# ANNUAL REPORT 2011

## Year Ended March 31, 2011

TOKYU LAND CORPORATION

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# A Message from the President

I would like to begin by expressing my our gratitude to our shareholders for their ongoing support. I also express my deepest sympathy to all those affected by the Great East Japan Earthquake.

During the fiscal year under review, the Japanese economy showed some signs of recovery, led by export growth and production increases driven by climbing demand in emerging countries, by economic packages, and by other factors. In contrast, consumer spending lacked momentum. In the second half, the value of the yen and the crude oil price began to rise sharply. As a result, the economy failed to achieve a full-scale turnaround. Finally, the Great East Japan Earthquake has dealt a heavy blow to the domestic economy. The outlook is consequently very uncertain.

In the real estate industry, the built-for-sale housing market enjoyed brisk sales of newly built condominium units, aided by low interest rates and policy support, whereas in the office building market, rent levels tended to remain somewhat sluggish due largely to cost cutting in the corporate sector.

In this operating environment, Tokyu Land Corporation and its consolidated subsidiaries (“the Group”) carried out sales activities tailored to customer needs and to the evolving external environment. The Group carefully selected investment activities and took steps to improve its financial position.

Consequently, both operating revenue and net income rose from the respective levels attained in the preceding fiscal year. This result reflected growth in sales of condominium units, including the Futako Tamagawa Rise Tower & Residence, and a decrease in loss disposition, although impairment losses were recorded after the spin-off of the golf course business and the negative impact of the Great East Japan Earthquake on some resort facilities.

On the basis of these business conditions, the year-end dividend for the fiscal year ended March 2011 was set at 3.5 yen per share, unchanged from a year earlier. As a consequence, the Group’s dividend payments total 7.0 yen per share for the full fiscal year.

In the aftermath of the Great East Japan Earthquake, the outlook for the Japanese economy remains highly uncertain. There is reason to hope, however, that a recovery in production activities and new initiatives will lead to early economic restoration. In the built-for-sale housing market, the upward trend in condominium unit sales was becoming clearer, but after the Great East Japan Earthquake, customers have become more cautious when it comes to choosing properties. In the office building market, there is concern about a decline in office demand. Trends in the real estate market will need to be monitored closely.

Although business conditions are expected to remain difficult, the Group will continue to offer products and services of high quality that effectively respond to customer needs, while making exhaustive efforts to increase brand value. The Group will also strive to build an optimum asset portfolio with a forward-looking stance in an attempt to strengthen its financial position.

In an organic linkage with the REIT business, the Group will aim to construct a business cycle designed for sustainable growth and will seek to capitalize on new business opportunities, specifically by stepping up activities in fast-growing China and Southeast Asia and by exploring the potential of promising businesses in view of the evolution of the aging society. Continuously carrying out these business activities, the Group will seek to maximize profits earned from the assets that it deals with. In parallel with that, we will make fresh investments in carefully chosen targets and choose assets carefully, aiming to build a robust business foundation that is resistant to economic changes and market trends.

The Group is also determined to fulfill its corporate social responsibility (CSR). For example, we will endeavor to protect the global environment through our business activities, while making contributions to the local community. The Group will be consistently strengthening its corporate governance and its internal control systems with a view to securing soundness and a high level of transparency in the Group management structure. 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 2011 Kiyoshi Kanazashi, President & CEO

# BUSINESS REPORT
# Years ended March 31, 2011

# I. Outline of business

## 1. Five-Year Financial Highlights

### (1) Summary of consolidated statements of income

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011 |
| Operating revenue | ¥ 573,549 | ¥ 633,406 | ¥ 574,361 | ¥ 552,067 | ¥ 571,443 | $ 6,884,855 |
| Operating gross profit | 136,360 | 159,936 | 114,347 | 106,458 | 131,736 | 1,587,181 |
| *Gross margin rate* | *23.8%* | *25.3%* | *19.9%* | *19.3%* | *23.1%* | *23.1%* |
| Selling, general and administrative expenses | 70,415 | 77,872 | 79,356 | 70,988 | 69,234 | 834,145 |
| *Sales selling ratio* | *12.3%* | *12.3%* | *13.8%* | *12.9%* | *12.1%* | *12.1%* |
| Operating income | 65,944 | 82,064 | 34,990 | 35,469 | 62,502 | 753,036 |
| Operating income before depreciation | 77,196 | 94,380 | 48,286 | 48,697 | 77,384 | 932,337 |
| Other income | 14,655 | 1,949 | 4,200 | 4,732 | 3,259 | 39,265 |
| Other expenses | 38,652 | 26,149 | 15,413 | 12,147 | 44,202 | 532,554 |
| Income before income taxes and minority interests | 41,947 | 57,864 | 23,776 | 28,054 | 21,559 | 259,747 |
| Net income (loss) | ¥ 31,364 | ¥ 28,696 | ¥ 10,192 | ¥ 11,058 | ¥ 11,597 | $ 139,723 |

### (2) Summary of consolidated balance sheets

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011 |
| Assets | ¥ 954,074 | ¥ 1,013,916 | ¥ 1,035,731 | ¥ 1,055,364 | ¥ 1,161,419 | $ 13,993,000 |
| Capital stock | 57,551 | 57,551 | 57,551 | 57,551 | 57,551 | 693,386 |
| Equity | 173,675 | 192,813 | 195,715 | 203,136 | 208,638 | 2,513,711 |
| *equity ratio* | *18.2%* | *19.0%* | *18.9%* | *19.2%* | *18.0%* | *18.0%* |
| Interest-bearing debt | 370,487 | 411,491 | 477,033 | 478,939 | 559,791 | 6,744,470 |
| EBITDA-multiple | 4.8 | 4.4 | 9.9 | 9.8 | 7.2 | 7.2 |
| DE ratio | 2.1 | 2.1 | 2.4 | 2.4 | 2.7 | 2.7 |
| ROA | *7.3%* | *8.4%* | *3.5%* | *3.4%* | *5.7%* | *5.7%* |

### (3) Others

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011 |
| Capital expenditure | ¥ 42,528 | ¥ 52,904 | ¥ 39,955 | ¥ 47,095 | ¥ 200,262 | $ 2,412,795 |
| Payment for equity investment | 98,989 | 60,021 | 65,860 | 25,761 | 22,267 | 268,277 |
| Depreciation and amortization | 11,251 | 12,316 | 13,291 | 13,228 | 14,882 | 179,301 |

### (4) Summary of cash flows

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011 |
| CF from operating activities | ¥ 13,844 | ¥ 24,910 | ¥ 13,354 | ¥ 72,476 | ¥ 66,178 | $ 797,325 |
| CF from investing activities | (106,424) | (79,949) | (82,971) | (26,697) | (146,178) | (1,761,181) |
| CF from financing activities | (24,248) | 36,930 | 68,029 | (30,859) | 78,990 | 951,687 |
| Cash and cash equivalents at the end of the year | ¥ 51,701 | ¥ 33,454 | ¥ 30,337 | ¥ 46,609 | ¥ 43,963 | $ 529,675 |

## 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.

## Future Management Strategy

(1) Basic principle of corporate management

The Group offers comprehensive lifestyle services with the aim of creating a beautiful living environment. To that end, we look at all aspects of people and life from the seven business approaches under the Tokyu Group's slogan of "Toward a Beautiful Age" with our customers. As a member of the Tokyu Group, Tokyu Land Corporation strives to build safe and reliable value that our customers have come to associate with the Tokyu brand.

Looking ahead, we will strive to boost shareholder value under the management keywords of "continue" and "challenge," consistently pursuing a stable growth path while constantly developing new businesses and addressing issues in a business environment that is expected to experience dramatic change in the years to come.

To ensure independence and derive synergies, the consolidated subsidiaries of Tokyu Community Corporation and Tokyu Livable, Inc. are listed on the Tokyo Stock Exchange. With the funding from shareholders, these companies aim to contribute to the Group's management and growth.

(2) Medium- to long-term corporate management strategy, target management indicators and issues to solve

The Group has developed a new Medium-Term Management Plan (years ending March 31, 2012 to 2014) based on reflections from the previous Medium-Term Management Plan "Grow Value 2010" (years ended March 31, 2009 to 2011), in which target management indicators had to be modified in response to the financial crisis and global economic downturn.

The new management strategy sets a goal for the future, in which Group companies work together to maximize earnings from associated assets and develop an optimum portfolio confined to prime assets, in careful anticipation of a business environment that could change dramatically in the years to come. To that end, we position the next three years as a period for preparing the infrastructure with an eye to our goal, addressing the following four challenges as priorities:

① Strengthening the financial foundations and the Group's management system

We will take steps to improve the DE ratio by lowering interest-bearing debt and boosting profits by streamlining assets and making efficient investments. For that purpose, Group companies will cooperate to expand the businesses of affiliates as well as establish an efficient Group management system.

② Innovating and expanding core businesses in response to changing market conditions

We will review each business in light of future changes in the business environment. To expand, we will aggressively innovate in our business structure by developing businesses from customers' perspective, instead of being bound by conventional methods.

③ Leveraging the REIT fund business

Following the housing REIT, we will launch a REIT for commercial facilities, offices, etc. This will allow us to leverage our development and asset management capabilities in the REIT business and to increase revenues through an expansion of associated assets. Through this organic cooperation with the REIT business, we will establish a business cycle that enables the Group to achieve sustainable growth.

④ Exploration of a new way to develop our business with a view to changes in the business environment

We will explore a new way to develop our business in areas with the potential to grow in the future, such as senior citizens' life, housing stock, inbound demand, etc. This endeavor will go beyond the Japanese market to develop businesses overseas, combining the Group's resources in Southeast Asian countries with the potential for economic growth.

The target management indicators to be set out in the new Medium-Term Management Plan will be announced after the impact of the March 11 earthquake on our operations is identified.

## 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, 2011 as follows:

| Date of decision: | Total amount of dividend (million yen) | Dividend per share (yen) |
|---|---|---|
| Resolution of the board of directors meeting on November 5, 2010 | 1,859 | 3.5 |
| Resolution of the general shareholders meeting on June 28, 2011 | 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

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.

(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

Despite the effect of suspension of operations and the shortening of operating hours at some facilities due to the Great East Japan Earthquake, we ended this year with an increase in revenues and profit: ¥571.4 billion in operating revenue (up 3.5% from the previous year), ¥62.5 billion in operating income (up 76.2%), ¥54.9 billion in ordinary income (up 94.9%) and ¥11.6 billion in net income (up 4.9%). Operating revenue increased by ¥19.4 billion due to a sales increase in condominium sales, etc., while operating income increased significantly by ¥27.0 billion as a result of a considerable decrease in loss disposition on inventories and assets held through SPCs and the increase in the gain on sale of buildings through SPCs, etc. Ordinary income also increased by ¥26.7 billion.

