustment or Whole Company	434	1.04%
Total	41,771	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: 41,536

(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)	38,415	7.23
The Master Trust Bank of Japan Ltd. (Trust Account)	25,764	4.85
The Chuo Mitsui Trust and Banking Company	17,509	3.30
The Dai-ichi Mutual Life Insurance Company	14,268	2.69
Nippon Life Insurance Company	11,104	2.09
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	8,507	1.60
State Street Bank and Trust Company 505223	7,002	1.32
Japan Trustee Services Bank Ltd. (Trust Account 4)	6,691	1.26
Japan Trustee Services Bank Ltd. (Trust Account 9)	5,430	1.02

Notes: 1. Percentages of total shares issued are calculated by deducting treasury stock of 2,306,212 shares.

2. The Chuo Mitsui Trust and Banking Company, Limited merged with The Sumitomo Trust and Banking Co., Ltd. and Chuo Mitsui Asset Trust and Banking Company, Limited on April 1, 2012, to become Sumitomo Mitsui Trust Bank, Limited.

2. Information on Major Subsidiaries

(As of March 31, 2012)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Community Co., Ltd.	1,653	*55.6	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	*52.9	Intermediary and sales agency for land and buildings
Tokyu Hands Inc.	400	*75.0	Retail Sales of D-I-Y goods
Tokyu Homes Co., Ltd.	400	100.0	Contracted construction of houses and home improvement work
Tokyu Relocation Co., Ltd.	100	100.0	Real Estate management and leasing
Tokyu Sportsoasis Inc.	100	100.0	Management of fitness clubs

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

(As of March 31, 2012)

Lender	Amount of borrowing
	(million yen)
Mitsubishi UFJ Trust and Banking Corporation	179,183
The Chuo Mitsui Trust and Banking Company, Limited	165,064
Mizuho Corporate Bank Ltd.	137,021
The Sumitomo Trust and Banking Company, Limited	125,306
The Bank of Tokyo-Mitsubishi UFJ Ltd	80,854

Notes: The Chuo Mitsui Trust and Banking Company, Limited, The Sumitomo Trust and Banking Co., Ltd., and Chuo Mitsui Asset Trust and Banking Company, Limited were merged on April, 1, 2012, to become Sumitomo Mitsui Trust Bank, Limited.

4. Directors and Statutory Auditors

Position and Name

Chairman	Masatake Ueki*
President and Director	Kiyoshi Kanazashi*
Directors	Ushio Okamoto
	Satoshi Ogura
	Osamu Arima
	Iwao Ohtaki
	Toshiyuki Saegusa
	Hitoshi Uemura
	Yuji Ohkuma
	Hirofumi Nomoto
	Yoshihiro Nakajima
	Motonori Nakamura
Statutory Auditors	Tadashi Kawai
	Eiji Futami
	Isao Adachi
	Tomoyasu Asano

(As of June 27, 2012)

Note: Directors marked with * are Representative Directors.

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

Tel : +81 3 3503 1100
Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
Tokyu Land Corporation

We have audited the accompanying consolidated financial statements of Tokyu Land Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Land Corporation and consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 17 to the consolidated financial statements, which describes that Tokyu Land Corporation made the silent partnerships and other entities, which would substantially be controlled, consolidated subsidiaries in the current fiscal year. Our opinion is not qualified in respect of this matter.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 15, 2012
Tokyo, Japan

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2011 and 2012

Assets	Yen (millions) 2011	Yen (millions) 2012	U.S. dollars (thousands) (Note 2) 2012
Current assets :			
Cash and deposits (Note 5)	¥ 42,376	¥ 60,570	$ 738,659
Notes and accounts receivable-trade	15,340	17,486	213,244
Short-term investment securities	2,080	4,110	50,122
Merchandise	7,912	8,311	101,354
Real estate for sale (Note 5)	80,477	89,986	1,097,390
Real estate for sale in process	71,495	79,085	964,451
Costs on uncompleted construction contracts	3,682	3,602	43,927
Supplies	779	741	9,037
Short-term loans receivable	325	27	329
Deferred tax assets (Note 15)	5,351	6,838	83,390
Other	45,605	30,199	368,280
Allowance for doubtful accounts	(534)	(277)	(3,378)
Total current assets	274,892	300,683	3,666,866
Noncurrent assets :			
Property, plant and equipment			
Buildings and structures	301,109	423,894	5,169,439
Accumulated depreciation	(137,284)	(164,176)	(2,002,146)
Buildings and structures, net (Note 5)	163,824	259,718	3,167,293
Land (Notes 5 and 7)	373,074	1,016,728	12,399,122
Construction in progress	20,334	13,073	159,427
Other	40,964	47,127	574,720
Accumulated depreciation	(27,529)	(29,750)	(362,805)
Other, net	13,435	17,377	211,915
Total property, plant and equipment	570,669	1,306,897	15,937,768
Intangible assets			
Leasehold right (Note 5)	13,074	14,432	176,000
Goodwill	889	656	8,000
Other	12,914	12,185	148,598
Total intangible assets	26,878	27,274	332,610
Investments and other assets			
Investment securities (Note 5)	48,843	21,124	257,610
Investments in silent partnership	166,167	8,414	102,610
Long-term loans receivable (Note 5)	848	1,244	15,171
Lease and guarantee deposits	53,159	51,505	628,110
Deferred tax assets (Note 15)	13,937	19,616	239,220
Other	6,924	8,908	108,634
Allowance for doubtful accounts	(901)	(894)	(10,902)
Total investments and other assets	288,979	109,918	1,340,463
Total noncurrent assets	886,526	1,444,090	17,610,854
Total assets	¥ 1,161,419	¥ 1,744,774	$ 21,277,732

Liabilities and Net Assets	Yen (millions) 2011	Yen (millions) 2012	U.S. dollars (thousands) (Note 2) 2012
Current liabilities :			
Notes and accounts payable-trade	¥ 37,491	¥ 46,125	$ 562,500
Short-term loans payable (Notes 3, 4 and 5)	158,567	337,805	4,119,573
Current portion of bonds	20,000	20,000	243,902
Accounts payable-other (Note 5)	34,773	18,687	227,890
Income taxes payable	4,093	9,537	116,305
Deferred tax liabilities (Note 15)	7	21	256
Advances received (Note 5)	22,150	27,209	331,817
Deposits received from consignment sales	8,005	7,205	87,866
Deposits received (Note 5)	19,750	21,003	256,134
Deposits received for special joint ventures	9,700	12,000	146,341
Provision for bonuses	5,979	6,521	79,524
Provision for directors' bonuses	112	142	1,732
Provision for warranties for completed construction	317	309	3,768
Other provision	774	562	6,854
Other	11,529	10,579	129,012
Total current liabilities	333,253	517,713	6,313,573
Noncurrent liabilities :			
Bonds payable (Note 3 and 5)	30,000	33,000	402,439
Long-term loans payable (Notes 3 and 5)	351,223	673,173	8,209,427
Deferred tax liabilities (Note 15)	3,788	33,735	411,402
Deferred tax liabilities for land revaluation (Note 7 and 15)	13,584	11,088	135,220
Long-term lease and guarantee deposited (Note 8)	151,768	164,832	2,010,146
Deposits received for special joint ventures	10,150	4,750	57,927
Provision for retirement benefits (Note 14)	16,809	17,761	216,598
Provision for loss on guarantees	610	493	6,012
Provision for directors' retirement benefits	57	38	463
Other provision	146	140	1,707
Other (Note 5)	10,197	12,700	154,878
Total noncurrent liabilities	588,337	951,713	11,606,256
Total liabilities	¥ 921,590	¥1,469,427	$17,919,841
Net assets :			
Shareholders' equity (Note 21)			
Capital stock	57,551	57,551	701,841
Capital surplus	39,292	39,288	479,122
Retained earnings	101,455	133,243	1,624,915
Treasury stock	(1,186)	(1,189)	(14,500)
Total shareholders' equity	197,113	228,894	2,791,390
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 15)	(396)	(221)	(2,695)
Deferred gains or losses on hedges	-	116	1,415
Revaluation reserve for land (Note 7)	13,720	13,984	170,537
Foreign currency translation adjustment	(1,799)	(1,968)	(24,000)
Total accumulated other comprehensive income	11,525	11,910	145,244
Minority interests (Note 15)	31,189	34,542	421,244
Total net assets	239,828	275,347	3,357,890
Total liabilities and net assets	¥ 1,161,419	¥1,744,774	$21,277,732

