ANNUAL REPORT 2022

Year Ended March 31, 2022

TOKYU FUDOSAN HOLDINGS

CONTENTS

Message from the President

[Review of the Fiscal Year Ended March 31, 2022 (FY2021)]
The real estate industry has been affected by an ongoing rise in the average vacancy rate as well as a constant decline in rent levels. On the other hand, there has been growing demand for high-grade office buildings among clients who seek to enhance internal communications and improve worker well-being. In the real estate investment market, investor sentiment toward property acquisition remained robust thanks to a favorable fundraising environment. Furthermore, in the condominium market, sales of new properties remained strong, while vigorous purchases and sales of second-hand condominiums were undertaken on an ongoing basis. However, we were continuously confronted by harsh circumstances in markets for urban commercial facilities, as well as those for hotels and resort facilities, due to the general public's restraint from long-distance travel and avoidance of crowded places.

Against this backdrop, the Tokyu Fudosan Holdings Group launched "GROUP VISION 2030" and announced a long-term management policy based on this long-term vision. In line with our vision, we aim to be a "corporate group that create a value for the future" and strive to "realize a future where anyone can be themselves and shine brightly." Along with these pursuits, we pushed ahead with business endeavors to achieve a "V-shaped" recovery in operating results, aiming to restore the strong performance the Group recorded in periods prior to the COVID-19 pandemic. In addition, we transferred TOKYU HANDS INC., our former subsidiary, to CAINZ CORPORATION. We believe this partner is best positioned to manage TOKYU HANDS business going forward and enable its future growth. In these and other ways, we have steadily promoted business portfolio management.

Year on year this shows. Operating revenue rose 9.0% to ¥989,049 million, operating profit surged 48.3% to ¥83,817 million, and ordinary profit increased 56.4% to ¥72,834 million. Profit attributable to owners of the parent also rose 62.1%, year on year, to ¥35,133 million.

[Medium-Term Management Plan 2025 and Forecast for the Fiscal Year ending March 31, 2023 (FY2022)]
In May 2022, the Group announced the medium-term management plan 2025. This plan is focused on initiatives to promote the power to earn and secure improved efficiency with a view to achieving growth in the post-pandemic period. In conjunction with the announcement of this plan, we publicized our "Environmental Management Report" and "DX Report." These reports summarize our ongoing endeavors related to environmental management and digital transformation (DX), two pursuits constituting integral components of Groupwide policies defined under the long-term management policy. We will also be making these reports available in English and would be grateful if our shareholders read through these publications as they showcase initiatives exemplifying the future direction of our business operations.

Looking ahead at expected operating results for FY2022, the forecast remains unclear due to such factors as ongoing global inflation and the growing shift to monetary tightening policies. Still, we plan to achieve net sales of ¥1.0 trillion. Our FY2022 forecast also includes operating profit of ¥90.0 billion and profit attributable to owners of the parent of ¥37.0 billion. Through the pursuit of environmental management and DX, we will create value in a way unique to the Group while striving to achieve targets under the medium-term management plan.

[To Our Shareholders]
In line with its shareholder returns policy, Tokyu Fudosan Holdings Group presently aims for a dividend payout ratio of 30% or more and remains committed to maintaining a stable stream of dividends. Based on this policy, we have decided to pay a year-end dividend of ¥9 per share for FY2021. This amount represents an increase of ¥1 per share from the previous fiscal

year and, combined with the interim dividend, will bring annual dividends to ¥17 per share. Looking ahead to FY2022, we plan to pay annual dividends of ¥18 per share. To this end, we are determined to do our best to improve operating results.

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

Realizing a future where anyone can be themselves and shine brightly

June 2022

Hironori Nishikawa,
President & CEO

BUSINESS REPORT
Years ended March 31, 2022

I. Outline of business

1. Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2021	2022	2022
Operating revenue	¥ 907,735	¥ 989,049	$ 8,106,959
Operating profit	56,517	83,817	687,025
Ordinary profit	46,555	72,834	597,000
Profit attributable to owners of parent	21,668	35,133	287,975
Comprehensive income	24,721	48,916	400,951
Net assets	608,723	643,298	5,272,934
Total Assets	¥ 2,652,296	¥ 2,634,343	$ 21,592,975

(2) Trend of indices

	2021	2022
Equity ratio	22.5%	24.0%
ROE*1	3.7%	5.7%
PER*2	21.7	13.8

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

(3) Others

	Yen	Yen	U.S. dollars
	2021	2022	2022
Net income per share	¥ 30.13	¥ 48.84	$ 0.40
Net assets per share	¥ 829.50	¥ 878.32	$ 7.20
Employees	23,411	21,276	-
Temporary employees*	11,461	9,806	-

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

(4) Summary of cash flows

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2021	2022	2022
CF from operating activities	¥ 100,411	¥ 76,453	$ 626,664
CF from investing activities	(116,031)	(31,786)	(260,541)
CF from financing activities	108,344	(81,273)	(666,172)
Cash and cash equivalents at the end of the year	¥ 189,509	¥ 153,865	$ 1,261,189

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

Retail of Tokyu Hands business*

Environmental greening

*Tokyu Hands business: Now excluded from the Company's scope of consolidation following the transfer of all issued shares of Tokyu Hands Inc. on March 31, 2022.

(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 under review, 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.

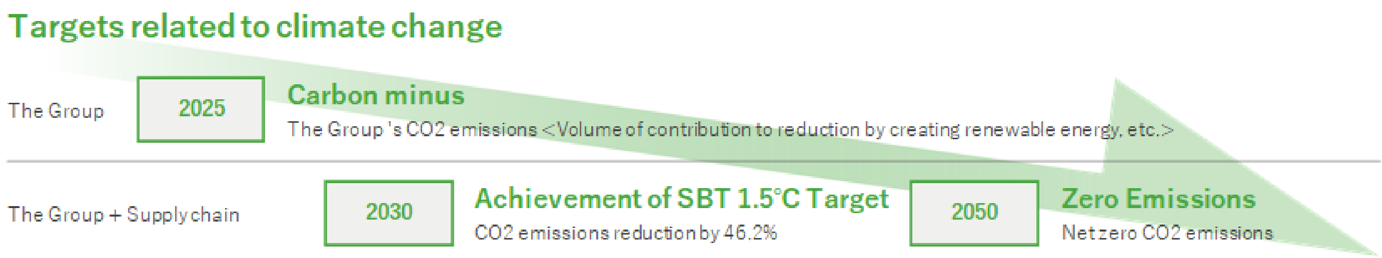
To transform the Group's characteristics into its strengths, we will work on environmental management and digital transformation as a Group policy. In addition, to evolve the associated assets expansion model, we will build a solid and distinctive business portfolio by promoting the utilization of intellectual 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, in the operation process, 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)) in CX (customer experience) and 3) new value creation by utilizing intellectual assets in innovation.

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

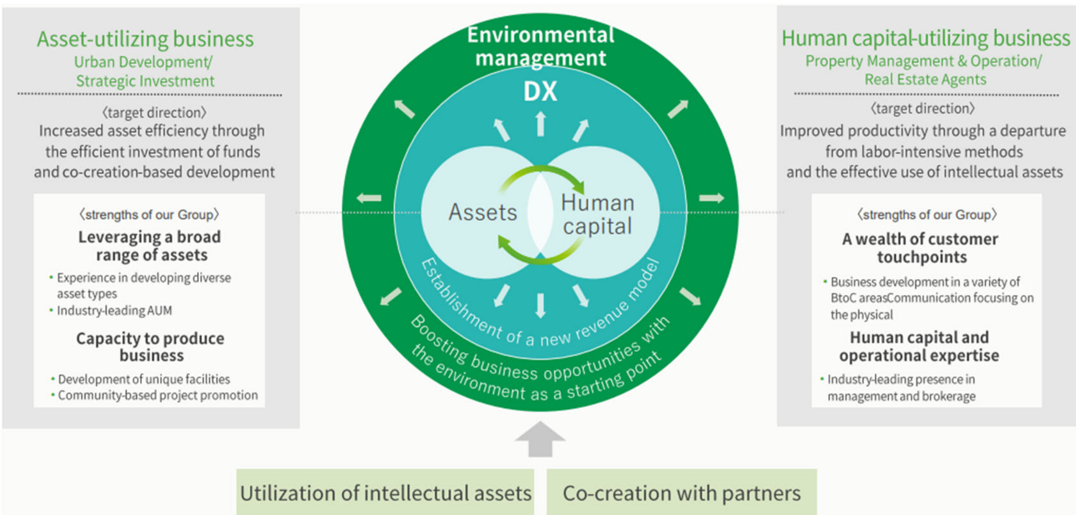
③ **Formulation of “Medium-Term Management Plan 2025”**

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

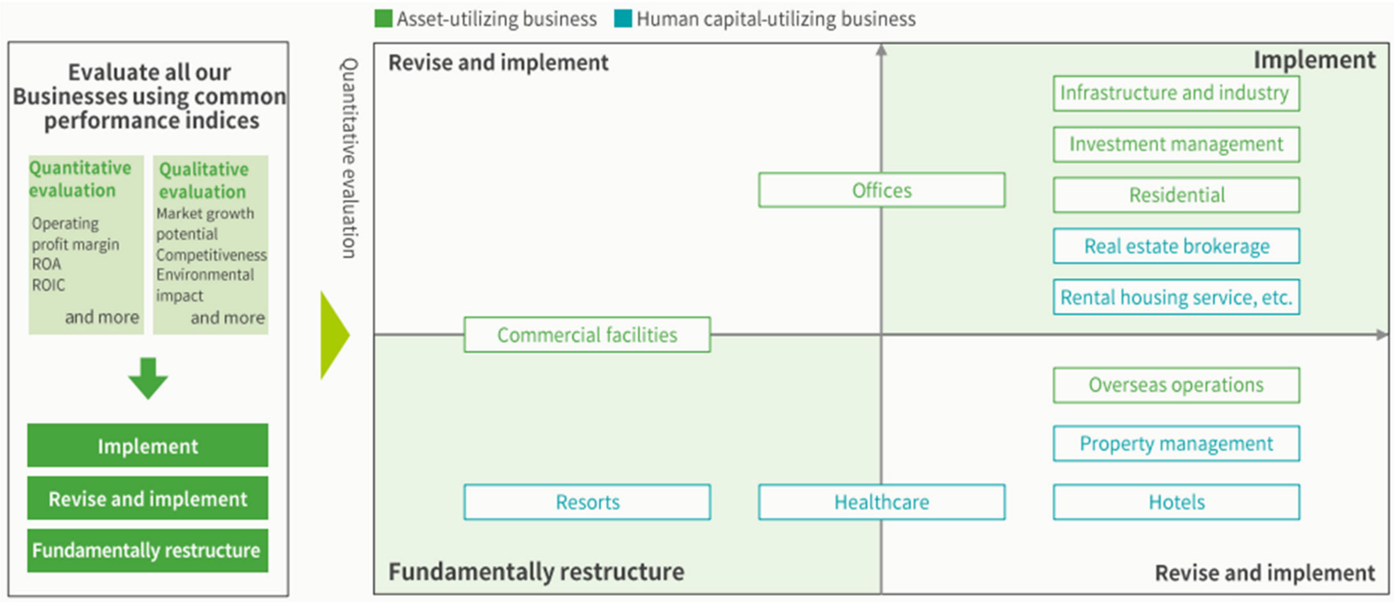
- Improving the effectiveness of our risk control structure through its rebuilding
- Promoting initiatives to mitigate financial risks through our KRI

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.