Regarding extraordinary income/loss, although we recorded extraordinary income of ¥2.2 billion consisting of a gain on negative goodwill, etc., we also had an extraordinary loss of ¥35.6 billion consisting of impairment loss, etc. Net income increased by ¥0.5 billion due to a decrease in tax expenses, etc.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 552.1 | 571.4 | 19.4 |
| Operating income | 35.5 | 62.5 | 27.0 |
| Ordinary income | 28.2 | 54.9 | 26.7 |
| Net income | 11.1 | 11.6 | 0.5 |

| | | | |
|---|---|---|---|
| Interest-bearing debt | 478.9 | 559.8 | 80.9 |

## (2) Segment Performance

**Operating revenue**

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Total | 552.1 | 571.4 | 19.4 |
| Real Estate Sales | 118.8 | 142.7 | 23.8 |
| Contracted Construction | 59.4 | 61.6 | 2.2 |
| Retail Sales | 78.0 | 75.6 | (2.4) |
| Leasing of Real Estate | 134.9 | 140.1 | 5.2 |
| Property Management | 74.7 | 72.9 | (1.8) |
| Facility Operations | 58.4 | 57.9 | (0.5) |
| Real-Estate Agents | 33.7 | 37.9 | 4.2 |
| Other | 7.3 | 7.5 | 0.2 |
| Adjustment for Inter-Company Transactions | (13.2) | (24.7) | (11.6) |

**Operating income** (Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Total | 35.5 | 62.5 | 27.0 |
| Real Estate Sales | (14.6) | (1.6) | 12.9 |
| Contracted Construction | (1.6) | 0.0 | 1.6 |
| Retail Sales | 0.2 | 0.8 | 0.6 |
| Leasing of Real Estate | 50.0 | 59.7 | 9.7 |
| Property Management | 4.4 | 5.1 | 0.6 |
| Facility Operations | 1.4 | 0.9 | (0.5) |
| Real-Estate Agents | 0.6 | 3.0 | 2.3 |
| Other | (0.2) | 0.2 | 0.4 |
| Adjustment for Inter-Company Transactions | (4.9) | (5.6) | (0.7) |

### ① Real Estate Sales

In our Real Estate Sales business, we recognized ¥142.7 billion in operating revenue (up 20.1% from the previous year) and ¥1.6 billion in operating loss.

During this fiscal year, although the increase in the number of condominium units sold increased operating revenue and improved the gross profit margin ratio, an operating loss was recorded as a result of recording ¥8.1 billion in loss on valuation of inventories (compared with ¥12.4 billion in the previous year).

In sales operations, the inventory of completed units remained at a low level and 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 33% (down 11% from the previous year; parent company basis) on account of a decline in delivery of large condominiums.

During this fiscal year, we recorded sales of condominium units at “Futako Tamagawa Rise Tower & Residence” (Setagaya-ku, Tokyo) and “Branz City Konandai Uguisunomori” (Yokohama-shi, Kanagawa), etc., as well as sales of detached housing at “Branz Garden Kami-Saginomiya” (Nakano-ku, Tokyo), etc., and country houses at “Tokyu Resort Villa Atami Seisui” (Atami-shi, Shizuoka), etc.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 118.8 | 142.7 | 23.8 |
| Operating income | (14.6) | (1.6) | 12.9 |

**Breakdown of operating revenue** (Before adjustments in ¥ billion)

| | Previous year | | Current year | | Comparison |
|---|---|---|---|---|---|
| Condominium | 2,362 units | 87.5 | 2,881 units | 109.4 | 21.8 |
| Detached housing | 251 units | 7.3 | 286 units | 9.8 | 2.4 |
| Country houses | 106 units | 3.5 | 176 units | 4.7 | 1.3 |
| Other sales | – | 20.5 | – | 18.8 | (1.7) |

**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, 2010 | As of March 31, 2011 |
| Condominium | 1,810 | 1,942 | 2,491 | 2,576 | 372 | 220 |
| Detached housing | 169 | 164 | 186 | 226 | 31 | 19 |
| Country houses | 48 | 87 | 228 | 194 | – | – |

### ② Contracted Construction

In our Contracted Construction business, we posted ¥61.6 billion in operating revenue (up 3.8% from the previous year) and ¥36 million in operating income.

Despite the postponement of delivery dates due to the impact of the Great East Japan Earthquake, in addition to an increase in revenues due to higher deliveries of custom-built houses and higher unit prices in renovation, revenues and profit increased as a result of expense retrenchment.

With respect to orders received also, orders for reconstruction alternative products in our renovation business accumulated.

Please note that changes in the work execution system for constructions to common areas of condominiums at 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 | 59.4 | 61.6 | 2.2 |
| Operating income | (1.6) | 0.0 | 1.6 |

**Breakdown of operating revenue** (Unit:¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Custom-built houses | 15.9 | 16.6 | 0.7 |
| Renovation | 15.8 | 16.4 | 0.6 |
| Landscape gardening etc. | 27.7 | 28.6 | 0.9 |

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

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Total sales from orders | 56.1 | 59.6 | 3.5 |
| Custom-built houses | 18.8 | 18.4 | (0.5) |
| Renovation | 16.1 | 17.1 | 1.0 |
| Landscape gardening etc. | 21.1 | 24.2 | 3.0 |

### ③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥75.6 billion (down 3.1% from the previous year), and we recorded operating income of ¥0.8 billion (up 256.7%).

Although signs of recovery were observed such as the securing of year on year increases in revenues at the Hands Messe and the year-end and new-year busy season, revenues continued to follow a downward trend (down 5.5%) at the 18 existing outlets, which were also impacted by the Great East Japan Earthquake. However, as a result of business restructuring and expense retrenchment, profit increased.

Also in this fiscal year, in addition to the operation of small specialty shops such as “hands be,” “Tokyu Hands Hakata” opened in March as the first store of Tokyu Hands in Kyusyu area. Also, operations are steadily expanding with “Tokyu Hands Umeda,” “Tokyu Hands Abeno Q’s MALL,” and “hands be Kyoto Marui store” opening in April 2011.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 78.0 | 75.6 | (2.4) |
| Operating income | 0.2 | 0.8 | 0.6 |

**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 | 58.8 | [13] | 55.8 | [13] | (3.0) |
| Kansai region | 11.7 | [3] | 11.1 | [3] | (0.6) |
| Local regions | 5.3 | [2] | 5.7 | [3] | 0.4 |
| Small-scale outlets | 2.2 | [8] | 3.0 | [12] | 0.8 |

### ④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥140.1 billion (up 3.9% from the previous year) with operating income at ¥59.7 billion (up 19.4%).

The increase in revenues from owned buildings appearing in the breakdown of operating revenue is due to an increase in the number of properties, and the decrease in revenues for SPCs is due to a decrease in rent as well as lower distributions from buildings sold in the previous fiscal year.

The increase in operating income is due to substantial decreases in valuation losses, which amounted to ¥0.9 billion (compared with ¥8.7 billion in the previous year), and loss on sales, which amounted to ¥0.7 billion (compared with ¥3.6 billion in the previous year), and a gain on sale of buildings through SPCs of ¥34.0 billion (compared with ¥31.4 billion in the previous year).

Regarding the office building market, decreases in rent and other factors are keeping the market stagnant. However, although the vacancy rate of 3.7% is a deterioration from the previous fiscal year, the Company maintained a low vacancy rate. In addition, “Abeno Market Park Q’s MALL” started its operations at 100% capacity in April 2011.

In addition, property development is progressing in the business of house leasing deployed by our subsidiaries, and after the inauguration of “Tokyu Stay Kamata” in April 2011, our Tokyu Stay chain of hotels designed for long stays has now 15 hotels in the Tokyo metropolitan area.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 134.9 | 140.1 | 5.2 |
| Operating income | 50.0 | 59.7 | 9.7 |

**Breakdown of operating revenue** (Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Owned | 18.9 | 22.6 | 3.7 |
| Leased | 11.7 | 11.6 | (0.1) |
| SPC | 56.2 | 53.6 | (2.6) |
| Subsidiaries and others | 48.0 | 52.3 | 4.3 |

**Office and commercial leasing floor space, and vacancy rate**

| | As of March 31, 2009 | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|---|
| Leasing floor space (m²) | 828,719 | 772,364 | 832,573 |
| Office/Commercial | 470,684 | 458,285 | 561,031 |
| SPC | 358,035 | 314,079 | 271,542 |
| Vacancy rate (consolidated basis) | 5.1% | 3.9% | 4.1% |
| Vacancy rate (parent company basis) | 4.6% | 3.0% | 3.7% |

**Major new opening**

| | Use | Open | Floor space |
|---|---|---|---|
| Totsuka Tokyu Plaza | Commercial | April 2010 | 71,000 m² |
| Kasumigaseki Tokyu Building | Office | November 2010 | 19,000 m² |
| Futako Tamagawa Rise Office | Office | December 2010 | 28,000 m² |
| Shibuya Center Place | Office | February 2011 | 7,000 m² |
| Futako Tamagawa Rise Shopping Center | Commercial | March 2011 | 116,000 m² |

**Number of leased houses**

(Units)

| | As of March 31, 2009 | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|---|
| House for lease | 12,909 | 14,082 | 14,635 |
| Lease management service | 48,811 | 54,119 | 55,444 |
| Company house management service | 61,974 | 67,483 | 74,622 |

### ⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥72.9 billion (down 2.4% from the previous year) and ¥5.1 billion (up 14.5%), respectively.

The decrease in revenues was due to factors such as changes in the work execution system for constructions to common areas of condominiums at Tokyu Community Corporation that led to the partial reclassification of sales from the Property Management Segment to the Contracted Construction Segment. However, profit increased thanks to cost cutting effects such as for outsourcing costs.

Also, we secured additional orders for condominium management services for 36,000 units, bringing the total number as of the end of this fiscal year to 400,000 units.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 74.7 | 72.9 | (1.8) |
| Operating income | 4.4 | 5.1 | 0.6 |

**Number of sites managed as of year end**

| | As of March 31, 2009 | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|---|
| Condominiums (units) | 353,368 | 373,250 | 400,876 |
| Buildings (no. of contracts) | 1,107 | 1,181 | 1,303 |

### ⑥ Facility Operations

Our Facility Operations business generated ¥57.9 billion in operating revenue (down 0.9% from the previous year) and posted an operating income of ¥0.9 billion (down 36.2%).

Although there was an increase in revenues due to contributions from new facilities including membership resort hotels “Tokyu Harvest Club’s Arima Rokusai” and “VIALA annex Arima Rokusai,” Tokyu Sports Oasis fitness clubs, and in senior housings “Grancreer Seijyo” and “Grancreer Bajikouen,” lower membership sales and a significant decrease in operating revenue at ski resorts due to the Great East Japan Earthquake resulted in a decrease in revenues and profit.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 58.4 | 57.9 | (0.5) |
| Operating income | 1.4 | 0.9 | (0.5) |

**Breakdown of operating revenue**

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

(Unit: ¥ billion)

| | Previous year | | Current year | | Comparison | |
|---|---|---|---|---|---|---|
| Golf course | 10.4 | [22] | 9.7 | [21] | (0.7) | |
| Harvest club | 11.3 | [24] | 12.0 | [24] | 0.7 | (Membership resort hotel) |
| Oasis | 13.7 | [32] | 14.1 | [31] | 0.4 | (Fitness club) |
| Ski resort | 11.4 | [8] | 10.3 | [8] | (1.0) | |
| Senior housing | 3.7 | [8] | 4.7 | [10] | 1.0 | |
| Other | 8.0 | | 7.0 | | (1.0) | |

*The item previously presented as “Resorts” has been changed to “Facility Operations.”

## ⑦ Real-Estate Agents

In our Real-Estate Agents businesses, operating revenue was ¥37.9 billion (up 12.5% from the previous year) and operating income amounted to ¥3.0 billion (up 386.7%).

