ANNUAL REPORT 2023

Year Ended March 31, 2023

TOKYU FUDOSAN HOLDINGS

CONTENTS

Message from the President

For a vibrantly shining future

The fiscal year ended March 31, 2023 (FY2022) marked the first year of the medium-term management plan 2025. We strove during FY2022 to push ahead with the restructuring of our business portfolio, in line with a policy of improving our earnings power and efficiency, with an eye to achieving further growth in the post-COVID-19 environment. As a result, ROA, ROE and other indicators stipulated by the management plan improved, while operating revenue and operating profit both exceeded major milestones: ¥1 trillion and ¥100.0 billion, respectively. In short, we have made steady progress toward achieving our targets for FY2025.

Looking ahead, the Tokyu Fudosan Holdings Group will continue to promote structural reforms while maintaining financial discipline. The Group boasts many unique and diverse wings to give lift to its business and, through these reforms, we will update them into a portfolio that is a genuine powerhouse. Specifically, we will utilize DX and other solutions to connect data and know-how possessed by each business in a way that is conscious of overall optimization based on the customer perspective. In this way, we will restructure our value chain within the Group to enhance both the efficiency of business operations and the value of customer experience, with the aim of securing even higher profit and seizing a broader range of business opportunities. We will also remain focused on addressing environmental and social sustainability, which has become an integral part of our overall corporate activities. Sustainability has come to represent a clear area of the Group's strength. By doing all of these things, we will strive to further improve our corporate value and grow into a company deserving of even higher evaluation by shareholders and investors.

We ask our shareholders for their continued support of our endeavors.

Realizing a future where anyone can be themselves and shine brightly

June 2023

Hironori Nishikawa,
President & CEO

BUSINESS REPORT
Years ended March 31, 2023

I. Outline of business

1. Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2022	2023	2023
Operating revenue	¥ 989,049	¥ 1,005,836	$ 7,562,677
Operating profit	83,817	110,410	830,150
Ordinary profit	72,834	99,558	748,556
Profit attributable to owners of parent	35,133	48,227	362,609
Comprehensive income	48,916	72,983	548,744
Net assets	643,298	700,702	5,268,436
Total Assets	¥ 2,634,343	¥ 2,738,458	$ 20,589,910

(2) Trend of indices

	2022	2023
Equity ratio	24.0%	25.0%
ROE*1	5.7%	7.3%
PER*2	13.8	9.4

*1 Net income/shareholder’s equity *2 Price earnings ratio (times)

(3) Others

	Yen	Yen	U.S. dollars
	2022	2023	2023
Net income per share	¥ 48.84	¥ 67.21	$ 0.51
Net assets per share	¥ 878.32	¥ 964.77	$ 7.25
Employees	21,276	21,614	-
Temporary employees*	9,806	8,452	-

* The number of temporary employees is the annual average number.

(4) Summary of cash flows

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2022	2023	2023
CF from operating activities	¥ 76,453	¥ 94,739	$ 712,323
CF from investing activities	(31,786)	(120,060)	(902,707)
CF from financing activities	(81,273)	42,764	321,534
Cash and cash equivalents at the end of the year	¥ 153,865	¥ 170,649	$ 1,283,075

2. Major Business

(1) Urban Development

Development, leasing and operation of office buildings and commercial facilities
Sales of condominiums and other residential properties

(2) Strategic Investment

Development, leasing and operation of renewable energy power facilities and logistics facilities
Management of REIT and fund
Investment in real estate development overseas

(3) Property Management & Operation

Property management and renovation of common areas of condominiums, buildings and other properties
Sales and management of membership resort hotels, management of urban hotels, golf courses, ski resorts, senior housing, etc.
Management of fitness clubs
Environmental greening

(4) Real Estate Agents

Real estate brokerage, purchase and resale business, sales agency, etc.
Management and operation of rental housing and student apartments

3. Business policy

(1) Management policy, business environment and issues to be addressed, etc.

Forward-looking statements in the text are the Group's judgments as of the end of the fiscal year ended March 31, 2023, and actual results, etc. may differ from these forecasts.

① About Long-Term Vision "GROUP VISION 2030"

With respect to the long-term business environment in the future, the Group expects that the uncertain and unpredictable era called VUCA* will continue, given the COVID-19 pandemic, the rapid acceleration of digitalization, the advancement of a decarbonized society and the diversification of lifestyles. To realize a sustainable society under such an environmental recognition, the Group has formulated its long-term vision "GROUP VISION 2030" and reorganized its group philosophy by ascertaining its ideal vision a decade later based on a back casting approach, rather than the conventional building-up type plan.

* VUCA stands for volatility, uncertainty, complexity and ambiguity and refers to an unpredictable socioeconomic environment.

(i) Slogan of the long-term vision "WE ARE GREEN"

It expresses our commitment to realizing our ideal vision in 2030 with diverse green power by expressing the diversity of the businesses and human capital of the Group in gradations with green, our corporate color, as the basic tone. Green symbolizes our environmental efforts and sustainability, as well as the Group's goal of creating a future where everyone can be themselves and shine vigorously. Under the banner "WE ARE GREEN," we will create a variety of appealing lifestyles by combining diverse green power.

The spread of the new normal and the diversity of work styles. The rise of the social and ecologically minded future generation. What do we want to be in an uncertain and unpredictable world where values are changing, which is being called the era of VUCA? Where are we headed? We will create new lifestyles that combine home, work and play styles, along with impressive new experiences enabled by DX, while contributing to a decarbonized society with the diverse green power we possess. To create a future where everyone can be themselves and shine brightly. We will aim to become a corporate group that creates value for the future.

WE ARE GREEN

(ii) The Group philosophy

We have reorganized our group philosophy in light of the origin and history of the Group and stipulated our ideal vision, pledge to society and founding spirit.

As our ideal vision, we continue to set "Create value for the future." Our social mission is to realize a future where everyone can be themselves and shine vigorously through the creation of a variety of appealing lifestyles.

In our pledge to society, we have defined our pledge to six stakeholders. We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders.

Our ideal vision

Create value for the future

We resolve social issues through our business activities and aim for sustainable society and growth together with our stakeholders.

We realize a future where everyone can be themselves and shine vigorously through the creation of a variety of appealing lifestyles.

Our pledge to society

We believe that corporate value is the sum total of the levels of satisfaction of all of our stakeholders.

Customers	▶ Always coming face-to-face with customers, we will provide value that will ensure that we continue to be chosen by them.
Group employees	▶ We develop human capital who can tackle challenges and create workstyle environments where Group employees can work actively.
Business partners	▶ We will create value in partnerships and aim to achieve growth together with our partners.
Local communities	▶ We will contribute to a sustainable society by initiatives to coexist with communities and revitalize them.
Shareholders and investors	▶ We will maximize shareholder value through sustainable growth.
Future society	▶ We aspire to pass on to future generations a world full of hope with a rich environment.

Our founding spirit

"Challenge-oriented DNA"

A progressive spirit inherited since the development of Den-en Chofu, a pioneering effort to create the ideal town

(iii) Materialities

To realize a future where everyone can be themselves and shine vigorously, which we have defined in our ideal vision, we have drawn up an ideal image of the future for individuals, society and the environment and set the following four themes to work on to realize this as materialities: "Create a variety of lifestyles," "Create well-being communities and lifestyles," "Create a sustainable environment" and "Create value in the digital era."

In addition to the four materialities related to business foundations above, we have set the following two materialities related to our management base: "Create an organizational climate under which diverse human capital is enlivened" and "Create governance to accelerate growth." We will work on these six materialities to realize the future to which the Group aspires.

Lifestyle

Create a variety of lifestyles.

We will realize a vibrant life both physically and mentally by promoting the Lifestyle Creation 3.0 that combines home, work and leisure styles.

Liveable City

Create well-being communities and lifestyles.

We will realize a society where everyone can feel happy by building a secure, safe and comfortable life infrastructure and creating mutual aid communities.

Environment

Create a sustainable environment.

As an environmentally advanced company, we will create a carbon-free society and a recycle-oriented society by addressing global issues such as climate change.

DX

Create value in the digital era.

We will work on our business model transformation by utilizing digital technologies to create customer's new experience value.

Human Capital

Create an organizational climate under which diverse human capital is enlivened.

We will continue to create innovation by addressing an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.

Governance

Create governance to accelerate growth

As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.

(iv) Positioning of "GROUP VISION 2030"

We have identified four issues at the time of formulating our long-term management policy, GROUP VISION 2030. While BS expansion has been achieved through steady investments, some businesses have experienced a decline in profit level due to the impact of the Covid-19. We recognize that "improving efficiency through BS management" and "building a strong business portfolio" are the key issues we must address. In businesses that rely on human resources for management and operations, etc., there is an urgent need to "shift away from labor-intensive operations" to shift to a structure that is less susceptible to the effects of labor shortages, etc., and to deal with increasingly sophisticated and complex businesses, such as digitalization, and it is also important to "break away from a self-supporting approach and to develop human resources.

Based on the recognition of the four issues, the first half of the 10-year period through 2030 is designated as the "restructuring phase". This will then be the period for efforts to improve earning power and efficiency for the re-growth in the post Covid-19. In the second half of the period, we will also aim to establish a solid business foundation, including business development in new areas, as part of the "resilience phase," which will lead to sustainable growth in subsequent years.

② **Long-term management policy**

In the GROUP VISION 2030, we will review all businesses from a long-term perspective based on our recognition of existing issues and achieve sustainable growth by clarifying our approach as a management compass.

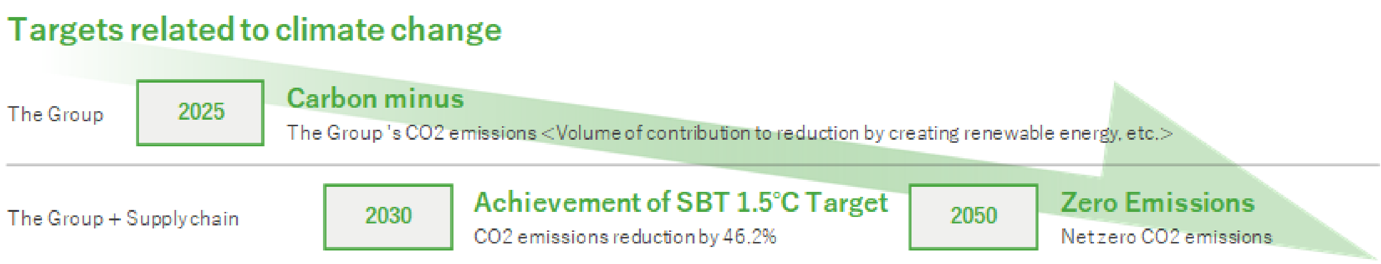
To transform the Group's characteristics, such as its wide range of assets and abundant customer contacts, into its strengths, we will work on environmental management and digital transformation as a Group policy. In addition, to evolve the associated assets expansion model, we will build a solid and distinctive business portfolio by promoting the utilization of intellectual assets and co-creation with partners. We will realize improvements in ROE and EPS growth, and ultimately the enhancement of shareholder and corporate value.

(i) Group policy

a. Environmental management

Based on our environmental vision, we will strive to reduce our environmental impact through all our businesses, including the use of clean energy, and the "Creation of comfortable communities and lifestyles that contribute to the environment," aiming to create a decarbonized, recycling-oriented society.

With respect to targets related to climate change, we will achieve a contribution to carbon minus by 2025 in the Group 's CO_2 emissions. "Carbon minus" is our own target that we aim to achieve by fiscal 2025 as a Group-wide initiative, based on an assumption that reductions in CO_2 emissions through the renewable energy business, which is a strength of the Group, will exceed the Group's CO_2 emissions. In addition, we will aim to seek to reduce CO_2 emissions, including Scope 3 of the supply chain, by 2030 with acquisition of the certification of Science Based Targets (SBT) 1.5°C and net zero CO_2 emissions by 2050. The 1.5°C target, which calls for holding the rise in global average temperatures below 1.5°C by 2100 is an ambitious goal, and is considered to be a non-binding target in the Paris Agreement. However, we hope that we will lead the industry in environmental efforts by working on these targets with strong determination.



b. DX

In the Group policy "DX" (digital transformation), we will promote three initiatives.

We will work to transform our business with digital technology through 1) a shift to creative operations by promoting labor saving, including the digitalization of workflow and process automation, 2) impressive experience creation through advances in customer contact points, including the promotion of the integration of online and offline (so-called OMO (Online-Merge-Offline)) and 3) new value creation by utilizing intellectual assets in innovation of in-house developed tools and service model offerings, etc..

We believe that the Group will be able to provide new added value by working on DX, given that it has abundant contact points with customers because it engages in many BtoC businesses. We will promote DX to transform the BtoC businesses into our strength.

(ii) Target indicators

In targets indicators for FY2030, we have set KPIs for each materiality.

As financial indicators, we have set an ROE of 10% or more, an ROA of 5% or more, a D/E ratio of 2.0 times or less, and operating profit of 150 billion or more and net profit of 75 billion yen or more as our ideal vision for FY2030. We have also decided to prepare a medium-term management plan along with the GROUP VISION 2030 to materialize our ideal vision for FY2030.

Themes to work on (Materialities)		Target indicators
Lifestyle	Create a variety of lifestyles.	• Customer satisfaction level *1 **90% or more** • Products and services that contribute to the Lifestyles Creation 3.0 **100 cases or more (10 cases a year)**
Liveable City	Create well-being communities and lifestyles.	• Measures to revitalize communities **100 cases or more (10 cases a year)** • Strengthening of safety and security*2 **100%**
Environment	Create a sustainable environment.	• CO2 emissions (compared with FY 2019) **(46.2)% (SBT certification)** • Environmental efforts through business **100 cases or more (10 cases a year)**
DX	Create value in the digital era.	• Number of initiatives for digital utilization **100 cases or more (10 cases a year)** • Acquisition of IT passport*3 **100%**
Human Capital	Create an organizational climate under which diverse human capital is enlivened.	• Ensuring of diversity in the core human capital Ratio of female managers **20% or more** • Ratio of childcare leave taken by male employees **100%**
Governance	Create governance to accelerate growth.	• Engagement with shareholders and investors **300 cases** or more • Improvement of effectiveness of the Board of Directors (third-party evaluation) **100%**

〈Reference indicators〉

ROE
10% or More

ROA
5% or More

D/E ratio
2.0 times or less

Operating profit
150 billion yen
or More

Net profit
75 billion yen
or More

*1 Tokyu Cosmos Members Club Questionnaire survey *2 Support people who have difficulty returning home in the event of a disaster in a large and non-residential building, etc. *3 Tokyu Land Corporation employees

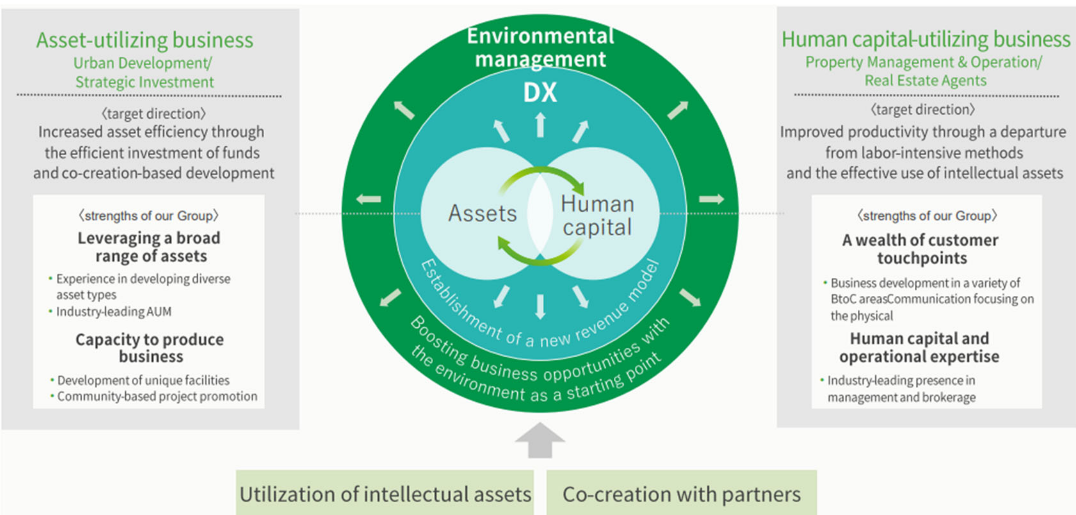
③ **"Medium-Term Management Plan 2025"**

In May 2022, we formulated and announced our Medium-term management plan 2025 with fiscal 2025 as the target year.

This plan is positioned as the "restructuring phase" in the long-term management policy. In accordance with the Group and business policies set forth in the long-term management policy, we will promote the improvement of earning power and efficiency for the re-growth in the post-Covid 19 and aim to build a strong and unique business portfolio and realize our ideal vision.

(i) Overview of Medium-Term Management Plan 2025

We will create unique value through the Group policies "Environmental Management" and "DX" set forth in our long-term management policy. In the asset-utilizing business (Urban Development business/Strategic Investment business), we will promote "increased asset efficiency through the efficient investment of funds and co-creation-based development," and in the human capital-utilizing business (Property management and operation business/Real estate agents business), "improved productivity through a departure from labor-intensive methods and the effective use of intellectual assets" respectively.



(ii) Strengthening of the management base

We will steadily strengthen our management foundation to achieve our long-term vision, GROUP VISION 2030. In our financial capital strategy, we will implement measures to achieve profit growth with efficiency based on an optimal financial capital structure. In the area of human capital and organizational climate, we will work to improve job satisfaction and work comfort by creating an organization in which diverse capital can play an active role and promoting health management, and we will also consider human rights within the supply chain.

Financial Capital Strategy

Profit growth with efficiency based on optimal financial capital structure

Maintaining financial discipline and improving efficiency

- An awareness of shareholder equity costs, ROE exceeding 8%
- Improving debt to equity (D/E) ratio by building up periodic profits

Business Portfolio Management

- Improved efficiency with a PDCA cycle

Diversification of suppliers and procurement methods

- Expansion of ESG finance (bonds and loans)
  [Ratio of ESG bonds: 50% in FY2025]

Shareholder policy

- Review and expansions in special benefits system for long-term shareholders

Human Capital and Organizational Climate

Fostering an innovative organizational climate with a sense of unity

Building an organization where diverse human capital can thrive

- Promoting the advancement of women [increasing the ratio of women in management]
- Increasing acquisition rates in male childcare leave
- Deepening understanding of the LGBT community

Improving workplace satisfaction/comfortable work environments

- Promoting health management
- Expanding the employee stockholder association aiming to foster a sense of unity

Consideration of human rights within supply chains

- Implementation of due diligence and employee training

Governance

Building a fair and highly transparent governance system

Review of board member compensation system

- Improving linkage with the key indicators stipulated in our business plan

Bolstering the independence of our nomination and compensation committee

- Independent external directors to become the majority

Risk management

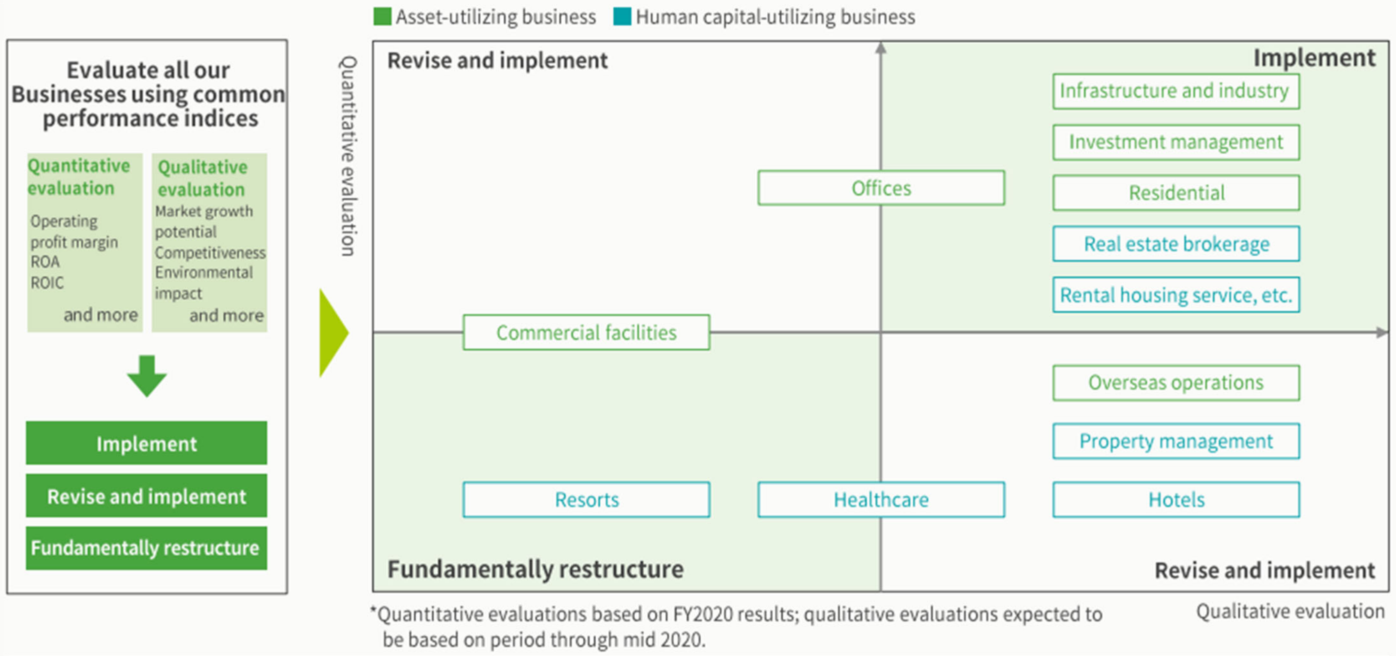
- Improving the effectiveness of our risk control structure through its rebuilding
- Promoting initiatives to mitigate financial risks through our KRI

IT security governance

- Formulation of an IT security policy to be shared by the entire Group

(iii) Business portfolio management

In order to build a strong and unique business portfolio, we evaluated our major businesses on the two axes of quantitative and qualitative evaluation and organized the direction of each business into "implement," "revise and implement," and "fundamentally restructure". Tokyu Hands business, positioned as a "fundamentally restructure," has transferred its shares to a new business partner, and we will promote steps to go asset light based on TCFD scenario, etc. The fitness business in the healthcare business, which is placed on the border with "revise and implement," will undergo a fundamental restructuring centered on the store operation due to expectations of a limited recovery in the number of memberships in the post-Covid 19. In the commercial facilities business, we intend to promote a shift to facilities that respond to experiential and empathetic consumption and a replacement of our asset portfolio centered on urban facilities, in line with the progress of the shift to e-commerce.



*Quantitative evaluations based on FY2020 results; qualitative evaluations expected to be based on period through mid 2020.

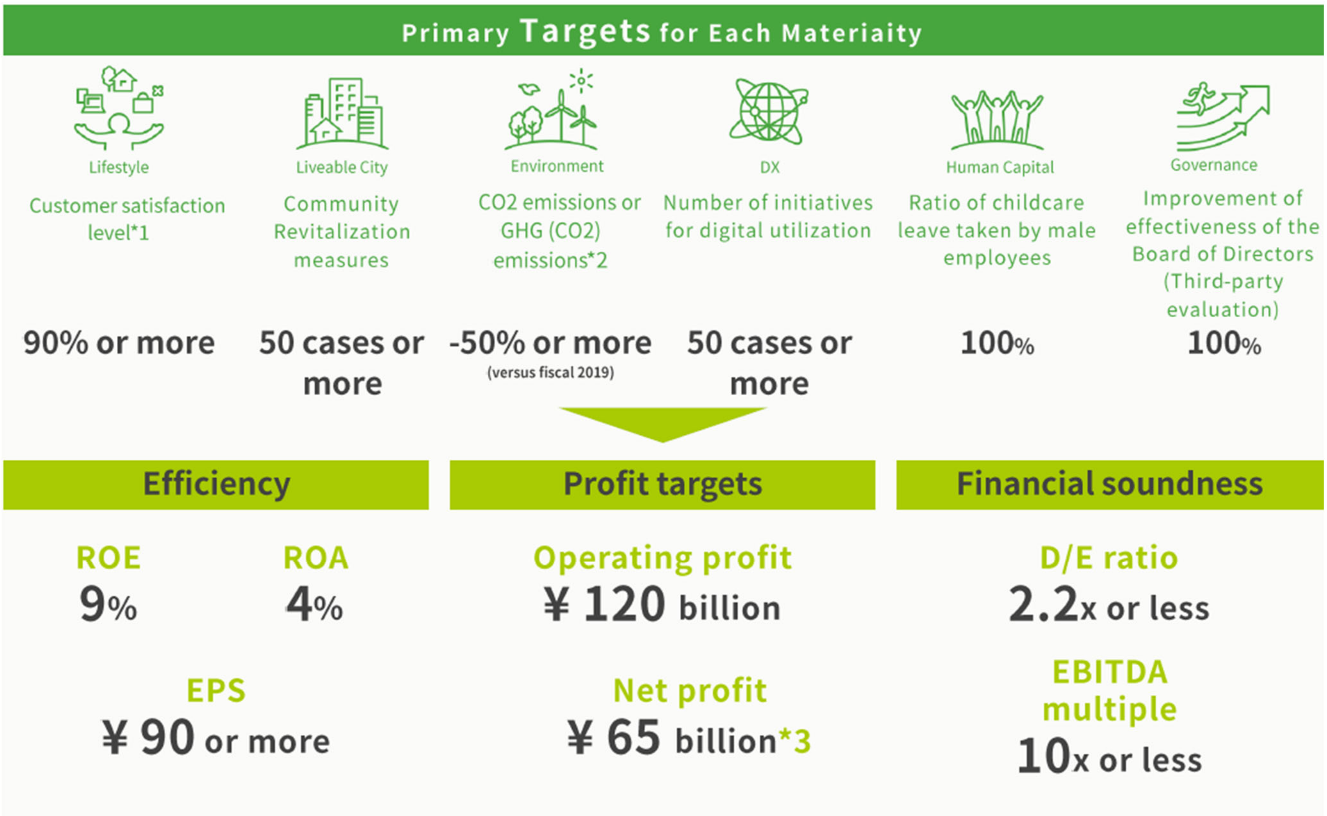
Directions for businesses set for fundamentally restructuring

Tokyu Hands business →	Transfered all shares to a new business partner (March 2022)
Resort business →	Promote steps to go asset light based on TCFD scenario, etc.
Healthcare business →	Fundamentally restructure in the fitness business with a focus on store operations due to expectations of a limited recovery in the number of members in the post Covid-19.
Commercial facilities business →	Shift for urban facilities to those that meet customer needs for experience-based/emphatic consumption amid developments in e-commerce; to promote changes in our portfolio.

*The above figures are as of the formulation of the Medium-Term Management Plan; please refer to P.13 for the status of progress until the end of the fiscal year ending March 31, 2023.

(iv) Target indicators for FY2025

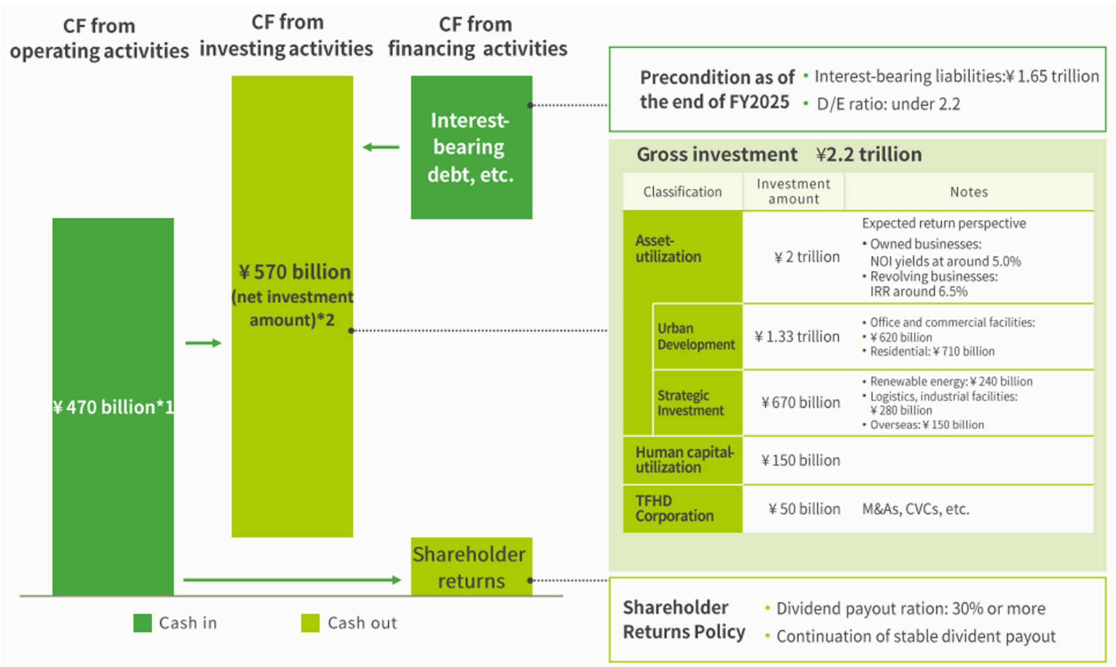
The Group has established target indicators based on the materiality, integrating financial and non-financial indicators. For fiscal year 2025, we aim to achieve ROE of 9%, ROA of 4%, EPS of 90 yen or more as efficiency indicators, operating profit of 120 billion yen, net profit of 65 billion yen as profit targets, D/E ratio of 2.2 times or less, and EBITDA multiple of 10 times or less as financial soundness indicators.



