ANNUAL REPORT 2009

Year Ended March 31, 2009

TOKYU LAND CORPORATION

CONTENTS

A Message from the President

The Japanese economy continued to confront very severe conditions during the fiscal year ended March 31,2009. Corporate earnings declined and employment conditions weakened sharply, as part of the fallout from the global recession that began with the financial crisis in the United States.

In the real estate industry, customers became increasingly hesitant, the result of higher housing prices and the business downturn. Reflecting the slowdown in demand for office space, vacancy rates rose and rent levels weakened in the office building market, where the industry had achieved steady growth. Trading in the J-REIT real estate investment market also contracted substantially, influenced by the credit contraction and share price declines worldwide. As these developments indicate, the operating environment remained extremely challenging.

Responding to these conditions, Tokyu Land Corporation and its consolidated subsidiaries (“the Group”) executed a number of initiatives, including measures to bolster development and asset management capabilities and actions to achieve group synergy, under the basic policies set out in Grow Value 2010, the medium-term management plan the Group is presently executing. During the fiscal year ended March 31,2009, the Group brought nine buildings onto the market, including Nihonbashi Front, and opened two resort facilities, the Tokyu Harvest Club VIALA Hakone Hisui, a members-only resort hotel, and the Asakura Golf Club. In the housing field, the Group started sales of the Futakotamagawa Rise Tower & Residence, a large condominium built within the Futakotamagawa Redevelopment Project Site, one of the largest sites of its kind in metropolitan Tokyo. Under these initiatives mentioned above, the Group pursued to bolster revenue and raise corporate value.

In spite of these initiatives, both consolidated revenue and income experienced sharp year-on-year declines, as described later in this Report. These falls reflected the unavoidable effects of the adverse external conditions.

Looking ahead, there is concern that weaker corporate earnings and employment conditions may prompt a fall in capital investment and personal consumption. It appears that economic recovery will require more time.

In the real estate industry, competitive differences based on site conditions, merchandise planning and sales prices are likely to become more apparent in housing. The vacancy rate is expected to rise and adversely affect market rents for office buildings, with weaker corporate performance as an underlying factor. As these forecasts suggest, market conditions are likely to remain tough.

To successfully navigate these challenging conditions, the Group will make effective and efficient use of its management resources, and will step up efforts to optimize its business portfolio based on predicted future market trends. At the same time, the Group will flexibly and speedily respond to rapid changes in market conditions, with steps to rationalize and streamline management, including efforts to entrench a cost awareness in every aspect of business.

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

June 2009 Kiyoshi Kanazashi, President & CEO

BUSINESS REPORT
Years ended March 31, 2009

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2005	2006	2007	2008	2009	2009
Operating revenue	¥ 540,304	¥ 558,646	¥ 573,549	¥ 633,406	¥ 574,361	$ 5,860,827
Operating gross profit	111,874	132,057	136,360	159,936	114,347	1,166,806
Gross margin rate	*20.7%*	*23.6%*	*23.8%*	*25.3%*	*19.9%*	*19.9%*
Selling, general and administrative expenses	71,559	67,191	70,415	77,872	79,356	809,755
Sales selling ratio	*13.2%*	*12.0%*	*12.3%*	*12.3%*	*13.8%*	*13.8%*
Operating income	40,315	64,866	65,944	82,064	34,990	357,041
Operating income before depreciation	52,898	76,529	77,196	94,380	48,286	492,714
Other income	11,590	3,263	14,655	1,949	4,200	42,857
Other expenses	39,089	46,025	38,652	26,149	15,413	157,276
Income before income taxes and minority interests	12,816	22,104	41,947	57,864	23,776	242,612
Net income (loss)	¥ 7,566	¥ 10,143	¥ 31,364	¥ 28,696	¥ 10,192	$ 104,000

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2005	2006	2007	2008	2009	2009
Assets	¥ 874,942	¥ 885,741	¥ 954,074	¥ 1,013,916	¥ 1,035,731	$ 10,568,684
Capital stock	32,639	57,500	57,551	57,551	57,551	587,255
Equity	83,978	145,470	173,675	192,813	195,715	1,997,092
equity ratio	*9.6%*	*16.4%*	*18.2%*	*19.0%*	*18.9%*	*18.9%*
Interest-bearing debt	418,054	344,083	370,487	411,491	477,033	4,867,684
EBITDA-multiple	7.9	4.5	4.8	4.4	9.9	9.9
DE ratio	5.0	2.4	2.1	2.1	2.4	2.4
ROA	*4.7%*	*7.4%*	*7.3%*	*8.4%*	*3.5%*	*3.5%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2005	2006	2007	2008	2009	2009
Capital expenditure	¥ 33,640	¥ 14,358	¥ 42,528	¥ 52,904	¥ 39,955	$ 407,704
Payment for equity investment	31,515	32,360	98,989	60,021	65,860	672,041
Depreciation and amortization	12,583	11,663	11,251	12,316	13,291	135,622

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2005	2006	2007	2008	2009	2009
CF from operating activities	¥ 34,467	¥ 54,232	¥ 13,844	¥ 24,910	¥ 13,354	$ 136,265
CF from investing activities	17,571	(2,003)	(106,424)	(79,949)	(82,971)	(846,643)
CF from financing activities	(27,622)	(29,498)	(24,248)	36,930	68,029	694,173
Cash and cash equivalents at the end of the year	¥ 97,189	¥ 119,934	¥ 51,701	¥ 33,454	¥ 30,337	$ 309,561

2. Major Business

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

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

(3) Retail sales
Retail sales of materials and products for living and DIY

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

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

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

(7) Real Estate Agents and Other Businesses
Real estate agent, appraisal, and benefit package, etc.

3. Business policy

Basic Policy

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

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

Tokyu Community and Tokyu Livable, the Company's consolidated subsidiaries listed on the Tokyo Stock Exchange, aim at achieving further management innovation and growth to realize "independence and collaboration" with support from their shareholders in the market.

Mid-Term Management Strategies

The Company established a new three year medium-term management plan, "Grow Value 2010 - Challenges for a new stage" in May 2008. Based on the new plan, we seek to create a group of companies that can pursue a strategy for lasting growth, based on a fundamental policy of achieving growth in profitability through further reforms and evolution of the business model that was expanded under the previous plan, and successfully achieving both investment focused on the future and a strengthening of our financial base.

The basic policy for the new plan is to i) achieve growth in profits through the reform and evolution of the business model that was extended under the previous plan, while ii) successfully achieving both investment focused on the future and the reinforcement of the Company's financial base.

The two numerical targets* set for the fiscal year ending March 31, 2011 are i) seeking to achieve operating profit of ¥100 billion, and ii) achieving a D/E ratio of 1.6 times or less.

As its growth strategy for achieving these targets, the Company will focus on promoting "the strengthening and utilization of development functions," "the improvement of profitability and competitiveness through the strengthening of asset management ability," and "the pursuit of the expansion of the Tokyu Land Group's various businesses and the achievement of business synergy."

Moreover, as well as implementing investment with an emphasis on the efficiency of fund operations and controls on interest-bearing debt as its financial strategy, the Company will seek to further strengthen its financial base by expanding its equity capital through the accumulation of profits, and improving financial targets such as the D/E ratio.

Furthermore, the Company will promote reconstruction and redevelopment projects as its long-term strategy aimed at future growth. In addition, it will carry out CSR activities, including giving consideration to the environment, while striving to improve corporate value.

Through the promotion of these priority strategies, and the achievement of its targets – that is to say, by meeting the *Challenges for a New Stage* – the Company is aiming to become "a corporate group that constantly seeks to meet the challenge of new investment and business, and can set forth an enduring growth strategy."

* Targets may be revised due to such factors as changes in accounting standards.

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.

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, 2009 as follows:

Date of decision:	Total amount of dividend (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 7, 2008	2,124	4.0
Resolution of the general shareholders meeting on June 25, 2009	2,125	4.0

Business-related and other risks

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

The items regarding the future listed below are based on the judgment of the Corporate Group.

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

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

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

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

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

(3) Legal regulations

As a real-estate company, the Company conducts its operation with a business permit under the Building Lots and Buildings Transaction Business Law and must follow legal regulations associated with real-estate transactions, leasing, management commission, construction, property management, and others.