Regarding our real-estate sales agent business, revenues increased because of an increase in the number of contracts for both the retail sales and wholesale sales and also an increase in the average unit price. Revenues also increased in our consignment sales business due to the recording of sales at “Futako Tamagawa Rise Tower & Residence.” Profit increased as a result of expense retrenchment, particularly at Tokyu Livable, Inc.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 33.7 | 37.9 | 4.2 |
| Operating income | 0.6 | 3.0 | 2.3 |

**Breakdown of operating revenue** (Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Real-estate sales agent | 26.9 | 30.4 | 3.5 |
| Consignment sales | 4.1 | 5.0 | 0.9 |
| Other | 2.7 | 2.5 | (0.2) |

## ⑧ Other

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Operating revenue | 7.3 | 7.5 | 0.2 |
| Operating income | (0.2) | 0.2 | 0.4 |

**Breakdown of operating revenue** (Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---|---|---|
| Consignment welfare | 3.6 | 4.6 | 1.0 |
| Other | 3.7 | 2.8 | (0.8) |

## (3) Analysis of Financial Conditions

### ① Assets, Liabilities, and Net Assets

Total assets increased by ¥106.1 billion compared to the end of the previous fiscal year due to an increase in noncurrent assets from the consolidation of silent partnerships, etc., and total liabilities also increased by ¥97.2 billion due to an increase in interest-bearing debt from the consolidation of silent partnerships, etc.

Of interest-bearing debt, ¥82.6 billion is in the form of nonrecourse loans whereby the allowances for the payment of debt are limited to certain specific assets. The amount of specific assets subject to allowances for debt payment is ¥127.4 billion.

(Unit: ¥ billion)

| | As of March 31, 2009 | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|---|
| Total assets | 1,035.7 | 1,055.4 | 1,161.4 |
| Total liabilities | 813.3 | 824.4 | 921.6 |
| Net assets | 222.5 | 231.0 | 239.8 |
| Equity | 195.7 | 203.1 | 208.6 |
| Equity ratio | 18.9% | 19.2% | 18.0% |
| Interest-bearing debt | 477.0 | 478.9 | 559.8 |
| EBITDA multiple | 9.9× | 9.8× | 7.2× |
| DE ratio | 2.4× | 2.4× | 2.7× |
| ROA | 3.5% | 3.4% | 5.7% |

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 2010, cash and cash equivalents were ¥44.0 billion, representing a ¥2.6 billion decrease from the previous fiscal year end. Cash flow position during this fiscal year is as follows.

**Cash flows from operating activities**

Net cash provided by operating activities was ¥66.2 billion thanks to ¥33.9 billion of impairment loss, ¥21.6 billion of income before income taxes and minority interests, ¥14.9 billion of depreciation and amortization and a ¥10.3 billion increase in income from silent partnership before settlement, etc, notwithstanding a net cash used in ¥14.4 billion in income taxes paid and ¥7.6 billion in interest expenses paid, etc.

**Cash flows from investing activities**

Net cash used in investing activities was ¥146.2 billion due to a ¥192.9 billion investment in noncurrent assets and a ¥19.2 billion equity investment, etc., notwithstanding a ¥31.6 billion proceeds from sales of noncurrent assets and a ¥23.6 billion collection of equity investment, etc.

**Cash flows from financing activities**

Net cash provided by financing activities was ¥79.0 billion thanks to capital procurement of ¥165.4 billion in proceeds from long-term loans payable, etc., notwithstanding ¥95.4 billion in repayment of long-term loans payable and ¥12.5 billion in repayments of long-term lease and guarantee deposited, etc.

**Trend of indices**

| | As of March 31, 2009 | As of March 31, 2010 | As of March 31, 2011 |
|---|---|---|---|
| Equity ratio | 18.9% | 19.2% | 18.0% |
| Equity ratio on market value basis | 12.9% | 17.2% | 18.2% |
| Ratio of interest-bearing debt to cash flows | 35.7 years | 6.6 years | 8.5 years |
| Interest coverage ratio | 1.7 | 9.7 | 8.6 |

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

Notes:

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

## 5. Employees

(As of March 31, 2011)

| Segment of business | Number of employees | Number of temporary employees |
|---|---|---|
| Real Estate Sales | 232 | 60 |
| Contracted Construction | 1,102 | 16 |
| Retail Sales | 2,808 | 459 |
| Leasing of Real Estate | 1,259 | 102 |
| Property Management | 5,081 | 3,032 |
| Facility Operations | 2,586 | 1,820 |
| Real Estate Agents | 2,233 | 50 |
| Other | 255 | 148 |
| Whole Company (Common) | 367 | 33 |
| Total | 15,923 | 5,719 |

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 ¥200,262 million, including the construction and acquisition of buildings for the leasing business and repairs to buildings. A breakdown of the capital expenditure by segment is as follows. (Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses, but do not include consumption tax.)

| Segment | Capital investment (Unit: ¥ million) | Composition |
|---|---|---|
| Real estate sales | 273 | 0.14% |
| Contracted construction | 391 | 0.20% |
| Retail sales | 1,492 | 0.75% |
| Leasing of Real Estate | 188,980 | 94.37% |
| Property Management | 180 | 0.09% |
| Facility Operations | 7,186 | 3.59% |
| Real Estate Agents | 1,505 | 0.75% |
| Other | 751 | 0.38% |
| Subtotal | 200,762 | 100.25% |
| Adjustment or Whole Company | (500) | (0.25)% |
| Total | 200,262 | 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: 41,807

(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) | 34,038 | 6.41 |
| The Master Trust Bank of Japan Ltd. (Trust Account) | 26,641 | 5.02 |
| The Dai-ichi Mutual Life Insurance Company | 20,383 | 3.84 |
| The Chuo Mitsui Trust and Banking Company | 17,509 | 3.30 |
| Nippon Life Insurance Company | 11,104 | 2.09 |
| Japan Trustee Services Bank Ltd. (Trust Account 9) | 10,574 | 1.99 |
| Trust & Custody Services Bank, Ltd. (Pension trust account) | 7,607 | 1.43 |
| Japan Trustee Services Bank Ltd. (Trust Account 4) | 6,613 | 1.25 |
| State Street Bank and Trust Company | 5,798 | 1.09 |

Notes: Percentages of total shares issued are calculated by deducting treasury stock of 2,284,472 shares.

## 2. Information on Major Subsidiaries

(As of March 31, 2011)

| 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

| Lender | Amount of borrowing |
|---|---|
| | (million yen) |
| The Chuo Mitsui Trust and Banking Company, Limited | 80,481 |
| Mitsubishi UFJ Trust and Banking Corporation | 76,591 |
| The Sumitomo Trust and Banking Company, Limited | 45,538 |
| Development Bank of Japan Inc. | 43,172 |
| The Bank of Tokyo-Mitsubishi UFJ Ltd | 37,976 |
| Mizuho Corporate Bank Ltd. | 35,992 |

# 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 |
| | Yoshihiro Nakajima |
| | Motonori Nakamura |
| | Hirofumi Nomoto |
| Statutory Auditors | Tadashi Kawai |
| | Eiji Futami |
| | Isao Adachi |
| | Tomoyasu Asano |

(as of June 28, 2011)

Note: Directors marked with * are Representative Directors.

ERNST & YOUNG

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# Report of Independent Auditors

The Board of Directors
Tokyu Land Corporation

We have audited the accompanying consolidated balance sheets of Tokyu Land Corporation and consolidated subsidiaries as of March 31, 2010 and 2011, and the related consolidated statements of operations, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Land Corporation and consolidated subsidiaries at March 31, 2010 and 2011, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

*Supplemental Information*

As described in Note 22, the Company determined at a meeting of the Board of Directors held on May 12, 2011 that silent partnership and other investments that the Company invests in shall be included in the scope of consolidation as subsidiaries from the fiscal year ending March 31, 2012.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2011 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 17, 2011

# TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
## CONSOLIDATED BALANCE SHEETS
### As of March 31, 2010 and 2011

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| Assets | 2010 | 2011 | 2011 |
| Current assets : | | | |
| Cash and deposits (Note 6) | ¥ 44,626 | ¥ 42,376 | $ 510,554 |
| Notes and accounts receivable-trade | 14,667 | 15,340 | 184,819 |
| Short-term investment securities | 70 | 2,080 | 25,060 |
| Merchandise | 7,556 | 7,912 | 95,325 |
| Real estate for sale (Note 6) | 99,001 | 80,477 | 969,602 |
| Real estate for sale in process | 70,445 | 71,495 | 861,386 |
| Costs on uncompleted construction contracts | 2,731 | 3,682 | 44,361 |
| Supplies | 787 | 779 | 9,386 |
| Short-term loans receivable | 2,256 | 325 | 3,916 |
| Deferred tax assets (Note 16) | 5,402 | 5,351 | 64,470 |
| Other | 36,318 | 45,605 | 549,458 |
| Allowance for doubtful accounts | (372) | (534) | (6,434) |
| Total current assets | 283,490 | 274,892 | 3,311,952 |
| Noncurrent assets : | | | |
| Property, plant and equipment | | | |
| Buildings and structures | 277,905 | 301,109 | 3,627,819 |
| Accumulated depreciation | (144,116) | (137,284) | (1,654,024) |
| Buildings and structures, net (Note 6) | 133,788 | 163,824 | 1,973,783 |
| Land (Notes 6 and 8) | 281,925 | 373,074 | 4,494,867 |
| Construction in progress | 17,404 | 20,334 | 244,988 |
| Other | 39,402 | 40,964 | 493,542 |
| Accumulated depreciation | (28,033) | (27,529) | (331,675) |
| Other, net | 11,368 | 13,435 | 161,867 |
| Total property, plant and equipment | 444,486 | 570,669 | 6,875,530 |
| Intangible assets | | | |
| Leasehold right (Note 6) | 13,652 | 13,074 | 157,518 |
| Goodwill | 934 | 889 | 10,711 |
| Other | 13,846 | 12,914 | 155,590 |
| Total intangible assets | 28,433 | 26,878 | 323,831 |
| Investments and other assets | | | |
| Investment securities (Note 6) | 42,477 | 48,843 | 588,470 |
| Investments in silent partnership | 181,845 | 166,167 | 2,002,012 |
| Long-term loans receivable (Note 6) | 650 | 848 | 10,217 |
| Lease and guarantee deposits | 53,928 | 53,159 | 640,470 |
| Deferred tax assets (Note 16) | 12,902 | 13,937 | 167,916 |
| Other | 8,061 | 6,924 | 83,422 |
| Allowance for doubtful accounts | (912) | (901) | (10,855) |
| Total investments and other assets | 298,953 | 288,979 | 3,481,675 |
| Total noncurrent assets | 771,874 | 886,526 | 10,681,036 |
| Total assets | ¥ 1,055,364 | ¥ 1,161,419 | $ 13,993,000 |