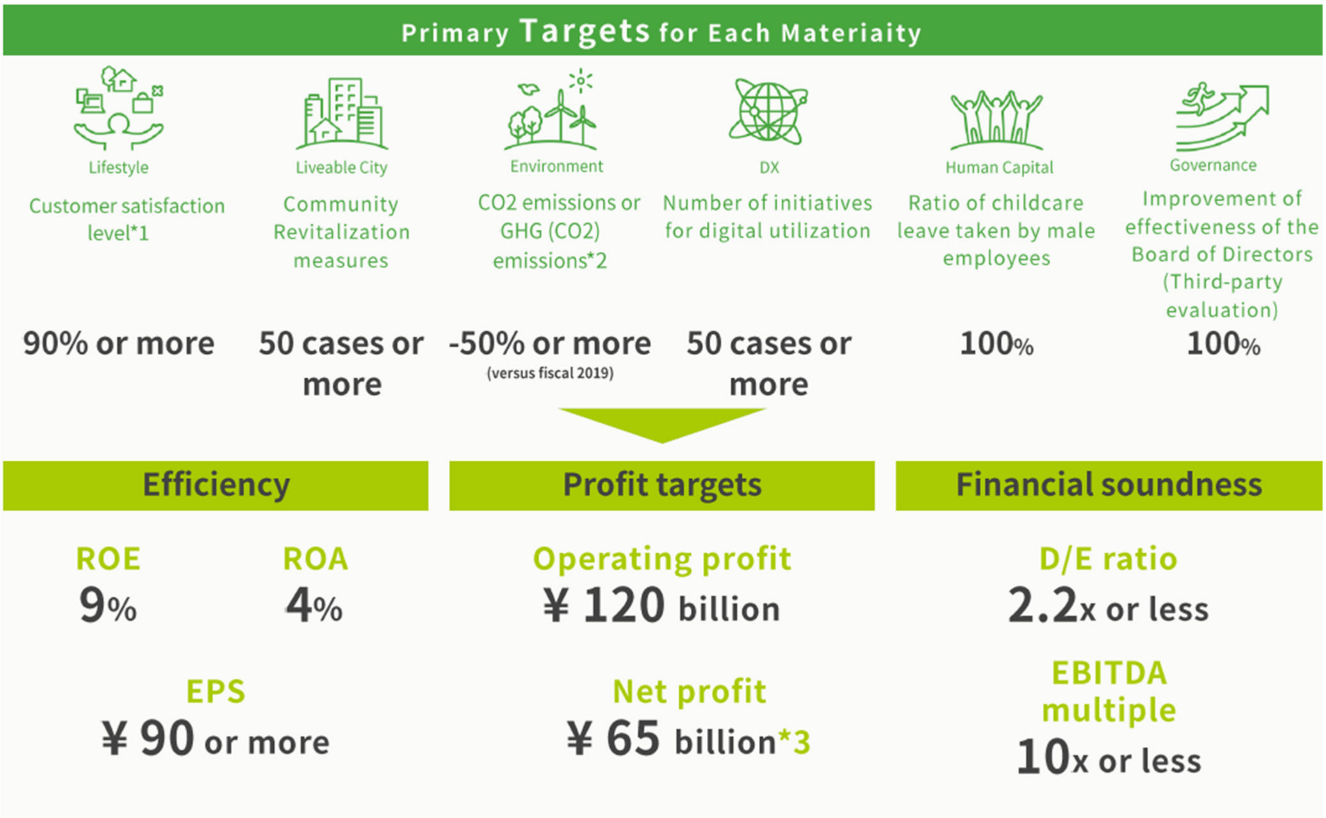
Directions for businesses set for fundamentally restructuring

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.

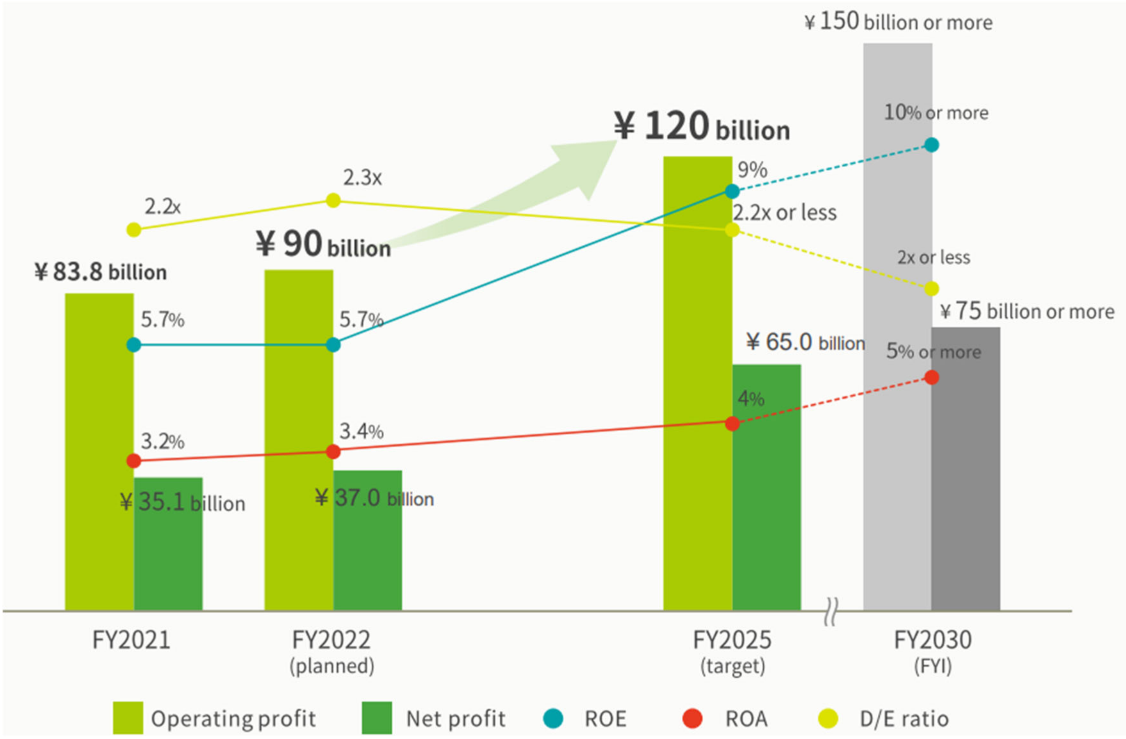
(iv) Target indicators for FY2025

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.

As a KPI for improving efficiency, we have set an ROA target of 3.6% for the asset-utilizing business. We will achieve the targets through the operation of large-scale development projects, the expansion of high-efficiency businesses in the renewable energy business, and the strengthening of cycling businesses. In the human capital-utilizing business, we have set an operating profit target of 8.1%, based on a recovery in tourism demand and labor-saving and manpower-saving efforts through DX.

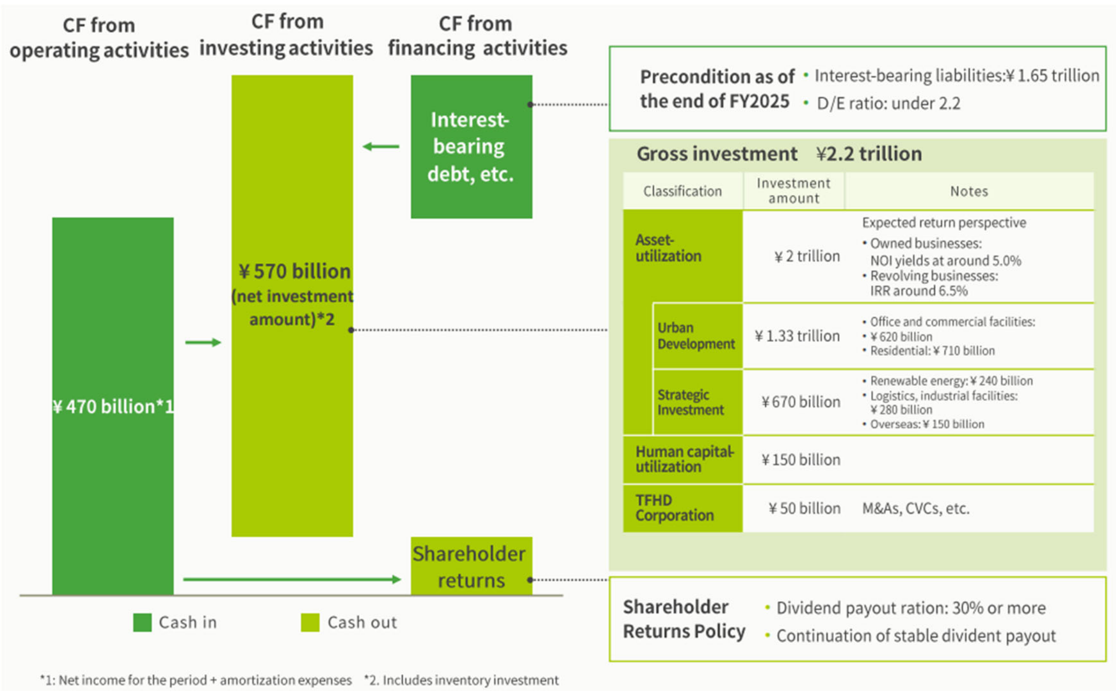


*1: Tokyu Cosmos Members Club questionnaire *2: Scope 1 & 2 under SBT certification *3: Profit attributable to owners of parent



(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.



(2) 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 ¥17.0 per share (including an interim dividend of ¥8.0 per share) for the fiscal year under review.

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 under review 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 4, 2021	5,758	8.0
Resolution of the general shareholders meeting on June 28, 2022	6,478	9.0

(3) 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 under review, 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 under review, the ratio of long-term borrowings to interest-bearing debt and the ratio of fixed interest rates are 96.8% and 94.1%, 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".

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・Oppotunities/ 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・Oppotunities/ 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.

In addition, in the GROUP VISION 2030, the Company positioned environmental management as the Group policy. As a target for climate change, the Group will aim to achieve its own carbon minus, which means that the Group's CO2 emissions are less than the volume of CO2 emissions reductions achieved by the renewable energy business, a strength of the Group. Moreover, in May 2021, the Group has also acquired SBT certification of the 1.5°C level, the first developers in Japan to do so. The Group aims to reduce CO2 emissions by 46.2% from the level in FY2019 by FY2030, with the aim of reducing CO2 emissions by the high level required for the 1.5°C target, which was considered to be a non-binding target in the Paris Agreement. Furthermore, we aim to achieve net-zero emissions, which means net-zero CO2 emissions, by FY2050.

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.

In addition, in the GROUP VISION 2030, the Company has positioned DX as the Group policy and promotes the following three measures. First, in the operation process, the Group will work on a shift to creative operations by promoting labor saving, including the digitalization of workflow and process automation. In CX (customer experience), the Group will work on impressive experience creation through advances in customer contact points, including the integration of online and offline (so-called OMO (Online-Merge-Offline)). In innovation, the Group will work on new value creation by utilizing intellectual assets. Through these efforts, the Group will strive to transform its business with digital technology. 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.

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 recognition of these initiatives, the Company was selected by the 2022 Health & Productivity Stock Selection program, in which the Ministry of Economy, Trade and Industry and the Tokyo Stock Exchange select listed companies that think about the health of their employees from a management perspective and take strategic measures in that regard, for the third consecutive year.

In the GROUP VISION 2030, human capital and organizational climate are considered to be one of the themes to strengthen the management base. Human capital and organizational climate are capital that is the most important to realize the transformation and growth of the Group but are invisible externally, and we will aim to foster an innovative organizational climate with a sense of unity by inheriting the founding spirit of "Challenge-oriented DNA."

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.

4. Operating Results and Financial Position

(1) Current Operating Performance

During the fiscal year ended March 31, 2022, with regard to the Japanese economy, amid a protracted effect of the spread of COVID-19, efforts to regain normalcy in social and economic activities have been proceeding, such as the progression of vaccination, and the lifting of activity restrictions, and recovery can be observed albeit it lacking strength. At the same time, because of the current surge in raw material prices such as crude oil, a rising price of goods and tightening of financial markets can be seen worldwide, which is causing uncertainty to continue for the economic outlook overall.

The Group also faced difficulties due to the continued impact of the temporary closing or reduction in operating hours of commercial facilities, managed facilities, and retail stores mainly in the first quarter ended June 30, 2021, and reduction in operating hours in the second quarter ended September 30, 2021 and onward, based on the state of emergency declared by the Japanese government and requests from local governments due to the spread of COVID-19. However, results have recovered significantly, since the areas subject to measures under the state of emergency declaration and restrictions were limited compared to the previous state of emergency declaration, which has been declared in the fiscal year ended March 31, 2021. Moreover, the Group achieved record high operating profit in the fiscal year under review. This was mainly due to a large office building having its first full-year of operation in office leasing, an increase in gains on sale in asset sales due to strong activity in the real estate transaction market, and strong sales performance in condominium unit sales and the real estate agents business in the residential market on the back of diversifying needs among customers and a continuation of low interest environment, etc.