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

(4) Information systems

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

4. Operating Result and Financial Position

(1) Current Operating Performance

We ended this year with a decrease in both revenues and profit with ¥574.4 billion in operating revenue (down 9.3% from the previous year), ¥35.0 billion in operating income (down 57.4%), ¥27.7 billion in ordinary income (down 63.3%) and ¥10.2 billion in net income (down 64.5%). Operating revenue decreased by ¥59.0 billion due to a decrease in the number of condominium units sold and operating income plunged ¥47.1 billion as a result of the recording of a loss on valuation of inventories and lower dividends from the sale of buildings by SPCs. Ordinary income also dropped ¥47.8 billion due to a ¥0.7 billion hike in interest expenses.

Although we recorded an extraordinary income of ¥3.0 billion consisting of a gain on sales of noncurrent assets, among others, however, we also had an extraordinary loss of ¥6.9 billion, with a ¥3.0 billion impairment loss and a ¥2.0 billion loss on sales of noncurrent assets. Compared to the previous year, extraordinary income improved by ¥13.7 billion, and net income decreased in profit by ¥18.5 billion.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	633.4	574.4	(59.0)
Operating income	82.1	35.0	(47.1)
Ordinary income	75.4	27.7	(47.8)
Net income	28.7	10.2	(18.5)

Interest-bearing debt	411.5	477.0	65.5

(2) Segment Performance

Operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	633.4	574.4	(59.0)
Real Estate Sales	177.0	157.0	(20.0)
Contracted Construction	77.7	62.2	(15.5)
Retail Sales	90.8	87.0	(3.8)
Leasing of Real Estate	120.1	111.8	(8.3)
Property Management	73.4	73.4	0.0
Resorts	55.4	59.9	4.5
Real-Estate Agents and Other Businesses	54.3	42.0	(12.3)
Adjustment for Inter-Company Transactions	(15.3)	(18.9)	(3.5)

Operating income (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	82.1	35.0	(47.1)
Real Estate Sales	20.9	4.1	(16.9)
Contracted Construction	0.1	(2.9)	(3.0)
Retail Sales	0.7	0.6	(0.1)
Leasing of Real Estate	53.6	34.3	(19.3)
Property Management	4.3	3.9	(0.3)
Resorts	1.9	1.3	(0.7)
Real-Estate Agents and Other Businesses	6.7	(1.2)	(8.0)
Adjustment for Inter-Company Transactions	(6.2)	(5.1)	1.1

① Real Estate Sales

In our Real Estate Sales business, we recognized ¥157.0 billion in operating revenue (down 11.3% from the previous year) and ¥4.1 billion in operating income (down 80.5%). A breakdown reveals 2,693 condominiums (¥99.6 billion), 283 detached housing (¥7.2 billion) and 165 country houses (¥6.8 billion). A decrease in the number of condominium units sold negatively affecting the gross profit margin and the recording of ¥9.7 billion in loss on valuation of inventories resulted in a decrease in both revenues and profit.

With respect to sales conditions, although a slowdown in the condominium market is extending selling periods and driving up the inventory of completed units, sales of properties with ongoing price adjustments are expected to be favorable backed by a government measure consisting of extending mortgage deductions and raising the gift tax exemption ceiling. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year became 40% (down 13% from the previous year; parent company basis).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	177.0	157.0	(20.0)
Operating income	20.9	4.1	(16.9)

Breakdown of operating revenue (Before adjustments in ¥ billion)

	Previous year		Current year		Comparison
Condominium	3,568 units	127.2	2,693 units	99.6	(27.6)
Detached housing	444 units	13.7	283 units	7.2	(6.6)
Country houses	289 units	8.1	165 units	6.8	(1.3)
Other sales	–	27.9	–	43.4	15.5

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, 2008	As of March 31, 2009
Condominium	2,708	2,421	1,726	1,972	534	816
Detached housing	164	198	163	174	81	43
Country houses	207	259	63	158	–	–

② Contracted Construction

In our Contracted Construction business, we posted ¥62.2 billion in operating revenue (down 20.0% from the previous year) and ¥2.9 billion in operating loss. In response to changing market conditions, Tokyu Home Corporation and Tokyu Amenix Corporation merged on April 1, 2008, becoming Tokyu Homes Corporation, however, delayed measures to counter the worsening economy and the failure to build an earnings structure planned due to slumping orders received resulted in a decrease in both revenues and profit. Concerning orders received, as part of efforts to promote order acquisition, for customer-built houses, we began selling new merchandise in the beginning of the year with competitive prices that match the market and, for renovations, and we reduced prices to meet lowering customer budgets.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	77.7	62.2	(15.5)
Operating income	0.1	(2.9)	(3.0)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Custom-built houses	25.7	19.1	(6.5)
Renovation	16.5	15.6	(1.0)
Landscape gardening etc.	35.5	27.5	(8.0)

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

	Previous year	Current year	Comparison
Total sales from orders	63.7	57.4	(6.3)
Custom-built houses	25.2	21.8	(3.4)
Renovation	16.7	15.6	(1.1)
Landscape gardening etc.	21.8	20.0	(1.8)

③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥87.0 billion (down 4.2% from the previous year), and we recorded operating income of ¥0.6 billion (down 11.0%). Although sales at existing Tokyu Hands Inc. outlets continue to follow a downward trend (down 6.5%), however, we secured a profit by restructuring business and retrenching expenses.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	90.8	87.0	(3.8)
Operating income	0.7	0.6	(0.1)

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	66.3	[12]	64.0	[12]	(2.3)
Kansai region	14.6	[3]	13.4	[3]	(1.2)
Local regions	6.4	[2]	5.8	[2]	(0.5)
Small-scale outlets	3.5	[6]	3.7	[7]	0.2

④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥111.8 billion (down 6.9% from the previous year) with operating income at ¥34.3 billion (down 36.0%). Lower dividends from the sale of buildings by SPCs and higher expenses generated from an increase in the number of properties in the planning stage resulted in a decrease in revenues and profit. This is despite an increase in revenues from full-year contributions from buildings which opened during the previous fiscal year and the progress of rent revisions for existing buildings. In the breakdown, the decrease in revenues from owned buildings is due to disposals and renovations of owned buildings and the decrease in revenues of leased buildings is due to cancellations of unprofitable buildings. The business of house leasing deployed by our subsidiaries and Tokyu Stay, a chain of hotels designed for long stays, remains brisk.

For the fiscal year under review, although the office building market was robust in the first half, from the beginning of the year, the worsening economy heightened cost consciousness among tenants leading to a weakening of sales. The vacancy rate at the end of March (parent company) deteriorated to 4.6%, however, excluding three new buildings opened at the end of the fiscal year brought the rate down to 2.2%.

In the next fiscal year, we plan to open Shibuya Place and continue to proactively execute reconstructions and redevelopments in favorable locations such as Kasumigaseki and Ginza, among others.

The business of house leasing deployed by our subsidiaries is well underway in the area of property development such as management services. Also, our Tokyu Stay chain of hotels designed for long stays has now 12 hotels with 1,571 rooms in the Tokyo metropolitan area maintaining a high occupancy rate.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	120.1	111.8	(8.3)
Operating income	53.6	34.3	(19.3)

Breakdown of operating revenue

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned	20.2	18.8	(1.4)
Leased	12.6	12.3	(0.3)
SPC	45.6	35.1	(10.4)
Subsidiaries and others	41.7	45.5	3.8

Investments in SPC (Parent company)

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
Number of SPC (case)	60	71	64
Outstanding amount (¥ billion)	155.8	200.7	233.1

Office and commercial leasing floor space, and vacancy rate

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
Leasing floor space (m^2)	777,209	814,146	828,719
Office/Commercial	497,277	496,433	470,684
SPC	279,932	317,713	358,035
Vacancy rate (consolidated basis)	1.1%	2.0%	5.1%
Vacancy rate (parent company basis)	0.9%	1.4%	4.6%

Major new opening and plans for the FY2009 ending March 31, 2010 (1,000m²)

	Use	Open	Floor space
Shibuya Place	Office	July 2009	4

Number of leased houses (Units)

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
House for lease	11,467	12,223	12,909
Lease management service	44,493	46,911	48,811
Company house management service	42,614	54,342	61,974

⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥73.4 billion (marginal increase from the previous year) and ¥3.9 billion (down 7.7%), respectively. Tokyu Community Corporation witnessed a decrease in profit due to more building management service contract cancellations, higher expenses for enhancing the quality of the services and for personnel working to fortify internal controls, among others.