*1: Tokyu Cosmos Members Club questionnaire   *2: Scope 1 & 2 under SBT certification   *3: Profit attributable to owners of parent

(v) Capital allocation

The D/E ratio at the end of FY2025 is assumed to be under 2.2 times, and net investment is planned to be 570 billion yen. Gross investment is planned to be 2.2 trillion yen, of which 2 trillion yen will be invested in Urban Development business and Strategic Investment business in the asset-utilizing business. As the expected return targets for the asset-utilizing business, we aim for an NOI yield of around 5.0% for the holding-type business and an IRR of around 6.5% for the cycling business. The investment amounts shown are cumulative figures for the five-year period from FY2021 to FY2025.



*1: Net income for the period + amortization expenses   *2. Includes inventory investment

④ **Progress of Medium-Term Management Plan**

①Progress of Medium-Term Management Plan (Financial Targets)

In FY2022, thanks largely to the strong real estate transaction market and a recovery in both domestic and inbound demand due to the convergence of Covid, all of our target indicators surpassed our forecasts, enabling us to cross the milestone of 1 trillion yen in operating revenue and 100 billion yen in operating profit.

For FY2023, despite a lack of clarity in our business environment, we anticipate the continued strong performance of the real estate transaction market and further recovery in hotel and other inbound demand, among other elements. We are targeting operating profit and profit attributable to owners of parent exceeding those recorded in the previous fiscal year.

In FY2022, ROE improved to 7.3%, and we are targeting a further increase to 8.8% in FY2023.

All indicators are showing steady progress towards the achievement of the targets under our medium-term management plan.

		FY2021 (Result)	FY2022 (Forecast)	FY2022 (Result)	FY2023 (Forecast)	FY2025 (Target)
efficiency	ROE	5.7%	5.9%	7.3%	8.8%	9%
	ROA	3.2%	3.5%	4.1%	4.0%	4%
	EPS	¥48.84	¥54.22	¥67.21	¥87.37	¥90 or more
Profit targets	Operating profit	¥83.8 billion	¥95 billion	¥110.4 billion	¥112 billion	¥120 billion
	Net profit*	¥35.1 billion	¥39 billion	¥48.2 billion	¥62 billion	¥65 billion
Financial soundness	D/E ratio	2.3x	2.2x	2.2x	2.3x	2.2x or less
	EBITDA multiple	10.7x	10.5x	9.3x	10.1x	10x or less
Asset-utilizing business** ROA		3.2%	2.9%	3.5%	3.1%	3.6%
Human capital-utilizing business** operating profit margin		4.2%	7.0%	7.7%	8.0%	8.1%

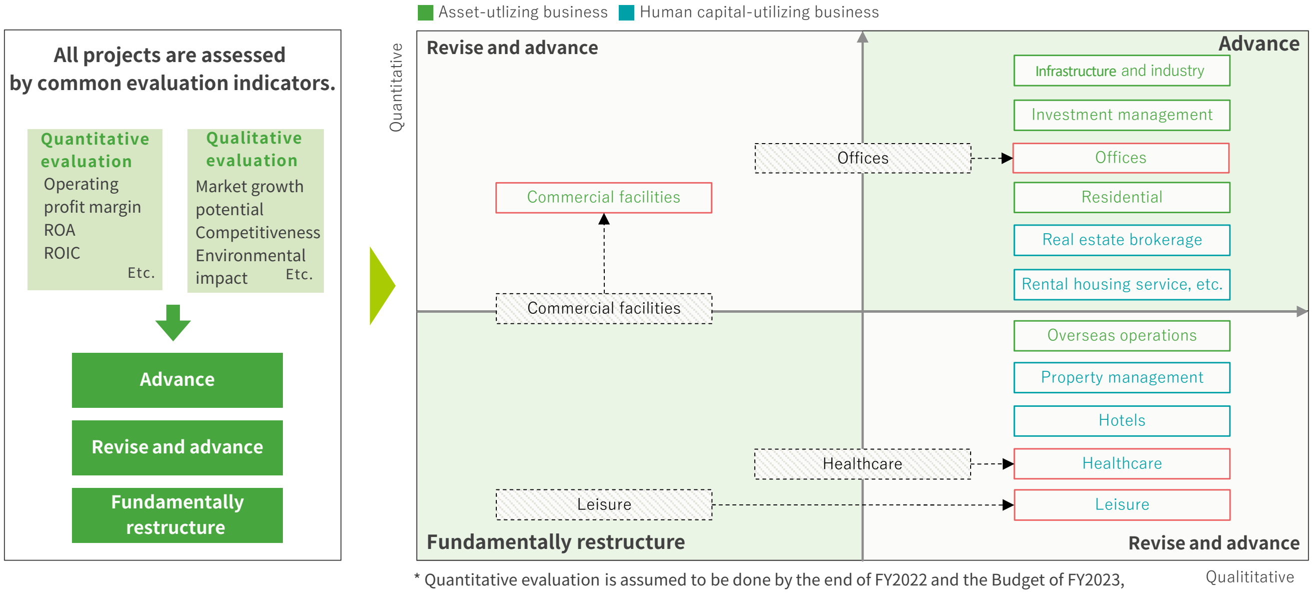
* Profit attributable to owners of parent.

** Asset-utilizing business: Urban Development and Strategic Investment business Human capital-utilizing business: Property Management and Operation business and Real Estate Agents business

②Progress in business portfolio management

In Leisure, Healthcare and Commercial Facilities businesses, which we subjected to a fundamental rebuilding, we carried out structural reforms largely by promoting an asset-light model through asset replacement and the sale of assets and forming capital alliances.

Going forward, we will continue to pursue the transformation and growth of each of our businesses, particularly those that we have positioned under "revise and advance", while focusing mainly on "improving our earning power and efficiency."



* Quantitative evaluation is assumed to be done by the end of FY2022 and the Budget of FY2023, and qualitative evaluation is assumed to be done by the mid-2020s.

Initiatives for fundamental restructuring projects

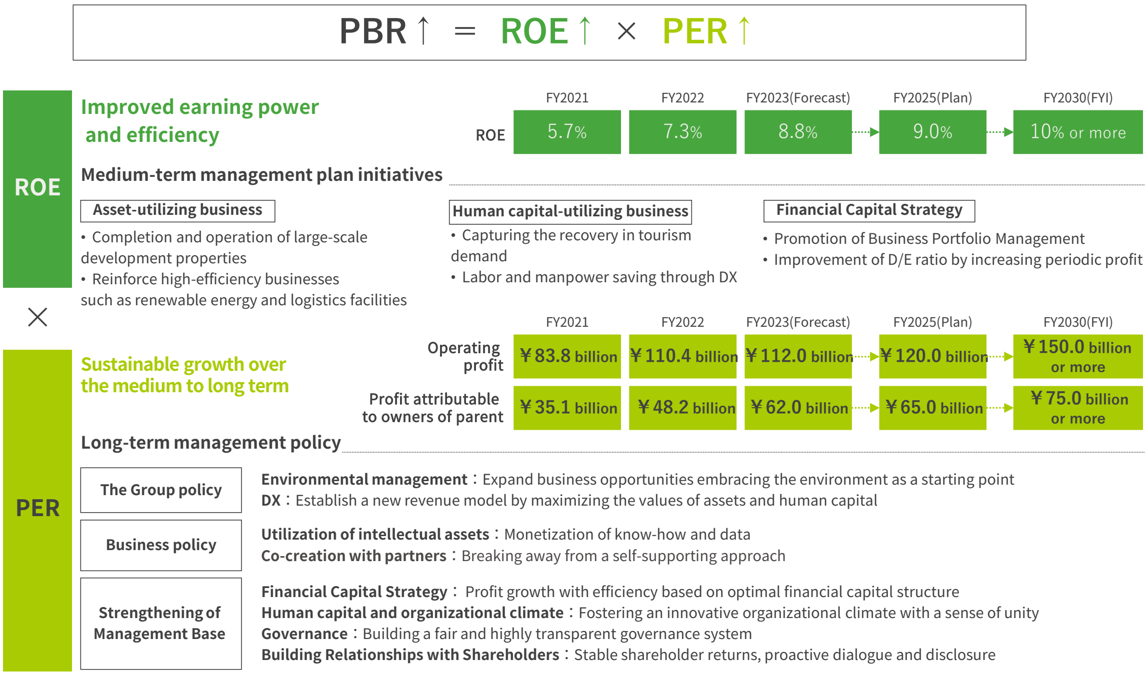
Leisure business	→	On track to become an asset-light company. Promoting the development of products and strengthening of the operating structure in anticipation of a recovery in domestic and inbound demand.
Healthcare business	→	Capital alliance with a new partner to fundamentally restructure the fitness business
Commercial facilities business	→	Implemented asset replacement, including the sale of Tokyu Plaza Ginza. Attracted tenants that respond to experience-based consumption and empathy-based consumption, etc.
* Reference: Office business	→	Demand for office space in the Shibuya area, our core business area, remained strong.

③Initiatives to enhance corporate value and market valuation

In addition to steadily implementing the initiatives espoused in our medium-term management plan 2025 and continuously achieving ROE that exceeds our cost of shareholder capital by working towards "improving our earning power and efficiency," a key theme under that plan, we will tackle the group policies of "Environmental Management" and "Digital Transformation," or "DX," espoused in our long-term management policy," and pursue our business policies of the utilization of intellectual assets and co-creation with partners in order to realize continued growth over the medium to long term.

To achieve the above, we intend to strengthen our management base. That includes our financial capital strategy, governance, and relationship-building with our shareholders.

Through the above initiatives, We will strive to improve our corporate value and market valuation.



(2) Approach and Initiatives Regarding Sustainability

The Group’s approach to sustainability and associated initiatives are as follows.

Please note that items regarding the future that are contained in the below text reflect judgments of the Group as of the end of the consolidated fiscal year under review.

①Sustainability strategies

Based on its Philosophy, the Group will address social issues through its business activities and aim to achieve a sustainable society and growth alongside its stakeholders. Under GROUP VISION 2030, the long-term vision that it formulated in FY2021 (“long-term vision” below), with a view to realizing its ideal shape in the form of “a corporate group that continues to create value,” the Group will endeavor towards the continuous improvement of its corporate value as it positions non-financial initiatives as a priority management challenge and reinforces them on an ongoing basis. With a view to the next generation and the generation to follow that one, it will proceed to realize the formation of attractive, enriched environments and the development of cities that are loved well into the future.

Additionally, as a supporter of the UN Global Compact, the Group is promoting responsible management based on Ten Principles under four categories: human rights, labor, the environment and the prevention of corruption, and has set forth an “Environmental Vision,” the “Tokyu Fudosan Holdings Group Human Rights Policy” (“Human Rights Policy” below) and the “Tokyu Fudosan Holdings Group Sustainable Procurement Policy” (“Sustainable Procurement Policy” below).

<Environmental Vision>

Creating Cities Co-Existing with Nature Creating a Future for People

TOKYU FUDOSAN HOLDINGS GROUP

Environmental Vision

Basic Policy developed in 1998, revised in 2015

- **Environmental Philosophy**
  We will create value to connect cities and nature, and people with the future.
- **Environmental Policy**
  We will make efforts to harmonize the environment and the economy through business activities.
- **Environmental Action**
  We will tackle five environmental issues from three viewpoints.

Three viewpoints

- Publicize a goal and implement action.
- Endeavor to implement progressive activities.
- Conduct community-based activities in collaboration with local people.

Five environmental issues

- Climate Change
- Biodiversity Conservation
- Pollution and Resources
- Water Use
- Supply Chain

[Human Rights Policy]
URL:
https://sustainability-cms-tokyu-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/87/human_rights_policy_E.pdf

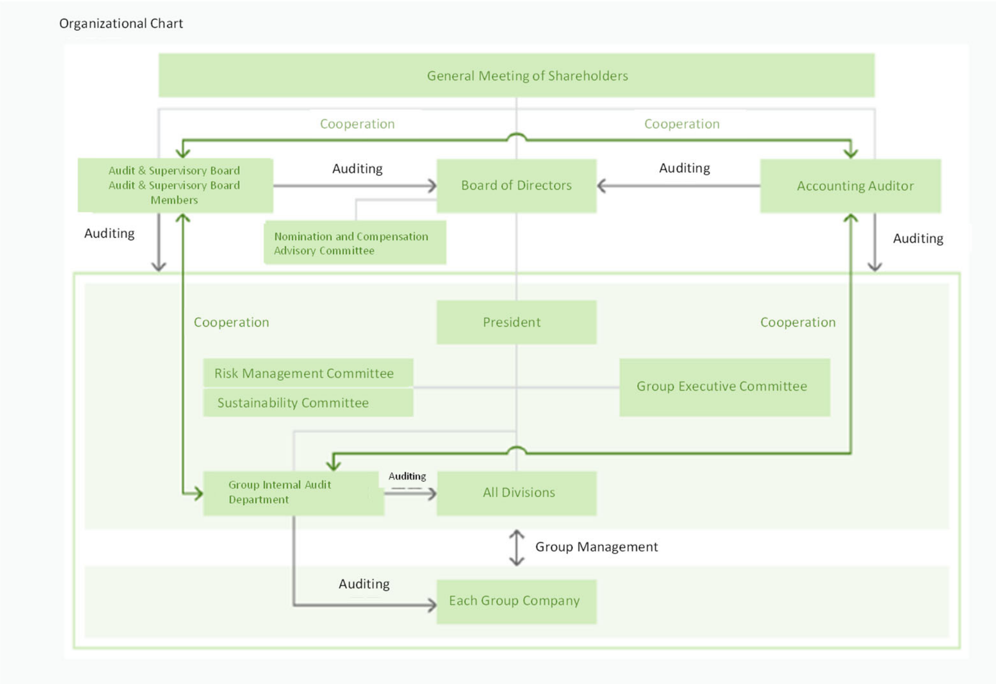
[Sustainable Procurement Policy]
URL:
https://sustainability-cms-tokyu-s3.s3-ap-northeast-1.amazonaws.com/uploads/response_file/file/109/procurement_policy_E.pdf

(i)Governance

The Group is pursuing the establishment of a sound, transparent governance structure in order to make swift decisions regarding the environment and social issues. It has established a Sustainability Committee and Risk Management Committee chaired by the President & CEO to facilitate cross-group actions aimed at the environment and social issues, regular meetings of which are held twice a year. Additionally, each committee assesses opportunities and risks, devises plans and verifies results for priority issues such as climate change and other environmental issues, CSR, DE&I and compliance, and reports the outcome of their examination to the Board of Directors.

After receiving reports from each committee on the above priority issues, the Board of Directors oversees the nature of business execution. At the time Directors are elected, seven specializations that include the environment and sustainability as well as experience are considered. Upon the determination of remuneration for executive directors, areas such as efforts geared towards ESG are taken into total consideration.

<Organizational Chart>



(ii)Strategies

In formulating its long-term vision, after extracting priority social challenges, the Group identified six materialities based on the will of its management team and stakeholders (*See P.4 for details). For each of those materialities, it has sorted out risks and opportunities and established the shape it will seek to materialize by 2030, and is taking action to that end through its business activities.

Additionally, by creating diverse value for its customers and society at large through the implementation of themed measures in its supply chain and value chain as a whole in addition to its own businesses, the Group endeavors to boost the satisfaction level of all its stakeholders as it aims to achieve a sustainable society and elevate the value of the Group.

<Themes of Efforts Geared towards Value-Creation and Actions Taken>

Themes of Our Efforts to Create Value (Materialities)

To realize our ideal vision, we are engaged in efforts focused around six themes (materialities) through our business activities.
By implementing strategies in line with each theme, we will contribute to the creation of a sustainable society.

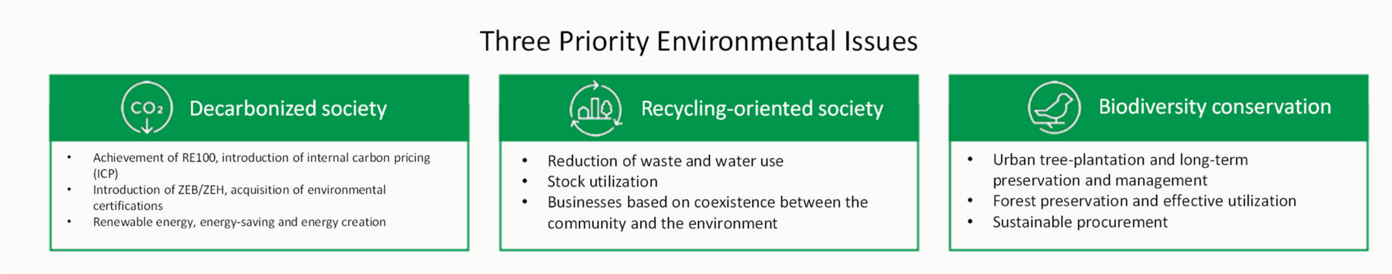
Main social issues

- Diversification of lifestyles and normalization of IT use
- Greater demand for customer/consumer orientation and disclosure of information on products and services
- Growing need for the realization of a sustainable society (addressing issues such as disasters, resource shortages, and population decline)
- Increases in Japan's existing housing and building stock and in the number of dilapidated and abandoned houses
- Reform and revitalization of regional communities
- Growing seriousness of climate change
- Shift to sustainable energy
- Growing need to create innovation and transform business models through DX
- Advancement of social diversity and the active participation of women in the workforce
- Human resources shortages and the growing need of personnel development
- Diversification of workstyles and an increasing need to improve working conditions and environments
- Growing importance to factor ESG into corporate management

Materialities	SDGs targets	Main opportunities	Main risks	Main measures
Lifestyle **Create a variety of lifestyles** We will help people to enjoy lives that are both physically and mentally vibrant by promoting Lifestyle Creation 3.0, a combination of home, work and play styles.	5, 8, 10, 12	• Diversification of work styles, home styles and play styles • Fusion of all manner of lifestyle scenes	• Mismatch to consumer needs • Declining efficiency accompanying response to segmentalized needs	• Verification testing of workation services using resort hotels • Enhancement of website functions for condominium residents and resident's associations
Liveable City **Create communities and lifestyles that encourage well-being** We will realize a society where everyone can feel happy by building secure, safe and comfortable life infrastructure and creating communities where people help each other.	3, 11	• Increasing importance of community creation • Growing need for disaster preparedness and disaster damage reduction • Increasing awareness regarding mental and physical health issues	• Declining attractiveness of some cities due to intensifying competition between cities • Declining attractiveness of cities due to community decline • Decreasing asset values due to insufficient maintenance and management	• Community building through area management activities • Student internships for promoting corporate sustainability
Environment **Create a sustainable environment** As an environmentally advanced company, we will create a carbon-free and recycle-oriented society by addressing global issues such as climate change.	7, 13, 15	• Growing need to respond to a decarbonized and recycling-oriented society • Increasing funding from ESG investors	• Escalation of climate change and natural disasters • Increasing costs due to environmental restrictions, etc.	• Acceleration of initiatives for achieving RE100 and in the renewable energy business • Promotion of environmental initiatives at condominium buildings
DX **Create value in the digital era** We will transform our business models by utilizing digital technologies to create new experience value for customers.	9, 17	• Increasing importance of utilizing customer contact points • Improving scalability of services provided	• Declining position of real experiences due to enhancement of virtual experiences • Appearance of disruptors to existing businesses	• Development of a condominium sales office that uses DX (Ginza, Tokyo) • AI appraisals for real estate sales agents
Human Capital **Create an organizational climate under which diverse human capital is enlivened** We will continue to create innovation through an organizational climate that respects human rights and under which diverse human capital can exercise their abilities.	5, 8, 10	• Increasing opportunities to secure diverse human capital • Emergence of innovation due to diversification	• Intensifying competition and increasing costs in the human capital market • Declining reputation due to the occurrence of human rights issues	• Accelerated promotion of female employees and strengthening of mid-career recruitment • Due diligence related to human rights and sustainable procurement
Governance **Create governance to accelerate growth** As a group trusted by all stakeholders, we will aim to enhance our corporate value sustainably by increasing management transparency and fairness.	16	• Strengthening relationships with stakeholders by improving transparency • Increasing funding from ESG investors	• Increasing cost of fund procurement • Decline in confidence due to legal violations	• Compliance e-learning courses for Group employees • Evaluations of the effectiveness of the Board of Directors that incorporate third-party assessment

In particular, for “creating a sustainable environment,” which constitutes one of those materialities, the Group has established “decarbonized society,” “recycling-oriented society” and “biodiversity” as three priority environmental challenges under “environmental management,” one of the Group Policies under its long-term management policy, and is presently taking action with a focus on those challenges.

＜Three Priority Environmental Challenges＞



Moreover, for “create an organizational climate under which diverse human capital is enlivened,” the Group is aiming to maximize its value by implementing human capital strategies through human capital management, and is endeavoring to prevent and mitigate human rights risk by respecting human rights and performing associated due diligence.

(iii)Risk management

Recognizing the highly-critical risk posed by the eight individual risks, one of which is climate change risk (*See “3 [Business and Other Risks]” for details), at meetings of the Risk Management Committee, the Group comprehensively controls risk management undertaken by each of its member companies, with oversight provided by the Board of Directors.

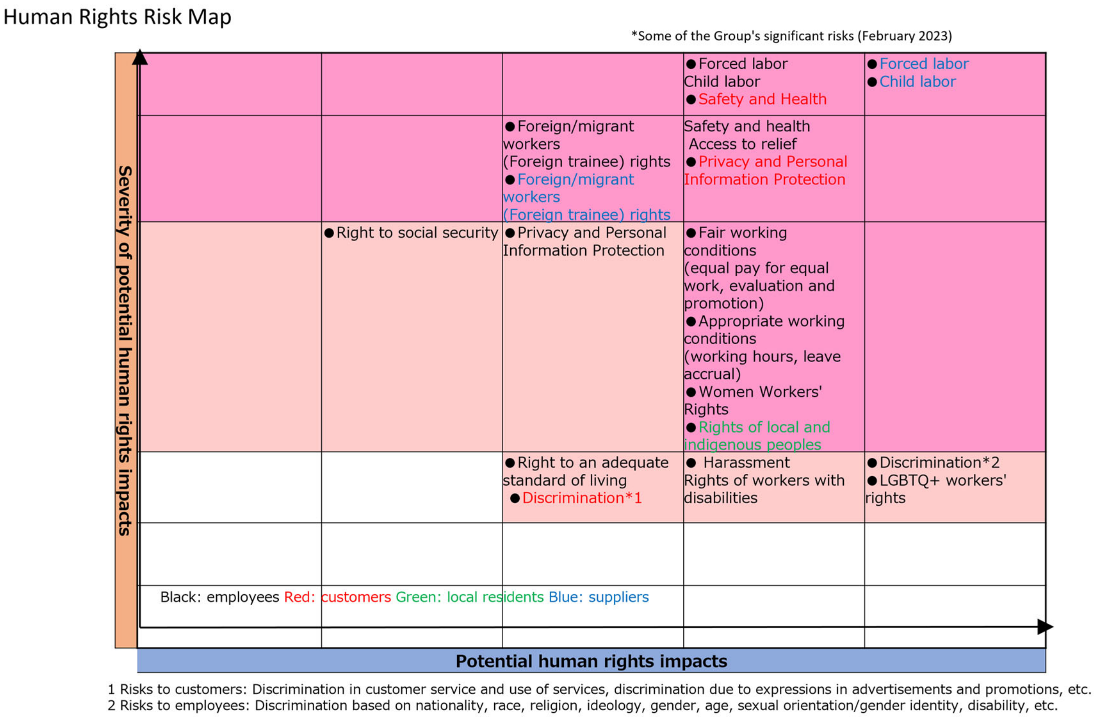
Additionally, the Group identifies priority risks associated with the six materialities that it set forth in its long-term vision, stipulates the main department in charge of each individual risk in accordance with its “Basic Regulations on Risk Management,” and supervises the risk management structure in the Group and the status of its operation through those departments.

Aside from the eight individual risks, the Sustainability Committee integrally manages the five environmental challenges under the Group’s Environmental Vision and priority issues regarding areas such as human rights and human capital.

For climate change risk, the Group ascertains the impact that migration risk such as that involving existing and new laws and regulations and physical risk based on progression in climate change have on its overall supply chain, and reflects them in strategies under each of its businesses.

Additionally, for human rights and procurement risk, based on its Human Right Policy and Sustainable Procurement Policy, the Group assessed human rights risk to it stakeholders, including the Group itself and its supply chain, and identified forced labor, underage labor and so forth as priority human rights challenges. In particular, having mainly targeted building companies as key stakeholders in this regard, the Group performs due diligence on human rights in order to address human rights issues that should be prioritized in its supply chain.

<Human Rights Risk Map>



(iv)Metrics and targets

Under its long-term vision, the Group has set KPI targets to reach by FY2030 for each of its materialities, and is monitoring their progress as well as implementing cross-Group efforts together with a PDCA cycle with a view to reaching both its financial and non-financial KPI targets.

<Materialities and KPI Targets>

Materiality and KPI

We will aim to achieve non-financial KPI based on materialities

Themes to work on (Materialities)	Target indicators	FY2022 Result	FY2025 Targets	(FYI) FY2030 Targets
Lifestyle Create a variety of lifestyles	・Customer satisfaction level*	94%	90% or more	90% or more
	・Products and services that contribute to Lifestyles Creation 3.0	Total 35cases**** (FY2022 15cases)	50cases or more (10/year)	100cases or more (10/year)
Liveable City Create communities and lifestyles that encourage well-being	・Measures to revitalize communities	Total 38cases**** (FY2022 17cases)	50cases or more (10/year)	100cases or more (10/year)
	・Strengthening buildings safety and security**	100%	100%	100%
Environment Create a sustainable environment	・CO2 emissions (compared with FY2019)	under compilation	Scope1,2：-50% or more Scope3：Reduction through cooperation with construction companies, etc.	-46.2% (SBT certification)
	・Environmental efforts through business	Total 36cases (FY2022 14cases)	50cases or more (10/year)	100cases or more (10/year)
DX Create value in the digital era	・Number of initiatives for digital utilization	Total 43cases (FY2022 13cases)	50cases or more (10/year)	100cases or more (10/year)
	・Acquisition of IT passport***	71%	80% or more	100%
Human Capital Create an organizational climate under which diverse human capital is enlivened	・Ensuring of diversity in the core human capital (ratio of female managers)	7%	9% or more	20% or more
	・Ratio of childcare leave taken by male employees	65%	100%	100%
Governance Create governance to accelerate growth	・Engagement with shareholders and investors	284cases	290 cases or more	300 cases or more
	・Improvement of effectiveness of the Board of Directions (third party evaluation)	100%	100%	100%

* Tokyu Cosmos Members Club Questionnaire survey

** Support people who have difficulty returning home in the event of a disaster in a large and non-residential building, etc.

*** Tokyu Land Corporation employees

****Cumulative results since FY2021

*Results for FY2022 also include results that predate the acquisition of third-party verification, and as such constitute approximations.

②Response to climate change (Initiatives aimed at TCFD recommendations)

In order to tie its environment-oriented initiatives into the enhancement of its corporate value, under the Group Policy of “environmental management” that it has espoused under its long-term management philosophy, the Group is tackling the realization of a decarbonized society and the creation of lifestyles that contribute to the environment through initiatives aimed at climate change, one of the environmental challenges under its Environmental Vision.

The Group sees the risk that climate change poses to its business activities, but also believes it to present new business opportunities. Additionally, in light of the importance of disclosing climate-related financial information, in March 2019, the Group declared its support of TCFD recommendations, and has also joined the TCFD Consortium, a domestic organization that discusses initiatives by the TCFD. Utilizing those TCFD recommendations, the Group is implementing various measures within the frameworks of “governance,” “strategies,” “risk management” and “metrics and targets.”

