Independent Auditor's Report

The Board of Directors
Tokyu Fudosan Holdings Corporation

The Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Tokyu Fudosan Holdings Corporation and its consolidated subsidiaries (the Group), which comprise the consolidated balance sheet as at March 31, 2026, and the consolidated statements of income, comprehensive income, changes in equity, and cash flows for the year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2026, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

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

Key Audit Matters

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

<table>
<tr><td colspan="2">Revenue recognition for real estate sales with real estate funds, etc.</td></tr>
<tr><th>Description of Key Audit Matter</th><th>Auditor's Response</th></tr>
<tr><td>The Group engages in real estate sales transactions of office buildings, commercial facilities, rental residences, and logistics facilities with real estate funds, etc. (special purpose companies, funds and parties with whom the Group has continuous real estate transactions).
Real estate sales to real estate funds, etc. are included in '(1) Revenue Breakdown Information (Sale of real estate, etc. of Urban Development 275,838 million yen, Strategic Investment 65,412</td><td>We conducted the following procedures to understand the transaction scheme in whole and assess whether almost all risks and rewards are transferred to the buyer in the real estate sales with real estate funds, etc.
・We inspected related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors in order to understand the sales transactions and whether</td></tr>
</table>

million yen, Property Management & Operation 7,704 million yen, Real Estate Agents 144,650 million yen)' in '27 Revenue recognition' of the Notes to the Consolidated Financial Statements. In general, real estate amounts are large and real estate transaction is unique. Furthermore, a real estate sales contract has unique terms and conditions as each transaction is negotiated with its counterpart. In particular, if the buyer is a real estate fund, etc., there may be retention of risks through continuing involvement such as having a repurchase option or retaining some equity interest in the sold property. In such cases, the determination of whether substantially all of the risks and rewards of real property have been transferred may be complex. If this determination is inappropriate, there is a risk that revenue might be recognized for the real estate sales transaction where almost all of the risks and rewards are not transferred to the buyer. In addition, if the buyer is a real estate fund, etc., it includes an entity which has different features from that of a normal entity, and as there might be continuing involvement as described above, there is a risk that the transaction amount might be manipulated from fair value to recognize improper revenue or to avoid any loss. Finally, if such manipulation is carried out, this could have a material impact on the financial statements. Therefore, we determined that revenue recognition for real estate sales transactions with real estate funds, etc. is a key audit matter.	there will be any continuing involvement in the future. ・We inspected related approval documents, the minutes of the Group Executive Committee, and the minutes of the Board of Directors, and external information such as on the website, in order to understand the type of the entity, business of the buyer and the relationship with the Group. ・We inspected sales contracts and other agreements, and inquired of management and the responsible department, in order to understand and evaluate the transaction terms and conditions, including assessing whether repurchase conditions exist. ・We compared the transaction price with similar historical transaction and the real estate appraisal report in order to assess the transaction amount. In addition, we compared the inputs on which the real estate appraisal is based, such as future cash flows and the discount rate, with those in similar historical transactions, and information on rents and discount rates released from external institutions such as market reports. Furthermore, we considered the necessity of involving real estate appraisal specialists from our network firm. ・We inspected the supporting documents related to the cash receipt of the consideration and a copy of the registration certificate for the transfer of ownership in order to assess actual delivery.

Valuations of Property, plant and equipment and Real estate for sale in process relating to the large-scale real estate development business during development periods	
Description of Key Audit Matter	**Auditor's Response**
The Group engages in real estate development business of office buildings, commercial facilities, and residences, mainly in major cities, and engages in the lease and sale of this real estate. Assets related to the leasing business during development periods are recorded as Property, plant and equipment such as Buildings, Land, and Construction in progress on the Consolidated Balance Sheet, and assets related to the sales business are recorded as Real estate for sale in process. These amounts are included in Property, plant and equipment of 1,245,450 million yen and Real estate for sale in process of 466,932 million	We conducted the following procedures to identify indications of impairment in the application of impairment accounting for Property, plant, and equipment related to the large-scale real estate development business, where the total investment amounts exceed a certain threshold, as well as to determine whether a valuation loss should be recorded for Real estate for sale in process, among others: ・We inspected related approval documents, minutes of the Group Executive Committee, and minutes of the Board of Directors, inquired of management and the responsible department to

yen on the Consolidated Balance Sheet at the end of the current consolidated fiscal year, and will increase in the future as development progresses. The valuation methods used for Real estate for sale in process, and Property, plant and equipment are described in sections (1) and (2) of '3. Significant accounting estimates' in the Notes to the Consolidated Financial Statements. In the real estate development business, there are potential risks, such as the investment being deemed unrecoverable due to a drop in profitability, as various external factors lead to subsequent modifications of a development plan. More specifically, the following circumstances that may cause those modifications include, being unable to obtain consent from other landowners; being unable to obtain governmental permission for development; delays in construction due to unexpected circumstances; increases in construction cost due to changes in the external business environment; and delays in attracting tenants and sales activities. In particular, the large-scale real estate development business involves a high degree of uncertainty because of their long development periods and since they require large amounts of investments, they could have a material impact on the financial statements if impairment losses and valuation losses are recorded. Judgments made by the Group regarding whether there are indications of impairment and whether to record loss on valuation for the real estate development business are complex because of the various risks of modification to the development plans as described above. Therefore, we determined that the valuation of Property, plant and equipment and Real estate for sale in process relating to the large-scale real estate development business during development periods is a key audit matter.	understand the business plans of the projects and their progress, as well as determine causes of delays in construction, attracting tenants, and sales activities. ・We inquired of management and the responsible department to understand the status of negotiations with other landowners and local governments, the status of applications and approvals related to city planning and conversion rights schemes for new buildings. Furthermore, we considered the consistency of their responses with related external information, such as local governments notices, documents prepared by redevelopment partnerships, and information obtained from websites of related local governments. ・We inspected development sites and considered consistency with the information obtained from the procedures above. In addition, based on our understanding on the status of progress, we assessed whether development is significantly delayed compared to the original plan. ・We inquired of management and the responsible department to assess the planned completion schedules, tenant rents, occupancy rates, selling prices, and construction costs included in the cash forecast of each project. We also considered the consistency of planned tenant rents, occupancy rates, and selling prices with information released by external institutions, such as market reports, and compared construction costs with those incurred in the past. Furthermore, we considered the necessity of involving real estate appraisal specialists from our network firm. ・We inspected related contracts when a construction, lease or sales contract was entered into as the development business progressed, and compared the construction costs, tenant rents, and selling prices reflected in the cash forecast of each project with those in the contracts.

Other Information

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

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

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

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

We have nothing to report in this regard.

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

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

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- Consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances for our risk assessments, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Convenience Translation

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2026 are presented solely for convenience. Our audit also included the translation of Japanese yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 2 to the consolidated financial statements.

Fee-related Information

The fees for the audits of the financial statements of the Group and other services provided by us and other EY member firms for the year ended March 31, 2026 are 463 million yen and 91 million yen, respectively.

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

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

Ernst & Young ShinNihon LLC
Tokyo, Japan

June 24, 2026

Shuji Kaneko
Designated Engagement Partner
Certified Public Accountant

Mikiya Arai
Designated Engagement Partner
Certified Public Accountant

ANNUAL REPORT 2026

Year Ended March 31, 2026

TOKYU FUDOSAN HOLDINGS

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Message from the President

In April 2026, I was appointed as the Company's President & CEO. I would like to sincerely thank all our shareholders for their continued support.

In FY2025, the first year of the Medium-Term Management Plan 2030, we were able to achieve a strong start to our plans to build a solid and distinctive business portfolio.

Our business environment is unpredictable due to such issues as inflation, labor shortages, rising construction costs, and geopolitical risks. In the midst of this, we anticipate growing social needs will contribute to market expansion, and, as such, we will continue efforts in line with our three key themes, namely "the promotion of the Greater Shibuya Area strategy," "the establishment of a GX business model," and "the expansion of Glocal business (global & local integration initiatives)." By doing so, we will realize high growth rates and enhance our resilience to market volatility.

We will continue advancing toward our ideal vision for 2030 of "realizing a future where everyone can be themselves and shine vigorously." I would like to continue to meet the expectations of all our stakeholders through the value constantly created by each Group employee working on their own initiative to take on challenges and cooperate with others.

I would like to again thank all our shareholders for their ongoing support and cooperation.

Realizing a future where everyone can be themselves and shine vigorously

June 2026

Hiroaki Hoshino,
President & CEO

BUSINESS REPORT
Years ended March 31, 2026

I. Outline of business

1. Financial Highlights

(1) Summary of consolidated statements of income

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2025	2026	2026
Operating revenue	¥ 1,150,301	¥ 1,246,048	$ 7,836,780
Operating profit	140,763	166,882	1,049,572
Ordinary profit	129,152	147,803	929,579
Profit attributable to owners of parent	77,562	96,697	608,157
Comprehensive income	98,422	117,013	735,931
Net assets	842,054	916,600	5,764,780
Total Assets	¥ 3,254,722	¥ 3,419,052	$ 21,503,472

(2) Trend of indices

	2025	2026
Equity ratio	25.3%	26.3%
ROE*1	9.9%	11.2%
PER*2	9.2	9.8

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

(3) Others

	Yen	Yen	U.S. dollars
	2025	2026	2026
Net income per share	¥ 108.69	¥ 135.45	$ 0.85
Net assets per share	¥ 1,150.27	¥ 1,260.05	$ 7.92
Employees	21,898	21,036	-
- Temporary employees*	7,078	6,746	-

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

(4) Summary of cash flows

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2025	2026	2026
CF from operating activities	¥ 47,426	¥ 129,480	$ 814,340
CF from investing activities	(139,980)	(164,465)	(1,034,371)
CF from financing activities	1,468	55,843	351,214
Cash and cash equivalents at the end of the year	¥ 157,468	¥ 180,546	$ 1,135,509

2. Major Business

(1) Urban Development

Development, leasing and operation of office buildings and commercial facilities

Sales of condominiums and other residential properties

(2) Strategic Investment

Development, leasing and operation of renewable energy power facilities and logistics facilities

Management of REIT and fund

Investment in real estate development overseas

(3) Property Management & Operation

Property management and renovation of common areas of condominiums, buildings and other properties

Sales and management of membership resort hotels, management of urban hotels, golf courses, ski resorts, senior housing, etc.

Environmental greening

New businesses launched through the Internal Venture Program

(4) Real Estate Agents

Real estate brokerage, purchase and resale business, sales agency, etc.

Management and operation of rental housing and student apartments

II. Business strategy

1. Management strategy

Forward-looking statements in the document are the Group's judgments as of the end of the fiscal year ended March 31, 2026, and actual results and other outcomes may differ from these forecasts.

(1) About the values we are striving to create

To realize a future where everyone can be themselves and shine vigorously, defined in our ideal vision under GROUP VISION 2030, we have formulated future ideal visions for individuals, society and the environment and set the following four themes to pursue in order to realize these visions, designated as materialities: "Create a variety of lifestyles," "Create well-being communities and lifestyles," "Create a sustainable environment" and "Create value in the digital era."
In addition to the above four materialities related to business foundations, we have set the following two materialities related to our management base: "Create an organizational climate under which diverse human capital is enlivened" and "Create governance to accelerate growth." We will work on these six materialities to realize the future to which the Group aspires.



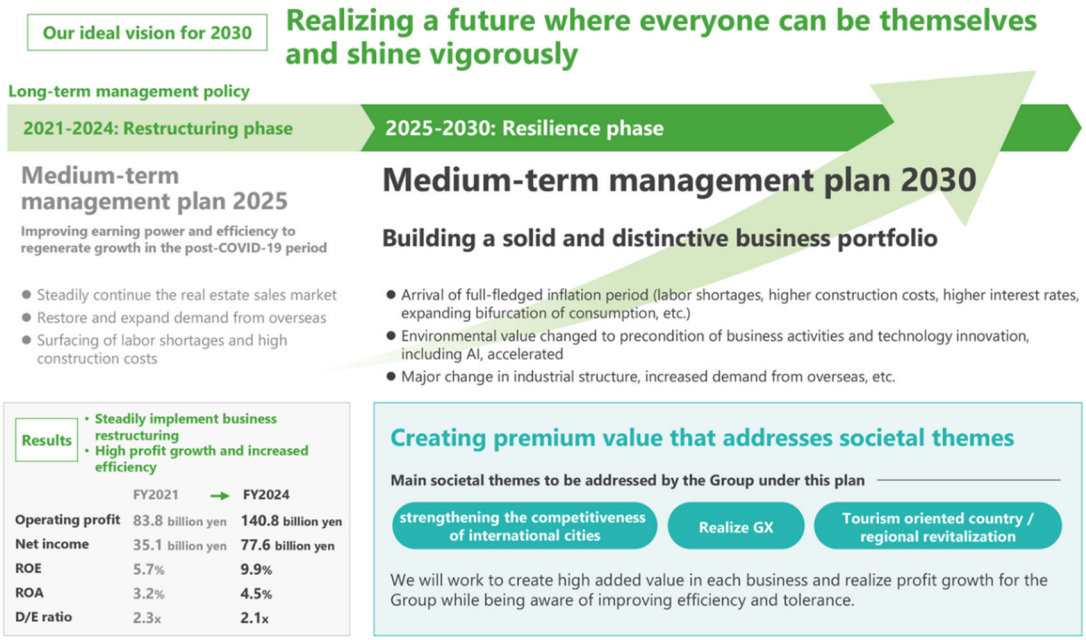
Building on the creation and passing on of our creative culture that has always driven the development of new businesses and services since our founding, we will create premium value unique to the Group by addressing social issues that can be expected to expand the market even in times of change. We will strive to realize our ideal vision of a future “where everyone can be themselves and shine vigorously”.



(2) About the Positioning of the medium-term management plan 2030

The medium-term management plan 2026, formulated in May 2022, positioned the first half of the long-term management policy covering the period up to fiscal year 2030 as a restructuring phase, and by promoting business restructuring and other measures, the Group was able to achieve major profit growth beyond planned figures.

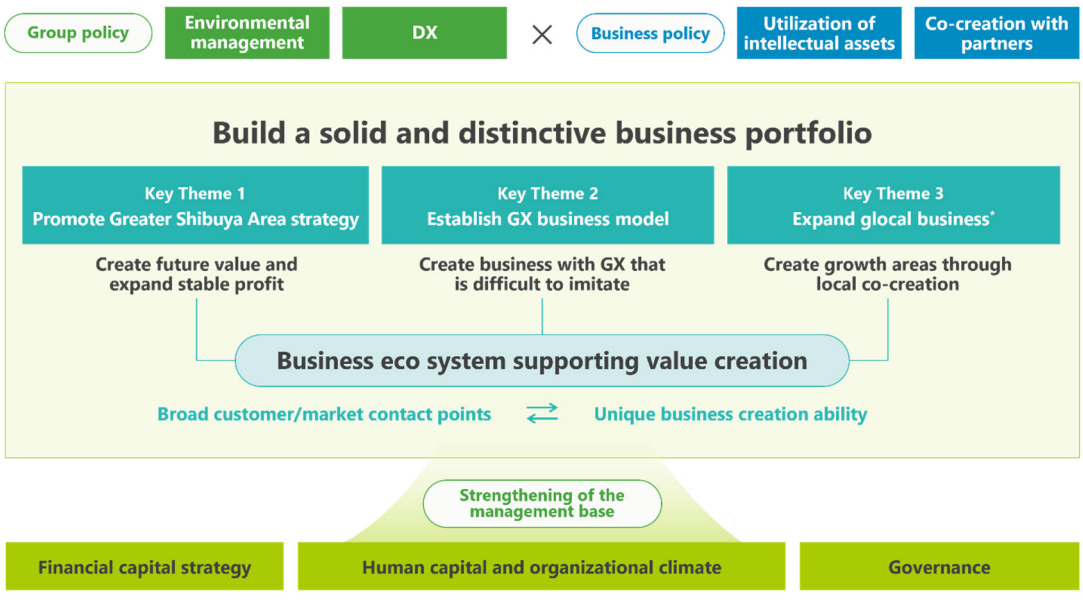
This medium-term management plan 2030 that began in fiscal year 2025 positions the second half of the long-term management policy as the resilience phase, and under the plan, the Group will build a solid and distinctive business portfolio to realize further profit growth while working to enhance efficiency and resilience.



(3) Medium-Term Management Plan 2030

① Outline of the Management Plan

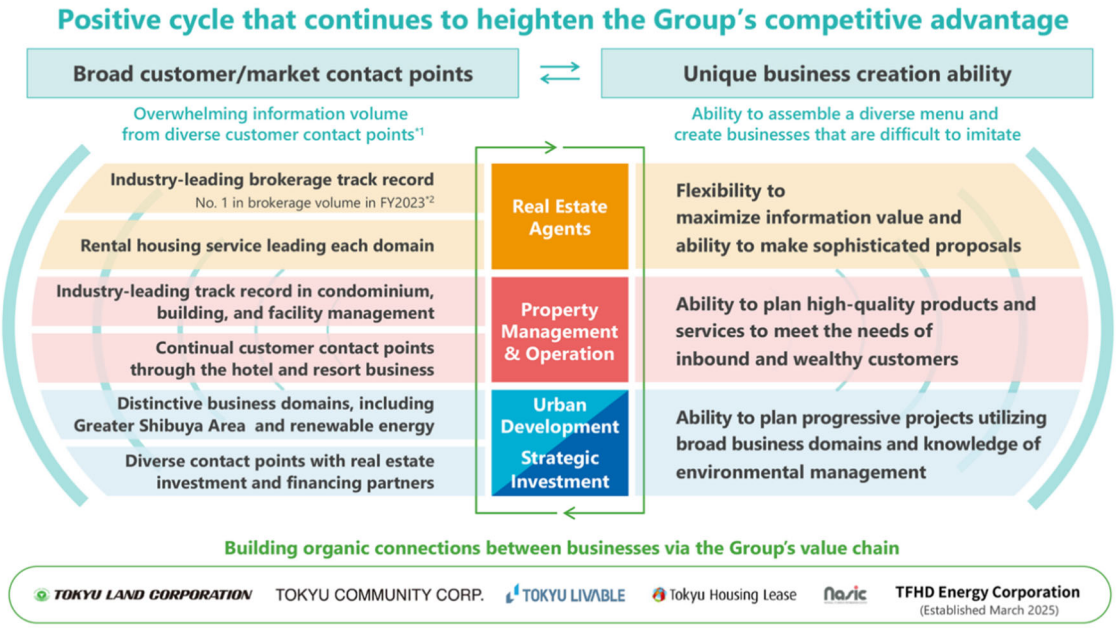
While further strengthening the management base as well as group policies and business policies as set forth in the long-term management policy, we will advance our efforts on "three key themes" that are expected to expand the market in response to evolving and growing social needs and aim to build a solid and distinctive business portfolio.