Also, we secured additional orders for condominium management services for 14,000 units bringing the total number as of the end of the year to 353,000 units.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	73.4	73.4	0.0
Operating income	4.3	3.9	(0.3)

Number of sites managed as of year end

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
Condominiums (units)	339,105	346,305	353,368
Buildings (no. of contracts)	1,118	1,134	1,107

⑥ Resorts

Our Resorts business generated ¥59.9 billion in operating revenue (up 8.1% from the previous year) and posted a ¥1.3 billion operating income (down 34.6%). The opening of the membership resort hotel of Tokyu Harvest Club VIALA Hakone Hisui, the Asakura Golf Club, the Tokyu Sports Oasis fitness club and other new facilities led to an increase in revenues.

Contrastingly, with respect to existing facilities, high prices in the first half of the year kept people home and consumer sentiment cooled down in the latter half. This had the effect of slacking business at golf clubs and Harvest Club with ski resorts also struggling during winter due to unstable weather and led a decrease in profit.

Next year, we plan to open Arima Rokusai and VIALA Arima Rokusai at Harvest Club (March 2010), add a new Tokyu Sports Oasis fitness club in Totsuka and make other efforts to increase new facilities.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	55.4	59.9	4.5
Operating income	1.9	1.3	(0.7)

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]	10.3	[22]	0.6	
Harvest club	10.2	[22]	11.1	[23]	0.8	(Membership resort hotel)
Oasis	11.1	[29]	12.7	[32]	1.6	(Fitness club)
Ski resort	12.1	[8]	11.4	[8]	(0.7)	
Senior housing	3.0	[6]	3.3	[6]	0.3	
Other	9.2		11.1		1.9	

⑦ Real-Estate Agents and Other Businesses

In our Real-Estate Agents and Other Businesses, operating revenue was ¥42.0 billion (down 22.7% from the previous year) with an operating loss of ¥1.2 billion. The environment encompassing the real estate secondary market is in the midst of detrimental conditions as stringent lending practices on the part of financial institutions continue to plague the real estate investment market, real estate transactions targeting investment companies and real estate agents contracted sharply and, in real estate transactions, there were fewer contracts and lower prices for used buildings and a decreasing supply trend for new buildings. Tokyu Livable’s brokerage business suffered a great decrease in revenues and profit due to fewer retailing and wholesaling contracts and lower contracted prices, etc. despite signs of a recovery as retailing contracts increased after the beginning of the year.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	54.3	42.0	(12.3)
Operating income	6.7	(1.2)	(8.0)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	38.2	26.5	(11.8)
Consignment sales	6.3	5.9	(0.4)
Consignment welfare	2.6	3.3	0.8
Other	7.2	6.3	(0.9)

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

(Unit: ¥ billion)

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
Total assets	954.1	1,013.9	1,035.7
Total liabilities	757.8	795.7	813.3
Net assets	196.3	218.2	222.5
Equity	173.7	192.8	195.7
Equity ratio	18.2%	19.0%	18.9%
Interest-bearing debt	370.5	411.5	477.0
EBITDA multiple	4.8×	4.4×	9.9×
DE ratio	2.1×	2.1×	2.4×
ROA	7.3%	8.4%	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 March 31,2009, cash and cash equivalents were ¥30.3 billion, representing a ¥3.1 billion decrease from the previous fiscal year end.

Cash flow from operating activities

Net cash provided by operating activities was ¥13.4 billion thanks to ¥23.8 billion of income before income taxes and minority interest, ¥13.3 billion of depreciation and amortization and a ¥10.1 billion loss on valuation of inventories, notwithstanding a ¥21.3 billion decrease in deposits received for special joint ventures, a ¥14.2 billion decrease in notes and accounts payable-trade, ¥12.2 billion in income taxes paid and ¥7.6 billion in interest expenses paid.

Cash flow from investment activities

Net cash used in investment activities was ¥83.0 billion due to a ¥64.4 equity investment, a ¥47.1 billion investment in noncurrent assets and ¥3.6 billion in payments for lease and guarantee deposits, notwithstanding a ¥22.9 billion collection of equity investment and a ¥9.8 billion proceeds from the sale of noncurrent assets.

Cash flow from financing activities

Net cash provided by financing activities was ¥68.0 billion thanks to a capital procurement of ¥109.6 billion in proceeds from long-term loans payable and ¥38.7 billion in proceeds from short-term loans payable, notwithstanding the ¥72.9 billion in repayment of long-term loans payable and the ¥21.1 billion in repayments of long-term lease and guarantee deposits, among others.

Trend of indices

	As of March 31, 2007	As of March 31, 2008	As of March 31, 2009
Equity ratio	18.2%	19.0%	18.9%
Equity ratio on market value basis	75.0%	32.4%	12.9%
Ratio of interest-bearing debt to cash flows	26.7 years	16.5 years	35.7 years
Interest coverage ratio	2.0	3.5	1.7

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

Notes:

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

5. Employees

(As of March 31, 2009)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	256	54
Contracted Construction	1,114	17
Retail Sales	2,865	352
Leasing of Real Estate	1,141	69
Property Management	5,051	2,767
Resorts	2,557	1,993
Real Estate Agents and Other Businesses	2,541	141
Whole Company (Common)	356	29
Total	15,881	5,421

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

6. Purchase of Property and Equipment

In this consolidated fiscal year for the Group companies (Tokyu Land Corporation and its consolidated subsidiaries), their total capital expenditure amounted to ¥39,955 million, including the construction and acquisition of buildings for the leasing business and repairs to existing 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	84	0.21%
Contracted construction	902	2.26%
Retail sales	1,010	2.53%
Leasing of Real Estate	25,893	64.81%
Property Management	318	0.80%
Resorts	12,864	32.20%
Real Estate Agents and Other Businesses	2,627	6.58%
Subtotal	43,702	109.38%
Adjustment or Whole Company	(3,746)	(9.38)%
Total	39,955	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: 43,801

(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	16.57
Japan Trustee Services Bank Ltd. (Trust Account)	35,758	6.70
The Master Trust Bank of Japan Ltd. (Trust Account)	32,359	6.07
Japan Trustee Services Bank Ltd. (Trust Account 4G)	27,411	5.14
The Chuo Mitsui Trust and Banking Company	22,509	4.22
The Dai-ichi Mutual Life Insurance Company	20,383	3.82
Japan Trustee Services Bank Ltd. (Trust Account 4)	17,707	3.32
Nippon Life Insurance Company	13,880	2.60
The Bank of New York, Treaty JASDEC Account	8,629	1.62
Trust & Custody Services Bank, Ltd. (Pension trust account)	7,250	1.36

2. Information on Major Subsidiaries

(As of March 31, 2009)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Community Co., Ltd.	1,653	*54.88	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	*52.69	Intermediary and sales agency for land and buildings
Tokyu Hands Inc.	400	*75.00	Retail Sales of D-I-Y goods
Tokyu Homes Co., Ltd.	400	100.00	Contracted construction of houses and home improvement work
Tokyu Relocation Co., Ltd.	100	100.00	Real Estate management and leasing
Tokyu Sportsoasis Inc.	100	100.00	Management of fitness clubs
Ishikatsu Exteria Inc.	100	100.00	Landscaping work
Ewel Inc.	350	85.00	Benefit package agency services

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

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

3. Principal lenders

Lender	Amount of borrowing
	(million yen)
The Chuo Mitsui Trust and Banking Company, Limited	48,847
Mizuho Corporate Bank Ltd.	38,720
The Bank of Tokyo-Mitsubishi UFJ Ltd	36,754
Mitsubishi UFJ Trust and Banking Corporation	35,986
Development Bank of Japan Inc.	34,609
The Sumitomo Trust and Banking Company, Limited	28,307

4. Directors and Statutory Auditors

Position and Name

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

(as of June 25, 2009)

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

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Fax: +81 3 3503 1197

Report of Independent Auditors

The Board of Directors
Tokyu Land Corporation

We have audited the accompanying consolidated balance sheets of Tokyu Land Corporation and consolidated subsidiaries as of March 31, 2008 and 2009, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Land Corporation and consolidated subsidiaries at March 31, 2008 and 2009, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2.