| Liabilities and Net Assets | Yen (millions) 2010 | Yen (millions) 2011 | U.S. dollars (thousands) (Note 3) 2011 |
|---|---|---|---|
| Current liabilities : | | | |
| Notes and accounts payable-trade | ¥ 43,552 | ¥ 37,491 | $ 451,699 |
| Short-term loans payable (Notes 4, 5 and 6) | 130,655 | 158,567 | 1,910,446 |
| Current portion of bonds | — | 20,000 | 240,964 |
| Accounts payable-other (Note 6) | 19,051 | 34,773 | 418,952 |
| Income taxes payable | 6,671 | 4,093 | 49,313 |
| Deferred tax liabilities (Note 16) | 12 | 7 | 84 |
| Advances received (Note 6) | 26,569 | 22,150 | 266,867 |
| Deposits received from consignment sales | 9,678 | 8,005 | 96,446 |
| Deposits received (Note 6) | 19,877 | 19,750 | 237,952 |
| Deposits received for special joint ventures | 5,150 | 9,700 | 116,867 |
| Provision for bonuses | 5,753 | 5,979 | 72,036 |
| Provision for directors' bonuses | 94 | 112 | 1,349 |
| Provision for warranties for completed construction | 274 | 317 | 3,819 |
| Other provision | 913 | 774 | 9,325 |
| Other | 10,727 | 11,529 | 138,904 |
| Total current liabilities | 278,981 | 333,253 | 4,015,096 |
| Noncurrent liabilities : | | | |
| Bonds payable (Note 4) | 41,000 | 30,000 | 361,446 |
| Long-term loans payable (Notes 4 and 6) | 307,283 | 351,223 | 4,231,602 |
| Deferred tax liabilities (Note 16) | 2,413 | 3,788 | 45,639 |
| Deferred tax liabilities for land revaluation (Note 8) | 14,358 | 13,584 | 163,663 |
| Long-term lease and guarantee deposited (Note 9) | 146,660 | 151,768 | 1,828,530 |
| Deposits received for special joint ventures | 6,800 | 10,150 | 122,289 |
| Provision for retirement benefits (Note 15) | 20,459 | 16,809 | 202,518 |
| Provision for loss on guarantees | 751 | 610 | 7,349 |
| Provision for directors' retirement benefits | 71 | 57 | 687 |
| Other provision | 79 | 146 | 1,759 |
| Other (Note 6) | 5,517 | 10,197 | 122,855 |
| Total noncurrent liabilities | 545,396 | 588,337 | 7,088,398 |
| Total liabilities | ¥ 824,378 | ¥ 921,590 | $11,103,494 |
| Net assets : | | | |
| Shareholders' equity (Note 23) | | | |
| Capital stock | 57,551 | 57,551 | 693,386 |
| Capital surplus | 39,297 | 39,292 | 473,398 |
| Retained earnings | 89,927 | 101,455 | 1,222,349 |
| Treasury stock | (1,147) | (1,186) | (14,289) |
| Total shareholders' equity | 185,628 | 197,113 | 2,374,855 |
| Accumulated other comprehensive income | | | |
| Valuation difference on available-for-sale securities | 44 | (396) | (4,771) |
| Revaluation reserve for land (Note 8) | 19,098 | 13,720 | 165,301 |
| Foreign currency translation adjustment | (1,635) | (1,799) | (21,675) |
| Total accumulated other comprehensive income | 17,508 | 11,525 | 138,855 |
| Minority interests | 27,849 | 31,189 | 375,771 |
| Total net assets | 230,986 | 239,828 | 2,889,494 |
| Total liabilities and net assets | ¥ 1,055,364 | ¥ 1,161,419 | $13,993,000 |

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
Years ended March 31, 2010 and 2011

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Operating revenue | ¥ 552,067 | ¥ 571,443 | $ 6,884,855 |
| Operating cost (Note 10) | 445,609 | 439,706 | 5,297,663 |
| Operating gross profit | 106,458 | 131,736 | 1,587,181 |
| Selling, general and administrative expenses | 70,988 | 69,234 | 834,145 |
| Operating income | 35,469 | 62,502 | 753,036 |
| Non-operating income : | | | |
| Interest income | 134 | 133 | 1,602 |
| Dividends income | 394 | 312 | 3,759 |
| Equity in earnings of affiliates | 190 | 37 | 446 |
| Other | 381 | 549 | 6,614 |
| Total non-operating income | 1,102 | 1,034 | 12,458 |
| Non-operating expenses: | | | |
| Interest expenses | 7,476 | 7,729 | 93,120 |
| Provision of allowance for doubtful accounts | 0 | 23 | 277 |
| Other | 920 | 866 | 10,434 |
| Total non-operating expenses | 8,397 | 8,619 | 103,843 |
| Ordinary income | 28,174 | 54,916 | 661,639 |
| Extraordinary income : | | | |
| Gain on sales of noncurrent assets | 3,536 | 106 | 1,277 |
| Reversal of allowance for doubtful accounts | 91 | 36 | 434 |
| Gain on change in equity | — | 323 | 3,892 |
| Gain on negative goodwill | — | 887 | 10,687 |
| Gain on revision of retirement benefit plan | — | 682 | 8,217 |
| Other | 1 | 189 | 2,277 |
| Total extraordinary income | 3,630 | 2,225 | 26,807 |
| Extraordinary loss : | | | |
| Loss on sales of noncurrent assets | 88 | 44 | 530 |
| Impairment loss (Note 11) | 3,576 | 33,943 | 408,952 |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | — | 671 | 8,084 |
| Other | 85 | 923 | 11,120 |
| Total extraordinary losses | 3,750 | 35,582 | 428,699 |
| Income before income taxes and minority interests | 28,054 | 21,559 | 259,747 |
| Income taxes-current | 14,190 | 8,651 | 104,229 |
| Income taxes-deferred | 836 | (2,401) | (28,928) |
| Total income taxes (Note 16) | 15,026 | 6,250 | 75,301 |
| Income before minority interests | — | 15,308 | 184,434 |
| Minority interests in income | 1,969 | 3,711 | 44,711 |
| Net income | ¥ 11,058 | ¥ 11,597 | $ 139,723 |

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
Years ended March 31, 2010 and 2011

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Income before minority interests | ¥ — | ¥ 15,308 | $ 184,434 |
| Other comprehensive income : | | | |
| Valuation difference on available-for-sale securities | — | (460) | (5,542) |
| Foreign currency translation adjustment | — | (167) | (2,012) |
| Revaluation reserve for land | — | (1,729) | (20,831) |
| Total other comprehensive income (Note 17) | — | (2,357) | (28,398) |
| Comprehensive income (Note 17) | — | 12,951 | 156,036 |
| (Comprehensive income attributable to) | | | |
| Comprehensive income attributable to owners of the parent | — | 9,263 | 111,602 |
| Comprehensive income attributable to minority interests | ¥ — | ¥ 3,688 | $ 44,434 |

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN NET ASSETS
Years ended March 31, 2010 and 2011

| Shareholders' equity | Yen (millions) 2010 | Yen (millions) 2011 | U.S. dollars (thousands) (Note 3) 2011 |
|---|---|---|---|
| Capital stock : | | | |
| Balance at the end of previous period | ¥ 57,551 | ¥ 57,551 | $ 693,386 |
| Changes of items during the period : | | | |
| Total changes of items during the period | — | — | — |
| Balance at the end of current period | ¥ 57,551 | ¥ 57,551 | $ 693,386 |
| Capital surplus : | | | |
| Balance at the end of previous period | ¥ 39,306 | ¥ 39,297 | $ 473,458 |
| Changes of items during the period : | | | |
| Disposal of treasury stock | (9) | (4) | (48) |
| Total changes of items during the period | (9) | (4) | (48) |
| Balance at the end of current period | ¥ 39,297 | ¥ 39,292 | $ 473,398 |
| Retained earnings : | | | |
| Balance at the end of previous period | ¥ 85,513 | ¥ 89,927 | $ 1,083,458 |
| Changes of items during the period : | | | |
| Dividends from surplus | (3,984) | (3,718) | (44,795) |
| Net income | 11,058 | 11,597 | 139,723 |
| Reversal of revaluation reserve for land | (2,659) | 3,648 | 43,952 |
| Total changes of items during the period | 4,414 | 11,528 | 138,892 |
| Balance at the end of current period | ¥ 89,927 | ¥ 101,455 | $ 1,222,349 |
| Treasury stock : | | | |
| Balance at the end of previous period | ¥ (1,121) | ¥ (1,147) | $ (13,819) |
| Changes of items during the period : | | | |
| Purchase of treasury stock | (54) | (52) | (627) |
| Disposal of treasury stock | 28 | 13 | 157 |
| Total changes of items during the period | (25) | (38) | (458) |
| Balance at the end of current period | ¥ (1,147) | ¥ (1,186) | $ (14,289) |
| Total shareholders' equity : | | | |
| Balance at the end of previous period | ¥ 181,249 | ¥ 185,628 | $ 2,236,482 |
| Changes of items during the period : | | | |
| Dividends from surplus | (3,984) | (3,718) | (44,795) |
| Net income | 11,058 | 11,597 | 139,723 |
| Purchase of treasury stock | (54) | (52) | (627) |
| Disposal of treasury stock | 19 | 8 | 96 |
| Reversal of revaluation reserve for land | (2,659) | 3,648 | 43,952 |
| Total changes of items during the period | 4,378 | 11,484 | 138,361 |
| Balance at the end of current period | ¥ 185,628 | ¥ 197,113 | $ 2,374,855 |

| Accumulated other comprehensive income | Yen (millions) 2010 | Yen (millions) 2011 | U.S. dollars (thousands) (Note 3) 2011 |
|---|---|---|---|
| Valuation difference on available-for-sale securities : | | | |
| Balance at the end of previous period | ¥ (140) | ¥ 44 | $ 530 |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 185 | (441) | (5,313) |
| Total changes of items during the period | 185 | (441) | (5,313) |
| Balance at the end of current period | ¥ 44 | ¥ (396) | $ (4,771) |
| Deferred gains or losses on hedges : | | | |
| Balance at the end of previous period | ¥ (20) | ¥ — | $ — |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 20 | — | — |
| Total changes of items during the period | 20 | — | — |
| Balance at the end of current period | ¥ — | ¥ — | $ — |
| Revaluation reserve for land : | | | |
| Balance at the end of previous period | ¥ 16,439 | ¥ 19,098 | $ 230,096 |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 2,659 | (5,378) | (64,795) |
| Total changes of items during the period | 2,659 | (5,378) | (64,795) |
| Balance at the end of current period | ¥ 19,098 | ¥ 13,720 | $ 165,301 |
| Foreign currency translation adjustment : | | | |
| Balance at the end of previous period | ¥ (1,812) | ¥ (1,635) | $ (19,699) |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 177 | (163) | (1,964) |
| Total changes of items during the period | 177 | (163) | (1,964) |
| Balance at the end of current period | ¥ (1,635) | ¥ (1,799) | $ (21,675) |
| Total accumulated other comprehensive income : | | | |
| Balance at the end of previous period | ¥ 14,465 | ¥ 17,508 | $ 210,940 |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 3,042 | (5,982) | (72,072) |
| Total changes of items during the period | 3,042 | (5,982) | (72,072) |
| Balance at the end of current period | ¥ 17,508 | ¥ 11,525 | $ 138,855 |

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Minority interests : | | | |
| Balance at the end of previous period | ¥ 26,765 | ¥ 27,849 | $ 335,530 |
| Changes of items during the period : | | | |
| Net changes of items other than shareholders' equity | 1,083 | 3,340 | 40,241 |
| Total changes of items during the period | 1,083 | 3,340 | 40,241 |
| Balance at the end of current period | ¥ 27,849 | ¥ 31,189 | $ 375,771 |
| Total net assets : | | | |
| Balance at the end of previous period | ¥ 222,480 | ¥ 230,986 | $ 2,782,964 |
| Changes of items during the period : | | | |
| Dividends from surplus | (3,984) | (3,718) | (44,795) |
| Net income | 11,058 | 11,597 | 139,723 |
| Purchase of treasury stock | (54) | (52) | (627) |
| Disposal of treasury stock | 19 | 8 | 96 |
| Reversal of revaluation reserve for land | (2,659) | 3,648 | 43,952 |
| Net changes of items other than shareholders' equity | 4,126 | (2,642) | (31,831) |
| Total changes of items during the period | 8,505 | 8,842 | 106,530 |
| Balance at the end of current period | ¥ 230,986 | ¥ 239,828 | $ 2,889,494 |

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended March 31, 2010 and 2011

