

Major Financial / Non-Financial Data

Financial Data	(Unit)	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Operating revenue	Billions of yen	558.6	573.5	633.4	574.4	552.1	571.4	556.8	595.9	714.1	773.1	815.5
Operating gross profit	Billions of yen	132.1	136.4	159.9	114.3	106.5	131.7	123.3	126.8	145.3	148.8	163.8
Operating income	Billions of yen	64.9	65.9	82.1	35.0	35.5	62.5	50.1	52.0	61.4	63.3	68.8
Ordinary income	Billions of yen	56.8	60.4	75.4	27.7	28.2	54.9	34.9	39.9	50.6	51.7	56.4
Net income* ¹	Billions of yen	10.1	31.4	28.7	10.2	11.1	11.6	34.2	22.1	23.7	25.2	28.7
Total assets	Billions of yen	885.7	954.1	1,013.9	1,035.7	1,055.4	1,161.4	1,744.8	1,718.4	1,789.8	1,973.8	1,984.4
Current assets	Billions of yen	342.7	310.0	302.1	289.0	283.5	274.9	300.7	324.0	416.0	572.6	491.9
Cash and deposits	Billions of yen	119.9	51.7	33.5	30.3	46.6	44.0	64.2	84.1	92.7	93.9	39.9
Real estate for sale* ²	Billions of yen	165.0	185.2	202.4	200.0	172.2	155.7	172.7	175.3	245.9	394.7	364.4
Non-current assets	Billions of yen	543.0	644.0	711.8	746.7	771.9	886.5	1,444.1	1,394.4	1,373.8	1,401.2	1,492.4
Net assets	Billions of yen	-	196.3	218.2	222.5	231.0	239.8	275.3	307.0	369.2	398.3	422.4
Shareholders' equity	Billions of yen	145.5	173.7	192.8	195.7	203.1	208.6	240.8	268.7	364.5	395.3	418.8
Interest-bearing debt	Billions of yen	344.1	370.5	411.5	477.0	478.9	559.8	1,064.0	974.1	991.0	1,125.4	1,106.1
Cash flows from operating activities	Billions of yen	54.2	13.8	24.9	13.4	72.5	66.2	44.9	70.2	(13.5)	(38.5)	87.9
Cash flows from investing activities	Billions of yen	(2.0)	(106.4)	(79.9)	(83.0)	(26.7)	(146.2)	(28.8)	42.5	19.7	(100.3)	(112.4)
Cash flows from financing activities	Billions of yen	(29.5)	24.2	36.9	68.0	(30.9)	79.0	(16.4)	(90.5)	3.0	139.2	(30.5)
Capital investment	Billions of yen	14.4	42.5	52.9	40.0	46.9	199.5	41.6	43.8	77.5	126.7	78.8
Depreciation and amortization	Billions of yen	11.7	11.3	12.3	13.3	13.2	14.9	20.8	20.2	20.0	20.2	21.0
EPS (Net income per share of common stock)	Yen	20.25	59.00	54.00	19.18	20.82	21.84	64.40	41.71	41.61	41.45	47.18
BPS (Net assets per share of common stock)	Yen	273.47	326.74	362.88	368.39	382.43	392.87	453.46	505.99	598.73	649.40	687.92
Cash dividends per share	Yen	5.00	7.00	8.00	8.00	7.00	7.00	7.00	7.00	8.00	10.00	12.00
ROA	%	7.4	7.3	8.4	3.5	3.4	5.7	3.5	3.0	3.5	3.4	3.5
ROE	%	8.8	19.7	15.7	5.2	5.5	5.6	15.2	8.7	7.5	6.6	7.1
Equity ratio	%	16.4	18.2	19.0	18.9	19.2	18.0	13.8	15.6	20.4	20.0	21.1
Debt equity ratio	Times	2.4	2.1	2.1	2.4	2.4	2.7	4.4	3.6	2.7	2.8	2.6
Dividend payout ratio	%	24.7	11.9	14.8	41.7	33.6	32.1	10.9	16.8	19.2	24.1	25.4
EBITDA* ³	Billions of yen	76.5	77.2	94.4	48.3	48.7	77.4	71.0	72.4	84.6	88.0	94.3
EBITDA ratio* ⁴	Times	4.5	4.8	4.4	9.9	9.8	7.2	15.0	13.5	11.7	12.8	11.7

*1 Net income has been reclassified as profit attributable to owners of parent from fiscal 2015.

*2 Real estate for sale: includes real estate for sale in process and costs of uncompleted construction contracts

*3 EBITDA: Operating income before depreciation = Operating income + Depreciation and amortization + Amortization of goodwill

*4 EBITDA ratio: Interest bearing debt ÷ EBITDA

Non-Financial Data	(Unit)	2013	2014	2015
Number of employees	person	17,594	18,243	19,230
Ratio of female managers *	%	4.81	5.70	5.91
Female directors	person	0	0	0
Female audit & supervisory board member	person	0	0	0
Female operating officer	person	2	2	2
Average years of service (male employees) *	year	13.23	13.21	13.01
Average years of service (female employees) *	year	8.79	8.96	8.71
Ratio of full-time employees (female employees) *	%	23.66	24.22	25.26
Ratio of new female employee hires to total hires *	%	31.47	33.00	35.37

* Numerical data for companies that fall within the scope of disclosure based on the Law on Promoting Women in the Workforce (Ministry of Health, Labour and Welfare): Tokyu Land Corporation, Tokyu Community Corporation, Tokyu Livable, Inc., Tokyu hands, Inc., and Tokyu Housing Lease Corporation

Non-Financial Data	(Unit)	2013	2014	2015
Energy consumption	GJ	4,596,778 ^{*1}	4,659,689 ^{*2}	4,385,565 ^{*3}
CO ₂ emissions	t-CO ₂	228,233 ^{*1}	234,772 ^{*2}	212,475 ^{*3}
Basic unit	kg-CO ₂ /m ³	98.6	101.9	99.2
Water use	m ³	1,952,237 ^{*1}	2,049,037 ^{*2}	1,901,236 ^{*3}
Basic unit	m ³ /m ²	0.85	0.90	0.90
Waste emissions	t	14,189 ^{*4}	18,796 ^{*5}	18,908 ^{*6}
Basic unit	kg/m ²	10.32	10.23	10.06

*1 Number of target facilities 213 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

*2 Number of target facilities 226 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

*3 Number of target facilities 210 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

*4 Number of target facilities 124 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

*5 Number of target facilities 152 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

*6 Number of target facilities 161 (Office buildings, Commercial facilities, Resort facilities, Other, Overseas)

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
Assets			
Current assets			
Cash and deposits (Note 8)	¥ 94,275	¥ 40,230	\$ 359,196
Notes and accounts receivable-trade	25,462	24,217	216,223
Securities (Note 4)	1,735	1,272	11,357
Merchandise	10,254	11,620	103,750
Real estate for sale (Note 8, 11)	246,761	199,285	1,779,330
Real estate for sale in process	142,087	159,337	1,422,652
Costs on uncompleted construction contracts	5,823	5,751	51,348
Supplies	723	823	7,348
Deferred tax assets (Note 21)	7,011	9,818	87,661
Other	38,692	39,752	354,929
Allowance for doubtful accounts	(191)	(165)	(1,473)
Total current assets	572,635	491,942	4,392,339
Non-current assets			
Property, plant and equipment			
Buildings and structures	370,560	398,216	3,555,500
Accumulated depreciation	(153,178)	(159,028)	(1,419,893)
Buildings and structures, net (Note 8)	217,381	239,187	2,135,598
Land (Note 7, 8)	866,836	857,528	7,656,500
Construction in progress	26,055	56,887	507,920
Other	51,277	58,961	526,438
Accumulated depreciation	(34,305)	(35,588)	(317,750)
Other, net	16,972	23,373	208,688
Total property, plant and equipment (Note 11)	1,127,244	1,176,976	10,508,714
Intangible assets			
Leasehold right	18,687	16,796	149,964
Goodwill	79,930	75,873	677,438
Other	14,281	13,933	124,402
Total intangible assets	112,898	106,603	951,813
Investments and other assets			
Investment securities (Note 5, 8)	80,202	110,757	988,902
Long-term loans receivable (Note 8)	1,288	2,211	19,741
Lease and guarantee deposits	62,208	63,405	566,116
Net defined benefit liability (Note 20)	377	642	5,732
Deferred tax assets (Note 21)	7,919	6,489	57,938
Other	10,031	26,230	234,196
Allowance for doubtful accounts	(1,006)	(877)	(7,830)
Total investments and other assets	161,021	208,858	1,864,804
Total non-current assets	1,401,165	1,492,439	13,325,348
Total assets	¥1,973,801	¥1,984,382	\$17,717,696

