ANNUAL REPORT 2013

Year Ended March 31, 2013

TOKYU LAND CORPORATION

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A Message from the President

Taking the opportunity of the presentation of our operating performance for the fiscal year, I would like to express my gratitude to our shareholders for their ongoing support.

During the fiscal year, the Japanese economy continued to be affected by a slowdown in the global economy triggered by the European debt crisis. However, it began to show signs of a gradual recovery, reflecting the impact of the depreciation of the yen since the end of last year and the economic and financial policies adopted by the government, in addition to the demand from reconstruction projects in the aftermath of the earthquake. In the real estate industry, the contract ratio in the build-for-sale housing market remained solid, chiefly attributable to continued policy support, and sales of condominium units were particularly robust. In the office building market, as the impact of the supply of a large number of new buildings eased, the overall market conditions began to show signs of bottoming out, with trends of improvements in vacancy rates and the pace of declining rents.

In this operating environment, the Tokyu Land Corporation Group strove to strengthen the value chain and make the most of the REIT business through the collaboration of group companies based on its three-year medium-term management plan, Value Innovation 2013, which was in its second year in the fiscal year. Through this initiative, the Group reinforced Real Estate Sales, Leasing of Real Estate, Facility Operations and other businesses, and took measures to strengthen its financial foundations and the group management foundations.

Consequently, the Group achieved higher revenues and profits, mainly reflecting increased sales in the Real Estate Sales business and strong sales in the real estate sales agent business. Net income, however, declined year on year, primarily reflecting a decrease in extraordinary income and loss and an increase in tax expenses. Despite this, interest-bearing debt declined significantly, given sales of properties to the REIT and other initiatives.

Moreover, the Group plans to change its structure to a holding company structure on the common understanding that, to accelerate the growth of each group company in the future, it is necessary to develop a business that makes maximum use of the Group's broad business areas and resources, and that it is essential to undertake initiatives to further integrate the Group.

In the Real Estate Sales business, despite a planned consumption tax hike in the next fiscal year, sales conditions are likely to remain steady. In response, the Group will make efforts to provide a more pleasant housing environment that enables people to achieve a better lifestyle by further strengthening the integration of its product development capability, sales capability and management and operational capabilities. In the Leasing of Real Estate business, the Group will seek to maximize the revenues generated from assets involved by raising the level of the development and asset management capabilities and enhancing the linkage with the REIT business.
Moreover, the Group will accelerate its growth as a comprehensive real estate business group by positioning the Property Management and Real-Estate Agents businesses, which are the businesses expected to grow in the future, as its core businesses, and expanding its synergy through the improvement of the appropriate allocation of management resources based on the business integration and strengthening of cooperation within the Group.

The Group believes that its corporate social responsibility (CSR) is to enhance the level of satisfaction of customers and stakeholders by addressing social issues through its business activities.
As a member of the Tokyu Group, the Tokyu Land Corporation Group shares the Tokyu Group Philosophy, and by positioning CSR activities as an important management issue, it has established the TLC Group Environmental Vision and the TLC Group Social Contribution Policy.
The Group is committed to continually contributing to the achievement of a sustainable society in the future by undertaking social contribution and environmental conservation initiatives in a wide range of business areas, including the office and commercial businesses in urban areas, the housing business and the resort business, and creating new value for customers.

As we pursue this course, we hope that we will be able to continue to count on the support and understanding of our shareholders.

June 2013 Kiyoshi Kanazashi, President & CEO

BUSINESS REPORT
Years ended March 31, 2013

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)					U.S. dollars (thousands)
	2009	2010	2011	2012	2013	2013
Operating revenue	¥ 574,361	¥ 552,067	¥ 571,443	¥ 556,841	¥ 595,856	$ 6,338,894
Operating gross profit	114,347	106,458	131,736	123,331	126,812	1,349,064
Gross margin rate	*19.9%*	*19.3%*	*23.1%*	*22.1％*	*21.3%*	*21.3%*
Selling, general and administrative expenses	79,356	70,988	69,234	73,245	74,836	796,128
Sales selling ratio	*13.8%*	*12.9%*	*12.1%*	*13.2％*	*12.6%*	*12.6%*
Operating income	34,990	35,469	62,502	50,086	51,975	552,926
Operating income before depreciation	48,286	48,697	77,384	70,858	72,222	768,319
Other income	4,200	4,732	3,259	50,396	12,725	135,372
Other expenses	15,413	12,147	44,202	58,310	22,747	241,989
Income before income taxes and minority interests	23,776	28,054	21,559	42,172	41,954	446,319
Net income (loss)	¥ 10,192	¥ 11,058	¥ 11,597	¥ 34,200	¥ 22,146	$ 235,596

(2) Summary of consolidated balance sheets

	Yen (millions)					U.S. dollars (thousands)
	2009	2010	2011	2012	2013	2013
Assets	¥ 1,035,731	¥ 1,055,364	¥ 1,161,419	¥ 1,744,774	¥ 1,718,403	$ 18,280,883
Capital stock	57,551	57,551	57,551	57,551	57,551	612,245
Equity	195,715	203,136	208,638	240,804	268,675	2,858,245
equity ratio	*18.9%*	*19.2%*	*18.0%*	*13.8％*	*15.6％*	*15.6％*
Interest-bearing debt	477,033	478,939	559,791	1,063,978	974,141	10,363,202
EBITDA-multiple	9.9	9.8	7.2	15.0	13.5	13.5
DE ratio	2.4	2.4	2.7	4.4	3.6	3.6
ROA	*3.5%*	*3.4%*	*5.7%*	*3.5%*	*3.0%*	*3.0%*

(3) Others

	Yen (millions)					U.S. dollars (thousands)
	2009	2010	2011	2012	2013	2013
Capital expenditure	¥ 39,955	¥ 47,095	¥ 200,262	¥ 41,771	¥ 82,866	$ 881,553
Payment for equity investment	65,860	25,761	22,267	2,013	2,228	23,702
Depreciation and amortization	13,291	13,228	14,882	20,771	20,246	215,383

(4) Summary of cash flows

	Yen (millions)					U.S. dollars (thousands)
	2009	2010	2011	2012	2013	2013
CF from operating activities	¥ 13,354	¥ 72,476	¥ 66,178	¥ 44,885	¥ 70,221	$ 747,032
CF from investing activities	(82,971)	(26,697)	(146,178)	(28,780)	42,470	451,809
CF from financing activities	68,029	(30,859)	78,990	(16,421)	(90,530)	(963,085)
Cash and cash equivalents at the end of the year	¥ 30,337	¥ 46,609	¥ 43,963	¥ 64,220	¥ 84,070	$ 894,362

2. Major Business

(1) Real Estate Sales

Development, construction and sales of condominiums, detached housings, housing sites, country houses, buildings and others

(2) Contracted Construction

Contracted construction of custom-built houses, house improvement of custom-built houses, condominiums and other buildings, and landscaping

(3) Retail sales

Retail sales of materials and products for living and DIY

(4) Leasing of Real Estate

Development, lease, underlease and management of buildings to be used for offices, stores and shops, and houses; and management of extended stay-hotels

(5) Property Management

Facilities management for buildings, condominiums, and apartments

(6) Facility Operations

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

(7) Real Estate Agents

Real estate agent

(8) Other

Benefit package and appraisal

3. Business policy

Basic Policy

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

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

Meanwhile, the Company plans to establish a holding company on October 1, 2013 (planned date) through a joint share transfer with Tokyu Community Corp. and Tokyu Livable, Inc. For more details on this matter, please refer to "Regarding Business Integration of Tokyu Land Corporation, Tokyu Community Corp. and Tokyu Livable, Inc. through the Establishment of a Holding Company" announced on May 10, 2013.

Mid-Term Management Strategies

Basic principle of corporate management

In November 2011, the Group formulated Value Innovation 2013, three-year medium-term management plan (from FY2011 to FY2013).

As its corporate vision under the management plan, the Group will strive to become a one-stop source of the business value that customers seek. To achieve this, it will primarily focus on customers, strengthen the value chain through collaboration with Group companies, and effectively harness the Group's broad range of operating activities.

The Group will aim to engage and participate in unique urban development, such as development that incorporates advanced measures for the environment, by precisely meeting the needs of customers, flexibly responding to the rapidly changing business environment, and harnessing the Group's extensive resources and businesses. The Group will also seek to expand opportunities to generate earnings by increasing associated assets through activities such as the operation, administration, and management of REIT funds.

The Group has set the following two numerical targets* for FY2013: (1) consolidated operating income of ¥60.0 billion and (2) a debt equity ratio of 3.9 or less. The Group positions the period of the new plan as a period for laying the foundations for achieving the Group's vision and will achieve the targets by executing its priority strategies. To achieve these goals, we will push ahead with our priority strategies, namely bolstering the financial foundations and the Group's management system, developing the REIT fund business, bringing new innovations and greater strength to core businesses in response to changing business conditions, and developing new businesses for the future.

(a) Strengthening the financial foundations and the Group's management foundations
- 1) Developing an appropriate asset portfolio
- 2) Strengthening the management foundations by developing a integrated group structure

(b) Developing the REIT fund business
- 1) Evolving the recycling reinvestment model using the REIT business
  - Expanding associated assets by organically cooperating with REIT
  - The Company assumes a pipeline function and provides properties to maximize the associated earnings of the Group

(c) Innovating and bolstering core businesses in response to changing business conditions
- 1) Real Estate Sales Business
  - Promoting businesses that reflect customers' needs by strengthening collaboration in production, sales, and management
  - Achieving consistent earnings by increasing the number of properties provided
- 2) Leasing of Real Estate Business
  - Expanding the business in a comprehensive manner from development to management by stepping up collaboration with Group companies
  - Evolving the recycling reinvestment model based on REIT
- 3) Facilities Operations Business
  - Boosting customer satisfaction by bolstering management capabilities with the collaboration of Group companies

(d) Developing new businesses for the future
- 1) Overseas operations
- 2) Creating new business models using the Group's resources

The numerical targets* may be revised in association with changes in accounting standards and other factors.

Basic Policies Regarding Distribution of Profits and Dividends

We will determine future distribution of profits by taking into consideration the overall situation, including current operating performance, the management environment going forward, and business development plans, while striving to achieve a balance with retained earnings. The Company believes that returning profits to our shareholders is one of our most important policies, and has a basic policy of distributing profits by taking into consideration the overall situation, including current performance, the management environment going forward, and business development plans, while striving to achieve a balance with retained earnings.

Moreover, we distribute surplus funds twice a year, providing interim dividends and year-end dividends; the bodies that determine the allocation of such surplus funds are the general meeting of shareholders, in the case of year-end dividends, and the board of directors, in the case of interim dividends.

Based on the policies outlined above, we decided to pay 7.0 yen per share, including interim dividends of 3.5 yen per share, as our annual dividends for the fiscal year.

We use retained earnings in our endeavors to improve corporate value, mainly using them as investment funds for future business development plans.

The Company has set forth in its articles of incorporation that, “based on the decision of the board of directors, the Company can provide an interim dividend, with September 30 of each year as the base date”.

The Company has decided to distribute the surplus funds for the fiscal year ended March 31, 2013 as follows:

Date of decision:	Total amount of dividend (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 7, 2012	1,858	3.5
Resolution of the general shareholders meeting on June 26, 2013	1,858	3.5

Business-related and other risks

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

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

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

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

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

To minimize the burden of interest expense and the effects of interest-rate fluctuations, the Group relies mostly on long-term loans for its interest-bearing debt and uses fixed-rate loans, with the exception of variable-rate loans for projects that the Group uses in certain financial situations. Therefore, should interest rates rise in the future, the effect of such rises on operating results will be relatively limited in the short term, but potentially significant in the medium to long term.

(3) Changes in regulations, taxation, etc.