Results for the fiscal year ended March 31, 2022 showed increases in revenues and profit with ¥989.0 billion in operating revenue (up 9.0% from the previous fiscal year), ¥83.8 billion in operating profit (up 48.3%), ¥72.8 billion in ordinary profit (up 56.4%) and, as a result of the recording of ¥7.1 billion in gain on sale of shares of subsidiaries and associates, etc. as extraordinary income (¥7.3 billion in extraordinary income in the previous fiscal year), ¥24.0 billion in impairment losses, etc. as extraordinary losses (¥12.0 billion in extraordinary losses in the previous fiscal year), ¥35.1 billion in profit attributable to owners of parent (up 62.1%).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	907.7	989.0	81.3
Operating income	56.5	83.8	27.3
Ordinary income	46.6	72.8	26.3
Profit attributable to owners of parent	21.7	35.1	13.5

Interest-bearing debt	1,478.8	1,421.7	(57.1)

(2) Segment Performance

Operating revenue

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	907.7	989.0	81.3
Urban Development	316.7	325.8	9.1
Strategic Investment	46.9	67.0	20.0
Property Management & Operation	351.2	383.8	32.5
Real Estate Agents	212.3	234.5	22.2
Adjustment for Inter-Company Transactions	(19.4)	(22.0)	(2.6)

Operating profit

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	56.5	83.8	27.3
Urban Development	41.7	51.9	10.2
Strategic Investment	12.1	14.7	2.7
Property Management & Operation	(8.8)	(0.1)	8.7
Real Estate Agents	18.9	26.1	7.2
Adjustment for Inter-Company Transactions	(7.3)	(8.9)	(1.6)

EBITDA (Current year)

(Unit: ¥ billion)

	Operating profit	Depreciation	Amortization of goodwill	EBITDA
Total	83.8	43.3	5.4	132.5
Urban Development	51.9	18.3	-	70.2
Strategic Investment	14.7	8.1	0.0	22.8
Property Management & Operation	(0.1)	13.4	2.0	15.4
Real Estate Agents	26.1	2.8	0.9	29.7
Adjustment for Inter-Company Transactions	(8.9)	0.8	2.5	(5.6)

① Urban Development

In our Urban Development business, we recorded ¥325.8 billion in operating revenue (up 2.9% from the previous fiscal year) and ¥51.9 billion in operating profit (up 24.5%).

In the previous fiscal year, there were significant restrictions on business activities such as temporary closing or reduction in operating hours of commercial facilities due to the declaration of the state of emergency in response to the spread of COVID-19, but compared to the previous fiscal year, the impact in the current fiscal year was limited.

The segment overall saw an increase in revenues as shown in the breakdown of operating revenue below, mainly due to the full-year operation of Tokyo PortCity Takeshiba Office Tower, which opened in September 2020, in Leasing (Office buildings), a certain amount of recovery from the COVID-19 impact for the Group's major commercial facilities such as Tokyu Plaza in Leasing (Commercial facilities), and an increase in the number of condominium units sold in Condominiums. Meanwhile in profits, although there was a decrease in asset sales for residential leasing properties, etc. included in Other (excluding condominiums in residential business), and a decrease in asset sales for properties included in Other (excluding lease in office and commercial facility business) due to the fewer number of properties, factors such as the strong activity in the real estate transaction market providing an increase in gain on sales led to both increased revenue and increased profit for the segment overall.

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 1.3%, 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 robustly backed by strong actual demand such as the need for improvement in quality of residence. Sales of condominium units recorded for the year under review were those of BRANZ Tower Toyosu (Koto-ku, Tokyo), and BRANZ Tower Shibaura (Minato-ku, Tokyo). The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium became 58% (up 4 percentage points from the previous fiscal year).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	316.7	325.8	9.1
Operating profit	41.7	51.9	10.2

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Leasing (Office buildings)	45.9	51.0	5.1
Leasing (Commercial facilities)	38.6	39.6	1.0
Other *1	86.0	78.8	(7.2)
Condominiums	106.0	139.9	33.9
Other *2	40.3	16.6	(23.7)

*1 Excluding lease in office and commercial facility business
*2 Excluding condominiums in residential business

Leasing floor space and vacancy rate of office buildings and commercial facilities

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Vacancy rate	0.4%	0.6%	1.3%	1.3%

Condominiums: condominium units sold (Units)

	Previous year	Current year	Comparison
No. of units sold	1,777	2,194	417
New supply	1,797	1,549	(248)
Contracted units	1,767	1,833	66
Inventory of completed units	827	661	(166)

② **Strategic Investment**

In our Strategic Investment business, we recorded ¥67.0 billion in operating revenue (up 42.7% from the previous fiscal year) and ¥14.7 billion in operating profit (up 22.0%).

In the breakdown of operating revenue below, revenues and profit increased mainly due to sales of assets of logistics facilities and an increase of operating facilities in the renewable energy business of Infrastructure & Industry, and an increase in dividends on the sale of properties in the U.S. in Overseas operations.

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 1,311 MW.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	46.9	67.0	20.0
Operating profit	12.1	14.7	2.7

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Infrastructure & Industry	34.5	52.8	18.2
Asset management	7.8	8.3	0.5
Overseas operations	4.6	5.9	1.3

Renewable energy power generation facilities

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Facilities in operation	16	30	38	66
Rated capacity (MW) *	246	487	730	882

*Rated capacity indicates the capacity before taking our equity into account for power generation facilities in operation.

③ Property Management & Operation

In our Property Management & Operation business, we recorded ¥383.8 billion in operating revenue (up 9.3% from the previous fiscal year) and ¥0.1 billion in operating loss.

In the previous fiscal year, there were significant restrictions on business activities such as temporary closing or reduction in operating hours of managed facilities due to the declaration of the state of emergency in response to the spread of COVID-19. Regarding the impact on business activities, despite a recovery trend in the fiscal year under review compared with the previous fiscal year, declarations of the state of emergency and priority measures for preventing the spread of infection, etc. were issued, and the effect from COVID-19 continued.

In the breakdown of operating revenue below, Property management (Condominiums) and Property management (Office buildings) saw a reactionary increase from refraining from operating activities and suspension of management activities because of the spread of COVID-19 in the previous fiscal year. Hotel and Leisure facilities had a certain amount of recovery compared to the previous fiscal year, and Other (wellness) recorded revenues from sales of assets. Overall, the segment saw an increase in revenues and profit.

The stock of condominium management service sites was 832 thousand units (of which the number of units under comprehensive management was 528 thousand units) as of March 31, 2022.

(Unit:¥ billion)

	Previous year	Current year	Comparison
Operating revenue	351.2	383.8	32.5
Operating profit	(8.8)	(0.1)	8.7

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Property management (Condominiums)	122.7	127.3	4.6
Property management (Office buildings)	71.0	78.6	7.7
Hotel *	22.1	28.5	6.4
Leisure facilities *	14.3	16.0	1.8
Healthcare *	23.3	23.8	0.4
Other (wellness)	22.7	39.0	16.4
Tokyu Hands *	63.2	56.7	(6.5)
Environmental greening	12.1	13.8	1.8

*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: Now excluded from the Company’s scope of consolidation following the transfer of all issued shares of Tokyu Hands Inc. on March 31, 2022.

Number of sites managed as of fiscal year end

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Condominiums (units)	831,684	829,533	839,891	831,603
Buildings (no. of contracts)	1,540	1,561	1,532	1,626

④ Real Estate Agents

In our Real Estate Agents business, we recorded ¥234.5 billion in operating revenue (up 10.5% from the previous fiscal year) and ¥26.1 billion in operating profit (up 38.3%).

The main factors for this large increase in both revenues and profit were rises in the number of properties traded and in the average traded price in retail and wholesale sales in the real estate sales agent business of Tokyu Livable Inc. due to the strong activity in the real estate transaction market, as well as the recording of retail estate sales for large properties.

(Unit:¥ billion)

	Previous year	Current year	Comparison
Operating revenue	212.3	234.5	22.2
Operating profit	18.9	26.1	7.2

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Real estate sales agent	55.6	69.0	13.4
Real estate sales	67.0	70.6	3.6
Consignment sales, etc.	7.3	7.1	(0.2)
Rental housing service	82.4	87.8	5.4

Real estate sales agent *

	As of March 31, 2019	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Number of transactions	25,570	26,437	25,635	28,750
Transaction amounts (Billions of yen)	1,245.5	1,315.9	1,226.5	1,578.0

*Total of retail and wholesale

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets decreased by ¥18.0 billion compared to the end of the previous fiscal year, mainly due to the sale of non-current assets and the exclusion of Tokyu Hands, Inc. from the scope of consolidation despite investments progressing in real estate for sale, and total liabilities also decreased by ¥52.5 billion compared to the end of the previous fiscal year, mainly due to a decrease in interest-bearing debt. Net assets increased by ¥34.6 billion compared to the end of the previous fiscal year mainly due to an increase in retained earnings.

The interest-bearing debt is expected to be ¥1,500.0 billion, debt equity ratio 2.3 times and EBITDA multiple 10.9 times as of the end of the fiscal year ending March 31, 2023 largely as a result of the capital requirements accompanying the progress of projects.

(Unit: ¥ billion)

	As of March 31, 2021	As of March 31, 2022
Total assets	2,652.3	2,634.3
Total liabilities	2,043.6	1,991.0
Net assets	608.7	643.3
Equity	596.7	631.8
Equity ratio	22.5%	24.0%
Interest-bearing debt	1,478.8	1,421.7
EBITDA multiple *	14.5×	10.7×
DER *	2.5×	2.3×
ROA *	2.2%	3.2%
ROE *	3.7%	5.7%

*EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
*DER: Interest-Bearing Debt/Equity
*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 end of fiscal 2021, cash and cash equivalents were ¥153.9 billion, representing a ¥35.6 billion decrease from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥76.5 billion mainly due to ¥55.9 billion of profit before income taxes and ¥43.3 billion of depreciation, notwithstanding ¥35.3 billion in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥31.8 billion mainly due to ¥46.3 billion for purchase of non-current assets and ¥29.9 billion for purchase of short-term and long-term investment securities, notwithstanding an increase of ¥21.7 billion in sales of shares of subsidiaries and an increase of ¥20.2 billion in sales of non-current assets, among others.

Cash flows from financing activities

Net cash used in financing activities was ¥81.3 billion mainly due to ¥142.8 billion in repayment of long-term borrowings and ¥20.1 billion in redemption of bonds, notwithstanding ¥76.0 billion in proceeds from long-term borrowings, among others.

Trend of indices

	As of March 31, 2020	As of March 31, 2021	As of March 31, 2022
Equity ratio	23.5%	22.5%	24.0%
Equity ratio on market value basis	16.6%	18.5%	17.6%
Ratio of interest-bearing debt to cash flows	-	14.7 years	18.6 years
Interest coverage ratio	-	8.7	7.0

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

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

5. Employees

(As of March 31, 2022)

Segment of business	Number of employees	Number of temporary employees
Urban Development	1,060	190
Strategic Investment	339	79
Property Management & Operation	13,769	8,869
Real Estate Agents	5,420	590
Whole Company (Common)	688	78
Total	21,276	9,806

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 ¥48,818 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, but do not include consumption tax.)

Segment	Capital investment (Unit: ¥ million)	Composition
Urban Development	12,509	25.6%
Strategic Investment	22,039	45.1%
Property Management & Operation	9,924	20.3%
Real Estate Agents	4,166	8.5%
Subtotal	48,639	99.6%
Adjustment or Whole Company	178	0.4%
Total	48,818	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: 109,507

(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)	(%)
The Master Trust Bank of Japan Ltd. (Trust Account)	120,184	16.70
Tokyu Corporation	114,479	15.90
Custody Bank of Japan, Ltd. (Trust Account)	53,911	7.49
SSBTC CLIENT OMNIBUS ACCOUNT	16,366	2.27
Sumitomo Mitsui Trust Bank, Limited.	16,008	2.22
The Dai-ichi Life Insurance Company, Limited	11,934	1.66
HSBC BANK PLC A/C HSBC BANK PLC AS TRUSTEE FOR PUTM ACS JAPAN EQUITY FUND	10,265	1.43
Nippon Life Insurance Company	8,107	1.13
Custody Bank of Japan, Ltd. (Trust Account 4)	7,967	1.11
JP Morgan Chase Bank	7,935	1.10

2. Information on Major Subsidiaries

(As of March 31, 2022)

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 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, 2022)

Lender	Amount of borrowing
	(million yen)
MUFG Bank, Ltd.	288,840
Sumitomo Mitsui Trust Bank, Limited.	199,538
Mizuho Bank, Ltd.	153,017

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	Masashi Okada
	Shohei Kimura
	Yoichi Ota
	Hiroaki Hoshino
Directors	Hirofumi Nomoto
	Makoto Kaiami *
	Saeko Arai *
	Satoshi Miura *
	Tsuguhiko Hoshino *
	Yumiko Jozuka *
Audit & Supervisory Board members	Kazuo Mochida
	Masahiko Hashizume
	Katsunori Takechi **
	Takahiro Nakazawa **

(As of June 28, 2022)

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, 2022, and the consolidated statements of income, comprehensive income, changes in equity, 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, 2022, 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.

Revenue recognition for real estate sales with real estate funds, etc.	
Description of Key Audit Matter	**Auditor’s Response**
The Group engage 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 223,860 million yen, Strategic	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.