* Glocal business: Business that generates high added value by co-creating locally (regionally) while addressing changes in the business environment occurring globally (common for all pages)

② Business Ecosystem Supporting Value Creation

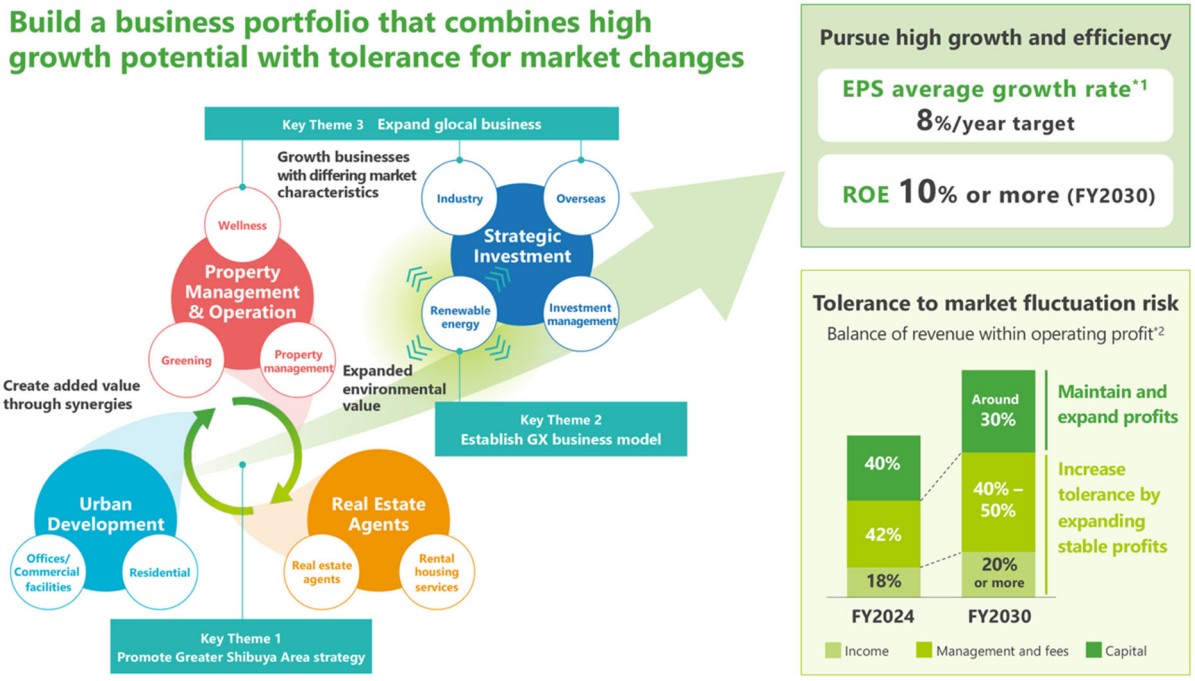
In promoting the strategic themes, the Group will strengthen its characteristic business ecosystem by leveraging synergies between each Group company's broad range of touchpoints with customers and markets, as well as its unique business development capabilities, which are the source of the Group's strength.



*1 Approx. 18.10 million people as of FY2023 (welfare agency members, commercial facility app and card members, BRANZ CLUB members, Tokyu Cosmos members, Tokyu Harvest Club members, etc.)
*2 According to newspaper reporting (results of a transaction survey conducted from April 2023 to March 2024 of 20-30 major real estate companies selected by a newspaper for real estate agents)

③ A Solid and Distinctive Business Portfolio

The Group will have high growth by demonstrating synergies between businesses and will build a solid and distinctive business portfolio that also combines tolerance for market changes because of capturing markets with differing characteristics and expanding stable profits.

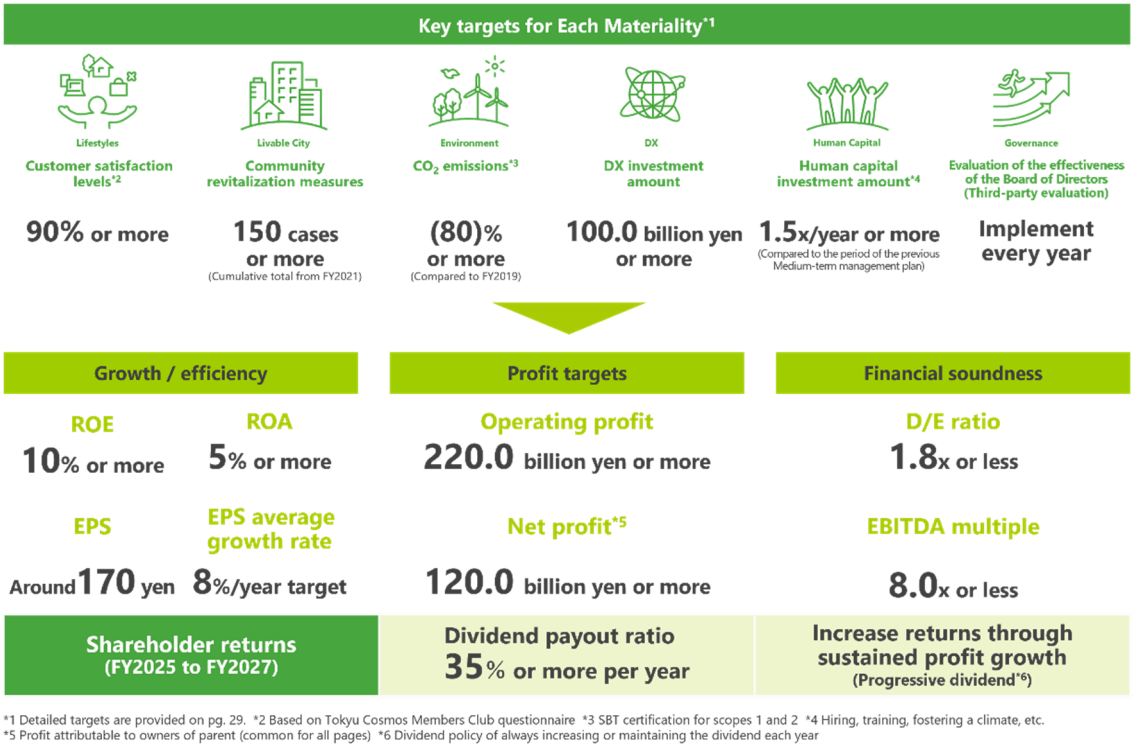


*1 Average annual growth rate from FY2024 to FY2030
*2 Income: Rental income, income from electricity sales, etc.; Management and fees: Brokerage, management and operations, PM fees, etc.; Capital: Profit from unit sales, gains on real estate sales, etc.

④ Target Indicators for Fiscal 2030

In addition to achieving our goals for each materiality, and in terms of financial indicators, our growth and efficiency targets for fiscal year 2030 are: ROE of 10% or more, ROA of 5% or more, EPS of around 170 yen, and an average EPS growth rate of 8% per year. Profit targets are set at operating profit of 220 billion yen or more and net profit of 120 billion yen or more. Finally, as indicators of financial soundness, we aim for a debt-to-equity ratio of 1.8 times or less and an EBITDA interest-bearing debt ratio of 8.0 times or less.

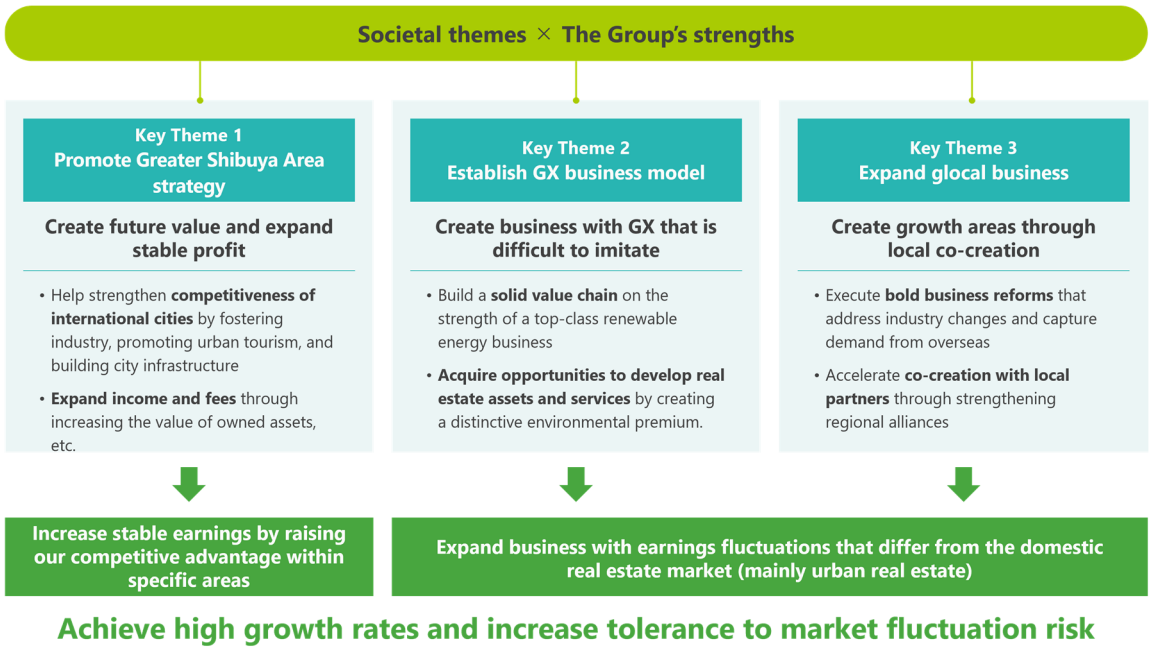
As an interim target toward achieving our fiscal year 2030 goals, we aim to achieve ROE of 9.5–10%, operating profit of 170 billion yen, and net profit of 92 billion yen by the fiscal year 2027.



*1 Detailed targets are provided on pg. 29. *2 Based on Tokyu Cosmos Members Club questionnaire *3 SBT certification for scopes 1 and 2 *4 Hiring, training, fostering a climate, etc.
*5 Profit attributable to owners of parent (common for all pages) *6 Dividend policy of always increasing or maintaining the dividend each year

⑤ Three Key Themes Under the Management Plan

We will pursue three key themes where market expansion can be expected given the changes and heightening of social needs and where the Group can demonstrate its strengths and thereby achieve a high growth rate and improved risk tolerance.

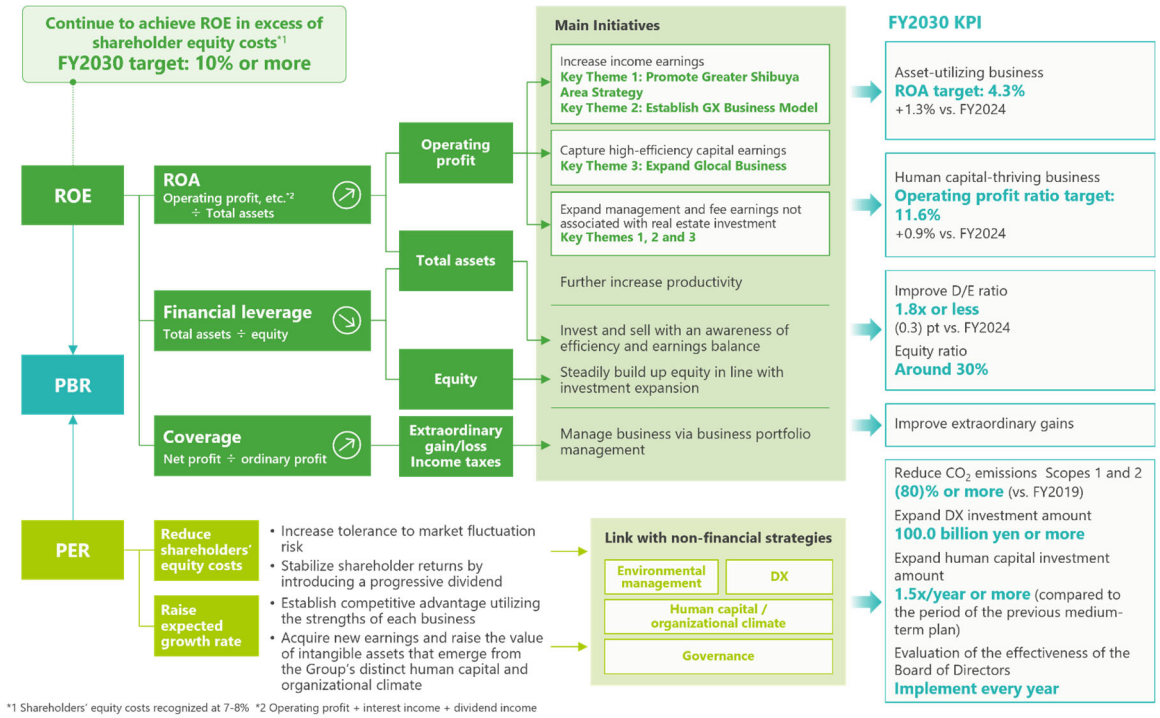


⑥ Initiatives to Increase Corporate Value

We analyze PBR elements, link them to the initiatives and KPIs in the medium-term management plan, and promote their implementation and improvement to ensure an increase in PBR.

In addition to continuing to achieve ROE in excess of the cost of equity, we will work to reduce the cost of equity by enhancing our resilience to market fluctuations and other risks.

Furthermore, we will strive to improve the expected growth rate by strengthening the competitive advantages of each business and through other measures.

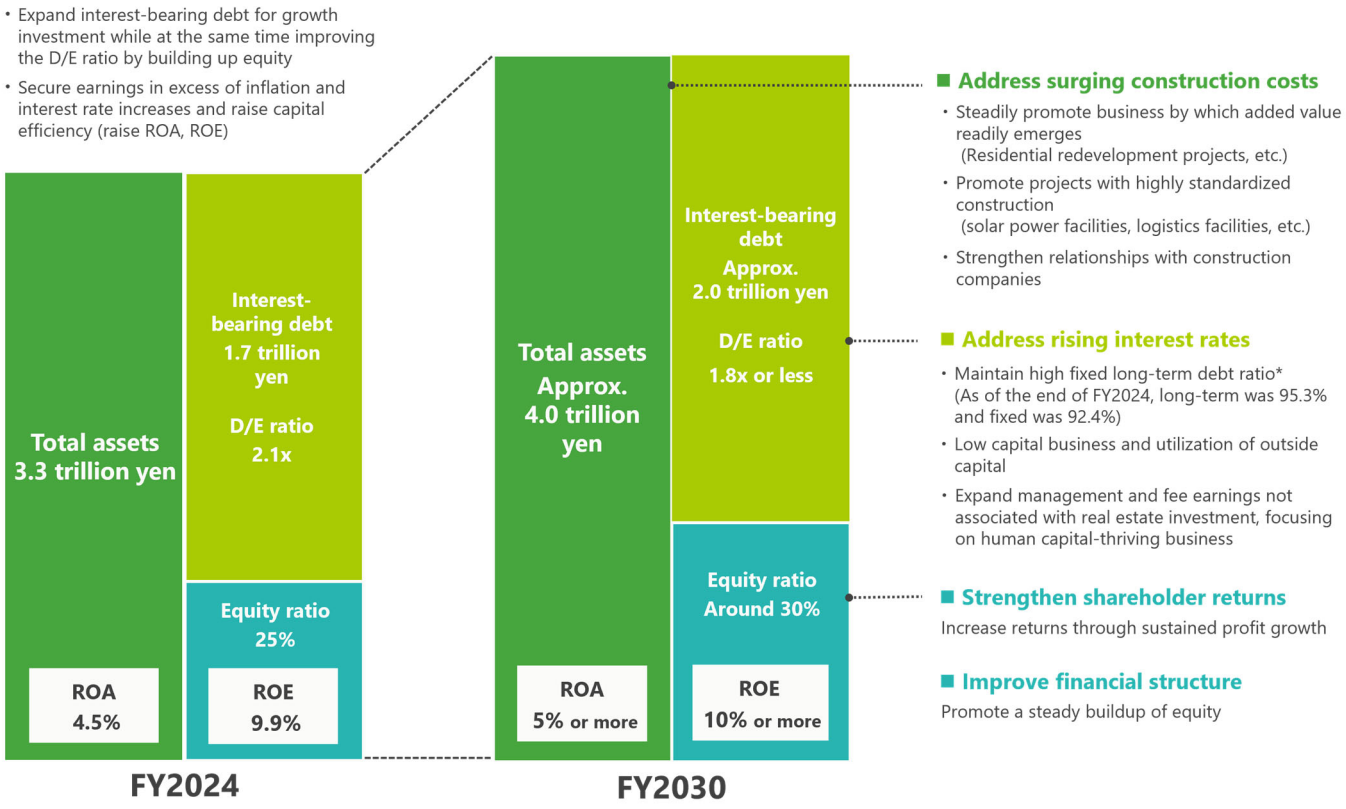


⑦ Financial Capital Strategy: Approach

We will build a sustainable growth foundation by promoting investments and businesses that emphasize efficiency and growth potential and by improving the financial structure by accumulating the profit during period.

We will increase our interest-bearing debt to around 2 trillion yen through growth investments, while building up our equity capital and reducing our D/E ratio to 1.8x or less. We will also improve efficiency by securing earnings that exceed inflation and rising interest rates.

We will continue to address the main risks of surging construction costs and interest rates during this medium-term management plan by hedging risks through the Group's broad range of businesses, utilizing external capital to run low capital business, and expanding fee earnings.



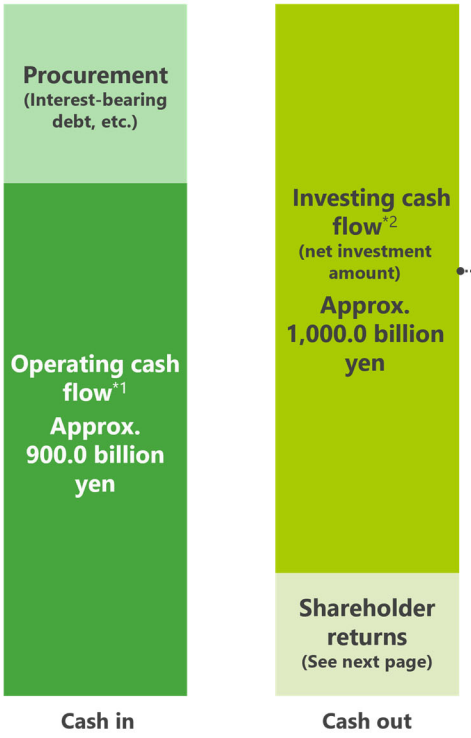
*Long-term ratios and fixed ratios are on a consolidated basis (excluding SPC)

⑧ Financial Capital Strategy: Capital Allocation

Assuming a D/E ratio of 1.8x or less at the end of fiscal year 2030, we are planning approximately 1 trillion yen in net investment.

Gross investment is expected to total approximately 3.8 trillion yen, of which approximately 3.5 trillion yen will be allocated to asset-utilizing businesses, namely the Urban Development and Strategic Investment segments. We will proceed with investments in line with the expected returns outlined in the table.