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2011 and 2012

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2011	2012	2012
Operating revenue	¥ 571,443	¥ 556,841	$ 6,790,744
Operating cost (Note 9)	439,706	433,510	5,286,707
Operating gross profit	131,736	123,331	1,504,037
Selling, general and administrative expenses	69,234	73,245	893,232
Operating income	62,502	50,086	610,805
Non-operating income :			
Interest income	133	203	2,476
Dividends income	312	221	2,695
Equity in earnings of affiliates	37	509	6,207
Other	549	417	5,085
Total non-operating income	1,034	1,351	16,476
Non-operating expenses:			
Interest expenses	7,729	15,021	183,183
Provision of allowance for doubtful accounts	23	–	–
Other	866	1,549	18,890
Total non-operating expenses	8,619	16,571	202,085
Ordinary income	54,916	34,866	425,195
Extraordinary income :			
Reversal of allowance for doubtful accounts	36	–	–
Gain on negative goodwill	887	48,400	590,244
Other	1,301	644	7,854
Total extraordinary income	2,225	49,045	598,110
Extraordinary loss :			
Impairment loss (Note 10)	33,943	39,361	480,012
Loss on adjustment for changes of accounting standard for asset retirement obligations	671	–	–
Other	968	2,377	28,988
Total extraordinary losses	35,582	41,739	509,012
Income before income taxes and minority interests	21,559	42,172	514,293
Income taxes-current	8,651	15,394	187,732
Income taxes-deferred (Note 15)	(2,401)	(11,332)	(138,195)
Total income taxes (Note 15)	6,250	4,061	49,524
Income before minority interests	15,308	38,110	464,756
Minority interests in income (Note 15)	3,711	3,910	47,683
Net income	¥ 11,597	¥ 34,200	$ 417,073

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2011 and 2012

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2011	2012	2012
Income before minority interests	¥ 15,308	¥ 38,110	$ 464,756
Other comprehensive income :			
Valuation difference on available-for-sale securities (Note 16)	(460)	192	2,341
Deferred gains or losses on hedges (Note 16)	–	116	1,415
Foreign currency translation adjustment (Note 16)	(167)	(170)	(2,073)
Revaluation reserve for land (Note 16)	(1,729)	1,545	18,841
Total other comprehensive income (Note 16)	(2,357)	1,683	20,524
Comprehensive income	12,951	39,794	485,293
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	9,263	35,868	437,415
Comprehensive income attributable to minority interests	¥ 3,688	¥ 3,926	$ 47,878

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2011 and 2012

Shareholders' equity	Yen (millions) 2011	Yen (millions) 2012	U.S. dollars (thousands) (Note 2) 2012
Capital stock :			
Balance at the beginning of current period	¥ 57,551	¥ 57,551	$ 701,841
Changes of items during the period :			
Total changes of items during the period	—	—	—
Balance at the end of current period	¥ 57,551	¥ 57,551	$ 701,841
Capital surplus :			
Balance at the beginning of current period	¥ 39,297	¥ 39,292	$ 479,171
Changes of items during the period :			
Disposal of treasury stock	(4)	(4)	(49)
Total changes of items during the period	(4)	(4)	(49)
Balance at the end of current period	¥ 39,292	¥ 39,288	$ 479,122
Retained earnings :			
Balance at the beginning of current period	¥ 89,927	¥ 101,455	$ 1,237,256
Changes of items during the period :			
Dividends from surplus	(3,718)	(3,717)	(45,329)
Net income	11,597	34,200	417,073
Change of scope of consolidation	–	23	280
Reversal of revaluation reserve for land	3,648	1,281	15,622
Total changes of items during the period	11,528	31,788	387,659
Balance at the end of current period	¥ 101,455	¥ 133,243	$ 1,624,915
Treasury stock :			
Balance at the beginning of current period	¥ (1,147)	¥ (1,186)	$ (14,463)
Changes of items during the period :			
Purchase of treasury stock	(52)	(16)	(195)
Disposal of treasury stock	13	13	159
Total changes of items during the period	(38)	(3)	(37)
Balance at the end of current period	¥ (1,186)	¥ (1,189)	$ (14,500)
Total shareholders' equity :			
Balance at the beginning of current period	¥ 185,628	¥ 197,113	$ 2,403,817
Changes of items during the period :			
Dividends from surplus	(3,718)	(3,717)	(45,329)
Net income	11,597	34,200	417,073
Purchase of treasury stock	(52)	(16)	(195)
Disposal of treasury stock	8	8	98
Change of scope of consolidation	–	23	280
Reversal of revaluation reserve for land	3,648	1,281	15,622
Total changes of items during the period	11,484	31,780	387,561
Balance at the end of current period	¥ 197,113	¥ 228,894	$ 2,791,390

Accumulated other comprehensive income	Yen (millions) 2011	Yen (millions) 2012	U.S. dollars (thousands) (Note 2) 2012
Valuation difference on available-for-sale securities :			
Balance at the beginning of current period	¥ 44	¥ (396)	$ (4,829)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(441)	174	2,122
Total changes of items during the period	(441)	174	2,122
Balance at the end of current period	¥ (396)	¥ (221)	$ (2,695)
Deferred gains or losses on hedges :			
Balance at the beginning of current period	¥ —	¥ —	$ —
Changes of items during the period :			
Net changes of items other than shareholders' equity	—	116	1,415
Total changes of items during the period	—	116	1,415
Balance at the end of current period	¥ —	¥ 116	$ 1,415
Revaluation reserve for land :			
Balance at the beginning of current period	¥ 19,098	¥ 13,720	$ 167,317
Changes of items during the period :			
Net changes of items other than shareholders' equity	(5,378)	263	3,207
Total changes of items during the period	(5,378)	263	3,207
Balance at the end of current period	¥ 13,720	¥ 13,984	$ 170,537
Foreign currency translation adjustment :			
Balance at the beginning of current period	¥ (1,635)	¥ (1,799)	$ (21,939)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(163)	(168)	(2,049)
Total changes of items during the period	(163)	(168)	(2,049)
Balance at the end of current period	¥ (1,799)	¥ (1,968)	$ (24,000)
Total accumulated other comprehensive income :			
Balance at the beginning of current period	¥ 17,508	¥ 11,525	$ 140,549
Changes of items during the period :			
Net changes of items other than shareholders' equity	(5,982)	385	4,695
Total changes of items during the period	(5,982)	385	4,695
Balance at the end of current period	¥ 11,525	¥ 11,910	$ 145,244