Investment 32,755 million yen, Property Management & Operation 25,623 million yen, Real Estate Agents 73,155 million yen)' in the '32. Revenue recognition ' of the Notes to the Consolidated Financial Statements. Also, gain on 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 1,897 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.	・ 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. ・ 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. ・ 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. ・ Compared the transaction price with similar historical transaction and the real estate appraisal report in order to verify the transaction amount. In addition, 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. ・ 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 Non-current assets relating to large-scale real estate developments during the development period	
Description of Key Audit Matter	**Auditor's Response**
The Group engage in real estate development business of office buildings, commercial facilities, and residences, mainly in the city center. Under this business, assets are recorded as Non-current assets such as Land and Construction in progress on the Consolidated Balance Sheet. These amounts are included in Non-current assets of 1,093,431 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. 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	We conducted the following procedures to identify indications of impairment of Non-current assets relating to large-scale real estate developments during the development period, of which the total investment amounts exceed a certain amount, among others: ・ 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.

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 addition, there is a risk that Covid-19 pandemic will affect construction and 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 is recorded. In terms of impairment relating to the real estate development assets, the Group is required to test for impairment even in the development period, and judgement on the indication of impairment is complex because of the various risks of modification to the development plans as described above. Consequently, there is a risk that the necessary impairment loss might not be recorded. Therefore, we determined that the valuation of Non-current assets relating to large-scale real estate developments during the development period, is a key audit matter.	・ 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, 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. ・ Inspected the development site and considered the consistency with the information obtained from the procedures above. In addition, determined whether the development is delayed significantly based on the understanding of its progress. ・ Inquired of management and the in-charge department, and compared the planned completion schedule, tenant rent, occupancy rates, and construction costs in the cash forecast of each project with previous track records, in order to verify them. Also, confirmed the consistency of planned rent and occupancy rate with information released from external institutions such as market reports, etc. ・ 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.

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 audit 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, 2022 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, 2022

/s/ Kazunori Takenouchi

Kazunori Takenouchi
Designated Engagement Partner
Certified Public Accountant

/s/ Mikiya Arai

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) As of March 31, 2021	Yen (millions) **As of March 31, 2022**	U.S. dollars (thousands) (Note 2) **As of March 31, 2022**
Assets			
Current assets			
Cash and deposits (Note 10)	¥ 190,028	¥ 153,998	$ 1,262,279
Notes and accounts receivable - trade	41,842	–	–
Notes and accounts receivable - trade, and contract assets	–	39,212	321,410
Securities (Notes 6,25)	20,899	23,598	193,426
Merchandise	12,116	804	6,590
Real estate for sale (Notes 10,13)	343,715	438,252	3,592,230
Real estate for sale in process (Note 13)	332,329	315,851	2,588,943
Costs on construction contracts in progress	4,604	3,287	26,943
Supplies	749	784	6,426
Other	58,801	61,274	502,246
Allowance for doubtful accounts	(105)	(113)	(926)
Total current assets	1,004,980	1,036,951	8,499,598
Non-current assets			
Property, plant and equipment			
Buildings and structures	562,827	533,564	4,373,475
Accumulated depreciation	(208,082)	(207,388)	(1,699,902)
Buildings and structures, net (Note 10)	354,745	326,176	2,673,574
Land (Notes 9,10)	703,295	630,851	5,170,910
Construction in progress	78,156	84,952	696,328
Other	96,873	104,917	859,975
Accumulated depreciation	(52,521)	(53,466)	(438,246)
Other, net	44,351	51,450	421,721
Total property, plant and equipment (Notes 13,31)	1,180,549	1,093,431	8,962,549
Intangible assets			
Leasehold interests in land (Notes 10,13)	23,153	29,482	241,656
Goodwill	66,373	60,734	497,820
Other	20,164	18,000	147,541
Total intangible assets (Note 13)	109,691	108,216	887,016
Investments and other assets			
Investment securities (Notes 10,25)	216,712	246,373	2,019,451
Long-term loans receivable (Note 10)	1,267	2,363	19,369
Leasehold and guarantee deposits	91,310	87,642	718,377
Deferred tax assets (Note 29)	18,280	26,917	220,631
Retirement benefit asset (Note 27)	266	294	2,410
Other	29,501	32,450	265,984
Allowance for doubtful accounts	(335)	(297)	(2,434)
Total investments and other assets	357,004	395,743	3,243,795
Total non-current assets	1,647,245	1,597,391	13,093,369
Deferred assets			
Share issuance costs	71	–	–
Total deferred assets	71	–	–
Total assets	¥ 2,652,296	¥ 2,634,343	$ 21,592,975

Account title	Yen (millions) As of March 31, 2021	Yen (millions) **As of March 31, 2022**	U.S. dollars (thousands) (Note 2) **As of March 31, 2022**
Liabilities			
Current liabilities			
Notes and accounts payable - trade	¥ 56,714	¥ 43,900	$ 359,836
Short-term borrowings (Notes 10,11)	123,956	158,469	1,298,926
Current portion of bonds payable (Note 11)	20,000	20,000	163,934
Accounts payable – other	42,482	38,578	316,213
Income taxes payable	19,779	18,404	150,852
Advances received	42,453	45,118	369,820
Deposits received for consignment sales	9,209	31,643	259,369
Deposits received	35,899	38,195	313,074
Deposits received for special joint ventures	15,000	-	-
Provision for bonuses	10,530	12,622	103,459
Provision for bonuses for directors (and other officers)	259	261	2,139
Provision for warranties for completed construction	1,040	813	6,664
Other provisions	1,824	3,045	24,959
Other	19,874	27,721	227,221
Total current liabilities	399,025	438,774	3,596,508
Non-current liabilities			
Bonds payable (Note 11)	270,000	260,000	2,131,148
Long-term borrowings (Notes 10,11)	1,064,814	983,249	8,059,418
Deferred tax liabilities (Note 29)	29,595	22,586	185,131
Deferred tax liabilities for land revaluation (Note 9)	4,980	4,662	38,213
Long-term leasehold and guarantee deposits received	204,386	208,993	1,713,057
Retirement benefit liability (Note 27)	29,732	29,149	238,926
Provision for loss on guarantees	9	5	41
Provision for retirement benefits for directors (and other officers)	104	97	795
Provision for share awards for directors (and other officers)	—	62	508
Other (Note 10)	40,923	43,464	356,262
Total non-current liabilities	1,644,547	1,552,270	12,723,525
Total liabilities	2,043,573	1,991,044	16,320,033
Net assets			
Shareholders' equity (Note 34)			
Share capital	77,562	77,562	635,754
Capital surplus	166,679	166,585	1,365,451
Retained earnings	333,829	356,986	2,926,115
Treasury shares	(174)	(341)	(2,795)
Total shareholders' equity	577,896	600,791	4,924,516
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	18,316	15,010	123,033
Deferred gains or losses on hedges (Note 26)	(422)	610	5,000
Revaluation reserve for land (Note 9)	9,903	9,181	75,254
Foreign currency translation adjustment	(8,084)	6,453	52,893
Remeasurements of defined benefit plans (Note 27)	(936)	(256)	(2,098)
Total accumulated other comprehensive income	18,776	30,997	254,074
Share acquisition rights (Note 28)	-	5	41
Non-controlling interests	12,050	11,503	94,287
Total net assets	608,723	643,298	5,272,934
Total liabilities and net assets	¥ 2,652,296	¥ 2,634,343	$ 21,592,975

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2021 (From April 1, 2020 to March 31, 2021)	Yen (millions) **2022 (From April 1, 2021 to March 31, 2022)**	U.S. dollars (thousands) (Note 2) **2022 (From April 1, 2021 to March 31, 2022)**
Operating revenue	¥ 907,735	¥ 989,049	$ 8,106,959
Operating cost (Note 14)	742,940	795,146	6,517,590
Operating gross profit	164,795	193,903	1,589,369
Selling, general and administrative expenses (Note 15)	108,277	110,085	902,336
Operating profit	56,517	83,817	687,025
Non-operating income			
Interest income	226	244	2,000
Dividend income	774	317	2,598
Foreign exchange gains	349	108	885
Share of profit of entities accounted for using equity method	87	144	1,180
Subsidy income	1,130	1,278	10,475
Insurance claim income	477	136	1,115
Guarantee commission received	303	471	3,861
Other	431	583	4,779
Total non-operating income	3,780	3,284	26,918
Non-operating expenses			
Interest expenses	11,896	11,087	90,877
Other	1,845	3,180	26,066
Total non-operating expenses	13,742	14,268	116,951
Ordinary profit	46,555	72,834	597,000
Extraordinary income			
Gain on sale of non-current assets	78	1,897	15,549
Gain on sale of investment securities	4,586	2	16
Gain on sale of shares of subsidiaries and associates	—	4,047	33,172
Subsidies for employment adjustment (Note 16)	2,610	294	2,410
Cooperation money income (Note 17)	4	814	6,672
Other	—	1	8
Total extraordinary income	7,278	7,058	57,852
Extraordinary losses			
Impairment losses (Note 18)	2,531	22,273	182,566
Loss on liquidation of subsidiaries and associates	2,477	—	—
Loss on COVID-19 impact (Note 19)	6,604	1,513	12,402
Other	380	231	1,893
Total extraordinary losses	11,993	24,017	196,861
Profit before income taxes	41,840	55,874	457,984
Income taxes – current	19,167	34,579	283,434
Income taxes – deferred (Note 29)	1,039	(14,687)	(120,385)
Total income taxes (Note 29)	20,206	19,892	163,049
Profit	21,634	35,981	294,926
Loss attributable to non-controlling interests	(34)	848	6,951
Profit attributable to owners of parent	¥ 21,668	¥ 35,133	$ 287,975

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2021 (From April 1, 2020 to March 31, 2021)	Yen (millions) **2022 (From April 1, 2021 to March 31, 2022)**	U.S. dollars (thousands) (Note 2) **2022 (From April 1, 2021 to March 31, 2022)**
Profit	¥ 21,634	¥ 35,981	$ 294,926
Other comprehensive income			
Valuation difference on available-for-sale securities	9,619	(3,306)	(27,098)
Deferred gains or losses on hedges	(224)	1,007	8,254
Foreign currency translation adjustment	(1,734)	3,453	28,303
Remeasurements of defined benefit plans, net of tax	773	679	5,566
Share of other comprehensive income of entities accounted for using equity method	(5,347)	11,100	90,984
Total other comprehensive income (Note 20)	3,086	12,934	106,016
Comprehensive income	24,721	48,916	400,951
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	24,809	48,076	394,066
Comprehensive income attributable to non-controlling interests	¥ (87)	¥ 839	$ 6,877

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

2021 (from April 1, 2020 to March 31, 2021)
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	¥166,678	¥325,509	¥(260)	¥569,489
Cumulative effects of changes in accounting policies					–
Restated balance	77,562	166,678	325,509	(260)	569,489
Changes during period					
Dividends of surplus			(11,512)		(11,512)
Profit attributable to owners of parent			21,668		21,668
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		(0)		87	87
Change in treasury shares resulting from change in scope of consolidation					–
Reversal of revaluation reserve for land			(1,836)		(1,836)
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	–	1	8,320	86	8,407
Balance at end of period	¥77,562	¥166,679	¥333,829	¥(174)	¥577,896

	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	¥8,696	¥(206)	¥8,067	¥(1,047)	¥(1,709)	¥13,800	–	¥10,956	¥594,246
Cumulative effects of changes in accounting policies									–
Restated balance	8,696	(206)	8,067	(1,047)	(1,709)	13,800	–	10,956	594,246
Changes during period									
Dividends of surplus									(11,512)
Profit attributable to owners of parent									21,668
Purchase of treasury shares									(1)
Disposal of treasury shares									87
Change in treasury shares resulting from change in scope of consolidation									–
Reversal of revaluation reserve for land									(1,836)
Change in ownership interest of parent due to transactions with non-controlling interests									1
Net changes in items other than shareholders' equity	9,620	(216)	1,836	(7,036)	773	4,976	–	1,094	6,070
Total changes during period	9,620	(216)	1,836	(7,036)	773	4,976	–	1,094	14,477
Balance at end of period	¥18,316	¥(422)	¥9,903	¥(8,084)	¥(936)	¥18,776	–	¥12,050	¥608,723

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

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.