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	As of March 31, 2015	As of March 31, 2016	As of March 31, 2016
Liabilities			
Current liabilities			
Notes and accounts payable-trade	¥ 51,641	¥ 37,281	\$ 332,866
Short-term loans payable (Note 8, 9, 10)	203,717	215,450	1,923,661
Commercial papers	73,000	58,000	517,857
Current portion of bonds	10,000	20,000	178,571
Accounts payable-other	26,846	27,565	246,116
Income taxes payable	10,382	9,355	83,527
Deferred tax liabilities (Note 21)	1,728	1,668	14,893
Advances received	26,260	33,031	294,920
Deposits received from consignment sales	10,009	10,252	91,536
Deposits received	20,953	23,552	210,286
Deposits received for special joint ventures	11,500	11,500	102,679
Provision for bonuses	8,280	9,100	81,250
Provision for directors' bonuses	193	191	1,705
Provision for warranties for completed construction	421	244	2,179
Other provision	713	1,186	10,589
Other	15,268	17,579	156,955
Total current liabilities	470,918	475,960	4,249,643
Non-current liabilities			
Bonds payable (Note 9)	80,000	80,000	714,286
Long-term loans payable (Note 8, 9)	758,661	732,664	6,541,643
Deferred tax liabilities (Note 21)	30,164	30,630	273,482
Deferred tax liabilities for land revaluation (Note 7, 21)	7,289	4,981	44,473
Long-term lease and guarantee deposited	176,248	174,058	1,554,089
Deposits received for special joint ventures	11,500	9,000	80,357
Net defined benefit liabilities (Note 20)	26,751	28,473	254,223
Provision for loss on guarantees	181	123	1,098
Provision for directors' retirement benefits	49	56	500
Other provision	198	-	-
Other (Note 8)	13,555	26,052	232,607
Total non-current liabilities	1,104,600	1,086,039	9,696,777
Total liabilities	¥1,575,518	¥1,562,000	\$13,946,429
Net assets			
Shareholders' equity (Note 25)			
Capital stock	60,000	60,000	535,714
Capital surplus	118,638	118,638	1,059,268
Retained earnings	195,774	219,855	1,962,991
Treasury shares	(1,785)	(1,789)	(15,973)
Total shareholders' equity	372,628	396,704	3,542,000
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 21)	15,143	16,713	149,223
Deferred gains or losses on hedges (Note 21)	(73)	-	-
Revaluation reserve for land (Note 7, 21)	9,222	7,741	69,116
Foreign currency translation adjustment	1,466	990	8,839
Remeasurements of defined benefits (Note 20, 21)	(3,052)	(3,364)	(30,036)
Total accumulated other comprehensive income	22,705	22,080	197,143
Non-controlling interests	2,948	3,596	32,107
Total net assets	398,282	422,381	3,771,259
Total liabilities and net assets	¥1,973,801	¥1,984,382	\$17,717,696

See accompanying notes to the consolidated financial statements.

Consolidated Statement of (Comprehensive) Income (Consolidated Statement of Income)

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands)
	2015 (From April 1, 2014 to March 31, 2015)	2016 (From April 1, 2015 to March 31, 2016)	2016 (From April 1, 2015 to March 31, 2016)
Operating revenue	¥773,149	¥815,479	\$7,281,063
Operating cost (Note 12)	624,337	651,714	5,818,875
Operating gross profit	148,812	163,765	1,462,188
Selling, general and administrative expenses	85,511	95,014	848,339
Operating income	63,300	68,750	613,839
Non-operating income			
Interest income	144	121	1,080
Dividend income	329	749	6,688
Subsidy income	44	145	1,295
Other	587	232	2,071
Total non-operating income	1,106	1,249	11,152
Non-operating expenses			
Interest expenses	9,962	9,609	85,795
Foreign exchange losses	706	1,396	12,464
Other	2,062	2,614	23,339
Total non-operating expenses	12,731	13,620	121,607
Ordinary income	51,675	56,379	503,384
Extraordinary income			
Gain on sales of non-current assets	1,211	214	1,911
Other	0	62	554
Total extraordinary income	1,211	277	2,473
Extraordinary losses			
Impairment loss (Note 13)	7,974	9,567	85,420
Loss on building reconstruction	2,039	-	-
Loss on sales of investments in silent partnership of subsidiaries and associates	1,585	-	-
Other	1,324	314	2,804
Total extraordinary losses	12,924	9,882	88,232
Profit before income taxes	39,963	46,774	417,625
Income taxes-current	17,651	21,023	187,705
Income taxes-deferred (Note 21)	(3,519)	(3,200)	(28,571)
Total income taxes (Note 21)	14,132	17,823	159,134
Profit	25,830	28,950	258,482
Profit attributable to non-controlling interests	599	231	2,063
Profit attributable to owners of parent	¥ 25,230	¥ 28,718	\$ 256,411

See accompanying notes to the consolidated financial statements.

Consolidated Statement of (Comprehensive) Income (Consolidated Statement of Comprehensive Income)

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands)
	2015 (From April 1, 2014 to March 31, 2015)	2016 (From April 1, 2015 to March 31, 2016)	2016 (From April 1, 2015 to March 31, 2016)
Profit	¥25,830	¥28,950	\$258,482
Other comprehensive income			
Valuation difference on available-for-sale securities (Note 14)	7,803	1,569	14,009
Deferred gains or losses on hedges (Note 14)	(52)	73	652
Revaluation reserve for land (Note 14)	717	277	2,473
Foreign currency translation adjustment (Note 14)	2,356	(245)	(2,188)
Remeasurements of defined benefits (Note 14)	19	(311)	(2,777)
Share of other comprehensive income of entities accounted for using equity method (Note 14)	745	(233)	(2,080)
Total other comprehensive income (Note 14)	11,590	1,130	10,089
Comprehensive income	37,420	30,081	268,580
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	36,776	29,851	266,527
Comprehensive income attributable to non-controlling interests	¥ 644	¥ 230	\$ 2,054

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

Tokyu Fudosan Holdings Corporation

2015 (from April 1, 2014 to March 31, 2015)

Account title	Yen (millions)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	60,000	118,639	173,275	(1,781)	350,134
Cumulative effect of change in accounting policies			(145)		(145)
Restated balance	60,000	118,639	173,130	(1,781)	349,989
Changes of items during period					
Dividends of surplus			(5,783)		(5,783)
Profit attributable to owners of parent			25,230		25,230
Purchase of treasury shares				(6)	(6)
Disposal of treasury shares		(0)		2	1
Reversal of revaluation reserve for land			3,196		3,196
Change of scope of consolidation					-
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(0)	22,644	(4)	22,638
Balance at end of current period	60,000	118,638	195,774	(1,785)	372,628