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2011	2012	2012
Minority interests :			
Balance at the beginning of current period	¥ 27,849	¥ 31,189	$ 380,354
Changes of items during the period :			
Net changes of items other than shareholders' equity	3,340	3,352	40,878
Total changes of items during the period	3,340	3,352	40,878
Balance at the end of current period	¥ 31,189	¥ 34,542	$ 421,244
Total net assets :			
Balance at the beginning of current period	¥ 230,986	¥ 239,828	$ 2,924,732
Changes of items during the period :			
Dividends from surplus	(3,718)	(3,717)	(45,329)
Net income	11,597	34,200	417,073
Purchase of treasury stock	(52)	(16)	(195)
Disposal of treasury stock	8	8	98
Change of scope of consolidation	—	23	280
Reversal of revaluation reserve for land	3,648	1,281	15,622
Net changes of items other than shareholders' equity	(2,642)	3,738	45,585
Total changes of items during the period	8,842	35,518	433,146
Balance at the end of current period	¥ 239,828	¥ 275,347	$ 3,357,890

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2011 and 2012

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2011	2012	2012
Net cash provided by (used in) operating activities :			
Income before income taxes and minority interests	¥ 21,559	¥ 42,172	$ 514,293
Depreciation and amortization	14,882	20,771	253,305
Amortization of goodwill	452	176	2,146
Gain on negative goodwill	(887)	(48,400)	(590,244)
Equity in (earnings) losses of affiliates	(37)	(509)	(6,207)
Loss (gain) on valuation of short-term and long term investment securities	45	251	3,061
Increase (decrease) in allowance for doubtful accounts	151	(244)	(2,976)
Increase (decrease) in provision for directors' retirement benefits	(11)	(24)	(293)
Increase (decrease) in provision for retirement benefits	(3,080)	1,047	12,768
Increase (decrease) in provision for bonuses	216	542	6,610
Impairment loss	33,943	39,361	480,012
Loss on valuation of inventories	8,084	3,448	42,049
Loss (gain) on sales of short-term and long term investment securities	(3)	24	293
Loss (gain) on sales of noncurrent assets	(61)	(323)	(3,939)
Loss on retirement of noncurrent assets	734	557	6,793
Interest and dividends income	(446)	(425)	(5,183)
Interest expenses	7,729	15,021	183,183
Decrease (increase) in notes and accounts receivable-trade	143	(2,050)	(25,000)
Decrease (increase) in inventories	(961)	(20,724)	(252,732)
Increase (decrease) in notes and accounts payable-trade	(6,158)	8,638	105,341
Increase (decrease) in accounts payable-other	1,536	(36)	(439)
Increase (decrease) in advances received	(4,413)	5,002	61,000
Increase (decrease) in deposits received for consignment sales	(1,673)	(799)	(9,744)
Increase (decrease) in deposits received for special joint ventures	7,900	(3,100)	(37,805)
Decrease (increase) in undistributed earnings from silent partnership	10,267	909	11,085
Other, net	(2,278)	784	9,561
Subtotal	87,633	62,073	756,988
Interest and dividends income received	539	430	5,244
Interest expenses paid	(7,576)	(15,875)	(193,598)
Income taxes paid	(14,418)	(1,743)	(21,256)
Net cash provided by (used in) operating activities	¥ 66,178	¥ 44,885	$ 547,378

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2011	2012	2012
Net cash provided by (used in) investing activities :			
Payments into time deposits	¥ (218)	¥ (75)	$ (915)
Proceeds from withdrawal of time deposits	10	218	2,659
Payments of loans receivable	(1,332)	(7,417)	(90,451)
Collection of loans receivable	15,667	7,306	89,098
Purchase of short-term and long term investment securities	(3,549)	(1,648)	(20,098)
Proceeds from sales and redemption of short-term and long term investment securities	1,126	2,391	29,159
Purchase of investments in subsidiaries	(49)	–	–
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(211)	–	–
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	—	779	9,500
Proceeds from sales of investments in subsidiaries and affiliates	—	6,289	76,695
Purchase of other securities of subsidiaries and affiliates	(2,400)	(2,750)	(33,537)
Payments for lease and guarantee deposits	(5,049)	(4,416)	(53,854)
Proceeds from collection of lease and guarantee deposits	5,858	6,435	78,476
Purchase of noncurrent assets	(192,909)	(46,674)	(569,195)
Proceeds from sales of noncurrent assets	31,596	8,738	106,561
Payments for investments in silent partnership	(19,242)	(582)	(7,098)
Proceeds from withdrawal of investments in silent partnership	23,556	927	11,305
Proceeds from contribution received for construction	320	1,973	24,061
Other, net	647	(275)	(3,354)
Net cash provided by (used in) investing activities	¥ (146,178)	¥ (28,780)	$ (350,976)
Net cash provided by (used in) financing activities :			
Net increase (decrease) in short-term loans payable	(158)	13,004	158,585
Proceeds from long-term loans payable	165,402	291,786	3,558,366
Repayment of long-term loans payable	(95,418)	(320,041)	(3,902,939)
Proceeds from long-term lease and guarantee deposited	17,380	18,716	228,244
Repayments of long-term lease and guarantee deposited	(12,505)	(12,209)	(148,890)
Proceeds from issuance of bonds	10,000	20,000	243,902
Redemption of bonds	(1,000)	(22,000)	(268,293)
Cash dividends paid	(3,718)	(3,717)	(45,329)
Cash dividends paid to minority shareholders	(717)	(990)	(12,073)
Repayments of finance lease obligations	(530)	(963)	(11,744)
Net decrease (increase) in treasury stock	(43)	(7)	(85)
Other, net	300	0	0
Net cash provided by (used in) financing activities	¥ 78,990	¥ (16,421)	$ (200,256)
Effect of exchange rate change on cash and cash equivalents	(46)	(36)	(439)
Net increase (decrease) in cash and cash equivalents	(1,056)	(352)	(4,293)
Cash and cash equivalents at beginning of period	46,609	43,963	536,134
Increase in cash and cash equivalents from newly consolidated subsidiary and other	183	20,609	251,329
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	(1,774)	–	–
Cash and cash equivalents at end of period (Note 11)	¥ 43,963	¥ 64,220	$ 783,171

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.

(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 by applying the equity method. All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in subsidiaries and affiliates which are not consolidated nor 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) Short-term Investments and Investment securities

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

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

Other securities with determinable market values are carried principally at market value. The difference between the acquisition cost and the carrying value of these securities, consisting of unrealized gains and losses, is recognized net of the applicable income taxes in "Valuation difference on available-for-sale securities" in "Net assets." Other securities without determinable market values are carried principally at cost. The cost of other securities sold is principally determined by the moving average-method.

(e) 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 gross average method or individual method, merchandise by the retail method and supplies by the moving average method.

(f) Property, plant and Equipment

Property, plant and equipment are stated at cost except for 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.

(g) Impairment of Fixed Assets

The Company and consolidated subsidiaries have adopted the accounting standard related to impairment of fixed assets. Fixed assets are reviewed at least annually for impairment.

(h) Recognition of Revenue

Revenue from the sale of real estate is recognized when they are delivered and accepted by the customers.

(i) Leases

Finance leases are principally 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 the lessees at the end of the lease term, are accounted for using the same method as that of operating leases.

(j) 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.

(k) 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 warranty costs incurred on completed construction contracts.

(l) 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 difference, 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 unrecognized transition difference is being amortized over the period of principally 15 years by the straight-line method.

Actuarial gain and loss are amortized from 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 is shorter than the average remaining years of service of the employees.