(i)Governance

Please see ① Governance under (i)Sustainability strategies above.

(ii)Strategies

For climate change challenges, in line with TCFD recommendations, the Group has identified opportunities and risks through analysis of three scenarios (1.5℃, 3℃ and 4℃) with recognition of the priority issues posed by climate change in the Group’s wide-reaching business domains. The Group also evaluates the degree of importance of those challenges by grasping their impact on business strategy and financial plans, and endeavors to work them into countermeasures under each business.

Furthermore, the Group is conducting efforts such as the implementation of the RE100 commitment (*), ZEB (Net Zero Energy Building) and ZEH (Net Zero Energy House), the acquisition of building environment certifications, the introduction of internal carbon pricing, the expansion of its renewable energy business, and the pursuit of green financing.

URL: https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/57#279

*: An international initiative through which globally-influential corporations and organizations aim to realize complete transition of the electric power that they consume in their businesses to renewable energy by the year 2050 at the latest.

<Priority Issues Posed by Climate Change>

Category	Type	Material issues
Current regulation	Current regulation	Energy conservation reporting requirement
		Energy Efficient Building Codes
	Emerging regulation	More stringent GHG emission reduction regulations
		Carbon taxation
	Technology	Increase in cost for ZEB/ZEH construction/renovation
	Legal cost	Credit purchase under Tokyo Cap-and-Trade Program
	Market	Delayed response to price trend reflecting environmental value
		Increasing energy cost
	Reputation	Changing customer/investor behavior
Physical risks	Acute	Intensified extreme weather events
	Chronic	Rising temperature / sea level
Opportunities	Resource efficiency	Transition to high-efficiency buildings, Recycling
	Energy source	Wider use of renewable energy source, government subsidies
	Products /services	Expanding low carbon products/services
	Market	Utilizing ESG finance
	Resilience	Energy efficiency renovations of operating assets
		BCP compliance

<Climate Change Scenario Analysis>

| Initiatives to realize a decarbonized society (TCFD) |

Scenario analysis was conducted for the Group's four businesses in the following three cases

<Summary>

Conduct scenario analysis to assess climate change-related risks and opportunities over the mid- to long -term (2030 and 2050) for the Group's four businesses (cities, resorts, housing, and renewable energy) and reflect them in our business strategies.

Category	1.5°C	3°C	4°C
✓ Transition risks Policies, Regulations, Markets, Reputation ✓ Oppotunities Energy Sources, Products, Services Market	【Risks・Oppotunities/ Financial impacts】 • In the med-term, a significant financial impact due to carbon pricing and ZEB compliance costs are seen, but in the long-term, ZEB conversion will be completed, securing a competitive advantage and increasing rental income. The demand for renewable energy power is expanding. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. Resort business utilizes local natural energy. • Promote conversion of new buildings to ZEB/ZEH and upgrade of equipment at existing operating facilities. Differentiation through early introduction of renewable electricity.	【Risks・Opportunities/ Financial impacts】 • In the med-term, ZEB conversion is relatively mild and has less impact than the 1.5°C scenario, but the impact of ZEB conversion continues in the long-term. • Demand for tenant offices shrinks due to the spread of remote work. • Renewable energy power demand is expanding to a certain extent. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. Resort business utilizes local natural energy.。 • Each business promotes the same differentiation as in the 1.5°C scenario. • Expand satellite offices in view of the spread of remote working.	【Risks・Opportunities/ Financial impacts】 • Higher temperatures increased construction costs and air conditioning costs during operation. • Demand for tenant offices shrinks due to the spread of remote work. • Higher temperatures increased the need for highefficiency housing. • Policy support for renewable electricity is feeble. Market trends are uncertain. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. • Each business promotes the same differentiation as in the 3.0°C scenario. • In the resort business, offers new resort lifestyles such as vacationing.
✓ Physical risks Acute, Chronic ✓ Opportunities Resilience	【Risks・Opportunities/ Financial impacts】 In the long-term, natural disasters due to extreme weather events will increase moderately, but with low impact. 【Strategy】 Differentiation through building location selection and strengthened BCP/LCP response through collaboration with tenants and residents.	【Risks・Opportunities/ Financial impacts】 • Climate change moves forward faster and with greater impact than in the 1.5°C scenario. 【Strategy】 • Each business promotes the same differentiation as in the 1.5°C scenario. • Concentrated investment in high-latitude ski resorts in the resort business. Managed golf courses using heat-tolerant turf to differentiate from competing facilities.	【Risks・Opportunities/ Financial impacts】 • In the long term, the impact of sea level rise increases versus the 3°C scenario. Drastic increase in damage to facilities due to natural disasters. 【Strategy】 • Each business promotes the same differentination as in the 3.0°C scenario. • In the renewable energy business, maintain power generation efficiency by installing storage batteries. Screening of facilities for climate change.

<Disclosure in response to TCFD recommendations>

Disclosure broken down into governance, strategy, risk management, and indicators and targets

Lean more: https://https://tokyu-fudosan-hd-csr.disclosure.site/en/themes/54

(iii)Risk management

Please see①Risk management under (iii) Sustainability strategies above.

(iv)Metrics and targets

In its aim to contribute to the realization of a decarbonized society through its business activities, the Group has adopted medium-term and long-term targets pertaining to climate change.

[Medium-term target] Achieve “negative carbon” with CO2 reduction volumes in the renewable energy and other businesses exceeding CO2 emissions in the Group (Scope 1 & 2) by 2025.

[Long-term target] Realize a “1.5℃ target” for “Science-Based Targets,” which are reduction targets based on scientific evidence, by 2030, and net zero emissions by 2050, in the Group and its supply chain (Scopes 1, 2 & 3).

With regard to its medium-term target, the Group has successfully reached it early on in FY2021, and will aim to continue doing so going forward.

Additionally, leveraging the strengths of its renewable energy business that it has independently developed on a large scale, Tokyu Land Corporation completely switched the electric power (*1) consumed at its offices and facilities that it owns (*2) over to power generated from renewable energy in December 2022, achieving the requirements of RE100 commitment and becoming the first Japanese business company to do so (*3). This has resulted in the reduction of approx. 156,000 tons of CO2 a year, the equivalent of that generated by roughly 80,000 general households.

*1: Excludes electric power from private cogeneration due to green gas allowed under the RE100 commitment not existing in the Japanese market.

*2: Excludes facilities that fall outside the scope of the RE100 commitment, such as those scheduled for sale or demolition and certain joint ventures for which Tokyu Land Corporation does not hold authority for energy management.

*3: Excludes financial institutions.

<Climate Change-Related Targets

Greenhouse gas (GHG) emissions in the Group are as follows.

<Actual and targeted GHG emissions and reduction rates>

(unit: thousand t-CO2)

＜Reduction rate compared to FY2019(KPI)＞

	FY2021		Reduction rate: FY2021	Reduction rate: Fiscal 2030 Targets(※)
	GHG(CO2) emissions	Composition ratio		
Scope 1 (Includes CFCs Leakage)	65	3%		
Scope 2	192	9%		
Subtotal	257	12%	−9%	−46.2%
Scope3	1,802	88%		
Category1・2・11	1,701	83%	−5%	−46.2%
Other categories	101	5%		
Total amount	2,059	100%		

(※)Goal setting based on SBT

<Breakdown of GHG Emissions Scope 3 according to category>

(unit: thousand t-CO2)

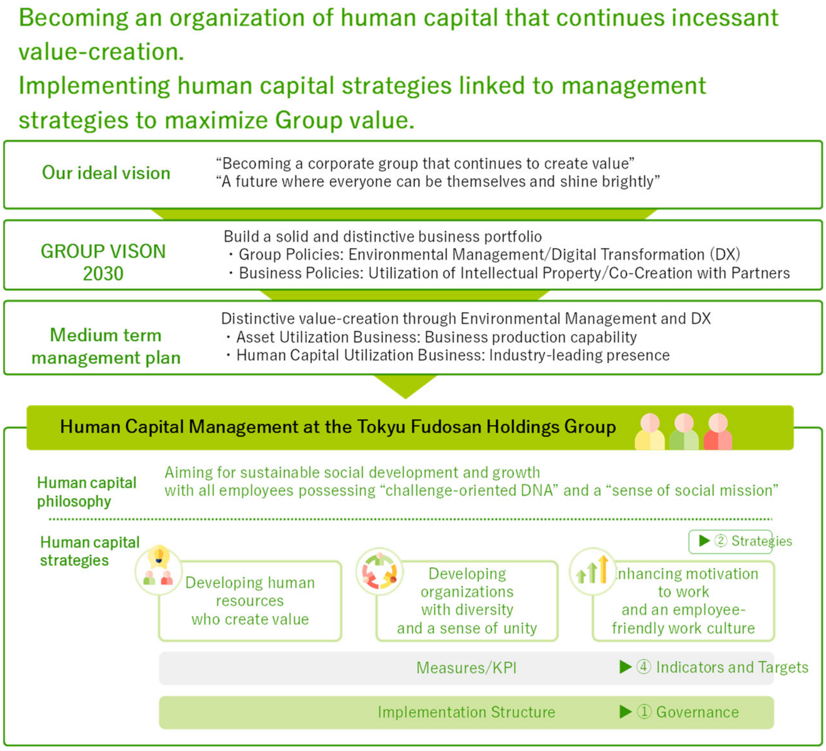
	FY2021
1 Purchased Goods & Services	998
2 Capital Goods	117
3 Fuel- and energy-related Activities (not included in scope 1 or scope 2)	44
4 Upstream transportation and distribution	0
5 Waste Generated in Operations	19
6 Business Travel	3
7 Employee Commuting	10
11 Use of Sold Products	586
12 End-of-Life Treatment of Sold Products	13
13 Downstream leased assets	12
Total amount	1,802

※The following categories have no corresponding emissions.
8 Upstream leased assets,9 Downstream transportation and distribution,
10 Processing of Sold Products,14 Franchises,15 Investments

③Human capital management

"Human capital management" in the Group refers to the act of working towards the sustained improvement of value by formulating and executing human capital strategies linked to management strategies with a view to the GROUP VISION 2030 and the medium-term management plan 2025. The Group aims to "become a corporate group that continues to create value" and "realize a future where everyone can be themselves and shine vigorously" by making aggressive investments based on the perception that the knowledge, skills and ambition of its approximately 30,000 employees spread over 100 companies constitute "human capital."

<Approach to human capital management>

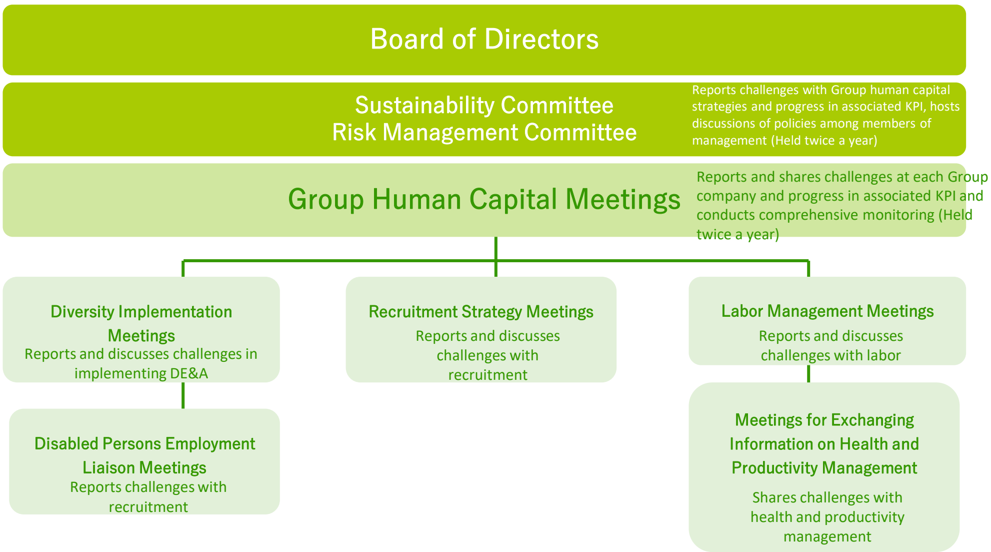


(i) Governance

In order to establish linkage between the Group's human capital strategies and management strategies, at meetings of the Sustainability Committee and Risk Management Community, discussions on policy are held among members of management following reports on challenges with human capital strategies and progress in KPI, the results of which are reported at meetings of the Board of Directors.

In implementing human capital strategies, the Group Human Resources Department leads and manages the human resources departments of the Group's five main companies. For the Group's specific monitoring functions, Group Human Capital Meetings convene twice a year to report and share challenges at each Group company and progress in associated KPI. Coupled with the individual sub-committee meetings held for each of the three themes of diversity, recruitment and labor management, the Group has a structure in place that enables it to steadily execute human capital strategies.

<Human capital strategy implementation structure>



(ii) Strategy

With view towards realizing our ideal vision, the Group has espoused "aiming to achieve sustainable social development and growth with all of its employees possessing a challenge-oriented DNA and sense of purpose in engaging society" as its human capital philosophy. Based on that, the Group is pursuing the following three human capital strategies: "developing human resources who create value," "developing organizations with diversity and a sense of unity" and "enhancing motivation to work and ease of working."

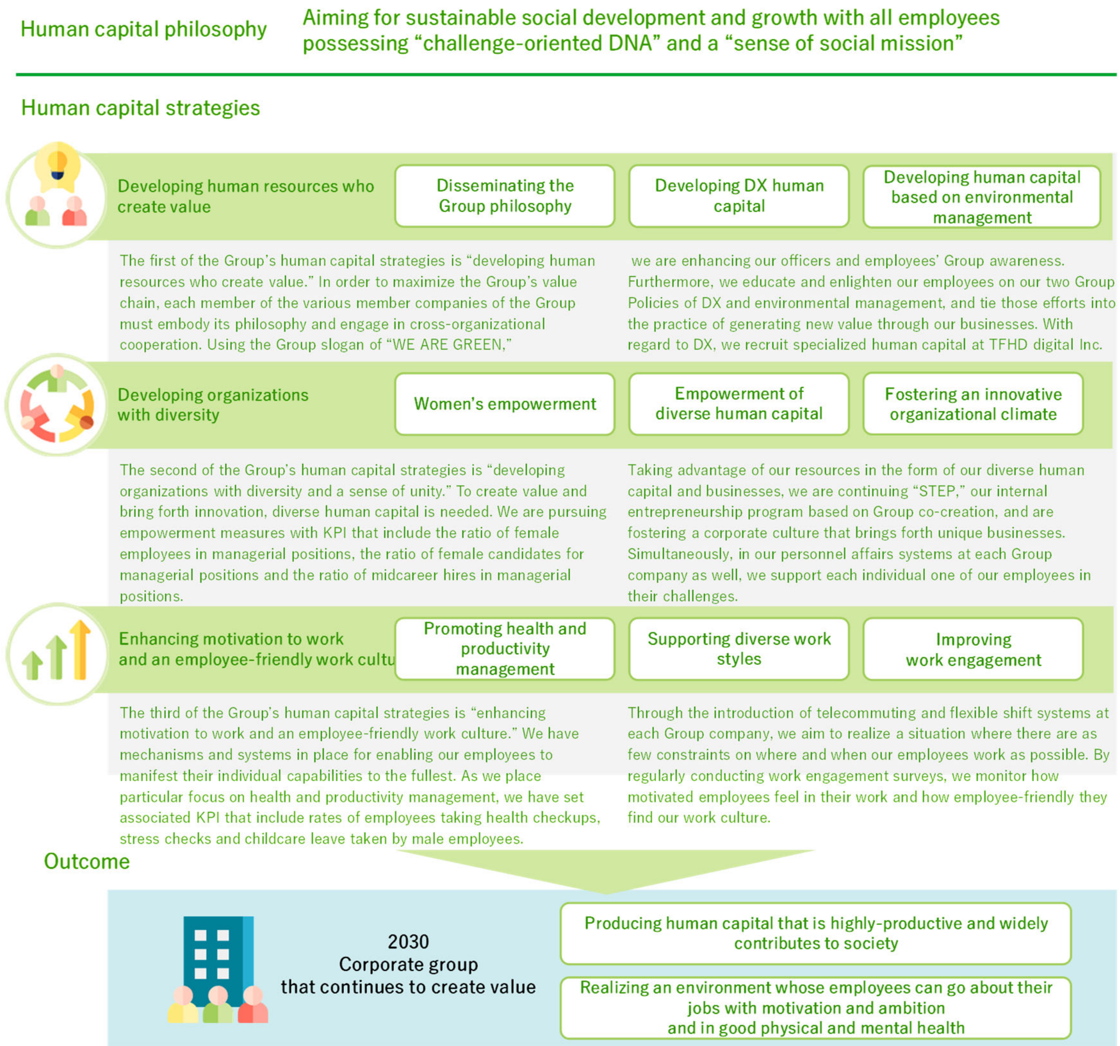
The first of these strategies, "developing human capitals who create value," constitutes the Group's policy on human capital development based on the Group philosophy and its management strategies. In addition to endeavoring to disseminate the Group philosophy with a view to realizing the GROUP VISION 2030, our long-term management policy, the Group is espousing the development of digital transformation (DX) human capital and human capital development based on environmental management, the two of which link to its Basic Policies.

The second of those strategies, "developing organizations with diversity and a sense of unity," constitutes the Group's policy on the development of an internal environment to support value creation in the Group. In addition to women's empowerment that includes elevating the ratio of female employees in managerial positions as well as the empowerment of diverse human capital through Diversity, Equity & Inclusion (DE&I), the Group believes the fostering of an innovative corporate climate to be an essential element in the embodiment of challenge-oriented DNA and value creation in the Group.

The third and final human capital strategy, "enhancing motivation to work and ease of working," constitutes the Group's policy on the development of an internal environment to support each individual employee. In addition to promoting health management and supporting diverse workstyles tailored to employees' life stage, the Group also engages in and monitors the improvement of work engagement as a priority measure from the standpoint of work satisfaction.

By tackling these three human capital strategies, the Group will realize an environment in which its employees can go about their jobs with motivation and ambition and in good physical and mental health as well as produce highly-productive human capital that widely contributes to society. The Group will proceed to tie its human capital management endeavors into its future in the form of "becoming a corporate group that continues to create value" by 2030.

<Human capital philosophy and human capital strategies>



*Results for FY2022 and April 2023 also include results that predate the acquisition of third-party verification, and as such constitute approximations.

a. Development of people who create value

・Dissemination of Group philosophy

The Group has adopted WE ARE GREEN as the slogan for its GROUP VISION 2030, our long-term management policy. This slogan expresses the Group's stance of fusing the diverse green power that the Group develops and linking it to new value creation. The Group endeavors to communicate a consistent message and improve its recognition and dissemination through means such as TV spots and other PR activities, the sharing of information through company newsletters, e-learning for all of the employees, and the implementation of joint training for new employees across the Group.

In particular, for the operating officers of the Group's various member companies, Group philosophy dissemination and leadership training is implemented over a two-day period. In e-learning efforts intended for thoseoperating officers, which number 140 in total, a "degree of self-involvement" indicator for the extent that those operating officers are managing to practice Group cooperation is measured. In FY2022, 84% of operating officers responded that they were practicing Group cooperation. For FY2025, the final year of the medium-term management plan 2025, the Group has set a "degree of self-involvement" target of 90% as it seeks to elevate awareness of that practice.

・Development of DX human capital

Based on one of our Group policies, "digital transformation" (DX), the Group is forming its human capital base from the dual aspects of the execution of cross-group projects and practical learning and training as it aims to create DX precedents. With the establishment of TFHD digital Inc. in February 2022 and the recruitment of human capital that specializes in digital platforms, the Group has put a structure in place for assisting with DX at each Group as well as the Group as a whole. Its establishment of organizations and systems aimed at implementing DX, concrete DX precedents on both the existing and new business side, and other associated endeavors having been recognized, in May 2023, the Group was selected as one of the DX Stocks 2023"by the Ministry of Economy, Trade and Industry, the Tokyo Stock Exchange and the Information-technology Promotion Agency, Japan.

The Group is bolstering the development of "bridgepersons," which it defines as human capital that plays a core role in the implementation of DX at its business companies. It is doing so through programs for mastering a myriad of skills that include AI and data utilization and digital marketing. In the Group's TLC-X Program, which consists of practical training for bridgepersons who handle development businesses, ideas for future digital business concepts are generated with the participation of onsite employees in real estate business operations.

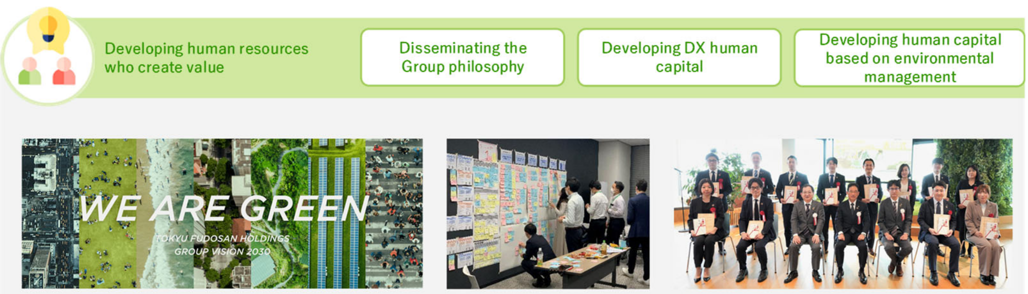
With these initiatives as its foundation, the Group achieved a record of thirteen business cases based on digital utilization in FY2022, bringing the cumulative total of such cases to 43, and aims to generate more than 100 such positive outcomes in total by FY2030. Additionally, Tokyu Land Corporation is currently encouraging all its employees to acquire an IT Passport, striving for a 100% acquisition rate by FY2030.

・Human capital development based on environmental management

Based on "environmental management," another of our Group policies, the Group works to enlighten its employees through e-learning and the Sustainable Action Awards. The latter was established with the intention of recognizing specific initiatives to address environmental and social challenges through business activities, spread that circle of action across the entire Group, and link it to contributions to earnings. In FY2022, entries for 123 initiatives spread across nineteen Group companies were submitted, out of which a total of twelve initiatives were granted an award as the most outstanding initiatives tailored to the materialities espoused by the Group. Going forward, the Group will continue the Sustainable Action Awards with the aim of generating 50 entries every year for a cumulative total of 300 entries by FY2025.

With these initiatives as its foundation, the Group achieved fourteen environmental initiatives through its businesses in FY2022, bringing its cumulative total of such initiatives to 36. It will continue to tackle human capital development based on environmental management with the aim of generating more than 100 such positive outcomes in total by FY2030.

<Development of human capitals who create value>



Logo for "WE ARE GREEN," the Group's slogan

"TLC-X Program" training

Sustainable Action Awards ceremony

b. Developing organizations with diversity and a sense of unity

・Women's empowerment

Perceiving women's empowerment to be an especially important theme, the Group is engaged in the development of an environment conducive to fully manifesting the individuality and ability of employees regardless of their gender in accordance with the basic principles of the Act on the Promotion of Women's Active Engagement in Professional Life, or Women's

Empowerment Act for short. To this end, the Group has set the “ratio of women hired out of new graduates,” “ratio of female employees in managerial positions” and “ratio of female candidates for managerial positions” as KPI, and is currently pursuing the achievement of these targets as a unified endeavor across the Group.

The actual ratio of women hired out of new graduates in April 2023 was 46%, indicating the success that the Group has in securing diverse human capital from a recruitment standpoint. Having set a target of 50% for FY2030, the Group will keep up its current level of hiring efforts. Relative to an actual ratio of female employees in managerial positions of 8% and an actual ratio of female candidates for managerial positions of 18% in April 2023, the Group has set FY2030 targets of 20% or higher for both indicators. While a target of 20% or higher for the ratio of female employees in managerial positions is fairly removed from the above actual ratio, while endeavoring to raise the level of the ratio of female candidates for managerial positions, the Group will proceed to tackle the development of systems and a corporate climate that are conducive to active engagement by women.

Specific efforts being tackled across the Group are increasing the ratio of female employees in charge of recruitment (at Tokyu Community Corp.), the operation of an employee promotion program that accommodates employees who take childbirth and childcare leave (at Tokyu Land Corporation), and the alleviation of targets, holiday shifts and a multiple people-in-charge system through the application of childcare support and partner systems (at Tokyu Livable, Inc.). By implementing cross-company networking to laterally deploy these systems and ideas from various companies within the Group, it will aim to achieve its KPI across the Group as a whole.

・Empowerment of diverse human capital

The Group has formulated a DE&I Vision. By pursuing the creation of an environment that mutually recognizes difference in diverse attributes and does away with discrimination as well as provides opportunities for fair active engagement and enables anyone to work while being themselves and shining vigorously, the Group will bring forth innovation and tackle value creation. It also communicates messages from the President on the Group portal site, conducts training for officers, and implements other measures with the aim of furthering understanding of DE&I. For employees, the Group implements e-learning, and has set the rate of participation in that training as KPI. BY FY2030, it aims to achieve a participation rate of 100%.

The Group has also set the ratio of midcareer hires in managerial position as a KPI for ensuring diversity. At present, the ratio of midcareer hires serving in managerial positions at the Group’s main business companies is 46%. While this indicates the success that the Group already has in securing diverse human capital from a midcareer standpoint, it has set a target of 50% by FY2030 as part of its policy to continue offering positions to individuals with a career history.

・Fostering of innovative organizational climate

In order to pass on its challenge-oriented DNA and create innovation that transcends company boundaries, the Group established a Group co-creation internal entrepreneurship program called “STEP,” an amalgam of “Start/Sustainable/Shibuya” (S), “Tokyu Fudosan Holdings” (T) and “Entrepreneur Program.” After commencing in FY2019 as a program for employees of the Group, STEP marked its fifth year in FY2023. As of FY2022, a cumulative 253 entries have been submitted to the program, with three of them being decided on for commercialization. The first of them was the establishment of TQ Connect in 2021, followed by the establishment of Sustainable Design Corporation and K.627 Inc. in 2022. These companies have been engaged in the development of their businesses using the wide range of business resources of the Group. Under STEP, the number of commercialization cases in the medium-term management plan 2025 has been set as a KPI, with an established target of as least one commercialization case every year until FY2025.

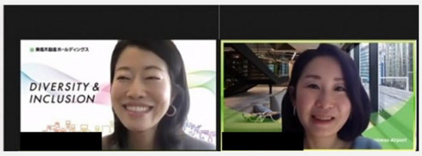
Also, as an event to foster corporate culture in order to acquire external knowledge and share knowhow within the Group, the Group regularly holds the “Knowledge Forum” in addition to other events. Knowledge Forum has been cumulatively held 108 times. Having set four or more holdings every year until FY2025 as a target under the medium-term management plan 2025, the Group will continue associated activities going forward.

<Development of organizations with diversity and sense of unity>

Developing organizations with diversity and a sense of unity

Women's empowerment | Empowerment of diverse human capital | Fostering an innovative organizational climate

"T-MAG" Group portal site
Message from top management regarding DE&I



Networking meeting regarding DE&I at Tokyu Land Corporation
(Theme: Childrearing by and work styles of female employees in managerial positions)

Logo, Director and President (left) and Vice President of TQ Connect

c. Enhancing motivation to work and ease of working

・Promotion of health management

Perceiving the happiness of its employees and the maintenance and improvement of their health to be priority management challenges, the Group is tackling a variety of measures that link to sound physical and mental health. It engages in seminars, enlightenment activities, and other efforts having established 100% rates of employees taking health checkups, stress checks and male employee childcare leave as associated targets for FY2030.

Regarding stress checks, the Group has EWEL, Inc. implement them regularly (with some exceptions), and has external specialized agencies verify and monitor the state of employees' mental health based on the data resulting from those stress checks. It then ties the results of that verification into initiatives aimed at improving employee health and safety.

・Support for diverse work styles

The Group supports diverse work styles in order to improve efficiency and productivity and achieve a healthy work-life balance. The main five companies that comprise the Group, namely Tokyu Land Corporation, Tokyu Livable, Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, and Nasic Co., Ltd., have introduced telecommuting and flexible shift systems (or sliding shift systems) and made use of IT to realize flexible work styles not bound by location or time. Many employees have taken advantage of these systems, resulting in greater efficiency and productivity as well as higher employee satisfaction levels. Additionally, the Group has espoused a stance of continuing to update the ways in which it supports flexible work styles by setting a 100% internal regulation establishment ratio for telecommuting and flexible shift systems (or sliding shift systems) at the Group's five main companies as KPI.