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Net cash provided by (used in) operating activities : | | | |
| Income before income taxes and minority interests | ¥ 28,054 | ¥ 21,559 | $ 259,747 |
| Depreciation and amortization | 13,228 | 14,882 | 179,301 |
| Amortization of goodwill | 407 | 452 | 5,446 |
| Gain on negative goodwill | — | (887) | (10,687) |
| Equity in (earnings) losses of affiliates | (190) | (37) | (446) |
| Loss (gain) on valuation of short-term and long term investment securities | — | 45 | 542 |
| Increase (decrease) in allowance for doubtful accounts | (135) | 151 | 1,819 |
| Increase (decrease) in provision for directors' retirement benefits | (291) | (11) | (133) |
| Increase (decrease) in provision for retirement benefits | 873 | (3,080) | (37,108) |
| Increase (decrease) in provision for bonuses | 459 | 216 | 2,602 |
| Impairment loss | 3,576 | 33,943 | 408,952 |
| Loss on valuation of inventories | 13,473 | 8,084 | 97,398 |
| Loss (gain) on sales of short-term and long term investment securities | 24 | (3) | (36) |
| Loss (gain) on sales of noncurrent assets | (3,448) | (61) | (735) |
| Loss on retirement of noncurrent assets | 544 | 734 | 8,843 |
| Interest and dividends income | (529) | (446) | (5,373) |
| Interest expenses | 7,476 | 7,729 | 93,120 |
| Decrease (increase) in notes and accounts receivable-trade | (1,787) | 143 | 1,723 |
| Decrease (increase) in inventories | 6,529 | (961) | (11,578) |
| Increase (decrease) in notes and accounts payable-trade | 7,648 | (6,158) | (74,193) |
| Increase (decrease) in accounts payable-other | 97 | 1,536 | 18,506 |
| Increase (decrease) in advances received | 630 | (4,413) | (53,169) |
| Increase (decrease) in deposits received for consignment sales | 44 | (1,673) | (20,157) |
| Increase (decrease) in deposits received for special joint ventures | (3,300) | 7,900 | 95,181 |
| Decrease (increase) in undistributed earnings from silent partnership | 15,998 | 10,267 | 123,699 |
| Other, net | 1,038 | (2,278) | (27,446) |
| Subtotal | 90,423 | 87,633 | 1,055,819 |
| Interest and dividends income received | 663 | 539 | 6,494 |
| Interest expenses paid | (7,348) | (7,576) | (91,277) |
| Income taxes paid | (11,261) | (14,418) | (173,711) |
| Net cash provided by (used in) operating activities | ¥ 72,476 | ¥ 66,178 | $ 797,325 |

| | Yen (millions) | | U.S. dollars (thousands) (Note 3) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Net cash provided by (used in) investing activities : | | | |
| Payments into time deposits | ¥ (12) | ¥ (218) | $ (2,627) |
| Proceeds from withdrawal of time deposits | 2 | 10 | 120 |
| Payments of loans receivable | (212) | (1,332) | (16,048) |
| Collection of loans receivable | 32 | 15,667 | 188,759 |
| Purchase of short-term and long term investment securities | (11,855) | (3,549) | (42,759) |
| Proceeds from sales and redemption of short-term and long term investment securities | 1,511 | 1,126 | 13,566 |
| Purchase of investments in subsidiaries | (203) | (49) | (590) |
| Purchase of investments in subsidiaries resulting in change in scope of consolidation | (88) | (211) | (2,542) |
| Purchase of other securities of subsidiaries and affiliates | ― | (2,400) | (28,916) |
| Payments for lease and guarantee deposits | (2,353) | (5,049) | (60,831) |
| Proceeds from collection of lease and guarantee deposits | 5,384 | 5,858 | 70,578 |
| Purchase of noncurrent assets | (36,950) | (192,909) | (2,324,205) |
| Proceeds from sales of noncurrent assets | 15,036 | 31,596 | 380,675 |
| Payments for investments in silent partnership | (14,444) | (19,242) | (231,831) |
| Proceeds from withdrawal of investments in silent partnership | 15,106 | 23,556 | 283,807 |
| Proceeds from contribution received for construction | 2,190 | 320 | 3,855 |
| Other, net | 158 | 647 | 7,795 |
| Net cash provided by (used in) investing activities | ¥ (26,697) | ¥ (146,178) | $ (1,761,181) |
| | | | |
| Net cash provided by (used in) financing activities : | | | |
| Net increase (decrease) in short-term loans payable | (53,418) | (158) | (1,904) |
| Proceeds from long-term loans payable | 97,142 | 165,402 | 1,992,795 |
| Repayment of long-term loans payable | (61,115) | (95,418) | (1,149,614) |
| Repayments of long-term lease and guarantee deposited | (23,196) | (12,505) | (150,663) |
| Proceeds from long-term lease and guarantee deposited | 14,171 | 17,380 | 209,398 |
| Proceeds from issuance of bonds | 1,000 | 10,000 | 120,482 |
| Redemption of bonds | ― | (1,000) | (12,048) |
| Cash dividends paid | (3,984) | (3,718) | (44,795) |
| Cash dividends paid to minority shareholders | (696) | (717) | (8,639) |
| Net decrease (increase) in treasury stock | (35) | (43) | (518) |
| Other, net | (725) | (230) | (2,771) |
| Net cash provided by (used in) financing activities | ¥ (30,859) | ¥ 78,990 | $ 951,687 |
| | | | |
| Effect of exchange rate change on cash and cash equivalents | 87 | (46) | (554) |
| Net increase (decrease) in cash and cash equivalents | 15,007 | (1,056) | (12,723) |
| Cash and cash equivalents at beginning of period | 30,337 | 46,609 | 561,554 |
| Increase in cash and cash equivalents from newly consolidated subsidiary and other | 1,264 | 183 | 2,205 |
| Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation | ― | (1,774) | (21,373) |
| Cash and cash equivalents at end of period (Note 12) | ¥ 46,609 | ¥ 43,963 | $ 529,675 |

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

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 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, 2011.

(q) Asset retirement obligations

An asset retirement obligation is recorded at the time of acquisition or construction of a tangible fixed asset and when there is a statutory or similar obligation associated with the removal of such tangible fixed asset. The asset retirement obligation is measured at the discounted value of the liability at the time the tangible fixed asset is acquired or constructed and the amount of the liability is added to the acquisition cost of the relevant tangible fixed asset.

The Company and its consolidated subsidiaries have recognized asset retirement obligations mainly for removal of commercial facility, office, store and hotel. The discount rate used for calculating the discounted value of the asset retirement obligation for the year ended March 31, 2011 was 0.9 to 2.2% corresponding with 0.2 to 51.4 years for the estimated useful life of these assets from the acquisition date.

## 2. Changes in Accounting Policy

The Company began to apply the Accounting Standard for Asset Retirement Obligations (Accounting Standards Board of Japan [ASBJ] Statement No. 18, issued on March 31, 2008) and the Guidance on Accounting Standard for Asset Retirement Obligations (ASBJ Guidance No. 21, issued on March 31, 2008) in the consolidated fiscal year under review.

Subsequently, operating income and ordinary income decreased 83 million yen, and income before income taxes and minority interests declined 754 million yen in the fiscal year under review.

## 3. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen and, solely for the convenience of readers, have been translated into United States dollars at the rate of 83=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2011. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that or any other rate.

## 4. Short-term Loans Payable and Long-term Debt

Short-term loans payable at March 31, 2010 and 2011 consist of loans principally from banks with weighted average interest rates of 1.02% and 0.73% in 2010 and 2011, 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, 2010 and 2011 are summarized as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| 1.97% unsecured corporate bond, maturing 2012 | ¥ 10,000 | ¥ 10,000 | $ 120,482 |
| 1.67% unsecured corporate bond, maturing 2012 | 10,000 | 10,000 | 120,482 |
| 1.84% unsecured corporate bond, maturing 2013 | 10,000 | 10,000 | 120,482 |
| 1.50% unsecured corporate bond, maturing 2013 | 10,000 | 10,000 | 120,482 |
| 0.78% unsecured corporate bond, maturing 2016 | - | 10,000 | 120,482 |
| 0.94% specified corporate bond issued by special purpose companies, maturing 2012 | 1,000 | - | - |
| Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2010 to 2021, weighted average 1.55% and 1.45% in 2010 and 2011, respectively. | | | |
| Secured | 43,813 | 112,877 | 1,359,964 |
| Unsecured | 349,615 | 352,688 | 4,249,253 |
| | 434,428 | 515,565 | 6,211,627 |
| Less current portion | (86,145) | (134,342) | (1,618,578) |
| | ¥ 348,283 | ¥ 381,223 | $ 4,593,048 |

The aggregate annual maturates of long-term debt after March 31, 2012 are as follows:

| Year ending March 31, | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| 2013 | 97,406 | 1,173,566 |
| 2014 | 77,434 | 932,940 |
| 2015 | 64,252 | 774,120 |
| 2016 | 125,958 | 1,517,566 |
| 2017 and thereafter | 16,173 | 194,855 |
| | ¥ 381,223 | $ 4,593,048 |

## 5. Commitment Line

The Company and its certain consolidated subsidiaries entered into contracts for overdraft with 21 banks and 23 banks at March 31, 2010 and 2011, respectively, and commitment lines with 5 banks at March 31, 2010 and 2011. These contracts at March 31, 2010 and 2011 are summarized as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Limit of overdraft | ¥ 152,850 | ¥ 157,695 | $ 1,899,940 |
| Line of credit | 51,000 | 53,000 | 638,554 |
| Borrowing outstanding | (32,875) | (36,669) | (441,795) |
| Available commitment lines | ¥ 170,975 | ¥ 174,025 | $ 2,096,687 |

## 6. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2010 and 2011 are summarized as follows:

(1) Pledged assets

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Inventories (Real estate for sale) | ¥ 1,524 | ¥ - | $ - |
| Deposits | - | 148 | 1,783 |
| Land | 71,001 | 152,505 | 1,837,410 |
| Buildings and structures | 23,157 | 42,249 | 509,024 |
| Leasehold right | 4,177 | 4,177 | 50,325 |
| Long-term loans receivable | 301 | 293 | 3,530 |
| Investment securities | 112 | 119 | 1,434 |
| | ¥ 100,274 | ¥ 199,493 | $ 2,403,530 |

In addition to the above, cash of ¥370 million and ¥410 million (U.S.$4,940 thousand), and Investment securities of ¥883 million and ¥1,150 million (U.S.$ 13,855 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2010 and 2011, respectively.

(2) Secured liabilities

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Short-term loans payable | ¥ 3,893 | ¥ 21,984 | $ 264,867 |
| Accounts payable-other | 96 | 98 | 1,181 |
| Long-term loans payable | 39,920 | 90,893 | 1,095,096 |
| Advances received | - | 148 | 1,783 |
| Deposits received | 1,797 | - | - |
| Noncurrent liabilities and other | 871 | 773 | 9,313 |
| | ¥ 46,580 | ¥ 113,897 | $ 1,372,253 |

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

| | Yen (millions) | | U.S. dollars (thousands) | |
|---|---|---|---|---|
| | 2011 | | 2011 | |
| Current portion of long-term loans payable | ¥ | 1,321 | $ | 15,916 |
| Long-term loans payable | ¥ | 81,299 | $ | 979,506 |

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

| | Yen (millions) | | U.S. dollars (thousands) | |
|---|---|---|---|---|
| | 2011 | | 2011 | |
| Land | ¥ | 102,046 | $ | 1,229,470 |
| Buildings and structures | ¥ | 25,399 | $ | 306,012 |

## 7. Contingent Liabilities

At March 31, 2010 and 2011 the Company and consolidated subsidiaries had the following contingent liabilities:

| | Yen (millions) | | | | U.S. dollars (thousands) | |
|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2011 | |
| Guarantee of loans on behalf of: | | | | | | |
| Individual customers for principally housing loans | ¥ | 22,280 | ¥ | 19,859 | $ | 239,265 |
| Landowner's union for development cost of land | | 299 | | - | | - |
| Employees for their purchase of residential houses | | 219 | | 177 | | 2,133 |
| | ¥ | 22,798 | ¥ | 20,036 | $ | 241,398 |

## 8. 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 market value exceeded the carrying amount of land after revaluation at March 31, 2010 and 2011.