The Group's businesses are subject to a restriction on laws and regulations pertaining to real estate sales, leasing of real estate, property management, construction, facility operations, etc. as well as of ordinances, taxation, etc. established by local governments. The Group provides these services in accordance with Building Lots and Buildings Transaction Business Act and related ordinances.

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

(4) Information systems

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

(5) Stock market

The Group has marketable stocks; however a substantial drop in the prices of such stocks following declines in the market could negatively impact the Group's operating results.

(6) Occurrence of natural disasters, man-made disasters, etc.

Any earthquake, rainstorm, flood, or other act of providence, as well as war, riot, terrorism, accident, fire, and other man-made disaster could negatively impact the Group's operating results and financial position.

(7) Business integration with Tokyu Community Corp. and Tokyu Livable, Inc.

The Company plans to establish a holding company on October 1, 2013 (planned date) through a joint share transfer with Tokyu Community Corp. and Tokyu Livable, Inc. (the “Share Transfer”). In connection with this, the Company expects to face certain risks related to the business integration as presented below, which will potentially have a significant impact on business management, operating results, the financial situation and other matters.

- Risks of failure or a delay in obtaining approval, etc. from the related authorities
- Risks of the occurrence of changes in the details of the Share Transfer due to certain reasons
- Risks of failing to process the business integration as scheduled due to a sudden deterioration in the economic situation, turmoil in the financial market and other developments
- Risks of failing to generate as many synergy effects as anticipated from the business integration

4. Operating Result and Financial Position

(1) Current Operating Performance

Results for this fiscal year ended March 31, 2013 showed an increase in revenues and profit with ¥595.9 billion in operating revenue (up 7.0% from the previous year), ¥52.0 billion in operating income (up 3.8%) and ¥39.9 billion in ordinary income (up 14.5%). This was the result of an increase in sales in the Real Estate Sales segment and strong sales in the real-estate sales agent business in the Real-Estate Agents segment.

Following the listing of Activia Properties Inc. in June 2012, which entrusts the Company's wholly-owned subsidiary, TLC Activia Investment Management Inc., with its asset management, part of the commercial facilities and office buildings owned by the Company and its consolidated subsidiaries were transferred to Activia Properties Inc. As a result, gain on sales of noncurrent assets of ¥8.4 billion was recorded as extraordinary income.

Net income decreased to ¥22.1 billion (down 35.2%). This was mainly the result of a decrease in extraordinary income and loss and an increase in tax expenses.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	556.8	595.9	39.0
Operating income	50.1	52.0	1.9
Ordinary income	34.9	39.9	5.0
Net income	34.2	22.1	(12.1)

Interest-bearing debt	1,064.0	974.1	(89.8)

(2) Segment Performance

Operating revenue

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	556.8	595.9	39.0
Real Estate Sales	116.3	145.1	28.8
Contracted Construction	66.7	70.1	3.4
Retail Sales	85.3	82.8	(2.5)
Leasing of Real Estate	125.3	128.3	3.0
Property Management	74.7	76.5	1.8
Facility Operations	59.6	59.7	0.1
Real-Estate Agents	37.7	42.3	4.6
Other	7.7	8.8	1.1
Adjustment for Inter-Company Transactions	(16.5)	(17.8)	(1.3)

Operating income (Unit: ¥ billion)

	Previous year	Current year	Comparison
Total	50.1	52.0	1.9
Real Estate Sales	6.7	6.6	(0.1)
Contracted Construction	0.9	1.6	0.7
Retail Sales	1.8	0.9	(1.0)
Leasing of Real Estate	35.3	35.0	(0.3)
Property Management	4.9	5.1	0.2
Facility Operations	3.0	3.8	0.8
Real-Estate Agents	2.9	4.8	1.9
Other	0.2	0.0	(0.2)
Adjustment for Inter-Company Transactions	(5.7)	(5.8)	(0.1)

① Real Estate Sales

In our Real Estate Sales business, we recognized ¥145.1 billion in operating revenue (up 24.8% from the previous year) and ¥6.6 billion in operating income (down 1.6%).

Revenues increased due mainly to the transferring of inventories, including the commercial facilities and office buildings, to Activia Properties Inc. Although the profit margin of condominiums was improved, profit slightly decreased due mainly to a recording of loss on valuation of inventories of ¥4.1 billion.

Sales of condominium units in “Cross Air Tower” (Meguro-ku, Tokyo), “Exlus Tower Musashi-Kosugi” (Kawasaki-shi, Kanagawa), “Waterras Tower Residence” (Chiyoda-ku, Tokyo), “Branz Nishinomiya-Kitaguchi” (Nishinomiya-shi, Hyogo) and others were recorded. Sales continued to perform firmly and the inventory of completed units remained at a low level. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium excluding sales of rental residence building blocks amounted to 38% (down 5 percentage points from the previous year, parent company basis).

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	116.3	145.1	28.8
Operating income	6.7	6.6	(0.1)

Breakdown of operating revenue (Before adjustments in ¥ billion)

	Previous year		Current year		Comparison
Condominium	2,741 units	98.8	2,571 units	100.9	2.2
Detached housing	220 units	5.0	206 units	4.0	(1.0)
Country houses	65 units	1.9	13 units	0.5	(1.4)
Other sales	–	10.7	–	39.8	29.1

Number of units supplied and sold (Parent company) (Units)

	Previous year		Current year		Inventory of completed units	
	New supply	Contracted units	New supply	Contracted units	As of March 31, 2012	As of March 31, 2013
Condominium	2,728	2,683	2,381	2,417	291	252
Detached housing	112	116	99	131	39	28
Country houses	81	108	57	61	–	–

② Contracted Construction

In our Contracted Construction business, we posted ¥70.1 billion in operating revenue (up 5.1% from the previous year) and ¥1.6 billion in operating income (up 78.4%).

There was an increase in revenues and profit due to an increase in “Kurashi-Up” reconstruction alternative products in our renovation businesses as well as completions of constructions to custom-built houses, etc. Orders received also expanded steadily, mainly for reconstruction alternative products in our renovation businesses and custom-built houses.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	66.7	70.1	3.4
Operating income	0.9	1.6	0.7

Breakdown of operating revenue (Unit:¥ billion)

	Previous year	Current year	Comparison
Custom-built houses	18.1	18.7	0.6
Renovation	17.1	20.1	3.0
Landscape gardening etc.	31.5	31.3	(0.2)

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

	Previous year	Current year	Comparison
Total sales from orders	66.7	72.3	5.6
Custom-built houses	19.0	19.5	0.5
Renovation	18.5	20.0	1.6
Landscape gardening etc.	29.3	32.8	3.4

③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥82.8 billion (down 2.9% from the previous year), and we recorded operating income of ¥0.9 billion (down 53.0%).

At Tokyu Hands, Inc., the new stores that opened were “Tokyu Hands Shanghai,” the first overseas store of Tokyu Hands (in April), “Tokyu Hands Tokyo” (in September), and “Tokyu Hands Kumamoto,” the second store in Kyushu Island (in March), as well as six “hands be” small-scale outlets including “hands be Tokyu Plaza Omotesando Harajuku.” Despite those store openings, both revenues and profit decreased mainly due to a decrease in revenues for the existing outlets.

For the fiscal year ending March 31, 2014, “Tokyu Hands Himeji” was opened in April 2013. Tokyu Hands is expanding its business through such store openings and other means.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	85.3	82.8	(2.5)
Operating income	1.8	0.9	(1.0)

Breakdown of operating revenue

*The figures in brackets indicate the number of outlets at end of fiscal year. (Unit: ¥ billion)

	Previous year		Current year		Comparison
Tokyo metropolitan area	55.9	[13]	52.4	[14]	(3.4)
Kansai region	15.9	[5]	16.1	[5]	0.1
Local regions	10.0	[3]	9.8	[5]	(0.2)
Small-scale outlets	3.6	[15]	4.5	[21]	1.0

④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥128.3 billion (up 2.4% from the previous year) with operating income at ¥35.0 billion (down 0.9%).

During this fiscal year, “Tokyu Plaza Omotesando Harajuku” (Shibuya-ku, Tokyo), “Spline Aoyama Tokyu Building” (Minato-ku, Tokyo) and “Shin-Meguro Tokyu Building” (Shinagawa-ku, Tokyo) newly opened in April, July and December, respectively; while three in-operation facilities including “Osaka Nakanoshima Building” (Osaka-shi, Osaka) were acquired. The start of operations of these facilities, as well as other factors such as an increase in sales resulting from the full-year operations of facilities opened in the previous year and the beginning of TLC Activia Investment Management Inc.’s asset management operations entrusted by Activia Properties Inc., resulted in an increase in revenues. However, profit decreased due to the impact from transferring of noncurrent assets, including the commercial facilities and office buildings, to Activia Properties Inc.

The vacancy rate (office buildings and commercial facilities) remained at a low level of 2.1% (parent company basis) due to the improved occupancy at existing office buildings, while there were new openings of buildings.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	125.3	128.3	3.0
Operating income	35.3	35.0	(0.3)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Owned *1	65.2	63.9	(1.3)
Leased etc.*2	12.1	11.9	(0.2)
Subsidiaries and others *3	48.0	52.5	4.5

*1: Owned refers to office buildings and commercial facilities, etc. owned by the parent company and those owned by consolidated silent partnerships, etc.

*2: Leased etc. refers to leases by the parent company, and businesses etc. of non-consolidated silent partnerships, etc.

*3: Subsidiaries and others refer to subsidiaries etc. other than consolidated silent partnerships, etc.

Office buildings and commercial facilities leasing floor space, and vacancy rate

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Leasing floor space (m²)	832,573	1,072,228	994,773
Vacancy rate (consolidated basis)	4.1%	2.3%	2.7%
Vacancy rate (parent company basis) *	3.7%	2.0%	2.1%

*Including office buildings and commercial facilities owned by consolidated silent partnerships, etc.

Major new opening

	Use	Open	Floor space (thousand m²)
Tokyu Plaza Omotesando Harajuku	Commercial	April 2012	12
Spline Aoyama Tokyu Building	Office	July 2012	8
Shin-Meguro Tokyu Building	Office	December 2012	22
J-CORE Omori (completed in 2007)	Commercial	December 2012	8
Osaka Nakanoshima Building (completed in 1984)	Office	January 2013	34
Kamata Kosan Building (completed in 1988)	Commercial	February 2013	3

Number of leased houses

(Units)

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
House for lease	14,635	15,674	16,819
Lease management service	55,444	57,823	59,993
Company house management service	74,622	88,181	87,005

⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥76.5 billion (up 2.4% from the previous year) and ¥5.1 billion (up 3.7%), respectively.

Regarding our Property Management business, both revenues and profit increased thanks to an increase in orders received for condominium management services and building management services, at Tokyu Community Corporation. In February 2013, Tokyu Community Corporation acquired shares in United Communities Co., Ltd., and made it a consolidated subsidiary. As a result, the number of condominiums managed as of March 31, 2013 significantly increased to 617 thousand units.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	74.7	76.5	1.8
Operating income	4.9	5.1	0.2

Number of sites managed as of year end

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Condominiums (units)	400,876	405,911	617,687
Buildings (no. of contracts)	1,303	1,356	1,330

⑥ Facility Operations

Our Facility Operations business generated ¥59.7 billion in operating revenue (up 0.2% from the previous year) and ¥3.8 billion of operating income (up 25.6%).

Although there was a decrease in revenues in golf course due to progress in sales of facilities and outsourcing of food and drink services, both revenues and profit increased mainly due to the improved operations of senior housing and Tokyu Sports Oasis fitness clubs.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	59.6	59.7	0.1
Operating income	3.0	3.8	0.8

Breakdown of operating revenue

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

(Unit: ¥ billion)

	Previous year		Current year		Comparison	
Golf course	9.5	[20]	8.6	[20]	(0.9)	
Harvest club	12.1	[24]	12.2	[24]	0.1	(Membership resort hotel)
Oasis	14.1	[31]	14.5	[33]	0.3	(Fitness club, etc.)
Ski resort	10.7	[8]	10.7	[8]	0.0	
Senior housing	5.1	[10]	5.7	[10]	0.5	
Other	8.1		8.1		(0.0)	

⑦ Real-Estate Agents

In our Real-Estate Agents businesses, operating revenue was ¥42.3 billion (up 12.2% from the previous year) and operating income amounted to ¥4.8 billion (up 67.9%).