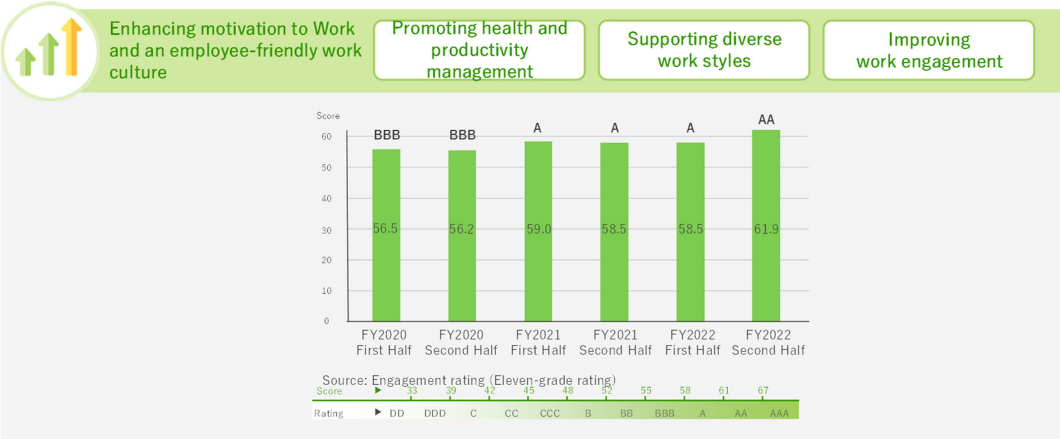
・Improvement of work engagement

Alongside regular stress checks, the various member companies of the Group implement work engagement surveys. Moreover, they regularly conduct employee engagement surveys for each individual company that are tailored to the situation there.

Tokyu Land Corporation conducts surveys twice a year and discloses companywide results both within and outside the company, and also communicates survey results for internal organizational units (unit/headquarters/department/group) to the head of each organization to work towards maintaining and improving engagement while implementing a PDCA cycle at each organization. These surveys were implemented for the entire company starting in FY2017, resulting in a score of 58.5 and a rating of A for the first half of FY2022 and a score of 61.9 and a rating of AA for the second half of the same year, we achieved our FY2030 target ahead of schedule. We will continue its ongoing efforts to maintain and improve its score.

Moreover, Tokyu Land Corporation has companywide measures based on survey results such as briefings on its long-term vision and interviews with all employees for helping to improve the degree of onsite penetration of the company's philosophy as well as one-on-one/360-degree feedback/interdepartmental mentor systems to help improve actions to assist subordinates. Having introduce a new personnel affairs system through which employees enter themselves to be considered for promotion of their own accord, the company is developing an environment that makes it easier for diverse human capital to challenge itself. The Career Development Program (CDP) established from the standpoints of developing leadership and nurturing successors is supplying numerous employees with opportunities to develop their careers.

<Enhancement of motivation to work and ease of working>



Trends in “engagement score” of Tokyu Land Corporation

(iii)Risk management

One of the risks envisioned by the Group as it implements its human capital strategies is gaps arising between its management strategies and its actual human capital measures. As such, the Group has established human capital KPI corresponding to each measure (described below) as indicators. Progress in these KPI is reported at meetings of the Sustainability Committee. Discussions of the policies behind human capital strategies by management ensures consistency between management strategies and onsite measures.

(iv)Indicators and targets

<KPI Chart>

Human capital strategies	Measures	Human capital KPI	Progress	Targets
Developing human resources who create value	Dissemination of Group philosophy	① "Degree of self-involvement" of Operating Officers of various Group companies in long-term vision (Degree of practice of Group cooperation)	84% [FY2022 result; targeting 140 Operating Officers in total]	90% [FY2025]
	Developing DX human capital	②IT passport acquisition rate (*1) ③ Number of business cases based on digital utilization	71% [FY2022 result] 43 cumulative cases [FY2022 result]	100% [FY2023] Over 100 cases total [FY2023]
	Developing human capital based on environment management	④ Sustainable Action Awards ⑤ Number of environmental efforts through business	123 entries [FY2022 result] 36 cumulative efforts [FY2022 result]	50 entries/year; 300 cumulative entries [FY2025] Over 100 cases total [FY2023]
Developing organizations with diversity and a sense of unity	Women's empowerment	⑥ Ratio of women hired out of new graduates (*2) ⑦ Ratio of female employees in managerial positions (*2) ⑧ Ratio of female candidates for managerial positions (*2)	46% [Apr 2023 result] 8% [Apr 2023 result] 16% [Apr 2023 result]	50% [Apr 2023] 20% or higher [Apr 2023] 20% or higher [Apr 2023]
	Empowerment of diverse human capital	⑨ Ratio of midcareer hires in managerial positions (*2) ⑩ Furthering of understanding of DE&I (e-learning participation rate) (*2)	46% [Apr 2023 result] 86% [FY2022 result]	50% [Apr 2023] 100% [FY2023]
	Fostering an innovative organizational climate	⑪ Number of commercialization cases under "STEP" internal entrepreneurship program ⑫ Acquisition of external knowledge and sharing of knowhow within Group	235 cumulative entries/3 commercialization cases [FY2022 result] 108 cumulative times [FY2022 result]	1 commercialization case/year [FY2025] 4 holdings/year [FY2025]
Enhancing motivation to work and an employee-friendly work culture	Promoting health and productivity management	⑬ Rate of employees taking health checkups (*2) ⑭ Rate of employees taking stress checks (*2) ⑮ Ratio of childcare leave taken by male employees (*2)	100% [FY2022 result] 93% [FY2022 result] 65% [FY2022 result]	100% [FY2023] 100% [FY2023] 100% [FY2023]
	Supporting flexible work styles	⑯ Internal regulation establishment ratio for telecommuting system (*2) ⑰ Internal regulation establishment ratio for flexible shift system (or sliding shift system) (*2)	100% [FY2022 result] 100% [FY2022 result]	100% [FY2023] 100% [FY2023]
	Improving work engagement	⑱ Implementation of employee engagement surveys and employee engagement improvement efforts (*1)	AA engagement rating [FY2022 result]	AA engagement rating [FY2030]

*1: Tokyu Land Corporation *2: Total for five main Group companies (Tokyu Land Corporation, Tokyu Livable, Inc., Tokyu Community Corp., Tokyu Housing Lease Corporation, and Nasic Co., Ltd.)

*Results for FY2022 and April 2023 also include results that predate the acquisition of third-party verification, and as such constitute approximations.

(3) Basic Policies Regarding Distribution of Profits and Dividends

In its long-term vision GROUP VISION 2030 in which FY2021 is the first year, the Company sets the enhancement of shareholder value by increasing earnings per share over the medium and long term through growth investments including the medium- and long-term development of the greater Shibuya area and others and the return of created profits to shareholders as the basic policy for shareholder returns. In terms of the return of profits, we will make efforts to maintain and continue stable dividends with a payout ratio of 30% or more as a target, comprehensively taking into account the business performance, the future business environment and financial position, etc.

The Company has also decided to pay the dividend of surplus twice a year including the interim dividend and the year-end dividend, and the decision-making bodies of these dividends of surplus are the General Meeting of Shareholders for the year-end dividend and the Board of Directors for the interim dividend.

Based on the policy above, the Company has decided to pay dividends of ¥23.5 per share (including an interim dividend of ¥9.0 per share) for the fiscal year ended March 31, 2023.

We will use internal reserves mainly as investment funds necessary for business development plans, etc. in the future to increase the corporate value.

The Articles of Incorporation of the Company stipulate that "the Company may pay interim dividends with the resolution of the Board of Directors with September 30 each year as the record date."

The dividend of surplus for the fiscal year ended March 31, 2023 is as follows.

Date of decision:	Total amount of dividends (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 9, 2022	6,478	9.0
Resolution of the general shareholders meeting on June 28, 2023	10,437	14.5

(4) Business-related and other risks

Of matters concerning the Group's operating results and financial position, etc., those that could have a significant impact on investors' decisions are as follows.

Forward-looking statements in the text are the Group's judgments as of the end of the fiscal year ended March 31, 2023, and actual results, etc. may differ from these forecasts.

Risks that are assumed to have a significant impact on management

In the Basic Regulations on Risk Management, the Group has defined seven individual risks (investment risks, financial and capital risks, personnel and labor risks, legal and compliance risks, IT strategy risks/ digital strategy risks, information security risks and crisis management risks) as events that could interfere with the achievement of management targets of the Group companies. We recognize a significant risk in climate change, which is a risk with high significance

In addition, in the GROUP VISION 2030, the Group has identified opportunities and risks for six materialities the Group has defined and related significant risks.

Materialities	Major opportunities and risks (○ opportunities, ● risks)	Major fluctuating factors	Significant risks
Create a variety of lifestyles.	○Integration of all lifestyle scenes ●Mismatch with consumer needs	・Economic trends, real estate market conditions ・Competitor trends ・Financial market (interest rates, share prices) ・Consumer attitudes	Investment risks Financial and capital risks
Create well-being communities and lifestyles.	○Increasing importance of community creation ○Growing needs for disaster readiness and disaster damage reduction ●Subordination in competition between cities ●Decreasing value due to insufficient asset maintenance and management		
Create the sustainable environment.	○Growing needs to respond to the decarbonized and recycling-oriented society ●Escalation of climate change and natural disasters ●Increasing costs due to stronger environmental restrictions, etc.	・Transition risks: Tighter legal regulations including carbon tax ・Physical risks: An impact on the operation of facilities due to damage to buildings and rising temperatures	Climate change risks
Create value in the digital era.	○Increasing importance of utilizing customer contact points ●Appearance of disruptors to existing businesses	・Trends of digital technology and companies, etc.	IT strategy risks/ digital strategy risks
Create an organizational climate under which diverse human capital is enlivened.	○Emergence of innovation due to diverse human capital ●Intensifying competition in the human capital acquisition market	・Securing and cultivation of human capital ・Long working hours	Personnel and labor risks
Create governance to accelerate growth.	○Strengthening of relationships with stakeholders by improving transparency ●Losses and a decline in confidence due to legal violations and defects in security systems	・Cyber attacks ・Defects in safety measures and BCP ・Improper conduct and legal violation by officers and employees ・Effectiveness of the Board of Directors	Information security risks Crisis management risks Legal and compliance risks

The timing and degree of the possibility that these risks surface and the quantitative details of the impact of these risks on the Group's operating results and financial position, etc. in cases where they do surface are not stated here because it is difficult to reasonably foresee them.

Our view of these risks is as follows.

① Investment risks

In the Urban Development business and the strategic investment business segments, which are asset-utilizing businesses that involve investment among the Group's businesses, tend to be susceptible to factors such as economic trends, corporate earnings, personal consumption trends, real estate market conditions and the competitive environment in Japan and overseas, policy changes by the government and the Bank of Japan, and the situation in business areas, particularly central Tokyo, and these factors could result in a fall in profit margins, a decline in profitability in individual businesses and a fall in the value of assets held.

The Group Corporate Planning Department of the Company is in charge of these risks and manages the risk amount by calculating and continuously monitoring the VaR after defining risks factors for each asset for investment.

② Financial and capital risks

The Group raises funds for the development of real estate through equity, borrowings from financial institutions and the issuing of bonds. If interest rates rise sharply or if share prices fall markedly in the future, it could have a significant impact on operating results and financial position, etc.

With regard to financing from financial institutions, etc., we work to minimize the impact on operating results in the event of a future rise in interest rates by ensuring that most interest-bearing debt is long-term borrowings and fixing most interest rates for loans other than certain project financing in light of financial conditions to mitigate the impact of fluctuations in interest rates. At the end of the fiscal year ended March 31, 2023, the ratio of long-term borrowings to interest-bearing debt and the ratio of fixed interest rates are 95.9% and 95.3%（both long-term and fixed ratios exclude SPC borrowing）, respectively. In addition, the Group Finance Department of the Company is in charge of financing and conducts a trend analysis of the financial market and the quantitative simulation of an impact of rising interest rates on the Company.

In terms of equity, the Group Finance Department conducts a trend analysis of the capital market and provides feedback to the Board of Directors, etc. on the details of dialogues with shareholders and investors in IR activities to continuously ensure the appropriate share price of the Company.

③ Climate change risks

Based on the Environmental Vision established in 1998, the Group is stepping up its environmental initiatives on an ongoing basis through its business activities and recognizes climate change, above all, as an important issue. Transition risks and physical risks in climate change could have an impact on the Group's business. As transition risks, changes in policy trends such as tighter legal regulations including carbon tax, falling demand, and reputational damage to companies that are unable to respond to a low-carbon society are expected. As physical risks, the impact of declining snowfalls due to global warming on the operation of ski resorts and increasing costs due to damage to buildings and longer construction periods caused by the escalation of abnormal weather are expected. These risks could have an adverse impact on business.

The Group Sustainability Promotion Department of the Company is in charge of these risks and deals with them on a Group-wide basis in cooperation with business departments.

The Sustainability Committee deliberates and discusses details of initiatives and reports them to the Board of Directors as needed. In addition, the Company announced its support for the Task Force on Climate-related Financial Disclosures (TCFD) recommendations in 2019 and has been participating in the TCFD Consortium, an organization in Japan that discusses TCFD initiatives. In terms of risks and opportunities of climate change for its business, In our main businesses of urban development, resorts, residential, and renewable energy, we conduct verification of multiple scenarios of "1.5°C," "3°C," and "4°C," and reflect them in our management strategies. Based on the TCFD recommendations, we also implemented disclosures categorized into "Governance," "Strategy," "Risk Management," and "Metrics and Targets".(For more information, visit https://tokyu-fudosan-hd-csr.disclosure.site/ja/themes/54)

Category	1.5°C	3°C	4°C
✓ Transition risks Policies, Regulations, Markets, Reputation ✓ Oppotunities Energy Sources, Products, Services Market	【Risks・Oppotunities/ Financial impacts】 • In the med-term, a significant financial impact due to carbon pricing and ZEB compliance costs are seen, but in the long-term, ZEB conversion will be completed, securing a competitive advantage and increasing rental income. The demand for renewable energy power is expanding. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. Resort business utilizes local natural energy. • Promote conversion of new buildings to ZEB/ZEH and upgrade of equipment at existing operating facilities. Differentiation through early introduction of renewable electricity.	【Risks・Oppotunities/ Financial impacts】 • In the med-term, ZEB conversion is relatively mild and has less impact than the 1.5°C scenario, but the impact of ZEB conversion continues in the long-term. • Demand for tenant offices shrinks due to the spread of remote work. • Renewable energy power demand is expanding to a certain extent. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. Resort business utilizes local natural energy. • Each business promotes the same differentiation as in the 1.5°C scenario. • Expand satellite offices in view of the spread of remote working.	【Risks・Opportunities/Financial impacts】 • Higher temperatures increased construction costs and air conditioning costs during operation. • Demand for tenant offices shrinks due to the spread of remote work. • Higher temperatures increased the need for highefficiency housing. • Policy support for renewable electricity is feeble. Market trends are uncertain. 【Strategy】 • Expand business in response to increasing demand for renewable electricity. • Each business promotes the same differentiation as in the 3.0°C scenario. • In the resort business, offers new resort lifestyles such as vacationing.
✓ Physical risks Acute, Chronic ✓ Opportunities Resilience	【Risks・Opportunities/Financial impacts】 In the long-term, natural disasters due to extreme weather events will increase moderately, but with low impact. 【Strategy】 Differentiation through building location selection and strengthened BCP/LCP response through collaboration with tenants and residents.	【Risks・Opportunities/ Financial impacts】 • Climate change moves forward faster and with greater impact than in the 1.5°C scenario. 【Strategy】 • Each business promotes the same differentiation as in the 1.5°C scenario. • Concentrated investment in high-latitude ski resorts in the resort business. Managed golf courses using heat-tolerant turf to differentiate from competing facilities.	【Risks・Opportunities/Financial impacts】 • In the long term, the impact of sea level rise increases versus the 3°C scenario. Drastic increase in damage to facilities due to natural disasters. 【Strategy】 • Each business promotes the same differentiation as in the 3.0°C scenario. • In the renewable energy business, maintain power generation efficiency by installing storage batteries. Screening of facilities for climate change.

④ IT strategy risks/ digital strategy risks

The IT environment surrounding the Group and society is evolving rapidly, and if the Group is unable to respond appropriately and promptly to technological innovations and changes in customer demand, it could have an impact on the Group's operating results and financial position, etc.

The Group IT Strategy Department and the Digital Transformation Promotion Department of the Company are in charge of these risks, and they examine the possibility of application of new technologies to each business.

⑤ Personnel and labor risks

The Group recognizes highly specialized personnel as one of its strengths. However, if we are unable to secure and cultivate human capital on an ongoing basis due to recent changes in the social structure such as the declining birthrate and aging population, it could become a major factor to inhibit the growth of the Group.

In charge of these risks, the Group Human Resources Department of the Company aims to create a company that will be selected by its employees with measures in response to their diverse workstyles, such as telework and the work-from-home system, in addition to the reduction of long working hours and the encouragement of taking paid leave. In addition, the importance of proper labor management is increasing due to the diversification of work styles and working places, and we will implement "proper labor management (proper understanding and management of working hours)" as a Group priority measure starting in FY2023. We plan to conduct a comprehensive survey and grasp the status of systems, operations, and awareness-raising activities at each of the companies involved, and report to the Risk Management Committee.

⑥ Information security risks

The Group handles large volumes of personal information of customers in the Urban Development business, the Property Management & Operation business and the Real Estate Agents business segments. If an information leak occurs due to a cyberattack or the act of a Group employee, it could result in a decline in the social credibility and brand image of the Group and could have an impact on the Group's operating results and financial position, etc.

The Group General Administration Department and the Group IT Strategy Department of the Company are in change of these risks, and they take steps to strengthen information systems through security measures and improve the literacy of employees by providing training including an exercise to deal with targeted e-mail attacks.

⑦ **Crisis management risks**

If an earthquake, a storm, a flood or any other natural disaster occurs in Japan or overseas, if an act of terrorism, an accident, a fire, an infectious disease or any other human disaster occurs, if an environmental problem or a defect in real estate is discovered, or if population change accelerates markedly, a dispute could occur in relation to damage to assets held or the fulfillment of compensation obligations, etc., and this could have an impact on the Group's business performance and financial position, etc.

In charge of these risks, the Group General Administration Department of the Company will work to minimize the impact by taking safety measures that will become necessary when a disaster occurs, developing BCP and providing training as preparation for disasters.

Since the previous fiscal year, the COVID-19 pandemic has been having a significant impact on the Company's business performance. In response to requests from the government and local governments, the Group is making efforts to prevent the spread of COVID-19, such as the temporary closing or reduction in operating hours of commercial facilities, facilities and business facilities and the introduction of a work-from-home system for employees.

⑧ **Legal and compliance risks**

If a situation that violates laws and regulations occurs as a result of the Group's employee or business activity, or if the payment of compensation for damages incurred becomes necessary, it could result in a fall in the social credibility and the brand image of the Group and could have an impact on the Group's operating results and financial position, etc.

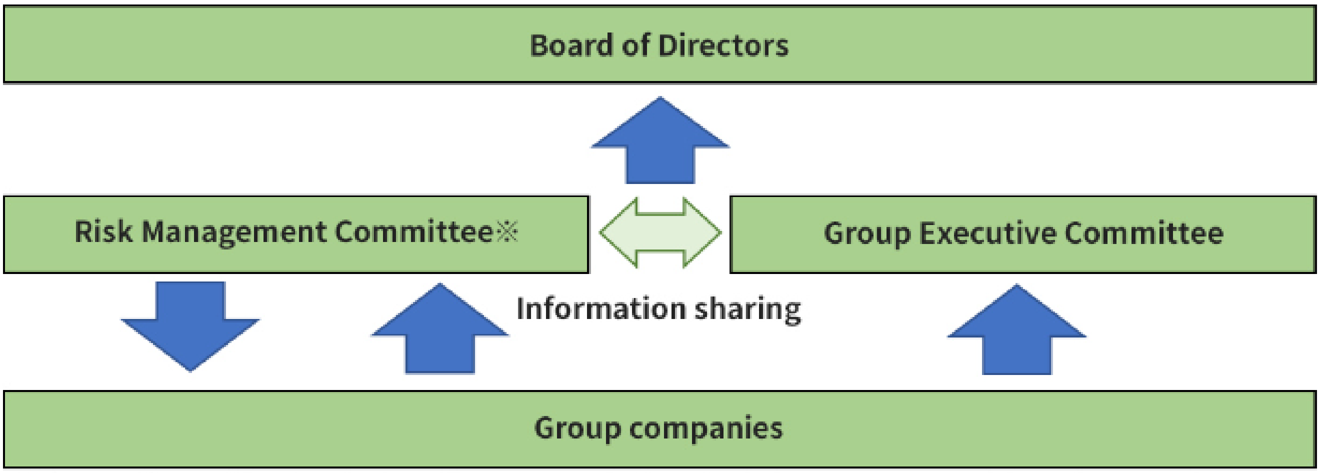
In charge of these risks, the Group Legal Affairs Department of the Company strives to fully enforce compliance management by building a compliance system at each Group company, including the formulation and promotion of an activity plan (compliance program) to realize compliance. Specifically, the Department strives to make compliance fully known to all officers and employees of the Tokyu Fudosan Holdings Group by establishing the Tokyu Fudosan Holdings Group Code of Conduct that will become the standards of behavior for them, developing the Tokyu Fudosan Holdings Group Compliance Manual as a specific manual to understand and practice the Code of Conduct, and providing training periodically.

<u>Risk management structure</u>

The Risk Management Committee and the Group Executive Committee each manages respective significant risks according to the types of risk with the Risk Management Committee controlling the overall risk management and reporting to the Board of Directors.

The Risk Management Committee manages the Group’s priority countermeasure risks that are thought to require across-the-Group management and grasps and assesses the risk management situation at the Group companies.

A department with primary responsibility is appointed for the Group’s priority countermeasure risks to operate a thorough PDCA cycle of risk management. Additionally, the Group’s overall risk management structure is strengthened by having the Risk Management Committee grasp and assess the risk management situation at the Group companies.



※As its overall control function, the Committee manages the Group's priority countermeasure risks, and grasps and assesses the risk management situation at the Group companies.

In addition, the Company verifies the sufficiency of its risk management structure and its risk management operations through internal audits and conducts audits of major risks systematically based on their priority. In case of an urgent risk of a major loss, the Company provides information and makes decisions in accordance with its Emergency Response Basic Provisions to minimize the damage.

4. Operating Results and Financial Position

(1) Current Operating Performance

Results for the fiscal year ended March 31, 2023 showed increases in revenues and profit with ¥1,005.8 billion in operating revenue (up 1.7% from the previous fiscal year), ¥110.4 billion in operating profit (up 31.7%), and ¥99.6 billion in ordinary profit (up 36.7%), due to strong performance in the sales market and sales of condominium units against the backdrop of a strong real estate market, as well as a recovery in the hotel business due to the easing of activity restrictions and border controls among other factors.

Due to business restructuring to improve efficiency based on the medium-term management plan 2025, as a result of the recording of ¥1.9 billion in gain on sale of shares of subsidiaries and associates, etc. as extraordinary income (¥7.1 billion in extraordinary income in the previous fiscal year) and ¥31.3 billion in impairment losses, etc. as extraordinary losses (¥24.0 billion in extraordinary losses in the previous fiscal year), ¥48.2 billion in profit attributable to owners of parent (up 37.3%) was recorded.

In the fiscal year ended March 31, 2023, the Group achieved record highs, including the period before shifting to a holdings structure, for operating revenue, operating profit, ordinary profit and profit attributable to owners of parent.

(Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Operating revenue	989.0	1,005.8	16.8	1,005.0	0.8
Operating profit	83.8	110.4	26.6	95.0	15.4
Ordinary profit	72.8	99.6	26.7	81.0	18.6
Profit attributable to owners of parent	35.1	48.2	13.1	39.0	9.2
Interest-bearing debt	1,421.7	1,482.9	61.2	1,500.0	(17.1)

(2) Segment Performance

By segment, the Urban Development segment, the Strategic Investment segment and the Real Estate Agents segment saw increases in revenues and profit, and the Property Management & Operation segment saw a decrease in revenues but an increase in profit. (compared to the previous fiscal year)

The decrease in revenues in the Property Management & Operation segment was mainly due to the exclusion of Tokyu Hands from the Company's scope of consolidation at the end of the previous fiscal year following the transfer of all issued shares of Tokyu Hands.

Operating revenue (Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Total	989.0	1,005.8	16.8	1,005.0	0.8
Urban Development	325.8	346.1	20.3	348.0	(1.9)
Strategic Investment	67.0	78.8	11.8	75.0	3.8
Property Management & Operation	383.8	337.1	(46.6)	339.0	(1.9)
Real Estate Agents	234.5	263.0	28.4	263.0	(0.0)
Adjustment for Inter-Company Transactions	(22.0)	(19.1)	2.9	(20.0)	0.9

Operating profit (Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Total	83.8	110.4	26.6	95.0	15.4
Urban Development	51.9	58.6	6.7	51.3	7.3
Strategic Investment	14.7	15.2	0.5	11.8	3.4
Property Management & Operation	(0.1)	12.3	12.4	11.4	0.9
Real Estate Agents	26.1	33.7	7.5	31.0	2.7
Adjustment for Inter-Company Transactions	(8.9)	(9.4)	(0.6)	(10.5)	1.1

EBITDA (Current year) (Unit: ¥ billion)

	Operating profit	Depreciation	Amortization of goodwill	EBITDA
Total	110.4	44.5	5.2	160.2
Urban Development	58.6	18.3	-	76.9
Strategic Investment	15.2	10.6	0.0	25.8
Property Management & Operation	12.3	11.6	2.0	26.0
Real Estate Agents	33.7	3.3	0.9	37.9
Adjustment for Inter-Company Transactions	(9.4)	0.7	2.4	(6.4)

① Urban Development

In our Urban Development business, we recorded ¥346.1 billion in operating revenue (up 6.2% from the previous fiscal year) and ¥58.6 billion in operating profit (up 12.9%).

Overall, the segment saw increases in revenues and profit. Despite a decrease in revenues due to a decrease in the number of condominium units sold in Condominiums, the segment achieved an increase in revenues mainly due to the new opening of KUDAN-KAIKAN TERRACE (Chiyoda-ku, Tokyo) in Leasing (Office buildings), a certain amount of recovery for the Group's major commercial facilities such as Tokyu Plaza in Leasing (Commercial facilities), and an increase in the sale of assets in Other (excluding lease in office and commercial facility business) and Other (excluding condominiums in residential business), in the breakdown of operating revenue below.

In the office building market, despite concerns about factors such as a shrinking demand for office buildings due to the diversification of working styles such as telework, the vacancy rate (office buildings and commercial facilities) was maintained at a low level of 1.1%, with robust leasing activity particularly in the Shibuya area where a large proportion of the Company's owned properties are located.

Sales of condominium units continued to show an underlying strength of demand and proceeded strongly. Regarding condominiums during the fiscal year ended March 31, 2023, in addition to the recording of BRANZ Kamimeguro Suwayama (Meguro-ku, Tokyo) and BRANZ CITY Minami-Kusatsu (Kusatsu-shi, Shiga) as newly completed and delivered properties, sales of completed inventories have been progressing. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium became 82% (up 24 percentage points from the previous fiscal year).

(Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Operating revenue	325.8	346.1	20.3	348.0	(1.9)
Operating profit	51.9	58.6	6.7	51.3	7.3

Breakdown of operating revenue (Unit:¥ billion)

	FY2021	FY2022	Comparison
Urban Development	169.4	200.7	31.4
Leasing (Office buildings)	51.0	54.7	3.7
Leasing (Commercial facilities)	39.6	40.3	0.7
Other *1	78.8	105.8	27.0
Residential	156.4	145.3	(11.1)
Condominiums	139.9	95.5	(44.3)
Other *2	16.6	49.8	33.2

*1 Excluding lease in office and commercial facility business

*2 Excluding condominiums in residential business

Vacancy rate of leasing office buildings and leasing commercial facilities

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Vacancy rate	0.6%	1.3%	1.3%	1.1%

* Vacancy rate excluding the newly completed KUDAN-KAIKAN TERRACE as of March 31, 2023: 0.7%

Major openings (facilities opened during FY2022)

	Use	Completion	Floor space (thousand m²)
KUDAN-KAIKAN TERRACE	Office and commercial	July 2022	68

Condominiums: condominium units sold (Units)

	FY2021	FY2022	Comparison
No. of units sold	2,194	1,369	(825)
New supply	1,549	1,310	(239)
Contracted units	1,833	1,562	(271)
Inventory of completed units	661	200	(461)

② **Strategic Investment**

In our Strategic Investment business, we recorded ¥78.8 billion in operating revenue (up 17.6% from the previous fiscal year) and ¥15.2 billion in operating profit (up 3.4%).