## 9. Long-term Lease and Guarantee Deposited

Long-term lease and guarantee deposited at March 31, 2010 and 2011 are summarized as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Guarantee deposits from tenants, non-interest-bearing | ¥ 60,575 | ¥ 64,095 | $ 772,229 |
| Guarantee deposits primarily from members of golf clubs, leisure facilities and senior housings, non-interest-bearing | 82,545 | 84,588 | 1,019,133 |
| Guarantee deposits from others, principally non-interest-bearing | 3,539 | 3,084 | 37,157 |
| | ¥ 146,660 | ¥ 151,768 | $ 1,828530 |

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.

## 10. 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) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Loss on valuation on inventories | ¥ 13,473 | ¥ 8,084 | $ 97,398 |

## 11. Impairment Loss on Fixed Assets

For the year ended March 31, 2011, 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 | Land, buildings and structures, other fixed assets | Arita gun, Wakayama Prefecture, and other places | ¥ 28,853 |
| | Leasing assets, etc | Land, buildings and structures, other fixed assets | Narita-shi, Chiba Prefecture, and other places | ¥ 4,676 |
| Subsidiaries | Store, offices, etc. | Land, buildings and structures, other fixed assets | Takaraduka-shi, Hyogo Prefecture, and other places | ¥ 414 |

To determine the impairment losses, the Company grouped assets by using minimum units that can generate relatively independent cash flows from the cash flows of other assets or asset groups. Consequently, the Company reduced the carrying amount of fourteen fixed asset groups to the recoverable value, and reported the reduced amount of ¥33,943 million as impairment loss in extraordinary loss. The impaired asset groups included assets associated with business that was to be sold or scrapped in the fiscal year and those that have recorded losses from their business activities for successive years.

The recoverable value of the asset groups was measured by applying net selling prices or value in use. Net selling prices are assessed based on the current market price of land, etc. and other salable prices. Value in use is calculated by discounting expected future cash flows using 2.1%.

## 12. Supplementary Cash Flow Information

For the purpose of the statements of cash flows, the Company considers all highly liquid investments with insignificant risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2010 and 2011 were as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Cash and deposits | ¥ 44,626 | ¥ 42,376 | $ 510,554 |
| Time deposits with maturity over three months | (85) | (294) | (3,542) |
| Short-term investment securities | 70 | 2,080 | 25,060 |
| Short-term loans receivable | 2,199 | 0 | 0 |
| Short-term loans payable | (200) | (200) | (2,410) |
| Cash and cash equivalents | ¥ 46,609 | ¥ 43,963 | $ 529,675 |

The contents of important non-fund transactions associated with the elimination of Comforia Residential Investment Corporation from the scope of consolidation are as follows. The elimination arose as a result of a decrease in the ratio of owned investment units due to a capital increase through private placement:

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| | 2011 | 2011 |
| Decrease in noncurrent assets | ¥ 17,940 | $ 216,145 |
| Increase in long-term loans payable | 14,800 | 178,313 |
| Increase in investment securities | ¥ 4,000 | $ 48,193 |

The contents of important non-fund transactions associated with the inclusion of Goodfield Investment, a silent partnership, in the scope of consolidation are as follows. The inclusion arose because Goodfield Investment was found to have controlling power.

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| | 2011 | 2011 |
| Increase in noncurrent assets | ¥ 5,280 | $ 63,614 |
| Increase in long-term loans payable | 2,230 | 26,867 |
| Decrease in investments in silent partnership | ¥ 1,753 | $ 21,120 |

## 13. 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, 2010 and 2011 is as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and book value of leased properties (mainly office equipment) at March 31, 2010 and 2011 if they were capitalized would be as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Acquisition cost | ¥ 12,122 | ¥ 10,514 | $ 126,675 |
| Accumulated depreciation | 4,405 | 3,902 | 47,012 |
| Accumulated impairment loss | 28 | 28 | 337 |
| Book value | ¥ 7,687 | ¥ 6,582 | $ 79,301 |

(2) Future lease payments at March 31, 2010 and 2011 are as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Due within one year | ¥ 1,379 | ¥ 1,068 | $ 12,867 |
| Due after one year | 10,433 | 9,360 | 112,771 |
| Total | ¥ 11,812 | ¥ 10,428 | $ 125,639 |
| Balance in impairment loss account on leased assets | ¥ 15 | ¥ 5 | $ 60 |

(3) The equivalent amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense, interest expenses thereof at March 31, 2010 and 2011 are as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Lease payments | ¥ 1,658 | ¥ 1,355 | $ 16,325 |
| Reversal of impairment loss account on leased assets | 15 | 7 | 84 |
| Depreciation expense | 1,378 | 1,087 | 13,096 |
| Interest expenses | 398 | 369 | 4,446 |

*(Operating Lease Transactions as lessee)*

Future lease payments at March 31, 2010 and 2011 are as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Due within one year | ¥ 17,431 | ¥ 17,047 | $ 205,386 |
| Due after one year | 108,269 | 96,637 | 1,164,301 |
| Total | ¥ 125,701 | ¥ 113,684 | $ 1,369,687 |

*(Operating Lease Transactions as lessor)*

Future lease income at March 31, 2010 and 2011 is as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Due within one year | ¥ 8,311 | ¥ 10,403 | $ 125,337 |
| Due after one year | 29,563 | 30,672 | 369,542 |
| Total | ¥ 37,874 | ¥ 41,076 | $ 494,892 |

## 14. Financial Instruments

Financial Instruments at March 31, 2011 are summarized as follows:

*Overview*

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

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

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

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

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

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

(3) Risk management for financial instruments

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

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

(b) Monitoring of market risks

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

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

(c) Monitoring of liquidity risk

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

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

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

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

*Estimated Fair Value of Financial Instruments*

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2011 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 | ¥ 42,376 | ¥ 42,376 | ¥ - |
| (2) Investment securities | | | |
| Held-to-maturity securities | 1,080 | 1,086 | 6 |
| Other securities | 6,705 | 6,705 | - |
| Total assets | ¥ 50,162 | ¥ 50,168 | ¥ 6 |
| (1) Notes and accounts payable-trade | 37,491 | 37,491 | - |
| (2) Short-term loans payable | 44,225 | 44,225 | - |
| (3) Bonds payable | 50,000 | 50,591 | 591 |
| (4) Long-term loans payable | 465,565 | 469,824 | 4,259 |
| Total liabilities | ¥ 597,282 | ¥ 602,133 | ¥ 4,850 |
| Derivatives | ¥ - | ¥ - | ¥ - |

| | U.S. dollars (thousands) | | |
|---|---|---|---|
| | Carrying Value | Estimated Fair Value | Difference |
| (1) Cash and deposits | $ 510,554 | $ 510,554 | $ - |
| (2) Investment securities | | | |
| Held-to-maturity securities | 13,012 | 13,084 | 72 |
| Other securities | 80,783 | 80,783 | - |
| Total assets | $ 604,361 | $ 604,434 | $ 72 |
| (1) Notes and accounts payable-trade | 451,699 | 451,699 | - |
| (2) Short-term loans payable | 532,831 | 532,831 | - |
| (3) Bonds payable | 602,410 | 609,530 | 7,120 |
| (4) Long-term loans payable | 5,609,217 | 5,660,530 | 51,313 |
| Total liabilities | $ 7,196,169 | $ 7,254,614 | $ 58,434 |
| Derivatives | $ - | $ - | $ - |

Notes:

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

Assets

*Cash and deposits*

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

*Investment securities*

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

Liabilities

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

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

*Bonds payable*

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

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

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

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

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| Specified corporate bond issued by special purpose companies | ¥ 37,770 | $ 455,060 |
| Unlisted stocks | 3,287 | 39,602 |
| Investments in silent partnership | ¥ 166,167 | $ 2,002,012 |

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

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| Lease and guarantee deposits | ¥ 53,159 | $ 640,470 |
| Long-term lease and guarantee deposited | ¥ 151,768 | $ 1,828,530 |

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

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2011

| | Yen (millions) | | | |
|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Five Years | Due after Five Years through Ten Years | Due after Ten Years |
| Cash on hand and in banks | ¥ 41,111 | ¥ - | ¥ - | ¥ - |
| Investment securities | | | | |
| Held-to-maturity securities | | | | |
| (1) National and local government bonds | 30 | 867 | 182 | - |
| (2) Corporate bonds | - | - | - | - |
| Other securities with maturities | | | | |
| (1) National and local government bonds | 9 | 75 | - | - |
| (2) Corporate bonds | - | - | - | - |
| Total | ¥ 41,151 | ¥ 942 | ¥ 182 | ¥ - |

| | U.S. dollars (thousands) | | | |
|---|---|---|---|---|
| | Due in One Year or Less | Due after One Year through Five Years | Due after Five Years through Ten Years | Due after Ten Years |
| Cash on hand and in banks | ¥ 495,313 | ¥ - | ¥ - | ¥ - |
| Investment securities | | | | |
| Held-to-maturity securities | | | | |
| (1) National and local government bonds | 361 | 10,446 | 2,193 | - |
| (2) Corporate bonds | - | - | - | - |
| Other securities with maturities | | | | |
| (1) National and local government bonds | 108 | 904 | - | - |
| (2) Corporate bonds | - | - | - | - |
| Total | ¥ 495,795 | ¥ 11,349 | ¥ 2,193 | ¥ - |

## 15. 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.

The Company began to adopt 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 consolidated fiscal year under review.