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

(m) 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 date, and the translation gain or loss is included in other non-operating income or expenses.

The assets and liability 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 in effect during the period, respectively. Differences resulting from the translation are presented as “Foreign currency translation adjustment” and “Minority interests” in the “Net assets” section.

(n) Derivative Financial Instruments

The Company and 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 recognized in income or expense, except for those which meet the criteria for deferral hedge accounting under which the gain or loss is deferred and presented in “Deferred gains or losses on hedging”.

When the Company enters into interest rate swap agreements to hedge the interest rate risks and the agreements meet certain criteria, the interest rate swap agreements are eligible for a special treatment. Under the special treatment, the hedged debt is accounted for as if it had the interest of the debt and the interest rate swap combined, not the original interest rate of the debt by itself.

(o) Reclassification

Certain reclassifications have been made to the previous year’s consolidated financial statements to conform to the presentation used for the year ended March 31, 2012.

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 82=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2012. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

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

Short-term loans payable at March 31, 2011 and 2012 consist of loans principally from banks with weighted average interest rates of 0.73% and 0.64% in 2011 and 2012, respectively.

As is customary in Japan, short-term bank loan 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, 2011 and 2012 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
1.97% unsecured corporate bond, maturing 2012	¥ 10,000	¥ -	$ -
1.67% unsecured corporate bond, maturing 2012	10,000	-	-
1.84% unsecured corporate bond, maturing 2013	10,000	10,000	121,951
1.50% unsecured corporate bond, maturing 2013	10,000	10,000	121,951
0.78% unsecured corporate bond, maturing 2016	10,000	10,000	121,951
0.70％unsecured corporate bond, maturing 2017	-	10,000	121,951
0.81％unsecured corporate bond, maturing 2017	-	10,000	121,951
2.67% specified corporate bond issued by special purpose companies, maturing 2014	-	800	9,756
1.03% specified corporate bond issued by special purpose companies, maturing 2014	-	2,000	24,390
1.44% specified corporate bond issued by special purpose companies, maturing 2015	-	200	2,439
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2014 to 2020, weighted average 1.45% and 1.26% in 2011 and 2012, respectively.			
Secured	112,877	560,870	6,839,878
Unsecured	352,688	392,807	4,790,329
	515,565	1,006,678	12,276,561
Less current portion	(134,342)	(280,505)	(3,420,793)
	¥ 381,223	¥ 726,173	$ 8,855,768

The aggregate annual maturates of long-term debt after March 31, 2013 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2014	¥ 174,218	$ 2,124,610
2015	105,492	1,286,488
2016	158,499	1,932,915
2017	252,061	3,073,915
2018 and thereafter	15,903	193,939
	¥ 706,173	$ 8,611,866

4. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 23 banks at March 31, 2011 and 2012, and commitment lines with 5 banks at March 31, 2011 and 2012. These contracts at March 31, 2011 and 2012 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Limit of overdraft	¥ 157,695	¥ 156,849	$ 1,912,793
Line of credit	53,000	54,000	658,537
Borrowing outstanding	(36,669)	(36,182)	441,244
Available commitment lines	¥ 174,025	¥ 174,667	$ 2,130,085

5. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2011 and 2012 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Deposits	¥ 148	¥ -	$ -
Inventories (Real estate for sale)	-	5,284	64,439
Land	152,505	787,031	9,597,939
Buildings and structures	42,249	120,555	1,470,183
Leasehold right	4,177	1,646	20,073
Long-term loans receivable	293	282	3,439
Investment securities	119	125	1,524
	¥ 199,493	¥ 914,926	$ 11,157,634

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Short-term loans payable	¥ 21,984	¥ 207,579	$ 2,531,451
Accounts payable-other	98	108	1,317
Advances received	148	-	-
Long-term loans payable	90,893	353,290	4,308,415
Other noncurrent liabilities	773	672	8,195
	¥ 113,897	¥ 561,651	$ 6,849,402

In addition to the above, cash of ¥410 million and ¥488 million (U.S.$5,951 thousand), and Investment securities of ¥1,150 million and ¥1,263 million (U.S.$15,402 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2011 and 2012, respectively.

Three special purpose companies, which are consolidated subsidiaries, offer their assets (including land of ¥61,698 million and buildings and structures of ¥3,654 million offered as collateral in (1)) as general security against specified bonds of ¥3,000 million under Article 128 of the Act on Securitization of Assets (Act No. 105 of 1998). Payments of such debt are limited to the amount of the general security.

The Company made additional investments in a silent partnership in Comforia Fund Diana Corporation on April 27, 2011. 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 includes the following amounts presented as pledged assets and secured liabilities.

Pledged assets

	Yen (millions)	U.S. dollars (thousands)
	2012	2012
Inventories (Real estate for sale)	¥ 5,284	$ 64,439
	¥ 5,284	$ 64,439

Secured liabilities

	Yen (millions)	U.S. dollars (thousands)
	2012	2012
Long-term loans payable	¥ 4,001	$ 48,793
	¥ 4,001	$ 48,793

Of the long-term loans payable, the following are in the form of non-recourse loans whereby the allowances for the payment of such debt are limited to certain specific assets.

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2011	2012	2012
Short-term loans payable			
(Current portion of long-term loans payable)	¥ 1,321	¥ 203,332	$ 2,479,659
Long-term loans payable	¥ 81,299	¥ 383,943	$ 4,682,232

Specific assets subject to allowances for the payment of such debt are as follows:

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2011	2012	2012
Land	¥ 102,046	¥ 762,618	$ 9,300,220
Leasehold right	-	705	8,598
Buildings and structures	¥ 25,399	¥ 108,147	$ 1,318,866

In addition to the above, certain consolidated subsidiaries as borrowers have the right to demand additional investment from the Company of ¥77,107 million (excluding those that arise as a result of convulsion of nature or other events in case of development type silent partnerships, etc.).

6. Contingent Liabilities

At March 31, 2011 and 2012 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Guarantee of loans on behalf of:			
Individual customers, principally for housing loans	¥ 19,859	¥ 16,220	$ 197,805
Employees, for housing loans	177	126	1,537
	¥ 20,036	¥ 16,346	$ 199,341

7. Revaluation of Land

Land owned by the Company and one consolidated subsidiary was revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998).

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 portions of the land is determined based on Item 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 market value exceeded the carrying amount of land after revaluation at March 31, 2011 and 2012.

8. Long-term Lease and Guarantee Deposited

Long-term lease and guarantee deposited at March 31, 2011 and 2012 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Guarantee deposits from tenants, non-interest-bearing	¥ 64,339	¥ 76,073	$ 927,720
Guarantee deposits primarily from members of golf clubs, leisure facilities and senior housings, non-interest-bearing	84,380	85,244	1,039,561
Guarantee deposits from others, principally non-interest-bearing	3,048	3,515	42,866
	¥ 151,768	¥ 164,832	$ 2,010,146

The Company and its consolidated subsidiaries have received lease and guarantee deposits from tenants of leased properties 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, leisure facilities, and senior housings are refundable when the relevant contracts are 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 corresponding to the declined profitability. The following loss on valuation of inventories is included in “Operating cost”.