Overall, the segment saw increases in revenues and profit. Revenues increased mainly due to sales of assets of logistics facilities and an increase in the number of facilities in operation in the renewable energy business in Infrastructure & Industry in the breakdown of operating revenue below.

The renewable energy business is expanding steadily as the number of facilities in operation increased as planned. Total rated capacity after all facilities are put into operation (before taking our equity into account) is 1,577 MW.

(Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Operating revenue	67.0	78.8	11.8	75.0	3.8
Operating profit	14.7	15.2	0.5	11.8	3.4

Breakdown of operating revenue (Unit:¥ billion)

	FY2021	FY2022	Comparison
Infrastructure & Industry	52.8	63.3	10.6
Asset management	8.3	8.9	0.6
Overseas operations	5.9	6.5	0.6

Renewable energy power generation facilities

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Facilities in operation	30	38	66	65
Rated capacity (MW)	487	730	882	1,034

* Rated capacity indicates the capacity before taking our equity into account.
* From March 31, 2023, rooftops (rooftop solar power generation facilities) are excluded from facilities in operation and rated capacity (MW).

③ Property Management & Operation

In our Property Management & Operation business, we recorded ¥337.1 billion in operating revenue (down 12.1% from the previous fiscal year) and ¥12.3 billion in operating profit (a return to profitability).

In the previous fiscal year, some local governments declared a state of emergency and implemented priority measures to prevent the spread of disease and other matters due to the spread of COVID-19 and there was an impact mainly from the temporary closing or reduction in operating hours of managed facilities, however, during the fiscal year ended March 31, 2023, a recovery was observed in demand, particularly in the hotel business, which was assisted by an easing of activity restrictions and border controls.

Overall the segment achieved decreased revenues and increased profit. In the breakdown of operating revenue below, there was an increase in revenues mainly due to an increase in condominium constructions in Property Management as well as a recovery in demand centered around hotels despite the pull-back effect of revenues from sales of assets in the previous period in Wellness, and there was reduced revenue due to the exclusion of "Tokyu Hands" from the scope of consolidation since the end of the previous fiscal year following a share transfer.

(Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Operating revenue	383.8	337.1	(46.6)	339.0	(1.9)
Operating profit	(0.1)	12.3	12.4	11.4	0.9

Breakdown of operating revenue (Unit:¥ billion)

	FY2021	FY2022	Comparison
Property Management	206.0	213.1	7.1
Condominiums	127.3	131.2	3.9
Office buildings	78.6	81.9	3.2
Wellness	107.3	110.3	3.1
Hotels	28.5	42.2	13.8
Leisure facilities	16.0	19.1	3.0
Healthcare	23.8	26.5	2.7
Other	39.0	22.5	(16.5)
Tokyu Hands	56.7	–	(56.7)
Environmental greening, etc.	13.8	13.7	(0.1)

*Hotel: Harvest Club, Tokyu Stay, resort hotels, etc.

*Leisure facilities: Golf courses, ski resorts, etc.

*Healthcare facilities: Senior housing and fitness facilities, etc.

*Tokyu Hands: Excluded from the Company's scope of consolidation since the end of FY2021 following the transfer of all issued shares of Tokyu Hands Inc.

(On October 1, 2022, Tokyu Hands Inc. changed its name to Hands Inc.)

Number of sites managed as of fiscal year end

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Condominiums (units)	829,533	839,891	831,603	867,891
Buildings, etc. (no. of contracts)	1,561	1,532	1,626	1,656

④ Real Estate Agents

In our Real Estate Agents business, we recorded ¥263.0 billion in operating revenue (up 12.1% from the previous fiscal year) and ¥33.7 billion in operating profit (up 28.9%).

Overall, the segment saw increases in revenues and profit. The main factors for this increase in revenues were rises in the number of transactions and average traded price along with strong activity in the real estate transaction market in the Real Estate Sales Agents business, and an increase in total development projects and sales for large properties in Real Estate Sales in the breakdown of operating revenue below.

(Unit:¥ billion)

	FY2021	FY2022	Comparison	Full-year forecast (ann. 11/9/22)	Projected change
Operating revenue	234.5	263.0	28.4	263.0	(0.0)
Operating profit	26.1	33.7	7.5	31.0	2.7

Breakdown of operating revenue (Unit:¥ billion)

	FY2021	FY2022	Comparison
Real Estate Agents	146.7	164.2	17.5
Real estate sales agent	69.0	80.0	11.0
Real estate sales	70.6	77.2	6.6
Consignment sales, etc.	7.1	7.0	(0.1)
Rental housing service	87.8	98.7	10.9

Real estate sales agent

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022	As of March 31, 2023
Number of transactions	26,437	25,635	28,750	29,577
Transaction amounts (Billions of yen)	1,315.9	1,226.5	1,578.0	1,821.3

*Total of retail and wholesale

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets increased by ¥104.1 billion compared to the end of the previous fiscal year due to investments progressing in real estate for sale, etc., total liabilities increased by ¥46.7 billion compared to the end of the previous fiscal year, mainly due to an increase in interest-bearing debt, and net assets increased by ¥57.4 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. ROE for the fiscal year ended March 31, 2023 improved to 7.3% (up 1.6 percentage points from the previous fiscal year).

The interest-bearing debt is expected to be ¥1,650.0 billion, debt equity ratio 2.3 times and EBITDA multiple 10.1 times as of the end of the fiscal year ending March 31, 2024 largely as a result of the capital requirements accompanying the progress of large-scale projects. ROE is planned to be 8.8% due to an increase in profit attributable to owners of parent.

(Unit:¥ billion)

	As of March 31, 2022	As of March 31, 2023	As of March 31, 2024 (Forecast)
Total assets	2,634.3	2,738.5	
Total liabilities	1,991.0	2,037.8	
Net assets	643.3	700.7	
Equity	631.8	684.6	
Equity ratio	24.0%	25.0%	
Interest-bearing debt	1,421.7	1,482.9	1,650.0
EBITDA multiple	10.7×	9.3×	10.1×
DER	2.3×	2.2×	2.3×
Revised DER	2.0×	2.0×	2.0×
ROA	3.2%	4.1%	4.0%
ROE	5.7%	7.3%	8.8%

*EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
*DER: Interest-Bearing Debt/Equity
*Revised DER: DER that considers the equity nature of hybrid financing on the rating
*ROA: (Operating Income + Interest Income + Dividends Income)/Total Assets (Yearly Average)
*ROE: Profit attributable to owners of parent/Equity (Yearly Average)

② Cash flow position

As of the fiscal year ended March 31, 2023, cash and cash equivalents were ¥170.6 billion, representing a ¥16.8 billion increase from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥94.7 billion mainly due to ¥70.2 billion of profit before income taxes and ¥44.5 billion of depreciation, notwithstanding ¥29.8 billion in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥120.1 billion mainly due to ¥84.6 billion for purchase of non-current assets and ¥39.6 billion for purchase of short-term and long-term investment securities, notwithstanding an increase of ¥12.5 billion in proceeds from sale and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Net cash provided by financing activities was ¥42.8 billion mainly due to ¥209.1 billion in proceeds from long-term borrowings, among others, notwithstanding ¥151.5 billion in repayment of long-term borrowings and ¥20.0 billion in redemption of bonds.

Trend of indices

	FY2020	FY2021	FY2022
Equity ratio	22.5%	24.0%	25.0%
Equity ratio on market value basis	18.5%	17.6%	16.7%
Ratio of interest-bearing debt to cash flows	14.7 years	18.6 years	15.7 years
Interest coverage ratio	8.7	7.0	8.8

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

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

5. Employees

(As of March 31, 2023)

Segment of business	Number of employees	Number of temporary employees
Urban Development	932	191
Strategic Investment	370	83
Property Management & Operation	14,230	7,449
Real Estate Agents	5,461	638
Whole Company (Common)	621	93
Total	21,614	8,452

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

The Company made a capital investment of ¥83,974 million in the fiscal year, mainly in the acquisition and construction of renewable energy generation facilities in the Strategic Investment segment.
(Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses.)

Segment	Capital investment (Unit: ¥ million)	Composition
Urban Development	44,646	53.2%
Strategic Investment	18,890	22.5%
Property Management & Operation	13,181	15.7%
Real Estate Agents	5,754	6.9%
Subtotal	82,473	98.2%
Adjustment or Whole Company	1,500	1.8%
Total	83,974	100.0%

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: 2,400,000,000 shares

(2) Total number of shares issued: 719,830,974 shares

(3) Number of shareholders: 128,206

(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	114,479	15.90
The Master Trust Bank of Japan Ltd. (Trust Account)	111,804	15.53
Custody Bank of Japan, Ltd. (Trust Account)	56,776	7.89
SSBTC CLIENT OMNIBUS ACCOUNT	13,312	1.85
Tokyu Fudosan Holdings Employee Shareholding Association	12,424	1.73
Sumitomo Mitsui Trust Bank, Limited.	12,140	1.69
The Dai-ichi Life Insurance Company, Limited	11,934	1.66
BNYM AS AGT/CLTS NON TREATY JASDEC	10,101	1.40
The Nomura Trust and Banking Co., Ltd. (Tokyu Fudosan Holdings Employee Shareholding Association Trust account)	9,710	1.35
HSBC BANK PLC A/C HSBC BANK PLC AS TRUSTEE FOR PUTM ACS JAPAN EQUITY FUND	8,749	1.22

Note: Percent of total shares issued is calculated after excluding own shares.

2. Information on Major Subsidiaries

(As of March 31, 2023)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Land Corp.	57,551	100.0	Development, sales, leasing and management of real estate
Tokyu Community Corp.	1,653	100.0	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	100.0	Brokerage and sales agency for land, condominiums, houses and buildings
Tokyu Housing Lease Corporation	100	100.0	Operation and subleasing of rental residence, etc.
NATIONAL STUDENTS INFORMATION CENTER CO., LTD.	40	100.0	Management of student apartments

3. Principal lenders

(As of March 31, 2023)

Lender	Amount of borrowing
	(million yen)
MUFG Bank, Ltd.	268,670
Sumitomo Mitsui Trust Bank, Limited.	212,888
Mizuho Bank, Ltd.	156,528

4. Directors and Statutory Auditors

Position and Name

Chairman	Kiyoshi Kanazashi
President and CEO	Hironori Nishikawa
Representative Director & Executive Vice President	Hitoshi Uemura
Directors & Operating Officers	Shohei Kimura
	Yoichi Ota
	Hiroaki Hoshino
	Shinichiro Usugi
Directors	Hirofumi Nomoto
	Makoto Kaiami *
	Saeko Arai *
	Satoshi Miura *
	Tsuguhiko Hoshino *
	Yumiko Jozuka *
Audit & Supervisory Board members	Kazuo Mochida
	Masaoki Kanematsu
	Takahiro Nakazawa **
	Katsunori Takechi **

(As of June 28, 2023)

Note: Directors marked with * are Independent Outside Directors.

Directors marked with ** are Outside Audit & Supervisory Board members.

Independent Auditor's Report

The Board of Directors
Tokyu Fudosan Holdings Corporation

Opinion

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2023, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Japan, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming the auditor's opinion thereon, and we do not provide a separate opinion on these matters.

<table>
<tr><td colspan="2">Revenue recognition for real estate sales with real estate funds, etc.</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>The Group engages in real estate sales transactions of office buildings, commercial facilities, rental residences, and logistics facilities with real estate funds, etc. (special purpose companies, funds and parties with whom the Group has continuous real estate transactions).

Real estate sales to real estate funds, etc. are included in the '(1) Revenue Breakdown Information (Sale of real estate, etc. of Urban Development 239,320 million yen, Strategic Investment 33,086 million yen, Property Management & Operation 9,630 million yen, Real Estate Agents 82,110 million yen)' in the '32. Revenue recognition' of the Notes to the Consolidated Financial Statements. Also, gain on</td><td>We conducted the following procedures to understand the transaction scheme in whole and assess whether almost all risks and rewards are transferred to the buyer in the real estate sales with real estate funds, etc.

・ We read the related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors in order to understand the sales transactions and whether there will be any continuing involvement in the future.</td></tr>
</table>

sales of real estate to real estate funds, etc., recorded in Property, plant and equipment was included in Gain on sale of non-current assets of 271 million yen in the Consolidated Statement of Income. In general, transaction amount of real estate is large and real estate transaction is unique, furthermore a real estate sales contract has unique terms and conditions as each transaction is negotiated with its counterpart. In particular, if the buyer is a real estate fund, etc., there may be retention of risks through continuing involvement such as having a repurchase option or retaining some equity interest in the sold property. In such cases, the determination of whether substantially all of the risks and rewards of real property have been transferred may be complex and judgmental. If this determination is inappropriate, there is a risk that revenue or gain on sale might be recognized for the real estate sales transaction where almost all of the risks and rewards are not transferred to the buyer. Also, if the buyer is a real estate fund, etc., it includes an entity which has different features from that of a normal entity, and as there might be continuing involvement described above, there is a risk that the transaction amount might be manipulated from fair value to recognize improper revenue or gain on sale, or to avoid any loss. Finally, it could have a material impact on the financial statements if it is conducted. Therefore, we determined that revenue recognition for real estate sales transactions with real estate funds, etc. is a key audit matter.	• We read the related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors, and external information such as on the website, in order to understand the type of the entity, business of the buyer and the relationship with the Group. • We read the sales contracts and other agreements, and inquired of management and the in-charge department, in order to understand and evaluate the transaction terms and conditions confirming whether repurchase conditions exist. • We compared the transaction price with similar historical transaction and the real estate appraisal report in order to verify the transaction amount. In addition, we compared the inputs on which the real estate appraisal is based, such as future cash flows and discount rate, with those in similar historical transactions, and information of rent and discount rate released from external institutions such as market reports. Furthermore, we considered the necessity of involvement of expert of real estate appraisal in our network firm. • We inspected the cash receipt evidence of the consideration and copy of the registration certificate of transfer of ownership, in order to verify the fact of delivery.

Valuation of Property, plant and equipment and Real estate for sale in process relating to large-scale real estate developments during the development period	
Description of Key Audit Matter	**Auditor's Response**
The Group engages in real estate development business of office buildings, commercial facilities, and residences, mainly in the Greater Tokyo Area, and engages in the lease and sale of this real estate. Assets related to the leasing business are recorded as Property, plant and equipment such as Land and Construction in progress on the Consolidated Balance Sheet during the development period, and assets related to the sales business are recorded as Real estate for sale in process. These amounts are included in Property, plant and equipment of 1,066,456 million yen and Real estate for sale in process of 403,434 million yen on the Consolidated Balance Sheet at the end of the current consolidated fiscal year, and will increase in the future as development progresses. Real estate for sale in process represents the amount that was transferred from Property, plant and equipment at the end of the current consolidated fiscal year due to a change in the purpose of possession, and is included in the 19,006 million yen under '13. Change in Purpose of Possession' in the Notes to the Consolidated Financial Statements. The valuation methods used for Real estate for sale in process and Property, plant and equipment are	We conducted the following procedures to identify indications of impairment of Property, plant and equipment relating to large-scale real estate developments during the development period, of which the total investment amounts exceed a certain amount, among others: • We read the related approval documents, minutes of the Group Executive Committee, and minutes of the Board of Directors, inquired of management and the in-charge department to understand the business plans of the projects and its progress, and also to determine the delay of construction and tenant leasing. • We inquired of management and the in-charge department to understand the status of negotiation with other landowners and local governments, the status of applications and approvals on city planning and scheme of exchange rights of new buildings. Furthermore, we considered the consistency of their responses with related external information, such as notice of the local governments, documents prepared by the redevelopment partnership, and information on websites owned by related local governments.

described in sections 1 and 2 of '3. Significant accounting estimates' in the Notes to the Consolidated Financial Statements. In the real estate development business, there are potential risks such as the investment becoming unrecoverable due to reduction of profitability, as various external factors cause subsequent modification of a development plan. Specifically, the following events might cause those modifications: being unable to obtain consent from other landowners, being unable to obtain governmental permission for development, delay in construction due to unexpected circumstances, increase of construction costs due to changes in the external business environment, and delay of tenant leasing. In particular, large-scale real estate developments have a high degree of uncertainty because of their long development periods and since they require large amounts of investments, they could have a material impact on the financial statements if impairment loss and loss on valuation are recorded. Judgments made by the Group regarding whether there are indications of impairment and whether to record loss on valuation for the real estate development business are complex because of the various risks of modification to the development plans as described above. Therefore, we determined that the valuation of Property, plant and equipment and Real estate for sale in process relating to large-scale real estate developments during the development period is a key audit matter.	• We inspected the development site and considered the consistency with the information obtained from the procedures above. In addition, we determined whether the development is delayed significantly based on the understanding of its progress. • We inquired of management and the in-charge department regarding the planned completion schedule, tenant rent, occupancy rates, and construction costs in the cash forecast of each project in order to verify them. Also, we confirmed the consistency of planned rent and occupancy rate with information released from external institutions such as market reports, etc., and compared construction costs with costs incurred in the past. • We read the related contracts, etc. when a construction contract or a lease contract was entered into as the development progresses, and compared the tenant rent and leasing period reflected in the cash forecast of each project, with those contracts, etc. • For assets subject to transfer from Property, plant and equipment to Real estate for sale in process, we considered whether there was a change to significantly reduce the recoverable amount based on the real estate appraisal value. Additionally, in order to evaluate the appropriateness of the real estate appraisal value, we evaluated the competence, capabilities and objectivity of the real estate appraisers that performed the valuations and considered the preconditions for appraisals, the valuation methods used, and the judgment process for determining valuations. We conducted the following procedures to determine whether loss on valuation should be recorded for Real estate for sale in process that was transferred from Property, plant and equipment due to a change in the purpose of possession: • We considered whether the carrying value of real estate for sale in process is less than the net realizable value thereof based on the real estate appraisal value. The procedures we performed to evaluate the appropriateness of the real estate appraisal value are described above.

Other Information

The other information comprises the information included in the Annual Report that contains audited consolidated financial statements but does not include the consolidated financial statements and our auditor's report thereon. Management is responsible for preparation and disclosure of the other information. The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's reporting process of the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Responsibilities of Management, the Corporate Auditor and the Board of Corporate Auditors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern and disclosing, as required by accounting principles generally accepted in Japan, matters related to going concern.

The Corporate Auditor and the Board of Corporate Auditors are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in Japan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Corporate Auditor and the Board of Corporate Auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Corporate Auditor and the Board of Corporate Auditors with a statement that we have complied with the ethical requirements regarding independence that are relevant to our audit of the consolidated financial statements in Japan, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Corporate Auditor and the Board of Corporate Auditors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Interest Required to Be Disclosed by the Certified Public Accountants Act of Japan

Our firm and its designated engagement partners do not have any interest in the Group which is required to be disclosed pursuant to the provisions of the Certified Public Accountants Act of Japan.

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2023 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 28, 2023

金子秀嗣

Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

新居幹也

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

新田浩史

Hirofumi Nitta
Designated Engagement Partner
Certified Public Accountant

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) As of March 31, 2022	Yen (millions) **As of March 31, 2023**	U.S. dollars (thousands) (Note 2) **As of March 31, 2023**
Assets			
Current assets			
Cash and deposits (Note 12)	¥ 153,998	¥ 170,985	$ 1,285,602
Notes and accounts receivable - trade, and contract assets	39,212	45,771	344,143
Securities (Notes 6,26)	23,598	15,023	112,955
Merchandise	804	846	6,361
Real estate for sale (Notes 12,15)	438,252	388,913	2,924,158
Real estate for sale in process (Note 15)	315,851	403,434	3,033,338
Costs on construction contracts in progress	3,287	2,833	21,301
Supplies	784	750	5,639
Other	61,274	87,133	655,135
Allowance for doubtful accounts	(113)	(88)	(662)
Total current assets	1,036,951	1,115,603	8,387,992
Non-current assets			
Property, plant and equipment			
Buildings and structures	533,564	554,989	4,172,850
Accumulated depreciation	(207,388)	(206,937)	(1,555,917)
Buildings and structures, net (Note 12)	326,176	348,052	2,616,932
Machinery, equipment and vehicles	47,774	58,327	438,549
Accumulated depreciation	(19,728)	(22,382)	(168,286)
Machinery, equipment and vehicles, net	28,045	35,944	270,256
Land (Notes 11,12)	630,851	580,111	4,361,737
Construction in progress	84,952	81,368	611,789
Other	57,142	53,855	404,925
Accumulated depreciation	(33,737)	(32,876)	(247,188)
Other, net	23,405	20,979	157,737
Total property, plant and equipment (Notes 15,31)	1,093,431	1,066,456	8,018,466
Intangible assets			
Leasehold interests in land (Notes 12,15)	29,482	32,299	242,850
Goodwill	60,734	53,412	401,594
Other	18,000	20,168	151,639
Total intangible assets (Note 15)	108,216	105,880	796,090
Investments and other assets			
Investment securities (Notes 12,26)	246,373	295,496	2,221,774
Long-term loans receivable (Note 12)	2,363	5,282	39,714
Leasehold and guarantee deposits	87,642	92,580	696,090
Deferred tax assets (Note 30)	26,917	26,323	197,917
Retirement benefit asset (Note 28)	294	313	2,353
Other	32,450	30,836	231,850
Allowance for doubtful accounts	(297)	(314)	(2,361)
Total investments and other assets	395,743	450,517	3,387,346
Total non-current assets	1,597,391	1,622,854	12,201,910
Total assets	¥ 2,634,343	¥ 2,738,458	$ 20,589,910

Account title	Yen (millions) As of March 31, 2022	Yen (millions) As of March 31, 2023	U.S. dollars (thousands) (Note 2) As of March 31, 2023
Liabilities			
Current liabilities			
Notes and accounts payable - trade	¥ 43,900	¥ 41,847	$ 314,639
Short-term borrowings (Notes 12,13)	158,469	156,431	1,176,173
Current portion of bonds payable (Note 13)	20,000	10,000	75,188
Accounts payable – other	38,578	37,735	283,722
Income taxes payable	18,404	11,098	83,444
Advances received	45,118	53,761	404,218
Deposits received for consignment sales	31,643	7,107	53,436
Deposits received	38,195	41,431	311,511
Provision for bonuses	12,622	13,196	99,218
Provision for bonuses for directors (and other officers)	261	481	3,617
Provision for warranties for completed construction	813	677	5,090
Other provisions	3,045	3,081	23,165
Other	27,721	29,242	219,865
Total current liabilities	438,774	406,090	3,053,308
Non-current liabilities			
Bonds payable (Note 13)	260,000	270,000	2,030,075
Long-term borrowings (Notes 12,13)	983,249	1,046,501	7,868,429
Deferred tax liabilities (Note 30)	22,586	21,630	162,632
Deferred tax liabilities for land revaluation (Note 11)	4,662	4,572	34,376
Long-term leasehold and guarantee deposits received	208,993	204,371	1,536,624
Deposits received for special joint ventures	—	8,000	60,150
Retirement benefit liability (Note 28)	29,149	29,917	224,940
Provision for loss on guarantees	5	5	38
Provision for retirement benefits for directors (and other officers)	97	42	316
Provision for share awards for directors (and other officers)	62	109	820
Other provisions	—	664	4,992
Other (Note 12)	43,464	45,850	344,737
Total non-current liabilities	1,552,270	1,631,665	12,268,158
Total liabilities	1,991,044	2,037,755	15,321,466
Net assets			
Shareholders' equity (Note 34)			
Share capital	77,562	77,562	583,173
Capital surplus	166,585	165,707	1,245,917
Retained earnings	356,986	392,461	2,950,835
Treasury shares	(341)	(6,502)	(48,887)
Total shareholders' equity	600,791	629,228	4,731,038
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	15,010	12,485	93,872
Deferred gains or losses on hedges (Note 27)	610	7,231	54,368
Revaluation reserve for land (Note 11)	9,181	8,977	67,496
Foreign currency translation adjustment	6,453	26,798	201,489
Remeasurements of defined benefit plans (Note 28)	(256)	(96)	(722)
Total accumulated other comprehensive income	30,997	55,397	416,519
Share acquisition rights (Note 29)	5	5	38
Non-controlling interests	11,503	16,071	120,835
Total net assets	643,298	700,702	5,268,436
Total liabilities and net assets	¥ 2,634,343	¥ 2,738,458	$ 20,589,910

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2022 (From April 1, 2021 to March 31, 2022)	Yen (millions) **2023 (From April 1, 2022 to March 31, 2023)**	U.S. dollars (thousands) (Note 2) **2023 (From April 1, 2022 to March 31, 2023)**
Operating revenue	¥ 989,049	¥ 1,005,836	$ 7,562,677
Operating costs (Note 16)	795,146	808,685	6,080,338
Operating gross profit	193,903	197,151	1,482,338
Selling, general and administrative expenses (Note 17)	110,085	86,740	652,180
Operating profit	83,817	110,410	830,150
Non-operating income			
Interest income	244	200	1,504
Dividend income	317	326	2,451
Foreign exchange gains	108	191	1,436
Share of profit of entities accounted for using equity method	144	—	—
Gain on investments in investment securities	157	439	3,301
Subsidy income	1,278	347	2,609
Guarantee commission received	471	648	4,872
Other	562	483	3,632
Total non-operating income	3,284	2,637	19,827
Non-operating expenses			
Interest expenses	11,087	10,748	80,812
Share of loss of entities accounted for using equity method	—	560	4,211
Other	3,180	2,180	16,391
Total non-operating expenses	14,268	13,489	101,421
Ordinary profit	72,834	99,558	748,556
Extraordinary income			
Gain on sale of non-current assets	1,897	271	2,038
Gain on sale of investment securities	2	56	421
Gain on sale of shares of subsidiaries and associates	4,047	1,535	11,541
Other	1,110	—	—
Total extraordinary income	7,058	1,862	14,000
Extraordinary losses			
Impairment losses	22,273	31,107	233,887
Loss on COVID-19 impact	1,513	—	—
Other	231	163	1,226
Total extraordinary losses (Note 20,21)	24,017	31,270	235,113
Profit before income taxes	55,874	70,151	527,451
Income taxes – current	34,579	22,613	170,023
Income taxes – deferred (Note 30)	(14,687)	(778)	(5,850)
Total income taxes (Note 30)	19,892	21,835	164,173
Profit	35,981	48,315	363,271
Loss attributable to non-controlling interests	848	88	662
Profit attributable to owners of parent	¥ 35,133	¥ 48,227	$ 362,609

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2022 (From April 1, 2021 to March 31, 2022)	Yen (millions) **2023 (From April 1, 2022 to March 31, 2023)**	U.S. dollars (thousands) (Note 2) **2023 (From April 1, 2022 to March 31, 2023)**
Profit	¥ 35,981	¥ 48,315	$ 363,271
Other comprehensive income			
Valuation difference on available-for-sale securities	(3,306)	(2,519)	(18,940)
Deferred gains or losses on hedges	1,007	6,678	50,211
Foreign currency translation adjustment	3,453	1,472	11,068
Remeasurements of defined benefit plans, net of tax	679	160	1,203
Share of other comprehensive income of entities accounted for using equity method	11,100	18,876	141,925
Total other comprehensive income (Note 22)	12,934	24,667	185,466
Comprehensive income	48,916	72,983	548,744
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	48,076	72,830	547,594
Comprehensive income attributable to non-controlling interests	¥ 839	¥ 152	$ 1,143

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

2022 (from April 1, 2021 to March 31, 2022)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥166,679	¥333,829	¥(174)	¥577,896
Cumulative effects of changes in accounting policies			(1,184)		(1,184)
Restated balance	77,562	166,679	332,645	(174)	576,712
Changes during period					
Dividends of surplus			(11,514)		(11,514)
Profit attributable to owners of parent			35,133		35,133
Purchase of treasury shares				(159)	(159)
Disposal of treasury shares		(95)		253	158
Change in treasury shares resulting from change in scope of consolidation				(261)	(261)
Reversal of revaluation reserve for land			721		721
Change in ownership interest of parent due to transactions with non-controlling interests		1			1
Net changes in items other than shareholders' equity					–
Total changes during period	–	(93)	24,340	(167)	24,079
Balance at end of period	¥77,562	¥166,585	¥356,986	¥(341)	¥600,791

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥18,316	¥(422)	¥9,903	¥(8,084)	¥(936)	¥18,776	–	¥12,050	¥608,723
Cumulative effects of changes in accounting policies									(1,184)
Restated balance	18,316	(422)	9,903	(8,084)	(936)	18,776	–	12,050	607,539
Changes during period									
Dividends of surplus									(11,514)
Profit attributable to owners of parent									35,133
Purchase of treasury shares									(159)
Disposal of treasury shares									158
Change in treasury shares resulting from change in scope of consolidation									(261)
Reversal of revaluation reserve for land									721
Change in ownership interest of parent due to transactions with non-controlling interests									1
Net changes in items other than shareholders' equity	(3,306)	1,033	(721)	14,537	679	12,221	5	(547)	11,679
Total changes during period	(3,306)	1,033	(721)	14,537	679	12,221	5	(547)	35,759
Balance at end of period	¥15,010	¥610	¥9,181	¥6,453	¥(256)	¥30,997	¥5	¥11,503	¥643,298

Note: Amounts are in units of millions of yen with fractional units discarded.