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

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	$635,754	$1,366,221	$2,736,303	$(1,426)	$4,736,852
Cumulative effects of changes in accounting policies			(9,705)		(9,705)
Restated balance	635,754	1,366,221	2,726,598	(1,426)	4,727,148
Changes during period					
Dividends of surplus			(94,377)		(94,377)
Profit attributable to owners of parent			287,975		287,975
Purchase of treasury shares				(1,303)	(1,303)
Disposal of treasury shares		(779)		2,074	1,295
Change in treasury shares resulting from change in scope of consolidation				(2,139)	(2,139)
Reversal of revaluation reserve for land			5,910		5,910
Change in ownership interest of parent due to transactions with non-controlling interests		8			8
Net changes in items other than shareholders' equity					—
Total changes during period	-	(762)	199,508	(1,369)	197,369
Balance at end of period	$635,754	$1,365,451	$2,926,115	$(2,795)	$4,924,516

	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	$150,131	$(3,459)	$81,172	$(66,262)	$(7,672)	$153,902	-	$98,770	$4,989,533
Cumulative effects of changes in accounting policies									(9,705)
Restated balance	150,131	(3,459)	81,172	(66,262)	(7,672)	153,902	-	98,770	4,979,828
Changes during period									
Dividends of surplus									(94,377)
Profit attributable to owners of parent									287,975
Purchase of treasury shares									(1,303)
Disposal of treasury shares									1,295
Change in treasury shares resulting from change in scope of consolidation									(2,139)
Reversal of revaluation reserve for land									5,910
Change in ownership interest of parent due to transactions with non-controlling interests									8
Net changes in items other than shareholders' equity	(27,098)	8,467	(5,910)	119,156	5,566	100,172	41	(4,484)	95,730
Total changes during period	(27,098)	8,467	(5,910)	119,156	5,566	100,172	41	(4,484)	293,107
Balance at end of period	$123,033	$5,000	$75,254	$52,893	$(2,098)	$254,074	$41	$94,287	$5,272,934

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) 2021 (From April 1, 2020 to March 31, 2021)	Yen (millions) **2022 (From April 1, 2021 to March 31, 2022)**	U.S. dollars (thousands) (Note 2) **2022 (From April 1, 2021 to March 31, 2022)**
Cash flows from operating activities			
Profit before income taxes	¥ 41,840	¥ 55,874	$ 457,984
Depreciation	39,803	43,328	355,148
Amortization of goodwill	5,336	5,391	44,189
Share of loss (profit) of entities accounted for using equity method	(87)	(144)	(1,180)
Increase (decrease) in retirement benefit liability	(286)	345	2,828
Increase (decrease) in other provisions	(650)	2,174	17,820
Impairment loss	2,531	22,273	182,566
Loss on valuation of inventories	2,942	5,071	41,566
Loss (gain) on sale of non-current assets	(76)	(1,900)	(15,574)
Loss on retirement of non-current assets	1,184	1,154	9,459
Interest and dividend income	(1,000)	(561)	(4,598)
Interest expenses	11,896	11,087	90,877
Decrease (increase) in trade receivables	(4,628)	(5,088)	(41,705)
Decrease (increase) in inventories	(2,811)	(19,834)	(162,574)
Increase (decrease) in trade payables	4,989	(9,193)	(75,352)
Increase (decrease) in deposits received for consignment sales	(10,052)	22,433	183,877
Increase (decrease) in deposits received for special joint ventures	6,500	(15,000)	(122,951)
Other, net	22,883	3,227	26,451
Subtotal	120,313	120,639	988,844
Interest and dividends income received	3,967	2,081	17,057
Interest paid	(11,588)	(10,971)	(89,926)
Income taxes paid	(12,280)	(35,295)	(289,303)
Net cash provided by (used in) operating activities	¥ 100,411	¥ 76,453	$ 626,664
Cash flows from investing activities			
Loan advances	(126)	(1,135)	(9,303)
Proceeds from collection of loans receivable	117	229	1,877
Purchase of short-term and long-term investment securities	(40,429)	(29,860)	(244,754)
Proceeds from sale and redemption of short-term and long-term investment securities	26,959	7,381	60,500
Payments of leasehold and guarantee deposits	(6,054)	(8,859)	(72,615)
Proceeds from refund of leasehold and guarantee deposits	4,277	5,265	43,156
Purchase of non-current assets	(100,268)	(46,263)	(379,205)
Proceeds from sale of non-current assets	141	20,210	165,656
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	-	21,666	177,590
Other, net	(649)	(421)	(3,451)
Net cash provided by (used in) investing activities	¥ (116,031)	¥ (31,786)	$ (260,541)

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2021 (From April 1, 2020 to March 31, 2021)	Yen (millions) **2022 (From April 1, 2021 to March 31, 2022)**	U.S. dollars (thousands) (Note 2) **2022 (From April 1, 2021 to March 31, 2022)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ (5,400)	¥ 1,836	$ 15,049
Net increase (decrease) in commercial papers	(90,000)	-	-
Proceeds from long-term borrowings	249,617	75,968	622,689
Repayments of long-term borrowings	(114,102)	(142,844)	(1,170,852)
Proceeds from long-term lease and guarantee deposited	25,760	24,487	200,713
Repayments of long-term lease and guarantee deposited	(15,059)	(15,749)	(129,090)
Proceeds from issuance of bonds	90,000	10,000	81,967
Redemption of bonds	(20,000)	(20,100)	(164,754)
Dividends paid	(11,512)	(11,514)	(94,377)
Proceeds from share issuance to non-controlling shareholders	3,159	808	6,623
Dividends paid to non-controlling interests	(1,134)	(945)	(7,746)
Repayments of finance lease liabilities	(2,278)	(2,326)	(19,066)
Payments for investments in silent partnership that do not result in change in scope of consolidation	(258)	(45)	(369)
Net decrease (increase) in treasury shares	(0)	(1)	(8)
Other, net	(445)	(845)	(6,926)
Net cash provided by (used in) financing activities	¥ 108,344	¥ (81,273)	$ (666,172)
Effect of exchange rate change on cash and cash equivalents	(252)	818	6,705
Net increase (decrease) in cash and cash equivalents	¥ 92,472	¥ (35,787)	$ (293,336)
Cash and cash equivalents at beginning of period	97,037	189,509	1,553,352
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	-	143	1,172
Cash and cash equivalents at end of period (Note 22)	¥ 189,509	¥ 153,865	$ 1,261,189

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 172 consolidated subsidiaries as of March 31, 2022. The following companies have become consolidated subsidiaries: TFHD digital, Inc and 9 other companies became consolidated subsidiaries, as they were newly established. Silent Partnership Exim and 6 other companies (due to new investments) became consolidated subsidiaries.

On the other hand, Community One Co.,Ltd. was removed from the scope of consolidation as a result of its merger through absorption into TOKYU COMMUNITY CORPORATION the surviving entity. Tokyu Hands, Inc. was removed from the scope of consolidation as a result of sale of its shares. 15 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 securities are carried at amortized cost.

Available-for-sale 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." Available-for-sale securities without determinable market values are carried principally at cost. The cost of available-for-sale 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 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

Share issuance cost is amortized by the straight-line method over three years.

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.

(v) 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, 2022.

(Consolidated statement of income)

Guarantee fees received," which was included in "Other" under non-operating income in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year because it exceeded 10/100 of total non-operating income. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 735 million yen presented as "Other" under non-operating income in the consolidated statement of income for the previous consolidated fiscal year has been reclassified as "Guarantee fee income" of 303 million yen and "Other" of 431 million yen.

Gain on sales of fixed assets" and "Cooperation money income," which were included in "Other" under extraordinary income in the previous consolidated fiscal year, are separately presented in the current consolidated fiscal year because they exceeded 10/100 of the total amount of extraordinary income. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 82 million yen presented as "Other" under extraordinary income in the consolidated statement of income for the previous consolidated fiscal year has been reclassified as "Gain on sales of fixed assets" of 78 million yen and "Cooperation money income" of 4 million yen.

(Consolidated statement of cash flows)

Loss (gain) on sales of non-current assets," which was included in "Other" under "Net cash provided by (used in) operating activities" in the previous consolidated fiscal year, is separately presented in the current consolidated fiscal year due to its increased importance in terms of amount. To reflect this change in presentation, the consolidated financial statements for the previous consolidated fiscal year have been reclassified.

As a result, 22,807 million yen presented as "Other" in "Net cash provided by (used in) operating activities" in the consolidated statements of cash flows for the previous fiscal year has been reclassified as "Loss (gain) on sales of noncurrent assets" (76 million yen) and "Other" 22,883 million yen.

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 ¥122=U.S. $1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2022. 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.

The Group also faced difficulties due to the continued impact of the temporary closing or reduction in operating hours of commercial facilities, managed facilities, and retail stores mainly in the first quarter ended June 30, 2021, and reduction in operating hours in the second quarter ended September 30, 2021 and onward, based on the state of emergency declared by the Japanese government and requests from local governments due to the spread of COVID-19. However, results have recovered significantly, since the areas subject to measures under the state of emergency declaration and restrictions were limited compared to the previous state of emergency declaration, which has been declared in the fiscal year ended March 31, 2021. Although operating conditions have recovered to a certain degree since the third quarter, we will closely monitor the impact on future business activities. In light of these circumstances, we have made accounting estimates based on the assumption that the business performance of the Group will gradually recover from the following fiscal year.

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)
	2021	**2022**	**2022**
Merchandise	¥ 12,116	¥ 804	$ 6,590
Real estate for sale	343,715	438,252	3,592,230
Real estate for sale in process	332,329	315,851	2,588,943
Costs on construction contracts in progress	4,604	3,287	26,943
Investments in silent partnerships	7,448	12,747	104,484
Securities	13,185	10,435	85,533
Loss on valuation of inventories	2,942	5,071	41,566

Note: Investments in silent partnerships are included in "Securities" on the consolidated balance sheet.
Loss on valuation of inventories is included in "Operating cost" 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)
	2021	**2022**	**2022**
Property, plant and equipment	¥ 1,180,549	¥ 1,093,431	$ 8,962,549
Intangible assets	109,691	108,216	887,016
Impairment loss	2,531	22,273	182,566

(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)
	2021	**2022**	**2022**
Investment securities	¥ 216,712	¥ 246,373	$ 2,019,451
Loss on valuation of investment securities	151	379	3,107
Loss on valuation of shares of subsidiaries	24	-	-

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 non-marketable equity securities, 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. In the case of a decline of 30% to 50%, impairment loss is recognized for the amount deemed necessary in consideration of the possibility of recovery. 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 Revenue Recognition

Accounting Standard for Revenue Recognition (ASBJ Statement No. 29, March 31, 2020) and Implementation Guidance on Accounting Standard for Revenue Recognition (ASBJ Guidance No. 30, March 26, 2021) are effective for fiscal years beginning on or after April 1, 2021, the Company has applied the revenue recognition accounting standard and other standards from the beginning of the current fiscal year.

As a result, the Company changed its method of recognizing revenue from purchase recorded at the time of sale (shoka shiire) in the Property Management & Operation business from recognizing revenues at the gross amount received from customers to recognizing revenues at the net amount received from customers minus the amount paid to suppliers. In addition, the Company changed its method of recognizing revenues from upfront payments received from users of certain management and operation businesses from a lump-sum basis to a method of recognizing revenues proportionally over a certain period of time.

In accordance with the transitional treatment prescribed in the proviso of Paragraph 84 of the Accounting Standard for Revenue Recognition, the cumulative effect of retrospective application of the new accounting policy prior to the beginning of the current fiscal year is added to or deducted from retained earnings at the beginning of the current fiscal year, and the new accounting policy is applied from such beginning balance. The new accounting policy is applied from the balance at the beginning of the current fiscal year. However, the new accounting policy was not applied retrospectively to contracts for which almost all revenue amounts were recognized prior to the beginning of the current fiscal year in accordance with the previous treatment, applying the method prescribed in Paragraph 86 of the Accounting Standard for Revenue Recognition.

As a result, the balance of retained earnings at the beginning of the current period decreased by 1,184 million yen. The effect of this change on profit and loss for the current fiscal year is immaterial.

Due to the application of the revenue recognition accounting standard, "Notes and accounts receivable," which were included in "Current assets" in the consolidated balance sheet in the previous consolidated fiscal year, are included in " Notes and accounts receivable - trade, and contract assets" from this consolidated fiscal year. In accordance with the transitional treatment prescribed in Paragraph 89-2 of the Accounting Standard for Revenue Recognition, no reclassification has been made for the previous consolidated fiscal year using the new presentation.

Application of Accounting Standard for Fair Value Measurement

Accounting Standard for Fair Value Measurement (ASBJ Statement No. 30, July 4, 2019), etc., from the beginning of the current fiscal year, in accordance with the transitional treatment prescribed in paragraph 19 of the Accounting Standard for Fair Value Calculation and paragraph 44-2 of the Accounting Standard for Financial Instruments (ASBJ Statement No. 10, July 4, 2019). The new accounting policy is applied prospectively. The adoption of this accounting standard did not have a material impact on the consolidated financial statements. In the notes to "Financial Instruments," the Company has decided to provide notes on items such as the breakdown of the fair value of financial instruments by level of fair value. However, in accordance with the transitional treatment prescribed in paragraph 7-4 of the "Guidance on Disclosures about Fair Value of Financial Instruments" (ASBJ Guidance No. 19, July 4, 2019), the Company has not presented the notes for the fiscal year ended March 31, 2021.