Regarding our real-estate sales agent business, in wholesale sales, we made stronger efforts towards large contracts. Also in retail sales, while promoting the opening of new stores and reinforcement of workers at existing stores, we worked to expand actual demand transactions targeting individual customers by such means as launching a new service of "Livable Anshin Agent Guarantee" in October 2012. As a result, there were a rise in contracted prices in wholesale sales and an increase in the number of completed contracts both in retail sales and wholesale sales, which lead to an increase in both revenues and profit.

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	37.7	42.3	4.6
Operating income	2.9	4.8	1.9

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Real-estate sales agent	31.4	35.1	3.7
Consignment sales	3.5	4.4	0.9
Other	2.8	2.8	(0.0)

⑧ Other

(Unit: ¥ billion)

	Previous year	Current year	Comparison
Operating revenue	7.7	8.8	1.1
Operating income	0.2	0.0	(0.2)

Breakdown of operating revenue (Unit: ¥ billion)

	Previous year	Current year	Comparison
Consignment welfare	5.0	5.8	0.8
Other	2.7	3.0	0.4

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets decreased by ¥26.4 billion compared to the end of the previous fiscal year in spite of increases including goodwill following the acquisition of shares in United Communities Co., Ltd. by Tokyu Community Corporation due primarily to the transferring of part of the commercial facilities and office buildings owned by the Company and its consolidated subsidiaries to Activia Properties Inc. in June 2012. Total liabilities also decreased by ¥58.0 billion due mainly to a decrease in interest-bearing debt following the transfer of the said assets, etc. Of interest-bearing debt, ¥496.0 billion is loans payable of silent partnerships, etc.

(Unit: ¥ billion)

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Total assets	1,161.4	1,744.8	1,718.4
Total liabilities	921.6	1,469.4	1,411.4
Net assets	239.8	275.3	307.0
Equity	208.6	240.8	268.7
Equity ratio	18.0%	13.8%	15.6%
Interest-bearing debt	559.8	1,064.0	974.1
EBITDA multiple	7.2×	15.0×	13.5×
DE ratio	2.7×	4.4×	3.6×
ROA	5.7%	3.5%	3.0%

EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)
DE Ratio: Interest-Bearing Debt/Equity
ROA: (Operating Income + Interest Income + Dividends Income)/Total Assets (Yearly Average)

② Cash flow position

As of the end of fiscal 2012, cash and cash equivalents were ¥84.1 billion, representing a ¥19.8 billion increase from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥70.2 billion thanks to ¥42.0 billion in income before income taxes and minority interests, an increase of ¥29.8 billion in deposits received for consignment sales, ¥20.2 billion in depreciation and amortization and ¥11.8 billion in interest expenses, among others, notwithstanding ¥15.3 billion in income taxes paid.

Cash flows from investing activities

Net cash provided by investing activities was ¥42.5 billion mainly due to ¥142.6 billion in sales of noncurrent assets, notwithstanding ¥45.0 billion used in purchase of noncurrent assets, ¥35.8 billion in purchase of investments in subsidiaries resulting in change in scope of consolidation, ¥20.0 billion in purchase of short-term and long term investment securities and ¥11.7 billion in payments for lease and guarantee deposits, among others.

Cash flows from financing activities

Net cash used in financing activities was ¥90.5 billion due to ¥372.4 billion in repayment of long-term loans payable and ¥22.8 billion in redemption of bonds, among others, notwithstanding net cash provided by ¥294.9 billion in proceeds from long-term loans payable, ¥25.2 billion in proceeds from long-term lease and guarantee deposited and ¥20.0 billion in issuance of bonds, among others.

Trend of indices

	As of March 31, 2011	As of March 31, 2012	As of March 31, 2013
Equity ratio	18.0%	13.8%	15.6%
Equity ratio on market value basis	18.2%	12.3%	25.8%
Ratio of interest-bearing debt to cash flows	8.5 years	23.7 years	13.9 years
Interest coverage ratio	8.6	3.0	6.1

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, 2013)

Segment of business	Number of employees	Number of temporary employees
Real Estate Sales	214	80
Contracted Construction	1,277	13
Retail Sales	2,785	629
Leasing of Real Estate	1,454	120
Property Management	5,786	4,488
Facility Operations	2,505	1,745
Real Estate Agents	2,318	49
Other	406	262
Whole Company (Common)	361	38
Total	17,106	7,423

Notes: 1. The number of temporary employees is the annual average number and is not included in the number of employees in the left hand column.

2. The number of employees in the Whole Company (Common) is the number of employees belonging to administration departments that cannot be classified into any specific business segment.

6. Purchase of Property and Equipment

In this consolidated fiscal year, the Group companies (Tokyu Land Corporation and its consolidated subsidiaries) recorded capital expenditure of ¥82,866 million for the acquisition of buildings in the Leasing of Real Estate segment, goodwill related to the acquisition of shares in the Property Management segment, and other initiatives. A breakdown of the capital expenditure by segment is as follows.
(Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses, but do not include consumption tax.)

Segment	Capital investment (Unit: ¥ million)	Composition
Real estate sales	587	0.71%
Contracted construction	386	0.47%
Retail sales	1,198	1.45%
Leasing of Real Estate	35,929	43.36%
Property Management	38,438	46.39%
Facility Operations	4,097	4.94%
Real Estate Agents	1,153	1.39%
Other	594	0.72%
Subtotal	82,386	99.42%
Adjustment or Whole Company	480	0.58%
Total	82,866	100.00%

II. Outline of the Company

1. Distribution of Common Stock of the Company

(1) Total number of shares authorized to be issued by the Company: 1,000,000,000 shares

(2) Total number of shares issued: 533,345,304 shares

(3) Number of shareholders: 44,553

(4) Principal shareholders:

Name of Shareholder	Investment by each principal shareholder in the Company	
	Number of shares held	Percent of total shares issued
	(thousand shares)	(%)
Tokyu Corporation	88,380	16.64
Japan Trustee Services Bank Ltd. (Trust Account)	34,931	6.58
The Master Trust Bank of Japan Ltd. (Trust Account)	27,986	5.27
Sumitomo Mitsui Trust Bank, Limited.	19,594	3.69
The Dai-ichi Mutual Life Insurance Company	14,268	2.69
Nippon Life Insurance Company	11,104	2.09
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	6,887	1.30
Japan Trustee Services Bank Ltd. (Trust Account 4)	6,691	1.26
State Street Bank West Client Treaty	6,472	1.22
NORTHERN TRUST CO.(AVFC) ACCOUNT NON TREATY	5,281	0.99

Notes: Percentages of total shares issued are calculated by deducting treasury stock of 2,359,920 shares.

2. Information on Major Subsidiaries

(As of March 31, 2013)

Name	Paid-in capital	Percentage of shares owned by the Company	Principal business
	(million yen)	(%)	
Tokyu Community Corp.	1,653	*55.6	Management of buildings and condominium apartments
Tokyu Livable, Inc.	1,396	*52.9	Intermediary and sales agency for land and buildings
Tokyu Hands Inc.	400	*100.0	Retail Sales of D-I-Y goods
Tokyu Homes Co., Ltd.	400	100.0	Contracted construction of houses and home improvement work
Tokyu Relocation Co., Ltd.	100	100.0	Real Estate management and leasing
Tokyu Sportsoasis Inc.	100	100.0	Management of fitness clubs

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

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

3. Principal lenders

(As of March 31, 2013)

Lender	Amount of borrowing
	(million yen)
Sumitomo Mitsui Trust Bank, Limited.	202,823
Mitsubishi UFJ Trust and Banking Corporation	189,069
Mizuho Corporate Bank Ltd.	136,943
The Bank of Tokyo-Mitsubishi UFJ Ltd	71,620

4. Directors and Statutory Auditors

Position and Name

Chairman	Masatake Ueki*
President and Director	Kiyoshi Kanazashi*
Directors	Ushio Okamoto
	Satoshi Ogura
	Iwao Ohtaki
	Toshiyuki Saegusa
	Hitoshi Uemura
	Yuji Ohkuma
	Hirofumi Nomoto
	Yoshihiro Nakajima
	Motonori Nakamura
Statutory Auditors	Tadashi Kawai
	Eiji Futami
	Isao Adachi
	Tomoyasu Asano

(As of June 26, 2013)

Note: Directors marked with * are Representative Directors.

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
Chiyoda-ku, Tokyo, Japan 100-0011

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Fax: +81 3 3503 1197

Independent Auditor's Report

The Board of Directors
Tokyu Land Corporation

We have audited the accompanying consolidated financial statements of Tokyu Land Corporation and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2013, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Tokyu Land Corporation and its consolidated subsidiaries as at March 31, 2013, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Emphasis of Matter

We draw attention to Note 24 to the consolidated financial statements, which describes that the board of directors of Tokyu Land Corporation resolved on May 10, 2013 to establish Tokyu Fudosan Holdings Corporation (the "Holding Company") with Tokyu Community Corp. and Tokyu Livable, Inc. through a joint share transfer by which the three companies will become wholly owned subsidiaries of the Holding Company on October 1, 2013, the effective date. Approval of this matter has been obtained at the ordinary general meeting of shareholders held on June 26, 2013.
Our opinion is not qualified in respect of this matter.

Convenience Translation

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

Ernst & Young Shinnihon LLC

June 26, 2013
Tokyo, Japan

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
As of March 31, 2013

Assets	Yen (millions) 2012	Yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2013
Current assets :			
Cash and deposits (Note 8)	¥ 60,570	¥ 84,535	$ 899,309
Notes and accounts receivable-trade	17,486	19,288	205,191
Securities(Note 4 and 5)	4,110	1,432	15,234
Merchandise	8,311	8,776	93,362
Real estate for sale (Note 8)	89,986	72,980	776,383
Real estate for sale in process	79,085	97,916	1,041,660
Costs on uncompleted construction contracts	3,602	4,372	46,511
Supplies	741	639	6,798
Short-term loans receivable	27	24	255
Deferred tax assets (Note 20)	6,838	6,149	65,415
Other	30,199	28,129	299,245
Allowance for doubtful accounts	(277)	(258)	(2,745)
Total current assets	300,683	323,986	3,446,660
Noncurrent assets :			
Property, plant and equipment			
Buildings and structures	423,894	406,628	4,325,830
Accumulated depreciation	(164,176)	(165,754)	(1,763,340)
Buildings and structures, net (Note 8)	259,718	240,874	2,562,489
Land (Notes 7 and 8)	1,016,728	932,965	9,925,160
Construction in progress	13,073	9,133	97,160
Other	47,127	48,605	517,074
Accumulated depreciation	(29,750)	(32,055)	(341,011)
Other, net	17,377	16,549	176,053
Total property, plant and equipment	1,306,897	1,199,523	12,760,883
Intangible assets			
Leasehold right (Note 8)	14,432	13,175	140,160
Goodwill	656	37,731	401,394
Other	12,185	11,652	123,957
Total intangible assets	27,274	62,559	665,521
Investments and other assets			
Investment securities (Note 5 and 8)	29,538	52,991	563,734
Long-term loans receivable (Note 8)	1,244	1,458	15,511
Lease and guarantee deposits	51,505	57,494	611,638
Deferred tax assets (Note 20)	19,616	10,561	112,351
Other	8,908	10,889	115,840
Allowance for doubtful accounts	(894)	(1,062)	(11,298)
Total investments and other assets	109,918	132,333	1,407,798
Total noncurrent assets	1,444,090	1,394,416	14,834,213
Total assets	¥ 1,744,774	¥ 1,718,403	$ 18,280,883