■ FY2025–FY2030



Operating cash flow (efficiency target)

Asset-utilizing business*3	**ROA target: 4.3%** (vs. FY2024 +1.3%)
Human capital-thriving business*4	**Operating profit ratio target: 11.6%** (vs. FY2024 +0.9%)

Procurement (precondition as of the end of FY2030)

- Interest-bearing debt Approx. 2,000.0 billion yen
- D/E ratio: 1.8x or less

Gross investment: Approx. 3,800.0 billion yen

Classification		Investment amount	Notes	
Asset-utilization		3,500.0 billion yen	Expected return perspective • Owned businesses: NOI yields (Reference ・ Actual figure: Renewable energy around 10%) • Revolving businesses: IRR	around 5.0% around 8.0%
	Urban development	2,100.0 billion yen	• Offices/commercial facilities • Residential	700.0 billion yen 1,400.0 billion yen
	Strategic investment	1,400.0 billion yen	• Renewable energy • Logistics and industrial facilities • Overseas	530.0 billion yen 580.0 billion yen 280.0 billion yen
Human capital-thriving		250.0 billion yen	• Wellness	210.0 billion yen
TFHD Corporation		50.0 billion yen	M&As, CVCs, etc.	

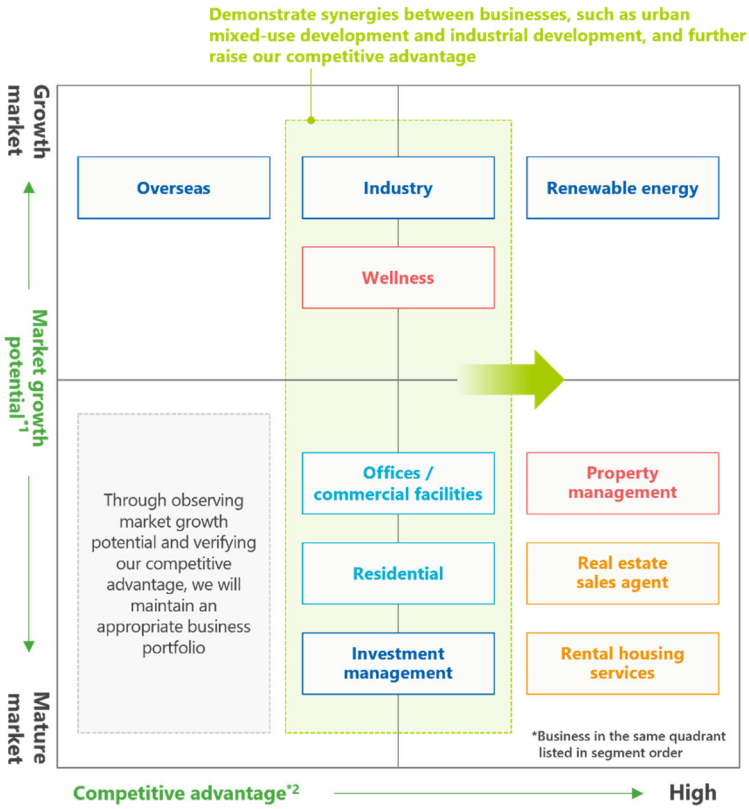
*1 Net profit + appreciation *2 Including investment in inventory assets *3 Urban Development and Strategic Investment Segments *4 Property Management & Operation and Real Estate Agents Segments

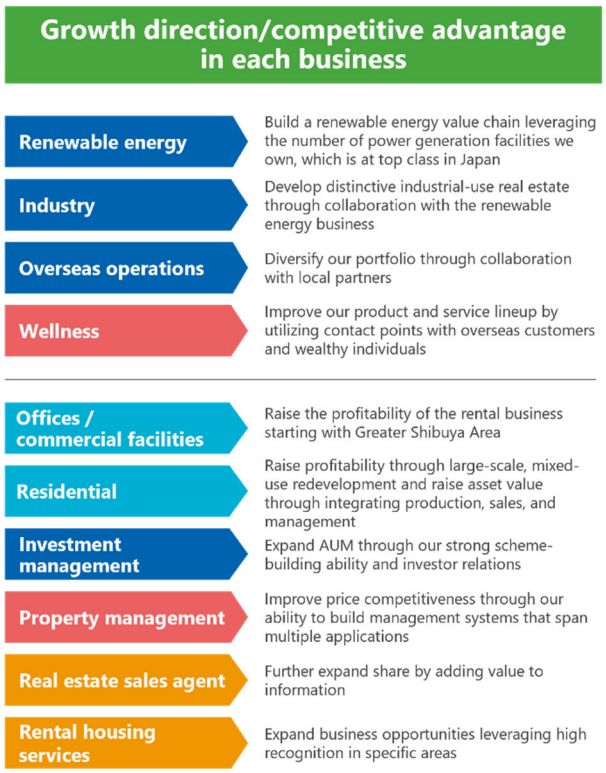
⑨ Business Portfolio Management

As a result of structural reforms focused on businesses that were identified as requiring fundamental restructuring during the previous medium-term management plan period, we believe that the current business portfolio of the Group consists of businesses with solid market growth potential and competitive advantage.

In the figure below, the businesses positioned on the right are those we recognize as having particularly strong competitive advantage. The businesses in the center also have a competitive advantage, and we believe that these businesses have the potential to further enhance their competitive advantage through synergies achieved by mixed-use development and other initiatives.

Going forward, we will continue to review our business portfolio regularly and take appropriate measures if any businesses lose both market growth potential and competitive advantage.





*1 Business in the same quadrant listed in segment order; assuming until around 2030 *2 Overall evaluation based on presence in the industry, differentiation from competitors, and ROA / operating profit ratio, etc.

(4) Progress on the Mid-Term Management Plan 2030

For the fiscal year ended March 2026, we achieved record-high operating profit of 166.9 billion yen and net income of 96.7 billion yen.

ROE was 11.2%, and the EPS growth rate was 24.6%.

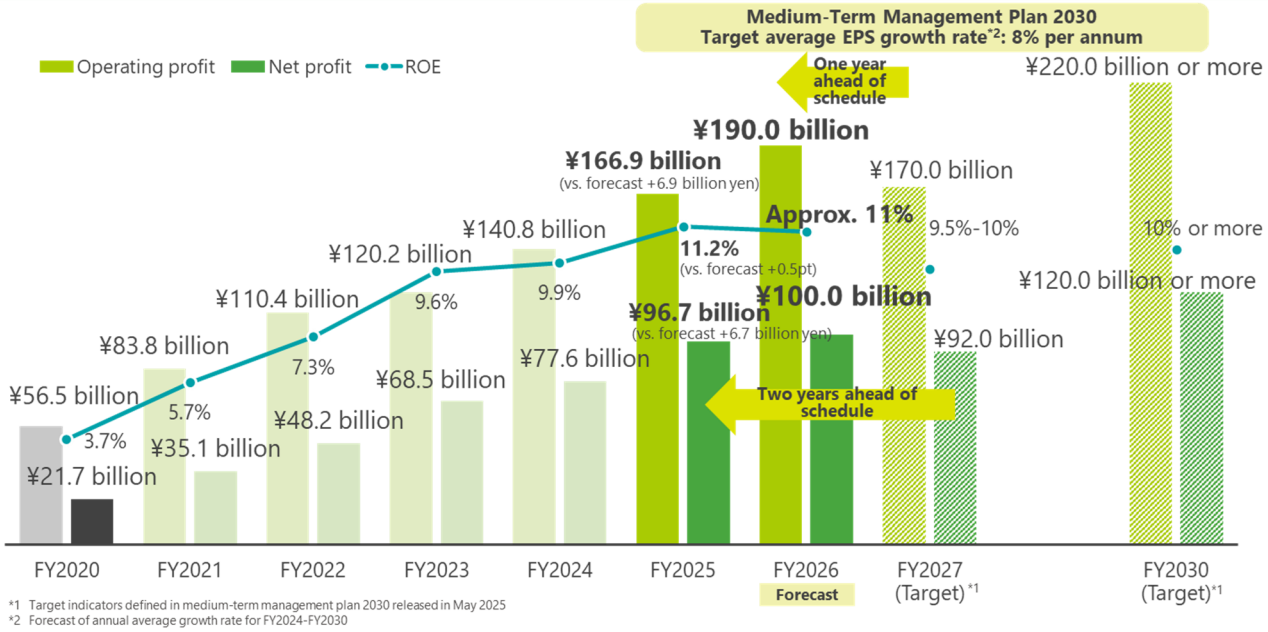
Both net income and ROE have already achieved the targets set for the fiscal year ending March 2028 in our mid-term management plan, two years ahead of schedule.

For the fiscal year ending March 2027, while the outlook remains uncertain due to global economic conditions and other factors, we plan to drive further growth based on the assumption that the robust real estate market will continue, with the aim of achieving all financial targets for the fiscal year ending March 2028 ahead of schedule.

Exceeded the FY2027 targets ahead of schedule

	Operating profit	Net profit	ROE	Average EPS growth rate	vs. FY2027 target
FY2025 Results	¥166.9 billion (+¥26.1 billion)	¥96.7 billion (+¥19.1 billion)	11.2%	24.6%/year	Exceeded net profit and ROE targets
FY2026 Forecast	¥190.0 billion (+¥23.1 billion)	¥100.0 billion (+¥3.3 billion)	Approx. 11%	13.5%/year	Plan to exceed operating profit, net profit and ROE targets
FY2027 Target	¥170.0 billion	¥92.0 billion	9.5-10%	–	

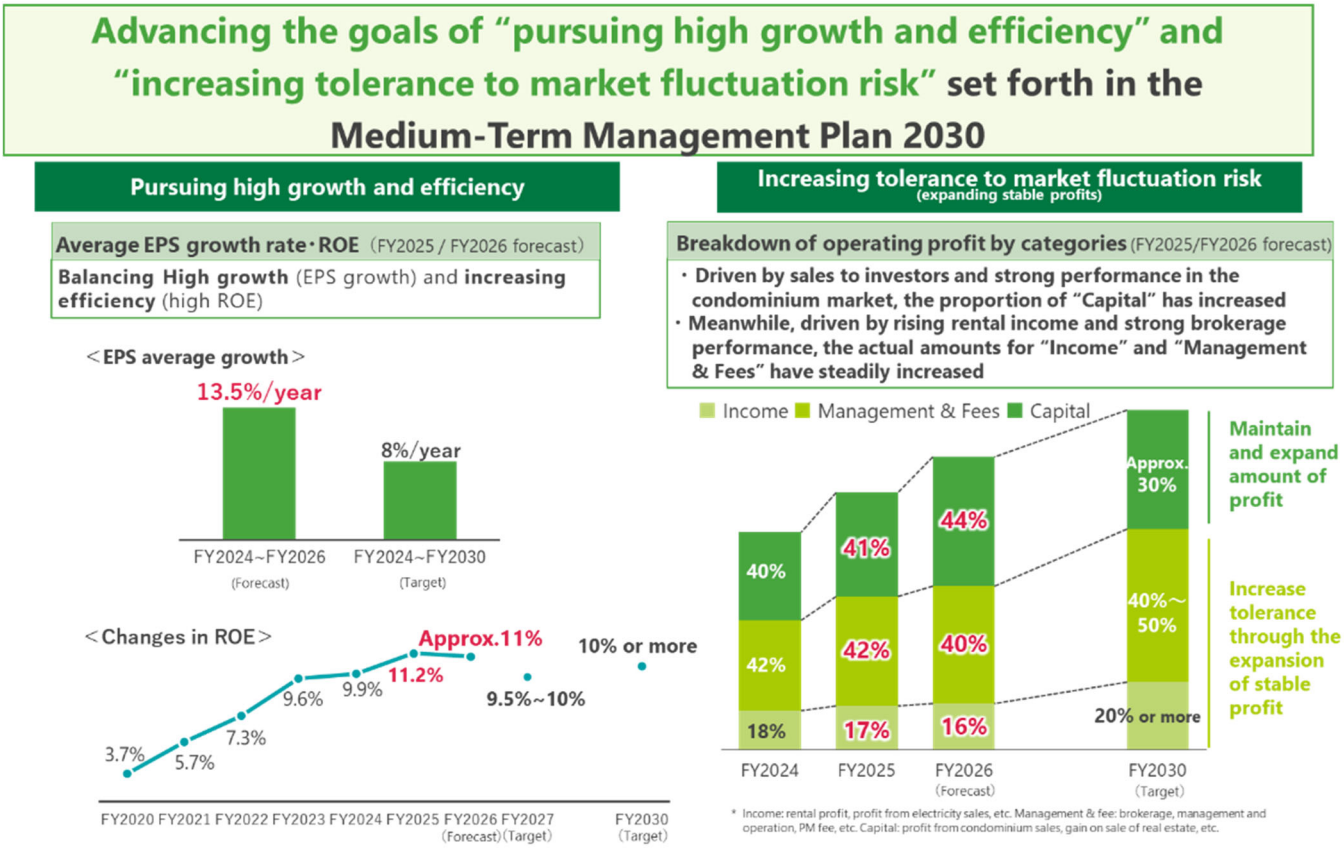
(Average EPS growth rate is the average growth rate from FY2024, and the figures in parentheses indicate YoY comparison)



*1 Target indicators defined in medium-term management plan 2030 released in May 2025
*2 Forecast of annual average growth rate for FY2024-FY2030

We are also making steady progress on the two key priorities of our mid-term management plan: “pursuing high growth and efficiency” and “increasing tolerance to market fluctuation risk.”

Under the theme of “pursuing high growth and efficiency,” we are working to achieve both strong EPS growth and high ROE levels. Furthermore, regarding efforts to "increase tolerance to market fluctuation risk," in the financial results for the fiscal year ended March 2026 and the plans for the fiscal year ending March 2027, the proportion of capital gains within operating profit has increased due to strong performance in sales to investors and the condominium development business. At the same time, the actual level of rental income and management fees is steadily increasing due to higher rental rates and strong performance in the brokerage business, and we are expanding stable earnings.



(5) Review of Medium-Term Management Plan 2030

Since we formulated our mid-term management plan in May 2025, the external environment has changed significantly over the past year.

Inflation has taken hold in Japan, and costs, including construction costs, are rising.

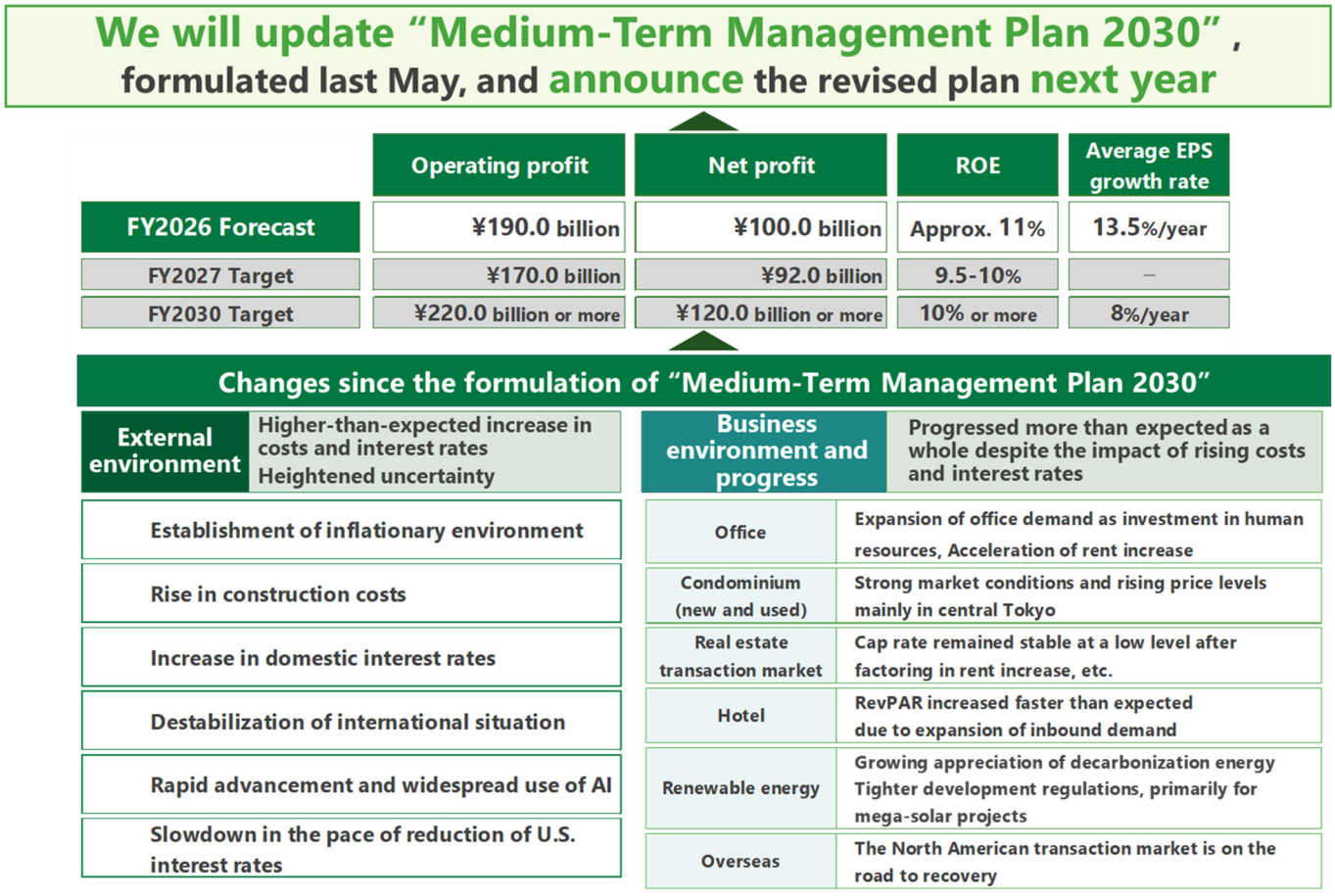
Interest rates are also rising at a faster pace than anticipated.

We also recognize that future uncertainty is increasing, particularly due to the situation in the Middle East.

On the other hand, while our business has been affected by inflation, our brokerage, office leasing, and condominium sales operations are performing better than expected. As explained earlier, we plan to achieve the fiscal year 2028 financial targets one year ahead of schedule in the fiscal year ending March 2027.

Considering these external and business conditions, we will update our mid-term management plan and announce the updated plan in 2027.

We will finalize the details in the coming months, but we plan to continue prioritizing both “pursuing high growth and efficiency” and “increasing tolerance for market fluctuations.”



2. Basic Policies Regarding Distribution of Profits and Dividends

In its Medium-Term Management Plan 2030, which begins in the fiscal year ending March 31, 2026, the Company has adopted a basic policy on shareholder returns of increasing earnings per share through sustainable profit growth and enhancing shareholder returns accordingly.

As a specific return policy, the Company aims to maintain a dividend payout ratio of 35% or more through the fiscal year ending March 31, 2028, and to continue its policy of progressive dividends.

The Company pays dividends of surplus twice a year, consisting of an interim dividend and a year-end dividend. The interim dividend is determined by the Board of Directors, while the year-end dividend is subject to approval by the General Meeting of Shareholders.