5. Accounting standards issued but not yet adopted, etc

Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021)

(1) Overview

The June 17, 2021 amendment to Implementation Guidance on Accounting Standard for Fair Value Measurement (ASBJ Guidance No. 31, June 17, 2021) was revised and published because, at the time of publication on July 4, 2019, it was considered that a certain period of time would be required for discussions with related parties, etc., to consider the "calculation of the fair value of investment trusts," and that a certain amount of time would also be required to consider the fair value note for "investments in partnerships, etc., in which the net amount of equity interest is recorded on the balance sheet," approximately one year after the publication of the "Accounting Standard for Calculating Fair Value."

(2) Scheduled date of application

The Company and its consolidated subsidiaries will apply the accounting standard from the beginning of the fiscal year ending March 31, 2023.

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

The effect of the application of Implementation Guidance on Accounting Standard for Fair Value Measurement on the consolidated financial statements is currently under evaluation.

6. 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, 2021 and 2022 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Investments in silent partnership	¥ 7,448	¥ 12,747	$ 104,484
Securities	13,185	10,435	85,533

7. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2021 and 2022 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Investment securities	¥ 119,896	¥ 144,558	$ 1,184,902

8. Contingent Liabilities

At March 31, 2021 and 2022 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 7	¥ 6	$ 49
Membership loan users	1	0	0
Employees for their purchase of residential houses	0	-	-
PT. TTL Residences	137	130	1,066
425 Park Owner LLC	10,274	9,876	80,951
425 Park Junior Investment LLC	-	40,021	328,041
Yonago Biomass power plant Joint company	996	1,101	9,025
Rhapsody TMK	3,000	3,000	24,590
Renewable Japan Energy Operator SPC	1,000	1,000	8,197
Violet LLC	3,500	3,500	28,689
TLS5 TMK	-	2,000	16,393
Tyrell Co., Ltd.	-	20	164
Tahara Green Biomass GK	-	1,683	13,795
	¥ 18,917	¥ 62,342	$ 506,846

9. 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, 2021 and 2022 respectively. As such, the difference is not stated.

10. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2021 and 2022 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Cash and deposits	¥ 2,188	¥ 2,094	$ 17,164
Inventories (Real estate for sale)	61,153	81,644	669,213
Buildings and structures	188,010	185,648	1,521,705
Land	463,903	416,544	3,414,295
Leasehold interests in land	14,562	16,649	136,467
Investment securities	148	981	8,041
Long-term loans receivable	163	151	1,238
	¥ 730,129	¥ 703,714	$ 5,768,148

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Short-term borrowings	¥ 16,368	¥ 82,619	$ 677,205
Long-term borrowings	420,459	301,597	2,472,107
Other non-current liabilities	2,261	2,261	18,533
	¥ 439,089	¥ 386,477	$ 3,167,844

In addition to the above, Investment securities of ¥10 million at March 31, 2021, respectively were pledged as collateral for guarantee of the real estate agent 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)
	2021	**2022**	**2022**
Real estate for sale	¥ 2,261	¥ 2,261	$ 18,533
Other non-current liabilities	2,261	2,261	18,533

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)
	2021	**2022**	**2022**
Short-term borrowings (Current portion of long-term borrowings)	¥ 16,368	¥ 82,619	$ 677,205
Long-term borrowings	420,459	301,597	2,472,107

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

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Cash and deposits	¥ 2,188	¥ 2,094	$ 17,164
Real estate for sale	56,802	75,532	619,115
Buildings and structures	188,010	185,648	1,521,705
Land	463,903	416,544	3,414,295
Leasehold interests in land	14,562	16,649	136,467

11. Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2021 (¥43,797 million) and 2022 (¥45,633 million ($374,041 thousand)) consist of loans principally from banks with weighted average interest rates of 0.29% in 2022.

Long-term debt at March 31, 2021 and 2022 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
0.856% unsecured corporate bond, maturing 2025	10,000	10,000	81,967
0.968% unsecured corporate bond, maturing 2026	10,000	10,000	81,967
0.190% unsecured corporate bond, maturing 2022	10,000	-	-
0.780% unsecured corporate bond, maturing 2032	10,000	10,000	81,967
0.800% unsecured corporate bond, maturing 2032	10,000	10,000	81,967
0.180% unsecured corporate bond, maturing 2022	10,000	-	-
0.455% unsecured corporate bond, maturing 2027	10,000	10,000	81,967
0.160% unsecured corporate bond, maturing 2023	10,000	10,000	81,967
0.790% unsecured corporate bond, maturing 2033	10,000	10,000	81,967
0.410% unsecured corporate bond, maturing 2028	10,000	10,000	81,967
0.170% unsecured corporate bond, maturing 2023	10,000	10,000	81,967
0.780% unsecured corporate bond, maturing 2033	10,000	10,000	81,967
0.390% unsecured corporate bond, maturing 2028	10,000	10,000	81,967
0.980% unsecured corporate bond, maturing 2038	10,000	10,000	81,967
0.180% unsecured corporate bond, maturing 2024	10,000	10,000	81,967
0.455% unsecured corporate bond, maturing 2029	10,000	10,000	81,967
0.370% unsecured corporate bond, maturing 2030	10,000	10,000	81,967
0.880% unsecured corporate bond, maturing 2040	10,000	10,000	81,967
0.190% unsecured corporate bond, maturing 2025	10,000	10,000	81,967
0.700% unsecured corporate bond, maturing 2040	10,000	10,000	81,967
0.440% unsecured corporate bond, maturing 2026	10,000	10,000	81,967
0.600% unsecured corporate bond, maturing 2031	10,000	10,000	81,967
1.060% unsecured corporate bond, maturing 2056	40,000	40,000	327,869
1.240% unsecured corporate bond, maturing 2061	30,000	30,000	245,902
0.300% unsecured corporate bond, maturing 2032	-	10,000	81,967
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2022 to 2032 with weighted average interest rates of 0.64% in 2022.			
Secured	436,828	384,217	3,149,317
Unsecured	708,145	711,869	5,834,989
	1,434,974	1,376,085	11,279,385
Less current portion	(100,160)	112,836	924,888
	¥ 1,334,814	¥ 1,263,249	$ 11,484,082

The aggregate annual maturity of long-term debt after March 31, 2021 and 2022 are as follows:

2021

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2023	¥ 144,080	$ 1,309,818
2024	139,439	1,267,627
2025	134,426	1,222,055
2026	197,851	1,798,645
2027 and thereafter	719,015	6,536,500
	¥ 1,334,814	$ 12,134,673

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

12. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 27 banks at March 31, 2021 and 27 banks at March 31, 2022, and commitment lines with 10 banks at March 31, 2021 and March 31, 2022 respectively. These contracts at March 31, 2021 and 2022 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Limit of overdraft	¥ 319,719	¥ 249,219	$ 2,042,779
Line of credit	104,000	104,000	852,459
Borrowing outstanding	43,797	44,797	367,189
Available commitment lines	¥ 379,922	¥ 308,422	$ 2,528,049

13. 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)
	2021	**2022**	**2022**
From property, plant and equipment to real estate for sale	¥ 34,140	¥ 54,766	$ 448,902
From real estate for sale to property, plant and equipment	7,232	177	1,451
From real estate for sale in process to property, plant and equipment	-	178	1,459

14. 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)
	2021	**2022**	**2022**
Loss on valuation of inventories	¥ 2,942	¥ 5,071	$ 41,566

15. Selling, General and Administrative expenses

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

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Salaries, allowance and bonuses	¥ 23,024	¥ 22,795	$ 186,844
Selling and advertising expenses	12,149	12,800	104,918
Rent expenses	13,876	12,562	102,967
Provision for bonuses	2,218	2,066	16,934
Provision for bonuses for directors (and other officers)	121	124	1,016
Retirement benefit expenses	1,368	1,857	15,221
Provision for retirement benefits for directors (and other officers)	24	10	82

16. Subsidies for employment adjustment

2021

In the first quarter, 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.

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.

17. Cooperation money income

2021

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.

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.

18. Impairment Loss on Fixed Assets

2021

For the year ended March 31, 2021, 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)
Retail store (10 cases)	Buildings and structures, other fixed assets	Toshima-ku, Tokyo, etc.	¥1,102	$10,018
Leased assets	Land, Buildings and structures, other fixed assets	Chiba City, Chiba Prefecture	¥777	$7,064
Others (6 assets)	Buildings and structures, other fixed assets	Other area	¥651	$5,918

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 17 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 of ¥2,531 million ($23,009 thousand).

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.

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 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 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%.

19. Loss on COVID-19

2021

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.

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.

20. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2021 and 2022:

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

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 13,742	¥ (4,762)	$ (39,033)
Reclassification to income for the year	60	44	361
Total valuation difference on available-for-sale securities	¥ 13,802	¥ (4,718)	$ (38,672)
Deferred gains or losses on hedges:			
Amount arising during the year	86	1,285	10,533
Reclassification to income for the year	—	—	—
Total deferred gains or losses on hedges	¥ 86	¥ 1,285	$ 10,533
Foreign currency translation adjustment:			
Amount arising during the year	(1,366)	3,477	28,500
Reclassification to income for the year	(368)	(24)	(197)
Total foreign currency translation adjustment	¥ (1,734)	¥ 3,453	$ 28,303
Remeasurements of defined benefits:			
Amount arising during the year	490	(327)	(2,680)
Reclassification to income for the year	503	996	8,164
Total remeasurements of defined benefits	¥ 993	¥ 669	$ 5,484
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	(5,347)	11,100	90,984
Reclassification to income for the year	—	—	—
Total share of other comprehensive income of entities accounted for using equity method	¥ (5,347)	¥ 11,100	$ 90,984
Amount before tax effect	7,801	11,791	96,648
Tax effect	(4,714)	1,143	9,369
Total accumulated other comprehensive income	¥ 3,086	¥ 12,934	$ 106,016

(2) Tax effect of other comprehensive income

	Yen (millions) 2021		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥ 13,802	¥ (4,183)	¥ 9,619
Deferred gains or losses on hedges	86	(311)	(224)
Foreign currency translation adjustment	(1,734)	-	(1,734)
Remeasurements of defined benefit plans	993	(220)	773
Share of other comprehensive income of entities accounted for using equity method	(5,347)	-	(5,347)
Total accumulated other comprehensive income	¥ 7,801	¥ (4,714)	¥ 3,086

	Yen (millions) **2022**		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥ (4,718)	¥ 1,411	¥ (3,306)
Deferred gains or losses on hedges	1,285	(277)	1,007
Foreign currency translation adjustment	3,453	—	3,453
Remeasurements of defined benefit plans	669	9	679
Share of other comprehensive income of entities accounted for using equity method	11,100	—	11,100
Total accumulated other comprehensive income	¥ 11,791	¥ 1,143	¥ 12,934

	U.S. dollars (thousands) **2022**		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	$ (38,672)	$ 11,566	$ (27,098)
Deferred gains or losses on hedges	10,533	(2,270)	8,254
Foreign currency translation adjustment	28,303	-	28,303
Remeasurements of defined benefit plans	5,484	74	5,566
Share of other comprehensive income of entities accounted for using equity method	90,984	-	90,984
Total accumulated other comprehensive income	$ 96,648	$ 9,369	$ 106,016

21. Major breakdown of assets and liabilities of a company that ceased to be a consolidated subsidiary due to the transfer of shares in the current consolidated fiscal year

Major breakdown of assets and liabilities at the time of transfer of Tokyu Hands Corporation, which ceased to be a consolidated subsidiary due to the transfer of shares, is as follows.