Ernst & Young ShinNihon LLC

June 19, 2009

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
As of March 31, 2008 and 2009

Assets	Yen (millions) 2008	Yen (millions) 2009	U.S. dollars (thousands) (Note 2) 2009
Current assets :			
Cash and deposits (Note 5)	¥ 30,931	¥ 22,613	$ 230,745
Notes and accounts receivable-trade	16,240	13,750	140,306
Short-term investment securities	3,000	8,299	84,684
Merchandise	8,674	7,985	81,480
Real estate for sale (Note 5)	100,365	106,152	1,083,184
Real estate for sale in process	98,471	90,457	923,031
Costs on uncompleted construction contracts	3,573	3,391	34,602
Supplies	915	885	9,031
Short-term loans receivable	135	14	143
Deferred tax assets (Note 14)	5,979	4,761	48,582
Other	34,130	31,133	317,684
Allowance for doubtful accounts	(333)	(460)	(4,694)
Total current assets	302,084	288,984	2,948,816
Noncurrent assets :			
Property, plant and equipment			
Buildings and structures	259,657	262,496	2,678,531
Accumulated depreciation	(133,741)	(137,459)	(1,402,643)
Buildings and structures, net (Note 5)	125,916	125,037	1,275,888
Land (Notes 5 and 7)	251,431	255,303	2,605,133
Construction in progress	11,744	11,265	114,949
Other	33,526	37,093	378,500
Accumulated depreciation	(25,287)	(26,481)	(270,214)
Other, net	8,238	10,611	108,276
Total property, plant and equipment	397,330	402,218	4,104,265
Intangible assets			
Leasehold right (Note 5)	10,131	10,295	105,051
Goodwill	2,086	1,382	14,102
Other	13,726	14,714	150,143
Total intangible assets	25,943	26,391	269,296
Investments and other assets			
Investment securities (Note 5)	40,665	35,777	365,071
Investments in silent partnership	167,416	204,320	2,084,898
Long-term loans receivable (Note 5)	747	504	5,143
Lease and guarantee deposits	59,709	57,093	582,582
Deferred tax assets (Note 14)	12,788	12,760	130,204
Other	8,221	8,638	88,143
Allowance for doubtful accounts	(991)	(959)	(9,786)
Total investments and other assets	288,558	318,136	3,246,286
Total noncurrent assets	711,832	746,747	7,619,867
Total assets	¥1,013,916	¥1,035,731	$10,568,684

Liabilities and Net Assets	Yen (millions) 2008	Yen (millions) 2009	U.S. dollars (thousands) (Note 2) 2009
Current liabilities :			
Notes and accounts payable-trade	¥ 49,975	¥ 36,409	$ 371,520
Short-term loans payable (Notes 3, 4 and 5)	104,648	110,611	1,128,684
Commercial papers	16,000	48,000	489,796
Accounts payable-other	24,866	12,037	122,827
Income taxes payable	5,614	2,798	28,551
Deferred tax liabilities (Note 14)	348	19	194
Advances received	25,116	28,635	292,194
Deposits received from consignment sales	7,802	9,633	98,296
Deposits received (Note 5)	17,209	18,436	188,122
Deposits received for special joint ventures	26,350	10,100	103,061
Provision for bonuses	7,205	5,293	54,010
Provision for directors' bonuses	241	87	888
Provision for warranties for completed construction	336	316	3,224
Other provision	11	451	4,602
Other	10,399	10,060	102,653
Total current liabilities	296,127	292,893	2,988,704
Noncurrent liabilities :			
Bonds payable (Note 3)	40,000	40,000	408,163
Long-term loans payable (Notes 3 and 5)	250,842	278,422	2,841,041
Deferred tax liabilities (Note 14)	2,699	2,487	25,378
Deferred tax liabilities for land revaluation (Note 7)	10,686	12,533	127,888
Long-term lease and guarantee deposited (Notes 5 and 8)	161,564	156,645	1,598,418
Deposits received for special joint ventures	10,150	5,150	52,551
Provision for retirement benefits (Note 13)	19,102	19,584	199,837
Provision for loss on guarantees	1,088	916	9,347
Provision for directors' retirement benefits	1,032	350	3,571
Other provision	—	34	347
Other	2,444	4,232	43,184
Total noncurrent liabilities	499,611	520,357	5,309,765
Total liabilities	¥ 795,738	¥ 813,250	$ 8,298,469
Net assets :			
Shareholders' equity (Note 16)			
Capital stock	57,551	57,551	587,255
Capital surplus	39,341	39,306	401,082
Retained earnings	81,499	85,513	872,582
Treasury stock	(1,108)	(1,121)	(11,439)
Total shareholders' equity	177,284	181,249	1,849,480
Valuation and translation adjustments			
Valuation difference on available-for-sale securities	1,091	(140)	(1,429)
Deferred gains or losses on hedges	5	(20)	(204)
Revaluation reserve for land (Note 7)	15,582	16,439	167,745
Foreign currency translation adjustment	(1,151)	(1,812)	(18,490)
Total valuation and translation adjustments	15,529	14,465	147,602
Minority interests	25,364	26,765	273,112
Total net assets	218,178	222,480	2,270,204
Total liabilities and net assets	¥1,013,916	¥1,035,731	$10,568,684

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2008 and 2009

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2008	2009	2009
Operating revenue	¥ 633,406	¥ 574,361	$ 5,860,827
Operating cost (Note 9)	473,469	460,014	4,694,020
Operating gross profit	159,936	114,347	1,166,806
Selling, general and administrative expenses	77,872	79,356	809,755
Operating income	82,064	34,990	357,041
Non-operating income :			
Interest income	155	229	2,337
Dividends income	415	344	3,510
Equity in earnings of affiliates	189	191	1,949
Foreign exchange gains	―	69	704
Other	459	387	3,949
Total non-operating income	1,219	1,222	12,469
Non-operating expenses:			
Interest expenses	7,195	7,850	80,102
Provision of allowance for doubtful accounts	50	57	582
Other	609	629	6,418
Total non-operating expenses	7,856	8,537	87,112
Ordinary income	75,427	27,674	282,388
Extraordinary income :			
Gain on sales of noncurrent assets	296	2,609	26,622
Gain on sales of investment securities	123	―	―
Reversal of allowance for doubtful accounts	217	75	765
Other	92	292	2,980
Total extraordinary income	730	2,978	30,388
Extraordinary loss :			
Loss on valuation of investment securities	557	1,458	14,878
Loss on sales of noncurrent assets	2,270	2,006	20,469
Impairment loss (Note 10)	13,688	2,984	30,449
Other	1,777	427	4,357
Total extraordinary losses	18,292	6,876	70,163
Income before income taxes and minority interests	57,864	23,776	242,612
Income taxes-current	14,302	8,489	86,622
Income taxes-deferred	10,165	2,748	28,041
Total income taxes (Note 14)	24,467	11,237	114,663
Minority interests in income	4,700	2,346	23,939
Net income	¥ 28,696	¥ 10,192	$ 104,000