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Loss on valuation on inventories	¥ 8,084	¥ 3,448	$ 42,049

10. Impairment Loss on Fixed Assets

For the year ended March 31, 2012, the Company recognized impairment loss on fixed assets in the following asset groups:

Asset holding company	Primary use	Type	Location	Impairment loss Yen (millions)
Tokyu Land Corporation	—	Goodwill	—	¥ 26,372
	Leasing assets, etc	Land, buildings and structures, other fixed assets	Chiyoda-ku, Tokyo and other places	¥ 3,195
Subsidiaries	Leasing assets, etc	Land, buildings and structures, other fixed assets	Minato-ku, Tokyo and other places	¥ 9,711
	Stores, etc.	Land, buildings and structures, other fixed assets	Shibuya-ku, Tokyo and other places	¥ 81

In the consolidated fiscal year, the Group recorded impairment losses on the asset groups above. To determine impairment losses, assets are divided into groups which are minimal units that generate cash flows independently from other assets or asset groups. Consequently, in the consolidated fiscal year, the Group wrote down the carrying amounts of 28 asset groups to their recoverable values. These asset groups were, of those where there were indicators of impairment, those where impairment losses should be recognized, those where the sale or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss (¥39,361 million) under extraordinary losses.

The recoverable value of the asset groups was measured by their net selling price. The net selling price was determined by a value based on real estate appraisal standards, a value at which the asset group can be sold, or the market price of land and other assets. In the consolidated fiscal year the Company acquired control of certain silent partnerships and other entities to make them consolidated subsidiaries. Since the fair values of their net assets were below the Company’s investments, goodwill was recognized. The Company wrote down such goodwill and recorded the whole amount as impairment loss.

11. Supplementary Cash Flow Information

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with little 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, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Cash and deposits	¥ 42,376	¥ 60,570	$ 738,659
Time deposits with maturity over three months	(294)	(150)	(1,829)
Short-term investment securities	2,080	4,100	50,000
Short-term loans payable	(200)	(300)	(3,659)
Cash and cash equivalents	¥ 43,963	¥ 64,220	$ 783,171

The details of significant non-cash transactions associated with the consolidation of 29 entities, including a silent partnership whose operator is the limited liability company SPADE HOUSE, are as follows. The consolidation was due to having controlling power.

	Yen (millions)	U.S. dollars (thousands)
	2012	2012
Increase in noncurrent assets	¥ 742,110	$ 9,050,122
Increase in short-term loans payable	32,088	391,317
Increase in long-term loans payable	471,261	5,747,085
Increase in bonds payable	5,000	60,976
Increase in long-term lease and guarantee deposited	8,225	100,305
Decrease in investments in silent partnerships	157,177	1,916,793
Decrease in investment securities	¥ 28,421	$ 346,598

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 the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2011 and 2012 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2011 and 2012 if they were capitalized would be as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Acquisition cost	¥ 10,514	¥ 9,221	$ 112,451
Accumulated depreciation	3,902	3,410	41,585
Accumulated impairment loss	28	2	24
Carrying amount	¥ 6,582	¥ 5,808	$ 70,829

(2) Future lease payments at March 31, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Due within one year	¥ 1,068	¥ 771	$ 9,402
Due after one year	9,360	8,576	104,585
Total	¥ 10,428	¥ 9,347	$ 113,988
Balance of impairment loss account on leased assets	¥ 5	¥ -	$ -

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent there of at March 31, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Lease payments	¥ 1,355	¥ 1,065	$ 12,988
Reversal of impairment loss account on leased assets	7	4	49
Depreciation expense	1,087	807	9,841
Interest expenses	369	346	4,220

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Due within one year	¥ 17,047	¥ 17,429	$ 212,549
Due after one year	96,637	118,487	1,444,963
Total	¥ 113,684	¥ 135,917	$ 1,657,524

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable to be received at March 31, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Due within one year	¥ 10,403	¥ 29,966	$ 365,439
Due after one year	30,672	94,648	1,154,244
Total	¥ 41,076	¥ 124,615	$ 1,519,695

13. Financial Instruments

Financial Instruments at March 31, 2012 are summarized as follows:

Overview

(1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plans. In fund management, the Group emphasizes liquidity and avoids market risks as much as possible by investing short-term. The primary purposes of derivative transactions are to hedge interest rate risks and reduce interest payments. 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 exposures to the credit risks of issuers, interest rate risks, and market price fluctuation risks.

Investments in silent partnerships 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, 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 made by counterparty. The Group seeks to identify at an early stage any collectability issues due to financial difficulties 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 positions of the issuers (counterparties). The Group reviews the status of its holdings of financial instruments, other than 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 reports 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 quoted market prices, if available. When there is no quoted market price, 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, 2012 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	¥ 60,570	¥ 60,570	¥ -
(2) Investment securities			
Held-to-maturity securities	1,182	1,197	14
Other securities	4,809	4,809	-
Total assets	¥ 66,563	¥ 66,577	¥ 14
(1) Notes and accounts payable-trade	46,125	46,125	-
(2) Short-term loans payable	57,300	57,300	-
(3) Bonds payable	53,000	53,164	164
(4) Long-term loans payable	953,678	955,027	1,349
Total liabilities	¥ 1,110,104	¥ 1,111,617	¥ 1,513
Derivatives	¥ 110	¥ 110	¥ -

	U.S. dollars (thousands)		
	Carrying Value	Estimated Fair Value	Difference
(1) Cash and deposits	$ 738,659	$ 738,659	$ -
(2) Investment securities			
Held-to-maturity securities	14,415	14,598	171
Other securities	58,646	58,646	-
Total assets	$ 811,744	$ 811,915	$ 171
(1) Notes and accounts payable-trade	562,500	562,500	-
(2) Short-term loans payable	698,780	698,780	-
(3) Bonds payable	646,341	648,341	2,000
(4) Long-term loans payable	11,630,220	11,646,671	16,451
Total liabilities	$ 13,537,854	$ 13,556,305	$ 18,451
Derivatives	$ 1,341	$ 1,341	$ -

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 (Including current portion of bonds)

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 special treatment for interest rate swaps and are estimated by discounting the total principal and interest of the loans and the interest rate swaps combined, using 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)
Preferred capital contribution certificates of special purpose companies	¥ 10,306	$ 125,683
Unlisted stocks	4,834	58,951
Investments in silent partnerships	¥ 8,414	$ 102,610

Because no quoted market price is available and future cash flows cannot be estimated, it is extremely difficult to determine the fair value. Therefore, the above financial instruments are not included in the table of financial instruments with estimated fair values.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 51,505	$ 628,110
Long-term lease and guarantee deposited	¥ 164,832	$ 2,010,146

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

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2012

	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
Deposits	¥ 58,718	¥ -	¥ -	¥ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	34	963	184	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	-	85	-	-
(2) Corporate bonds	-	-	-	-
Total	¥ 58,753	¥ 1,048	¥ 184	¥ -

	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
Deposits	$ 716,073	$ -	$ -	$ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	415	11,744	2,244	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	-	1,037	-	-
(2) Corporate bonds	-	-	-	-
Total	$ 716,500	$ 12,780	$ 2,244	$ -

14. Employees' Retirement and Severance Benefits

The Company and its consolidated subsidiaries have defined benefit plans (i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans). The amounts of benefit are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

The Company adopts a defined contribution pension plan as part of its retirement and severance benefit plans. Some of the Company's consolidated subsidiaries have also switched their retirement and severance benefit plans to defined contribution pension plans in the current consolidated fiscal year.