For the fiscal year ended March 31, 2026, the Company plans to pay a dividend of ¥48.0 per share, including an interim dividend of ¥22.0 per share. As a result, the dividend payout ratio for the fiscal year ended March 31, 2026 is expected to be 35.4%.

Internal reserves will be used primarily as investment capital for future business development plans, with the goal of enhancing corporate value.

The Company's Articles of Incorporation stipulate that interim dividends may be paid based on a resolution of the Board of Directors, using September 30 each year as the record date.

Details of the dividend of surplus for the fiscal year ended March 31, 2026 are as follows. The total amount of year-end dividends of ¥18,714 million and the dividend per share of ¥26.0 are subject to resolution at the Ordinary General Meeting of Shareholders scheduled to be held on June 25, 2026.

Date of decision:	Total amount of dividends (million yen)	Dividend per share (yen)
Resolution of the board of directors meeting on November 7, 2025	15,835	22.0
Resolution of the general shareholders meeting on June 25, 2026 (Scheduled)	18,714	26.0

3. Business-related and other risks

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

Forward-looking statements in this document are the Group's judgments as of June 24, 2026, and actual results may differ materially from these forecasts.

(1) Risks that are assumed to have a significant impact on management

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

In addition, the Group has identified opportunities and risks and defined significant risks related to six materialities that the Group has determined under the GROUP VISION 2030.

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

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

Our view of these risks is as follows.

① Investment risks

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

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

② Financial and capital risks

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

With regard to financing from financial institutions, etc., we work to minimize the impact on operating results in the event of a future rise in interest rates by ensuring that most interest-bearing debt is long-term borrowings and fixing most interest rates for loans other than certain project financing in light of financial conditions to mitigate the impact of fluctuations in interest rates. At the end of the fiscal year ended March 31, 2026, the ratio of long-term borrowings to interest-bearing debt and the ratio of fixed interest rates are 95.8% and 94.4% (both long-term and fixed ratios exclude SPC borrowing), respectively. In addition, the Group Finance Department of the Company is in charge of financing and conducts a trend analysis of the financial market and the quantitative simulation of an impact of rising interest rates on the Company.

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

③ Climate change risks

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

The Group Sustainability Promotion Department of the Company is in charge of these risks and deals with them on a Group-wide basis in cooperation with business departments. The Sustainability Committee deliberates and discusses details of initiatives and reports them to the Board of Directors.

In addition, the Company announced its support for the Task Force on Climate-related Financial Disclosures

(TCFD) recommendations in 2019 and in accordance with the framework set out in these recommendations, we also implemented disclosures categorized into "Governance," "Strategy," "Risk Management," and "Metrics and Targets". In the fiscal year ended in March 2023, we have prepared a "transition plan to a decarbonized society."

[Disclosures based on the TCFD recommendations]
URL:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/tcfd/

[Transition plan to a decarbonized society]
URL:
https://tokyu-fudosan-hd-csr.disclosure.site/en/environment/transition-plan

④ IT strategy risks/ digital strategy risks

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

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

⑤ Personnel and labor risks

The Group recognizes diverse personnel as one of its strengths. However, the decline in the working population due to Japan’s low birthrate and aging population, and the resulting labor shortage, could become a major factor hindering the growth of our Group.

In charge of these risks, the Group Human Resources Department of the Company aims to create a company that will be selected by its employees with measures in response to their diverse workstyles, such as telework and the work-from-home system, in addition to the reduction of long working hours and the encouragement of taking paid leave. In addition, the importance of proper labor management is increasing due to the diversification of work styles and working places, and we have been implementing "proper labor management (proper understanding and management of working hours)" as a Group priority measure starting in fiscal year ended in March 2024. We conduct a comprehensive survey and grasp the status of systems, operations, and awareness-raising activities at each of the companies involved, and report to the Risk Management Committee.

⑥ Information security risks

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

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

⑦ Crisis management risks

If an earthquake, a storm, a flood or any other natural disaster occurs in Japan or overseas, if an act of terrorism, an accident, a fire, an infectious disease or any other human disaster occurs, or if an environmental problem or a

defect in real estate is discovered, a dispute could occur in relation to damage to assets held or the fulfillment of compensation obligations, etc., and this could have an impact on the Group's business performance and financial position, etc.

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

⑧ Legal and compliance risks

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

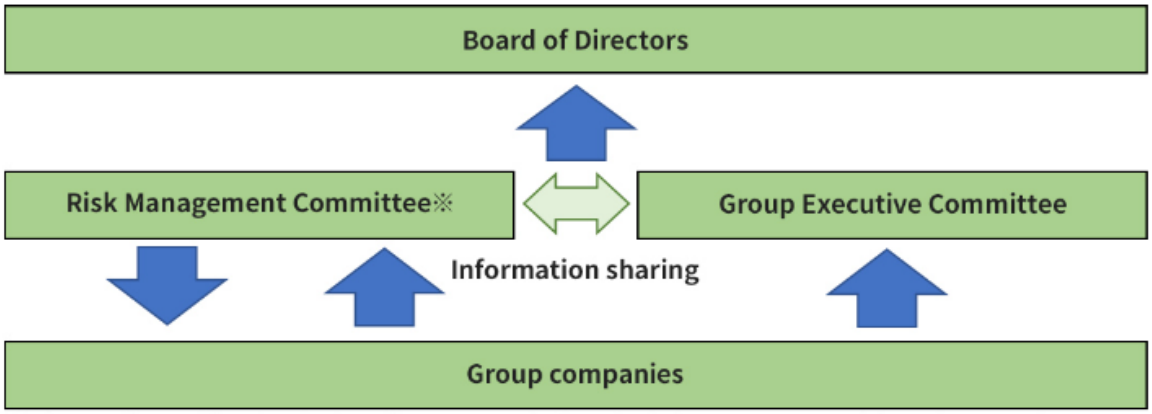
In charge of these risks, the Group Legal Affairs Department of the Company strives to fully enforce compliance management by building a compliance system at each Group company, including the formulation and promotion of an activity plan (compliance program) to realize compliance. Specifically, the Department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

(2) Risk management structure

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

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

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



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

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

4. Operating Results and Financial Position

(1) Current Operating Performance

The Group's business performance during the fiscal year ended March 31, 2026 showed increases both in revenue and profit for five consecutive years, with increases in operating revenue, operating profit, ordinary profit, and profit attributable to owners of parent, all of which are record highs, including the period before shifting to a holdings structure. There was ¥1,246.0 billion in operating revenue (up 8.3% from the previous fiscal year), ¥166.9 billion in operating profit (up 18.6%), ¥147.8 billion in ordinary profit (up 14.4%), and ¥96.7 billion in profit attributable to owners of parent (up 24.7%) owing to robust performance in sales, etc. to investors and real estate agent business against the backdrop of a strong property market for real estate, as well as improved occupancy of office and commercial facilities, particularly in the Greater Shibuya Area.

(Unit:¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Operating revenue	1,150.3	1,246.0	95.7	1,300.0	(54.0)
Operating profit	140.8	166.9	26.1	160.0	6.9
Ordinary profit	129.2	147.8	18.7	139.0	8.8
Profit attributable to owners of parent	77.6	96.7	19.1	90.0	6.7
Interest-bearing debt	1,747.8	1,826.9	79.1	1,860.0	(33.0)

(2) Segment Performance

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

Operating revenue

(Unit:¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Total	1,150.3	1,246.0	95.7	1,300.0	(54.0)
Urban Development	348.8	399.9	51.1	433.0	(33.1)
Strategic Investment	110.8	146.6	35.8	149.9	(3.3)
Property Management & Operation	365.8	364.4	(1.5)	366.5	(2.1)
Real Estate Agents	345.4	364.7	19.2	375.0	(10.3)
Unallocated amount and elimination	(20.6)	(29.5)	(8.9)	(24.4)	(5.1)

Operating profit

(Unit:¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Total	140.8	166.9	26.1	160.0	6.9
Urban Development	70.5	75.2	4.7	75.5	(0.3)
Strategic Investment	5.2	13.2	8.1	13.2	0.0
Property Management & Operation	25.0	27.2	2.2	26.2	1.0
Real Estate Agents	50.8	64.4	13.6	59.0	5.4
Unallocated amount and elimination	(10.8)	(13.2)	(2.4)	(13.9)	0.7

① Urban Development

In our Urban Development business, we recorded ¥399.9 billion in operating revenue (up 14.6% from the previous fiscal year) and ¥75.2 billion in operating profit (up 6.6%).

Although Offices and Commercial facilities saw an increased occupancy in Leasing (Office buildings), particularly in the Greater Shibuya Area, there was a decrease in revenue and profit mainly due to a decrease in sales to investors in Other.

Residential saw increases in both revenue and profit due to an increase in sales to investors in Other, although the number of units sold in Condominiums decreased.

As a result, the Urban Development business segment overall saw increases in revenue and profit.

Leasing of office buildings has been favorable, particularly in the Shibuya area, where the Company owns many properties, and the vacancy rate as of the end of the current fiscal year (leasing office buildings and leasing commercial facilities) was continued to maintain at a low level of 0.7%.

In addition, sales of condominium units continued to show an underlying strength of demand and proceeded strongly, especially in city center. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year for condominium units became 76% (±0 percentage points from the previous fiscal year).

(Unit: ¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Operating revenue	348.8	399.9	51.1	433.0	(33.1)
Offices and Commercial facilities	213.6	203.0	(10.6)	219.2	(16.3)
Leasing (Office buildings)	62.0	62.6	0.6	62.5	0.1
Leasing (Commercial facilities)	47.4	44.7	(2.7)	45.1	(0.4)
Other	104.2	95.6	(8.6)	111.6	(16.0)
Residential	135.5	197.2	61.8	214.0	(16.8)
Condominiums	84.8	80.4	(4.4)	79.8	0.5
Other	50.7	116.8	66.2	134.2	(17.3)
Operating profit	70.5	75.2	4.7	75.5	(0.3)
Offices and Commercial facilities	56.1	53.0	(3.1)	52.4	0.6
Residential	14.4	22.2	7.8	23.1	(0.8)

*The breakdown of operating revenue and operating profit shows amounts prior to consolidation process and for reference purposes only.

Vacancy rate of leasing office buildings and leasing commercial facilities

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	As of March 31, 2026
Vacancy rate	1.1%	4.8%	0.3%	0.7%

Condominiums: condominium units

(Units)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
No. of units sold	1,006	899	(107)	899	±0
Contracted units	1,121	1,584	463	–	–
Inventory of completed units	185	249	65	–	–

② Strategic Investment

In our Strategic Investment business, we recorded ¥146.6 billion in operating revenue (up 32.3% from the previous fiscal year) and ¥13.2 billion in operating profit (up 156.9%).

In Infrastructure & Industry, revenue and profit increased mainly due to an increase in sales to investors in Industry.

Although Overseas operations experienced a decrease in revenue due to a reduction in the number of condominium units sold in Indonesia, we saw increased profit due to improved interim profit and loss in the U.S. facilities.

As a result, the Strategic Investment business segment overall saw increases in both revenue and profit.

In the renewable energy business, the number of facilities in operation increased as planned. Total rated capacity after all facilities are put into operation (before taking our equity into account) is 2,693 MW (166 MW increase from March 31, 2025).

(Unit: ¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Operating revenue	110.8	146.6	35.8	149.9	(3.3)
Infrastructure & Industry	85.1	125.0	39.9	128.4	(3.4)
Renewable energy	42.9	63.0	20.1	68.5	(5.5)
Industry	42.2	61.9	19.8	59.8	2.1
Investment management	9.4	9.9	0.6	9.4	0.5
Overseas operations	16.5	12.2	(4.2)	12.6	(0.3)
Operating profit	5.2	13.2	8.1	13.2	0.0
Infrastructure & Industry	15.1	16.6	1.5	17.5	(1.0)
Renewable energy	–	3.0	–	5.0	(2.0)
Industry	–	13.6	–	12.5	1.1
Investment management	6.2	6.6	0.4	5.9	0.7
Overseas operations	(16.1)	(9.8)	6.4	(10.0)	0.2

* The breakdown of operating revenue and operating profit shows amounts prior to consolidation process and for reference purposes only.
* Industry: Logistics facilities, etc.
* Investment management: J-REIT and fund management, etc.

Renewable energy power generation facilities

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	As of March 31, 2026
Facilities in operation	65	74	196	223
Rated capacity (MW)	1,034	1,342	1,955	2,077

* Rated capacity in operation indicates the capacity before taking our equity into account.
* Only projects in Japan are indicated in figures until March 31, 2024.
* From March 31, 2024, rooftops (rooftop solar power generation facilities) are included in rated capacity (MW), aggregated as a single business.
* On or after March 31, 2025, facilities in operation and rated capacity include the facilities in operation of Renewable Japan Co., Ltd., (company name changed to ReENE ENERGY Corporation as of April 1, 2026) which became a consolidated subsidiary of the Company on January 16, 2025, and its subsidiaries.

③ Property Management & Operation

In our Property Management & Operation business, we recorded ¥364.4 billion in operating revenue (down 0.4% from the previous fiscal year) and ¥27.2 billion in operating profit (up 8.6%).

Property Management saw increases in revenue and profit mainly due to increased fixed income and repair work.

Wellness saw a decrease in revenue because, in Other, there was an impact of selling a portion of shares of EWEL, Inc., transitioning it to an equity-method affiliate and a decrease in sales to investors, however, saw an increase in profit mainly because Hotels continued to perform well by capturing inbound tourism demand.

As a result, the Property Management & Operation business segment overall saw a decrease in revenue and an increase in profit.

(Unit: ¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Operating revenue	365.8	364.4	(1.5)	366.5	(2.1)
Property Management	219.1	226.2	7.1	225.5	0.7
Condominiums	121.8	121.5	(0.3)	122.0	(0.5)
Buildings, etc.	97.4	104.7	7.3	103.5	1.2
Wellness	139.5	129.3	(10.2)	131.2	(1.9)
Hotels	67.7	75.9	8.2	76.1	(0.3)
Leisure facilities	17.6	17.9	0.2	18.6	(0.7)
Healthcare	13.6	14.8	1.2	14.6	0.1
Other	40.7	20.8	(19.8)	21.9	(1.1)
Environmental greening, etc.	13.9	13.7	(0.2)	14.8	(1.1)
Operating profit	25.0	27.2	2.2	26.2	1.0
Property Management	13.0	13.8	0.7	13.5	0.3
Wellness	11.7	13.1	1.3	12.4	0.7
Environmental greening, etc.	0.4	0.4	(0.0)	0.3	0.1

* The breakdown of operating revenue and operating profit shows amounts prior to consolidation process and for reference purposes only.
* Hotels: Harvest Club, Tokyu Stay, resort hotels, etc.
* Leisure facilities: Golf courses, ski resorts, etc.
* Healthcare: Senior housing, etc.

Number of sites managed as of fiscal year end

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	As of March 31, 2026	As of March 31, 2027 forecast
Condominiums (units)	867,891	845,241	814,994	832,310	862,030
Buildings, etc. (no. of contracts)	1,656	1,644	1,618	1,420	1,441

④ Real Estate Agents

In our Real Estate Agents business, we recorded ¥364.7 billion in operating revenue (up 5.6% from the previous fiscal year) and ¥64.4 billion in operating profit (up 26.7%).

Overall, the Real Estate Agents business segment saw increases in revenue and profit. Real Estate Agents saw increases in revenue and profit primarily due to increases in the number and volume of transactions in response to the robust real estate distribution market in Real estate sales agent and increases in revenue recognized for development projects for Real estate sales.

(Unit: ¥ billion)

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Operating revenue	345.4	364.7	19.2	375.0	(10.3)
Real Estate Agents	240.8	257.4	16.6	268.0	(10.6)
Real estate sales agent	94.6	106.3	11.7	102.5	3.8
Real estate sales	137.4	141.9	4.6	156.5	(14.5)
Consignment sales, etc.	8.8	9.2	0.3	9.1	0.1
Rental housing service	105.4	108.1	2.7	108.4	(0.3)
Operating profit	50.8	64.4	13.6	59.0	5.4
Real Estate Agents	43.4	56.1	12.7	51.5	4.6
Rental housing service	7.0	7.8	0.8	7.5	0.3

*The breakdown of operating revenue and operating profit shows amounts prior to consolidation process and for reference purposes only.

Real estate sales agent

	FY2024	FY2025	Comparison	Full-year forecast (ann. 11/7/25)	Projected change
Number of transactions	32,918	33,922	1,004	34,135	(213)
Transaction amounts (Billions of yen)	2,231.2	2,563.5	332.3	2,467.5	96.0

* Total of retail and wholesale

Number of units under management as of fiscal year end

(Units: thousand)

	As of March 31, 2023	As of March 31, 2024	As of March 31, 2025	As of March 31,2026	As of March 31, 2027 forecast
Rental housing	130	138	144	151	157
Student condominiums, etc.	52	56	55	57	57

*For student condominiums, etc., the figure for the number of units under management in the forecast as of March 31, 2027 is the figure in the initial plan for the fiscal year ending March 31, 2028.

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

Total assets increased by ¥164.3 billion compared to the end of the previous fiscal year due to investments progressing in real estate for sale, etc., total liabilities increased by ¥89.8 billion compared to the end of the previous fiscal year, mainly due to an increase in interest-bearing debt, and net assets increased by ¥74.5 billion compared to the end of the previous fiscal year, mainly due to an increase in retained earnings. ROE for the fiscal year under review improved to 11.2% (up 1.4 percentage points from the previous fiscal year).

The interest-bearing debt is expected to be ¥1,905.0 billion, debt equity ratio 2.0 times, EBITDA multiple 7.4 times and ROE approximately 11% as of the end of the fiscal year ending March 31, 2027.

(Unit:¥ billion)

	As of March 31, 2025	As of March 31, 2026	As of March 31, 2027 (Forecast)
Total assets	3,254.7	3,419.1	
Total liabilities	2,412.7	2,502.5	
Net assets	842.1	916.6	
Equity	822.5	898.1	
Equity ratio	25.3%	26.3%	
Interest-bearing debt	1,747.8	1,826.9	1,905.0
EBITDA multiple	8.9×	7.6×	7.4×
DER	2.1×	2.0×	2.0×
Revised DER	1.8×	1.8×	1.7×
ROA	4.5%	5.0%	approximately 5.5%
ROE	9.9%	11.2%	approximately 11%

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

② Cash flow position

As of the fiscal year under review, cash and cash equivalents were ¥180.5 billion, representing a ¥23.1 billion increase from the previous fiscal year end.

Cash flows from operating activities

Net cash provided by operating activities was ¥129.5 billion mainly due to ¥147.1 billion of profit before income taxes, ¥68.6 billion of depreciation, and ¥14.9 billion of increase in deposits received for consignment sales, notwithstanding ¥67.2 billion of increase in inventories and ¥62.5 billion in income taxes paid.