Liabilities and Net Assets	Yen (millions) 2012	Yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2013
Current liabilities :			
Notes and accounts payable-trade	¥ 46,125	¥ 39,138	$ 416,362
Short-term loans payable (Notes 8 and 9)	337,805	142,026	1,510,915
Current portion of bonds	20,000	–	–
Accounts payable-other (Note 8)	18,687	18,575	197,606
Income taxes payable	9,537	6,795	72,287
Deferred tax liabilities (Note 20)	21	10	106
Advances received	27,209	29,418	312,957
Deposits received from consignment sales	7,205	37,045	394,096
Deposits received	21,003	20,792	221,191
Deposits received for special joint ventures	12,000	4,750	50,532
Provision for bonuses	6,521	7,608	80,936
Provision for directors' bonuses	142	167	1,777
Provision for warranties for completed construction	309	330	3,511
Other provision	562	723	7,691
Other	10,579	12,041	128,096
Total current liabilities	517,713	319,425	3,398,138
Noncurrent liabilities :			
Bonds payable (Note 8 and 9)	33,000	50,200	534,043
Long-term loans payable (Notes 8 and 9)	673,173	781,915	8,318,245
Deferred tax liabilities (Note 20)	33,735	34,595	368,032
Deferred tax liabilities for land revaluation (Note 7)	11,088	9,777	104,011
Long-term lease and guarantee deposited	164,832	176,628	1,879,021
Deposits received for special joint ventures	4,750	5,300	56,383
Provision for retirement benefits (Note 19)	17,761	19,698	209,553
Provision for loss on guarantees	493	394	4,191
Provision for directors' retirement benefits	38	45	479
Other provision	140	529	5,628
Other (Note 8)	12,700	12,911	137,351
Total noncurrent liabilities	951,713	1,091,995	11,616,968
Total liabilities	¥ 1,469,427	¥ 1,411,421	$15,015,117
Net assets :			
Shareholders' equity (Note 25)			
Capital stock	57,551	57,551	612,245
Capital surplus	39,288	39,288	417,957
Retained earnings	133,243	153,888	1,637,106
Treasury stock	(1,189)	(1,217)	(12,947)
Total shareholders' equity	228,894	249,511	2,654,372
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities (Note 16)	(221)	9,067	96,457
Deferred gains or losses on hedges	116	(25)	(266)
Revaluation reserve for land (Note 7)	13,984	11,702	124,489
Foreign currency translation adjustment	(1,968)	(1,579)	(16,798)
Total accumulated other comprehensive income	11,910	19,164	203,872
Minority interests	34,542	38,306	407,511
Total net assets	275,347	306,982	3,265,766
Total liabilities and net assets	¥ 1,744,774	¥1,718,403	$18,280,883

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME
Years ended March 31, 2013

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2012	2013	2013
Operating revenue	¥ 556,841	¥ 595,856	$ 6,338,894
Operating cost (Note 11)	433,510	469,043	4,989,819
Operating gross profit	123,331	126,812	1,349,064
Selling, general and administrative expenses	73,245	74,836	796,128
Operating income	50,086	51,975	552,926
Non-operating income :			
Interest income	203	128	1,362
Dividends income	221	157	1,670
Equity in earnings of affiliates	509	512	5,447
Other	417	387	4,117
Total non-operating income	1,351	1,186	12,617
Non-operating expenses:			
Interest expenses	15,021	11,562	123,000
Other	1,549	1,693	18,011
Total non-operating expenses	16,571	13,256	141,021
Ordinary income	34,866	39,906	424,532
Extraordinary gain :			
Gain on sales of noncurrent assets	350	8,382	89,170
Gain on bargain purchase (Note 12)	48,400	2,389	25,415
Other	293	767	8,160
Total extraordinary gain	49,045	11,539	122,755
Extraordinary loss :			
Loss on sales of noncurrent assets	26	3,447	36,670
Loss on valuation of investment securities	251	1,994	21,213
Impairment loss (Note 13)	39,361	3,117	33,160
Other	2,099	931	9,904
Total extraordinary losses	41,739	9,491	100,968
Income before income taxes and minority interests	42,172	41,954	446,319
Income taxes-current	15,394	11,796	125,489
Income taxes-deferred (Note 20)	(11,332)	3,416	36,340
Total income taxes (Note 20)	4,061	15,213	161,840
Income before minority interests	38,110	26,741	284,479
Minority interests in income	3,910	4,594	48,872
Net income	¥ 34,200	¥ 22,146	$ 235,596

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Years ended March 31, 2013

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2012	2013	2013
Income before minority interests	¥ 38,110	¥ 26,741	$ 284,479
Other comprehensive income :			
Valuation difference on available-for-sale securities (Note 14)	192	9,464	100,681
Deferred gains or losses on hedges (Note 14)	116	(142)	(1,511)
Foreign currency translation adjustment (Note 14)	(170)	232	2,468
Share of other comprehensive income of affiliates accounted for using equity method (Note 14)	–	159	1,691
Revaluation reserve for land (Note 14)	1,545	(66)	(702)
Total other comprehensive income (Note 14)	1,683	9,648	102,638
Comprehensive income	39,794	36,389	387,117
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of the parent	35,868	31,615	336,330
Comprehensive income attributable to minority interests	¥ 3,926	¥ 4,773	$ 50,777

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN NET ASSETS
Years ended March 31, 2013

Shareholders' equity	Yen (millions) 2012	Yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2013
Capital stock :			
Balance at the beginning of current period	¥ 57,551	¥ 57,551	$ 612,245
Changes of items during the period :			
Total changes of items during the period	–	–	–
Balance at the end of current period	¥ 57,551	¥ 57,551	$ 612,245
Capital surplus :			
Balance at the beginning of current period	¥ 39,292	¥ 39,288	$ 417,957
Changes of items during the period :			
Disposal of treasury stock	(4)	(0)	(0)
Total changes of items during the period	(4)	(0)	(0)
Balance at the end of current period	¥ 39,288	¥ 39,288	$ 417,957
Retained earnings :			
Balance at the beginning of current period	¥ 101,455	¥ 133,243	$ 1,417,479
Changes of items during the period :			
Dividends from surplus	(3,717)	(3,717)	(39,543)
Net income	34,200	22,146	235,596
Change of scope of consolidation	23	–	–
Reversal of revaluation reserve for land	1,281	2,215	23,564
Total changes of items during the period	31,788	20,645	219,628
Balance at the end of current period	¥ 133,243	¥ 153,888	$ 1,637,106
Treasury stock :			
Balance at the beginning of current period	¥ (1,186)	¥ (1,189)	$ (12,649)
Changes of items during the period :			
Purchase of treasury stock	(16)	(32)	(340)
Disposal of treasury stock	13	4	43
Total changes of items during the period	(3)	(27)	(287)
Balance at the end of current period	¥ (1,189)	¥ 1,217	$ 12,947
Total shareholders' equity :			
Balance at the beginning of current period	¥ 197,113	¥ 228,894	$ 2,435,043
Changes of items during the period :			
Dividends from surplus	(3,717)	(3,717)	(39,543)
Net income	34,200	22,146	235,596
Purchase of treasury stock	(16)	(32)	(340)
Disposal of treasury stock	8	4	43
Change of scope of consolidation	23	–	–
Reversal of revaluation reserve for land	1,281	2,215	23,564
Total changes of items during the period	31,780	20,617	219,330
Balance at the end of current period	¥ 228,894	¥ 249,511	$ 2,654,372

Accumulated other comprehensive income	Yen (millions) 2012	Yen (millions) 2013	U.S. dollars (thousands) (Note 2) 2013
Valuation difference on available-for-sale securities :			
Balance at the beginning of current period	¥ (396)	¥ (221)	$ (2,351)
Changes of items during the period :			
Net changes of items other than shareholders' equity	174	9,289	98,819
Total changes of items during the period	174	9,289	98,819
Balance at the end of current period	¥ (221)	¥ 9,067	$ 96,457
Deferred gains or losses on hedges :			
Balance at the beginning of current period	¥ –	¥ 116	$ 1,234
Changes of items during the period :			
Net changes of items other than shareholders' equity	116	(142)	(1,511)
Total changes of items during the period	116	(142)	(1,511)
Balance at the end of current period	¥ 116	¥ (25)	$ (266)
Revaluation reserve for land :			
Balance at the beginning of current period	¥ 13,720	¥ 13,984	$ 148,766
Changes of items during the period :			
Net changes of items other than shareholders' equity	263	(2,282)	(24,277)
Total changes of items during the period	263	(2,282)	(24,277)
Balance at the end of current period	¥ 13,984	¥ 11,702	$ 124,489
Foreign currency translation adjustment :			
Balance at the beginning of current period	¥ (1,799)	¥ (1,968)	$ (20,936)
Changes of items during the period :			
Net changes of items other than shareholders' equity	(168)	388	4,128
Total changes of items during the period	(168)	388	4,128
Balance at the end of current period	¥ (1,968)	¥ (1,579)	$ (16,798)
Total accumulated other comprehensive income :			
Balance at the beginning of current period	¥ 11,525	¥ 11,910	$ 126,702
Changes of items during the period :			
Net changes of items other than shareholders' equity	385	7,253	77,160
Total changes of items during the period	385	7,253	77,160
Balance at the end of current period	¥ 11,910	¥ 19,164	$ 203,872

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2012	2013	2013
Minority interests :			
Balance at the beginning of current period	¥ 31,189	¥ 34,542	$ 367,468
Changes of items during the period :			
Net changes of items other than shareholders' equity	3,352	3,764	40,043
Total changes of items during the period	3,352	3,764	40,043
Balance at the end of current period	¥ 34,542	¥ 38,306	$ 407,511
Total net assets :			
Balance at the beginning of current period	¥ 239,828	¥ 275,347	$ 2,929,223
Changes of items during the period :			
Dividends from surplus	(3,717)	(3,717)	(39,543)
Net income	34,200	22,146	235,596
Purchase of treasury stock	(16)	(32)	(340)
Disposal of treasury stock	8	4	43
Change of scope of consolidation	23	–	–
Reversal of revaluation reserve for land	1,281	2,215	23,564
Net changes of items other than shareholders' equity	3,738	11,017	117,202
Total changes of items during the period	35,518	31,635	336,543
Balance at the end of current period	¥ 275,347	¥ 306,982	$ 3,265,766

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
Years ended March 31, 2013

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2012	2013	2013
Net cash provided by (used in) operating activities :			
Income before income taxes and minority interests	¥ 42,172	¥ 41,954	$ 446,319
Depreciation and amortization	20,771	20,246	215,383
Amortization of goodwill	176	162	1,723
Gain on bargain purchase	(48,400)	(2,389)	(25,415)
Equity in (earnings) losses of affiliates	(509)	(512)	(5,447)
Loss (gain) on valuation of short-term and long term investment securities	251	1,994	21,213
Increase (decrease) in allowance for doubtful accounts	(244)	39	415
Increase (decrease) in provision for directors' retirement benefits	(24)	7	74
Increase (decrease) in provision for retirement benefits	1,047	1,295	13,777
Increase (decrease) in provision for bonuses	542	707	7,521
Impairment loss	39,361	3,117	33,160
Loss on valuation of inventories	3,448	4,751	50,543
Loss (gain) on sales of short-term and Long-term investment securities	24	(767)	(8,160)
Loss (gain) on sales of noncurrent assets	(323)	(4,934)	(52,489)
Loss on retirement of noncurrent assets	557	795	8,457
Interest and dividends income	(425)	(285)	(3,032)
Interest expenses	15,021	11,562	123,000
Decrease (increase) in notes and accounts receivable-trade	(2,050)	(155)	(1,649)
Decrease (increase) in inventories	(20,724)	(3,371)	(35,862)
Increase (decrease) in notes and accounts payable-trade	8,638	(6,552)	(69,702)
Increase (decrease) in accounts payable-other	(36)	968	10,298
Increase (decrease) in advances received	5,002	4	43
Increase (decrease) in deposits received for consignment sales	(799)	29,839	317,436
Increase (decrease) in deposits received for special joint ventures	(3,100)	(6,700)	(71,277)
Decrease (increase) in undistributed earnings from silent partnership	909	2,266	24,106
Other, net	784	2,965	31,543
Subtotal	62,073	97,007	1,031,989
Interest and dividends income received	430	283	3,011
Interest expenses paid	(15,875)	(11,812)	(125,660)
Income taxes paid	(1,743)	(15,257)	(162,309)
Net cash provided by (used in) operating activities	¥ 44,885	¥ 70,221	$ 747,032