Account title	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 benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	7,340	(21)	11,701	(1,590)	(3,072)	14,357	4,751
Cumulative effect of change in accounting policies								(145)
Restated balance	7,340	(21)	11,701	(1,590)	(3,072)	14,357	4,751	369,097
Changes of items during period								
Dividends of surplus								(5,783)
Profit attributable to owners of parent								25,230
Purchase of treasury shares								(6)
Disposal of treasury shares								1
Reversal of revaluation reserve for land								3,196
Change of scope of consolidation								-
Net changes of items other than shareholders' equity	7,803	(52)	(2,479)	3,057	19	8,348	(1,802)	6,545
Total changes of items during period	7,803	(52)	(2,479)	3,057	19	8,348	(1,802)	29,184
Balance at end of current period	15,143	(73)	9,222	1,466	(3,052)	22,705	2,948	398,282

2016 (from April 1, 2015 to March 31, 2016)

Account title	Yen (millions)				
	Shareholders' equity				
	Capital stock	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	60,000	118,638	195,774	(1,785)	372,628
Cumulative effect of change in accounting policy					-
Restated balance	60,000	118,638	195,774	(1,785)	372,628
Changes of items during period					
Dividends of surplus			(6,392)		(6,392)
Profit attributable to owners of parent			28,718		28,718
Purchase of treasury shares				(4)	(4)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			1,757		1,757
Change of scope of consolidation			(4)		(4)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(0)	24,080	(3)	24,076
Balance at end of current period	60,000	118,638	219,855	(1,789)	396,704

Account title	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 benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	15,143	(73)	9,222	1,466	(3,052)	22,705	2,948
Cumulative effect of change in accounting policy								-
Restated balance	15,143	(73)	9,222	1,466	(3,052)	22,705	2,948	398,282
Changes of items during period								
Dividends of surplus								(6,392)
Profit attributable to owners of parent								28,718
Purchase of treasury shares								(4)
Disposal of treasury shares								0
Reversal of revaluation reserve for land								1,757
Change of scope of consolidation								(4)
Net changes of items other than shareholders' equity	1,569	73	(1,480)	(476)	(311)	(625)	648	23
Total changes of items during period	1,569	73	(1,480)	(476)	(311)	(625)	648	24,099
Balance at end of current period	16,713	-	7,741	990	(3,364)	22,080	3,596	422,381

Consolidated Statement of Changes in Equity

Tokyu Fudosan Holdings Corporation

2016 (from April 1, 2015 to March 31, 2016)

Account title	U.S. dollars (thousands) (Note 3)				
	Shareholders' equity				Total shareholders' equity
	Capital stock	Capital surplus	Retained earnings	Treasury shares	
Balance at beginning of current period	535,714	1,059,268	1,747,982	(15,938)	3,327,036
Cumulative effect of change in accounting policy					-
Restated balance	535,714	1,059,268	1,747,982	(15,938)	3,327,036
Changes of items during period					
Dividends of surplus			(57,071)		(57,071)
Profit attributable to owners of parent			256,411		256,411
Purchase of treasury shares				(36)	(36)
Disposal of treasury shares		(0)		0	0
Reversal of revaluation reserve for land			15,688		15,688
Change of scope of consolidation			(36)		(36)
Net changes of items other than shareholders' equity					-
Total changes of items during period	-	(0)	215,000	(27)	214,964
Balance at end of current period	535,714	1,059,268	1,962,991	(15,973)	3,542,000

Account title	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 benefits	Total accumulated other comprehensive income	Non-controlling interests	Total net assets
	Balance at beginning of current period	135,205	(652)	82,339	13,089	(27,250)	202,723	26,321
Cumulative effects of changes in accounting policies								-
Restated balance	135,205	(652)	82,339	13,089	(27,250)	202,723	26,321	3,556,089
Changes of items during period								
Dividends of surplus								(57,071)
Profit attributable to owners of parent								256,411
Purchase of treasury shares								(36)
Disposal of treasury shares								0
Reversal of revaluation reserve for land								15,688
Change of scope of consolidation								(36)
Net changes of items other than shareholders' equity	14,009	652	(13,214)	(4,250)	(2,777)	(5,580)	5,786	205
Total changes of items during period	14,009	652	(13,214)	(4,250)	(2,777)	(5,580)	5,786	215,170
Balance at end of current period	149,223	-	69,116	8,839	(30,036)	197,143	32,107	3,771,259

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 3)
	2015 (From April 1, 2014 to March 31, 2015)	2016 (From April 1, 2015 to March 31, 2016)	2016 (From April 1, 2015 to March 31, 2016)
	Cash flows from operating activities		
Profit before income taxes	¥ 39,963	¥ 46,774	\$ 417,625
Depreciation	20,188	21,008	187,571
Amortization of goodwill	4,514	4,548	40,607
Share of (profit) loss of entities accounted for using equity method	185	792	7,071
Increase (decrease) in net defined benefit liability	1,426	1,695	15,134
Increase (decrease) in other provision	(458)	836	7,464
Impairment loss	7,974	9,567	85,420
Loss on valuation of inventories	1,892	3,635	32,455
Loss on retirement of non-current assets	750	1,121	10,009
Interest and dividend income	(473)	(657)	(5,866)
Interest expenses	9,962	9,609	85,795
Decrease (increase) in notes and accounts receivable-trade	(306)	1,231	10,991
Decrease (increase) in inventories	(108,461)	19,428	173,464
Increase (decrease) in notes and accounts payable-trade	(10,549)	(14,325)	(127,902)
Increase (decrease) in deposits received for consignment sales	(872)	243	2,170
Increase (decrease) in deposits received for special joint ventures	17,700	(2,500)	(22,321)
Other, net	5,090	15,610	139,375
Subtotal	(11,473)	118,621	1,059,116
Interest and dividend income received	613	825	7,366
Interest expenses paid	(9,972)	(9,787)	(87,384)
Income taxes paid	(17,655)	(21,736)	(194,071)
Net cash provided by (used in) operating activities	¥ (38,488)	¥ 87,922	\$ 785,018
Cash flows from investing activities			
Payments of loans receivable	(636)	(2,444)	(21,821)
Collection of loans receivable	1,125	48	429
Purchase of short-term and long-term investment securities	(14,768)	(35,115)	(313,527)
Proceeds from sales and redemption of short-term and long-term investment securities	2,887	4,700	41,964
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(1,768)	-	-
Payments for lease and guarantee deposits	(9,741)	(6,278)	(56,054)
Proceeds from collection of lease and guarantee deposits	4,622	6,468	57,750
Purchase of non-current assets	(99,422)	(85,045)	(759,330)
Proceeds from sales of non-current assets	17,440	6,432	57,429
Other, net	(3)	(1,138)	(10,161)
Net cash provided by (used in) investing activities	¥(100,263)	¥(112,372)	\$ (1,003,321)

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands)
	2015 (From April 1, 2014 to March 31, 2015)	2016 (From April 1, 2015 to March 31, 2016)	2016 (From April 1, 2015 to March 31, 2016)
Cash flows from financing activities			
Net increase (decrease) in short-term loans payable	¥ (36,248)	¥ 18,280	\$ 163,214
Net increase (decrease) in commercial papers	73,000	(15,000)	(133,929)
Proceeds from long-term loans payable	210,672	287,387	2,565,955
Repayments of long-term loans payable	(127,926)	(323,705)	(2,890,223)
Proceeds from long-term lease and guarantee deposited	28,333	25,970	231,875
Repayments of long-term lease and guarantee deposited	(18,971)	(25,871)	(230,991)
Proceeds from issuance of bonds	20,000	20,000	178,571
Redemption of bonds	(200)	(10,000)	(89,286)
Cash dividends paid	(5,783)	(6,392)	(57,071)
Proceeds from share issuance to non-controlling shareholders	257	669	5,973
Repayments to non-controlling shareholders	(2,533)	-	-
Dividends paid to non-controlling interests	(186)	(234)	(2,089)
Repayments of finance lease obligations	(1,222)	(1,617)	(14,438)
Net decrease (increase) in treasury shares	(5)	(3)	(27)
Net cash provided by (used in) financing activities	¥ 139,186	¥ (30,518)	\$ (272,482)
Effect of exchange rate change on cash and cash equivalents	747	883	7,884
Net increase (decrease) in cash and cash equivalents	¥ 1,182	¥ (54,084)	\$ (482,893)
Cash and cash equivalents at beginning of period	92,723	93,949	838,830
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	43	0	0
Cash and cash equivalents at end of period (Note 15)	¥ 93,949	¥ 39,864	\$ 355,929

See accompanying notes to the consolidated financial statements.