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Projected benefit obligation | ¥ 35,437 | ¥ 28,046 | $ 337,904 |
| Plan assets at fair value | (11,918) | (7,713) | (92,928) |
| Funded status | 23,518 | 20,333 | 244,976 |
| Unrecognized transition differences resulting from changes in accounting standards | (1,880) | (1,493) | (17,988) |
| Unrecognized actuarial gain (loss) | (2,177) | (2,190) | (26,386) |
| Unrecognized prior service cost | (26) | (300) | (3,614) |
| Net retirement benefit obligation | 19,434 | 16,349 | 196,976 |
| Prepaid pension cost | (1,025) | (460) | (5,542) |
| Employees' retirement and severance benefits | ¥ 20,459 | ¥ 16,809 | $ 202,518 |

Net periodic pension cost for the years ended March 31, 2010 and 2011 consisted of the following:

| | | | |
|---|---|---|---|
| Service cost | ¥ 2,264 | ¥ 1,914 | $ 23,060 |
| Interest cost on projected benefit obligation | 763 | 654 | 7,880 |
| Expected return on plan assets | (228) | (193) | (2,325) |
| Amortization of unrecognized prior service credit | (37) | (26) | (313) |
| Amortization of actuarial gain | 876 | 538 | 6,482 |
| Amortization of transition differences in connection with from changes in accounting standards | 362 | 375 | 4,518 |
| Contributions to the defined contribution pension plan | 244 | 624 | 7,518 |
| Net periodic pension cost | ¥ 4,245 | ¥ 3,887 | $ 46,831 |

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

| | 2010 | 2011 |
|---|---|---|
| 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% |

## 16. Income Taxes

The significant component of the deferred tax assets and deferred tax liabilities at March 31, 2010 and 2011 are as follows:

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Deferred tax assets: | | | |
| Valuation loss on inventories | ¥ 436 | ¥ 717 | $ 8,639 |
| Valuation loss on securities | 4,070 | 4,300 | 51,807 |
| Amortization of intangible assets | 3,819 | 4,296 | 51,759 |
| Allowance for doubtful accounts | 402 | 567 | 6,831 |
| Accrued expenses | 325 | 575 | 6,928 |
| Accrued bonuses to employees | 2,519 | 2,611 | 31,458 |
| Retirement and severance benefits | 8,103 | 6,621 | 79,771 |
| Net operating loss carry forwards | 4,015 | 2,889 | 34,807 |
| Unrealized inter-company transactions | 1,301 | 1,360 | 16,386 |
| Impairment losses on fixed assets | 3,455 | 4,538 | 54,675 |
| Loss of investments in silent partnership | 3,780 | 2,892 | 34,843 |
| Accrued enterprise tax/business office tax | 1,052 | 456 | 5,494 |
| Revaluation of assets for merger | 1,631 | 1,631 | 19,651 |
| Asset retirement obligations | - | 626 | 7,542 |
| Other | 3,750 | 3,872 | 46,651 |
| Gross deferred tax assets | 38,665 | 37,958 | 457,325 |
| Less: valuation allowance | (15,494) | (12,924) | (155,711) |
| Total deferred tax assets | ¥ 23,170 | ¥ 25,033 | $ 301,602 |
| Deferred tax liabilities: | | | |
| Reserve for advanced depreciation of noncurrent assets | 3,350 | 3,301 | 39,771 |
| Valuation difference on consolidated subsidiaries | 3,058 | 3,667 | 44,181 |
| Exemption of gains and losses from the dividends of special purpose companies | - | 1,503 | 18,108 |
| Property, plant and equipment corresponding to asset retirement obligations | - | 415 | 5,000 |
| Other | 882 | 652 | 7,855 |
| Total deferred tax liabilities | 7,291 | 9,541 | 114,952 |
| Net deferred tax assets | ¥ 15,879 | ¥ 15,492 | $ 186,651 |

| | Yen (millions) | | U.S. dollars (thousands) |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Deferred tax assets – current | ¥ 5,402 | ¥ 5,351 | $ 64,470 |
| Deferred tax assets – non current | 12,902 | 13,937 | 167,916 |
| Deferred tax liabilities – current (included in other current liabilities) | (12) | (7) | (84) |
| Deferred tax liabilities – non current | (2,413) | (3,788) | (45,639) |
| | ¥ 15,879 | ¥ 15,492 | $ 186,651 |

The effective tax rate reflected in the consolidated statements of income for the year ended March 31, 2010 and 2011 differ from the statutory tax rate for the following reasons:

| | 2010 | 2011 |
|---|---|---|
| Statutory tax rate | 40.7% | 40.7% |
| Increase (reduction) in income taxes resulting from: | | |
| Valuation allowance related to the deferred income tax asset | 11.1 | (14.4) |
| Entertainment expenses not deductible for tax purposes | 1.2 | 1.6 |
| Per capita inhabitant tax | 0.7 | 0.9 |
| Amortization of goodwill | 0.6 | 0.8 |
| Other | (0.7) | (0.7) |
| Effective tax rate | 53.6% | 29.0% |

## 17. Other comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2010:

| | Yen (millions) 2010 |
|---|---|
| Other comprehensive income: | |
| Valuation difference on available-for-sale securities | ¥ 184 |
| Deferred gains or losses on hedges | 21 |
| Foreign currency translation adjustment | 179 |
| Total other comprehensive income | ¥ 385 |

| | Yen (millions) 2010 |
|---|---|
| Comprehensive income attributable to: | |
| Owners of the parent | ¥ 11,441 |
| Minority interests | 1,971 |
| Total comprehensive income | ¥ 13,412 |

## 18. Business combinations and other relationships

Transactions, etc. under common control

(1) Brief summary of transactions

(a) Name and nature of subject business

Name of business: The Company’s golf course business

Nature of business: Management and operation of 10 golf courses held by the Company. Provided, however, that the contractual status in the membership contracts with members of these golf courses and any and all rights and obligations incidental thereto are excluded from the scope of the transfer.

(b) Date of business combination

January 1, 2011

(c) Legal form of business combination

Spin-off type assimilative-divisive reorganization, with the Company as the divisively reorganizing company and TLC GOLF RESORT CORPORATION as the succeeding entity.

(d) Name of entity after business combination

TLC GOLF RESORT CORPORATION

(A consolidated subsidiary with 100 percent voting rights held by the Company)

(e) Brief summary of transactions including purpose of transaction

The Company decided to spin off its golf course operations as a company dedicated solely to the golf course business, believing that it was most appropriate to manage the golf course business in the form of an independent entity. This reflects the need for the Company to establish a management structure able to act promptly and efficiently and to facilitate flexible business judgments to strengthen its competitiveness in the golf course business.

(2) Brief overview of accounting treatment implemented

The business combination was treated as a transaction under common control in accordance with the Accounting Standards for Business Combinations (Accounting Standards Board of Japan [ASBJ] Statement No. 21, issued December 26, 2008) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, issued December 26, 2008).

(3) Matters concerning the additional acquisition of shares of subsidiary stock

(a) Assets and liabilities succeeded by the succeeding entity of the assimilative-divisive reorganization and the cost of the shares of subsidiary stock acquired by the Company.

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| | 2011 | 2011 |
| Current assets | ¥ 71 | $ 855 |
| Noncurrent assets | 28,134 | 338,964 |
| Total assets | 28,205 | 339,819 |
| Current liabilities | 0 | 0 |
| Total liabilities | 0 | 0 |
| Cost of acquisition of subsidiary shares | ¥ 27,761 | $ 334,470 |

(b) Number of shares, etc. delivered

TLC GOLF RESORT CORPORATION allotted 27,761,887 shares of its common stock and 400 million yen to the Company.

(c) Basis for calculation of the shares delivered

The decision was made to base the calculation of the money and shares of stock to be allotted to the Company on the basis of the current market value of the net worth of the rights and obligations subject to transfer, taking into consideration net worth based on a property appraisal conducted by a third party institution.

## 19. Asset Retirement Obligations

The following table indicates the changes in asset retirement obligations for the year ended March 31, 2011:

| | Yen (millions) | U.S. dollars (thousands) |
|---|---|---|
| | 2011 | 2011 |
| Balance at April 1, 2010 | ¥ 1,750 | $ 21,084 |
| Liabilities incurred due to the acquisition of property, plant and equipment | 210 | 2,530 |
| Accretion expense | 36 | 434 |
| Liabilities settled | (37) | (446) |
| Balance at March 31, 2011 | ¥ 1,959 | $ 23,602 |

## 20. 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 March 31, 2010 | Net Change | As of March 31, 2011 | As of March 31, 2011 |
| ¥ 187,251 | ¥ 158,035 | ¥ 345,286 | ¥ 393,158 |

| U.S. dollars (thousands) | | | |
|---|---|---|---|
| Carrying Value | | | Fair Value |
| As of March 31, 2010 | Net Change | As of March 31, 2011 | As of March 31, 2011 |
| $ 2,256,036 | $ 1,904,036 | $ 4,160,072 | $ 4,736,843 |

Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. The components of net change in carrying value included increases mainly due to acquisitions in the amount of ¥ 167,630 million ($ 2,019,639 thousand ), and decreases primarily due to the Impairment loss ¥ 4,589 million ($ 55,289 thousand ).
3. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.

## 21. 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 |
|---|---|---|---|
| | 2010 | 2011 | 2011 |
| Net asset per share of common stock | ¥ 382.43 | ¥ 392.87 | $ 4.73 |
| Net income per share of common stock | ¥ 20.82 | ¥ 21.84 | $ 0.26 |

Calculation base for net income per share are as follows:

| | Yen (millions) | | | | U.S. dollars (thousands) | |
|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2011 | |
| Net income | ¥ | 11,058 | ¥ | 11,597 | $ | 139,723 |
| Net income of common stock | ¥ | 11,058 | ¥ | 11,597 | $ | 139,723 |
| The weighted average number of shares of common stock outstanding during the year (thousands) | | 531,221 | | 531,130 | | 6,399,157 |

Calculation base for net asset per share are as follows:

| | Yen (millions) | | | | U.S. dollars (thousands) | |
|---|---|---|---|---|---|---|
| | 2010 | | 2011 | | 2011 | |
| Total net assets | ¥ | 230,986 | ¥ | 239,828 | $ | 2,889,494 |
| Minority interests | ¥ | (27,849) | ¥ | (31,189) | $ | (375,771) |
| Equity of common stock at March 31, 2011 | ¥ | 203,136 | ¥ | 208,638 | $ | 2,513,711 |
| The number of shares of common stock at March 31, 2011 (thousands) | | 531,171 | | 531,060 | | 6,398,313 |

## 22. Subsequent Events

The Company determined at a meeting of the Board of Directors held on May 12, 2011 that silent partnership and other investments that the Company invests in shall be included in the scope of consolidation as subsidiaries from the fiscal year ending March 31, 2012.

(1) Consolidation of silent partnership and other investments

The Company has been making real estate investments (including investments in silent partnership) using special purpose companies for the leasing of real estate. However, following changes in the management environment, the Company has decided to change its management policy for assets of silent partnership and other investments to be held for long periods.

The Company will consolidate these investments which the company effectively control under the new management policy and hold them as fixed assets.

(2) Subsidiaries to be consolidated (silent partnership and other investments)

From the fiscal year ending March 2012, the Company will consolidate 29 companies, including 8 silent partnership, etc.

Silent partnership whose operator is the limited liability company SPADE HOUSE

Silent partnership whose operator is the limited liability company TIMES SQUARE

Silent partnership whose operator is the limited liability company QUEEN

Silent partnership whose operator is the limited company KASUMIGASEKI・INVESTMENT

Silent partnership whose operator is the limited liability company ARCADIA HT

Silent partnership whose operator is limited company PYXIS

Silent partnership whose operator is limited company REGINA

Silent partnership whose operator is limited company CENTRO

(3) Effect of the changes

(a) Effect of the consolidated balance sheets

As a result of the consolidation as described above, assets and liabilities are expected to increase by 583.3 billion yen and 508.3 billion yen respectively.

The liabilities are nonrecourse loans whereby certain specific assets could be foreclosed for the repayment.

(b) Effect of the consolidated statements of income

The Company has been including dividends from silent partnership and other investments in its operating revenue. However, from the fiscal year ending March 2012, it will record leasing income for noncurrent assets, operating cost, and interest expenses for loans payable. As a result, the Company expects that operating revenue will rise 15.9 billion yen and operating income will increase 10.9 billion yen. The effect on ordinary income will be immaterial.

In addition, the company will recognize gain on negative goodwill of 48.9 billion yen and impairment assets of 27.0 billion yen for the first quarter of the fiscal year ending March 31, 2012. Accordingly, income before income taxes and minority interests is expected to increase by 22.0 billion yen.

## 23. 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, 2010 and 2011. 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.