Cash flows from investing activities

Net cash used in investing activities was ¥164.5 billion mainly due to ¥102.0 billion for purchase of non-current assets and ¥57.2 billion for purchase of short-term and long-term investment securities, notwithstanding an increase of ¥19.3 billion in proceeds from sale and redemption of short-term and long-term investment securities.

Cash flows from financing activities

Net cash provided by financing activities was ¥55.8 billion mainly due to ¥273.7 billion in proceeds from long-term borrowings, among others, notwithstanding ¥215.3 billion in repayments of long-term borrowings and ¥29.9 billion in dividends paid.

Trend of indices

	FY2023	FY2024	FY2025
Equity ratio	24.8%	25.3%	26.3%
Equity ratio on market value basis	25.7%	22.1%	29.1%
Ratio of interest-bearing debt to cash flows	10.2 years	36.9 years	14.1 years

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

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 at end of period (after deducting treasury shares)
3. Cash Flow: Cash Flow from Operating Activities stated in the Consolidated Statement of Cash Flows
4. Interest-bearing debt contains all liabilities to pay interest.

5. Employees

(As of March 31, 2026)

Segment of business	Number of employees	Number of temporary employees
Urban Development	1,003	165
Strategic Investment	836	108
Property Management & Operation	12,549	5,708
Real Estate Agents	6,030	653
Whole Company (Common)	618	113
Total	21,036	6,746

Notes: 1. The number of temporary employees is the annual average number and is not included in the number of employees in the left hand column.
2. The number of employees in the Whole Company (Common) is the number of employees belonging to administration departments that cannot be classified into any specific business segment.

6. Purchase of Property and Equipment

The Company made a capital investment of ¥123,209 million in this fiscal year. The breakdown of capital investment by segment is shown in the table below.
(Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses.)

Segment	Capital investment (Unit: ¥ million)	Composition
Urban Development	24,074	19.5%
Strategic Investment	69,399	56.3%
Property Management & Operation	20,907	17.0%
Real Estate Agents	7,140	5.8%
Subtotal	121,522	98.6%
Adjustment or Whole Company	1,687	1.4%
Total	123,209	100.0%

III. Outline of the Company

1. Distribution of Common Stock of the Company

(1) Total number of shares authorized to be issued by the Company: 2,400,000,000 shares

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

(3) Number of shareholders: 155,676

(4) Principal shareholders:

Name of Shareholder	Investment by each principal shareholder in the Company	
	Number of shares held	Percent of total shares issued
	(thousand shares)	(%)
Tokyu Corporation	114,479	15.90
The Master Trust Bank of Japan Ltd. (Trust Account)	101,264	14.07
Custody Bank of Japan, Ltd. (Trust Account)	51,763	7.19
Tokyu Fudosan Holdings Employee Shareholding Association.	14,125	1.96
The Dai-ichi Life Insurance Company, Limited.	12,301	1.71
Sumitomo Mitsui Trust Bank, Limited.	12,140	1.69
STATE STREET BANK AND TRUST COMPANY 505001	11,516	1.60
Custody Bank of Japan, Ltd. (Trust Account 4)	8,875	1.23
JP Morgan Chase Bank	8,762	1.22
BNYM AS AGENT CLIENTS NON TREATY JASDEC	8,340	1.16

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

2. Information on Major Subsidiaries

(As of March 31, 2026)

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

Note: TFHD Energy Corporation, which was included as a major subsidiary in the previous fiscal year, has been excluded due to a business reorganization within the Group. Effective June 1, 2026, the company was merged into ReENE ENERGY Corporation, which was established as a wholly-owned subsidiary of the Company on April 1, 2026.

3. Principal lenders

(As of March 31, 2026)

Lender	Amount of borrowing
	(million yen)
MUFG Bank, Ltd.	302,148
Sumitomo Mitsui Trust Bank, Limited.	210,078
Mizuho Bank, Ltd.	166,405

4. Directors and Statutory Auditors

The terms of office of all thirteen incumbent Directors listed in "(1) Position and Name as of June 24, 2026" will expire upon the conclusion of the Ordinary General Meeting of Shareholders to be held on June 25, 2026.

The Company has submitted a proposal for the election of thirteen Directors at the General Meeting of Shareholders. If the proposal is approved as proposed, the Company's management structure will be as shown in "(2) Position and Name as of June 25, 2026."

(1) Position and Name as of June 24, 2026

Chairman & Representative Director	Hironori Nishikawa
President & CEO	Hiroaki Hoshino
Directors & Operating Officers	Shunichi Kobayashi
	Takashi Ikeuchi
	Hidetatsu Ikeda
Directors	Kiyoshi Kanazashi
	Shohei Kimura
	Makoto Kaiami *
	Satoshi Miura *
	Tsuguhiko Hoshino *
	Yumiko Jozuka *
	Akiko Uno *
	Kazumi Nakade (Kazumi Maeda) *
Audit & Supervisory Board members	Masaoki Kanematsu
	Akiko Hoshina (Akiko Enokido)
	Takahiro Nakazawa **
	Keiko Yoshida **

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

(2) Position and Name as of June 25, 2026

Chairman & Representative Director	Hironori Nishikawa
President & CEO	Hiroaki Hoshino
Director & Operating Officer	Shunichi Kobayashi
	Takashi Ikeuchi
	Tomoyuki Hayakawa
	Tatsuaki Tanaka
	Shigeru Hashimoto
Director	Makoto Kaiami *
	Tsuguhiko Hoshino *
	Yumiko Jozuka *
	Akiko Uno *
	Kazumi Nakade (Kazumi Maeda) *
	Motoyuki Ii *
Audit & Supervisory Board members	Masaoki Kanematsu
	Akiko Hoshina (Akiko Enokido)
	Takahiro Nakazawa **
	Keiko Yoshida **

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

Consolidated Balance Sheet

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	As of March 31, 2025	**As of March 31, 2026**	**As of March 31, 2026**
Assets			
Current assets			
Cash and deposits (Note 10)	¥ 160,947	¥ 187,813	$ 1,181,214
Notes and accounts receivable - trade, and contract assets	59,687	59,114	371,786
Securities (Notes 21)	21,293	26,033	163,730
Merchandise	750	618	3,887
Real estate for sale (Notes 10,13)	571,748	615,453	3,870,774
Real estate for sale in process (Note 13)	437,325	466,932	2,936,679
Costs on construction contracts in progress	3,320	4,513	28,384
Supplies	1,236	1,489	9,365
Other	118,557	115,030	723,459
Allowance for doubtful accounts	(119)	(951)	(5,981)
Total current assets	1,374,745	1,476,048	9,283,321
Non-current assets			
Property, plant and equipment			
Buildings and structures	619,377	627,286	3,945,195
Accumulated depreciation	(226,529)	(235,706)	(1,482,428)
Buildings and structures, net (Note 10)	392,847	391,579	2,462,761
Machinery, equipment and vehicles	196,832	204,168	1,284,075
Accumulated depreciation	(43,436)	(51,277)	(322,497)
Machinery, equipment and vehicles, net	153,395	152,890	961,572
Land (Notes 9,10)	604,001	623,318	3,920,239
Construction in progress	53,035	54,501	342,774
Other	57,594	60,423	380,019
Accumulated depreciation	(35,274)	(37,263)	(234,358)
Other, net	22,320	23,160	145,660
Total property, plant and equipment (Notes 13,26)	1,225,600	1,245,450	7,833,019
Intangible assets			
Leasehold interests in land (Notes 10,13)	21,361	17,357	109,164
Goodwill	53,413	49,269	309,868
Other	26,934	32,040	201,509
Total intangible assets (Note 13)	101,709	98,666	620,541
Investments and other assets			
Investment securities (Notes 10,21)	354,713	398,533	2,506,497
Long-term loans receivable (Note 10)	22,920	25,155	158,208
Leasehold and guarantee deposits	93,651	100,532	632,277
Deferred tax assets (Note 24)	36,590	30,237	190,170
Retirement benefit asset (Note 23)	359	373	2,346
Other	44,713	45,028	283,195
Allowance for doubtful accounts	(282)	(975)	(6,132)
Total investments and other assets	552,666	598,886	3,766,579
Total non-current assets	1,879,976	1,943,004	12,220,151
Total assets	¥ 3,254,722	¥ 3,419,052	$ 21,503,472

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	As of March 31, 2025	**As of March 31, 2026**	**As of March 31, 2026**
Liabilities			
Current liabilities			
Notes and accounts payable - trade	¥ 52,852	¥ 56,412	$ 354,792
Short-term borrowings (Notes 10,11)	234,215	206,142	1,296,491
Current portion of bonds payable (Note 11)	70,351	10,160	63,899
Accounts payable – other	49,701	44,855	282,107
Income taxes payable	34,567	22,167	139,415
Advances received	67,652	75,248	473,258
Deposits received for consignment sales	4,206	19,144	120,403
Deposits received	46,926	47,765	300,409
Deposits received for special joint ventures	8,000	–	–
Provision for bonuses	17,323	17,451	109,755
Provision for bonuses for directors (and other officers)	643	690	4,340
Provision for warranties for completed construction	555	462	2,906
Provision for loss on guarantees	1,924	–	–
Provision for loss on business liquidation	5,470	91	572
Other provisions	2,657	2,285	14,371
Other	24,211	22,633	142,346
Total current liabilities	621,260	525,511	3,305,101
Non-current liabilities			
Bonds payable (Note 11)	241,508	331,050	2,082,075
Long-term borrowings (Notes 10,11)	1,201,771	1,279,592	8,047,748
Deferred tax liabilities (Note 24)	29,707	29,066	182,805
Deferred tax liabilities for land revaluation (Note 9)	4,700	4,599	28,925
Long-term leasehold and guarantee deposits received	218,999	230,959	1,452,572
Deposits received for special joint ventures	12,000	12,000	75,472
Retirement benefit liability (Note 23)	27,993	27,120	170,566
Provision for loss on guarantees	6	9	57
Provision for retirement benefits for directors (and other officers)	25	20	126
Provision for share awards for directors (and other officers)	177	276	1,736
Provision for loss on business liquidation	673	3,319	20,874
Other provisions	225	170	1,069
Other (Note 10)	53,618	58,754	369,522
Total non-current liabilities	1,791,406	1,976,939	12,433,579
Total liabilities	2,412,667	2,502,451	15,738,686
Net assets			
Shareholders' equity (Note 29)			
Share capital	77,562	77,562	487,811
Capital surplus	163,298	158,937	999,604
Retained earnings	493,592	560,356	3,524,252
Treasury shares	(3,040)	(8,432)	(53,031)
Total shareholders' equity	731,412	788,423	4,958,635
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	10,983	23,872	150,138
Deferred gains or losses on hedges (Note 22)	4,790	9,779	61,503
Revaluation reserve for land (Note 9)	8,832	8,642	54,352
Foreign currency translation adjustment	64,943	65,356	411,044
Remeasurements of defined benefit plans (Note 23)	1,558	2,007	12,623
Total accumulated other comprehensive income	91,108	109,658	689,673

Account title	Yen (millions)		U.S. dollars (thousands) (Note 2)
	As of March 31, 2025	**As of March 31, 2026**	**As of March 31, 2026**
Share acquisition rights	5	–	–
Non-controlling interests	19,528	18,517	116,459
Total net assets	842,054	916,600	5,764,780
Total liabilities and net assets	¥ 3,254,722	¥ 3,419,052	$ 21,503,472

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2025 (From April 1, 2024 to March 31, 2025)	Yen (millions) **2026 (From April 1, 2025 to March 31, 2026)**	U.S. dollars (thousands) (Note 2) **2026 (From April 1, 2025 to March 31, 2026)**
Operating revenue	¥ 1,150,301	¥ 1,246,048	$ 7,836,780
Operating costs (Note 14)	904,983	960,555	6,041,226
Operating gross profit	245,317	285,492	1,795,547
Selling, general and administrative expenses (Note 15)	104,553	118,609	745,969
Operating profit	140,763	166,882	1,049,572
Non-operating income			
Interest income	422	727	4,572
Dividend income	508	863	5,428
Guarantee commission income	932	1,014	6,377
Insurance claim income	1,229	256	1,610
Subsidy income	751	1,115	7,013
Gain on investments in investment securities	279	231	1,453
Foreign exchange gains	–	188	1,182
Share of profit of entities accounted for using equity method	25	–	–
Other	1,059	1,268	7,975
Total non-operating income	5,208	5,664	35,623
Non-operating expenses			
Interest expenses	14,002	20,917	131,553
Foreign exchange losses	83	–	–
Share of loss of entities accounted for using equity method	–	65	409
Other	2,732	3,760	23,648
Total non-operating expenses	16,819	24,743	155,616
Ordinary profit	129,152	147,803	929,579
Extraordinary income			
Gain on step acquisitions	3,414	–	–
Gain on sale of shares of subsidiaries and associates	2,847	9,489	59,679
Other	–	292	1,836
Total extraordinary income	6,261	9,781	61,516
Extraordinary losses			
Impairment losses	1,403	5,666	35,635
Provision for loss on business liquidation	5,470	3,365	21,164
Loss on valuation of investment securities	2,876	–	–
Provision for loss on guarantees	2,035	–	–
Loss on disaster	–	1,303	8,195
Other	1,298	116	730
Total extraordinary losses (Note 16)	13,083	10,451	65,730
Profit before income taxes	122,330	147,134	925,371
Income taxes – current	48,580	49,622	312,088
Income taxes – deferred (Note 24)	(4,642)	(910)	(5,723)
Total income taxes (Note 24)	43,938	48,711	306,358
Profit	78,392	98,422	619,006
Profit attributable to non-controlling interests	829	1,725	10,849
Profit attributable to owners of parent	¥ 77,562	¥ 96,697	$ 608,157

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Comprehensive Income

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2025 (From April 1, 2024 to March 31, 2025)	Yen (millions) **2026 (From April 1, 2025 to March 31, 2026)**	U.S. dollars (thousands) (Note 2) **2026 (From April 1, 2025 to March 31, 2026)**
Profit	¥ 78,392	¥ 98,422	$ 619,006
Other comprehensive income			
Valuation difference on available-for-sale securities	(6,268)	12,885	81,038
Deferred gains or losses on hedges	(1,437)	4,959	31,189
Foreign currency translation adjustment	7,241	2,331	14,660
Revaluation reserve for land	(133)	(190)	(1,195)
Remeasurements of defined benefit plans, net of tax	1,603	449	2,824
Share of other comprehensive income of entities accounted for using equity method	19,024	(1,843)	(11,591)
Total other comprehensive income (Note 17)	20,030	18,591	116,925
Comprehensive income	98,422	117,013	735,931
Comprehensive income attributable to			
Comprehensive income attributable to owners of parent	97,534	115,247	724,824
Comprehensive income attributable to non-controlling interests	¥ 887	¥ 1,766	$ 11,107

See accompanying notes to the consolidated financial statements.

Consolidated Statement of Changes in Equity

2025 (from April 1, 2024 to March 31, 2025)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥165,707	¥440,492	¥(4,764)	¥678,996
Changes during period					
Dividends of surplus			(24,473)		(24,473)
Profit attributable to owners of parent			77,562		77,562
Purchase of treasury shares				(1)	(1)
Disposal of treasury shares		0		1,725	1,725
Reversal of revaluation reserve for land			10		10
Change in ownership interest of parent due to transactions with non-controlling interests		(2,408)			(2,408)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(2,408)	53,100	1,723	52,415
Balance at end of period	¥77,562	¥163,298	¥493,592	¥(3,040)	¥731,412

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥17,251	¥6,138	¥8,977	¥38,825	¥(45)	¥71,147	¥5	¥21,751	¥771,900
Changes during period									
Dividends of surplus									(24,473)
Profit attributable to owners of parent									77,562
Purchase of treasury shares									(1)
Disposal of treasury shares									1,725
Reversal of revaluation reserve for land									10
Change in ownership interest of parent due to transactions with non-controlling interests									(2,408)
Net changes in items other than shareholders' equity	(6,268)	(1,348)	(144)	26,118	1,603	19,961	–	(2,222)	17,738
Total changes during period	(6,268)	(1,348)	(144)	26,118	1,603	19,961	–	(2,222)	70,154
Balance at end of period	¥10,983	¥4,790	¥8,832	¥64,943	¥1,558	¥91,108	¥5	¥19,528	¥842,054

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

2026 (from April 1, 2025 to March 31, 2026)

Tokyu Fudosan Holdings Corporation

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	¥77,562	¥163,298	¥493,592	¥(3,040)	¥731,412
Changes during period					
Dividends of surplus			(29,871)		(29,871)
Profit attributable to owners of parent			96,697		96,697
Purchase of treasury shares				(9,448)	(9,448)
Disposal of treasury shares		0		4,056	4,057
Change in ownership interest of parent due to transactions with non-controlling interests		(3,803)			(3,803)
Tax effect adjustments related to changes in prior-year equity		(557)	(61)		(619)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(4,361)	66,764	(5,391)	57,011
Balance at end of period	¥77,562	¥158,937	¥560,356	¥(8,432)	¥788,423

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	¥10,983	¥4,790	¥8,832	¥64,943	¥1,558	¥91,108	¥5	¥19,528	¥842,054
Changes during period									
Dividends of surplus									(29,871)
Profit attributable to owners of parent									96,697
Purchase of treasury shares									(9,448)
Disposal of treasury shares									4,057
Change in ownership interest of parent due to transactions with non-controlling interests									(3,803)
Tax effect adjustments related to changes in prior-year equity									(619)
Net changes in items other than shareholders' equity	12,889	4,989	(190)	412	449	18,550	(5)	(1,010)	17,534
Total changes during period	12,889	4,989	(190)	412	449	18,550	(5)	(1,010)	74,545
Balance at end of period	¥23,872	¥9,779	¥8,642	¥65,356	¥2,007	¥109,658	—	¥18,517	¥916,600

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

2026 (from April 1, 2025 to March 31, 2026)

Tokyu Fudosan Holdings Corporation

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

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	$487,811	$1,027,031	$3,104,352	$(19,119)	$4,600,075
Changes during period					
Dividends of surplus			(187,868)		(187,868)
Profit attributable to owners of parent			608,157		608,157
Purchase of treasury shares				(59,421)	(59,421)
Disposal of treasury shares		0		25,509	25,516
Change in ownership interest of parent due to transactions with non-controlling interests		(23,918)			(23,918)
Tax effect adjustments related to changes in prior-year equity		(3,503)	(384)		(3,893)
Net changes in items other than shareholders' equity					–
Total changes during period	–	(27,428)	419,899	(33,906)	358,560
Balance at end of period	$487,811	$999,604	$3,524,252	$(53,031)	$4,958,635

	Accumulated other comprehensive income						Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Deferred gains or losses on hedges	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of period	$69,075	$30,126	$55,547	$408,447	$9,799	$573,006	$31	$122,818	$5,295,937
Changes during period									
Dividends of surplus									(187,868)
Profit attributable to owners of parent									608,157
Purchase of treasury shares									(59,421)
Disposal of treasury shares									25,516
Change in ownership interest of parent due to transactions with non-controlling interests									(23,918)
Tax effect adjustments related to changes in prior-year equity									(3,893)
Net changes in items other than shareholders' equity	81,063	31,377	(1,195)	2,591	2,824	116,667	(31)	(6,352)	110,277
Total changes during period	81,063	31,377	(1,195)	2,591	2,824	116,667	(31)	(6,352)	468,836
Balance at end of period	$150,138	$61,503	$54,352	$411,044	$12,623	$689,673	—	$116,459	$5,764,780

Note: Amounts are in units of thousands of dollars with fractional units discarded.