Notes to the Consolidated Financial Statements

TOKYU FUDOSAN HOLDINGS CORPORATION AND CONSOLIDATED SUBSIDIARIES

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 109 consolidated subsidiaries as of March 31, 2016. During the year ended March 31, 2016, the following companies have become consolidated subsidiaries, for the following reasons, respectively:

Silent Partnership ORION, Silent Partnership BRICK, Silent Partnership CASSIOPEIA, Silent Partnership COMFORIA VIRGO and Silent Partnership GEMINI because of new investments made; Tokyu Corporate Housing Management Inc. because of the new establishment thereof; and Life & Work Design Co., Ltd. because of an increase in its importance.

On the other hand, the following companies were excluded from the scope of consolidation due to the following reasons, respectively:

Livable PA Co., Ltd. and Tokyu Relocation Service Co., Ltd. because of their absorption in an absorption-type merger, with Tokyu Housing Lease Corporation as the surviving company; Kansai TOKYU BLDG.

MAINTENANCE because of its absorption in an absorption-type merger, with TOKYU BLDG. MAINTENANCE as the surviving company; TLC Resort Management Co., Ltd. because of its liquidation; and Silent Partnership ARCADIA 2, Silent Partnership OB-1, Silent Partnership KTMO and Silent Partnership GOODFIELD INVESTMENT because of their loss of importance due to the sales of their properties.

(c) Securities

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

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

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

For investments in silent partnerships and preferred equity securities of special purpose companies, the ownership interest equivalent profits and losses attributable to the Group are recorded as operating revenue or operating cost, and the corresponding amounts are added or deducted to the securities or investment securities account.

(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 is computed by the straight-line method.

Estimated useful lives are as follows:

Buildings and structures 3 to 65 years

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

(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) 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.

(i) Provision for Bonuses

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

(j) 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.

(k) 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.

(l) Recognition of Revenue

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

(m) Foreign Currency Translation

All receivables and payables denominated in foreign currencies at the balance sheet date are translated at the exchange rates in effect as of

the balance sheet date, and the translation gain or loss is included in other non-operating income or expenses.

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

(n) Derivative Financial Instruments

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

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

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

(o) Amortization of Goodwill

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

(p) 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.

(q) Income Taxes

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

(r) 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, 2016.

2. Change in Accounting Policy

Effective from April 1, 2015, the Company has applied the Accounting standard for Business Combinations (Accounting Standards Board of Japan "ASBJ" Statement No. 21, issued on September 13, 2013), the Accounting Standard for Consolidated Financial Statements (ASBJ Statement No. 22, issued on September 13, 2013), and the Accounting Standard for Business Divestitures (ASBJ Statement No. 7, issued on September 13, 2013). In line with the application of these standards, the Company included the difference resulting from the changes in a parent's ownership interest in a subsidiary, in which the parent retains control, as capital surplus, and included the costs related to the acquisition of additional ownership interests in the operating costs of the fiscal period in which the relevant costs were incurred. In regard to the business combinations executed after April 1, 2015, the Company has revised the timing of adjustments of the tentative accounting treatments to reflect this to the financial statements for the fiscal year in which the relevant business combinations were executed. The Company has also changed the method of disclosing profit, etc., and the method of disclosing minority interests to non-controlling interests. In order to reflect these changes, the finan-

cial statements of the previous fiscal year have been restated.

The accounting standards for business combinations have been applied prospectively from April 1, 2015, in accordance with the transitional treatment provided in Paragraph 58-2 (4) of the Accounting Standard for Business Combinations, Paragraph 44-5 (4) of the Accounting Standard for Consolidated Financial Statements, and Paragraph 57-4 (4) of the Accounting Standard for Business Divestitures.

As a result, there is no impact to the consolidated financial statements for the fiscal year ended March 31, 2016.

3. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of 112=U.S. \$1, the approximate exchange rate prevailing on the

Tokyo Foreign Exchange Market on March 31, 2016. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

4. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships holding properties for sale and operational investment securities included in securities at March 31, 2015 and 2016 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Securities	¥1,585	¥1,272	\$11,357

5. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in and loans to unconsolidated subsidiaries and affiliates at March 31, 2015 and 2016 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Investment securities	¥12,964	¥40,141	\$358,402

6. Contingent Liabilities

At March 31, 2015 and 2016 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 8,776	¥ 6,878	\$ 61,411
Employees for their purchase of residential houses	44	24	214
PT. TTL Residences	273	216	1,929
425 Park Owner LLC	–	10,457	93,366
Tokyu Land US Corporation*1	–	28,091	250,813
	¥10,134	¥45,667	\$407,741

*1 Represents the guarantee for borrowings that were made by Tokyu Land US Corporation a consolidated subsidiary, whose closing date is different from the consolidated closing date, which took place between those dates.

7. 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 land revaluated was higher than the book value after revaluation at March 31, 2015 and 2016, respectively. As such, the difference is not stated.

8. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2015 and 2016 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Inventories (Real estate for sale)	¥100,984	¥ 55,628	\$ 496,679
Buildings and structures	86,209	103,438	923,554
Land	594,770	588,364	5,253,250
Investment securities	125	153	1,366
Long-term loans receivable	251	237	2,116
	¥782,342	¥747,822	\$6,676,982

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Short-term loans payable	¥ 83,228	¥ 39,664	\$ 354,143
Long-term loans payable	342,341	354,072	3,161,357
Other noncurrent liabilities	–	2,261	20,188
	¥425,569	¥395,997	\$3,535,688

In addition to the above, cash of ¥907 million at March 31 2015, and Investment securities of ¥1,218 million and ¥983 million (U.S. \$8,777 thousand) at March 31 2015 and 2016 were pledged as collateral for guarantee of the real estate trading business.

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)
	2015	2016	2016
Real estate for sale	¥ –	¥2,261	\$20,188
Other noncurrent liabilities	¥ –	¥2,261	\$20,188

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

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Short-term loans payable (Current portion of long-term loans payable)	¥ 83,014	¥ 30,681	\$ 273,938
Long-term loans payable	¥381,962	¥362,676	\$3,238,179

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

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Real estate for sale	¥100,984	¥ 52,216	\$ 466,214
Land	591,943	585,538	5,228,018
Buildings and structures	¥ 83,781	¥100,981	\$ 901,616

In addition to the above, certain consolidated subsidiaries as borrowers have the right to demand additional investment from the Tokyu Land Corporation of ¥63,029 million at March 31, 2015 (excluding those that arise as a result of convulsion of nature or other events in case of development type silent partnerships, etc.).