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2008 and 2009

Shareholders' equity	Yen (millions) 2008	Yen (millions) 2009	U.S. dollars (thousands) (Note 2) 2009
Capital stock :			
Balance at the end of previous period	¥ 57,551	¥ 57,551	$ 587,255
Changes of items during the period :			
Total changes of items during the period	—	—	—
Balance at the end of current period	¥ 57,551	¥ 57,551	$ 587,255
Capital surplus :			
Balance at the end of previous period	¥ 39,319	¥ 39,341	$ 401,439
Changes of items during the period :			
Disposal of treasury stock	21	(34)	(347)
Total changes of items during the period	21	(34)	(347)
Balance at the end of current period	¥ 39,341	¥ 39,306	$ 401,082
Retained earnings :			
Balance at the end of previous period	¥ 57,329	¥ 81,499	$ 831,622
Changes of items during the period :			
Dividends from surplus	(5,580)	(4,516)	(46,082)
Net income	28,696	10,192	104,000
Change of scope of consolidation	—	(59)	(602)
Reversal of revaluation reserve for land	1,054	(1,603)	(16,357)
Total changes of items during the period	24,169	4,013	40,949
Balance at the end of current period	¥ 81,499	¥ 85,513	$ 872,582
Treasury stock :			
Balance at the end of previous period	¥ (842)	¥ (1,108)	$ (11,306)
Changes of items during the period :			
Purchase of treasury stock	(296)	(116)	(1,184)
Disposal of treasury stock	30	103	1,051
Total changes of items during the period	(265)	(13)	(133)
Balance at the end of current period	¥ (1,108)	¥ (1,121)	$ (11,439)
Total shareholders' equity :			
Balance at the end of previous period	¥ 153,359	¥ 177,284	$ 1,809,020
Changes of items during the period :			
Dividends from surplus	(5,580)	(4,516)	(46,082)
Net income	28,696	10,192	104,000
Purchase of treasury stock	(296)	(116)	(1,184)
Disposal of treasury stock	52	68	694
Change of scope of consolidation	—	(59)	(602)
Reversal of revaluation reserve for land	1,054	(1,603)	(16,357)
Total changes of items during the period	23,925	3,965	40,459
Balance at the end of current period	¥ 177,284	¥ 181,249	$ 1,849,480

Valuation and translation adjustments	Yen (millions) 2008	Yen (millions) 2009	U.S. dollars (thousands) (Note 2) 2009
Valuation difference on available-for-sale securities :			
Balance at the end of previous period	¥ 4,741	¥ 1,091	$ 11,133
Changes of items during the period :			
Net changes of items other than shareholders' equity	(3,649)	(1,232)	(12,571)
Total changes of items during the period	(3,649)	(1,232)	(12,571)
Balance at the end of current period	¥ 1,091	¥ (140)	$ (1,429)
Deferred gains or losses on hedges :			
Balance at the end of previous period	¥ (48)	¥ 5	$ 51
Changes of items during the period :			
Net changes of items other than shareholders' equity	54	(26)	(265)
Total changes of items during the period	54	(26)	(265)
Balance at the end of current period	¥ 5	¥ (20)	$ (204)
Revaluation reserve for land :			
Balance at the end of previous period	¥ 16,636	¥ 15,582	$ 159,000
Changes of items during the period :			
Net changes of items other than shareholders' equity	(1,054)	856	8,735
Total changes of items during the period	(1,054)	856	8,735
Balance at the end of current period	¥ 15,582	¥ 16,439	$ 167,745
Foreign currency translation adjustment :			
Balance at the end of previous period	¥ (1,012)	¥ (1,151)	$ (11,745)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(138)	(661)	(6,745)
Total changes of items during the period	(138)	(661)	(6,745)
Balance at the end of current period	¥ (1,151)	¥ (1,812)	$ (18,490)
Total valuation and translation adjustments :			
Balance at the end of previous period	¥ 20,316	¥ 15,529	$ 158,459
Changes of items during the period :			
Net changes of items other than shareholders' equity	(4,787)	(1,063)	(10,847)
Total changes of items during the period	(4,787)	(1,063)	(10,847)
Balance at the end of current period	¥ 15,529	¥ 14,465	$ 147,602

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2008	2009	2009
Minority interests :			
Balance at the end of previous period	¥ 22,607	¥ 25,364	$ 258,816
Changes of items during the period :			
Net changes of items other than shareholders' equity	2,757	1,400	14,286
Total changes of items during the period	2,757	1,400	14,286
Balance at the end of current period	¥ 25,364	¥ 26,765	$ 273,112
Total net assets :			
Balance at the end of previous period	¥ 196,282	¥ 218,178	$ 2,226,306
Changes of items during the period :			
Dividends from surplus	(5,580)	(4,516)	(46,082)
Net income	28,696	10,192	104,000
Purchase of treasury stock	(296)	(116)	(1,184)
Disposal of treasury stock	52	68	694
Change of scope of consolidation	—	(59)	(602)
Reversal of revaluation reserve for land	1,054	(1,603)	(16,357)
Net changes of items other than shareholders' equity	(2,029)	337	3,439
Total changes of items during the period	21,895	4,302	43,898
Balance at the end of current period	¥ 218,178	¥ 222,480	$ 2,270,204

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2008 and 2009

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2008	2009	2009
Net cash provided by (used in) operating activities :			
Income before income taxes and minority interests	¥ 57,864	¥ 23,776	$ 242,612
Depreciation and amortization	12,316	13,291	135,622
Amortization of goodwill	1,820	1,415	14,439
Equity in (earnings) losses of affiliates	(189)	(191)	(1,949)
Loss (gain) on valuation of investment securities	557	1,458	14,878
Increase (decrease) in allowance for doubtful accounts	(35)	258	2,633
Increase (decrease) in provision for directors' retirement benefits	(270)	(677)	(6,908)
Increase (decrease) in provision for retirement benefits	3,051	498	5,082
Increase (decrease) in provision for bonuses	(1,040)	(1,910)	(19,490)
Impairment loss	13,688	2,984	30,449
Increase (decrease) in reserve provision for losses on repurchase contract	(7,373)	—	—
Loss on valuation of inventories	2,299	10,100	103,061
Loss (gain) on sales of short-term and long term investment securities	(123)	39	398
Loss (gain) on sales of noncurrent assets	1,974	(603)	(6,153)
Loss on retirement of noncurrent assets	1,214	831	8,480
Interest and dividends income	(570)	(573)	(5,847)
Interest expenses	7,195	7,850	80,102
Decrease (increase) in notes and accounts receivable-trade	(5,490)	6,451	65,827
Decrease (increase) in inventories	(12,523)	(1,667)	(17,010)
Increase (decrease) in notes and accounts payable-trade	(2,132)	(14,206)	(144,959)
Increase (decrease) in accounts payable-other	(5,299)	(2,937)	(29,969)
Increase (decrease) in advances received	(7,148)	(805)	(8,214)
Increase (decrease) in deposits received for consignment sales	(9,813)	1,831	18,684
Increase (decrease) in deposits received for special joint ventures	14,000	(21,250)	(216,837)
Decrease (increase) in undistributed earnings from silent partnership	—	5,704	58,204
Other, net	(4,573)	725	7,398
Subtotal	59,397	32,396	330,571
Interest and dividends income received	764	742	7,571
Interest expenses paid	(7,032)	(7,550)	(77,041)
Income taxes paid	(28,217)	(12,235)	(124,847)
Net cash provided by (used in) operating activities	¥ 24,910	¥ 13,354	$ 136,265