Consolidated Statement of Cash Flows

Tokyu Fudosan Holdings Corporation

Account title	Yen (millions) 2025 (From April 1, 2024 to March 31, 2025)	Yen (millions) **2026 (From April 1, 2025 to March 31, 2026)**	U.S. dollars (thousands) (Note 2) **2026 (From April 1, 2025 to March 31, 2026)**
Cash flows from operating activities			
Profit before income taxes	¥ 122,330	¥ 147,134	$ 925,371
Depreciation	51,527	68,595	431,415
Amortization of goodwill	4,262	5,211	32,774
Share of loss (profit) of entities accounted for using equity method	(25)	65	409
Increase (decrease) in retirement benefit liability	298	(885)	(5,566)
Increase (decrease) in other provisions	2,076	301	1,893
Impairment loss	1,403	5,666	35,635
Loss on valuation of inventories	1,112	3,106	19,535
Loss (gain) on sale of non-current assets	(22)	168	1,057
Loss on retirement of non-current assets	2,096	932	5,862
Interest and dividend income	(930)	(1,590)	(10,000)
Interest expenses	14,002	20,917	131,553
Decrease (increase) in trade receivables	11,629	(865)	(5,440)
Decrease (increase) in inventories	(98,730)	(67,160)	(422,390)
Increase (decrease) in trade payables	(16,811)	3,883	24,421
Increase (decrease) in deposits received for consignment sales	(42,448)	14,938	93,950
Increase (decrease) in deposits received for special joint ventures	12,000	(8,000)	(50,314)
Other, net	22,395	11,766	74,000
Subtotal	86,166	204,187	1,284,195
Interest and dividends income received	389	7,971	50,132
Interest paid	(13,875)	(20,152)	(126,742)
Income taxes paid	(25,254)	(62,525)	(393,239)
Net cash provided by (used in) operating activities	¥ 47,426	¥ 129,480	$ 814,340
Cash flows from investing activities			
Payments into time deposits	(1,053)	(3,632)	(22,843)
Proceeds from withdrawal of time deposits	50	50	314
Loan advances	(21,255)	(5,709)	(35,906)
Proceeds from collection of loans receivable	8,576	23	145
Purchase of short-term and long-term investment securities	(71,099)	(57,212)	(359,824)
Proceeds from sale and redemption of short-term and long-term investment securities	22,176	19,268	121,182
Payments of leasehold and guarantee deposits	(5,169)	(12,351)	(77,679)
Proceeds from refund of leasehold and guarantee deposits	2,972	5,395	33,931
Purchase of non-current assets	(70,529)	(102,014)	(641,597)
Proceeds from sale of non-current assets	666	366	2,302
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(11,146)	(11,132)	(70,013)
Proceeds from sale of shares of subsidiaries resulting in change in scope of consolidation	4,984	6,284	39,522
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	—	(4,263)	(26,811)
Other, net	848	462	2,906
Net cash provided by (used in) investing activities	¥ (139,980)	¥ (164,465)	$ (1,034,371)

Account title	Yen (millions) 2025 (From April 1, 2024 to March 31, 2025)	Yen (millions) **2026 (From April 1, 2025 to March 31, 2026)**	U.S. dollars (thousands) (Note 2) **2026 (From April 1, 2025 to March 31, 2026)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	¥ 177	¥ (3,351)	$ (21,075)
Proceeds from long-term borrowings	108,506	273,707	1,721,428
Repayments of long-term borrowings	(108,111)	(215,254)	(1,353,799)
Proceeds from long-term leasehold and guarantee deposits received	27,160	30,512	191,899
Refund of long-term leasehold and guarantee deposits received	(16,927)	(14,479)	(91,063)
Proceeds from issuance of bonds	40,000	100,000	628,931
Redemption of bonds	(20,000)	(70,649)	(444,333)
Dividends paid	(24,473)	(29,871)	(187,868)
Proceeds from share issuance to non-controlling shareholders	597	264	1,660
Dividends paid to non-controlling interests	(960)	(2,250)	(14,151)
Repayments of finance lease liabilities	(1,713)	(1,963)	(12,346)
Payments for investments in silent partnerships not resulting in change in scope of consolidation	(1,124)	—	—
Purchase of shares of subsidiaries not resulting in change in scope of consolidation	(4,375)	(6,584)	(41,409)
Proceeds from sale of shares of subsidiaries not resulting in change in scope of consolidation	1,628	2,085	13,113
Net decrease (increase) in treasury shares	1,723	(5,391)	(33,906)
Other, net	(640)	(929)	(5,843)
Net cash provided by (used in) financing activities	¥ 1,468	¥ 55,843	$ 351,214
Effect of exchange rate change on cash and cash equivalents	2,305	1,032	6,491
Net increase (decrease) in cash and cash equivalents	¥ (88,779)	¥ 21,891	$ 137,679
Cash and cash equivalents at beginning of period	246,248	157,468	990,365
Increase (decrease) in cash and cash equivalents resulting from change in scope of consolidation	—	1,187	7,465
Cash and cash equivalents at end of period (Note 18)	¥ 157,468	¥ 180,546	$ 1,135,509

See accompanying notes to the consolidated financial statements.

TOKYU FUDOSAN HOLDINGS CORPORATION
AND CONSOLIDATED SUBSIDIARIES
Notes to the Consolidated Financial Statements

1. Summary of Significant Accounting Policies

(1) Basis of Presenting Consolidated Financial Statements

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

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

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

(2) 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 321 consolidated subsidiaries as of March 31, 2026. The following companies have become consolidated subsidiaries: TLUS AQ2 2025, LLC and 29 other companies became consolidated subsidiaries, as they were newly established. Silent Partnership ReENE Green Farm and 19 other companies (due to new investments) became consolidated subsidiaries. TLUS SP Portland JV, LLC and 1 other company (due to additional investments) became consolidated subsidiaries. NAC Co., Ltd. (due to acquisitions of shares) became consolidated subsidiaries.

On the other hand, Niseko Tokyu Resort Co., Ltd. and 1 other company were removed from the scope of consolidation as a result of its merger through absorption into TOKYU LAND CORPORATION the surviving entity. EWEL Healthcare Service Co., Ltd. was removed from the scope of consolidation as a result of its merger through absorption into EWEL,Inc. the surviving entity. TLUS Charlotte LLC and 12 other companies were also removed from the scope of consolidation because of its liquidation. EWEL, Inc. and 2 other companies were also removed from the scope of consolidation as a result of the sale of its shares. Silent Partnership Kagoshima Ei and 3 other companies were also removed from the scope of consolidation as a result of the sale of equity. Silent Partnership Swimmy and 1 other company were also removed from the scope of consolidation, as a result of becoming less important and so forth.

(3) Securities

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

Held-to-maturity bonds

Amortized cost method (straight-line method)

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

Securities other than shares, etc. with no market prices

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

Shares, etc. with no market prices

Cost method based on the moving-average method

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

(4) Inventories

Inventories are stated at the lower of cost or market value. 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.

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

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

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

Assets acquired before March 31, 1998 are depreciated over their useful lives in accordance with the Corporate Tax Law prior to the 1998 tax reform.

Most of estimated useful lives are as follows:

Buildings and structures	3 to 69 years

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

(6) 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.

(7) 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.

(8) Deferred assets

Bond issuance costs are charged to income as incurred.

(9) 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.

(10) Provision for Bonuses

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

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

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

(12) Provision for loss on guarantees

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

(13) Retirement benefit liability

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

Actuarial gain and loss are amortized from the year following the year in which the gain or loss is incurred by the straight-line method over the period of principally from 3 to 10 years, which is shorter than the average remaining years of service of the employees. Prior service cost is amortized by the straight-line method over the period of principally 7 years, which is shorter than the average remaining years of service of the employees.

(14) 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.

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

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

(16) Provision for business restructuring

To prepare for losses on business restructuring, we have recorded the estimated amount of such losses.

(17) Recognition of Revenue

Revenue Recognition Standards

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

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

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

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

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

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

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

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

Method for recording advertising expense

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

(18) Foreign Currency Translation

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

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

(19) 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), foreign exchange contracts, commodities, 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.

(20) Amortization of Goodwill

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

(21) 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.

(22) Accounting method for consumption taxes not deductible

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

2. Basis of Financial Statements Translation

The accompanying consolidated financial statements presented herein are expressed in Japanese yen, and solely for the convenience of readers, have been translated into United States dollars at the rate of ¥159=U.S. $1.00, the approximate exchange rate prevailing on the Tokyo Foreign Exchange Market on March 31, 2026. This translation should not be construed as a representation that all the amounts shown could be converted into U.S. dollars at that rate.

3. Significant accounting estimates

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

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

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

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

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2025	**2026**	**2026**
Merchandise	¥ 750	¥ 618	$ 3,887
Real estate for sale	576,110	615,453	3,870,774
Real estate for sale in process	440,110	466,932	2,936,679
Costs on construction contracts in progress	3,320	4,513	28,384
Investments in silent partnerships	14,575	13,426	84,440
Securities	6,717	12,606	79,283
Loss on valuation of inventories	1,112	3,106	19,535

Note: Investments in silent partnerships are included in "Securities" on the consolidated balance sheet.
Loss on valuation of inventories is included in "Operating costs" in the consolidated statement of income.

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

A. Calculation method

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

B. Key assumptions

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

C. Impact on the consolidated financial statements for the following fiscal year

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

(2) Impairment of property, plant and equipment and intangible assets

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

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2025	**2026**	**2026**
Property, plant and equipment	¥ 1,227,362	¥ 1,245,450	$ 7,833,019
Intangible assets	98,264	98,666	620,541
Impairment loss	1,403	5,666	35,635

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

A. Calculation method

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

B. Key assumptions

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

C. Impact on the consolidated financial statements for the following fiscal year

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

(3) Valuation of investment securities

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

	Yen (millions)	Yen (millions)	U.S. dollars (thousands)
	2025	**2026**	**2026**
Investment securities	¥ 354,714	¥ 398,533	$ 2,506,497
Loss on valuation of investment securities	3,664	756	4,755

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

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

A. Calculation method

The market value method is used for securities other than shares, etc. with no market prices, and the cost method, etc., is used for shares, etc. with no market prices. For securities other than shares, etc. with no market prices, if the fair value at the end of the period has declined by 50% or more compared to the acquisition cost, impairment loss is recognized as there is no expectation of recovery unless reasonably disproved, and if the fair value has declined by 30% to 50%, impairment loss is recognized for the amount deemed necessary in consideration of the possibility of recovery, etc. On the other hand, for shares, etc. with no market prices, if the actual value has declined by 50% or more compared to the acquisition cost, impairment loss is recognized unless the possibility of recovery is supported by sufficient evidence.

B. Key assumptions

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

C. Impact on the consolidated financial statements for the following fiscal year

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

4. Accounting standards issued but not yet adopted, etc

・Accounting Standards for Leases (ASBJ Statement No.34　September 13, 2024　Accounting Standards Board of Japan)

・Implementation Guidance on the Application of Accounting Standards for Leases (ASBJ Guidance No.33　September 13, 2024　Accounting Standards Board of Japan), etc.

(1) Overview

As part of efforts to align Japanese standards with international standards, the Accounting Standards Board of Japan conducted discussions based on international accounting standards to develop accounting standards for leases that require lessees to recognize all leases as assets and liabilities. As a basic policy, the board decided to adopt the single accounting treatment model of IFRS 16 as the foundation, but rather than adopting all provisions of IFRS 16, it will adopt only the main provisions. The goal is to create a lease accounting standard that is simple, user-friendly, and does not require significant adjustments to individual financial statements when applying the provisions of IFRS 16.

For lessees' accounting treatment, the method for allocating lease costs will be the same as under IFRS 16, applying a single accounting treatment model that recognizes depreciation expense related to the right-of-use asset and interest expense related to the lease liability for all leases, regardless of whether the lease is a finance lease or an operating lease.

(2) Scheduled application date

Effective from the beginning of the fiscal year ending March 31, 2028.

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

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

・Accounting Standard for Subsequent Events (ASBJ Statement No.41, January 9, 2026　Accounting Standards Board of Japan)

・Implementation Guidance on Accounting Standard for Subsequent Events (ASBJ Implementation Guidance No.35, January 9, 2026　Accounting Standards Board of Japan)

(1) Overview

The Accounting Standard for Subsequent Events and related standards prescribe the accounting treatment and disclosure for subsequent events, with the priority objective of establishing a comprehensive accounting standard covering the definition, accounting treatment, and disclosure of subsequent events, and with the basic policy of transferring to the Accounting Standards Board of Japan (ASBJ), in principle without change, the accounting-related content of the Japanese Institute of Certified Public Accountants (JICPA) Auditing Standards Committee Statement 560, Practical Guideline No. 1, “Audit Treatment of Subsequent Events,” while revising the wording, clarifying the evaluation period for subsequent events, and newly requiring a note on the approval of disclosure of the financial statements, among other changes.

(2) Scheduled application date

Effective from the beginning of the fiscal year ending March 31, 2028.

5. Additional information

(Director Stock Ownership Plan Trust)

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

(1) Overview of transactions

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

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

The Company records the shares of the Company remaining in the Trust as treasury shares under net assets according to the book value in the Trust (minus the amount of ancillary expenses). The book value of said treasury shares and the number of shares at the end of the previous consolidated fiscal year is ¥244 million and 378,250 shares, respectively. The book value of said treasury shares and the number of shares at the end of the consolidated fiscal year ended March 31, 2026 is ¥901 million and 896,650 shares, respectively.

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

I. Trust-type Employee Shareholding Incentive Plan (E-Ship®) introduced on December 23, 2022

The Company has introduced the "Trust-type Employee Shareholding Incentive Plan (E-Ship®)" (hereinafter, the "Plan") for the purpose of providing incentives for a medium- to long-term increase in corporate value to employees of the Company and the Group (hereinafter, "Employees").

(1) Overview of transactions

The Plan is an incentive plan for all Employees who participate in the Tokyu Fudosan Holdings Employee Shareholding Association (the "ESA"). Under the Plan, the Company established the "Tokyu Fudosan Holdings Employee Shareholding Association Exclusive Trust" (hereinafter, the "E-Ship Trust") with a trust bank, and the E-Ship Trust had acquired in advance the number of the Company's shares expected to be acquired by the shareholding association over the two years and nine months following the execution of the trust agreement. Thereafter, the E-Ship Trust continuously sold the Company's shares to the shareholding association, and if an amount equivalent to gains on the sale of the shares had accumulated within the E-Ship Trust at the time of termination of the trust, such amount was to be distributed as residual assets to persons meeting the beneficiary eligibility requirements. The Company had provided a

guarantee for borrowings by the E-Ship Trust for the acquisition of the Company's shares, and if an amount equivalent to loss on the sale of shares had accumulated within the E-Ship Trust due to a decline in the Company's share price and an outstanding borrowing balance equivalent to such loss on the sale of the shares remained at the time of termination of the trust, the Company was to repay such outstanding balance. However, there was no outstanding borrowing balance equivalent to such loss on the sale of shares at the time of termination of the trust.

The trust period of this E-Ship Trust expired on August 27, 2025, and the E-Ship Trust repaid its borrowings on September 4, 2025.

(2) Overview of the E-Ship Trust

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

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

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

(4) Company shares remaining in trust

The Company records the Company's shares remaining in the E-Ship Trust as treasury shares under net assets according to the book value in the trust (minus the amount of ancillary expenses). There are no applicable matters regarding the book value and number of shares of such treasury stock, as the sale of all shares remaining in the E-Ship Trust was completed during the fiscal year ended March 31, 2026. As of March 31, 2025, the figures were ¥2,766 million and 4,352,300 shares, respectively.

(5) Book value of loans recorded based on application of gross method

E-Ship Trust has fully repaid its loans, so there are no relevant items. Consolidated fiscal year ended March 31, 2025 is ¥729 million.

II. Trust-type Employee Shareholding Incentive Plan (E-Ship®) introduced in August 2025

At the Board of Directors meeting held on May 9, 2025, the Company resolved to reintroduce the Plan for the purpose of providing employees with incentives for a medium- to long-term increase in corporate value, and, following the resolution on the details of the Plan at the Board of Directors meeting held on August 28 of the same year, reintroduced the Plan effective on that date.

(1) Overview of transactions

This Plan is an incentive plan for all employees who participate in the shareholding association. Under the Plan, the Company establishes the E-Ship Trust with a trust bank, and the E-Ship Trust acquires in advance the number of the Company's shares expected to be acquired by the shareholding association over a certain period after the establishment of the trust. Thereafter, the E-Ship Trust continuously sells the Company's shares to the shareholding association, and if an amount equivalent to gains on the sale of the shares has accumulated within the E-Ship Trust at the time of termination of the trust, such amount is distributed as residual assets to persons meeting the beneficiary eligibility requirements. The Company provides a guarantee for borrowings by the E-Ship Trust for the acquisition of the Company's shares, and if an amount equivalent to loss on the sale of shares accumulates within the E-Ship Trust due to a decline in the Company's share price and an outstanding borrowing balance equivalent to such loss on the sale of shares remains at the time of termination of the trust, the Company repays such outstanding balance.

(2) Overview of the E-Ship Trust

① Name: Tokyu Fudosan Holdings Employee Shareholding Incentive Plan Trust
② Trustor: The Company
③ Trustee: The Nomura Trust and Banking Co., Ltd.
④ Beneficiaries: Those who meet the beneficiary eligibility requirements
(They will become beneficiaries after given procedures once the requirements are met.)
⑤ Trust contract date: August 28, 2025
⑥ Trust term: August 28, 2025 to August 29, 2028
⑦ Purpose of trust: Stable and continuous supply of shares to the ESA and distribution of trust assets to those who meet the beneficiary eligibility requirements Delivery of assets
⑧ Beneficiary eligibility requirements: All persons who are alive and are participants in the ESA on the start date of the beneficiary determination procedures (the date on which the trust term ends, when all trust assets are converted to cash, the date on which all shares of the Company held as trust assets are sold to the ESA, etc.), including persons who have withdrawn from the ESA due to retirement, transfer, promotion to the position of an officer, or expiration of an employment term between September 8, 2025 and the start date of the beneficiary determination procedures.

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

① Type of shares to be acquired: Common shares of the Company
② Total amount to be acquired: Up to ¥8,792 million
③ Share acquisition period: September 2, 2025 to October 29, 2025
④ Share acquisition method: To be acquired from the exchange market

(4) Company shares remaining in trust

The Company record Company shares remaining in the E-Ship Trust as treasury shares under net assets according to the book value in the trust (minus the amount of ancillary expenses). As of March 31, 2026, the book value and number of shares of such treasury stock were ¥7,498 million and 6,168,000 shares, respectively.