## 24. Segment Information

Tokyu Land Group's business is composed primarily of eight 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) Facility Operations; [*1], principally including operations of leisure and sports facilities (golf courses, membership resort hotels, and urban-style sports clubs); (7) Real Estate Agents; [*2], principally including real estate agency, and insurance agency, etc; and (8) Other; [*2].

In accordance with the application of the "Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Statement No. 17, March 27, 2009) and the "Guidance on the Accounting Standard for Disclosures about Segments of an Enterprise and Related Information" (ASBJ Guidance No. 20, March 21, 2008), a portion of the segment information has been changed as in *1 and *2 below from the first quarter ended June 30, 2010.

Information by geographic areas is omitted as overseas sales of the Company for the years ended March 31, 2010 and 2011 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2010 and 2011 are as follows:

*1 The segment previously presented as "Resorts" has been changed to "Facility Operations."

*2 The segment previously presented as "Real-Estate Agents and Other Businesses" is now presented separately as "Real-Estate Agents" and "Other."

| Year ended March31, 2010 | 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: | | | | | | | | | | |
| Outside customers | 118,778 | 55,774 | 77,569 | 132,718 | 70,166 | 58,409 | 31,737 | 6,912 | _ | 552,067 |
| Inter-segment | 33 | 3,616 | 441 | 2,132 | 4,559 | 39 | 1,958 | 385 | (13,165) | _ |
| Total | 118,812 | 59,391 | 78,011 | 134,850 | 74,725 | 58,449 | 33,695 | 7,297 | (13,165) | 552,067 |
| Operating income | (14,564) | (1,550) | 237 | 49,999 | 4,435 | 1,448 | 606 | (220) | (4,923) | 35,469 |
| Total assets | 181,863 | 18,404 | 32,369 | 524,071 | 11,697 | 209,609 | 41,278 | 4,636 | 31,433 | 1,055,364 |
| Depreciation expenses | 54 | 374 | 950 | 4,561 | 256 | 4,763 | 955 | 472 | 841 | 13,228 |
| Amortization of goodwill | (305) | 0 | 1 | (106) | 13 | (13) | 1 | 0 | — | (407) |
| Amount of investment in equity-method affiliate | — | — | — | 250 | — | 2,839 | — | — | 237 | 3,326 |
| Capital expenditures | 17 | 286 | 1,096 | 27,017 | 133 | 17,105 | 771 | 399 | 268 | 47,095 |

| 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: | | | | | | | | | | |
| Outside 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 |
| Amount of investment in equity-method affiliate | — | — | — | 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, 2011 | 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: | | | | | | | | | | |
| Outside customers | 1,598,530 | 689,349 | 909,036 | 1,662,410 | 821,590 | 695,843 | 424,072 | 83,976 | _ | 6,884,855 |
| Inter-segment | 120,145 | 53,060 | 2,145 | 25,145 | 56,795 | 1,928 | 32,675 | 5,892 | (297,819) | _ |
| Total | 1,718,675 | 742,410 | 911,181 | 1,687,554 | 878,398 | 697,783 | 456,759 | 89,867 | (297,819) | 6,884,855 |
| Operating income | (19,506) | 434 | 10,205 | 719,060 | 61,169 | 11,133 | 35,578 | 2,566 | (67,627) | 753,036 |
| Total assets | 1,983,060 | 231,855 | 403,663 | 8,232,229 | 146,590 | 2,439,120 | 453,566 | 138,988 | (36,120) | 13,993,000 |
| Depreciation expenses | 602 | 4,145 | 12,566 | 73,578 | 2,940 | 60,169 | 12,108 | 6,831 | 6,313 | 179,301 |
| Amortization of goodwill | 3,361 | — | — | 1,554 | 96 | 145 | 0 | (0) | 253 | 5,446 |
| Amount of investment in equity-method affiliate | — | — | — | 76,410 | — | 35,373 | — | — | 2,699 | 114,494 |
| Capital expenditures | 3,289 | 4,711 | 17,976 | 2,276,867 | 2,169 | 86,578 | 18,133 | 9,048 | (6,024) | 2,412,795 |

<For Reference Purposes>

# TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

## Segment Information (Unaudited)

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|---|---|---|---|---|---|
| | 2007 | 2008 | 2009 | 2010 | 2011 | 2011 |
| Operating revenue | | | | | | |
| Real Estate Sales | ¥ 153,073 | ¥ 176,972 | ¥ 157,005 | ¥ 118,812 | ¥ 142,650 | $ 1,718,675 |
| Tokyu Land Corporation | 139,660 | 160,918 | 139,370 | 107,791 | 132,249 | 1,593,361 |
| Tokyu Livable, Inc. | 12,974 | 14,330 | 9,254 | 9,805 | 8,462 | 101,952 |
| Eliminations | (236) | (3,357) | (2,449) | (17) | (1,260) | (15,181) |
| Contracted Construction | ¥ 71,157 | ¥ 77,726 | ¥ 62,199 | ¥ 59,391 | ¥ 61,620 | $ 742,410 |
| Tokyu Homes Corporation ※1 | ― | ― | 38,880 | 36,840 | 36,064 | 434,506 |
| Tokyu Home Corporation | 33,383 | 40,472 | ― | ― | ― | ― |
| Tokyu Amenix Corporation | 16,611 | 16,526 | ― | ― | ― | ― |
| Tokyu Community Corporation | 14,065 | 14,904 | 16,605 | 16,163 | 18,847 | 227,072 |
| Ishikatsu Exterior, Inc | 7,586 | 7,863 | 6,766 | 6,476 | 6,755 | 81,386 |
| Eliminations | (487) | (2,077) | (51) | (87) | (45) | (542) |
| Retail Sales | ¥ 85,832 | ¥ 90,809 | ¥ 86,977 | ¥ 78,011 | ¥ 75,628 | $ 911,181 |
| Tokyu Hands, Inc. | 85,832 | 90,809 | 86,977 | 78,011 | 75,628 | 911,181 |
| Leasing of Real Estate | ¥ 101,368 | ¥ 120,097 | ¥ 111,760 | ¥ 134,850 | ¥ 140,067 | $ 1,687,554 |
| Tokyu Land Corporation | 59,180 | 78,435 | 66,292 | 86,846 | 87,810 | 1,057,952 |
| Tokyu Community Corporation | 15,310 | 15,443 | 16,290 | 16,940 | 16,649 | 200,590 |
| Tokyu Relocation Corporation (consolidated) | 14,361 | 12,910 | 14,733 | 15,561 | 16,467 | 198,398 |
| Tokyu Livable, Inc. | 5,355 | 6,166 | 6,679 | 6,856 | 7,254 | 87,398 |
| Eliminations | 997 | (751) | (3,793) | (653) | (6,767) | (81,530) |
| Property Management | ¥ 72,609 | ¥ 73,376 | ¥ 73,388 | ¥ 74,725 | ¥ 72,907 | $ 878,398 |
| Tokyu Community Corporation | 68,829 | 69,297 | 68,753 | 70,241 | 68,146 | 821,036 |
| Subsidiaries of Tokyu Community Corporation | 15,852 | 13,145 | 10,760 | 10,043 | 9,763 | 117,627 |
| Eliminations | (12,071) | (9,065) | (6,125) | (5,560) | (5,002) | (60,265) |
| Facility Operations (Resorts) ※2 | ¥ 51,056 | ¥ 55,428 | ¥ 59,905 | ¥ 58,449 | ¥ 57,916 | $ 697,783 |
| Tokyu Land Corporation | 23,980 | 25,422 | 26,279 | 24,802 | 23,648 | 284,916 |
| Tokyu Resort Service Corporation | 22,017 | 23,677 | 25,284 | 28,473 | 28,549 | 343,964 |
| Tokyu Sports Oasis Inc. | 10,693 | 11,572 | 13,559 | 13,440 | 13,866 | 167,060 |
| Niseko Kougen Kankou Co., Ltd. | 2,279 | 2,485 | 2,344 | 2,365 | 2,218 | 26,723 |
| Hunter Mountain Shiobara | 2,205 | 2,493 | 2,286 | 2,310 | 2,072 | 24,964 |
| Eliminations | (24,674) | (27,066) | (27,930) | (30,296) | (29,753) | (358,470) |
| Real Estate Agents (Real Estate Agents and Other Businesses) ※2 | ¥ 55,453 | ¥ 54,315 | ¥ 41,986 | ¥ 40,964 | ¥ 37,911 | $ 456,759 |
| Tokyu Livable, Inc. | 45,807 | 43,527 | 32,068 | 30,753 | 34,451 | 415,072 |
| Tokyu Resort Corporation | 2,989 | 2,882 | 2,336 | 1,935 | 1,925 | 23,193 |
| Tokyu Land Corporation | 664 | 927 | 202 | 255 | 46 | 554 |
| Eliminations | (549) | (803) | (772) | (651) | (436) | (5,253) |
| Other ※2 | ― | ― | ― | ― | 7,459 | 89,867 |
| Total | 590,552 | 648,723 | 593,222 | 565,204 | 596,162 | 7,182,675 |
| Eliminations | (17,003) | (15,320) | (18,860) | (13,137) | (24,719) | (297,819) |
| Operating revenue (Consolidated) | ¥ 573,549 | ¥ 633,406 | ¥ 574,361 | ¥ 552,067 | ¥ 571,443 | $ 6,884,855 |
| Operating income | ¥ 65,944 | ¥ 82,064 | ¥ 34,990 | ¥ 35,469 | ¥ 62,502 | $ 753,036 |
| Real Estate Sales | 18,956 | 20,946 | 4,074 | (14,564) | (1,619) | (19,506) |
| Contracted Construction | 984 | 105 | (2,898) | (1,550) | 36 | 434 |
| Retail Sales | (431) | 661 | 588 | 237 | 847 | 10,205 |
| Leasing of Real Estate | 35,704 | 53,623 | 34,331 | 49,999 | 59,682 | 719,060 |
| Property Management | 4,036 | 4,273 | 3,945 | 4,435 | 5,077 | 61,169 |
| Facility Operations (Resorts) ※2 | 3,420 | 1,935 | 1,266 | 1,448 | 924 | 11,096 |
| Real Estate Agents (Real Estate Agents and Other Businesses)※2 | 8,551 | 6,719 | (1,241) | 416 | 2,953 | 35,578 |
| Other ※2 | ― | ― | ― | ― | 213 | 2,566 |
| Elimination / Headquarters | (5,277) | (6,200) | (5,077) | (4,953) | (5,613) | (67,590) |
| Operating income ratio | 11.5% | 13.0% | 6.1% | 6.4% | 10.9% | 10.9% |
| Real Estate Sales | 12.4% | 11.8% | 2.6% | (12.3)% | (1.1)% | (1.1)% |
| Contracted Construction | 1.4% | 0.1% | (4.7%) | (2.6%) | 0.1% | 0.1% |
| Retail Sales | (0.5%) | 0.7% | 0.7% | 0.3% | 1.1% | 1.1% |
| Leasing of Real Estate | 35.2% | 44.6% | 30.7% | 37.1% | 42.6% | 42.6% |
| Property Management | 5.6% | 5.8% | 5.4% | 5.9% | 7.0% | 7.0% |
| Facility Operations (Resorts) ※2 | 6.7% | 3.5% | 2.1% | 2.5% | 1.6% | 1.6% |
| Real Estate Agents (Real Estate Agents and Other Businesses)※2 | 15.4% | 12.4% | (3.0%) | 1.0% | 7.8% | 7.8% |
| Other ※2 | ― | ― | ― | ― | 2.9% | 2.9% |

※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, 2011) |
| URL | http://www.tokyu-land.co.jp/english/ |