2023 (from April 1, 2022 to March 31, 2023)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥166,585	¥356,986	¥(341)	¥600,791
Cumulative effects of changes in accounting policies					–
Restated balance	77,562	166,585	356,986	(341)	600,791
Changes during period					
Dividends of surplus			(12,956)		(12,956)
Profit attributable to owners of parent			48,227		48,227
Purchase of treasury shares				(6,172)	(6,172)
Disposal of treasury shares		(0)		11	11
Change in treasury shares resulting from change in scope of consolidation					–
Reversal of revaluation reserve for land			203		203
Change in ownership interest of parent due to transactions with non-controlling interests		(877)			(877)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(877)	35,474	(6,160)	28,436
Balance at end of period	¥77,562	¥165,707	¥392,461	¥(6,502)	¥629,228

	Accumulated other comprehensive income								
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income	Share acquisition rights	Non-controlling interests	Total net assets
Balance at beginning of period	¥15,010	¥610	¥9,181	¥6,453	¥(256)	¥30,997	¥5	¥11,503	¥643,298
Cumulative effects of changes in accounting policies									—
Restated balance	15,010	610	9,181	6,453	(256)	30,997	5	11,503	643,298
Changes during period									
Dividends of surplus									(12,956)
Profit attributable to owners of parent									48,227
Purchase of treasury shares									(6,172)
Disposal of treasury shares									11
Change in treasury shares resulting from change in scope of consolidation									—
Reversal of revaluation reserve for land									203
Change in ownership interest of parent due to transactions with non-controlling interests									(877)
Net changes in items other than shareholders' equity	(2,524)	6,620	(203)	20,345	160	24,399	(0)	4,568	28,967
Total changes during period	(2,524)	6,620	(203)	20,345	160	24,399	(0)	4,568	57,403
Balance at end of period	¥12,485	¥7,231	¥8,977	¥26,798	¥(96)	¥55,397	¥5	¥16,071	¥700,702

Note: Amounts are in units of millions of yen with fractional units discarded.

2023 (from April 1, 2022 to March 31, 2023)

Tokyu Fudosan Holdings Corporation

U.S. dollars (thousands)
(Note 2)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	583,173	1,252,519	2,684,105	(2,564)	4,517,226
Cumulative effects of changes in accounting policies					—
Restated balance	583,173	1,252,519	2,684,105	(2,564)	4,517,226
Changes during period					
Dividends of surplus			(97,414)		(97,414)
Profit attributable to owners of parent			362,609		362,609
Purchase of treasury shares				(46,406)	(46,406)
Disposal of treasury shares		0		83	83
Change in treasury shares resulting from change in scope of consolidation					—
Reversal of revaluation reserve for land			1,526		1,526
Change in ownership interest of parent due to transactions with non-controlling interests		(6,594)			(6,594)
Net changes in items other than shareholders' equity					—
Total changes during period	-	(6,594)	266,722	(46,316)	213,805
Balance at end of period	583,173	1,245,917	2,950,835	(48,887)	4,731,038

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	112,857	4,586	69,030	48,519	(1,925)	233,060	38	86,489	4,836,827
Cumulative effects of changes in accounting policies									—
Restated balance	112,857	4,586	69,030	48,519	(1,925)	233,060	38	86,489	4,836,827
Changes during period									
Dividends of surplus									(97,414)
Profit attributable to owners of parent									362,609
Purchase of treasury shares									(46,406)
Disposal of treasury shares									83
Change in treasury shares resulting from change in scope of consolidation									—
Reversal of revaluation reserve for land									1,526
Change in ownership interest of parent due to transactions with non-controlling interests									(6,594)
Net changes in items other than shareholders' equity	(18,977)	49,774	(1,526)	152,970	1,203	183,451	0	34,346	217,797
Total changes during period	(18,977)	49,774	(1,526)	152,970	1,203	183,451	0	34,346	431,602
Balance at end of period	93,872	54,368	67,496	201,489	(722)	416,519	38	120,835	5,268,436

Note: Amounts are in units of millions of yen with fractional units discarded.

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2022 (From April 1, 2021 to March 31, 2022)		Yen (millions) **2023 (From April 1, 2022 to March 31, 2023)**		U.S. dollars (thousands) (Note 2) **2023 (From April 1, 2022 to March 31, 2023)**	
Cash flows from operating activities						
Profit before income taxes	¥	55,874	¥	70,151	$	527,451
Depreciation		43,328		44,502		334,602
Amortization of goodwill		5,391		5,247		39,451
Share of loss (profit) of entities accounted for using equity method		(144)		560		4,211
Increase (decrease) in retirement benefit liability		345		787		5,917
Increase (decrease) in other provisions		2,174		639		4,805
Impairment loss		22,273		31,107		233,887
Loss on valuation of inventories		5,071		3,861		29,030
Loss (gain) on sale of non-current assets		(1,900)		(271)		(2,038)
Loss on retirement of non-current assets		1,154		962		7,233
Interest and dividend income		(561)		(526)		(3,955)
Interest expenses		11,087		10,748		80,812
Decrease (increase) in trade receivables		(5,088)		(2,352)		(17,684)
Decrease (increase) in inventories		(19,834)		(16,498)		(124,045)
Increase (decrease) in trade payables		(9,193)		(1,216)		(9,143)
Increase (decrease) in deposits received for consignment sales		22,433		(24,536)		(184,481)
Increase (decrease) in deposits received for special joint ventures		(15,000)		8,000		60,150
Other, net		3,227		2,100		15,789
Subtotal		120,639		133,268		1,002,015
Interest and dividends income received		2,081		1,991		14,970
Interest paid		(10,971)		(10,725)		(80,639)
Income taxes paid		(35,295)		(29,794)		(224,015)
Net cash provided by (used in) operating activities	¥	76,453	¥	94,739	$	712,323
Cash flows from investing activities						
Loan advances		(1,135)		(2,430)		(18,271)
Proceeds from collection of loans receivable		229		19		143
Purchase of short-term and long-term investment securities		(29,860)		(39,575)		(297,556)
Proceeds from sale and redemption of short-term and long-term investment securities		7,381		12,506		94,030
Payments of leasehold and guarantee deposits		(8,859)		(8,905)		(66,955)
Proceeds from refund of leasehold and guarantee deposits		5,265		3,941		29,632
Purchase of non-current assets		(46,263)		(84,625)		(636,278)
Proceeds from sale of non-current assets		20,210		2,038		15,323
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation		21,666		835		6,278
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation		—		(2,946)		(22,150)
Other, net		(421)		(917)		(6,895)
Net cash provided by (used in) investing activities	¥	(31,786)	¥	(120,060)	$	(902,707)

Account title	Yen (millions) 2022 (From April 1, 2021 to March 31, 2022)	Yen (millions) **2023 (From April 1, 2022 to March 31, 2023)**	U.S. dollars (thousands) (Note 2) **2023 (From April 1, 2022 to March 31, 2023)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ 1,836	¥ (598)	$ (4,496)
Proceeds from long-term borrowings	75,968	209,103	1,572,203
Repayments of long-term borrowings	(142,844)	(151,484)	(1,138,977)
Proceeds from long-term lease and guarantee deposited	24,487	24,219	182,098
Repayments of long-term lease and guarantee deposited	(15,749)	(20,786)	(156,286)
Proceeds from issuance of bonds	10,000	20,000	150,376
Redemption of bonds	(20,100)	(20,000)	(150,376)
Dividends paid	(11,514)	(12,956)	(97,414)
Proceeds from share issuance to non-controlling shareholders	808	13,057	98,173
Dividends paid to non-controlling interests	(945)	(729)	(5,481)
Repayments of finance lease liabilities	(2,326)	(1,918)	(14,421)
Payments for investments in silent partnership that do not result in change in scope of consolidation	(45)	(1,321)	(9,932)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	—	1,600	12,030
Net decrease (increase) in treasury shares	(1)	(6,160)	(46,316)
Other, net	(845)	(9,259)	(69,617)
Net cash provided by (used in) financing activities	¥ (81,273)	¥ 42,764	$ 321,534
Effect of exchange rate change on cash and cash equivalents	818	(659)	(4,955)
Net increase (decrease) in cash and cash equivalents	¥ (35,787)	¥ 16,784	$ 126,195
Cash and cash equivalents at beginning of period	189,509	153,865	1,156,880
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	143	—	—
Cash and cash equivalents at end of period (Note 23)	¥ 153,865	¥ 170,649	$ 1,283,075

See accompanying notes to the consolidated financial statements.

TOKYU FUDOSAN HOLDINGS 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 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 down. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

(b) Consolidation Policy

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

Investments in subsidiaries and affiliates which are not consolidated nor accounted for by the equity method are carried at cost or less. Where there has been a permanent decline in the value of such investments, the Company has written down the investments.

There were 191 consolidated subsidiaries as of March 31, 2023. The following companies have become consolidated subsidiaries: Sustainable Design Corporation and 23 other companies became consolidated subsidiaries, as they were newly established. Silent Partnership Tida and 5 other companies (due to new investments) became consolidated subsidiaries.

On the other hand, Hokuwa-Corporation and 3 other companies were removed from the scope of consolidation as a result of sale of its shares. 7 other companies were also removed from the scope of consolidation, as a result of the completion of liquidation and so forth.

(c) Securities

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

Held-to-maturity bonds

Amortized cost method (straight-line method)

Available-for-sale securities (including operational investment securities)

Securities other than shares, etc. with no market prices

Market value method (unrealized gains and losses are accounted for as a component of net assets, and the cost of securities sold is determined by the moving-average method)

Shares, etc. with no market prices

Cost method based on the moving-average method

For investments in anonymous partnerships and preferred securities in Tokutei Mokuteki Kaisha (TMK), the profit or loss attributable to the Group's equity interest is included in operating revenue or cost of revenue, while adjustments are made to marketable securities or investment securities

(d) 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 contracts are determined by the gross average method or individual method, merchandise by the retail method and supplies by the moving average method.

(e) Property, Plant and Equipment (except for leased assets)

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

Depreciation for buildings acquired after April 1, 1998 and structures acquired after April 1, 2016 are computed by the straight-line method.

Most of estimated useful lives are as follows:

Buildings and structures	3 to 69 years

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

(f) Intangible Assets (except for leased assets)

Intangible assets are amortized by the straight-line method. Software (for internal use) are amortized over their estimated useful lives of 5 years.

(g) Leases

Finance leases are principally recognized as assets. Leased property is depreciated over the lease term by the straight-line method with no residual value.

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

(h) Deferred assets

Bond issuance costs are charged to income as incurred.

(i) Allowance for Doubtful Accounts

The Company and its consolidated subsidiaries provide for an allowance for doubtful accounts to cover the estimated probable losses on collection. The allowance consists of a general reserve calculated based on the historical write-off rate, and a specific reserve calculated based on the estimate of uncollectible amounts with respect to each identified doubtful account.

(j) Provision for Bonuses

The estimated amount of bonus payments relevant to the fiscal year is provided to cover the payment of bonuses to employees.

(k) Provision for Bonuses for directors (and other officers)

The estimated amount of bonus payments relevant to the fiscal year is provided to cover the payment of bonuses to directors (and other officers).

(l) Provision for loss on guarantees

To provide for losses related to guarantees, the Company records an estimated amount of losses based on the repayment status and financial position of each guaranteed party.

(m) Retirement benefit liability

Liability for retirement and severance benefits for employees is recorded based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

Actuarial gain and loss are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over the period of principally from 3 to 10 years, which is shorter than the average remaining years of service of the employees. Prior service cost is amortized by the straight-line method over the period of principally from 5 to 12 years, which is shorter than the average remaining years of service of the employees.

(n) Provision for Warranties for Completed Construction

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

(o) Provision for share awards for directors (and other officers)

To provide for the future delivery of Company shares and cash under the share delivery trust system for directors, the Company records the estimated amount of Company shares and cash to be delivered in accordance with the points allocated to directors, etc. by the end of the current fiscal year, based on the share delivery regulations.

(p) Recognition of Revenue

Revenue Recognition Standards

The main performance obligations in the Group's main businesses related to revenues arising from contracts with customers and the usual point in time at which such performance obligations are satisfied (the usual point in time at which revenues are recognized) are as follows.

In the Urban Development business, the Group mainly develops, leases, operates, and sells office buildings and commercial facilities, and develops and sells condominiums for sale, and has obligations to lease real estate and deliver real estate based on contracts with customers.

In the Strategic Investment business, the Group mainly develops, operates, and sells renewable energy power generation and logistics facilities, and invests in overseas real estate development, etc. The Group is obligated to supply power and deliver developed facilities based on contracts with customers, etc.

In the Property Management & Operation business, the Group mainly engages in comprehensive management of condominiums and buildings, and development and operation of resort facilities and senior housing, etc., and is obligated to provide services stipulated in contracts with customers, etc.

In the Real Estate Agents business, the Company is mainly engaged in brokerage, purchase and resale business, and management and operation of rental housing and student condominiums. The Company is obligated under contracts with customers to broker real estate sales contracts, to deliver real estate, and to provide services stipulated in contracts with customers, etc.

For these performance obligations, such as the obligation to deliver real estate to customers, revenue is recognized at the time of delivery as stipulated in the contract. On the other hand, the obligation to provide services is a performance obligation that is satisfied over a certain period of time, and revenue is recognized as the services are provided. However, for certain contracts, the performance obligation is satisfied at a certain point in time when the services are rendered in accordance with the terms of the contract, and revenue is recognized at that point. The Company recognizes revenue from performance obligations related to real estate leases in accordance with the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, March 30, 2007).

The transaction price is determined by the contract or terms and conditions with the customer and is received at the time stipulated in the contract or terms and conditions. The amount of consideration does not include any significant financial component. There are no significant variable considerations that could change the amount of the consideration.

Alternative treatments of materiality, etc., are used for revenue recognition.

Method for recording advertising expense

Advertising expense in the condominium business that are clearly linked to certain property is capitalized before delivery to match its corresponding revenue, and expensed in lump sum at the time of delivery.

(q) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of the balance sheet date, and the translation gain or loss is included in other non-operating income or expenses.

The assets and liability accounts and the revenue and expense accounts of the consolidated foreign subsidiaries are translated into yen at the year-end rates and the average rates in effect during the period, respectively. Differences resulting from the translation are presented as “Foreign currency translation adjustment” and “Non-controlling interests” in the “Net assets” section.

(r) Derivative Financial Instruments

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

Derivative financial instruments are carried at fair value with any changes recognized in income or expense, except for those which meet the criteria for deferral hedge accounting under which the gain or loss is deferred and presented in “Deferred gains or losses on hedging”.

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

(s) Amortization of Goodwill

Goodwill is amortized by the straight-line method over the estimated period (from one year to twenty years) of its effect.

(t) Cash and Cash Equivalents

For purposes of the consolidated statement 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.

(u) Accounting method for consumption taxes not deductible

Non-deductible consumption taxes on assets are expensed in the period in which they are incurred.

2. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of ¥133=U.S. $1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2023. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

3. Significant accounting estimates

The Group’s consolidated financial statements are prepared in accordance with Generally Accepted Accounting Principles in Japan (Japanese GAAP). When preparing the consolidated financial statements, the Group has to make estimates and projections that could have an impact on reported figures of assets and liabilities on the closing date, the disclosure of contingent liabilities and reported figures of revenues and expenses during the reporting period. Therefore, there are uncertainties in the estimates and projections, and actual results in the future may differ from these estimates and projections.

Regarding the impact of the spread of COVID-19 pandemic, due largely to restrictions on behavior being relaxed and inbound demand returning, operating conditions are experiencing a recovery trend. The Company envisions a certain level of recovery in the next fiscal year and beyond as well while it keeps a close eye on said impact on future business activities and other factors.

In particular, the Group considers that the following accounting estimates and assumptions will have a significant impact on the Company's consolidated financial statements.

1. Valuation of inventories and investments in silent partnerships (current)

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2022	**2023**	**2023**
Merchandise	¥ 804	¥ 846	$ 6,361
Real estate for sale	438,252	388,913	2,924,158
Real estate for sale in process	315,851	403,434	3,033,338
Costs on construction contracts in progress	3,287	2,833	21,301
Investments in silent partnerships	12,747	5,767	43,361
Securities	10,435	8,925	67,105
Loss on valuation of inventories	5,071	3,861	29,030

Note: Investments in silent partnerships are included in "Securities" on the consolidated balance sheet.

Loss on valuation of inventories is included in "Operating costs" in the consolidated statement of income.

(2) Information on the content of significant accounting estimates pertaining to identified items

(i) Calculation method

The decline in profitability is written down from the book value. If the net realizable value falls below the acquisition cost, the net realizable value is used as the value on the consolidated balance sheet, and the difference is recognized as valuation loss. The valuation loss is directly reduced from inventories. The net realizable value is calculated by deducting the estimated costs of construction to complete and estimated direct selling expenses from the selling price.

(ii) Key assumptions

Significant assumption in the valuation of inventories, and investments in silent partnerships (current) and Securities is the market value of the real estate in the selling market.

(iii) Impact on the consolidated financial statements for the following fiscal year

Actual sales price could differ from the estimates due to trends in the selling market, etc.

2. Impairment of property, plant and equipment and intangible assets

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2022	**2023**	**2023**
Property, plant and equipment	¥ 1,093,431	¥ 1,066,456	$ 8,018,466
Intangible assets	108,216	105,880	796,090
Impairment loss	22,273	31,107	233,887

(2) Information on the content of significant accounting estimates pertaining to identified items

(i) Calculation method

We determine whether there is any indicator of impairment in an asset or an asset group. If an indicator is identified, we compare the total amount of undiscounted future cash flows provided from the asset or the asset group and the book value. If the total amount of undiscounted future cash flows is less than the book value, the book value is reduced to the recoverable value, and the reduced amount is recognized as impairment loss. The recoverable value is calculated by the net selling price or value in use.

(ii) Key assumptions

Significant assumptions in the determination of indicators of impairment, the estimate of future cash flows and the calculation of recoverable values are the market value used in the calculation of selling price, tenant rents and occupancy rates of offices and commercial facilities based on historical performance, the unit prices and occupancy rates of resort facilities, and discount rates. In addition, assumptions in business plans to determine whether there is an indicator of impairment and estimate future cash flows in real estate development business include the status of negotiations with land owners and local governments, development period, costs of construction, and tenant rents and occupancy rates, etc. after development.

(iii) Impact on the consolidated financial statements for the following fiscal year

Although careful considerations are given in the identification of indicators of impairment, and recognition and measurement of impairment losses, an impairment loss could become necessary if conditions and assumptions on which the estimated amounts are based have changed, due to changes in business plans or market environment, weather or disasters, etc., and if the estimated amounts have declined.

3. Valuation of investment securities

(1) Amounts recorded on the consolidated financial statements for the current fiscal year

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2022	**2023**	**2023**
Investment securities	¥ 246,373	¥ 295,496	$ 2,221,774
Loss on valuation of investment securities	379	553	4,158

Note: Loss on valuation of investment securities and loss on valuation of shares of subsidiaries are included in "Other" of "Non-operating expenses" and "Other" of "Extraordinary losses" in the consolidated state of income.

(2) Information on the content of significant accounting estimate pertaining to the identified item

(i) Calculation method

The market value method is used for non-marketable equity securities, etc., and the cost method, etc., is used for stocks and other securities without market quotations, etc. For non-marketable equity securities, etc., if the fair value at the end of the period has declined by 50% or more compared to the acquisition cost, impairment loss is recognized as there is no expectation of recovery unless reasonably disproved, and if the fair value has declined by 30% to 50%, impairment loss is recognized for the amount deemed necessary in consideration of the possibility of recovery, etc. On the other hand, for stocks and other securities without market quotations, if the actual value has declined by 50% or more compared to the acquisition cost, impairment loss is recognized unless the possibility of recovery is supported by sufficient evidence.

(ii) Key assumptions

Significant assumptions in the valuation of non-marketable equity securities are the business future performance of the investee and the valuation of assets held by the investee. For assumptions regarding the business performance of the investee that engage in the real estate development business, please refer to the statement in "2. Impairment of property, plant and equipment and intangible assets."

(iii) Impact on the consolidated financial statements for the following fiscal year

If the business future performance of the investee and the valuation of assets held by the investee differ from those at the time of estimation, loss on valuation of investment securities could be recorded.

4. Change in accounting policy

Application of Accounting Standard for Fair Value Measurement

The Company has elected to apply the “Implementation Guidance on Accounting Standard for Fair Value Measurement” (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred as the “Guidance on Accounting Standard for Fair Value Calculation”) starting from the beginning of the consolidated fiscal year ended March 31, 2023 and to apply the new accounting policies set forth in the Guidance on Accounting Standard for Fair Value Calculation in the future accordance with the transitional treatment set forth in Article 27, paragraph (2) of said guidance.

Note that the effect of the application of said guidance on the consolidated financial statements is immaterial.

5. Accounting standards issued but not yet adopted, etc

・ Accounting Standard for Current Income Taxes (ASBJ Statement No. 27 October 28, 2022 Accounting Standards Board of Japan)
・ Accounting Standard for Presentation of Comprehensive Income (ASBJ Statement No. 25 October 28, 2022 Accounting Standards Board of Japan)
・ Implementation Guidance on Tax Effect Accounting (ASBJ Statement No. 28 October 28, 2022 Accounting Standards Board of Japan)

(1) Overview

In February 2018, Partial Amendments to Accounting Standard for Tax Effect Accounting, etc. (ASBJ Statement No. 28) (hereinafter “ASBJ Statement No. 28, etc.”) was released, completing the transfer of practical guidelines on tax effect accounting from the Japanese Institute of Certified Public Accountants to the Accounting Standards Board of Japan. In the course of deliberation, the following two issues, which were to be reviewed after the release of ASBJ Statement No. 28, etc., were discussed and published:

・Classification of tax expenses (taxation on other comprehensive income)
・Tax effect on the sale of shares in subsidiaries, etc. (shares of subsidiaries or affiliates) when group taxation is applied

(2) Scheduled application date

Effective from the beginning of the fiscal year ending March 31, 2025.

(3) Impact of the application of the accounting standard, etc.

The impact of the application of the Accounting Standard for Current Income Taxes, etc. on the consolidated financial statements is currently being evaluated.

6. 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, 2023.

（Consolidated Balance Sheet）

In the previous consolidated fiscal year, “Machinery, equipment and vehicles, net,” which had been included in Other, net” under property, plant and equipment, has increased monetary significance. As such, the Company has elected to set it down as a stand-alone item starting with the consolidated fiscal year ended March 31, 2023. The Company has reclassified its consolidated financial statements for the previous consolidated fiscal year to reflect this change in indication method.

As a result, the ¥51,450 million indicated for "Other, net" under property, plant and equipment on the Company's consolidated balance sheets for the previous consolidated fiscal year has been reclassified into ¥28,045 million in "Machinery, equipment and vehicles, net" and ¥23,405 million in "Other, net."

(Consolidated statement of income)

In the previous consolidated fiscal year, "Gain on investments in investment securities" which had been included in "Other" under non-operating income, had increased monetary significance. As such, the Company has elected to set it down as a stand-alone item starting with the consolidated fiscal year ended March 31, 2023. The Company has reclassified its consolidated financial statements for the previous consolidated fiscal year to reflect this change in indication method.

In the previous consolidated fiscal year, "insurance claim income" under non-operating income, which had been set down separately, now has little monetary significance. As such, the Company has elected to include it in "Other" in the consolidated fiscal year ended March 31, 2023. The Company has reclassified its consolidated financial statements for the previous consolidated fiscal year to reflect this change in indication method.

As a result, the ¥136 million indicated for "insurance claim income" and the ¥583 million indicated for "other" under non-operating income on the consolidated statement of income for the previous consolidated fiscal year have been reclassified into ¥157 million as "gain on investments in investment securities" and ¥562 million as "other."

The "Subsidy for employment adjustment" and "Cooperation money income" under extraordinary income, which were separately presented in the previous consolidated fiscal year, did not occur in the consolidated fiscal year ended March 31, 2023. For this reason, the consolidated financial statements for the previous consolidated fiscal year has been reclassified.

As a result, the ¥294 million indicated for "Subsidy for employment adjustment" and the ¥814 million indicated for "Cooperation money income" under extraordinary income on the consolidated statement of income for the previous consolidated fiscal year have been reclassified as "Other."

7. Additional information

(Director Stock Ownership Plan Trust

The Company is continuing to implement the share remuneration scheme (hereinafter referred to as the "Scheme") using a trust that it had implemented from FY2017 as a form of remuneration for Directors (excluding outside directors and non-executive directors) and Operating Officers (limited to those set forth by the Board of Directors, hereinafter referred to as "Directors, etc." together with Directors) in order to enhance awareness of contributing to the growth of corporate value through improved business performance over the medium- to long-term after making partial changes to the Scheme in accordance with a resolution of the Ordinary General Meeting of Shareholders held on June 25, 2021.

(1) Overview of transactions

The Scheme is a share remuneration scheme funded with monies contributed by the Company through which Company shares are acquired through a trust (already established at the time of the implementation of the Scheme in 2017, hereinafter referred to as the "Trust") and granted to Directors, etc. through the Trust in accordance with the Share Granting Regulations set forth by the Board of Directors of the Company. The timing when the Directors, etc. will be granted the Company shares, etc. shall be the time of their resignation in principle. Note that with respect to a certain percentage of shares among the Company shares, monies will be granted in place of Company shares after they are sold and converted into cash in the Trust in order for the Company to withhold withholding income tax and other funds to pay tax obligations.

(2) The shares of the Company remaining in the Trust

The Company records the shares of the Company remaining in the Trust as treasury shares under net assets according to the book value in the Trust (minus the amount of ancillary expenses). The book value of said treasury shares and the number of shares at the end of the previous consolidated fiscal year is ¥315 million and 487,750 shares, respectively. The book value of said treasury shares and the number of shares at the end of the consolidated fiscal year ended March 31, 2023 is ¥303 million and 469,650 shares, respectively.

(Transactions issuing Company shares through trusts to employees, etc.)

At a meeting held on December 23, 2022, the Board of Directors passed a resolution to introduce a Trust-type Employee Shareholding Incentive Plan (E- Ship®) (the "Plan") for the purpose of giving an incentive to the employees of the Company and the Group (the "Employees") to increase the Company's medium- to long-term corporate value.

1. Overview of transactions

The Plan is an incentive plan for all Employees who participate in the Tokyu Fudosan Holdings Employee Shareholding Association (the "ESA"). For the Plan, the Company will establish the Tokyu Fudosan Holdings Employee Shareholding Incentive Plan Trust (the "E-Ship Trust") through a trust bank, and the E-Ship Trust will acquire the shares of the Company that are expected to be acquired by the ESA for the next two years and nine months. The E-ship Trust will then sell the shares of the Company to the ESA on an ongoing basis. If the E-Ship Trust has a surplus equivalent to gains on the sale of the shares at the end of the trust term, it will be distributed as residual assets to those who meet the beneficiary eligibility requirements. As the Company will become the guarantor of the loans taken for the E-Ship Trust to acquire the shares of the Company, if the E-Ship Trust has a deficit equivalent to losses on the sale of the shares due to declines in the price of the shares of the Company and thus an outstanding loan balance equivalent to the losses on the sale of the shares at the end of the trust term, the Company will pay the said loan balance.

2. Overview of the E-Ship Trust

(1) Name: Tokyu Fudosan Holdings Employee Shareholding Incentive Plan Trust
(2) Trustor: The Company
(3) Trustee: The Nomura Trust and Banking Co., Ltd.
(4) Beneficiaries: Those who meet the beneficiary eligibility requirements
(They will become beneficiaries after given procedures once the requirements are met.)
(5) Trust contract date: December 23, 2022
(6) Trust term: December 23, 2022 to August 27, 2025
(7) Purpose of trust: Stable and continuous supply of shares to the ESA and distribution of trust assets to those who meet the beneficiary eligibility requirements Delivery of assets
(8) Beneficiary eligibility requirements: All persons who are alive and are participants in the ESA on the start date of the beneficiary determination procedures (the date on which the trust term ends, when all trust assets are converted to cash, the date on which all shares of the Company held as trust assets are sold to the ESA, etc.), including persons who have withdrawn from the ESA due to retirement, transfer, promotion to the position of an officer, or expiration of an employment term between December 23, 2022 and the start date of the beneficiary determination procedures.