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

Short-term loans payable at March 31, 2015 and 2016 consist of loans principally from banks with weighted average interest rates of 0.32% in 2016.

Long-term debt at March 31, 2015 and 2016 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
0.78% unsecured corporate bond, maturing 2016	¥ 10,000	¥ –	\$ –
0.70% unsecured corporate bond, maturing 2017	10,000	10,000	89,286
0.81% unsecured corporate bond, maturing 2017	10,000	10,000	89,286
0.63% unsecured corporate bond, maturing 2018	10,000	10,000	89,286
0.56% unsecured corporate bond, maturing 2018	10,000	10,000	89,286
0.39% unsecured corporate bond, maturing 2019	10,000	10,000	89,286
0.639% unsecured corporate bond, maturing 2021	10,000	10,000	89,286
0.298% unsecured corporate bond, maturing 2020	10,000	10,000	89,286
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	89,286
0.968% unsecured corporate bond, maturing 2026	–	10,000	89,286
0.371% unsecured corporate bond, maturing 2021	–	10,000	89,286
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2017 to 2026 with weighted average interest rates of 0.72% in 2016.			
Secured	425,569	395,997	3,535,688
Unsecured	493,592	490,619	4,380,527
	1,009,162	986,617	8,809,080
Less current portion	(170,500)	(173,953)	(1,553,152)
	¥ 838,661	¥ 812,664	\$ 7,255,929

The aggregate annual maturates of long-term debt after March 31, 2017 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2018	¥202,239	\$1,805,705
2019	104,897	936,580
2020	76,987	687,384
2021	86,897	775,866
2022 and thereafter	341,643	3,050,384
	¥812,664	\$7,255,929

10. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 21 banks at March 31, 2015 and 2016, and commitment lines with 4 banks at March 31, 2015 and 2016, respectively these contracts at March 31, 2015 and 2016 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Limit of overdraft	¥229,769	¥229,469	\$2,048,830
Line of credit	54,000	54,000	482,143
Borrowing outstanding	(43,217)	(61,497)	(549,080)
Available commitment lines	¥240,552	¥221,972	\$1,981,893

11. Change in Purpose of Possession

The following amount was transferred from property, plant, and equipment to real estate for sale due to a change in the purpose of possession.

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
From property, plant and equipment to real estate for sale	¥39,376	¥23,089	\$206,152
From real estate for sale to property, plant and equipment	¥ –	¥26,763	\$238,955

12. 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 cost".

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Loss on valuation of inventories	¥1,892	¥3,635	\$32,455

13. Impairment Loss on Fixed Assets

2015

For the year ended March 31, 2015, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	
Leased assets	Land, buildings and structures, other fixed assets	Sendai-shi, Miyagi-ken	¥3,279	
Assets used by the Company	Leased assets	Land, buildings and structures, other fixed assets	Shibuya-ku, Tokyo	¥2,017
Assets used by the Company	Land, buildings and structures, other fixed assets	Machida-shi, Tokyo-to	¥ 919	
Others (28 assets)	Land, buildings and structures, other fixed assets	Other area	¥1,758	

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 41 asset 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 ¥7,974 million under extraordinary losses.

The recoverable value of the asset groups was measured by their net selling price. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets.

2016

For the year ended March 31, 2016, 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, buildings and structures, other fixed assets	Toyohashi-shi, Aichi-ken	¥3,674	\$32,804
Leased assets	Land, buildings and structures, other fixed assets	Chuo-ku, Tokyo-to	¥2,580	\$23,036
Leased assets	Land, buildings and structures, other fixed assets	Osaka-shi, Osaka-fu	¥1,203	\$10,741
Others (7 assets)	Land, buildings and structures, other fixed assets	Other area	¥2,108	\$18,821

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 10 asset 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 ¥9,567 million (\$85,420 thousand) under extraordinary losses.

The recoverable value of the asset groups was measured by their net selling price. 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.

14. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2016:

(1) Recycling associated with other comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥10,982	¥1,728	\$15,429
Recycling	–	(18)	(161)
Total valuation difference on available-for-sale securities	¥10,982	¥1,709	\$15,259
Deferred gains or losses on hedges:			
Amount arising during the year	(75)	110	982
Recycling	–	–	–
Total deferred gains or losses on hedges	¥ (75)	¥ 110	\$ 982
Foreign currency translation adjustment:			
Amount arising during the year	2,356	(245)	(2,188)
Recycling	–	–	–
Total foreign currency translation adjustment	¥ 2,356	¥ (245)	\$ (2,188)
Remeasurements of defined benefits:			
Amount arising during the year	(884)	(953)	(8,509)
Recycling	1,047	925	8,259
Total remeasurements of defined benefits	¥ 163	¥ (28)	\$ (250)
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	745	(233)	(2,080)
Recycling	–	–	–
Total share of other comprehensive income of entities accounted for using equity method	¥ 745	¥ (233)	\$ (2,080)
Amount before tax effect	14,172	1,313	11,723
Tax effect	(2,582)	(182)	(1,625)
Total accumulated other comprehensive income	¥11,590	¥1,130	\$10,089

(2) Tax effect associated with other comprehensive income

	Yen (millions)		
	2015	2016	2016
Valuation difference on available-for-sale securities	¥10,982	¥(3,178)	¥ 7,803
Deferred gains or losses on hedges	(75)	22	(52)
Revaluation reserve for land	–	717	717
Foreign currency translation adjustment	2,356	–	2,356
Remeasurements of defined benefits	163	(143)	19
Share of other comprehensive income of entities accounted for using equity method	745	–	745
Total accumulated other comprehensive income	¥14,172	¥(2,582)	¥11,590

Yen (millions)

	2016		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥1,709	¥(140)	¥1,569
Deferred gains or losses on hedges	110	(36)	73
Revaluation reserve for land	–	277	277
Foreign currency translation adjustment	(245)	–	(245)
Remeasurements of defined benefits	(28)	(283)	(311)
Share of other comprehensive income of entities accounted for using equity method	(233)	–	(233)
Total accumulated other comprehensive income	¥1,313	¥(182)	¥1,130

U.S. dollars (thousands)

	2016		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	\$15,259	\$(1,250)	\$14,009
Deferred gains or losses on hedges	982	(321)	652
Revaluation reserve for land	–	2,473	2,473
Foreign currency translation adjustment	(2,188)	–	(2,188)
Remeasurements of defined benefits	(250)	(2,527)	(2,777)
Share of other comprehensive income of entities accounted using equity method	(2,080)	–	(2,080)
Total accumulated other comprehensive income	\$11,723	\$(1,625)	\$10,089

15. 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, 2015 and 2016 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Cash and deposits	¥94,275	¥40,230	\$359,196
Time deposits with maturity over three Months	(466)	(366)	(3,268)
Short-term investment securities	139	–	–
Cash and cash equivalents	¥93,949	¥39,864	\$355,929

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate.	¥39,376	¥23,089	\$206,152
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.	¥ –	¥26,763	\$238,955

16. 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, 2015 and 2016 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2015 and 2016 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Acquisition cost	¥7,330	¥7,252	\$64,750
Accumulated depreciation	2,858	3,152	28,143
Carrying amount	¥4,472	¥4,099	\$36,598

(2) Future lease payments at March 31, 2015 and 2016

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Due within one year	¥ 606	¥ 602	\$ 5,375
Due after one year	6,726	6,124	54,679
Total	¥7,333	¥6,726	\$60,054

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2015 and 2016

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Lease payments	¥ 613	¥ 607	\$ 5,420
Reversal of impairment loss account on leased assets	–	–	–
Depreciation expense	378	372	3,321
Interest expenses	¥ 295	¥ 278	\$ 2,482

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2015 and 2016 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Due within one year	¥ 21,733	¥ 20,567	\$ 183,634
Due after one year	138,520	189,965	1,696,116
Total	¥160,254	¥210,533	\$1,879,759

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2015 and 2016 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Due within one year	¥ 26,985	¥ 30,200	\$ 269,643
Due after one year	169,938	186,880	1,668,571
Total	¥196,923	¥217,080	\$1,938,214

17. Financial Instruments

Financial instruments at March 31, 2015 and 2016 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 interest rate risks and reduce interest payments. The Group does not enter into derivative transactions for the purpose of speculation.