(5) Book value of loans recorded based on application of gross method

Fiscal year ended March 31, 2026: ¥7,253 million

6. Investments in Silent Partnerships and Operational Investment Securities

Investments in silent partnerships and TMKs holding properties for sale, and operational investment securities included in securities at March 31, 2025 and 2026 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Investments in silent partnership	¥ 14,575	¥ 13,426	$ 84,440
Securities	6,717	12,606	79,283

7. Investments in Unconsolidated Subsidiaries and Affiliates

Investments in unconsolidated subsidiaries and affiliates at March 31, 2025 and 2026 consisted of the following:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Investment securities	¥ 214,160	¥ 215,960	$ 1,358,239

8. Contingent Liabilities

At March 31, 2025 and 2026 the Company and consolidated subsidiaries have the following contingent liabilities:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Guarantee of loans on behalf of:			
Individual customers for principally housing loans	¥ 3	¥ 2	$ 13
Membership loan users	0	0	0
425 Park Investment LLC	14,952	15,988	100,553
425 Park Junior Investment LLC	48,893	52,280	328,805
Tahara Green Biomass GK	1,683	-	-
ENERGIAS DE PORTUGAL,S.A.	518	381	2,396
NEXUS ENERGIA,S.A.	32	-	-
	¥ 66,083	¥ 68,653	$ 431,780

9. Revaluation of Land

Land owned by TOKYU LAND CORPORATION, a subsidiary of the company, 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

TOKYU LAND CORPORATION	March 31, 2000
（Revaluation on merger of subsidiaries）	March 31, 2001

The market value of the revalued land was higher than the book value after revaluation at March 31, 2025 and 2026 respectively. As such, the difference is not stated.

10. Pledged Assets and Secured Liabilities

Pledged assets and secured liabilities at March 31, 2025 and 2026 are summarized as follows:

(1) Pledged assets

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Cash and deposits	¥ 3,996	¥ 4,873	$ 30,648
Notes, accounts receivable and contract assets	807	975	6,132
Inventories (Real estate for sale)	100,802	85,743	539,264
Other current assets	964	872	5,484
Other buildings	247,490	216,757	1,363,252
Land	304,731	301,165	1,894,119
Leasehold interests in land	7,200	5,356	33,686
Investment securities	3,515	735	4,623
Long-term loans receivable	113	100	629
Other investments and other assets	1,227	1,120	7,044
	¥ 670,850	¥ 617,700	$ 3,884,906

(2) Secured liabilities

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Short-term borrowings	¥ 72,332	¥ 24,837	$ 156,208
Long-term borrowings	434,859	418,933	2,634,799
Other non-current liabilities	2,261	2,261	14,220
	¥ 509,454	¥ 446,032	$ 2,805,233

Tokyu Land Corporation, a subsidiary of the Company, transferred land to another company in which Tokyu Land Corporation has made preferred equity investment and treated the transaction as a finance transaction according to the Practical Guidelines on Accounting by Transferors for Derecognition of Real Estate Securitized by means of Special Purpose Companies (ASBJ Guideline No.10 dated July 1,2024).

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Real estate for sale	¥ 2,261	¥ 2,261	$ 14,220
Other non-current liabilities	2,261	2,261	14,220

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Short-term borrowings (Current portion of long-term borrowings)	¥ 64,739	¥ 18,623	$ 117,126
Long-term borrowings	387,627	402,418	2,530,931

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Cash and deposits	¥ 3,512	¥ 3,382	$ 21,270
Real estate for sale	89,868	82,934	521,597
Other buildings	234,502	216,434	1,361,220
Land	301,165	301,165	1,894,119
Leasehold interests in land	7,004	5,356	33,686

11. Short-term borrowings and Long-term Debt

Short-term borrowings at March 31, 2025 (¥61,237 million) and 2026 (¥58,583 million ($368,447 thousand)) consist of loans principally from banks with weighted average interest rates of 1.16% in 2026.

Long-term debt at March 31, 2025 and 2026 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
0.968 unsecured corporate bond, maturing 2026	10,000	-	-
0.780 unsecured corporate bond, maturing 2032	10,000	10,000	62,893
0.800 unsecured corporate bond, maturing 2032	10,000	10,000	62,893
0.455 unsecured corporate bond, maturing 2027	10,000	10,000	62,893
0.790 unsecured corporate bond, maturing 2033	10,000	10,000	62,893
0.410 unsecured corporate bond, maturing 2028	10,000	10,000	62,893
0.780 unsecured corporate bond, maturing 2033	10,000	10,000	62,893
0.390 unsecured corporate bond, maturing 2028	10,000	10,000	62,893
0.980 unsecured corporate bond, maturing 2038	10,000	10,000	62,893
0.455 unsecured corporate bond, maturing 2029	10,000	10,000	62,893
0.370 unsecured corporate bond, maturing 2030	10,000	10,000	62,893
0.880 unsecured corporate bond, maturing 2040	10,000	10,000	62,893
0.700 unsecured corporate bond, maturing 2040	10,000	10,000	62,893
0.440 unsecured corporate bond, maturing 2026	10,000	-	-
0.600 unsecured corporate bond, maturing 2031	10,000	10,000	62,893
1.060 unsecured corporate bond, maturing 2026	40,000	-	-
1.240 unsecured corporate bond, maturing 2061	30,000	30,000	188,679
0.300 unsecured corporate bond, maturing 2032	10,000	10,000	62,893
0.320 unsecured corporate bond, maturing 2026	10,000	-	-
0.694 unsecured corporate bond, maturing 2028	10,000	10,000	62,893
0.450 unsecured corporate bond, maturing 2029	10,000	10,000	62,893
0.880 unsecured corporate bond, maturing 2034	10,000	10,000	62,893
2.208 unsecured corporate bond, maturing 2060	40,000	40,000	251,572
1.374 unsecured corporate bond, maturing 2031	-	10,000	62,893
2.045 unsecured corporate bond, maturing 2036	-	10,000	62,893
2.753 unsecured corporate bond, maturing 2063	-	40,000	251,572
1.904 unsecured corporate bond, maturing 2031	-	10,000	62,893
2.201 unsecured corporate bond, maturing 2033	-	10,000	62,893
2.550 unsecured corporate bond, maturing 2036	-	10,000	62,893
1.904 unsecured corporate bond, maturing 2031	-	10,000	62,893
0.640 unsecured corporate bond, maturing 2027	200	-	-
0.300 unsecured corporate bond, maturing 2028	300	150	943
0.977 unsecured corporate bond, maturing 2027	204	60	377
0.950 unsecured corporate bond, maturing 2028	500	500	3,145
1.350 unsecured corporate bond, maturing 2028	500	500	3,145
1.000 unsecured corporate bond, maturing 2026	155	-	-
Loans principally from Japanese banks and insurance companies (including loans in foreign currencies), maturing 2027 to 2059 with weighted average interest rates of 1.13% in 2026.			
Secured	507,192	443,770	2,791,006
Unsecured	867,556	983,380	6,184,780
	1,686,608	1,768,361	11,121,767
Less current portion	243,328	157,718	991,937
	¥ 1,443,279	¥ 1,610,642	$ 10,129,824

The aggregate annual maturity of long-term debt after March 31, 2025 and 2026 are as follows:

2025

Year ending March 31,	Yen (millions)
2027	¥ 167,331
2028	232,955
2029	237,895
2030	207,520
2031 and thereafter	597,577
	¥ 1,443,279

2026

Year ending March 31,	Yen (millions)	U.S. dollars (thousands)
2028	¥ 225,480	$ 1,418,113
2029	208,295	1,310,031
2030	193,891	1,219,440
2031	169,702	1,067,308
2032 and thereafter	813,273	5,114,925
	¥ 1,610,642	$ 10,129,824

12. Commitment Lines

The Company and certain consolidated subsidiaries entered into contracts for overdraft with 25 banks at March 31, 2025 and 24 banks at March 31, 2026, and commitment lines with 16 banks at March 31, 2025 and 12 banks at March 31, 2026. These contracts at March 31, 2025 and 2026 are summarized as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Limit of overdraft	¥ 251,530	¥ 249,169	$ 1,567,101
Line of credit	162,995	136,538	858,730
Borrowing outstanding	111,823	86,233	542,346
Available commitment lines	¥ 302,702	¥ 299,473	$ 1,883,478

13. Change in Purpose of Possession

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
From property, plant and equipment to real estate for sale	¥ 3	¥ 28,635	$ 180,094
From intangible assets to real estate for sale	-	3,016	18,969
From property, plant and equipment to real estate for sale in process	9,036	9,308	58,541
From intangible assets to real estate for sale in process	804	200	1,258
From real estate for sale to property, plant and equipment	16,643	6,611	41,579
From real estate for sale to intangible assets	5,206	-	-
From real estate for sale in process to property, plant and equipment	-	1,794	11,283

14. Loss on Valuation of Inventories

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Loss on valuation of inventories	¥ 1,112	¥ 3,106	$ 19,535

15. Selling, General and Administrative expenses

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Salaries, allowance and bonuses	¥ 22,793	¥ 24,545	$ 154,371
Selling and advertising expenses	13,034	12,349	77,667
Rent expenses	5,245	5,811	36,547
Provision for bonuses	3,697	5,588	35,145
Provision for bonuses for directors (and other officers)	226	383	2,409
Retirement benefit expenses	1,275	936	5,887
Provision for retirement benefits for directors (and other officers)	1	(1)	(6)

16. Impairment Loss on Fixed Assets

2025

For the year ended March 31, 2025, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Operation facility	Buildings and structures, other fixed assets	Tokyo	¥1,254	$8,416
Others (2 assets)	Buildings and structures, other fixed assets	Other area	¥148	$993

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 3 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥1,403 million ($9,416 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 4.8%～8.9%.

2026

For the year ended March 31, 2026, the Company recognized impairment loss on fixed assets in the following asset groups:

Primary use	Type	Location	Impairment loss Yen (millions)	Impairment loss U.S. dollars (thousands)
Operation facility	Buildings and structures, other fixed assets	Tokyo	¥5,420	$34,088
Others (12 assets)	Buildings and structures, other fixed assets	Other area	¥246	$1,547

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 13 assets groups to their recoverable values. These asset groups were those where sales or retirement were planned, and those where losses were recorded from operating activities for consecutive years. The amounts written down were recorded as impairment loss of ¥5,666 million ($35,635 thousand).

The recoverable value of the asset groups was measured by their net selling price or value in use. The net selling price was determined by value based on real estate appraisal standards, value at which the asset group could be sold, or market price of land and other assets. The value in use was calculated by discounting future cash flows at 7.4%.

17. Other Comprehensive Income

The following table presents components of other comprehensive income for the year ended March 31, 2025 and 2026:

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Valuation difference on available-for-sale securities:			
Amount arising during the year	¥ (8,924)	¥ 18,920	$ 118,994
Reclassification to income for the year	—	—	—
Total valuation difference on available-for-sale securities	¥ (8,924)	¥ 18,920	$ 118,994
Deferred gains or losses on hedges:			
Amount arising during the year	5,724	6,374	40,088
Reclassification to income for the year	(8,197)	—	—
Total deferred gains or losses on hedges	¥ (2,472)	¥ 6,374	$ 40,088
Foreign currency translation adjustment:			
Amount arising during the year	7,314	2,654	16,692
Reclassification to income for the year	(72)	(322)	(2,025)
Total foreign currency translation adjustment	¥ 7,241	¥ 2,331	$ 14,660
Revaluation reserve for land:			
Amount arising during the year	—	—	—
Reclassification to income for the year	—	(291)	(1,830)
Total Revaluation reserve for land	¥ —	¥ (291)	$ (1,830)
Remeasurements of defined benefits:			
Amount arising during the year	2,203	1,192	7,497
Reclassification to income for the year	98	(546)	(3,434)
Total remeasurements of defined benefits	¥ 2,302	¥ 646	$ 4,063
Share of other comprehensive income of entities accounted for using equity method:			
Amount arising during the year	19,120	(1,843)	(11,591)
Reclassification to income for the year	(96)	—	—
Total share of other comprehensive income of entities accounted for using equity method	¥ 19,024	¥ (1,843)	$ (11,591)
Amount before tax effect	17,170	26,137	164,384
Tax effect	2,860	(7,545)	(47,453)
Total accumulated other comprehensive income	¥ 20,030	¥ 18,591	$ 116,925

(2) Tax effect of other comprehensive income

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Valuation difference on available-for-sale securities：			
Before tax effect	¥ (8,924)	¥ 18,920	$ 118,994
Tax effect	2,656	(6,035)	(37,956)
After tax effect	¥ (6,268)	¥ 12,885	$ 81,038
Deferred gains or losses on hedges：			
Before tax effect	(2,472)	6,374	40,088
Tax effect	1,035	(1,414)	(8,893)
After tax effect	¥ (1,437)	¥ 4,959	$ 31,189
Foreign currency translation adjustment：			
Before tax effect	7,241	2,331	14,660
Tax effect	—	—	—
After tax effect	¥ 7,241	¥ 2,331	$ 14,660
Revaluation reserve for land：			
Before tax effect	—	(291)	(1,830)
Tax effect	(133)	101	635
After tax effect	¥ (133)	¥ (190)	$ (1,195)
Remeasurements of defined benefit plans：			
Before tax effect	2,302	646	4,063
Tax effect	(698)	(196)	(1,233)
After tax effect	¥ 1,603	¥ 449	$ 2,824
Share of other comprehensive income of entities accounted for using equity method：			
Before tax effect	19,024	(1,843)	(11,591)
Tax effect	—	—	—
After tax effect	¥ 19,024	¥ (1,843)	$ (11,591)
Total accumulated other comprehensive income			
Before tax effect	17,170	26,137	164,384
Tax effect	2,860	(7,545)	(47,453)
After tax effect	¥ 20,030	¥ 18,591	$ 116,925

18. 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, 2025 and 2026 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Cash and deposits	¥ 160,947	¥ 187,813	$ 1,181,214
Time deposits with maturity over three months	(1,478)	(5,046)	(31,736)
Short-term loans receivable	0	0	0
Short-term loans payable	(2,000)	(2,220)	(13,962)
Cash and cash equivalents	¥ 157,468	¥ 180,546	$ 1,135,509

The details of significant non-cash transactions

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
The amount transferred from property, plant and equipment to real estate for sale due to change in purpose of holding the real estate	¥ 3	¥ 31,652	$ 199,069
The amount transferred from property, plant and equipment to real estate for sale in process due to change in purpose of holdings the real estate	9,840	9,508	59,799
The amount transferred from real estate for sale to property, plant and equipment due to change in purpose of holding the real estate.	21,849	6,611	41,579
The amount transferred from real estate for sale in process to property, plant and equipment due to change in purpose of holdings the real estate	—	1,794	11,283
Assets related to finance leases	329	4,996	31,421
Liabilities related to finance leases	321	5,421	34,094
Liabilities related to asset retirement obligations	2,624	967	6,082

19. 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, 2025 and 2026 are as follows:

(1) Acquisition cost, accumulated depreciation, accumulated impairment loss, and carrying amount of leased properties (mainly office buildings) at March 31, 2025 and 2026 if they were capitalized

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Acquisition cost	¥ 5,201	¥ 5,201	$ 32,711
Accumulated depreciation	4,539	4,799	30,182
Carrying amount	¥ 661	¥ 401	$ 2,522

(2) Future lease payments at March 31, 2025 and 2026

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Due within one year	¥ 430	¥ 350	$ 2,201
Due after one year	674	324	2,038
Total	¥ 1,105	¥ 674	$ 4,239

(3) Amount of lease payments, reversal of impairment loss account on leased assets, depreciation expense equivalent, and interest expenses equivalent thereof at March 31, 2025 and 2026

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Lease payments	¥ 453	¥ 430	$ 2,704
Depreciation expense equivalent	272	260	1,635
Interest expenses equivalent	67	46	289

(Operating Lease Transactions as lessee)

Future lease payments of non-cancellable leases at March 31, 2025 and 2026 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Due within one year	¥ 38,403	¥ 40,555	$ 255,063
Due after one year	618,780	621,637	3,909,667
Total	¥ 657,183	¥ 661,692	$ 4,161,585

(Operating Lease Transactions as lessor)

Future lease payments of non-cancellable leases to be received at March 31, 2025 and 2026 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Due within one year	¥ 54,686	¥ 56,555	$ 355,692
Due after one year	221,464	201,534	1,267,509
Total	¥ 276,151	¥ 258,090	$ 1,623,208

20. Financial Instruments

Financial instruments at March 31, 2025 and 2026 are summarized as follows:

Overview

(1) Policy for financial instruments

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

(2) Types of financial instruments and related risks

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

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

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

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

Derivative transactions are foreign exchange contracts and interest rate swap transactions for the purpose of hedging against the risk of exchange rate fluctuations. Please refer to "1. Summary of Significant Accounting Policies (19) Derivative Financial Instruments" above for hedging methods and hedging targets related to hedging accounting, hedging policies, and methods for evaluating the effectiveness of hedging.

(3) Risk management for financial instruments

① 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.

② Monitoring of market risks

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

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

③ 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, 2025 and 2026. Cash is omitted from the notes, and deposits and short-term loans payable are omitted from the notes because they are settled in a short period of time and their fair value approximates their book value.

2025

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Available-for-sale securities	¥ 84,079	¥ 84,079	¥ —
(2) Leasehold and guarantee deposits	93,651	75,738	(17,912)
Total assets	¥ 177,730	¥ 159,818	¥ (17,912)
(1) Bonds payable	311,859	295,744	(16,114)
(2) Long-term borrowings	1,374,749	1,341,736	(33,013)
(3) Long-term leasehold and guarantee deposits received	218,999	170,925	(48,073)
Total liabilities	¥ 1,905,607	¥ 1,808,405	¥ (97,202)
Derivatives			
Derivatives to which hedge accounting is applied	6,461	6,461	—

2026

	Yen (millions)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Available-for-sale securities	¥ 110,451	¥ 110,451	¥ —
(2) Leasehold and guarantee deposits	100,532	70,730	(29,802)
Total assets	¥ 210,984	¥ 181,182	¥ (29,802)
(1) Bonds payable	341,210	318,157	(23,052)
(2) Long-term borrowings	1,427,151	1,383,556	(43,594)
(3) Long-term leasehold and guarantee deposits received	230,959	158,259	(72,699)
Total liabilities	¥ 1,999,320	¥ 1,859,973	¥ (139,346)
Derivatives			
Derivatives to which hedge accounting is applied	12,783	12,783	—

2026

	U.S. dollars (thousands)		
	Book value	Estimated fair value	Difference
(1) Securities and investment securities			
Available-for-sale securities	$ 694,660	$ 694,660	$ —
(2) Leasehold and guarantee deposits	632,277	444,843	(187,434)
Total assets	$ 1,326,943	$ 1,139,509	$ (187,434)
(1) Bonds payable	2,145,975	2,000,987	(144,981)
(2) Long-term borrowings	8,975,792	8,701,610	(274,176)
(3) Long-term leasehold and guarantee deposits received	1,452,572	995,340	(457,226)
Total liabilities	$ 12,574,340	$ 11,697,943	$ (876,390)
Derivatives			
Derivatives to which hedge accounting is applied	80,396	80,396	—

Notes:

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Shares, etc. with no market prices	¥ 189,839	¥ 190,150	$ 1,195,912
Investments in partnerships	¥ 102,089	¥ 123,964	$ 779,648

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

2. Net receivables and payables arising from derivative transactions are shown in net amounts, and items that are net liabilities in total are shown in "( )".