	Yen (millions)		U.S. dollars (thousands) (Note 2)
	2012	2013	2013
Net cash provided by (used in) investing activities :			
Payments into time deposits	¥ (75)	¥ (279)	$ (2,968)
Proceeds from withdrawal of time deposits	218	19	202
Payments of loans receivable	(7,417)	(270)	(2,872)
Collection of loans receivable	7,306	86	915
Purchase of short-term and long-term investment securities	(2,230)	(19,970)	(212,447)
Proceeds from sales and redemption of short-term and long-term investment securities	3,318	8,222	87,468
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(35,827)	(381,138)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	779	–	–
Proceeds from sales of investments in subsidiaries and affiliates	6,289	–	–
Purchase of other securities of subsidiaries and affiliates	(2,750)	–	–
Payments for lease and guarantee deposits	(4,416)	(11,741)	(124,904)
Proceeds from collection of lease and guarantee deposits	6,435	4,942	52,574
Purchase of noncurrent assets	(46,674)	(45,010)	(478,830)
Proceeds from sales of noncurrent assets	8,738	142,638	1,517,426
Proceeds from contribution received for construction	1,973	–	–
Other, net	(275)	(338)	(3,596)
Net cash provided by (used in) investing activities	¥ (28,780)	¥ 42,470	$ 451,809
Net cash provided by (used in) financing activities :			
Net increase (decrease) in short-term loans payable	13,004	(15,605)	(166,011)
Proceeds from long-term loans payable	291,786	294,906	3,137,298
Repayment of long-term loans payable	(320,041)	(372,416)	(3,961,872)
Proceeds from long-term lease and guarantee deposited	18,716	25,164	267,702
Repayments of long-term lease and guarantee deposited	(12,209)	(13,807)	(146,883)
Proceeds from issuance of bonds	20,000	20,000	212,766
Redemption of bonds	(22,000)	(22,800)	(242,553)
Cash dividends paid	(3,717)	(3,717)	(39,543)
Cash dividends paid to minority shareholders	(990)	(1,003)	(10,670)
Repayments of finance lease obligations	(963)	(1,223)	(13,011)
Net decrease (increase) in treasury stock	(7)	(27)	(287)
Other, net	0	–	–
Net cash provided by (used in) financing activities	¥ (16,421)	¥ (90,530)	$ (963,085)
Effect of exchange rate change on cash and cash equivalents	(36)	11	117
Net increase (decrease) in cash and cash equivalents	(352)	22,173	235,883
Cash and cash equivalents at beginning of period	43,963	64,220	683,191
Increase in cash and cash equivalents from newly consolidated subsidiary and other	20,609	1,032	10,979
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	–	(3,356)	(35,702)
Cash and cash equivalents at end of period (Note 15)	¥ 64,220	¥ 84,070	$ 894,362

See accompanying notes to the consolidated financial statements.

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(a) Basis of Presenting Consolidated Financial Statements

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

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

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

(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 93 consolidated subsidiaries as of March 31, 2012, and there were 94 consolidated subsidiaries as of March 31, 2013. During the year ended March 31, 2013, the Company included nine companies, including United Communities Co., Ltd., as a result of acquisitions and other measures, in the scope of consolidation. It excluded eight companies, including the silent partnership whose operator is the limited company PIXIS, from the scope of consolidation because their importance declined as a result of sales of their assets.

(c) Securities

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

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

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

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

(d) Inventories

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

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

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

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

Estimated useful lives are as follows:

Buildings and structures	3 to 65 years

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

(f) Intangible Assets (except for leased assets)

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

(g) Leases

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

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

(h) Allowance for Doubtful Accounts

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

(i) Provision for Bonuses

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

(j) Provision for Retirement Benefits

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

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

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 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 10 years, which is shorter than the average remaining years of service of the employees.

(k) 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.

(l) Recognition of Revenue

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

(m) Foreign Currency Translation

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

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

(n) Derivative Financial Instruments

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

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

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

(o) Amortization of Goodwill

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

(p) Cash and Cash Equivalents

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

(q) Income Taxes

The Company adopts the Consolidated Taxation System. Deferred tax assets and liabilities are determined based on differences between the carrying amounts and the tax bases of the assets and liabilities, using the enacted tax rates in effect for the year in which those temporary differences are expected to be reversed.

Deferred tax assets are also recognized for the estimated future tax effects attributable to tax operating loss carry forwards. Valuation allowances are provided in order to reduce the deferred tax assets in case some or all are not realized.

(r) Reclassification

Certain reclassifications have been made to the previous year's consolidated financial statements to conform to the presentation used for the year ended March 31, 2013.

2. Change in Accounting Policy

In accordance with the revision of the Corporate Tax Act of Japan, effective April 1, 2012, the Company and its domestic consolidated subsidiaries have changed the depreciation method for property, plant and equipment acquired on or after April 1, 2012 to the method under the revised act.

The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the year ended March 31, 2013 was immaterial.

3. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of 94=U.S. $1, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2013. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

4. Investments in silent partnerships

Investments in silent partnerships holding properties for sale included in securities were ¥1,039 million (U.S.$11,053 thousand) at March 31, 2013.

5. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in and loans to unconsolidated subsidiaries and affiliates at March 31, 2012 and 2013 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Securities	¥ -	¥ 981	$ 10,436
Investment securities	¥ 18,041	¥ 7,681	$ 81,713

6. Contingent Liabilities

At March 31, 2012 and 2013 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 16,220	¥ 13,243	$ 140,883
Employees for their purchase of residential houses	126	95	1,011
Others	-	700	7,447
	¥ 16,346	¥ 14,039	$ 149,351

7. Revaluation of Land

Land owned by the Company and one consolidated subsidiary was 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

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

The market value exceeded the carrying amount of land after revaluation at March 31, 2012 and 2013.

8. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2012 and 2013 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Inventories (Real estate for sale)	¥ 5,284	¥ 4,265	$ 45,372
Land	787,031	708,955	7,542,074
Buildings and structures	120,555	111,149	1,182,436
Leasehold right	1,646	1,646	17,511
Long-term loans receivable	282	276	2,936
Investment securities	125	125	1,330
	¥ 914,926	¥ 826,419	$ 8,791,691

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Short-term loans payable	¥ 207,579	¥ 19,928	$ 212,000
Accounts payable-other	108	111	1,181
Long-term loans payable	353,290	444,306	4,726,660
Other noncurrent liabilities	672	569	6,053
	¥ 561,651	¥ 464,916	$ 4,945,915

In addition to the above, cash of ¥488million and ¥520 million (U.S.$5,532 thousand), and Investment securities of ¥1,263 million and ¥1,321 million (U.S.$14,053 thousand) were pledged as collateral for guarantee of the real estate trading business, at March 31, 2012 and 2013, respectively.

One special purpose company, which is a consolidated subsidiary, offer its assets (including land of ¥2,998 million and buildings and structures of ¥1,111 million in (1) above) as general security against specified bonds of ¥200 million under Article 128 of the Act on Securitization of Assets (Act No. 105 of 1998). Payments of such debt are limited to the amount of the general security.

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

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Short-term loans payable (Current portion of long-term loans payable)	¥ 203,332	¥ 18,746	$ 199,426
Long-term loans payable	¥ 383,943	¥ 477,021	$ 5,074,691

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

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Land	¥ 762,618	¥ 686,172	$ 7,299,702
Leasehold right	705	705	7,500
Buildings and structures	¥ 108,147	¥ 100,625	$ 1,070,479

In addition to the above, certain consolidated subsidiaries as borrowers have the right to demand additional investment from the Company of ¥77,107 million and ¥64,318 million (U.S.$684,234 thousand) at March 31, 2012 and 2013, respectively (excluding those that arise as a result of convulsion of nature or other events in case of development type silent partnerships, etc.).

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

Short-term loans payable at March 31, 2012 and 2013 consist of loans principally from banks with weighted average interest rates of 0.64% and 0.58% in 2012 and 2013, respectively.

Long-term debt at March 31, 2012 and 2013 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
1.84% unsecured corporate bond, maturing 2013	¥ 10,000	¥ -	$ -
1.50% unsecured corporate bond, maturing 2013	10,000	-	-
0.78% unsecured corporate bond, maturing 2016	10,000	10,000	106,383
0.70％unsecured corporate bond, maturing 2017	10,000	10,000	106,383
0.81％unsecured corporate bond, maturing 2017	10,000	10,000	106,383
0.63％unsecured corporate bond, maturing 2018	-	10,000	106,383
0.56％unsecured corporate bond, maturing 2018	-	10,000	106,383
2.67% specified corporate bond issued by special purpose companies, maturing 2014	800	-	-
1.03% specified corporate bond issued by special purpose companies, maturing 2014	2,000	-	-
1.35% specified corporate bond issued by special purpose companies, maturing 2015	200	200	2,128
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2015 to 2021 weighted average 1.26% and 1.07% in 2012 and 2013, respectively.			
Secured	560,870	464,235	4,938,670
Unsecured	392,807	418,086	4,447,723
	1,006,678	932,521	9,920,436
Less current portion	(280,505)	(100,406)	(1,068,149)
	¥ 726,173	¥ 832,115	$ 8,852,287

The aggregate annual maturates of long-term debt after March 31, 2014 are as follows:

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2015	¥ 103,024	$ 1,096,000
2016	177,400	1,887,234
2017	347,356	3,695,277
2018	185,528	1,973,702
2019 and thereafter	18,807	200,074
	¥ 832,115	$ 8,852,287

10. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 23 banks at March 31, 2012 and 2013, and commitment lines with 5 banks and 4 banks at March 31, 2012 and 2013, respectively these contracts at March 31, 2012 and 2013 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Limit of overdraft	¥ 156,849	¥ 158,989	$ 1,691,372
Line of credit	54,000	54,000	574,468
Borrowing outstanding	(36,182)	(36,202)	(385,128)
Available commitment lines	¥ 174,667	¥ 176,787	$ 1,880,713

11. 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)
	2012	2013	2013
Loss on valuation of inventories	¥ 3,448	¥ 4,751	$ 50,543

12. Gain on Negative Goodwill

During the year ended March 31, 2013, when the Company made the silent partnership whose operator is the limited company MARE, that owns lease properties and other properties, a consolidated subsidiary as its control of the partnership was recognized due to the increase of the Company’s capital contribution ratio in the partnership, the Company immediately recognized the difference between the Company’s investments and the fair value of the net assets of the partnership.

13. Impairment Loss on Fixed Assets

For the year ended March 31, 2013, the Company recognized impairment loss on fixed assets in the following asset groups:

Asset holding company	Primary use	Type	Location	Impairment loss Yen (millions)
Tokyu Land Corporation	Resort Facilities, etc	Land, buildings and structures, other fixed assets	Kamo-county, Shizuoka and other places	¥ 2,534
Subsidiaries	Leasing assets, etc	Land, buildings and structures, other fixed assets	Toshima-ku, Tokyo and other places	¥ 583

To determine impairment losses, assets are divided into groups that are minimal units that generate cash flows independently of other assets and asset groups. Consequently, the Group wrote down the carrying amounts of 41 asset groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss (¥3,117 million) under extraordinary losses.