(2) Types of financial instruments and related risk

Primary 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).

(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. 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, 2016 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2).

	Yen (millions)		
	Carrying value	Estimated fair value	Difference
(1) Cash and deposits	¥ 40,230	¥ 40,230	¥ -
(2) Securities and investment securities			
Held-to-maturity securities	922	938	15
Other securities	61,657	61,657	-
Total assets	¥ 102,810	¥ 102,826	¥ 15
(1) Short-term loans payable	61,497	61,497	-
(2) Commercial papers	58,000	58,000	-
(3) Bonds payable	100,000	101,099	(1,099)
(4) Long-term loans payable	886,617	895,080	(8,463)
Total liabilities	¥1,106,114	¥1,115,676	¥ (9,562)
Derivatives	¥ (49)	¥ (49)	¥ -

	U.S. dollars (thousands)		
	Carrying value	Estimated fair value	Difference
(1) Cash and deposits	\$ 359,196	\$ 359,196	\$ -
(2) Securities and investment securities			
Held-to-maturity securities	8,232	8,375	134
Other securities	550,509	550,509	-
Total assets	\$ 917,946	\$ 918,089	\$ 134
(1) Short-term loans payable	549,080	549,080	-
(2) Commercial papers	517,857	517,857	-
(3) Bonds payable	892,857	902,670	(9,813)
(4) Long-term loans payable	7,916,223	7,991,786	(75,563)
Total liabilities	\$9,876,018	\$9,961,393	\$ 85,375
Derivatives	\$ (438)	\$ (438)	\$ -

Notes:

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

Assets

Cash and deposits

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

Securities and Investment securities

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

Liabilities

Short-term loans payable and Commercial papers

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

Bonds payable (Including current portion of bonds)

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

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

The fair values are estimated by discounting the total principal and interest, using rates at which similar new loans would be made. Floating-rate long-term loans payable satisfy the requirements for special treatment of interest rate swaps and are estimated by discounting the total principal and interest of the loans and the interest rate swaps combined, using rates at which similar loans would be made.

Derivatives

Please see Note 19. Derivative Financial Instrument for information on derivative transactions.

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

	Yen (millions)	U.S. dollars (thousands)
Operational investment securities	¥ 1,272	\$ 11,357
Unlisted stocks	45,930	410,089
Investments in silent partnerships—noncurrent	¥ 2,247	\$ 20,063

Because no quoted market price is available and future cash flows cannot be estimated, it is extremely difficult to determine the fair value.

Therefore, the above financial instruments are not included in the table of financial instruments with estimated fair values.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 63,405	\$ 566,116
Long-term lease and guarantee deposited	¥174,058	\$1,554,089

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

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2016

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥40,230	¥ -	¥ -	¥ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	76	845	-	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	25	46	-	-
(2) Corporate bonds	-	-	-	-
Total	¥40,332	¥ 891	¥ -	¥ -

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	\$359,196	\$ -	\$ -	\$ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	679	7,545	-	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	223	411	-	-
(2) Corporate bonds	-	-	-	-
Total	\$360,107	\$7,955	\$ -	\$ -

18. Securities

Securities held by the Company as of March 31, 2015 and 2016 are summarized as follows:

(1) Held-to-maturity Securities

2015	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥ 898	¥ 909	¥ 10
Subtotal	898	909	10
Securities whose fair value does not exceed book value:			
National and local government bonds	247	247	(0)
Subtotal	247	247	(0)
Total	¥ 1,146	¥ 1,157	¥ 10

2016	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	¥ 922	¥ 938	¥ 15
Subtotal	922	938	15
Securities whose fair value does not exceed book value:			
National and local government bonds	-	-	-
Subtotal	-	-	-
Total	¥ 922	¥ 938	¥ 15

2016	U.S. dollars (thousands)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
National and local government bonds	\$8,232	\$8,375	\$134
Subtotal	8,232	8,375	134
Securities whose fair value does not exceed book value:			
National and local government bonds	-	-	-
Subtotal	-	-	-
Total	\$8,232	\$8,375	\$134

(2) Other Securities

2015	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 54,958	¥ 32,439	¥ 22,519
National and local government bonds	20	20	0
Subtotal	54,979	32,460	22,519
Securities whose book value does not exceed acquisition cost:			
Stocks	0	0	(0)
National and local government bonds	59	59	(0)
Other	64	64	-
Subtotal	125	125	(0)
Total	¥ 55,105	¥ 32,585	¥ 22,519

2016	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 61,375	¥ 37,121	¥ 24,253
National and local government bonds	71	70	0
Subtotal	61,446	37,192	24,254
Securities whose book value does not exceed acquisition cost:			
Stocks	210	228	(17)
National and local government bonds	-	-	-
Other	-	-	-
Subtotal	210	228	(17)
Total	¥ 61,657	¥ 37,420	¥ 24,236

2016	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	\$547,991	\$331,438	\$216,545
National and local government bonds	634	625	0
Subtotal	548,625	332,071	216,554
Securities whose book value does not exceed acquisition cost:			
Stocks	1,875	2,036	(152)
National and local government bonds	-	-	-
Other	-	-	-
Subtotal	1,875	2,036	(152)
Total	\$550,509	\$334,107	\$216,393

Notes: Securities for which it is extremely difficult to determine the fair value

Other Securities	Yen (millions)		U.S. dollars (thousands)
	2015	Book value 2016	2016
Operational investment securities	¥ -	¥1,272	\$11,357
Unlisted stocks, etc	9,587	6,545	58,438
Investments in silent partnerships	¥1,548	¥2,247	\$20,063

Because these instruments do not have quoted market prices and is considered to be extremely difficult to determine their fair values, they are not included in "Other securities" in the table above.

(3) Sales of Other Securities

Sales of other securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2015: Not applicable.

Sales of other securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2016: Not applicable.

19. Derivatives

Contract/notional amount and the estimated fair value of the derivative instruments as of March 31, 2015 and 2016 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied : Currency-related transactions

2015	Type of derivatives	Yen (millions)			Unrealized gain (loss)
		Contract/notional amount	Amount due after one year	Fair value	
Non-market transaction	NDF To sell foreign currency: Indonesian rupiah	¥ 11,079	¥ 4,171	¥ (36)	¥ (36)

2016	Type of derivatives	Yen (millions)			
		Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF				
	To sell foreign currency: Indonesian rupiah	¥ 8,415	¥ 5,950	¥ (49)	¥ (49)
Non-market transaction	Interest rate cap transactions	¥ 9,467	¥ -	¥ (0)	¥ (0)

2016	Type of derivatives	U.S. dollars (thousands)			
		Contract/ notional amount	Amount due after one year	Fair value	Unrealized gain (loss)
Non-market transaction	NDF				
	To sell foreign currency: Indonesian rupiah	\$75,134	\$53,125	\$(438)	\$(438)
Non-market transaction	Interest rate cap transactions	\$84,527	\$ -	\$ (0)	\$ (0)

Note: The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

(2) Derivatives to which hedge accounting is applied : Interest rate-related transactions

2015	Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)		
				Contract/ notional amount	Amount due after one year	Fair value
Deferred hedge accounting	Interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 2,170	¥ 2,170	¥ (27)
Special treatment for interest rate swaps	Interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 388,445	¥ 287,982	¥ (Notes)

2016	Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions)		
				Contract/ notional amount	Amount due after one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 430,681	¥ 355,151	¥(Notes)

2016	Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands)		
				Contract/ notional amount	Amount due after one year	Fair value
Special treatment for interest rate swaps	Interest rate swaps	Receive/floating Pay/fixed	Long-term debt	\$3,845,366	\$3,170,991	\$(Notes)

Notes:

1. 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.