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2008	2009	2009
Net cash provided by (used in) investing activities :			
Payments into time deposits	¥ (70)	¥ (3)	$ (31)
Proceeds from withdrawal of time deposits	175	103	1,051
Payments of loans receivable	(177)	(237)	(2,418)
Collection of loans receivable	169	358	3,653
Purchase of short-term and long term investment securities	(7,770)	(1,921)	(19,602)
Proceeds from sales and redemption of short-term and long term investment securities	667	770	7,857
Purchase of investments in subsidiaries	(259)	(5)	(51)
Proceeds from sales of investments in subsidiaries	—	15	153
Purchase of investments in subsidiaries resulting in change in scope of consolidation	(10,114)	(2,547)	(25,990)
Payments for investments in silent partnership resulting in change in scope of consolidation	—	(781)	(7,969)
Payments for lease and guarantee deposits	(5,461)	(3,621)	(36,949)
Proceeds from collection of lease and guarantee deposits	3,685	3,290	33,571
Purchase of noncurrent assets	(43,250)	(47,106)	(480,673)
Proceeds from sales of noncurrent assets	11,737	9,832	100,327
Payments for investments in silent partnership	(53,422)	(64,428)	(657,429)
Proceeds from withdrawal of investments in silent partnership	24,203	22,923	233,908
Purchase of stocks of subsidiaries and affiliates	(111)	(1)	(10)
Other, net	50	389	3,969
Net cash provided by (used in) investing activities	¥(79,949)	¥(82,971)	$ (846,643)
Net cash provided by (used in) financing activities :			
Net increase (decrease) in short-term loans payable	11,684	38,697	394,867
Proceeds from long-term loans payable	80,419	109,554	1,117,898
Repayment of long-term loans payable	(71,794)	(72,909)	(743,969)
Repayments of long-term lease and guarantee deposited	(18,682)	(21,055)	(214,847)
Proceeds from long-term lease and guarantee deposited	22,589	19,473	198,704
Proceeds from issuance of bonds	20,000	—	—
Cash dividends paid	(5,580)	(4,516)	(46,082)
Cash dividends paid to minority shareholders	(1,461)	(972)	(9,918)
Net decrease (increase) in treasury stock	(244)	(48)	(490)
Other, net	—	(194)	(1,980)
Net cash provided by (used in) financing activities	¥ 36,930	¥ 68,029	$ 694,173
Effect of exchange rate change on cash and cash equivalents	(138)	(330)	(3,367)
Net increase (decrease) in cash and cash equivalents	(18,246)	(1,918)	(19,571)
Cash and cash equivalents at beginning of period	51,701	33,454	341,367
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	—	(1,198)	(12,224)
Cash and cash equivalents at end of period (Note 11)	¥ 33,454	¥ 30,337	$ 309,561

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

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

The notes to the consolidated financial statements include information which is not required under accounting principles generally accepted in Japan but is presented herein as additional information.

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

(b) Consolidation Policy

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

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

(c) Cash and Cash Equivalents

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

(d) Investments in silent partnership

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

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

(e) Short-term Investments and Investment securities

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

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

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

(f) Inventories

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

(g) Property, plant and Equipment

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

Depreciation for buildings acquired after April 1, 1998 is computed by the straight-line method.

Estimated useful lives are as follows:

Buildings and structures	3 to 65 years

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

(h) Impairment of Fixed Assets

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

(i) Recognition of Revenue

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

(j) Leases

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

The adoption of the standard did not have a material impact on the Company's operating income, ordinary income and income before income taxes and minority interests for this fiscal year.

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to lessees at the end of lease term are accounted for in the same method as that applies to operating leases

(k) Income Taxes

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

(l) Provision for warranties for completed construction

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

(m) Provision for retirement benefits

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

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

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

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

(n) Foreign Currency Translation

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

The balance sheet accounts and the revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the year end rates and the average rates, respectively. Gains and losses resulting from translation are generally excluded from the statements of income and are accumulated at "Foreign currency translation adjustments" in "Valuation and translation adjustments".

(o) Derivative Financial Instruments

The Company and its certain consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) , but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred and included in “Deferred gains or losses on hedging”.

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

(p) Reclassification

Certain reclassifications have been made to the previous year’s consolidated financial statements to conform to the presentation used for the year ended March 31, 2009.

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 98=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2009. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that or any other rate.

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

Short-term loans payable at March 31, 2008 and 2009 consist of loans principally from banks with weighted average interest rates of 1.37% and 1.27% in 2008 and 2009, respectively.

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

Long-term debt at March 31, 2008 and 2009 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
1.97% unsecured corporate bond, maturing 2012	¥ 10,000	¥ 10,000	$ 102,041
1.67% unsecured corporate bond, maturing 2012	10,000	10,000	102,041
1.84% unsecured corporate bond, maturing 2013	10,000	10,000	102,041
1.50% unsecured corporate bond, maturing 2013	10,000	10,000	102,041
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2008 to 2020, weighted average 1.74% and 1.71% in 2008 and 2009 respectively.			
Secured	22,135	18,954	193,408
Unsecured	289,624	319,798	3,263,245
	351,759	378,752	3,864,816
Less current portion	(60,917)	(60,330)	(615,612)
	¥ 290,842	¥ 318,422	$ 3,249,204

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

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2011	¥ 82,196	$ 838,735
2012	110,586	1,128,429
2013	78,807	804,153
2014	26,416	269,551
2015 and thereafter	20,417	208,337
	¥ 318,422	$ 3,249,204

4. Commitment Line

The Company and its certain consolidated subsidiaries entered into contracts for overdraft with 16 banks and 18 banks at March 31, 2008 and 2009, respectively, and commitment lines with 5 banks at March 31, 2008 and 2009. These contracts at March 31, 2008 and 2009 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Limit of overdraft	¥ 154,466	¥ 150,416	$ 1,534,857
Line of credit	44,000	51,000	520,408
Borrowing outstanding	(26,362)	(32,712)	(333,796)
Available commitment lines	¥ 172,104	¥ 168,704	$ 1,721,469

5. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2008 and 2009 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Inventories (Real estate for sale)	¥ 913	¥ 1,524	$ 15,551
Land	34,916	35,366	360,878
Buildings and structures	25,393	22,876	233,429
Leasehold right	861	861	8,786
Long-term loans receivable	318	311	3,173
Investment securities	102	105	1,071
	¥ 62,505	¥ 61,046	$ 622,918

In addition to the above, cash of ¥237 million and ¥216 million (U.S.$2,204 thousand), and Investment securities of ¥1,074 million and ¥973 million (U.S.$ 9,929 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2008 and 2009, respectively.

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Current portion of long-term loans payable	¥ 2,312	¥ 2,299	$ 23,459
Long-term loans payable	19,823	16,655	169,949
Long-term lease and guarantee deposited	7,306	4,200	42,857
Deposits received	-	2,080	21,224
	¥ 29,442	¥ 25,235	$ 257,500

6. Contingent Liabilities

At March 31, 2008 and 2009 the Company and consolidated subsidiaries had the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 30,203	¥ 26,280	$ 268,163
Landowner’s union for development cost of land	6,314	4,271	43,582
Employees for their purchase of residential houses	336	278	2,837
Endorsed notes	46	2	20
	¥ 36,900	¥ 30,832	$ 314,612

7. Revaluation of Land

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

Method of revaluation

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

Date of revaluation

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

The carrying amount of the land after revaluation exceeded the market value by ¥5,007 million (U.S.$51,092 thousand) at March 31, 2009 while the market value exceeded the carrying amount of land after revaluation at March 31,2008.

8. Long-term Lease and Guarantee Deposited

Long-term lease and guarantee deposited at March 31, 2008 and 2009 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Guarantee deposits from tenants, non-interest-bearing	¥ 74,044	¥ 68,889	$ 702,949
Guarantee deposits primarily from members of golf clubs and leisure facilities, non-interest-bearing	79,991	76,880	784,490
Guarantee deposits from others, principally non-interest-bearing	7,528	10,876	110,980
	¥ 161,564	¥ 156,645	$ 1,598,418

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

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

9. Loss on valuation of inventories

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

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Loss on valuation on inventories	¥ 2,299	¥ 10,100	$ 103,061

10. Impairment Loss on Fixed Assets

For the year ended March 31, 2009, the Company recognized impairment loss on fixed assets with the following asset groups:

Asset holding company	Primary use	Type	Location	Impairment loss Yen (millions)
Tokyu Land Corporation	Resort facilities, etc.	Land, buildings and structures, other fixed assets	Aso gun, Kumamoto Prefecture, and other places	¥ 2,797
Subsidiaries	Leasing assets, etc.	Land, buildings and structures, other fixed assets	Ota-ku, Tokyo, and other places	¥ 126
Subsidiaries	Sales offices, etc.	buildings and structures, other fixed assets	Shibuya-ku, Tokyo, and other places	¥ 60

To determine the impairment losses, the Company grouped assets by using minimum units that can generate relatively independent cash flows from the cash flows of other assets or asset groups. Consequently, the Company reduced the carrying amount of six fixed asset groups to the recoverable value, and reported the reduced amount of ¥2,984 million as impairment loss in extraordinary loss. The impaired asset groups included assets associated with business that was to be sold in the fiscal year and those that have recorded losses from their business activities for successive years.

The recoverable value of the asset groups was measured by applying net selling prices or value in use. Net selling prices were assessed based on the current market price of land and other salable price; use value is measured by discounting the future cash flow at the rate of 2.1 percent.