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Projected benefit obligation	¥ 28,046	¥ 26,283	$ 320,524
Plan assets at fair value	(7,713)	(5,422)	(66,122)
Unfunded retirement benefit obligation	20,333	20,861	254,402
Unrecognized transition difference resulting from change in accounting standard	(1,493)	(1,091)	(13,305)
Unrecognized actuarial gain (loss)	(2,190)	(2,170)	(26,463)
Unrecognized prior service cost	(300)	(311)	(3,793)
Net retirement benefit obligation	16,349	17,288	210,829
Prepaid pension cost	(460)	(473)	(5,768)
Provision for retirement benefits	¥ 16,809	¥ 17,761	$ 216,598

Net periodic pension cost for the years ended March 31, 2011 and 2012 consisted of the following:

	2011	2012	2012
Service cost	¥ 1,914	¥ 1,652	$ 20,146
Interest cost	654	562	6,854
Expected return on plan assets	(193)	(117)	(1,427)
Amortization of unrecognized prior service cost	(26)	(17)	(207)
Amortization of actuarial loss	538	427	5,207
Amortization of transition difference resulting from change in accounting standard	375	368	4,488
Contributions to the defined contribution pension plan	624	1,038	12,659
Net periodic pension cost	¥ 3,887	¥ 3,913	$ 47,720

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

	2011	2012
Discount rate	2.0%–2.5%	2.0%–2.5%
Expected rate of return on plan assets	2.0%–3.0%	0.75%–3.0%

15. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2011 and 2012 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Deferred tax assets:			
Valuation loss on inventories	¥ 717	¥ 1,467	$ 17,890
Valuation loss on securities	4,300	4,110	50,122
Amortization of intangible assets	4,296	4,170	50,854
Allowance for doubtful accounts	567	357	4,354
Accrued expenses	575	104	1,268
Accrued bonuses to employees	2,611	2,891	35,256
Retirement and severance benefits	6,621	5,713	69,671
Net operating loss carry forwards	2,889	733	8,939
Unrealized inter-company profits	1,360	1,360	16,585
Impairment losses on fixed assets	4,538	8,013	97,720
Loss of investments in silent partnerships	2,892	1,228	14,976
Accrued enterprise tax/business office tax	456	1,060	12,927
Valuation difference on consolidated subsidiaries	-	1,481	18,061
Undistributed loss from consolidated subsidiaries	1,627	3,474	42,366
Revaluation of assets for merger	1,631	8	98
Asset retirement obligations	626	690	8,415
Other	2,244	3,636	44,341
Gross deferred tax assets	37,958	40,504	493,951
Less: valuation allowance	(12,924)	(9,326)	(113,732)
Total deferred tax assets	¥ 25,033	¥ 31,177	$ 380,207
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	3,301	3,088	37,659
Valuation difference on consolidated subsidiaries	3,667	32,673	398,451
Exemption of gains and losses from the dividends of special purpose companies	1,503	9	110
Property, plant and equipment corresponding to asset retirement obligations	415	363	4,427
Other	652	2,343	28,573
Total deferred tax liabilities	9,541	38,478	469,244
Net deferred tax assets	¥ 15,492	¥ (7,301)	$ (89,037)

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
Deferred tax assets – current	¥ 5,351	¥ 6,838	$ 83,390
Deferred tax assets – non current	13,937	19,616	239,220
Deferred tax liabilities – current (included in other current liabilities)	(7)	(21)	(256)
Deferred tax liabilities – non current	(3,788)	(33,735)	(411,402)
	¥ 15,492	¥ (7,301)	$ (89,037)

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2011 and 2012 differ from the statutory tax rate for the following reasons:

	2011	2012
Statutory tax rate	40.7%	40.7%
Increase (reduction) in income taxes resulting from:		
Valuation allowance on deferred tax assets	(14.4)	(8.5)
Entertainment expenses not deductible for tax purposes	1.6	1.2
Per capita inhabitant tax	0.9	0.5
Amortization of goodwill	0.8	(21.1)
Change in tax rate	-	(5.6)
Other	(0.7)	2.6
Effective tax rate	29.0%	9.6%

Notes:

Amendment to the Japanese tax regulations were enacted into law on December 2, 2011. Consequently, the statutory income tax rate used to measure deferred tax assets and liabilities expected to be settled or realized in the period from April 1, 2012 to March 31, 2015 was changed from 40.69% to 38.01%, and for periods subsequent to March 31, 2015, the rate was changed to 35.64%. Due to this amendment, net deferred tax assets increased by ¥2,338million, income taxes-deferred decreased by ¥2,357million,valuation difference on available-for-sale securities decreased by ¥16million, minority interests decreased by ¥256million, and minority interests in income decreased by ¥254million. Moreover, deferred tax liabilities for land revaluation decreased by ¥1,545million, and revaluation reserve for land increased by ¥1,545million.

16. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2012:

(1) Recycling associated with other comprehensive income

	Yen (millions)	U.S. dollars (thousands)
	2012	2012
Valuation difference on available-for-sale securities:		
Amount arising during the fiscal year	¥ 101	$ 1,232
Recycling	252	3,073
Total valuation difference on available-for-sale securities	¥ 354	$ 4,317
Deferred gains or losses on hedges:		
Amount arising during the fiscal year	110	1,341
Total deferred gains or losses on hedges	¥ 110	$ 1,341
Foreign currency translation adjustment:		
Amount arising during the fiscal year	(170)	(2,073)
Total deferred gains or losses on hedges	¥ (170)	$ (2,073)
Amount before tax effect	294	3,585
Tax effect	1,389	16,939
Total accumulated other comprehensive income	¥ 1,683	$ 20,524

(2) Tax effect associated with other comprehensive income

	Yen (millions)					
	2012					
	Before tax effect adjustment		Tax effect		After tax effect adjustment	
Valuation difference on available-for-sale securities	¥	354	¥	(162)	¥	192
Deferred gains or losses on hedges		110		6		116
Revaluation reserve for land		-		1,545		1,545
Foreign currency translation adjustment		(170)		-		(170)
Total accumulated other comprehensive income	¥	294	¥	1,389	¥	1,683

	U.S. dollars (thousands)					
	2012					
	Before tax effect adjustment		Tax effect		After tax effect adjustment	
Valuation difference on available-for-sale securities	$	4,317	$	(1,976)	$	2,341
Deferred gains or losses on hedges		1,341		73		1,415
Revaluation reserve for land		-		18,841		18,841
Foreign currency translation adjustment		(2,073)		-		(2,073)
Total accumulated other comprehensive income	$	3,585	$	16,939	$	20,524

17. Business Combinations

Business Combination Through Acquisitions

(1) Outline of business combination

(a) Acquired companies and their business

Acquired companies: 29 entities including the silent partnership whose operator is the limited liability company SPADE HOUSE

Main business: leasing and other businesses of real estate

(b) Main reason for business combination

The Company made real estate investments using special-purpose companies (including investments in silent partnerships) for the leasing business. Following changes in the management environment, the Company decided to change its management strategy for these assets owned by silent partnerships and other entities, where the Company should be involved in for longer periods. Accordingly, the Company made the silent partnerships and other entities, which would substantially be controlled, consolidated subsidiaries in the current fiscal year.

(c) Date of business combination

April 1, 2011 (deemed date of acquisition of control)

(d) Main reason for determining the acquiring entity

It became clear that the Company would substantially control the entities in accordance with the change in its management strategy.

(2) Period of which the operating results of the acquired entities are included in the consolidated financial statements

From April 1, 2011 to March 31, 2012

(3) Acquisition cost

Total investments in 29 acquired entities, including silent partnerships, at the date of business combination (¥185,599 million)

(4) Amount of goodwill recognized and reason thereof

(a) Amount of goodwill

¥26,372 million

(b) Reason

When the Company acquired control of certain silent partnerships and other entities and made them consolidated subsidiaries, goodwill was recognized as a result of the fair values of their net assets being below the Company's investments. The Company wrote down all of the goodwill as an impairment loss.