2. The fair value is determined based on the quoted price obtained from the counterparty financial institutions of the derivatives transactions.

20. 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, retirement 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)
	2015	2016	2016
Retirement benefit obligations at beginning of year	¥29,448	¥31,120	\$277,857
Cumulative effects of changes in accounting policies	(148)	-	-
Restated balance	29,299	31,120	277,857
Service cost	1,763	1,853	16,545
Interest cost	276	269	2,402
Actuarial loss	1,053	681	6,080
Retirement benefits paid	(1,327)	(1,469)	(13,116)
The amount of transfer in association with changing from the simplified method to the principle method.	55	252	2,250
Retirement benefit obligations at end of year	¥31,120	¥32,708	\$292,036

2. Simplified method

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Retirement benefit obligations at beginning of year	1,709	1,825	16,295
Retirement benefit cost	269	191	1,705
Retirement benefits paid	(97)	(177)	(1,580)
The amount of transfer in association with changing from the simplified method to the principle method.	(55)	(159)	(1,420)
Retirement benefit obligations at end of year	¥ 1,825	¥ 1,679	\$ 14,991

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

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Pension assets at beginning of year	¥6,044	¥6,571	\$ 58,670
Expected return on plan assets	260	200	1,786
Actuarial loss	168	(271)	(2,420)
Contributions from employer	460	463	4,134
Retirement benefits paid	(361)	(406)	(3,625)
Pension assets at end of year	¥6,571	¥6,557	\$ 58,545

III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2015 and 2016 and retirement benefit liability and retirement benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Retirement benefit obligations under the savings-type plan	¥ 7,189	¥ 7,332	\$ 65,464
Plan assets at fair value	(6,571)	(6,557)	(58,545)
	618	774	6,911
Retirement benefit obligations under the non-savings-type plan	25,756	27,056	241,571
Net amount of liability and asset recorded in the consolidated balance sheet	¥26,374	¥27,830	\$248,482
Retirement benefit liability	26,751	28,473	254,223
Retirement benefit asset	(377)	(642)	(5,732)
Net amount of liability and asset recorded in the consolidated balance sheet	¥26,374	¥27,830	\$248,482

IV. Components of retirement benefit cost for the year ended March 31, 2015 and 2016

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Service cost	¥1,763	¥1,853	\$16,545
Interest cost	276	269	2,402
Expected return on plan assets	(260)	(200)	(1,786)
Amount expensed associated with the change from the simplified method to the principle method	–	92	821
Amortization of transition difference resulting from change in accounting standard	351	–	–
Amortization of actuarial loss	650	890	7,946
Amortization of prior service cost	36	34	304
Retirement benefit cost calculated using the simplified method	269	191	1,705
Retirement benefit cost for the defined benefit plan	¥3,087	¥3,131	\$27,955

V. Remeasurements of defined benefit plans, net of tax

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Transition difference resulting from change in accounting standard	¥ 360	¥ –	\$ –
Prior service cost	36	(34)	\$(304)
Actuarial loss	(234)	62	554
Total	¥ 163	¥ 28	\$ 250

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, 2016.

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Unrecognized prior service cost	(203)	(168)	(1,500)
Unrecognized actuarial loss	(4,072)	(4,135)	(36,920)
Total	¥(4,275)	¥(4,303)	\$ 38,420

VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2015 and 2016 are set forth below.

	2015	2016
	Bonds	38%
Stocks	27%	23%
General account	28%	29%
Others	7%	8%
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, 2015 and 2016

	2015	2016
	Discount rate	0.41%–1.20%
Long-term expected rate of return on pension assets	0.75%–5.00%	0.75%–5.00%
Expected rate of salary increase	1.22%–6.72%	1.22%–7.47%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,238 million and ¥1,219 million (\$10,884 thousand) for the year ended March 31, 2015 and 2016.

21. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2015 and 2016 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Deferred tax assets:			
Valuation loss on inventories	¥ 343	¥ 548	\$ 4,893
Valuation loss on securities	2,742	2,115	18,884
Amortization of intangible assets	3,724	3,561	31,795
Allowance for doubtful accounts	212	190	1,696
Accrued expenses	80	200	1,786
Accrued bonuses to employees	3,400	3,579	31,955
Retirement benefit liability	8,052	7,789	69,545
Net operating loss carry forwards	732	1,445	12,902
Unrealized inter-company profits	441	369	3,295
Impairment losses on fixed assets	3,189	2,088	18,643
Loss of investments in silent partnerships	277	372	3,321
Valuation difference on consolidated subsidiaries	1,359	1,977	17,652
Undistributed loss from consolidated subsidiaries	797	636	5,679
Accrued enterprise tax/business office tax	1,082	1,087	9,705
Revaluation of assets for merger	7	7	63
Asset retirement obligations	1,365	1,363	12,170
Other	4,287	6,679	59,634
Gross deferred tax assets	32,097	34,014	303,696
Less: valuation allowance	(6,920)	(8,321)	(74,295)
Total deferred tax assets	¥ 25,176	¥ 25,692	\$229,393
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ 7,203	¥ 7,343	\$ 65,563
Allowance for doubtful accounts	8	6	54
Valuation difference on consolidated subsidiaries	29,726	28,139	251,241
Reserve for advanced depreciation of noncurrent assets	2,621	2,950	26,339
Loss on approval for exchange of land rights	811	206	1,839
Property, plant and equipment corresponding to asset retirement obligations	850	907	8,098
Other	917	2,129	19,009
Total deferred tax liabilities	42,139	41,684	372,179
Net deferred tax assets	¥(16,962)	¥(15,991)	\$(142,777)

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
Deferred tax assets-current	¥ 7,011	¥ 9,818	\$ 87,661
Deferred tax assets-non current	7,919	6,489	57,938
Deferred tax liabilities-current	(1,728)	(1,668)	(14,893)
Deferred tax liabilities-non current	(30,164)	(30,630)	(273,482)
	¥(16,962)	¥(15,991)	\$(142,777)

Breakdown by major items that caused a significant difference between the effective statutory tax rate and the burden ratio of corporate taxes after applying tax effect accounting is as follows:

	2015	2016
Effective statutory tax rate (Adjustments)	Since the difference between the effective statutory tax rate and the burden ratio of corporate taxes after applying tax effect accounting is less than five hundredths of the effective statutory tax rate, the note is omitted.	33.1%
Items not included in tax deductions permanently, such as entertainment expenses		0.8%
Items not included in taxable income permanently, such as dividend income		(0.3)%
Inhabitant tax on a per capita basis		0.6%
Increase/decrease in the amount of valuation reserve		3.0%
Amortization of goodwill		3.3%
Tax breaks to expand income and tax breaks to promote capital investment to improve productivity		(1.4)%
Elimination of inter-company transactions for gain on sales of investment securities		0.0%
Equity in earnings of entities accounted for by the equity method		0.6%
Reduction of deferred tax assets at year end due to changes in tax rates		(1.6)%
Others		0.1%
Burden ratio of corporate taxes after applying tax effect accounting		38.1%

The Act on Partial Revision of the Income Tax Act (Act No. 15 of 2016) and the Act on Partial Revision of the Local Tax Act (Act No. 13 of 2016) were enacted in the Diet on March 29, 2016, and corporate tax rates, etc. will be reduced from the consolidated fiscal year beginning on April 1, 2016. As a result, the effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities will be changed from 33.1% (the effective statutory tax rate used for calculating deferred tax assets and deferred tax liabilities that will be realized on or after April 1, 2016 was 32.3%) to 30.9%, pertaining to temporary differences that are expected to be realized in the consolidated fiscal year beginning on April 1, 2016 and the consolidated fiscal year beginning on April 1, 2017, and to 30.6%, pertaining to temporary

differences that are expected to be realized in the consolidated fiscal year beginning on April 1, 2018, respectively.