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

14. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2013:

(1) Recycling associated with other comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ 101	¥ 14,806	$ 157,511
Recycling	252	(240)	(2,553)
Total valuation difference on available-for-sale securities	¥ 354	¥ 14,565	$ 154,947
Deferred gains or losses on hedges:			
Amount arising during the year	110	(151)	(1,606)
Total deferred gains or losses on hedges	¥ 110	¥ (151)	$ (1,606)
Foreign currency translation adjustment:			
Amount arising during the year	(170)	232	2,468
Total foreign currency translation adjustment	¥ (170)	¥ 232	$ 2,468
Share of other comprehensive income of affiliates accounted for using equity method:			
Amount arising during the year	-	159	1,691
Total share of other comprehensive income of affiliates accounted for using equity method	¥ -	¥ 159	$ 1,691
Amount before tax effect	294	14,806	157,511
Tax effect	1,389	(5,157)	(54,862)
Total accumulated other comprehensive income	¥ 1,683	¥ 9,648	$ 102,638

(2) Tax effect associated with other comprehensive income

	Yen (millions)		
	2013		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	¥ 14,565	¥ (5,101)	¥ 9,464
Deferred gains or losses on hedges	(151)	9	(142)
Foreign currency translation adjustment	232	-	232
Share of other comprehensive income of affiliates accounted for using equity method	159	-	159
Revaluation reserve for land	-	(66)	(66)
Total accumulated other comprehensive income	¥ 14,806	¥ (5,157)	¥ 9,648

	U.S. dollars (thousands)		
	2013		
	Before tax effect	Tax effect	After tax effect
Valuation difference on available-for-sale securities	$ 154,947	$ (54,266)	$ 100,681
Deferred gains or losses on hedges	(1,606)	96	(1,511)
Foreign currency translation adjustment	2,468	-	2,468
Share of other comprehensive income of affiliates accounted using equity method	1,691	-	1,691
Revaluation reserve for land	-	(702)	(702)
Total accumulated other comprehensive income	$ 157,511	$ 54,862	$ 102,638

15. Supplementary Cash Flow Information

For the purpose of the statement of cash flows, the Company considers all highly liquid investments with little risk of changes in value that have maturities of generally three months or less when purchased to be cash equivalents. The components of cash and cash equivalents at March 31, 2012 and 2013 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Cash and deposits	¥ 60,570	¥ 84,535	$ 899,309
Time deposits with maturity over three months	(150)	(410)	(4,362)
Short-term investment securities	4,100	55	585
Short-term loans receivable	0	1	11
Short-term loans payable	(300)	(110)	(1,170)
Cash and cash equivalents	¥ 64,220	¥ 84,070	$ 894,362

The details of the assets and liabilities of United Communities Co., Ltd. at the time of newly consolidating as a result of share acquisition and the relationship of the share acquisition amount and payment for the purchase are as follows:

	Yen (millions)	U.S. dollars (thousands)
	2013	2013
Current assets	¥ 4,192	$ 44,596
Noncurrent assets	1,629	17,330
Goodwill	37,237	396,138
Current liabilities	(5,457)	(58,053)
Noncurrent liabilities	(1,443)	(15,351)
Share acquisition amount	¥ 36,158	$ 384,660
Cash and cash equivalents of the new consolidated subsidiary	(330)	(3,511)
Purchase of investments in subsidiaries	¥ 35,827	$ 381,138

16. Information Regarding Certain Leases

(Finance Lease Transactions as lessee)

Finance leases, which commenced on or before March 31, 2008, other than those in which the ownership of the leased assets is to be transferred to the lessees at the end of the lease term, are accounted for using the same method as that of operating leases. Additional information on these finance leases as of and for the years ended March 31, 2012 and 2013 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office equipment) at March 31, 2012 and 2013 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Acquisition cost	¥ 9,221	¥ 7,727	$ 82,202
Accumulated depreciation	3,410	2,477	26,351
Accumulated impairment loss	2	-	-
Carrying amount	¥ 5,808	¥ 5,249	$ 55,840

(2) Future lease payments at March 31, 2012 and 2013

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Due within one year	¥ 771	¥ 638	$ 6,787
Due after one year	8,576	7,944	84,511
Total	¥ 9,347	¥ 8,582	$ 91,298
Balance of impairment loss account on leased assets	¥ 0	¥ -	$ -

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2012 and 2013

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Lease payments	¥ 1,065	¥ 788	$ 8,383
Reversal of impairment loss account on leased assets	4	0	0
Depreciation expense	807	543	5,777
Interest expenses	¥ 346	¥ 326	$ 3,468

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2012 and 2013 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Due within one year	¥ 17,429	¥ 17,709	$ 188,394
Due after one year	118,487	121,825	1,296,011
Total	¥ 135,917	¥ 139,534	$ 1,484,404

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable to be received at March 31, 2012 and 2013 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Due within one year	¥ 29,966	¥ 30,310	$ 322,447
Due after one year	94,648	84,605	900,053
Total	¥ 124,615	¥ 114,915	$ 1,222,500

17. Financial Instruments

Financial instruments at March 31, 2013 are summarized as follows:

Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risk

Primary investment securities are preferred capital contribution certificates of special purpose companies under the Asset Liquidation Act, shares in companies with which the Group has business relationships, and bonds held to maturity. The Group has 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.

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

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

(3) Risk management for financial instruments

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

Each operating department monitors the status of major counterparties and manages the due dates and balances of lease and guarantee deposits 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, 2013 and estimated fair value are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value (Please refer to Note 2).

	Yen (millions)					
	Carrying value		Estimated fair value		Difference	
(1) Cash and deposits	¥	84,535	¥	84,535	¥	-
(2) Investment securities						
Held-to-maturity securities		1,314		1,332		17
Other securities		32,592		32,592		-
Total assets	¥	118,442	¥	118,460	¥	17
(1) Notes and accounts payable-trade		39,138		39,138		-
(2) Short-term loans payable		41,619		41,619		-
(3) Bonds payable		50,200		50,599		399
(4) Long-term loans payable		882,321		886,656		4,335
Total liabilities	¥	1,013,279	¥	1,018,013	¥	4,734
Derivatives	¥	30	¥	30	¥	-

	U.S. dollars (thousands)					
	Carrying value		Estimated fair value		Difference	
(1) Cash and deposits	$	899,309	$	899,309	$	-
(2) Investment securities						
Held-to-maturity securities		13,979		14,170		181
Other securities		346,723		346,723		-
Total assets	$	1,260,021	$	1,260,213	$	181
(1) Notes and accounts payable-trade		416,362		416,362		-
(2) Short-term loans payable		442,755		442,755		-
(3) Bonds payable		534,043		538,287		4,245
(4) Long-term loans payable		9,386,394		9,432,511		46,117
Total liabilities	$	10,779,564	$	10,829,926	$	50,362
Derivatives	$	319	$	319	$	-

Notes:

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

Assets

Cash and deposits

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

Securities and Investment securities

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

Liabilities

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

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

Bonds payable (Including current portion of bonds)

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

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

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

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

	Yen (millions)	U.S. dollars (thousands)
Preferred capital contribution certificates of special purpose companies	¥ 2,389	$ 25,415
Unlisted stocks	14,111	150,117
Investments in silent partnerships – current	1,039	11,053
Investments in silent partnerships – noncurrent	¥ 2,976	$ 31,660

Because no quoted market price is available and future cash flows cannot be estimated, it is extremely difficult to determine the fair value. Therefore, the above financial instruments are not included in the table of financial instruments with estimated fair values.

	Yen (millions)	U.S. dollars (thousands)
Lease and guarantee deposits	¥ 57,494	$ 611,638
Long-term lease and guarantee deposited	¥ 176,628	$ 1,879,021

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

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2013

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	¥ 82,543	¥ -	¥ -	¥ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	357	769	187	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	14	70	-	-
(2) Corporate bonds	-	-	-	-
Total	¥ 82,916	¥ 840	¥ 187	¥ -

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Deposits	$ 878,117	$ -	$ -	$ -
Investment securities				
Held-to-maturity securities				
(1) National and local government bonds	3,798	8,181	1,989	-
(2) Corporate bonds	-	-	-	-
Other securities with maturities				
(1) National and local government bonds	149	745	-	-
(2) Corporate bonds	-	-	-	-
Total	$ 882,085	$ 8,936	$ 1,989	$ -

18. Securities

Securities held by the Company as of March 31, 2012 and 2013 is summarized as follows:

(1) Held-to-maturity Securities

2012	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	¥ 1,081	¥ 1,096	¥ 14
Subtotal	1,081	1,096	14
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	101	100	(0)
Subtotal	101	100	(0)
Total	¥ 1,182	¥ 1,197	¥ 14

2013	Yen (millions)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	¥ 1,174	¥ 1,193	¥ 18
Subtotal	1,174	1,193	18
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	140	139	(0)
Subtotal	140	139	(0)
Total	¥ 1,314	¥ 1,332	¥ 17

2013	U.S. dollars (thousands)		
	Book value	Fair value	Difference
Securities whose fair value exceeds book value:			
Government and municipal bonds, etc.	$ 12,489	$ 12,691	$ 191
Subtotal	12,489	12,691	191
Securities whose fair value does not exceed book value:			
Government and municipal bonds, etc.	1,489	1,479	(6)
Subtotal	1,489	1,479	(6)
Total	$ 13,979	$ 14,170	$ 181

(2) Other Securities

2012	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 922	¥ 738	¥ 184
Government and municipal bonds, etc.	85	84	0
Subtotal	1,008	823	184
Securities whose book value does not exceed acquisition cost:			
Stocks	3,801	4,452	(651)
Subtotal	3,801	4,452	(651)
Total	¥ 4,809	¥ 5,275	¥ (466)

2013	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 31,458	¥ 17,072	¥ 14,386
Government and municipal bonds, etc.	85	85	0
Subtotal	31,544	17,157	14,386
Securities whose book value does not exceed acquisition cost:			
Stocks	1,047	1,150	(102)
Subtotal	1,047	1,150	(102)
Total	¥ 32,592	¥ 18,307	¥ 14,284

2013	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$ 334,660	$ 181,617	$ 153,043
Government and municipal bonds, etc.	904	904	0
Subtotal	335,574	182,521	153,043
Securities whose book value does not exceed acquisition cost:			
Stocks	11,138	12,234	(1,085)
Subtotal	11,138	12,234	(1,085)
Total	$ 346,723	$ 194,755	$ 151,957

Notes: Securities whose market values are considered to be difficult to determine

Other Securities	Yen (millions)		U.S. dollars (thousands)
	Book value		
	2012	2013	2013
Negotiable deposit	¥ 4,100	¥ 55	$ 585
Preferred securities of special purpose companies	1,063	426	4,532
Unlisted stocks, etc	2,145	9,729	103,500
Investments in silent partnerships	¥ 2,305	¥ 1,583	$ 16,840

Because these instruments do not have market prices and it is considered to be extremely difficult to determine their market value, they are not included in “Other securities” in the table above.

(3) Sales of Other Securities

Sales of other securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2012 and 2013 are summarized as follows:

2012	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ 2,189	¥ 6	¥ 42
Total	¥ 2,189	¥ 6	¥ 42

2013	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ 5,401	¥ 476	¥ -
Total	¥ 5,401	¥ 476	¥ -

2013	U.S. dollars (thousands)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	$ 57,457	$ 5,064	$ -
Total	$ 57,457	$ 5,064	$ -

19. Employees' Retirement and Severance Benefits

The Company and its consolidated subsidiaries have defined benefit plans (i.e., welfare pension fund plans, tax-qualified pension plans and lump-sum payment plans). 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.