11. Cash and cash Equivalents

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2008 and 2009 were as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Cash and deposits	¥ 30,931	¥ 22,613	$ 230,745
Time deposits with maturity over three months	(476)	(75)	(765)
Short-term investment securities	3,000	7,999	81,622
Short-term loans payable	-	(200)	(2,041)
Cash and cash equivalents	¥ 33,454	¥ 30,337	$ 309,561

12. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

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

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and book value of leased properties (mainly office equipment) at March 31, 2008 and 2009 if they were capitalized would be as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Acquisition cost	¥ 8,870	¥ 13,401	$ 136,745
Accumulated depreciation	4,705	4,234	43,204
Accumulated impairment loss	179	50	510
Book value	¥ 3,984	¥ 9,115	$ 93,010

In 2009, the Company reevaluated the scope of the finance leases commenced on or before March 31, 2008, since the Accounting Standard for Lease Transactions (ASB Standard No. 13) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16) clarified accounting for real estates lease contracts.

(2) Future lease payments at March 31, 2008 and 2009 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Due within one year	¥ 1,454	¥ 1,668	$ 17,020
Due after one year	2,613	11,756	119,959
Total	¥ 4,067	¥ 13,424	$ 136,980
Balance in impairment loss account on leased assets	¥ 53	¥ 28	$ 286

(3) The equivalent amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense, impairment loss on fixed assets, and interest expenses thereof at March 31, 2008 and 2009 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2008		2009		2009	
Lease payments	¥	1,805	¥	2,029	$	20,704
Reversal of impairment loss account on leased assets		68		15		153
Depreciation expense		1,723		1,775		18,112
Interest expenses		76		407		4,153
Impairment loss on fixed assets		30		—		—

(Operating Lease Transactions as lessee)

The Company reviewed the scope of leases, in accordance with clarified methods for handling real estate lease contracts under the Accounting Standard for Lease Transactions (ASB Standard No. 13) and the Guidance on Accounting Standard for Lease Transactions (ASB Guidance No. 16).

Future lease payments at March 31, 2008 and 2009 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2008		2009		2009	
Due within one year	¥	4,916	¥	16,589	$	169,276
Due after one year		32,253		105,065		1,072,092
Total	¥	37,169	¥	121,654	$	1,241,367

(Operating Lease Transactions as lessor)

Future lease income at March 31, 2008 and 2009 is as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2008		2009		2009	
Due within one year	¥	8,703	¥	7,416	$	75,673
Due after one year		34,995		27,880		284,490
Total	¥	43,699	¥	35,296	$	360,163

13. Employees' Retirement and Severance Benefits

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

As we switched part of our retirement and severance benefit plan to a defined contribution pension plan on July 1, 2008, we applied "Accounting Treatment for Transfers Between Retirement Benefit Plans" (Article 1 of Guidelines for Application of Corporate Accounting Principles). As a result of this, we included ¥1,760 million in "Loss Resulting From the Revision of the Retirement Benefit Plan," which is an extraordinary loss in fiscal 2008; moreover, we provided additionally the same amount for a reserve allowance for employees' retirement benefits.

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Projected benefit obligation	¥ 40,709	¥ 35,089	$ 358,051
Plan assets at fair value	(18,737)	(10,203)	(104,112)
Funded status	21,972	24,885	253,929
Unrecognized transition differences resulting from changes in accounting standards	(2,633)	(2,256)	(23,020)
Unrecognized plan assets	(7)	-	-
Unrecognized actuarial gain (loss)	(1,570)	(4,399)	(44,888)
Unrecognized prior service cost	48	11	112
Net retirement benefit obligation	17,808	18,240	186,122
Prepaid pension cost	(1,293)	(1,344)	(13,714)
Employees' retirement and severance benefits	¥ 19,102	¥ 19,584	$ 199,837

Net periodic pension cost for the years ended March 31, 2008 and 2009 consisted of the following:

Service cost	¥ 2,524	¥ 2,398	$ 24,469
Interest cost on projected benefit obligation	888	792	8,082
Expected return on plan assets	(510)	(309)	(3,153)
Amortization of unrecognized prior service credit	(79)	(37)	(378)
Amortization of actuarial gain	(289)	302	(3,082)
Amortization of transition differences in connection with from changes in accounting standards	575	375	3,827
Contributions to the defined contribution pension plan	-	184	1,878
Net periodic pension cost	¥ 3,108	¥ 3,705	$ 37,806

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

	2008	2009
Discount rate	2.0%–2.5%	2.0%–2.5%
Expected rate of return on plan assets	2.0%–3.0%	2.0%–3.0%

14. Income Taxes

The significant component of the deferred tax assets and deferred tax liabilities at March 31, 2008 and 2009 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Deferred tax assets:			
Valuation loss on inventories	¥ 477	¥ 597	$ 6,092
Valuation loss on securities	3,696	4,538	46,306
Amortization of intangible assets	1,367	1,713	17,480
Allowance for doubtful accounts	875	442	4,510
Accrued expenses	250	280	2,857
Accrued bonuses to employees	3,807	2,370	24,184
Retirement and severance benefits	7,453	7,919	80,806
Net operating loss carry forwards	3,664	3,845	39,235
Unrealized inter-company transactions	1,101	1,478	15,082
Impairment losses on fixed assets	6,874	5,444	55,551
Accrued enterprise tax/business office tax	1,000	440	4,490
Revaluation of assets for merger	1,631	1,631	16,643
Other	2,838	2,871	29,296
Gross deferred tax assets	35,039	33,574	342,592
Less: valuation allowance	(10,597)	(11,224)	(114,531)
Total deferred tax assets	¥ 24,441	¥ 22,349	$ 228,051
Deferred tax liabilities:			
Reserve for advanced depreciation of noncurrent assets	3,996	3,992	40,735
Unrealized gain on investment securities	794	-	-
Valuation difference on consolidated subsidiaries	2,985	2,478	25,286
Other	945	864	8,816
Total deferred tax liabilities	8,720	7,334	74,837
Net deferred tax assets	¥ 15,720	¥ 15,014	$ 153,204

	Yen (millions)		U.S. dollars (thousands)
	2008	2009	2009
Deferred tax assets – current	¥ 5,979	¥ 4,761	$ 48,582
Deferred tax assets – non current	12,788	12,760	130,204
Deferred tax liabilities – current (included in other current liabilities)	(348)	(19)	(194)
Deferred tax liabilities – non current	(2,699)	(2,487)	(25,378)
	¥ 15,720	¥ 15,014	$ 153,204

A tax rate reconciliation was not reported because the difference between the effective tax rate and the statutory tax rate was less than 5% of the statutory tax rate for the fiscal year ended March 31, 2008.

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

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

15. Information Per Share Date

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year.

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

	Yen				U.S. dollars	
	2008		2009		2009	
Net asset per share of common stock	¥	362.88	¥	368.39	$	3,759.08
Net income per share of common stock	¥	54.00	¥	19.18	$	195.71

Calculation base for net income per share are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2008		2009		2009	
Net income	¥	28,696	¥	10,192	$	104,000
Net income of common stock	¥	28,696	¥	10,192	$	104,000
The weighted average number of shares of common stock outstanding during the year (thousands)		531,428		531,287		—

Calculation base for net asset per share are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2008		2009		2009	
Total net assets	¥	218,178	¥	222,480	$	2,270,204
Minority interests	¥	(25,364)	¥	(26,765)	$	(273,112)
Equity of common stock at March 31, 2009	¥	192,813	¥	195,715	$	1,997,092
The number of shares of common stock at March 31, 2009 (thousands)		531,339		531,268		—

16. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of appropriations paid in cash be appropriated as a legal reserve until an aggregated amount of additional paid-in capital and the legal reserve equals 25 percent of common stock. Amount of the legal reserve was not included in the retained earnings at March 31, 2008 and 2009. The portion of such aggregated amount in excess of 25 percent of common stock may become available for dividends subsequent to release to retained earnings.