	Yen (millions)	U.S. dollars (thousands)
Current assets	¥18,269	$149,746
Non-current assets	¥10,816	$88,656
Total assets	¥29,085	$238,402

	Yen (millions)	U.S. dollars (thousands)
Current liabilities	¥13,634	$111,754
Non-current liabilities	¥15,006	$123,000
Total liabilities	¥28,640	$234,754

22.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, 2021 and 2022 are as follows:

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Cash and deposits	¥	190,028	¥	153,998	$	1,262,279
Time deposits with maturity over three months		(518)		(132)		(1,082)
Short-term loans receivable		-		0		0
Cash and cash equivalents	¥	189,509	¥	153,865	$	1,261,189

The details of significant non-cash transactions

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥	34,140	¥	54,766	$	448,902
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.		7,232		177		1,451
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		1,459
Assets related to finance leases		3,582		1,045		8,566
Liabilities related to finance leases		3,885		916		7,508
Liabilities related to asset retirement obligations		5,130		1,019		8,352

23. 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, 2021 and 2022 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2021 and 2022 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Acquisition cost	¥ 6,251	¥ 6,251	$ 51,238
Accumulated depreciation	4,291	4,604	37,738
Carrying amount	¥ 1,959	¥ 1,647	$ 13,500

(2) Future lease payments at March 31, 2021 and 2022

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Due within one year	¥ 517	¥ 517	$ 4,238
Due after one year	2,682	2,165	17,746
Total	¥ 3,199	¥ 2,682	$ 21,984

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2021 and 2022

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Lease payments	¥ 517	¥ 517	$ 4,238
Depreciation expense equivalent	312	312	2,557
Interest expenses equivalent	155	135	1,107

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2021 and 2022 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Due within one year	¥ 31,060	¥ 28,370	$ 232,541
Due after one year	568,111	575,555	4,717,664
Total	¥ 599,172	¥ 603,925	$ 4,950,205

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2021 and 2022 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Due within one year	¥ 44,513	¥ 42,359	$ 347,205
Due after one year	203,589	174,708	1,432,033
Total	¥ 248,103	¥ 217,067	$ 1,779,238

24. Financial Instruments

Financial instruments at March 31, 2021 and 2022 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).

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. 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, 2021 and 2022. 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.

2021

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities	¥	¥	
Available-for-sale securities	79,972	79,972	-
Total assets	¥ 79,972	¥ 79,972	¥ -
(1) Bonds payable	290,000	288,467	(1,532)
(2) Long-term borrowings	1,144,973	1,147,246	2,272
Total liabilities	¥ 1,434,973	¥ 1,435,713	¥ 740
Derivatives			
Derivatives to which hedge accounting is applied	(239)	(239)	-

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	-

2022

	U.S. dollars (thousands)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Shares of subsidiaries and associates	$ 26,016	$ 64,041	$ 38,025
Available-for-sale securities	656,303	656,303	-
(2) Leasehold and guarantee deposits	718,377	661,115	(57,262)
Total assets	$ 1,400,705	$ 1,381,467	$ (19,238)
(1) Bonds payable	2,295,082	2,298,508	3,426
(2) Long-term borrowings	8,984,303	8,991,418	7,107
(3) Long-term leasehold and guarantee deposits received	1,713,057	1,570,320	(142,730)
Total liabilities	$ 12,992,443	$ 12,860,254	$ (132,189)
Derivatives			
Derivatives to which hedge accounting is applied	8,574	8,574	-

Notes:

1. The consolidated balance sheet amounts of non-marketable equity securities and investments in partnerships are as follows, which are not included in "Marketable securities and investment securities" in the fair value information of financial instruments.

	Yen (millions)	U.S. dollars (thousands)
Non-marketable equity securities	¥125,868	$1,031,705
Investments in partnerships	¥60,858	$498,836

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, July 4, 2019. 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 27 of the "Guidance on Accounting Standard for Measurement of Fair Value" (ASBJ Guidance No. 31, July 4, 2019, 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, 2021 and 2022.

2021

	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	¥ 190,028	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds	-	-	-	-
Total	¥ 190,028	¥ -	¥ -	¥ -

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				
Available-for-sale securities with maturities				
Corporate bonds	-	-	-	61
Total	¥ 153,998	¥ -	¥ -	¥ 61

2022

	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	$ 1,262,279	$ -	$ -	$ -
Investment securities				
Available-for-sale securities with maturities				
Corporate bonds	-	-	-	500
Total	$ 1,262,279	$ -	$ -	$ 500

Lease and guarantee deposits (87,642 million yen (716,902 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, 2021 and 2022.

2021

	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	¥ 43,797	—	—	—	—	—
Bonds payable	20,000	20,000	10,000	20,000	60,000	160,000
Long-term borrowings	80,159	124,080	129,439	114,426	137,851	559,015
Total	¥ 143,956	144,080	139,439	134,426	197,851	719,015

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

2022

	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	$ 374,041	—	—	—	—	—
Bonds payable	163,934	81,967	163,934	491,803	81,967	1,311,475
Long-term borrowings	924,885	814,254	923,787	1,097,516	1,106,156	4,117,689
Total	$ 1,462,861	896,221	1,087,721	1,589,320	1,188,123	5,429,164

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

2022

	Yen (millions)			
	Level 1	Level 2	Level 3	total
Securities and Investment securities				
Available-for-sale securities				
Share	9,013	—	—	9,013
Bonds	—	61	—	61
Derivative transactions				
Hedge accounting is applied	—	1,046	—	1,046
total assets	9,013	1,108	—	10,121

Note: Investment trusts to which transitional measures were applied in accordance with Paragraph 26 of the Implementation Guidance for Accounting Standard for Fair Value Calculation are not included in the table above. The amount of such investment trusts, etc. in the consolidated balance sheet is 70,994 million yen.

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	73,877	—	—	73,877
Bonds	—	500	—	500
Derivative transactions				
Hedge accounting is applied	—	8,574	—	8,574
total assets	73,877	9,082	—	82,959

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

2022

	Yen (millions)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities Shares of subsidiaries and affiliates	7,813	―	―	7,813
Leasehold and guarantee deposits received	―	―	80,656	80,656
total assets	7,813	―	80,656	88,469
Bonds (Includes current portion of bonds)	―	280,418	―	280,418
Long-term borrowings (Includes current portion of long-term debt)	―	1,096,953	―	1,096,953
Long-term leasehold and guarantee deposits received	―	―	191,579	191,579
total liabilities	―	1,377,371	191,579	1,568,951

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Level 4
Securities and Investment securities Shares of subsidiaries and affiliates	64,041	―	―	64,041
Leasehold and guarantee deposits received	―	―	661,115	661,115
total assets	64,041	―	661,115	725,156
Bonds (Includes current portion of bonds)	―	2,298,508	―	2,298,508
Long-term borrowings (Includes current portion of long-term debt)	―	8,991,418	―	8,991,418
Long-term leasehold and guarantee deposits received	―	―	1,570,320	1,570,320
total liabilities	―	11,289,926	1,570,320	12,860,254

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 is 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.

The fair value of investment trusts is based on published reference prices, etc., and transitional measures are applied in accordance with Paragraph 26 of the Implementation Guidance for Accounting Standard for Fair Value Calculation, and no level is assigned to these investment trusts.

・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)

25. Securities

Securities held by the Company as of March 31, 2021 and 2022 are summarized as follows:

(1) Held-to-maturity Securities

2021 and **2022**

Not applicable

(2) Available-for-sale securities

2021

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 8,175	¥ 4,833	¥ 3,342
Bonds	-	-	-
Other	71,743	48,814	22,928
Subtotal	79,919	53,648	26,271
Securities whose book value does not exceed acquisition cost:			
Stocks	53	53	-
Bonds	-	-	-
Other	-	-	-
Subtotal	53	53	-
Total	¥ 79,972	¥ 53,701	¥ 26,271

Note: The Company's investment in operational investment securities (consolidated balance sheet amount: 1,783 million yen), unlisted stocks (consolidated balance sheet amount: 37,119 million yen), and investments in silent partnerships (consolidated balance sheet amount: 20,415 million yen) are not included in "Available-for-sale securities" in the above table because they do not have market prices and their fair value is extremely difficult to determine.

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

2022	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$ 73,877	$ 40,049	$ 33,828
Bonds			
Other	577,689	433,746	143,943
Subtotal	651,574	473,803	177,770
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	500	549	(49)
Other	4,221	4,221	—
Subtotal	4,730	4,779	(49)
Total	$ 656,303	$ 478,582	$ 177,721

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.

(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, 2021 and 2022:

2021	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ 4,550	¥ 4,463	¥ -
Other	1,320	122	-
Total	¥ 5,870	¥ 4,586	¥ -

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

2022	U.S. dollars (thousands)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	$ 16	$ 16	$ -
Other	-	-	-
Total	$ 16	$ 16	$ -

(4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2021 and 2022:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Loss on valuation of investment securities (Note)	¥ 151	¥ 379	$ 3,107

Note: Impairment loss of 379 million yen (7 million yen for non-marketable equity securities, 372 million yen for investments in partnerships, etc.) was recorded for investment securities. in 2022.

26. Derivatives

Contract /notional amount and the estimated fair value of the derivative instruments as of March 31, 2021 and 2022 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied

Currency-related transactions

2021 and **2022**

Not applicable

(2) Derivatives to which hedge accounting is applied

Currency-related transactions

2021

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	¥ 13,772	¥ 13,772	¥ 1,075

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

2022

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	$ 224,926	$ 219,500	$ 17,311

Interest rate-related transactions

2021

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		¥ 28,053	¥ 26,925	¥ (1,314)
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 218,711	¥ 186,729	¥ (Note)

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		¥ 42,880	¥ 41,224	¥ (1,066)
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	¥ 144,692	¥ 83,549	¥ (Note)

2022

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		$ 351,475	$ 337,902	$ (8,738)
Special treatment for interest rate swaps	Receive/floating Pay/fixed	Long-term debt	$ 1,186,000	$ 684,828	$ (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.

27. 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)
	2021	**2022**	**2022**
Retirement benefit obligations at beginning of year	¥ 35,995	¥ 36,095	$ 295,861
Service cost	2,347	2,362	19,361
Interest cost	233	234	1,918
Actuarial loss	(177)	(103)	(844)
Retirement benefits paid	(2,304)	(2,158)	(17,689)
Amount of decrease due to consolidation exclusion	-	(7,818)	(64,082)
Retirement benefit obligations at end of year	¥ 36,095	¥ 28,612	$ 234,525

2. Simplified method

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Retirement benefit obligations at beginning of year	¥ 1,028	¥ 1,062	$ 8,705
Retirement benefit cost	165	104	852
Retirement benefits paid	(131)	(112)	(918)
Retirement benefit obligations at end of year	¥ 1,062	¥ 1,054	$ 8,639

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

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Pension assets at beginning of year	¥	7,199	¥	7,692	$	63,049
Expected return on plan assets		223		239		1,959
Actuarial loss		313		(394)		(3,230)
Contributions from employer		598		601		4,926
Retirement benefits paid		(643)		(444)		(3,639)
Amount of decrease due to consolidation exclusion		-		(6,882)		(56,410)
Pension assets at end of year	¥	7,692	¥	810	$	6,639

III. Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2021 and 2022 and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Retirement benefit obligations under the savings-type plan	¥	8,757	¥	629	$	5,156
Plan assets at fair value		(7,692)		(810)		(6,639)
		1,064		(180)		(1,475)
Retirement benefit obligations under the non-savings-type plan		28,401		29,036		238,000
Net amount of liability and asset recorded in the consolidated balance sheet	¥	29,465	¥	28,855	$	236,516
Net defined benefit liability		29,732		29,149		238,926
Net defined benefit asset		(266)		(294)		(2,410)
Net amount of liability and asset recorded in the consolidated balance sheet	¥	29,465	¥	28,855	$	236,516

IV. Components of retirement benefit cost for the year ended March 31, 2021 and 2022

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Service cost	¥	2,347	¥	2,362	$	19,361
Interest cost		233		234		1,918
Expected return on plan assets		(223)		(239)		(1,959)
Amortization of actuarial loss		468		919		7,533
Amortization of prior service cost		34		41		336
Retirement benefit cost calculated using the simplified method		165		104		852
Retirement benefit cost for the defined benefit plan	¥	3,027	¥	3,424	$	28,066

V. Remeasurements of defined benefit plans, before tax

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Prior service cost	¥	(34)	¥	(41)	$	(336)
Actuarial loss		(959)		(628)		(5,148)
Total	¥	(993)	¥	(669)	$	(5,484)

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, 2021 and 2022.

	Yen (millions)				U.S. dollars (thousands)	
	2021		**2022**		**2022**	
Unrecognized prior service cost	¥	(169)	¥	(10)	$	(82)
Unrecognized actuarial loss		(851)		(340)		(2,787)
Total	¥	(1,020)	¥	(350)	$	(2,869)

VII. Pension assets

1. The ratio by major category of the total pension assets as of March 31, 2021 and 2022 are set forth below.

	2021	**2022**
Bonds	34%	41%
Stocks	21%	17%
Cash and deposits	-	39%
General account	28%	-
Others	17%	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, 2021 and 2022

	2021	**2022**
Discount rate	(0.07)% - 1.58%	0.03% - 1.58%
Long-term expected rate of return on pension assets	0.75% - 3.20%	0.75% - 2.50%
Expected rate of salary increase	1.85% - 7.22%	1.93% - 7.22%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,529 million and ¥1,622 million ($13,295 thousand) for the year ended March 31, 2021 and 2022.

28. 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

Not applicable.