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Projected benefit obligation	¥ 26,283	¥ 30,649	$ 326,053
Plan assets at fair value	(5,422)	(5,786)	(61,553)
Unfunded retirement benefit obligation	20,861	24,862	264,489
Unrecognized transition difference resulting from change in accounting standard	(1,091)	(728)	(7,745)
Unrecognized actuarial gain (loss)	(2,170)	(4,614)	(49,085)
Unrecognized prior service cost	(311)	(275)	(2,926)
Net retirement benefit obligation	17,288	19,243	204,713
Prepaid pension cost	(473)	(454)	(4,830)
Provision for retirement benefits	¥ 17,761	¥ 19,698	$ 209,553

Net periodic pension cost for the years ended March 31, 2012 and 2013 consisted of the following:

Service cost	¥ 1,652	¥ 1,739	$ 18,500
Interest cost	562	573	6,096
Expected return on plan assets	(117)	(108)	(1,149)
Amortization of transition difference resulting from change in accounting standard	368	363	3,862
Amortization of actuarial loss	427	483	5,138
Amortization of unrecognized prior service cost	(17)	36	383
Contributions to the defined contribution pension plan	1,038	1,104	11,745
Net periodic pension cost	¥ 3,913	¥ 4,191	$ 44,585

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

	2012	2013
Discount rate	2.0%–2.5%	0.6%–1.2%
Expected rate of return on plan assets	0.75%–3.0%	0.75%–2.5%

20. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2012 and 2013 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Deferred tax assets:			
Valuation loss on inventories	¥ 1,467	¥ 469	$ 4,989
Valuation loss on securities	4,110	4,248	45,191
Amortization of intangible assets	4,170	3,956	42,085
Allowance for doubtful accounts	357	242	2,574
Accrued expenses	104	229	2,436
Accrued bonuses to employees	2,891	3,360	35,745
Retirement and severance benefits	5,713	6,531	69,479
Net operating loss carry forwards	733	1,700	18,085
Unrealized inter-company profits	1,360	739	7,862
Impairment losses on fixed assets	8,013	3,984	42,383
Loss of investments in silent partnerships	1,228	802	8,532
Valuation difference on consolidated subsidiaries	1,481	1,473	15,670
Undistributed loss from consolidated subsidiaries	3,474	2,430	25,851
Accrued enterprise tax/business office tax	1,060	788	8,383
Revaluation of assets for merger	8	8	85
Asset retirement obligations	690	1,089	11,585
Other	3,636	3,177	33,798
Gross deferred tax assets	40,504	35,233	374,819
Less: valuation allowance	(9,326)	(9,612)	(102,255)
Total deferred tax assets	¥ 31,177	¥ 25,620	$ 272,553
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	242	4,972	52,894
Valuation difference on consolidated subsidiaries	32,673	32,848	349,447
Reserve for advanced depreciation of noncurrent assets	3,088	3,075	32,713
Exemption of gains and losses from the dividends of special purpose companies	9	-	-
Property, plant and equipment corresponding to asset retirement obligations	363	710	7,553
Other	2,100	1,908	20,298
Total deferred tax liabilities	38,478	43,515	462,926
Net deferred tax assets	¥ (7,301)	¥ (17,894)	$ (190,362)

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
Deferred tax assets – current	¥ 6,838	¥ 6,149	$ 65,415
Deferred tax assets – non current	19,616	10,561	112,351
Deferred tax liabilities – current (included in other current liabilities)	(21)	(10)	(106)
Deferred tax liabilities – non current	(33,735)	(34,595)	(368,032)
	¥ (7,301)	¥ (17,894)	$ (190,362)

The effective tax rate reflected in the consolidated statement of income for the year ended March 31, 2013 differ from the statutory tax rate for the following reasons:

	2012	2013
Statutory tax rate	40.7%	
Increase (reduction) in income taxes resulting from:		
Valuation allowance on deferred tax assets	(8.5)	Note 1
Entertainment expenses not deductible for tax purposes	1.2	
Per capita inhabitant tax	0.5	
Amortization of goodwill	(21.1)	
Change in tax rate	(5.6)	
Other	2.6	
Effective tax rate	9.6%	

Notes:

1. Notes are omitted because the difference between the statutory tax rate and the effective tax rate was less than or equal to five-hundredths of the statutory tax rate.

21. Business Combinations

Business Combination Through Acquisitions

(1) Outline of business combination

(a) Acquired company and their business

Acquired company : United Communities Co., Ltd.

Main business: Holding of real estate management companies and consulting businesses for these companies

(b) Main reason for business combination

The Company decided to carry out the transaction with the aim of achieving the goals provided below through the acquisition of the shares of United Communities

・Establishment of a new platform of management companies and improvement of brand by taking advantage of the stocks under management (a total of 460,000 units)

・Strengthening of its growth capability through the multiple brand strategy

(c) Date of business combination

February 28, 2013

(d) Legal form of business combination

Acquisition of shares in return for cash

(e) Name of entity after business combination

There is no change in the name of the entity after the business combination

(f) Percentage share of voting rights acquired

Percentage share of voting rights before the business combination: 0.0%

Percentage share of voting rights acquired on the business combination date: 100.0%

Percentage share of voting rights after the business combination: 100.0%

(g) Main reason for determining the acquiring entity

Since it was an acquisition of shares by Tokyu Community Corp. in return for cash

(2) Period of which the operating results of the acquired company is included in the consolidated financial statements

Because the fiscal year end date of United Communities Co., Ltd. was March 31, only the balance sheet was consolidated for the year ended March 31, 2013.

(3) Acquisition cost and its breakdown

	Yen (millions)		U.S. dollars (thousands)	
Acquisition consideration:				
Stock acquisition cost	¥	35,999	$	382,968
The direct costs of acquisition:				
Advisory fees, etc		158		1,681
Acquisition cost	¥	36,158	$	384,660

(4) Amount of goodwill recognized and reason thereof, amortization method and amortization period

(a) Amount of goodwill

¥37,237 million

(b) Reason

The amount was mainly incurred from the excess earning power that was expected to be generated from future business deployment.

(c) Amortization method and amortization period

Straight-line method over 20 years

(5) Changes in assets and liabilities on the date of business combination

	Yen (millions)		U.S. dollars (thousands)	
Current assets	¥	4,192	$	44,596
Noncurrent assets		1,629		17,330
Total assets	¥	5,822	$	61,936
Current liabilities		5,457		58,053
Noncurrent liabilities		1,443		15,351
Total liabilities	¥	6,901	$	73,415

(6) Effects on the consolidated statement of income for the fiscal year assuming that the business combination was completed on the commencement date of the consolidated fiscal year and accounting method

	Yen (millions)		U.S. dollars (thousands)	
Operating revenue	¥	26,311	$	279,904
Operating income	¥	1,504	$	16,000

（Calculation method of the approximate effects）

The approximate effects is calculated as the difference between the operating revenue and income and loss data, assuming that the business combination was completed on the commencement date of the consolidated fiscal year, and operating revenue and income and loss data that are recorded in the Company’s consolidated statement of income.

In addition, the amount of amortization of good will was calculated based on the assumption that the goodwill recognized at the time of the business combination was recognized on the commencement date of the consolidated fiscal year.

This note is unaudited.

22. Investment and Rental Properties

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

Yen (millions)			
Carrying value			Fair value
As of April 1, 2012	Net change	As of March 31, 2013	As of March 31, 2013
¥ 866,762	¥ (109,185)	¥ 757,577	¥ 798,906

U.S. dollars (thousands)			
Carrying value			Fair value
As of April 1, 2012	Net change	As of March 31, 2013	As of March 31, 2013
$ 9,220,872	$ (1,161,543)	$ 8,059,330	$ 8,499,000

Notes:

1. The carrying value represents the acquisition cost less accumulated depreciation and cumulative impairment loss.
2. Of the changes during the period, increases were mainly attributable to the acquisition of properties of ¥32,525 million ($ 346,011 thousand) and business combinations of ¥9,017 million ($ 95,926 thousand) , and decreases primarily reflected the sales of properties of ¥134,619 million ($ 1,432,117 thousand).
3. The fair value is mainly estimated in accordance with appraisal standards for valuing real estate.
4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥259,545 million ($ 2,761,117 thousand) as of March 31, 2013) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

23. Per Share Information

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

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

	Yen		U.S. dollars
	2012	2013	2013
Net asset per share of common stock as of March 31	¥ 453.46	¥ 505.99	$ 5.38
Net income per share of common stock for the year ended March 31	¥ 64.40	¥ 41.71	$ 0.44

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

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
For the year ended March 31			
Net income	¥ 34,200	¥ 22,146	$ 235,596
Net income of common stock	¥ 34,200	¥ 22,146	$ 235,596
Weighted average number of shares of common stock (thousands)	531,049	531,017	

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

	Yen (millions)		U.S. dollars (thousands)
	2012	2013	2013
As of March 31			
Total net assets	¥ 275,347	¥ 306,982	$ 3,265,766
Minority interests	(34,542)	(38,306)	(407,511)
Net assets of common stock at March 31	¥ 240,804	¥ 268,675	$ 2,858,245
Number of shares of common stock at March 31 (thousands)	531,039	530,985	

24. Significant Subsequent Events

The Company, Tokyu Community Corp. ("Tokyu Community") and Tokyu Livable, Inc. ("Tokyu Livable") have agreed to establish Tokyu Fudosan Holdings Corporation (the "Holding Company") through a joint share transfer (the "Share Transfer") by which the three companies will become wholly owned subsidiaries of the Holding Company on October 1, 2013 (planned date), the effective date, and, with the approval of the meetings of the board of directors of each company held on May 10, 2013, have jointly prepared the Share Transfer Plan relating to the Share Transfer.

Approval of this matter has been obtained at each company's respective ordinary general meeting of shareholders held on June 26, 2013 (the Company), June 21, 2013 (Tokyu Community) and June 24, 2013 (Tokyu Livable).

1. Purpose of Management Integration through the Share Transfer

As a result of considering the strengthening of financial foundations set forth in the Tokyu Land Group's current medium-term management plan, the Group has determined that changing to a holding company structure is most suitable for improving the mobility and efficiency of management and achieving other goals through the innovation of the group management foundation in light of changes in the business environment in the future. By adopting a holding company structure, the Group will create a management structure that will enable it to demonstrate its comprehensive capabilities to the maximum extent, and accelerate growth as a comprehensive real estate group through expanding synergies by appropriately distributing management resources and enhancing collaboration within the Group.

2. Overview of the Share Transfer

(a) Schedule of the Share Transfer

General meeting of shareholders record dates (all three companies): March 31, 2013 (Sun)
Board of directors meeting approving the Share Transfer Plan (all three companies): May 10, 2013 (Fri)
Ordinary general meeting of shareholders to approve the Share Transfer Plan (Tokyu Community): June 21, 2013 (Fri)
Ordinary general meeting of shareholders to approve the Share Transfer Plan (Tokyu Livable): June 24, 2013 (Mon)
Ordinary general meeting of shareholders to approve the Share Transfer Plan (The Company): June 26, 2013 (Wed)
Date of delisting from the Tokyo Stock Exchange (all three companies): September 26, 2013 (Thu) (planned)
Incorporation registration date of the Holding Company (effective date of the Share Transfer): October 1, 2013 (Tue) (planned)
Listing date of the Holding Company: October 1, 2013 (Tue) (planned)

However, this schedule may be changed as a result of discussions between the three companies if required for the progress of the Share Transfer procedures or if otherwise necessary.

(b) Method of the Share Transfer

The Share Transfer will be a joint share transfer by which the Company, Tokyu Community and Tokyu Livable will become wholly owned subsidiaries and the Holding Company will become the parent company owning 100% of the shares of these three companies.

(c) Share transfer ratio

	The Company	Tokyu Community	Tokyu Livable
Share transfer ratio	1.00	4.77	2.11

Notes: 1. Share allotment ratio

If there is a material change in the conditions that form the basis of the calculations, the abovementioned share transfer ratio may be changed as a result of discussions between the three companies. One share unit of the Holding Company is expected to comprise 100 shares.