17. Segment Information

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

Information by geographic areas is omitted as overseas sales of the Company for the years ended March 31, 2008 and 2009 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2008 and 2009 are as follows:

Year ended March 31, 2008	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agents and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	176,722	72,877	90,501	119,011	68,242	55,425	50,626	633,406	_	633,406
Inter-segment	250	4,849	308	1,086	5,134	2	3,688	15,320	(15,320)	_
Total	176,972	77,726	90,809	120,097	73,376	55,428	54,315	648,726	(15,320)	633,406
Costs and expenses	156,026	77,621	90,148	66,473	69,103	53,492	47,595	560,461	(9,119)	551,341
Operating income	20,946	105	661	53,623	4,273	1,935	6,719	88,265	(6,200)	82,064
Total assets	205,115	25,530	36,694	472,465	11,226	191,240	39,680	981,953	31,963	1,013,916
Depreciation expenses	82	366	715	4,747	290	4,229	909	11,340	975	12,316
Capital expenditures	220	988	1,945	30,772	138	16,714	1,825	52,606	298	52,904

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

Year ended March 31, 2009	U.S. dollars (thousands)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Resorts	Real Estate Agents and Other	Total	Elimination/ Headquarters	Consolidated
Revenues:										
Outside customers	1,561,286	589,224	885,296	1,120,112	698,520	611,082	395,276	5,860,827	—	5,860,827
Inter-segment	40,796	45,459	2,214	20,286	50,327	184	33,153	192,449	(192,449)	—
Total	1,602,092	634,684	887,520	1,140,408	748,857	611,276	428,429	6,053,286	(192,449)	5,860,827
Costs and expenses	1,560,510	664,255	881,510	790,082	708,592	598,357	441,092	5,644,429	(140,643)	5,503,786
Operating income	41,571	(29,571)	6,000	350,316	40,255	12,918	(12,663)	408,857	(51,806)	357,041
Total assets	2,083,388	221,051	361,041	5,034,316	114,633	2,034,510	382,959	10,231,939	336,735	10,568,684
Depreciation expenses	878	4,633	8,286	49,327	3,082	47,061	14,071	127,367	8,255	135,622
Capital expenditures	857	9,204	10,306	264,214	3,245	131,265	26,806	445,939	(38,224)	407,704

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2005	2006	2007	2008	2009	2009
Operating revenue						
Real Estate Sales	¥ 151,454	¥ 141,061	¥ 153,073	¥ 176,972	¥ 157,005	$ 1,602,092
Tokyu Land Corporation	144,602	133,176	139,660	160,918	139,370	1,422,143
Tokyu Livable, Inc.	7,044	7,338	12,974	14,330	9,254	94,429
Eliminations	(10,033)	(0)	(236)	(3,357)	(2,449)	(24,990)
Contracted Construction	¥ 69,021	¥ 72,199	¥ 71,157	¥ 77,726	¥ 62,199	$ 634,684
Tokyu Homes Corporation ※	－	－	－	－	38,880	396,735
Tokyu Home Corporation	30,451	33,688	33,383	40,472	－	－
Tokyu Amenix Corporation	17,982	16,946	16,611	16,526	－	－
Tokyu Community Corporation	15,172	15,371	14,065	14,904	16,605	169,439
Ishikatsu Exterior, Inc	5,602	6,425	7,586	7,863	6,766	69,041
Eliminations	(187)	(232)	(487)	(2,077)	(51)	(520)
Retail Sales	¥ 91,935	¥ 90,020	¥ 85,832	¥ 90,809	¥ 86,977	$ 887,520
Tokyu Hands, Inc.	91,935	90,020	85,832	90,809	86,977	887,520
Leasing of Real Estate	¥ 88,292	¥ 105,295	¥ 101,368	¥ 120,097	¥ 111,760	$ 1,140,408
Tokyu Land Corporation	56,871	71,121	59,180	78,435	66,292	676,449
Tokyu Community Corporation	13,370	14,112	15,310	15,443	16,290	166,224
Tokyu Relocation Corporation (consolidated)	10,852	12,239	14,361	12,910	14,733	150,337
Tokyu Livable, Inc.	4,301	4,505	5,355	6,166	6,679	68,153
Eliminations	(88)	(2,214)	997	(751)	(3,793)	(38,704)
Property Management	¥ 71,872	¥ 71,723	¥ 72,609	¥ 73,376	¥ 73,388	$ 748,857
Tokyu Community Corporation	68,009	67,808	68,829	69,297	68,753	701,561
Subsidiaries of Tokyu Community Corporation	15,413	16,233	15,852	13,145	10,760	109,796
Eliminations	(11,551)	(12,316)	(12,071)	(9,065)	(6,125)	(62,500)
Resorts	¥ 40,220	¥ 45,360	¥ 51,056	¥ 55,428	¥ 59,905	$ 611,276
Tokyu Land Corporation	33,009	34,607	23,980	25,422	26,279	268,153
Tokyu Resort Service Corporation	19,495	20,835	22,017	23,677	25,284	258,000
Tokyu Sports Oasis Inc.	6,413	6,843	10,693	11,572	13,559	138,357
Izu Kankoukaihatsu Co., Ltd.	1,462	1,454	1,371	1,343	1,268	12,939
Tanbara Tokyu Resort Co., Ltd.	1,376	1,417	1,497	1,411	1,289	13,153
Pacific Islands Development Corp.	1,193	1,234	1,338	1,431	1,302	13,286
Niseko Kougen Kankou Co., Ltd.	1,942	2,143	2,279	2,485	2,344	23,918
Hunter Mountain Shiobara	-	2,287	2,205	2,493	2,286	23,327
Eliminations	(26,412)	(27,770)	(24,674)	(27,066)	(27,930)	(285,000)
Real Estate Agents and Other Businesses	¥ 44,248	¥ 49,252	¥ 55,453	¥ 54,315	¥ 41,986	$ 428,429
Tokyu Livable, Inc.	36,097	40,427	45,807	43,527	32,068	327,224
Tokyu Resort Corporation	2,278	2,749	2,989	2,882	2,336	23,837
Tokyu Land Corporation	638	1,115	664	927	202	2,061
Eliminations	(511)	(532)	(549)	(803)	(772)	(7,878)
Total	557,042	574,910	590,552	648,723	593,222	6,053,286
Eliminations	(16,738)	(16,264)	(17,003)	(15,320)	(18,860)	(192,449)
Operating revenue (Consolidated)	¥ 540,304	¥ 558,646	¥ 573,549	¥ 633,406	¥ 574,361	$ 5,860,827
Operating income	¥ 40,315	¥ 64,866	¥ 65,944	¥ 82,064	¥ 34,990	$ 357,041
Real Estate Sales	6,614	11,732	18,956	20,946	4,074	41,571
Contracted Construction	1,199	1,283	984	105	(2,898)	(29,571)
Retail Sales	2,111	1,944	(431)	661	588	6,000
Leasing of Real Estate	25,475	43,376	35,704	53,623	34,331	350,316
Property Management	3,272	2,367	4,036	4,273	3,945	40,255
Resorts	1,211	2,578	3,420	1,935	1,266	12,918
Real Estate Agents and Other Businesses	4,821	6,546	8,551	6,719	(1,241)	(12,663)
Elimination / Headquarters	(4,388)	(4,960)	(5,277)	(6,200)	(5,077)	(51,806)
Operating income ratio	7.5%	11.6%	11.5%	13.0%	6.1%	
Real Estate Sales	4.4%	8.3%	12.4%	11.8%	2.6%	
Contracted Construction	1.7%	1.8%	1.4%	0.1%	(4.7%)	
Retail Sales	2.3%	2.2%	(0.5%)	0.7%	0.7%	
Leasing of Real Estate	28.9%	41.2%	35.2%	44.6%	30.7%	
Property Management	4.6%	3.3%	5.6%	5.8%	5.4%	
Resorts	3.0%	5.7%	6.7%	3.5%	2.1%	
Real Estate Agents and Other Businesses	10.9%	13.3%	15.4%	12.4%	(3.0%)	

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

Company Profile (parent company)

Established	December 17, 1953
Headquarters	Shin-Nanpeidai Tokyu Building., Dogenzaka 1-21-2, Shibuya-ku, Tokyo
Capital	¥ 57,551 million (as of March 31, 2009)
URL	http://www.tokyu-land.co.jp/english/