(5) Gain on negative goodwill and reason thereof

(a) Gain on negative goodwill

¥48,286 million

(b) Reason

When the Company acquired control of certain silent partnerships and other entities and made them consolidated subsidiaries, negative goodwill was recognized as a result of the fair values of their net assets being higher than the Company's investments.

(6) Changes in assets and liabilities on date of business combination

As silent partnerships and other entities became consolidated subsidiaries, primarily fixed assets in silent partnerships and other entities increased, while investments in silent partnerships and other entities decreased. Overall, assets increased by ¥578,937 million. Regarding liabilities, interest-bearing debt of silent partnerships and other entities of ¥508,348 million increased.

(7) Effects on consolidated statement of income for the fiscal year and accounting method

Since the date of business combination is April 1, 2011, actual figures are used to account for the effects for the fiscal year.

Distributions from silent partnerships and other entities used to be recorded in operating revenue of the Company. However, as silent partnerships and other entities became consolidated subsidiaries, their fixed assets are consolidated, and the Company records revenue from the leasing of real estate, operating cost, and interest expenses on loans payable for the current fiscal year. As a result, operating revenue and operating income increased by ¥10,137 million and ¥8,581 million, respectively. The effect on ordinary income was minor.

With the consolidation, gain on negative goodwill of ¥48,286 million was recorded as extraordinary income, and impairment loss of ¥26,372 million was recorded as extraordinary loss in the fiscal year. As a result, income before income taxes and minority interests increased by ¥21,913 million.

18. Investment and Rental Properties

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 April 1, 2011	Net Change	As of March 31, 2012	As of March 31, 2012
¥ 345,286	¥ 521,476	¥ 866,762	¥ 909,118

U.S. dollars (thousands)			
Carrying Value			Fair Value
As of April 1, 2011	Net Change	As of March 31, 2012	As of March 31, 2012
$ 4,210,805	$ 6,359,463	$ 10,570,268	$ 11,086,805

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 business combinations in the amount of ¥ 551,515 million ($ 6,725,793 thousand), and decreases primarily due to impairment loss of ¥ 12,817 million ($ 156,305 thousand).
3. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.
4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥253,558 million ($ 3,092,171 thousand) in the current consolidated fiscal year) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

19. Per Share Information

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 is not presented as there are no dilutive potential shares.

	Yen		U.S. dollars
	2011	2012	2012
Net asset per share of common stock as of March 31	¥ 392.87	¥ 453.46	$ 5.53
Net income per share of common stock for the year ended March 31	¥ 21.84	¥ 64.40	$ 0.79

Bases of calculation for net income per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
For the year ended March 31			
Net income	¥ 11,597	¥ 34,200	$ 417,073
Net income of common stock	¥ 11,597	¥ 34,200	$ 417,073
Weighted average number of shares of common stock (thousands)	531,130	531,049	

Bases of calculation for net asset per share are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2011	2012	2012
As of March 31			
Total net assets	¥ 239,828	¥ 275,347	$ 3,357,890
Minority interests	(31,189)	(34,542)	(421,244)
Net assets of common stock at March 31	¥ 208,638	¥ 240,804	$ 2,936,634
Number of shares of common stock at March 31 (thousands)	531,060	531,039	

20. Subsequent Events

Under the resolution of the Board of Directors on April 27, 2012, the Company and consolidated subsidiaries transferred certain commercial facilities and office buildings to Activia Properties Inc., the assets of which are managed by TLC Activia Investment Management Inc., a wholly owned subsidiary of the Company.

1. Assets transferred

Asset holding company	Name	Asset Type	Location	Transfer price Yen (millions)
Tokyu Land Corporation	Noncurrent assets Tokyu Plaza Akasaka (*1) EBIS Q PLAZA Two other properties	Commercial facility Office	Chiyoda-ku, Tokyo and other places	¥ 137,203
Subsidiaries	Noncurrent assets Tokyu Plaza Omotesando Harajuku (*2) Shimbashi Place Six other properties	Commercial facility Office	Minato-ku, Tokyo and other places	

Notes: *1. A 50% co-ownership interest in the land and building was transferred.

*2. A 75% co-ownership interest in the land and building was transferred.

2. Outline of the transferee

(1) Name Activia Properties Inc.

(2) Address Shibuya-ku, Tokyo

(3) Name and title of representative Haruki Sakane, Executive Director

(4) Establishment date September 7, 2011

(5) Relationship with the Company (as of March 31, 2012) Non-consolidated subsidiary (Tokyu Land Corporation holds 100% units.) An employee of the Company is sent on loan as an executive director. Activia Properties Inc. enters into an asset management contract with TLC Activia Investment Management Inc.

3. Schedule of the transfers

Date of transfer: June 13, 2012

4. Effect of the event on consolidated financial statements

With the transfer of noncurrent assets described in item 1, above, we expect that the noncurrent assets will decrease by ¥129,908 million, and extraordinary income of ¥8,102 million will be recognized.

21. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of distributions paid in cash be appropriated as a legal reserve until the aggregated amount of capital reserve and the legal reserve equals 25 percent of common stock. (Amount of the legal reserve was not included in retained earnings at March 31, 2011 and 2012.) The portion of such aggregated amount in excess of 25 percent of common stock may become available for distributions subsequent to release of such excess to retained earnings.

22. Segment Information

Tokyu Land Group's business is composed primarily of eight segments: (1) Real Estate Sales, including the development and sales of condominiums, houses and buildings; (2) Contracted Construction, including the construction of custom-built houses, and reforms of 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 for offices, residences, and hotels, and management of shopping centers; (5) Property Management, including facilities management for buildings, condominiums and apartments; (6) Facility Operations, including operations of leisure and sports facilities (golf courses, membership resort hotels, and urban-style sports clubs); (7) Real Estate Agents, including real estate agency, etc; and (8) Other.

Information by geographic areas is omitted as overseas sales of the Company for the years ended March 31, 2011 and 2012 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2011 and 2012 are as follows:

Year ended March31, 2011	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	132,678	57,216	75,450	137,980	68,192	57,755	35,198	6,970	_	571,443
Inter-segment	9,972	4,404	178	2,087	4,714	160	2,712	489	(24,719)	_
Total	142,650	61,620	75,628	140,067	72,907	57,916	37,911	7,459	(24,719)	571,443
Operating income	(1,619)	36	847	59,682	5,077	924	2,953	213	(5,613)	62,502
Total assets	164,594	19,244	33,504	683,275	12,167	202,447	37,646	11,536	(2,998)	1,161,419
Depreciation expenses	50	344	1,043	6,107	244	4,994	1,005	567	524	14,882
Amortization of goodwill	279	—	—	129	8	12	0	(0)	21	452
Investment in equity-method affiliates	—	—	—	6,342	—	2,936	—	—	224	9,503
Capital expenditures	273	391	1,492	188,980	180	7,186	1,505	751	(500)	200,262

Year ended March31, 2012	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	116,190	62,881	85,098	121,889	68,556	59,348	35,676	7,199	—	556,841
Inter-segment	102	3,824	238	3,407	6,177	232	2,023	499	(16,505)	—
Total	116,293	66,706	85,336	125,297	74,734	59,580	37,699	7,698	(16,505)	556,841
Operating income	6,742	890	1,847	35,336	4,918	2,992	2,854	238	(5,735)	50,086
Total assets	185,817	27,135	32,151	1,241,486	12,001	199,447	36,749	12,850	(2,866)	1,744,774
Depreciation expenses	89	328	1,119	11,791	212	4,947	1,113	631	538	20,771
Amortization of goodwill	0	—	—	(48,270)	35	10	—	—	0	(48,224)
Investment in equity-method affiliates	—	—	—	7,301	—	2,928	—	1,477	346	12,053
Capital expenditures	96	197	1,121	33,637	118	4,338	586	1,240	434	41,771