2. Number of new shares to be delivered by the stock company due to the Share Transfer (planned)

700,950,413 shares of common stock

The above number is based on the Company: 533,345,304 issued and outstanding shares (as of March 31, 2013); Tokyu Community: 14,400,000 issued and outstanding shares (as of March 31, 2013); and Tokyu Livable: 48,000,000 issued and outstanding shares (as of March 31, 2013). Please note that, prior to the Share Transfer taking effect, the Company, Tokyu Community and Tokyu Livable plan to retire their respective treasury shares currently held or to be acquired in the future, and therefore shares of the Holding Company will not be allotted for such treasury shares. However, as the number of treasury shares that will actually be retired as of the effective date of the Share Transfer is currently undetermined, there may be a change in the abovementioned number of new shares issued by the Holding Company.

(d) Overview of the company established by the Share Transfer

Name	Tokyu Fudosan Holdings Corporation
Location	21-2, Dogenzaka 1-chome, Shibuya-ku, Tokyo
Names and positions of representatives	Chairman: Masatake Ueki President & Representative Director: Kiyoshi Kanazashi
Content of business	Group operations management business
Capital	60 billion yen

(e) Overview of accounting treatment related to the Share Transfer

The Share Transfer is expected to qualify as a “transaction under joint control” in the Accounting Standard for Business Combinations (ASBJ Statement No. 21 (issued by the ASBJ on December 26, 2008)). Goodwill is expected to be generated in the Holding Company’s consolidated closing of accounts in connection with transactions with minority shareholders, but the details of the accounting treatment are as yet undetermined.

25. 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 capital reserve and the legal reserve equals 25 percent of common stock. (Amount of the legal reserve was not included in retained earnings at March 31, 2012 and 2013.) 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.

26. Segment Information

Tokyu Land Group's business is composed primarily of eight segments: (1) Real Estate Sales, including the development and sales of condominiums, houses and buildings; (2) Contracted Construction, including the construction of custom-built houses, and reforms of houses and condominiums; (3) Retail Sales, retail sales of materials and products for living and D-I-Y; (4) Leasing of Real Estate, including leasing of buildings for offices, residences, and hotels, and management of shopping centers; (5) Property Management, including facilities management for buildings, condominiums and apartments; (6) Facility Operations, including operations of leisure and sports facilities (golf courses, membership resort hotels, and urban-style sports clubs); (7) Real Estate Agents, including real estate agency, etc; and (8) Other.

Information by geographic areas is omitted as overseas sales of the Company for the years ended March 31, 2012 and 2013 are less than 10 percent of consolidated revenue.

Summarized information by business segment for the years ended March 31, 2012 and 2013 are as follows:

Year ended March31, 2012	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	116,190	62,881	85,098	121,889	68,556	59,348	35,676	7,199	―	556,841
Inter-segment	102	3,824	238	3,407	6,177	232	2,023	499	(16,505)	―
Total	116,293	66,706	85,336	125,297	74,734	59,580	37,699	7,698	(16,505)	556,841
Operating income	6,742	890	1,847	35,336	4,918	2,992	2,854	238	(5,735)	50,086
Total assets	185,817	27,135	32,151	1,241,486	12,001	199,447	36,749	12,850	(2,866)	1,744,774
Depreciation expenses	89	328	1,119	11,791	212	4,947	1,113	631	538	20,771
Amortization of goodwill	0	―	―	(48,270)	35	10	―	―	0	(48,224)
Investment in equity-method affiliates	―	―	―	7,301	―	2,928	―	1,477	346	12,053
Capital expenditures	96	197	1,121	33,637	118	4,338	586	1,240	434	41,771

Year ended March31, 2013	Yen (millions)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	145,124	65,008	82,593	125,086	70,003	59,444	40,240	8,353	―	595,856
Inter-segment	(0)	5,123	228	3,180	6,491	256	2,051	472	(17,803)	―
Total	145,124	70,132	82,821	128,266	76,494	59,701	42,292	8,826	(17,803)	595,856
Operating income	6,634	1,588	867	35,001	5,102	3,757	4,794	27	(5,798)	51,975
Total assets	190,833	24,406	33,230	1,165,752	54,244	195,045	72,722	15,388	(33,221)	1,718,403
Depreciation expenses	115	286	1,118	11,523	198	4,847	1,119	614	421	20,246
Amortization of goodwill	―	―	―	(2,260)	35	(3)	―	―	0	(2,227)
Investment in equity-method affiliates	―	―	―	―	―	―	―	3,154	471	3,626
Capital expenditures	587	386	1,198	35,929	38,438	4,097	1,153	594	480	82,866

Year ended March31, 2013	U.S. dollars (thousands)									
	Real Estate Sales	Contracted Construction	Retail sales	Leasing of Real Estate	Property Management	Facility Operations	Real Estate Agents	Other	Elimination/ Headquarters	Consolidated
Revenues:										
Third party customers	1,543,872	691,574	878,649	1,330,702	744,713	632,383	428,085	88,862	―	6,338,894
Inter-segment	(0)	54,500	2,426	33,830	69,053	2,723	21,819	5,021	(189,394)	―
Total	1,543,872	746,085	881,074	1,364,532	813,766	635,117	449,915	93,894	(189,394)	6,338,894
Operating income	70,574	16,894	9,223	372,351	54,277	39,968	51,000	287	(61,681)	552,926
Total assets	2,030,138	259,638	353,511	12,401,617	577,064	2,074,947	773,638	163,702	(353,415)	18,280,883
Depreciation expenses	1,223	3,043	11,894	122,585	2,106	51,564	11,904	6,532	4,479	215,383
Amortization of goodwill	―	―	―	(24,043)	372	(32)	―	―	0	(23,691)
Investment in equity-method affiliates	―	―	―	―	―	―	―	33,553	5,011	38,574
Capital expenditures	6,245	4,106	12,745	382,223	408,915	43,585	12,266	6,319	5,106	881,553

TOKYU LAND CORPORATION AND CONSOLIDATED SUBSIDIARIES

Segment Information (Unaudited)

	Yen (millions)					U.S. dollars (thousands)
	2009	2010	2011	2012	2013	2013
Operating revenue						
Real Estate Sales	¥ 157,005	¥ 118,812	¥ 142,650	¥ 116,293	¥ 145,124	$ 1,543,872
Tokyu Land Corporation	139,370	107,791	132,249	105,791	134,448	1,430,298
Tokyu Livable, Inc.	9,254	9,805	8,462	6,545	10,709	113,926
Other (Including elimination)	8,381	1,216	1,940	3,957	(32)	(340)
Contracted Construction	¥ 62,199	¥ 59,391	¥ 61,620	¥ 66,706	¥ 70,132	$ 746,085
Tokyu Homes Corporation Corp. Group	38,880	36,840	36,064	37,279	39,299	418,074
Tokyu Community Corporation Corp. Group	16,605	16,163	18,847	22,656	23,394	248,872
Ishikatsu Exterior, Inc	6,766	6,476	6,755	6,972	7,551	80,330
Other (Including elimination)	(51)	(87)	(45)	(200)	(111)	(1,181)
Retail Sales	¥ 86,977	¥ 78,011	¥ 75,628	¥ 85,336	¥ 82,821	$ 881,074
Tokyu Hands, Inc.	86,977	78,011	75,628	85,336	82,821	881,074
Leasing of Real Estate	¥ 111,760	¥ 134,850	¥ 140,067	¥ 125,297	¥ 128,266	$ 1,364,532
Tokyu Land Corporation	66,292	86,846	87,810	59,999	63,243	672,798
Tokyu Community Corporation	16,290	16,940	16,649	16,036	16,432	174,809
Tokyu Relocation Corporation Group	14,733	15,561	16,467	18,334	17,369	184,777
Tokyu Livable, Inc.	6,679	6,856	7,254	7,614	8,332	88,638
Other (Including elimination)	7,766	8,647	11,887	23,314	22,890	243,511
Property Management	¥ 73,388	¥ 74,725	¥ 72,907	¥ 74,734	¥ 76,494	$ 813,766
Tokyu Community Corporation	68,753	70,241	68,146	69,146	70,708	752,213
Subsidiaries of Tokyu Community Corporation	10,760	10,043	9,763	10,147	10,275	109,309
Other (Including elimination)	(6,124)	(5,558)	(5,001)	(4,558)	(4,488)	(47,745)
Facility Operations (Resorts) ※	¥ 59,905	¥ 58,449	¥ 57,916	¥ 59,580	¥ 59,701	$ 635,117
Tokyu Land Corporation	26,279	24,802	23,648	21,126	21,307	226,670
Tokyu Resort Service Corporation	25,284	28,473	28,549	27,588	26,802	285,128
Tokyu Sports Oasis Inc.	13,559	13,440	13,866	13,938	14,280	151,915
Other (Including elimination)	(5,216)	(8,265)	(8,146)	(3,071)	(2,687)	(28,585)
Real Estate Agents (Real Estate Agents and Other Businesses) ※	¥ 41,986	¥ 40,964	¥ 37,911	¥ 37,699	¥ 42,292	$ 449,915
Tokyu Livable, Inc.	32,068	30,753	34,451	33,817	38,441	408,947
Tokyu Resort Corporation	2,336	1,935	1,925	2,140	2,262	24,064
Tokyu Land Corporation	202	255	46	87	28	298
Other (Including elimination)	7,380	8,021	1,489	1,655	1,561	16,606
Other ※	―	―	7,459	7,698	8,826	93,894
Total	593,222	565,204	596,162	573,347	613,659	6,528,287
Eliminations	(18,860)	(13,137)	(24,719)	(16,505)	(17,803)	(189,394)
Operating revenue (Consolidated)	¥ 574,361	¥ 552,067	¥ 571,443	¥ 556,841	¥ 595,856	$ 6,338,894
Operating income	¥ 34,990	¥ 35,469	¥ 62,502	¥ 50,086	¥ 51,975	$ 552,926
Real Estate Sales	4,074	(14,564)	(1,619)	6,742	6,634	70,574
Contracted Construction	(2,898)	(1,550)	36	890	1,588	16,894
Retail Sales	588	237	847	1,847	867	9,223
Leasing of Real Estate	34,331	49,999	59,682	35,336	35,001	372,351
Property Management	3,945	4,435	5,077	4,918	5,102	54,277
Facility Operations (Resorts) ※	1,266	1,448	924	2,992	3,757	39,968
Real Estate Agents (Real Estate Agents and Other Businesses) ※	(1,241)	416	2,953	2,854	4,794	51,000
Other ※	―	―	213	238	27	287
Elimination / Headquarters	(5,077)	(4,953)	(5,613)	(5,735)	(5,798)	(61,681)
Operating income ratio	6.1%	6.4%	10.9%	9.0%	8.7%	8.7%
Real Estate Sales	2.6%	(12.3)%	(1.1)%	5.8%	4.6%	4.6%
Contracted Construction	(4.7) %	(2.6) %	0.1%	1.3%	2.3%	2.3%
Retail Sales	0.7%	0.3%	1.1%	2.2%	1.0%	1.0%
Leasing of Real Estate	30.7%	37.1%	42.6%	28.2%	27.3%	27.3%
Property Management	5.4%	5.9%	7.0%	6.6%	6.7%	6.7%
Facility Operations (Resorts) ※	2.1%	2.5%	1.6%	5.0%	6.3%	6.3%
Real Estate Agents (Real Estate Agents and Other Businesses) ※	(3.0) %	1.0%	7.8%	7.6%	11.3%	11.3%
Other ※	―	―	2.9%	3.1%	0.3%	0.3%

※ From FY2010, “Resorts” was changed into “Facility Operations”, and “Real-Estate Agents and Other Businesses” was presented separately as “Real-Estate Agents” and “Other.”

Company Profile (parent company)

Established	December 17, 1953
Headquarters	Shin-Nanpeidai Tokyu Building., Dogenzaka 1-21-2, Shibuya-ku, Tokyo
Capital	¥ 57,551 million (as of March 31, 2013)
URL	http://www.tokyu-land.co.jp/english/