As a result of the change in tax rates, deferred tax assets (the amount after deducting deferred tax liabilities) and remeasurements of defined benefits have decreased by ¥786 million (\$7,018 thousand) and ¥58 million (\$518 thousand), respectively, while income taxes-deferred and valuation difference on available-for-sale securities have increased by ¥725 million (\$6,473 thousand) and ¥395 million (\$3,527 thousand), respectively.

In addition, deferred tax liabilities for land revaluation has decreased by ¥275 million (\$2,455 thousand), and revaluation reserve for land has increased by the same amount.

22. Investment and Rental Properties

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

Yen (millions)			
Carrying value		Fair value	
As of April 1, 2015	Net change	As of March 31, 2016	As of March 31, 2016
¥705,660	¥161,258	¥866,918	¥967,743

U.S. dollars (thousands)			
Carrying value		Fair value	
As of April 1, 2015	Net change	As of March 31, 2016	As of March 31, 2016
\$6,300,536	\$1,439,804	\$7,740,339	\$8,640,563

Notes:

- The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
- Of the changes during the fiscal year under review, increases were mainly attributable to the acquisition of properties of ¥176,109 million (\$1,572,401 thousand) and transfers to leased properties of ¥12,827 million (\$114,527 thousand), and decreases were chiefly due to the sales of properties of ¥38 million (\$339 thousand) and transfers to real estate for sale of ¥15,796 million (\$141,036 thousand).
- The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.
- Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥107,724 million (\$961,821 thousand) as of March 31, 2016) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

23. 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
	2015	2016	2016
Net asset per share of common stock as of March 31	¥649.40	¥687.92	\$6.14
Net income per share of common stock for the year ended March 31	¥41.45	¥47.18	\$0.42

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

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
For the year ended March 31			
Profit attributable to owners of parent	¥25,230	¥28,718	\$256,411
Profit attributable to owners of parent of common stock	¥25,230	¥28,718	\$256,411
Weighted average number of shares of common stock (thousands)	608,775	608,769	

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

	Yen (millions)		U.S. dollars (thousands)
	2015	2016	2016
As of March 31			
Total net assets	¥398,282	¥422,381	\$3,771,259
Non-controlling interests	(2,948)	(3,596)	(32,107)
Net assets of common stock at March 31	¥395,333	¥418,785	\$3,739,152
Number of shares of common stock at March 31 (thousands)	608,771	608,767	

24. 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.

25. Segment Information

The Group reorganized its structure and some reportable segments effective April 1, 2015. The segment information of the previous fiscal year have been reclassified in accordance with the new segment structure.

The business of the Company and its consolidated subsidiaries is composed primarily of seven segments:

- Urban Development; (i) development, leasing, and operation of office buildings, retail facilities, rental residences and other properties and, (ii) sales of properties for investors,
- Residential; development and sales of condominiums and detached housing,
- Property Management; (i) property management of condominiums, buildings and retail facilities and, (ii) construction of common areas of condominiums,
- Real-Estate

- Agents; real estate brokerage and property sales,
- Wellness; (i) development and sales of membership resort hotels and country houses and, (ii) ownership and management of resort facilities, hotels for medium- to long-term stays, senior housing and membership sports clubs,
- Tokyo Hands; retail sales of materials and products for living and D-I-Y, and
- Business Innovation and Others; (i) development, sales, and leasing of condominiums and other properties in overseas, (ii) construction of residential homes and others.

Information by geographic areas is omitted as overseas sales of the Company for the year ended March 31, 2016 are less than 10 percent of consolidated revenue.

Independent Auditor's Report



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Independent Auditor's Report

The Board of Directors
Tokyu Fudosan Holdings Corporation

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2016, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries as at March 31, 2016, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 17, 2016
Tokyo, Japan

A member firm of Ernst & Young Global Limited

Summarized information by business segment for the year ended March 31, 2015 and 2016 are as follows:

Year ended March 31, 2015	Yen (millions)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	264,568	104,823	128,320	58,923	88,895	87,478	40,135	-	773,149
Inter-segment	2,821	18	7,771	2,444	701	451	7,412	(21,617)	-
Total	267,390	104,841	136,091	61,368	89,597	87,930	47,547	(21,617)	773,149
Operating income	38,670	5,524	9,097	9,381	5,983	894	(557)	(5,694)	63,300
Total assets	1,354,197	146,548	89,584	57,141	231,081	36,054	61,039	(1,837)	1,973,801
Depreciation expenses	10,098	156	770	1,203	6,419	1,151	300	87	20,188
Amortization of goodwill	129	-	1,897	-	(3)	-	1	2,488	4,514
Investment in equity-method affiliates	-	-	-	589	-	-	4,289	609	5,488
Capital expenditures	82,573	613	1,764	1,619	11,074	3,535	434	581	102,198

Year ended March 31, 2016	Yen (millions)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	255,924	117,674	136,559	78,821	89,676	95,392	41,429	-	815,479
Inter-segment	2,819	40	8,670	1,499	529	355	9,795	(23,710)	-
Total	258,744	117,714	145,230	80,321	90,205	95,748	51,225	(23,710)	815,479
Operating income	44,791	6,962	8,031	10,226	6,412	1,071	(3,041)	(5,703)	68,750
Total assets	1,377,662	148,644	91,855	59,782	240,247	38,444	56,282	(28,536)	1,984,382
Depreciation expenses	10,285	289	652	1,224	6,752	1,337	281	183	21,008
Amortization of goodwill	-	-	2,080	-	(22)	-	1	2,488	4,548
Investment in equity-method affiliates	-	-	-	47	-	-	37,229	673	37,950
Capital expenditures	60,267	8,367	2,264	1,924	13,999	3,216	349	324	90,713

Year ended March 31, 2016	U.S. dollars (thousands)								
	Urban Development	Residential	Property Management	Real-Estate Agents	Wellness	Tokyu Hands	Innovation Business	Elimination/Headquarters	Consolidated
Revenues:									
Third party customers	2,285,036	1,050,661	1,219,277	703,759	800,679	851,714	369,902	-	7,281,063
Inter-segment	25,170	357	77,411	13,384	4,723	3,170	87,455	(211,696)	-
Total	2,310,214	1,051,018	1,296,696	717,152	805,402	854,893	457,366	(211,696)	7,281,063
Operating income	399,920	62,161	71,705	91,304	57,250	9,563	(27,152)	(50,920)	613,839
Total assets	12,300,554	1,327,179	820,134	533,768	2,145,063	343,250	502,518	(254,786)	17,717,696
Depreciation expenses	91,830	2,580	5,821	10,929	60,286	11,938	2,509	1,634	187,571
Amortization of goodwill	-	-	18,571	-	(196)	-	9	22,214	40,607
Investment in equity-method affiliates	-	-	-	420	-	-	332,402	6,009	338,839
Capital expenditures	538,098	74,705	20,214	17,179	124,991	28,714	3,116	2,893	809,938