Year ended March31, 2012	U.S. dollars (thousands)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	1,416,951	766,841	1,037,780	1,486,451	836,049	723,756	435,073	87,793	—	6,790,744
Inter-segment	1,244	46,634	2,902	41,549	75,329	2,829	24,671	6,085	(201,280)	—
Total	1,418,207	813,488	1,040,683	1,528,012	911,390	726,585	459,744	93,878	(201,280)	6,790,744
Operating income	82,220	10,854	22,524	430,927	59,976	36,488	34,805	2,902	(69,939)	610,805
Total assets	2,266,061	330,915	392,085	15,140,073	146,354	2,432,280	448,159	156,707	(34,951)	21,277,732
Depreciation expenses	1,085	4,000	13,646	143,793	2,585	60,329	13,573	7,695	6,561	253,305
Amortization of goodwill	0	—	—	(588,659)	427	122	—	—	0	(588,098)
Investment in equity-method affiliates	—	—	—	89,037	—	35,707	—	18,012	4,220	146,988
Capital expenditures	1,171	2,402	13,671	410,207	1,439	52,902	7,146	15,122	5,293	509,402

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2008	2009	2010	2011	2012	2012
Operating revenue						
Real Estate Sales	¥ 176,972	¥ 157,005	¥ 118,812	¥ 142,650	¥ 116,293	$ 1,418,207
Tokyu Land Corporation	160,918	139,370	107,791	132,249	105,791	1,290,134
Tokyu Livable, Inc.	14,330	9,254	9,805	8,462	6,545	79,817
Eliminations	(3,357)	(2,449)	(17)	(1,260)	3,957	48,256
Contracted Construction	¥ 77,726	¥ 62,199	¥ 59,391	¥ 61,620	¥ 66,706	$ 813,488
Tokyu Homes Corporation ※1	―	38,880	36,840	36,064	37,279	454,622
Tokyu Home Corporation	40,472	―	―	―	―	―
Tokyu Amenix Corporation	16,526	―	―	―	―	―
Tokyu Community Corporation	14,904	16,605	16,163	18,847	22,656	276,293
Ishikatsu Exterior, Inc	7,863	6,766	6,476	6,755	6,972	85,024
Eliminations	(2,077)	(51)	(87)	(45)	(200)	(2,439)
Retail Sales	¥ 90,809	¥ 86,977	¥ 78,011	¥ 75,628	¥ 85,336	$ 1,040,683
Tokyu Hands, Inc.	90,809	86,977	78,011	75,628	85,336	1,040,683
Leasing of Real Estate	¥ 120,097	¥ 111,760	¥ 134,850	¥ 140,067	¥ 125,297	$ 1,528,012
Tokyu Land Corporation	78,435	66,292	86,846	87,810	59,999	731,695
Tokyu Community Corporation	15,443	16,290	16,940	16,649	16,036	195,561
Tokyu Relocation Corporation (consolidated)	12,910	14,733	15,561	16,467	18,334	223,585
Tokyu Livable, Inc.	6,166	6,679	6,856	7,254	7,614	92,854
Eliminations	(751)	(3,793)	(653)	(6,767)	23,314	284,317
Property Management	¥ 73,376	¥ 73,388	¥ 74,725	¥ 72,907	¥ 74,734	$ 911,390
Tokyu Community Corporation	69,297	68,753	70,241	68,146	69,146	843,244
Subsidiaries of Tokyu Community Corporation	13,145	10,760	10,043	9,763	10,147	123,744
Eliminations	(9,065)	(6,125)	(5,560)	(5,002)	(4,558)	(55,585)
Facility Operations (Resorts) ※2	¥ 55,428	¥ 59,905	¥ 58,449	¥ 57,916	¥ 59,580	$ 726,585
Tokyu Land Corporation	25,422	26,279	24,802	23,648	21,126	257,634
Tokyu Resort Service Corporation	23,677	25,284	28,473	28,549	27,588	336,439
Tokyu Sports Oasis Inc.	11,572	13,559	13,440	13,866	13,938	169,976
Eliminations	(27,066)	(27,930)	(30,296)	(29,753)	(3,071)	(37,451)
Real Estate Agents (Real Estate Agents and Other Businesses) ※2	¥ 54,315	¥ 41,986	¥ 40,964	¥ 37,911	¥ 37,699	$ 459,744
Tokyu Livable, Inc.	43,527	32,068	30,753	34,451	33,817	412,402
Tokyu Resort Corporation	2,882	2,336	1,935	1,925	2,140	26,098
Tokyu Land Corporation	927	202	255	46	87	1,061
Eliminations	(803)	(772)	(651)	(436)	1,655	20,183
Other ※2	―	―	―	7,459	7,698	93,878
Total	648,723	593,222	565,204	596,162	573,347	6,992,037
Eliminations	(15,320)	(18,860)	(13,137)	(24,719)	(16,505)	(201,280)
Operating revenue (Consolidated)	¥ 633,406	¥ 574,361	¥ 552,067	¥ 571,443	¥ 556,841	$ 6,790,744
Operating income	¥ 82,064	¥ 34,990	¥ 35,469	¥ 62,502	¥ 50,086	$ 610,805
Real Estate Sales	20,946	4,074	(14,564)	(1,619)	6,742	82,220
Contracted Construction	105	(2,898)	(1,550)	36	890	10,854
Retail Sales	661	588	237	847	1,847	22,524
Leasing of Real Estate	53,623	34,331	49,999	59,682	35,336	430,927
Property Management	4,273	3,945	4,435	5,077	4,918	59,976
Facility Operations (Resorts) ※2	1,935	1,266	1,448	924	2,992	36,488
Real Estate Agents (Real Estate Agents and Other Businesses) ※2	6,719	(1,241)	416	2,953	2,854	34,805
Other ※2	―	―	―	213	238	2,902
Elimination / Headquarters	(6,200)	(5,077)	(4,953)	(5,613)	(5,735)	(69,939)
Operating income ratio	13.0%	6.1%	6.4%	10.9%	9.0%	9.0%
Real Estate Sales	11.8%	2.6%	(12.3)%	(1.1)%	5.8%	5.8%
Contracted Construction	0.1%	(4.7) %	(2.6) %	0.1%	1.3%	1.3%
Retail Sales	0.7%	0.7%	0.3%	1.1%	2.2%	2.2%
Leasing of Real Estate	44.6%	30.7%	37.1%	42.6%	28.2%	28.2%
Property Management	5.8%	5.4%	5.9%	7.0%	6.6%	6.6%
Facility Operations (Resorts) ※2	3.5%	2.1%	2.5%	1.6%	5.0%	5.0%
Real Estate Agents (Real Estate Agents and Other Businesses) ※2	12.4%	(3.0) %	1.0%	7.8%	7.6%	7.6%
Other ※2	―	―	―	2.9%	3.1%	3.1%

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

※2 From 2011, “Resorts” was changed into “Facility Operations”, and “Real-Estate Agents and Other Businesses” was presented separately as “Real-Estate Agents” and “Other.”

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, 2012)
URL	http://www.tokyu-land.co.jp/english/