3. Details of shares of the Company to be acquired by the E-Ship Trust

(1) Type of shares to be acquired: Common shares of the Company
(2) Total amount to be acquired: Up to ¥6,923 million
(3) Share acquisition period: January 4, 2023 to March 14, 2023

(4) Share acquisition method: To be acquired from the exchange market

4. Company shares remaining in trust

The Company will record Company shares remaining in the E-Ship Trust as treasury shares under net assets according to the book value in the trust (minus the amount of ancillary expenses). The book value of said treasury shares and the number of shares at the end of the consolidated fiscal year ended March 31, 2023 is ¥6,171 million and 9,710,000 shares, respectively.

5. Book value of loans recorded based on application of gross method

Consolidated fiscal year ended March 31, 2023: ¥6,225 million

8. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships and TMKs holding properties for sale, and operational investment securities included in securities at March 31, 2022 and 2023 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Investments in silent partnership	¥ 12,747	¥ 5,767	$ 43,361
Securities	10,435	8,925	67,105

9. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2022 and 2023 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Investment securities	¥ 144,558	¥ 177,105	$ 1,331,617

10. Contingent Liabilities

At March 31, 2022 and 2023 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 6	¥ 5	$ 38
Membership loan users	0	0	0
PT. TTL Residences	130	-	-
425 Park Owner LLC	9,876	4,310	32,406
425 Park Junior Investment LLC	40,021	43,664	328,301
Yonago Biomass power plant Joint company	1,101	1,718	12,917
Rhapsody TMK	3,000	3,000	22,556
Renewable Japan Energy Operator SPC	1,000	-	-
Violet LLC	3,500	3,500	26,316
TLS5 TMK	2,000	2,000	15,038
Tyrell Co., Ltd.	20	-	-
Tahara Green Biomass GK	1,683	1,683	12,654
	¥ 62,342	¥ 59,882	$ 450,241

11. Revaluation of Land

Land owned by TOKYU LAND CORPORATION and IZU KANKOU KAIHATSU, subsidiaries of the company, were revalued pursuant to the Law Concerning Land Revaluation (Law No. 34, promulgated March 31, 1998).

Method of revaluation

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

Date of revaluation

TOKYU LAND CORPORATION	March 31, 2000
(Revaluation on merger of subsidiaries)	March 31, 2001
IZU KANKOU KAIHATSU	January 31, 2001

The market value of the revalued land was higher than the book value after revaluation at March 31, 2022 and 2023 respectively. As such, the difference is not stated.

12. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2022 and 2023 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Cash and deposits	¥ 2,094	¥ 2,753	$ 20,699
Inventories (Real estate for sale)	81,644	82,712	621,895
Buildings and structures	185,648	202,653	1,523,707
Land	416,544	301,165	2,264,398
Leasehold interests in land	16,649	6,183	46,489
Investment securities	981	1,323	9,947
Long-term loans receivable	151	139	1,045
	¥ 703,714	¥ 596,931	$ 4,488,203

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Short-term borrowings	¥ 82,619	¥ 66,070	$ 496,767
Long-term borrowings	301,597	336,105	2,527,105
Other non-current liabilities	2,261	2,261	17,000
	¥ 386,477	¥ 404,436	$ 3,040,872

Tokyu Land Corporation, a subsidiary of the Company, transferred land to another company in which Tokyu Land Corporation has made preferred equity investment and treated the transaction as a finance transaction according to the Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies (the Accounting System Committee Statement No. 15 of the Japanese Institute of Certified Public Accountants (JICPA) dated November 4, 2014).

Accordingly, the figures above include such assets offered as security and the secured obligations as follows.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Real estate for sale	¥ 2,261	¥ 2,261	$ 17,000
Other non-current liabilities	2,261	2,261	17,000

Of the long-term borrowings, the following are in the form of non-recourse loans where security is limited to certain specified assets.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Short-term borrowings (Current portion of long-term borrowings)	¥ 82,619	¥ 66,070	$ 496,767
Long-term borrowings	301,597	336,105	2,527,105

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

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Cash and deposits	¥ 2,094	¥ 2,753	$ 20,699
Real estate for sale	75,532	76,655	576,353
Buildings and structures	185,648	202,653	1,523,707
Land	416,544	301,165	2,264,398
Leasehold interests in land	16,649	6,183	46,489

13. Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2022 (¥45,633 million) and 2023 (¥44,289 million ($333,000 thousand)) consist of loans principally from banks with weighted average interest rates of 0.26% in 2023.

Long-term debt at March 31, 2022 and 2023 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	75,188
0.968% unsecured corporate bond, maturing 2026	10,000	10,000	75,188
0.780% unsecured corporate bond, maturing 2032	10,000	10,000	75,188
0.800% unsecured corporate bond, maturing 2032	10,000	10,000	75,188
0.455% unsecured corporate bond, maturing 2027	10,000	10,000	75,188
0.790% unsecured corporate bond, maturing 2033	10,000	10,000	75,188
0.410% unsecured corporate bond, maturing 2028	10,000	10,000	75,188
0.780% unsecured corporate bond, maturing 2033	10,000	10,000	75,188
0.390% unsecured corporate bond, maturing 2028	10,000	10,000	75,188
0.980% unsecured corporate bond, maturing 2038	10,000	10,000	75,188
0.180% unsecured corporate bond, maturing 2024	10,000	10,000	75,188
0.455% unsecured corporate bond, maturing 2029	10,000	10,000	75,188
0.370% unsecured corporate bond, maturing 2030	10,000	10,000	75,188
0.880% unsecured corporate bond, maturing 2040	10,000	10,000	75,188
0.190% unsecured corporate bond, maturing 2025	10,000	10,000	75,188
0.700% unsecured corporate bond, maturing 2040	10,000	10,000	75,188
0.440% unsecured corporate bond, maturing 2026	10,000	10,000	75,188
0.600% unsecured corporate bond, maturing 2031	10,000	10,000	75,188
1.060% unsecured corporate bond, maturing 2056	40,000	40,000	300,752
1.240% unsecured corporate bond, maturing 2061	30,000	30,000	225,564
0.300% unsecured corporate bond, maturing 2032	10,000	10,000	75,188
0.320% unsecured corporate bond, maturing 2026	-	10,000	75,188
0.694% unsecured corporate bond, maturing 2028	-	10,000	75,188
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2023 to 2034 with weighted average interest rates of 0.66% in 2023.			
Secured	384,217	402,176	3,023,878
Unsecured	711,869	756,468	5,687,728
	1,376,085	1,438,643	10,816,865
Less current portion	112,836	112,142	843,174
	¥ 1,263,249	¥ 1,326,501	$ 9,973,692

The aggregate annual maturity of long-term debt after March 31, 2022 and 2023 are as follows:

2022

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2024	¥ 109,339	$ 896,221
2025	132,702	1,087,721
2026	193,897	1,589,320
2027	144,951	1,188,123
2028 and thereafter	662,358	5,429,164
	¥ 1,243,249	$ 10,190,566

2023

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2025	¥ 110,674	$ 832,135
2026	234,151	1,760,534
2027	146,321	1,100,158
2028	210,186	1,580,346
2029 and thereafter	615,167	4,625,316
	¥ 1,316,501	$ 9,898,504

14. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 27 banks at March 31, 2022 and 26 banks at March 31, 2023, and commitment lines with 10 banks at March 31, 2022 and March 31, 2023 respectively. These contracts at March 31, 2022 and 2023 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Limit of overdraft	¥ 249,219	¥ 248,169	$ 1,865,932
Line of credit	104,000	104,000	781,955
Borrowing outstanding	44,797	44,289	333,000
Available commitment lines	¥ 308,422	¥ 307,880	$ 2,314,887

15. Change in Purpose of Possession

The following amount was transferred due to a change in the purpose of possession.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
From property, plant and equipment to real estate for sale	¥ 54,766	¥ 36,622	$ 275,353
From property, plant and equipment to real estate for sale in process	-	19,006	142,902
From real estate for sale to property, plant and equipment	177	10,837	81,481
From real estate for sale to intangible assets (leasehold)	-	3,386	25,459
From real estate for sale to investments and other assets	-	93	699
From real estate for sale in process to property, plant and equipment	178	-	-
From securities to investment securities	-	6,473	48,669

16. Loss on Valuation of Inventories

The balance of inventories at the end of the fiscal year is the amount after a write-down corresponding to declined profitability. The following loss on valuation of inventories is included in “Operating costs”.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Loss on valuation of inventories	¥ 5,071	¥ 3,861	$ 29,030

17. Selling, General and Administrative expenses

The main items of selling, general and administrative expenses are as follows.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Salaries, allowance and bonuses	¥ 22,795	¥ 18,989	$ 142,774
Selling and advertising expenses	12,800	11,282	84,827
Rent expenses	12,562	4,713	35,436
Provision for bonuses	2,066	2,473	18,594
Provision for bonuses for directors (and other officers)	124	225	1,692
Retirement benefit expenses	1,857	988	7,429
Provision for retirement benefits for directors (and other officers)	10	10	75

18. Subsidies for employment adjustment

2022

Due to the impact of the COVID-19 pandemic, the Company closed certain operating facilities and business facilities following requests by national and local governments to refrain from going out. For this reason, the Company recorded subsidies for employment adjustment as extraordinary income, which correspond to personnel expenses during the closure period.

2023

Not applicable

19. Cooperation money income

2022

Cooperation money received from local governments in response to requests for shorter business hours, etc., to prevent the spread of the new coronavirus infection is recorded as cooperation money income in extraordinary income.

2023

Not applicable

20. Impairment Loss on Fixed Assets

2022

For the year ended March 31, 2022, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Leased assets	Land	Minato-ku, Tokyo	¥8,612	$70,590
Golf course (4 cases)	Land, Buildings and structures, other fixed assets	Kameoka City, Kyoto Prefecture, etc.	¥8,416	$68,984
Operation facility (8 cases)	Buildings and structures, other fixed assets	Osaka City, Osaka Prefecture, etc.	¥3,532	$28,951
Retail stores (14 cases)	Buildings and structures, other fixed assets	Osaka City, Osaka Prefecture, etc.	¥809	$6,631
Others (3 assets)	Buildings and structures, other fixed assets	Other area	¥901	$7,385

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 30 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥22,273 million ($182,566 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 4.1%.

2023

For the year ended March 31, 2023, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Leased assets	Land	Chuo-ku, Tokyo	¥21,105	$158,684
Ski resort	Land, Buildings and structures, other fixed assets	Katsuyama City, Fukui Prefecture	¥3,457	$25,992
Operation facility	Buildings and structures, other fixed assets	Narashino City, Chiba Prefecture, etc.	¥2,517	$18,925
Others (8 assets)	Buildings and structures, other fixed assets	Other area	¥4,025	$30,263

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 11 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥31,107 million ($233,887 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 4.4%～9.7%.

21. Loss on COVID-19

2022

In the first quarter, due to the impact of the COVID-19 pandemic, the Company closed certain commercial facilities, operating facilities and business facilities following requests by national and local governments to refrain from going out . For this reason, the Company recorded certain fixed costs during the closure period, such as rents, depreciation and personnel expenses, as extraordinary losses.

2023

Not applicable

22. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2022 and 2023:

(1) Reclassification to income for the year of other comprehensive income

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
Valuation difference on available-for-sale securities:						
Amount arising during the year	¥	(4,762)	¥	(3,586)	$	(26,962)
Reclassification to income for the year		44		(46)		(346)
Total valuation difference on available-for-sale securities	¥	(4,718)	¥	(3,632)	$	(27,308)
Deferred gains or losses on hedges:						
Amount arising during the year		1,285		7,976		59,970
Reclassification to income for the year		—		—		-
Total deferred gains or losses on hedges	¥	1,285	¥	7,976	$	59,970
Foreign currency translation adjustment:						
Amount arising during the year		3,477		1,472		11,068
Reclassification to income for the year		(24)		—		—
Total foreign currency translation adjustment	¥	3,453	¥	1,472	$	11,068
Remeasurements of defined benefits:						
Amount arising during the year		(291)		3		23
Reclassification to income for the year		961		246		1,850
Total remeasurements of defined benefits	¥	669	¥	249	$	1,872
Share of other comprehensive income of entities accounted for using equity method:						
Amount arising during the year		11,100		18,876		141,925
Reclassification to income for the year		—		—		-
Total share of other comprehensive income of entities accounted for using equity method	¥	11,100	¥	18,876	$	141,925
Amount before tax effect		11,791		24,942		187,534
Tax effect		1,143		(274)		(2,060)
Total accumulated other comprehensive income	¥	12,934	¥	24,667	$	185,466

(2) Tax effect of other comprehensive income

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
Valuation difference on available-for-sale securities：						
Before tax effect	¥	(4,718)	¥	(3,632)	$	(27,308)
Tax effect		1,411		1,113		8,368
After tax effect	¥	(3,306)	¥	(2,519)	$	(18,940)
Deferred gains or losses on hedges：						
Before tax effect		1,285		7,976		59,970
Tax effect		(277)		(1,298)		(9,759)
After tax effect	¥	1,007	¥	6,678	$	50,211
Foreign currency translation adjustment：						
Before tax effect		3,453		1,472		11,068
Tax effect		—		—		
After tax effect	¥	3,453	¥	1,472	$	11,068
Remeasurements of defined benefit plans：						
Before tax effect		669		249		1,872
Tax effect		9		(88)		(662)
After tax effect	¥	679	¥	160	$	1,203
Share of other comprehensive income of entities accounted for using equity method：						
Before tax effect		11,100		18,876		141,925
Tax effect		—		—		
After tax effect	¥	11,100	¥	18,876	$	141,925
Total accumulated other comprehensive income						
Before tax effect		11,791		24,942		187,534
Tax effect		1,143		(274)		(2,060)
After tax effect	¥	12,934	¥	24,667	$	185,466

23. Supplementary Cash Flow Information

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with little risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2022 and 2023 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
Cash and deposits	¥	153,998	¥	170,985	$	1,285,602
Time deposits with maturity over three months		(132)		(335)		(2,519)
Cash and cash equivalents	¥	153,865	¥	170,649	$	1,283,075

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥ 54,766	¥ 36,622	$ 275,353
The amount transferred from property, plant and equipment to real estate for sale in process due to change in purpose of holdings the real estate	—	19,006	142,902
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.	177	14,317	107,647
The amount transferred from real estate for sale in process to property, plant and equipment due to change in purpose of holdings the real estate	178	—	—
The amount transferred from Securities to Investment Securities due to change in purpose of holdings the Securities	—	6,473	48,669
Assets related to finance leases	1,048	476	3,579
Liabilities related to finance leases	916	500	3,759
Liabilities related to asset retirement obligations	1,019	3,161	23,767

24. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2022 and 2023 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2022 and 2023 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Acquisition cost	¥ 6,251	¥ 6,251	$ 47,000
Accumulated depreciation	4,604	4,916	36,962
Carrying amount	¥ 1,647	¥ 1,334	$ 10,030

(2) Future lease payments at March 31, 2022 and 2023

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Due within one year	¥ 517	¥ 516	$ 3,880
Due after one year	2,165	1,648	12,391
Total	¥ 2,682	¥ 2,165	$ 16,278

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2022 and 2023

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Lease payments	¥ 517	¥ 517	$ 3,887
Depreciation expense equivalent	312	312	2,346
Interest expenses equivalent	135	113	850

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2022 and 2023 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Due within one year	¥ 28,191	¥ 34,500	$ 259,398
Due after one year	574,798	629,762	4,735,053
Total	¥ 602,990	¥ 664,263	$ 4,994,459

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2022 and 2023 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Due within one year	¥ 42,359	¥ 47,546	$ 357,489
Due after one year	174,708	197,141	1,482,263
Total	¥ 217,067	¥ 244,688	$ 1,839,759

25. Financial Instruments

Financial instruments at March 31, 2022 and 2023 are summarized as follows:

Overview

(1) Policy for financial instruments

The Group raises funds (primarily bank loans payable) needed for its capital expenditure plans. In fund management, the Group emphasizes liquidity and avoids market risks as much as possible by investing short-term. The primary purpose of derivative transactions is to hedge exchange rate fluctuation risks and interest rate risks and reduce interest payments. The Group does not enter into derivative transactions for the purpose of speculation.

(2) Types of financial instruments and related risks

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

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

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

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 and interest rate cap trading).

Derivative transactions are foreign exchange contracts and interest rate swap transactions for the purpose of hedging against the risk of exchange rate fluctuations. Please refer to "1. Summary of Significant Accounting Policies (o) Derivative Financial Instruments" above for hedging methods and hedging targets related to hedging accounting, hedging policies, and methods for evaluating the effectiveness of hedging.

(3) Risk management for financial instruments

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

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

(b) Monitoring of market risks

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

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

(c) Monitoring of liquidity risk

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

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

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

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

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2022 and 2023. Cash is omitted from the notes, and deposits and short-term loans payable are omitted from the notes because they are settled in a short period of time and their fair value approximates their book value.

2022

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	¥ 3,174	¥ 7,813	¥ 4,639
Available-for-sale securities	80,069	80,069	-
(2) Leasehold and guarantee deposits	87,642	80,656	(6,986)
Total assets	¥ 170,886	¥ 168,539	¥ (2,347)
(1) Bonds payable	280,000	280,418	418
(2) Long-term borrowings	1,096,085	1,096,953	867
(3) Long-term leasehold and guarantee deposits received	208,993	191,579	(17,413)
Total liabilities	¥ 1,585,078	¥ 1,568,951	¥ (16,127)
Derivatives			
Derivatives to which hedge accounting is applied	1,046	1,046	-

2023

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	¥ 2,688	¥ 2,183	¥ (504)
Available-for-sale securities	79,282	79,282	—
(2) Leasehold and guarantee deposits	92,580	82,514	(10,065)
Total assets	¥ 174,551	¥ 163,981	¥ (10,569)
(1) Bonds payable	280,000	271,105	(8,894)
(2) Long-term borrowings	1,158,643	1,151,679	(6,963)
(3) Long-term leasehold and guarantee deposits received	204,371	181,776	(22,595)
Total liabilities	¥ 1,643,015	¥ 1,604,561	¥ (38,453)
Derivatives			
Derivatives to which hedge accounting is applied	9,079	9,079	—

2023

	U.S. dollars (thousands)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	$ 20,211	$ 16,414	$ (3,789)
596,105	596,105	596,105	—
(2) Leasehold and guarantee deposits	696,090	620,406	(75,677)
Total assets	$ 1,312,414	$ 1,232,940	$ (79,466)
(1) Bonds payable	2,105,263	2,038,383	(66,872)
(2) Long-term borrowings	8,711,602	8,659,241	(52,353)
(3) Long-term leasehold and guarantee deposits received	1,536,624	1,366,737	(169,887)
Total liabilities	$ 12,353,496	$ 12,064,368	$ (289,120)
Derivatives			
Derivatives to which hedge accounting is applied	68,263	68,263	—

Notes:

1. The amounts recorded on the consolidated balance sheet of stocks, etc. with no market prices and investments in partnerships, etc. are as follows and are not included in the table above.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Non-marketable equity securities	¥ 125,868	¥ 157,426	$ 1,183,654
Investments in partnerships	¥ 60,858	¥ 71,122	$ 534,752

Investments in partnerships, etc. mainly consist of investments in silent partnerships and preferred securities to special purpose companies. These are subject to the "Guidance on Accounting Standard for Fair Value Calculation" (ASBJ Guidance No. 31, June 17, 2021. Hereinafter referred to as "Guidance on Accounting Standard for Fair Value Calculation"). The Company does not disclose the fair value of these securities in accordance with Paragraph 24-16 of the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, June 17, 2021, hereinafter referred to as the "Accounting Standard for Measurement of Fair Value").

2. Net receivables and payables arising from derivative transactions are shown in net amounts, and items that are net liabilities in total are shown in "( )".
3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2022 and 2023.

2022

	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 and deposits	¥ 153,998	¥ -	¥ -	¥ -
Investment securities				
	-	-	-	61
Total	¥ 153,998	¥ -	¥ -	¥ 61

2023

	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 and deposits	¥ 170,985	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds		-	-	53
Total	¥ 170,985	¥ -	¥ -	¥ 53

2023

	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 and deposits	$ 1,285,602	$ -	$ -	$ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds		-	-	398
Total	$ 1,285,602	$ -	$ -	$ 398

Lease and guarantee deposits (92,580 million yen (696,090 thousand dollars)) are not included in the table above because the collection date is not fixed.

4. Redemption schedule for bonds payable and loans payable with maturities at March 31, 2022 and 2023.

2022

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 45,633	—	—	—	—	—
Bonds payable	20,000	10,000	20,000	60,000	10,000	160,000
Long-term borrowings	112,836	99,339	112,702	133,897	134,951	502,358
Total	¥ 178,469	109,339	132,702	193,897	144,951	662,358

2023

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 44,289	—	—	—	—	—
Bonds payable	10,000	20,000	70,000	10,000	30,000	140,000
Long-term borrowings	112,142	90,674	164,151	136,321	180,186	475,167
Total	¥ 166,431	110,674	234,151	146,321	210,186	615,167

2023

	U.S. dollars (thousands)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	$ 333,000	—	—	—	—	—
Bonds payable	75,188	150,376	526,316	75,188	225,564	1,052,632
Long-term borrowings	843,173	681,759	1,234,218	1,024,970	1,354,782	3,572,684
Total	$ 1,251,361	832,135	1,760,534	1,100,158	1,580,346	4,625,316

5. Matters concerning the breakdown of the fair value of financial instruments by level, etc.

The fair value of financial instruments is classified into the following three levels based on the observability and materiality of the inputs used to calculate fair value.

Level 1 market value : Fair value calculated based on quoted market prices for the assets or liabilities for which such fair value is calculated that are formed in an active market among the inputs to the calculation of observable fair value

Level 2 market value : Fair value calculated using inputs related to the calculation of observable fair value other than Level 1 inputs

Level 3 market value : Fair value calculated using inputs for unobservable fair value calculations

When multiple inputs that have a significant impact on the calculation of fair value are used, fair value is classified to the level with the lowest priority in the calculation of fair value among the levels to which each of those inputs belongs.

Financial assets and liabilities with fair value in the consolidated balance sheets

2023

	Yen (millions)			
	Level 1	Level 2	Level 3	total
Securities and Investment securities				
Available-for-sale securities				
Share	10,309	—	—	10,309
Bonds	—	53	—	53
Other	54,847	—	—	54,847
Derivative transactions				
Hedge accounting is applied	—	9,079	—	9,079
total assets	65,156	9,132	—	74,289

Note: Investment trusts to which transitional measures were applied in accordance with Paragraph 24-9 and investment trust assets which are real estate, are not included in the table above. The amount of such investment trusts, etc. in the consolidated balance sheet is 14,072 million yen.

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	77,511	—	—	77,511
Bonds	—	398	—	398
Other	412,383	—	—	412,383
Derivative transactions				
Hedge accounting is applied	—	68,263	—	68,263
total assets	489,895	68,662	—	558,556

Financial assets and liabilities not recognized in the consolidated balance sheet at fair value

2023

	Yen (millions)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities Shares of subsidiaries and affiliates	2,183	—	—	2,183
Leasehold and guarantee deposits received	—	—	82,514	82,514
total assets	2,183	—	82,514	84,698
Bonds (Includes current portion of bonds)	—	271,105	—	271,105
Long-term borrowings (Includes current portion of long-term debt)	—	1,151,679	—	1,151,679
Long-term leasehold and guarantee deposits received	—	—	181,776	181,776
total liabilities	—	1,422,785	181,776	1,604,561

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities Shares of subsidiaries and affiliates	16,414	—	—	16,414
Leasehold and guarantee deposits received	—	—	620,406	620,406
total assets	16,414	—	620,406	636,827
Bonds (Includes current portion of bonds)	—	2,038,383	—	2,038,383
Long-term borrowings (Includes current portion of long-term debt)	—	8,659,241	—	8,659,241
Long-term leasehold and guarantee deposits received	—	—	1,366,737	1,366,737
total liabilities	—	10,697,632	1,366,737	12,064,368

Note: Description of valuation techniques and inputs used in the calculation of fair value

Assets

・Securities and Investment securities

The fair value of listed stocks and listed investment trust are based on the price on the stock exchange and is classified mainly as Level 1 based on the market activity.

The fair value of private placement bonds, etc., which do not have market prices, is based on the present value of the total amount of principal, interest, etc., discounted at the risk-free interest rate plus certain adjustments, and is mainly classified as Level 2.

・Leasehold and guarantee deposits received

The fair value of security deposits and guarantee money is estimated based on the present value of the estimated deposit period and discounted at the interest rate of government bonds corresponding to the period, which is mainly classified as Level 3.

Liabilities

・Bonds (Includes current portion of bonds)

The fair value of these bonds is based on the present value of the total principal, interest, etc., discounted at an interest rate that takes into account the remaining period of the bonds and credit risk, and is mainly classified as Level 2.

・Long-term borrowings (Includes current portion of long-term debt)

The fair value of these loans is the present value of the total principal and interest discounted at the interest rate that would be applicable to a similar new borrowing. Long-term borrowings with floating interest rates are subject to special treatment as interest rate swaps (see "Derivative transactions" below), and the present value of the total principal and interest, accounted for as a single unit with the interest rate swap, discounted at a reasonably estimated interest rate that would be applicable to a similar borrowing, is used as fair value. Interest rate swaps These are primarily classified as Level 2.

・Long-term leasehold and guarantee deposits received

The fair value of long-term leasehold and security deposits is estimated based on the estimated deposit period and the present value discounted by the interest rate of government bonds corresponding to the period plus credit risk, which is mainly classified as Level 3.

Derivative transactions

Net receivables and payables arising from derivative transactions are shown as net amounts. The fair values are based on the prices provided by the financial institutions with which the Company does business, and are classified as Level 2 fair values.

The fair value of interest rate swaps that qualify for hedge accounting and are accounted for as an integral part of long-term borrowings that are hedged is included in the fair value of the relevant long-term borrowings. (See above)

26. Securities

Securities held by the Company as of March 31, 2022 and 2023 are summarized as follows:

(1) Held-to-maturity Securities

2022 and **2023**

Not applicable

(2) Available-for-sale securities

2022

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 9,013	¥ 4,886	¥ 4,126
Bonds	—	—	—
Other	70,478	52,917	17,561
Subtotal	79,492	57,804	21,687
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	61	67	(5)
Other	515	515	—
Subtotal	577	583	(5)
Total	¥ 80,069	¥ 58,387	¥ 21,682

Note: Stocks and other securities without market quotations (7,002 million yen on the consolidated balance sheets) and investments in partnerships (60,766 million yen on the consolidated balance sheets) are not included in "Other securities" in the table above.

2023

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 10,309	¥ 5,031	¥ 5,278
Bonds	—	—	—
Other	68,588	55,757	12,831
Subtotal	78,898	60,789	18,109
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	53	67	(13)
Other	330	330	—
Subtotal	384	398	(13)
Total	¥ 79,282	¥ 61,187	¥ 18,095

2023	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$ 77,511	$ 37,827	$ 39,684
Bonds	—	—	—
Other	515,699	419,226	96,474
Subtotal	593,218	457,060	136,158
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	398	504	(105)
Other	2,481	2,481	—
Subtotal	2,887	2,992	(105)
Total	$ 596,105	$ 460,053	$ 136,053

Note: Stocks and other securities without market quotations (6,850 million yen on the consolidated balance sheets) and investments in partnerships (70,302 million yen on the consolidated balance sheets) are not included in "Other securities" in the table above.

(3) Sales of Available-for-sale securities

Sales of Available-for-sale securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2022 and 2023:

2022	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ 2	¥ 2	¥ -
Other	-	-	-
Total	¥ 2	¥ 2	¥ -

2023	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ -	¥ -	¥ -
Other	299	46	-
Total	¥ 299	¥ 46	¥ -

2023	U.S. dollars (thousands)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	$ -	$ -	$ -
Other	2,248	346	-
Total	$ 2,248	$ 346	$ -

(4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2022 and 2023:

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Loss on valuation of investment securities (Note)	¥ 379	¥ 553	$ 4,158

Note: Impairment loss of 553 million yen (553 million yen for investments in partnerships, etc.) was recorded for investment securities. in 2023.