・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	-	-
Granted	10,500	3,750
Invalidation	-	-
Vesting	-	-
Unvested balance	10,500	3,750
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($ 82)	¥10,000($ 82)
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: －

29. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2021 and 2022 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Deferred tax assets:			
Valuation loss on inventories	¥ 622	¥ 886	$ 7,262
Valuation loss on securities	2,517	2,478	20,311
Amortization of intangible assets	5,091	5,738	47,033
Allowance for doubtful accounts	71	78	639
Accrued expenses	537	785	6,434
Accrued bonuses to employees	3,664	4,463	36,582
Net defined benefit liability	8,679	8,769	71,877
Tax loss carried forward (Note 2)	17,820	18,034	147,820
Unrealized inter-company profits	1,211	1,523	12,484
Impairment losses on fixed assets	5,583	9,090	74,508
Loss of investments in silent partnerships	85	85	697
Valuation difference on consolidated subsidiaries	111	26	213
Undistributed loss from consolidated subsidiaries	-	543	4,451
Accrued enterprise tax/business office tax	1,243	1,702	13,951
Revaluation of assets for merger	7	77	631
Asset retirement obligations	3,751	3,622	29,689
Asset adjustment account	385	—	—
Other	7,129	8,832	72,393
Gross deferred tax assets	58,514	66,737	547,025
Valuation allowance related to tax loss carried forward (Note 2)	(13,242)	(13,804)	(113,148)
Valuation allowance related to future deductible temporary differences	(13,211)	(10,644)	(87,246)
Less: valuation allowance (Note 1)	(26,453)	(24,448)	(200,393)
Total deferred tax assets	¥ 32,060	¥ 42,288	$ 346,623
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ 7,976	¥ 6,571	$ 53,861
Valuation difference on consolidated Subsidiaries	26,476	21,759	178,352
Reserve for advanced depreciation of non-current assets	2,285	2,259	18,516
Loss on approval for exchange of land rights	1,118	1,118	9,164
Property, plant and equipment corresponding to asset retirement obligations	2,689	2,579	21,139
Other	2,828	3,670	30,082
Total deferred tax liabilities	43,375	37,958	311,131
Net deferred tax assets (liabilities)	¥ (11,314)	¥ 4,330	$ 35,492

Note: The valuation allowance decreased by ¥2,004 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 Tokyu Hands, Inc.

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

2021 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)	-	-	-	120	1,168	16,531	17,820
Valuation allowance	-	-	-	(98)	(12)	(13,131)	(13,242)
Deferred tax assets	-	-	-	21	1,155	3,400	4,578 (Note 2)

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 3)

2022 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)	-	-	803	7,303	9,262	130,434	147,820
Valuation allowance	-	-	(803)	-	(5,631)	(106,705)	(113,148)
Deferred tax assets	-	-	-	7,303	3,631	23,721	34,664

Notes:

1. Tax losses carried forward indicate amounts multiplied by legally-designated effective tax rates.
2. Deferred tax assets amounting to ¥4,578 million have been posted in conjunction with the tax loss carried forward of ¥17,820 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 ¥4,229 million (U.S. $34,664 thousand) have been posted in conjunction with the tax loss carried forward of ¥18,034 million (U.S. $147,820 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)		U.S. dollars (thousands)
	2021	**2022**	**2022**
Deferred tax assets – non-current	¥ 18,280	¥ 26,917	$ 220,631
Deferred tax liabilities – non-current	29,595	22,586	185,131

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

	2021	**2022**
Statutory tax rate (Adjustments)	30.6%	30.6%
Items not included in tax deductions permanently, such as entertainment expenses	0.5%	0.4%
Items not included in taxable income permanently, such as dividend income	(3.8)%	(0.1)%
Inhabitant tax on a per capita basis	0.8%	0.7%
Increase/decrease in the amount of valuation reserve	15.2%	6.3%
Amortization of goodwill	4.1%	3.0%
Equity in earnings of entities accounted for by the equity method	(0.1)%	(0.1)%
Exclusion from tax deductions directors' bonuses	0.2%	0.2%
Adjustment by selling a subsidiary	—	(4.0)%
Others	0.7%	(1.4)%
Effective tax rate	48.3%	35.6%

30. Business combination

Business divestitures (transfer of subsidiary shares)

At a meeting of the Board of Directors held on December 22, 2021, the Company resolved to transfer all outstanding shares of Tokyu Hands, Inc., a consolidated subsidiary of the Company, and the Company's loan receivables to Tokyu Hands, Inc. to Cainz Corporation, and entered into a share transfer agreement pertaining to this transfer on the same date. As a result of this transfer, Tokyu Hands, Inc. was excluded from the scope of consolidation of the Company.

・Outline of Business Divestiture

(i) Name of the company being divested: Cainz Corporation

(ii) Details of the Separated Businesses

Name of subsidiary: Tokyu Hands Corporation ("Hands")

Description of business: General specialty retailer of products, tools, materials, and parts related to housing and home living and handcrafting

(iii) Main reason for business divestiture

Hands was founded in 1976 as a wholly owned subsidiary of Tokyu Land Corporation, the core company of our group, and has been engaged in the retail business as a proposal-oriented lifestyle store focusing on DIY, but with the intensifying competition in the retail industry, we have decided that Hands, Inc. is the best owner to maximize the value it provides to its customers and business value. Cainz Corporation is the best owner to maximize the value provided to Hands' customers and the value of the business, and has decided to transfer the business to Cainz Corporation.

In its long-term vision "GROUP VISION 2030," the Company has set forth the goal of "building a strong and unique business portfolio toward fiscal 2030, with the aim of increasing shareholder value and corporate value," and to achieve this goal, the Company is reviewing all businesses from a long-term perspective. We will continue to promote business portfolio management with a focus on improving the efficiency of existing businesses, aiming for sustainable growth of the Group and enhancement of shareholder value and corporate value.

(iv) Business divestitures Date: March 31, 2022

(v) Matters concerning the outline of the transaction including legal form

Transfers of shares and receivables for which the only consideration received is cash or other assets

・Summary of Accounting Procedures Performed

(i) Amount of profit on transfer

Gain on sale of shares of subsidiaries and associates: 4,047 million yen

(ii) Appropriate book value of assets and liabilities related to the business to be transferred and major breakdown

Current assets 18,269 million yen
Fixed assets 10,816 million yen
Total assets 29,085 million yen
Current liabilities 13,634 million yen
Fixed liabilities 15,006 million yen
Total liabilities 28,640 million yen

(iii) accounting

The difference between the consolidated book value of the transferred shares and the sale price is recorded as "Gain on sales of subsidiaries and affiliates" in extraordinary income.

・Name of reportable segment in which the separated business was included

Property Management & Operation business

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 21,336 million yen (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating cost.), and Impairment loss (recorded as extraordinary loss) was 777 million yen in the fiscal year ended March 31, 2021. Rental profits related to those properties were 23,992 million yen (U.S. $196,656 thousand) (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating cost.), Gain on sale of non-current assets (recorded as extraordinary income) was 1,896 million yen (U.S. $15,541 thousand), and Impairment loss (recorded as extraordinary loss) was 8,612 million yen (U.S. $70,590 thousand) in the fiscal year ended March 31, 2022.

The carrying value in the consolidated balance sheet and corresponding fair value of those properties at March 31, 2021 and 2022 are as follows:

2021

Yen (millions)			
Carrying value			Fair value
As of April 1, 2020	Net change	As of March 31, 2021	As of March 31, 2021
¥ 834,454	¥ 3,823	¥ 838,277	¥ 1,103,565

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

2022

U.S. dollars (thousands)			
Carrying value			Fair value
As of April 1, 2021	Net change	As of March 31, 2022	As of March 31, 2022
$ 6,871,123	$ (608,656)	$ 6,262,467	$ 8,508,852

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, 2021 was mainly attributable to the acquisition of properties, new opening and progress of properties to be developed before opening of ¥56,460 million. 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 ($72,041 thousand).
   The decrease during the year ended March 31, 2021 was mainly due to transfers to real estate for sale of ¥33,013 million. The decrease during the year ended March 31, 2022 was mainly due to the sales of properties of ¥8,607 million ($70,549 thousand), and transfers to real estate for sale of ¥65,413 million ($536,172 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 ¥79,696 million and ¥77,116 million ($632,098 thousand) as of March 31, 2021 and 2022) 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.

2022	U.S. dollars (thousands)									
		Urban Development		Strategic Investment		Property Management & Operation		Real Estate Agents		Total
Sale of real estate, etc.	$	1,834,918	$	268,484	$	210,025	$	599,631	$	2,913,066
Provision of services, etc.(Note 1)		804,869		273,451		2,817,475		1,298,090		5,193,893
Total	$	2,639,787	$	541,943	$	3,027,500	$	1,897,721	$	8,106,959
Revenue from contracts with customers	$	1,664,533	$	461,607	$	2,943,443	$	1,444,180	$	6,513,779
Revenue from other sources (Note 2)	$	975,254	$	80,328	$	84,049	$	453,533	$	1,593,180

(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

2022	U.S. dollars (thousands)			
	(April 1, 2021)		(March 31, 2022)	
Receivables arising from contracts with customers	$	342,967	$	315,754
Contract assets		3,738		5,648
Contract liabilities	$	276,541	$	306,795

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.

(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

2022

	(March 31, 2022)		
	Yen (millions)	U.S. dollars (thousands)	Explanation of expected timing of fulfillment
Type of performance obligation			
Sale of real estate, etc.	¥ 142,103	$ 1,164,779	Generally recognized as revenue in FY2022-FY2024
Real estate management	110,632	906,820	Generally recognized as revenue in FY2022-FY2025

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
	2021	**2022**	**2022**
Net asset per share of common stock as of March 31	¥ 829.50	¥ 878.32	$ 7.20
Net income per share of common stock for the year ended March 31	¥ 30.13	¥ 48.84	$ 0.40

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

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
For the year ended March 31			
Profit attributable to owners of parent	¥ 21,668	¥ 35,133	$ 287,975
Profit attributable to owners of parent of common stock	21,668	35,133	287,975
Weighted average number of shares of common stock (thousands)	719,198	719,317	

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

	Yen (millions)		U.S. dollars (thousands)
	2021	**2022**	**2022**
As of March 31			
Total net assets	¥ 608,723	¥ 643,298	$ 5,272,934
Amount deducted from total net assets	12,050	11,508	94,328
Non-controlling interests	(12,050)	(11,503)	(94,287)
Net assets of common stock at March 31	¥ 596,673	¥ 631,789	$ 5,178,598
Number of shares of common stock at March 31 (thousands)	719,318	719,316	

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 current 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

Year ended March 31, 2021	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥ 313,276	¥ 46,072	¥ 339,118	¥ 209,267	—	¥ 907,735
Inter-segment	3,440	859	12,113	3,024	(19,438)	—
Total	¥ 316,717	¥ 46,932	¥ 351,232	¥ 212,291	¥ (19,438)	¥ 907,735
Operating profit/loss	41,702	12,077	(8,846)	18,898	(7,315)	56,517
Total assets	¥ 1,708,238	¥ 375,611	¥ 455,889	¥ 193,741	¥ (81,184)	¥ 2,652,296
Depreciation expenses	17,131	5,632	13,748	2,553	737	39,803
Amortization of goodwill	—	1	2,071	850	2,412	5,336
Investment in entities accounted for using equity method	—	98,081	—	201	774	99,056
Additions to property, plant and equipment and intangible assets	75,957	11,811	13,755	3,787	658	105,970

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, 2022	**U.S. dollars (thousands)**					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	$2,639,787	$541,943	$3,027,500	$1,897,721	—	$8,106,959
Inter-segment	30,811	6,869	118,033	24,557	(180,270)	—
Total	$2,670,598	$548,811	$3,145,533	$1,922,287	$(180,270)	$8,106,959
Operating profit/loss	425,672	120,803	(811)	214,180	(72,820)	687,025
Total assets	$13,340,287	$3,799,918	$3,306,893	$1,818,230	$(672,361)	$21,592,975
Depreciation expenses	149,934	66,148	110,131	22,639	6,279	355,148
Amortization of goodwill	—	8	16,754	6,967	20,443	44,189
Investment in entities accounted for using equity method	—	1,001,254	—	1,836	6,738	1,009,828
Additions to property, plant and equipment and intangible assets	102,533	180,648	81,344	34,148	1,459	400,148

The breakdown of the impairment loss by business segment for the year ended March 31, 2021 and 2022 are as follows:

	Yen (millions)					
Year ended March 31, 2021	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	777	—	1,739	14	—	2,531

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

	U.S. dollars (thousands)					
Year ended March 31, 2022	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	74,844	—	107,721	—	—	182,566

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, 2022)
URL	https://www.tokyu-fudosan-hd.co.jp/english/