27. Derivatives

Contract /notional amount and the estimated fair value of the derivative instruments as of March 31, 2022 and 2023 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied

Currency-related transactions

2022 and **2023**

Not applicable

(2) Derivatives to which hedge accounting is applied

Currency-related transactions

2022

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	¥ 27,441	¥ 26,779	¥ 2,112

2023

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	¥ 50,769	¥ 48,083	¥ 4,273
Deferred treatment on hedge	Forward exchange contract Buy: EUR	Scheduled transactions in foreign currency	¥ 134	¥ 129	¥ (12)

2023

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Forward exchange contract Buy: U.S. dollars	Scheduled transactions in foreign currency	$ 381,722	$ 361,526	$ 32,128
Deferred treatment on hedge	Forward exchange contract Buy: EUR	Scheduled transactions in foreign currency	$ 1,008	$ 970	$ (90)

Interest rate-related transactions

2022

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)					
			Contract/ notional amount		Amount due after one year		Fair value	
Deferred treatment on hedge	Interest rate swaps	Long-term debt	¥	42,880	¥	41,224	¥	(1,066)
Special treatment for interest rate swaps	Receive/floating Pay/fixed		¥	144,692	¥	83,549	¥	(Note)

2023

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)					
			Contract/ notional amount		Amount due after one year		Fair value	
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥	77,432	¥	74,302	¥	2,022
	Interest rate cap trading			188,100		36,882		2,795
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		¥	75,303	¥	65,794	¥	(Note)

2023

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands)					
			Contract/ notional amount		Amount due after one year		Fair value	
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	$	582,195	$	558,662	$	15,203
	Interest rate cap trading			1,414,286		277,308		21,015
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		$	566,188	$	494,692	$	(Note)

Note: Interest rate swaps which qualify for the special treatment for interest swaps is treated together with the hedged long-term debt. Accordingly, the fair value of those interest rate swaps are included in the fair value of the long-term debt.

28. Employees' Retirement and Severance Benefits

The Group have defined benefit plans (i.e., welfare pension fund plans and lump-sum retirement benefit plan). 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 and certain consolidated subsidiaries have adopted a defined contribution pension plan for part of their retirement benefit system. Under the defined-benefit corporate pension plan and lump-sum retirement benefit plan owned by certain consolidated subsidiaries, net defined benefit liability and retirement benefit cost are calculated using the simplified method.

Defined benefit plan

I. Table of reconciliation of retirement benefit obligations as of the beginning and end of the fiscal period

1. Principle method

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Retirement benefit obligations at beginning of year	¥ 36,095	¥ 28,612	$ 215,128
Service cost	2,362	2,199	16,534
Interest cost	234	185	1,391
Actuarial loss	(103)	(323)	(2,429)
Retirement benefits paid	(2,158)	(1,636)	(12,301)
Amount of decrease due to consolidation exclusion	(7,818)	-	-
Amortization of prior service cost	-	(6)	(45)
Retirement benefit obligations at end of year	¥ 28,612	¥ 29,029	$ 218,263

2. Simplified method

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Retirement benefit obligations at beginning of year	¥ 1,062	¥ 1,054	$ 7,925
Retirement benefit cost	104	132	992
Retirement benefits paid	(112)	(194)	(1,459)
Retirement benefit obligations at end of year	¥ 1,054	¥ 991	$ 7,451

II. Table of reconciliation of pension assets as of the beginning and end of the fiscal period

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Pension assets at beginning of year	¥ 7,692	¥ 810	$ 6,090
Expected return on plan assets	239	12	90
Actuarial loss	(394)	(327)	(2,459)
Contributions from employer	601	9	68
Retirement benefits paid	(444)	(87)	(654)
Amount of decrease due to consolidation exclusion	(6,882)	-	-
Pension assets at end of year	¥ 810	¥ 417	$ 3,135

III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2022 and 2023 and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Retirement benefit obligations under the savings-type plan	¥ 629	¥ 298	$ 2,241
Plan assets at fair value	(810)	(417)	(3,135)
	(180)	(118)	(887)
Retirement benefit obligations under the non-savings-type plan	29,036	29,723	223,481
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 28,855	¥ 29,604	$ 222,586
Net defined benefit liability	29,149	29,917	224,940
Net defined benefit asset	(294)	(313)	(2,353)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 28,855	¥ 29,604	$ 222,586

IV. Components of retirement benefit cost for the year ended March 31, 2022 and 2023

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Service cost	¥ 2,362	¥ 2,199	$ 16,534
Interest cost	234	185	1,391
Expected return on plan assets	(239)	(12)	(90)
Amortization of actuarial loss	919	236	1,774
Amortization of prior service cost	41	9	68
Retirement benefit cost calculated using the simplified method	104	132	992
Retirement benefit cost for the defined benefit plan	¥ 3,424	¥ 2,752	$ 20,692

V. Remeasurements of defined benefit plans, before tax

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Prior service cost	¥ (41)	¥ (16)	$ (120)
Actuarial loss	(628)	(232)	(1,744)
Total	¥ (669)	¥ (249)	$ (1,872)

VI. Remeasurements of retirement benefit plans

The following items are recorded under remeasurements of retirement benefit plans (before deduction of tax effects) for the year ended March 31, 2022 and 2023.

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Unrecognized prior service cost	¥ (10)	¥ 6	$ (45)
Unrecognized actuarial loss	(340)	(107)	(805)
Total	¥ (350)	¥ (101)	$ (759)

VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2022 and 2023 are set forth below.

	2022	**2023**
Bonds	41%	69%
Stocks	17%	28%
Cash and deposits	39%	-
General account	-	-
Others	3%	3%
Total	100%	100%

2. Method of establishing the long-term expected rate of return on pension assets

To determine the long-term expected rate of return on pension assets, the current and forecast allocation of pension assets and the current and expected long-term rates of return on various assets constituting the pension assets are considered.

VIII. Matters regarding assumptions for actuarial calculations

Major assumptions for actuarial calculations as of March 31, 2022 and 2023

	2022	**2023**
Discount rate	0.30% - 1.58%	0.30～1.58%
Long-term expected rate of return on pension assets	0.75% - 2.50%	0.75～2.50%
Expected rate of salary increase	1.93% - 7.22%	1.93～7.22%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,622 million and ¥1,841 million ($13,842 thousand) for the year ended March 31, 2022 and 2023.

29. Stock options

The company

Not applicable.

Consolidated subsidiary (TQ Connect Inc.)

・Amount and account title of expenses related to stock options

Not applicable.

・Amount recorded as profit due to lapsed due to non-exercise of rights

	Yen (millions)		U.S. dollars (thousands)
	2022	**2023**	**2023**
Non-operating income	-	0	0

・Description, size and changes in stock options

(i) Details of stock options

	First series of stock acquisition rights	Second series of stock acquisition rights
Classification and number of grantees	Directors of the relevant consolidated subsidiary 2 persons	Directors of the relevant consolidated subsidiary 2 persons
Number of stock options by type of stock (Note)	Common stock 10,500 shares	Common stock 3,750 shares
Date of grant	July 2, 2021	July 2, 2021
Vesting conditions	(i) If the value of the common stock of the Company's subsidiary exceeds 40,000 yen at the time of any of the following determinations (a) End of December 2021 (b) End of October 2022 (c) End of October 2023 (d) End of December 2024 (ii) The holder of stock acquisition rights must be a director, corporate auditor or employee of a subsidiary of the Company or an affiliate of a subsidiary of the Company at the time of exercising the rights. However, this shall not apply in cases where the general meeting of shareholders recognizes that there is a justifiable reason such as retirement from office due to expiration of term of office, mandatory retirement age, or any other justifiable reason. (iii) The exercise of stock acquisition rights by the heirs of the holders of stock acquisition rights shall not be permitted.	(i) If the value of the common stock of the Company's subsidiary exceeds ¥30,000 as of any of the following determination points (a) End of December 2021 (b) End of October 2022 (ii) The holder of stock acquisition rights must be a director, corporate auditor or employee of a subsidiary of the Company or an affiliate of a subsidiary of the Company at the time of exercising the rights. However, this shall not apply in cases where the general meeting of shareholders recognizes that there is a justifiable reason such as retirement from office due to expiration of term of office, mandatory retirement age, or any other justifiable reason. (iii) The exercise of stock acquisition rights by the heirs of the holders of stock acquisition rights shall not be permitted.
Eligible work period	No stipulations	No stipulations
Exercise period	July 2, 2021 - July 1, 2026	July 2, 2021 - July 1, 2026

Note: The above figures are based on the number of shares.

(ii) Size of stock options and changes in the number of stock options

Stock options that existed during the current fiscal year are included in the above table, and the number of stock options is converted into the number of shares.

a. Number of stock options

	First series of stock acquisition rights	Second series of stock acquisition rights
Before vesting		
End of previous fiscal year	10,500	3,750
Granted	-	-
Invalidation	-	3,750
Vesting	-	-
Unvested balance	10,500	-
After vesting		
As of the end of the previous fiscal year	-	-
Vesting	-	-
Exercised	-	-
Invalidation	-	-
Unexercised balance	-	-

b. Unit Price Information

	First series of stock acquisition rights	Second series of stock acquisition rights
Exercise Price	¥10,000($ 75)	¥10,000($ 75)
Average price at exercise	-	-
Fair valuation unit price (grant date)	-	-

・Estimation of fair value of stock options

Since the relevant consolidated subsidiary was a private company as of the date of the stock option grant, the fair value per unit intrinsic value of the stock options was used as the valuation unit price of the stock options. In addition, the book value method was used as the valuation method of the company's stock, which is the basis for calculating the intrinsic value per unit.

・Estimation method for the number of stock options vested

Since it is difficult to reasonably estimate the number of future lapses, only the actual number of lapses is reflected.

・Total intrinsic value of stock options at the end of the fiscal year and total intrinsic value of stock options exercised during the fiscal year at the exercise date, if the calculation is based on the intrinsic value of stock options.

Total intrinsic value at the end of the current fiscal year: －

Total intrinsic value of rights exercised during the year: －

30. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2022 and 2023 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
Deferred tax assets:						
Valuation loss on inventories	¥	886	¥	687	$	5,165
Valuation loss on securities		2,478		4,062		30,541
Amortization of intangible assets		5,738		6,321		47,526
Allowance for doubtful accounts		78		82		617
Accrued expenses		785		535		4,023
Accrued bonuses to employees		4,463		4,589		34,504
Net defined benefit liability		8,769		9,206		69,218
Tax loss carried forward (Note 2)		18,034		21,439		161,195
Unrealized inter-company profits		1,523		1,191		8,955
Impairment losses on fixed assets		9,090		5,047		37,947
Loss of investments in silent partnerships		85		85		639
Valuation difference on consolidated subsidiaries		26		2		15
Undistributed loss from consolidated subsidiaries		543		483		3,632
Accrued enterprise tax/business office tax		1,702		910		6,842
Revaluation of assets for merger		77		66		496
Asset retirement obligations		3,622		3,727		28,023
Other		8,832		8,686		65,308
Gross deferred tax assets		66,737		67,126		504,707
Valuation allowance related to tax loss carried forward (Note 2)		(13,804)		(17,747)		(133,436)
Valuation allowance related to future deductible temporary differences		(10,644)		(6,369)		(47,887)
Less: valuation allowance (Note 1)		(24,448)		(24,116)		(181,323)
Total deferred tax assets	¥	42,288	¥	43,009	$	323,376
Deferred tax liabilities:						
Valuation difference on available-for-sale securities	¥	6,571	¥	5,469	$	41,120
Valuation difference on consolidated Subsidiaries		21,759		20,563		154,609
Reserve for advanced depreciation of non-current assets		2,259		2,247		16,895
Loss on approval for exchange of land rights		1,118		1,118		8,406
Property, plant and equipment corresponding to asset retirement obligations		2,579		2,540		19,098
Other		3,670		6,377		47,947
Total deferred tax liabilities		37,958		38,316		288,090
Net deferred tax assets (liabilities)	¥	4,330	¥	4,692	$	35,278

Note: The valuation allowance decreased by ¥332 million. This decrease was mainly due to a decrease in the valuation allowance related to the total amount of future deductible temporary differences and other items as a result of the sale of shares of consolidated subsidiary.

2. Tax losses carried forward and the amounts of their deferred tax assets according to carry-forward period deadlines.

2022 Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	-	-	98	891	1,130	15,913	18,034
Valuation allowance	-	-	(98)	-	(687)	(13,018)	(13,804)
Deferred tax assets	-	-	-	891	443	2,894	4,229 (Note 2)

2023 Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	-	98	488	1,130	-	19,722	21,439
Valuation allowance	-	(98)	-	(540)	-	(17,108)	(17,747)
Deferred tax assets	-	-	488	589	-	2,614	3,692 (Note 3)

2023 U.S. dollars (thousands)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	-	737	3,669	8,496	-	148,286	161,195
Valuation allowance	-	(737)	-	(4,060)	-	(128,632)	(133,436)
Deferred tax assets	-	-	3,669	4,429	-	19,654	27,759

Notes:

1. Tax losses carried forward indicate amounts multiplied by legally-designated effective tax rates.
2. Deferred tax assets amounting to ¥4,229 million have been posted in conjunction with the tax loss carried forward of ¥18,034 million (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.
3. Deferred tax assets amounting to ¥3,692 million (U.S. $27,759 thousand) have been posted in conjunction with the tax loss carried forward of ¥21,439 million (U.S. $161,195 thousand) (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.

	Yen (millions) 2022	Yen (millions) **2023**	U.S. dollars (thousands) **2023**
Deferred tax assets – non-current	¥ 26,917	¥ 26,323	$ 197,917
Deferred tax liabilities – non-current	22,586	21,630	162,632

Breakdown by major items that caused a significant difference between the statutory tax rate and the effective tax rate is as follows:

	2022	**2023**
Statutory tax rate (Adjustments)	30.6%	The difference between the statutory tax rate and the effective tax rate is omitted from the notes because it did not exceed 5/100.
Items not included in tax deductions permanently, such as entertainment expenses	0.4%	
Items not included in taxable income permanently, such as dividend income	(0.1)%	
Inhabitant tax on a per capita basis	0.7%	
Increase/decrease in the amount of valuation reserve	6.3%	
Amortization of goodwill	3.0%	
Equity in earnings of entities accounted for by the equity method	(0.1)%	
Exclusion from tax deductions directors' bonuses	0.2%	
Adjustment by selling a subsidiary	(4.0)%	
Others	(1.4)%	
Effective tax rate	35.6%	

31. Investment and Rental Properties

The Company and certain consolidated subsidiaries own office buildings for lease in Tokyo and other areas.

Rental profits related to those properties were 23,992 million yen (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.), Gain on sale of non-current assets (recorded as extraordinary income) was 1,896 million yen, and Impairment loss (recorded as extraordinary loss) was 8,612 million yen in the fiscal year ended March 31, 2022. Rental profits related to those properties were 21,508 million yen (U.S. $161,714 thousand) (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.), and Impairment loss (recorded as extraordinary loss) was 21,105 million yen (U.S. $158,684 thousand) in the fiscal year ended March 31, 2023.

The carrying value in the consolidated balance sheet and corresponding fair value of those properties at March 31, 2022 and 2023 are as follows:

2022

Yen (millions)			
Carrying value			Fair value
As of April 1, 2021	Net change	As of March 31, 2022	As of March 31, 2022
¥ 838,277	¥ (74,256)	¥ 764,021	¥ 1,038,080

2023

Yen (millions)			
Carrying value			Fair value
As of April 1, 2022	Net change	As of March 31, 2023	As of March 31, 2023
¥ 764,021	¥ (31,416)	¥ 732,605	¥ 1,032,377

2023

U.S. dollars (thousands)			
Carrying value			Fair value
As of April 1, 2022	Net change	As of March 31, 2023	As of March 31, 2023
$ 5,744,519	$ (236,211)	$ 5,508,308	$ 7,762,233

Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.

2. Of the changes, the increase during the year ended March 31, 2022 was mainly attributable to the acquisition of properties and new opening of properties, Progress of properties planned before opening of ¥8,789 million. The increase during the year ended March 31, 2023 was mainly attributable to the acquisition of properties and new opening of properties of ¥30,225 million ($227,256 thousand).

The decrease during the year ended March 31, 2022 was mainly due to the sales of properties of ¥8,607 million, and transfers to real estate for sale of ¥65,413 million. The decrease during the year ended March 31, 2023 was mainly due to transfers to real estate for sale of ¥34,281 million ($257,752 thousand), and Impairment loss of ¥21,105 million ($158,684 thousand).

3. Fair value is estimated by internal appraisers in accordance with appraisal standards issued by the Japanese Association of Real Estate Appraisers.

4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥77,116 million and ¥69,927 million ($525,767 thousand) as of March 31, 2022 and 2023) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

32. Revenue recognition

（1）Revenue Breakdown Information

2022	Yen (millions) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 223,860	¥ 32,755	¥ 25,623	¥ 73,155	¥ 355,394
Provision of services, etc. (Note 1)	98,194	33,361	343,732	158,367	633,655
Total	¥ 322,054	¥ 66,117	¥ 369,355	¥ 231,522	¥ 989,049
Revenue from contracts with customers	¥ 203,073	¥ 56,316	¥ 359,100	¥ 176,190	¥ 794,681
Revenue from other sources (Note 2)	¥ 118,981	¥ 9,800	¥ 10,254	¥ 55,331	¥ 194,368

Notes: 1. The provision of services, etc. in the Property Management & Operation business includes the Hands business (operating revenue of 55,681 million yen).

2. Revenue from other sources includes rental income and other income in accordance with ASBJ Statement No. 13, "Accounting Standard for Lease Transactions.

2023	Yen (millions) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 239,320	¥ 33,086	¥ 9,630	¥ 82,110	¥ 364,148
Provision of services, etc.	103,142	44,845	314,255	179,444	641,687
Total	¥ 342,462	¥ 77,932	¥ 323,885	¥ 261,554	¥ 1,005,836
Revenue from contracts with customers	¥ 204,667	¥ 40,666	¥ 312,657	¥ 199,565	¥ 757,557
Revenue from other sources (Note)	¥ 137,794	¥ 37,265	¥ 11,228	¥ 61,989	¥ 248,279

Notes: Revenue from other sources includes rental income and other income in accordance with ASBJ Statement No. 13, "Accounting Standard for Lease Transactions.

2023	U.S. dollars (thousands) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	$ 1,799,398	$ 248,767	$ 72,406	$ 617,368	$ 2,737,955
Provision of services, etc.	775,504	337,180	2,362,820	1,349,203	4,824,714
Total	$ 2,574,902	$ 585,955	$ 2,435,226	$ 1,966,571	$ 7,562,677
Revenue from contracts with customers	$ 1,538,850	$ 305,759	$ 2,350,805	$ 1,500,489	$ 5,695,917
Revenue from other sources	$ 1,036,045	$ 280,188	$ 84,421	$ 466,083	$ 1,866,759

(2) Basic information to understand earnings

As described in Note 1 " (p) Recognition of Revenue_Revenue Recognition Standards."

(3) Information to understand the amount of revenue in the current and subsequent fiscal years

(i) Balance of contract assets and contract liabilities, etc.

Receivables arising from contracts with customers, contract assets and contract liabilities at the beginning and end of the current fiscal year are as follows

2022	Yen (millions) (April 1, 2021)	(March 31, 2022)
Receivables arising from contracts with customers	¥ 41,842	¥ 38,522
Contract assets	456	689
Contract liabilities	¥ 33,738	¥ 37,429

Receivables arising from contracts with customers include accounts and notes receivable that are unconditional of the Group's rights to the consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year.

Contract assets are the Group's rights to consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year, and are mainly unclaimed rights at the end of the current fiscal year to revenue recognized based on the measurement of progress, mainly in the case of construction contracts. Contract assets are reclassified to receivables arising from contracts with customers when the Group's rights to the consideration become unconditional.

Contractual liabilities are those for which the Group has received or is due to receive consideration from a customer for the Group's obligation to transfer goods or services to the customer, and consist primarily of deposits and other advances received from customers under sales contracts for condominiums for sale. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥23,788 million.

The increase in contract assets in the current consolidated fiscal year was mainly due to an increase of 247 million yen resulting from an increase in construction orders. The increase in contract liabilities in the current consolidated fiscal year was mainly due to a 1,005 million yen increase in deposits received from customers based on sales contracts for condominiums.

2023

	Yen (millions)	
	(April 1, 2022)	(March 31, 2023)
Receivables arising from contracts with customers	¥ 38,522	¥ 37,179
Contract assets	689	1,622
Contract liabilities	¥ 37,429	¥ 43,949

2023

	U.S. dollars (thousands)	
	(April 1, 2022)	(March 31, 2023)
Receivables arising from contracts with customers	$ 289,639	$ 279,541
Contract assets	5,180	12,195
Contract liabilities	$ 281,421	$ 330,444

Receivables arising from contracts with customers include accounts and notes receivable that are unconditional of the Group's rights to the consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year.

Contract assets are the Group's rights to consideration received in exchange for goods or services transferred to the customer at the end of the consolidated fiscal year, and are mainly unclaimed rights at the end of the current fiscal year to revenue recognized based on the measurement of progress, mainly in the case of construction contracts. Contract assets are reclassified to receivables arising from contracts with customers when the Group's rights to the consideration become unconditional.

Contractual liabilities are those for which the Group has received or is due to receive consideration from a customer for the Group's obligation to transfer goods or services to the customer, and consist primarily of deposits and other advances received from customers under sales contracts for condominiums for sale. Contract liabilities are reversed upon recognition of revenue.

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥23,504 million.

The increase in contract assets in the current consolidated fiscal year was mainly due to an increase of 1,023 million yen resulting from an increase in construction orders. The increase in contract liabilities in the current consolidated fiscal year was mainly due to a 4,639 million yen increase in deposits received from customers based on sales contracts for condominiums.

(ii) Transaction price allocated to remaining performance obligations

The transaction prices allocated by the Group to unfulfilled (or partially fulfilled) performance obligations are as follows

	Yen (millions)		U.S. dollars (thousands)	Explanation of expected timing of fulfillment
	2022	**2023**	**2023**	
Type of performance obligation				
Sale of real estate, etc.	¥ 142,103	¥ 164,457	$ 1,236,519	Generally recognized as revenue in FY2023-FY2025
Real estate management	110,632	121,914	916,647	Generally recognized as revenue in FY2023-FY2027

Performance obligations other than those listed above are not included in the information on remaining performance obligations, applying the practical expedient method, since they are part of contracts with an initial expected contract period of one year or less.

33. Per Share Information

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

Diluted net income per share is not presented as there are no dilutive potential shares.

	Yen				U.S. dollars	
	2022		**2023**		**2023**	
Net asset per share of common stock as of March 31	¥	878.32	¥	964.77	$	7.25
Net income per share of common stock for the year ended March 31	¥	48.84	¥	67.21	$	0.51

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

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
For the year ended March 31						
Profit attributable to owners of parent	¥	35,133	¥	48,227	$	362,609
Profit attributable to owners of parent of common stock		35,133		48,227		362,609
Weighted average number of shares of common stock (thousands)		719,317		717,516		

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

	Yen (millions)				U.S. dollars (thousands)	
	2022		**2023**		**2023**	
As of March 31						
Total net assets	¥	643,298	¥	700,702	$	5,268,436
Amount deducted from total net assets		11,508		16,077		120,880
Non-controlling interests		(11,503)		(16,071)		(120,835)
Net assets of common stock at March 31	¥	631,789	¥	684,625	$	5,147,556
Number of shares of common stock at March 31 (thousands)		719,316		709,623		

In the calculation of net assets per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be subtracted from the total number of shares outstanding at the end of the period (487 thousand shares at the end of the previous fiscal year and 10,179 thousand shares at the end of the fiscal year ended March 31, 2023). In the calculation of earnings per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust are included in the treasury shares to be subtracted in the calculation of the average number of shares outstanding for the period (391 thousand shares in the previous fiscal year and 2,287 thousand shares in the fiscal year ended March 31, 2023)

34. Shareholders' Equity

The Corporation Law of Japan provides that an amount equal to at least 10 percent of distributions paid in cash be appropriated as a legal reserve until the aggregated amount of the capital reserve and the legal reserve equals 25 percent of common stock.

The portion of such aggregated amount in excess of 25 percent of common stock may become available for distributions subsequent to release of such excess to retained earnings.

35. Segment Information

The Company consists of business and service segments based on consolidated subsidiaries, etc. In line with the formulation of the long-term vision "GROUP VISION 2030," effective from the previous fiscal year, the Company has divided its businesses from the perspective of human resources and asset utilization, and consolidated and reorganized them into four business segments from the previous seven. The four reportable segments are "Urban Development," "Strategic Investment," " Property Management & Operation," and " Real Estate Agents," and the main business activities of each segment are as follows.

(1) Urban Development Business

Development, leasing, and operation of office buildings and commercial facilities, and sales of condominiums and other residential properties

(2) Strategic Investment Business

Development, leasing, and operation of renewable energy power generation facilities and logistics facilities, and REIT and fund management business, and investment in real estate development overseas

(3) Property Management & Operation Business

Comprehensive management services and renovation work for condominiums and buildings, etc., sales and operation of membership resort hotels, urban hotels, golf courses, ski resorts, senior housing, etc., fitness clubs, etc., retail Hands business, environmental greening business

(4) Real Estate Agents business

Real estate brokerage, purchase and resale business, sales agency, etc., and management and operation of rental housing and student apartments

*Tokyu Hands business: Excluded from the Company's scope of consolidation since the end of FY2021 following the transfer of all issued shares of Tokyu Hands Inc. (On October 1, 2022, Tokyu Hands Inc. changed its name to Hands Inc.)

Year ended March 31, 2022	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥322,054	¥66,117	¥369,355	¥231,522	—	¥989,049
Inter-segment	3,759	838	14,400	2,996	(21,993)	—
Total	¥325,813	¥66,955	¥383,755	¥234,519	¥(21,993)	¥989,049
Operating profit/loss	51,932	14,738	(99)	26,130	(8,884)	83,817
Total assets	¥1,627,515	¥463,590	¥403,441	¥221,824	¥(82,028)	¥2,634,343
Depreciation expenses	18,292	8,070	13,436	2,762	766	43,328
Amortization of goodwill	—	1	2,044	850	2,494	5,391
Investment in entities accounted for using equity method	—	122,153	—	224	822	123,199
Additions to property, plant and equipment and intangible assets	12,509	22,039	9,924	4,166	178	48,818

Year ended March 31, 2023	Yen (millions) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥342,462	¥77,932	¥323,885	¥261,554	–	¥1,005,836
Inter-segment	3,618	831	13,250	1,408	(19,108)	–
Total	¥346,081	¥78,763	¥337,136	¥262,963	¥(19,108)	¥1,005,836
Operating profit/loss	58,634	15,241	12,292	33,679	(9,437)	110,410
Total assets	¥1,644,082	¥537,028	¥407,569	¥223,015	¥(73,237)	¥2,738,458
Depreciation expenses	18,254	10,602	11,622	3,338	684	44,502
Amortization of goodwill	–	0	2,044	850	2,352	5,247
Investment in entities accounted for using equity method	–	153,039	–	251	843	154,133
Additions to property, plant and equipment and intangible assets	44,646	18,890	13,181	5,754	1,500	83,974

Year ended March 31, 2023	U.S. dollars (thousands) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	$2,574,902	$585,955	$2,435,226	$1,966,571	–	$7,562,677
Inter-segment	27,203	6,248	99,624	10,586	(143,669)	–
Total	$2,602,113	$592,203	$2,534,857	$1,977,165	$(143,669)	$7,562,677
Operating profit/loss	440,857	114,594	92,421	253,226	(70,955)	830,150
Total assets	$12,361,519	$4,037,805	$3,064,429	$1,676,805	$(550,654)	$20,589,910
Depreciation expenses	137,248	79,714	87,383	25,098	5,143	334,602
Amortization of goodwill	–	0	15,368	6,391	17,684	39,451
Investment in entities accounted for using equity method	–	1,150,669	–	1,887	6,338	1,158,895
Additions to property, plant and equipment and intangible assets	335,684	142,030	99,105	43,263	11,278	631,383

The breakdown of the impairment loss by business segment for the year ended March 31, 2022 and 2023 are as follows:

Year ended March 31, 2022	Yen (millions) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	9,131	–	13,142	–	–	22,273

Year ended March 31, 2023	Yen (millions) Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	21,759	–	9,347	–	–	31,107

Year ended March 31, 2023	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
	U.S. dollars (thousands)					
Impairment loss	163,602	—	70,278	—	—	233,887

Company Profile (parent company)

Established	October 1, 2013
Headquarters	SHIBUYA SOLASTA, 1-21-1 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan
Capital	¥ 77,562 million (as of March 31, 2023)
URL	https://www.tokyu-fudosan-hd.co.jp/english/