3. Redemption schedule for receivables and marketable securities with maturities at March 31, 2025 and 2026.

2025

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 160,947	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Other	-	17,282	-	-
Corporate bonds	-	50	-	34
Total	¥ 160,947	¥ 17,332	¥ -	¥ 34

2026

	Yen (millions)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	¥ 184,074	¥ -	¥ -	¥ -
Investment securities				
Available-for-sale securities with maturities				
Other	1,849	25,208	-	-
Corporate bonds	-	-	-	22
Total	¥ 185,923	¥ 25,208	¥ -	¥ 22

2026

	U.S. dollars (thousands)			
	Due in one year or less	Due after one year through five years	Due after five years through ten years	Due after ten years
Cash and deposits	$ 1,157,698	$ -	$ -	$ -
Investment securities				
Available-for-sale securities with maturities				
Other	11,629	158,541	-	-
Corporate bonds	-	-	-	138
Total	$ 1,169,327	$ 158,541	$ -	$ 138

Lease and guarantee deposits (100,532 million yen (632,277 thousand dollars)) are not included in the table above because the collection date is not fixed.

4. Redemption schedule for bonds payable and loans payable with maturities at March 31, 2025 and 2026.

2025

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 61,237	—	—	—	—	—
Bonds payable	70,351	10,408	31,100	20,000	50,000	130,000
Long-term borrowings	172,977	156,923	201,855	217,895	157,520	467,577
Total	¥ 304,566	167,331	232,955	237,895	207,520	597,577

2026

	Yen (millions)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	¥ 58,583	—	—	—	—	—
Bonds payable	10,160	31,050	20,000	10,000	40,000	230,000
Long-term borrowings	147,558	194,430	188,295	183,891	129,702	583,273
Total	¥ 216,302	225,480	208,295	193,891	169,702	813,273

2026

	U.S. dollars (thousands)					
	Due in one year or less	Due after one year through two years	Due after two year through three years	Due after three year through four years	Due after four year through five years	Due after five years
Short-term borrowings	$ 368,447	—	—	—	—	—
Bonds payable	63,899	195,283	125,786	62,893	251,572	1,446,541
Long-term borrowings	928,038	1,222,830	1,184,245	1,156,547	815,736	3,668,384
Total	$ 1,360,390	1,418,113	1,310,031	1,219,440	1,067,308	5,114,925

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

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

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

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

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

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

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

2025

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	18,315	—	—	18,315
Bonds	—	84	—	84
Other	51,078	—	—	51,078
Derivative transactions				
Hedge accounting is applied	—	6,461	—	6,461
total assets	69,393	6,546	—	75,939

Note: Investment trusts to which transitional measures were applied in accordance with Paragraph 24-9 and investment trust assets which are real estate, are not included in the table above. The amount of such investment trusts, etc. in the consolidated balance sheet is 14,601 million yen.

2026

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	27,673	—	—	27,673
Bonds	—	22	—	22
Other	67,624	—	—	67,624
Derivative transactions				
Hedge accounting is applied	—	12,783	—	12,783
total assets	95,298	12,805	—	108,104

Note: Investment trusts to which transitional measures were applied in accordance with Paragraph 24-9 and investment trust assets which are real estate, are not included in the table above. The amount of such investment trusts, etc. in the consolidated balance sheet is 15,131 million yen (95,164 thousand dollars).

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Securities and Investment securities				
Available-for-sale securities				
Share	174,044	—	—	174,044
Bonds	—	138	—	138
Other	425,308	—	—	425,308

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Derivative transactions				
Hedge accounting is applied	—	80,396	—	80,396
total assets	599,358	80,535	—	679,899

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

2025

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits received	—	—	75,738	75,738
total assets	—	—	75,738	75,738
Bonds (Includes current portion of bonds)	—	295,744	—	295,744
Long-term borrowings (Includes current portion of long-term debt)	—	1,341,736	—	1,341,736
Long-term leasehold and guarantee deposits received	—	—	170,925	170,925
total liabilities	—	1,637,480	170,925	1,808,405

2026

	Yen (millions)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits received	—	—	70,730	70,730
total assets	—	—	70,730	70,730
Bonds (Includes current portion of bonds)	—	318,157	—	318,157
Long-term borrowings (Includes current portion of long-term debt)	—	1,383,556	—	1,383,556
Long-term leasehold and guarantee deposits received	—	—	158,259	158,259
total liabilities	—	1,701,714	158,259	1,859,973

	U.S. dollars (thousands)			
	Level 1	Level 2	Level 3	Total
Leasehold and guarantee deposits received	—	—	444,843	444,843
total assets	—	—	444,843	444,843
Bonds (Includes current portion of bonds)	—	2,000,987	—	2,000,987
Long-term borrowings (Includes current portion of long-term debt)	—	8,701,610	—	8,701,610
Long-term leasehold and guarantee deposits received	—	—	995,340	995,340
total liabilities	—	10,702,604	995,340	11,697,943

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

Assets

・Securities and Investment securities

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

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

・Leasehold and guarantee deposits received

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

Liabilities

・Bonds (Includes current portion of bonds)

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

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

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

・Long-term leasehold and guarantee deposits received

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

Derivative transactions

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

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

21. Securities

Securities held by the Company as of March 31, 2025 and 2026 are summarized as follows:

(1) Held-to-maturity Securities

2025

	Yen (millions)					
	Book value		Fair Value		Difference	
Items whose fair value exceeds their carrying amount on the consolidated balance sheet:						
Government bonds, municipal bonds, etc.	¥	—	¥	—	¥	—
Bonds		—		—		—
Other		—		—		—
Subtotal		—		—		—
Items whose fair value does not exceed their carrying amount on the consolidated balance sheet:						
Government bonds, municipal bonds, etc.		—		—		—
Bonds		—		—		—
Other		—		—		—
Subtotal		—		—		—
Total	¥	—	¥	—	¥	—

Note: Investments in partnership capital, etc. (carrying amount on the consolidated balance sheet: ¥17,282 million) are not included in the above table.

2026

	Yen (millions)		
	Book value	Fair Value	Difference
Items whose fair value exceeds their carrying amount on the consolidated balance sheet:			
Government bonds, municipal bonds, etc.	¥ —	¥ —	¥ —
Bonds	—	—	—
Other	—	—	—
Subtotal	—	—	—
Items whose fair value does not exceed their carrying amount on the consolidated balance sheet:			
Government bonds, municipal bonds, etc.	—	—	—
Bonds	—	—	—
Other	—	—	—
Subtotal	—	—	—
Total	¥ —	¥ —	¥ —

2026

	U.S. dollars (thousands)		
	Book value	Fair Value	Difference
Items whose fair value exceeds their carrying amount on the consolidated balance sheet:			
Government bonds, municipal bonds, etc.	$ —	$ —	$ —
Bonds	—	—	—
Other	—	—	—
Subtotal	—	—	—
Items whose fair value does not exceed their carrying amount on the consolidated balance sheet:			
Government bonds, municipal bonds, etc.	—	—	—
Bonds	—	—	—
Other	—	—	—
Subtotal	—	—	—
Total	$ —	$ —	$ —

Note: Investments in partnership capital, etc. (carrying amount on the consolidated balance sheet: ¥27,057 million ($170,170 thousand) are not included in the above table.

(2) Available-for-sale securities

2025

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 18,315	¥ 8,551	¥ 9,764
Bonds	—	—	—
Other	65,579	59,495	6,083
Subtotal	83,894	68,047	15,847
Securities whose book value does not exceed acquisition cost:			
Stocks	—	—	—
Bonds	84	117	(33)
Other	100	100	
Subtotal	184	217	(33)
Total	¥ 84,079	¥ 68,264	¥ 15,814

Note: Shares, etc. with no market prices (4,123 million yen on the consolidated balance sheets) and investments in partnerships (80,337 million yen on the consolidated balance sheets) are not included in "Other securities" in the table above.

2026

	Yen (millions)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	¥ 27,537	¥ 11,914	¥ 15,623
Bonds	—	—	—
Other	82,655	63,695	18,960
Subtotal	110,193	75,609	34,583
Securities whose book value does not exceed acquisition cost:			
Stocks	136	145	(9)
Bonds	22	67	(45)
Other	100	100	—
Subtotal	258	312	(54)
Total	¥ 110,451	¥ 75,922	¥ 34,529

2026

	U.S. dollars (thousands)		
	Book value	Acquisition cost	Difference
Securities whose book value exceeds acquisition cost:			
Stocks	$ 173,189	$ 74,931	$ 98,258
Bonds	—	—	—
Other	519,843	400,597	119,245
Subtotal	693,038	475,528	217,509
Securities whose book value does not exceed acquisition cost:			
Stocks	855	912	(57)
Bonds	138	421	(283)
Other	629	629	—
Subtotal	1,623	1,962	(340)
Total	$ 694,660	$ 477,497	$ 217,164

Note: Shares, etc. with no market prices (4,037 million yen (25,390 thousand dollars) on the consolidated balance sheets) and investments in partnerships (90,312 million yen (568,000 thousand dollars) on the consolidated balance sheets) are not included in "Other securities" in the table above.

(3) Sales of Available-for-sale securities

Sales of Available-for-sale securities and corresponding aggregate gains and aggregate losses for the years ended March 31, 2025 and 2026:

2025	Yen (millions)		
Type	Sales amount	Aggregate gains	Aggregate losses
Stocks	¥ -	¥ -	¥ -
Other	276	-	-
Total	¥ 276	¥ -	¥ -

2026

Not applicable

(4) Loss on valuation of securities

Loss on valuation of securities for the years ended March 31, 2025 and 2026:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Loss on valuation of investment securities (Note)	¥ 3,689	¥ 756	$ 4,755

Note: Impairment loss of 756 million yen (756 million yen for investments in partnerships, etc.) was recorded for investment securities in 2026.

22. Derivatives

Contract /notional amount and the estimated fair value of the derivative instruments as of March 31, 2025 and 2026 are summarized as follows:

(1) Derivatives to which hedge accounting is not applied

Currency-related transactions

2025 and **2026**

Not applicable

(2) Derivatives to which hedge accounting is applied

Currency-related transactions

2025

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deferred treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	¥ 13,597	¥ 12,888	¥ 2,434

2026

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deferred treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	¥ 13,014	¥ 12,452	¥ 3,759

2026

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
	Forward exchange contract				
Deferred treatment on hedge	Buy:				
	U.S. dollars	Scheduled transactions in foreign currency	$ 81,849	$ 78,314	$ 23,642

Interest rate-related transactions

2025

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 77,846	¥ 73,478	¥ 2,648
	Interest rate cap trading		141,665	-	(297)
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		¥ 52,984	¥ 50,993	¥ (Note)

2026

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	¥ 78,759	¥ 73,658	¥ 7,537
	Interest rate cap trading		133,946	-	(275)
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		¥ 104,076	¥ 101,851	¥ (Note)

2026

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Interest rate swaps Receive/floating Pay/fixed	Long-term debt	$ 495,340	$ 463,258	$ 47,403
	Interest rate cap trading		842,428	-	(1,730)
Special treatment for interest rate swaps	Interest rate swaps Receive/floating Pay/fixed		$ 654,566	$ 640,572	$ (Note)

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

Commodity-related transactions

2025

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Commodity swaps	Electricity	¥ 2,507	¥ 1,897	¥ 1,676

2026

Hedge accounting method	Type of derivatives	Major hedged items	Yen (millions) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Commodity swaps	Electricity	¥ 2,248	¥ 1,525	¥ 1,762

2026

Hedge accounting method	Type of derivatives	Major hedged items	U.S. dollars (thousands) Contract/ notional amount	Amount due after one year	Fair value
Deferred treatment on hedge	Commodity swaps	Electricity	$ 14,138	$ 9,591	$ 11,082

23. Employees' Retirement and Severance Benefits

The Group has defined benefit plans (i.e., lump-sum retirement benefit plan). The amounts of benefit are determined by reference to their basic rates of pay, length of service, and the conditions under which termination occurs.

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

Defined benefit plan

(1) Table of reconciliation of retirement benefit obligations as of the beginning and end of the fiscal period

① Principle method

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Retirement benefit obligations at beginning of year	¥ 29,019	¥ 26,927	$ 169,352
Service cost	2,439	1,955	12,296
Interest cost	202	391	2,459
Actuarial loss	(2,225)	(1,177)	(7,403)
Retirement benefits paid	(2,122)	(1,969)	(12,384)
Amount of decrease due to business transfer	(385)	(186)	(1,170)
Retirement benefit obligations at end of year	¥ 26,927	¥ 25,941	$ 163,151

② Simplified method

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Retirement benefit obligations at beginning of year	¥ 1,071	¥ 1,115	$ 7,013
Retirement benefit cost	209	221	1,390
Retirement benefits paid	(161)	(122)	(767)
Other	(4)	-	-
Retirement benefit obligations at end of year	¥ 1,115	¥ 1,214	$ 7,635

(2) Table of reconciliation of pension assets as of the beginning and end of the fiscal period

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Pension assets at beginning of year	¥ 436	¥ 409	$ 2,572
Expected return on plan assets	10	10	63
Actuarial loss	(21)	15	94
Retirement benefits paid	(15)	(11)	(69)
Pension assets at end of year	¥ 409	¥ 423	$ 2,660

(3) Table of reconciliation of retirement benefit obligations and pension assets as of March 31, 2025 and 2026 and net defined benefit liability and net defined benefit asset recorded in the consolidated balance sheet

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Retirement benefit obligations under the savings-type plan	¥ 335	¥ 342	$ 2,151
Plan assets at fair value	(409)	(423)	(2,660)
	(73)	(81)	(509)
Retirement benefit obligations under the non-savings-type plan	27,707	26,827	168,723
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 27,633	¥ 26,746	$ 168,214
Net defined benefit liability	27,993	27,120	170,566
Net defined benefit asset	(359)	(373)	(2,346)
Net amount of liability and asset recorded in the consolidated balance sheet	¥ 27,633	¥ 26,746	$ 168,214

(4) Components of retirement benefit cost for the year ended March 31, 2025 and 2026

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Service cost	¥ 2,439	¥ 1,955	$ 12,296
Interest cost	202	391	2,459
Expected return on plan assets	(10)	(10)	(63)
Amortization of actuarial loss	99	(545)	(3,428)
Amortization of prior service cost	(0)	(0)	(0)
Retirement benefit cost calculated using the simplified method	209	221	1,390
Retirement benefit cost for the defined benefit plan	¥ 2,938	¥ 2,012	$ 12,654

(5) Remeasurements of defined benefit plans, before tax

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Prior service cost	¥ 0	¥ 0	$ 0
Actuarial loss	(2,303)	(647)	(4,069)
Total	¥ (2,302)	¥ (646)	$ (4,063)

(6) Remeasurements of retirement benefit plans

The following items are recorded under remeasurements of retirement benefit plans (before deduction of tax effects) for the year ended March 31, 2025 and 2026.

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Unrecognized prior service cost	¥ 4	¥ 3	$ 19
Unrecognized actuarial loss	2,271	2,906	18,277
Total	¥ 2,276	¥ 2,909	$ 18,296

(7) Pension assets

① The ratio by major category of the total pension assets as of March 31, 2025 and 2026 are set forth below.

	2025	**2026**
Bonds	68%	70%
Stocks	29%	27%
Others	3%	3%
Total	100%	100%

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

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

(8) Matters regarding assumptions for actuarial calculations

Major assumptions for actuarial calculations as of March 31, 2025 and 2026

	2025	**2026**
Discount rate	0.30～2.20%	0.30～2.70%
Long-term expected rate of return on pension assets	2.50%	2.50%
Expected rate of salary increase	1.93～9.63%	1.93～9.63%

Defined contribution plan

The amount required to be contributed to the defined contribution plan are ¥1,934 million and ¥2,009 million ($12,635 thousand) for the year ended March 31, 2025 and 2026.

24. Income Taxes

Significant components of deferred tax assets and deferred tax liabilities at March 31, 2025 and 2026 are as follows:

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
Deferred tax assets:			
Amortization of intangible assets	¥ 7,077	¥ 8,602	$ 54,101
Impairment losses on fixed assets	2,943	4,169	26,220
Investment securities	10,067	9,186	57,774
Accrued enterprise tax/business office tax	2,193	2,035	12,799
Accrued bonuses to employees	5,657	6,220	39,119
Net defined benefit liability	8,844	8,381	52,711
Asset retirement obligations	4,347	4,609	28,987
Unrealized inter-company profits	1,419	2,144	13,484
Tax loss carried forward (Note 2)	20,708	24,235	152,421
Other	16,413	12,939	81,377
Gross deferred tax assets	79,673	82,525	519,025
Valuation allowance related to tax loss carried forward (Note 2)	(17,073)	(18,623)	(117,126)
Valuation allowance related to future deductible temporary differences	(7,235)	(8,417)	(52,937)
Less: valuation allowance (Note 1)	(24,308)	(27,040)	(170,063)
Total deferred tax assets	¥ 55,364	¥ 55,484	$ 348,956
Deferred tax liabilities:			
Valuation difference on available-for-sale securities	¥ 4,909	¥ 10,944	$ 68,830
Valuation difference on consolidated Subsidiaries	29,487	23,920	150,440
Reserve for advanced depreciation of non-current assets	2,146	2,050	12,893
Loss on approval for exchange of land rights	1,236	1,332	8,377
Property, plant and equipment corresponding to asset retirement obligations	2,965	3,118	19,610
Other	10,808	12,946	81,421
Total deferred tax liabilities	51,554	54,313	341,591
Net deferred tax assets (liabilities)	¥ 3,810	¥ 1,171	$ 7,365

Note:

1. The valuation allowance increased by ¥2,732 million. The main reason for the increase was that the valuation allowance was additionally recognized for consolidated subsidiaries due to the occurrence of tax loss carried forward, etc.

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

2025

Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	47	1,044	-	974	1,098	17,542	20,708
Valuation allowance	-	(584)	-	(367)	(757)	(15,364)	(17,073)
Deferred tax assets	47	459	-	607	341	2,178	3,635 (Note 2)

2026

Yen (millions)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	775	-	971	1,098	1,569	19,819	24,235
Valuation allowance	(569)	-	(328)	(730)	(1,123)	(15,871)	(18,623)
Deferred tax assets	205	-	643	368	446	3,947	5,612 (Note 3)

2026

U.S. dollars (thousands)

	One year or less	More than one year but two years or less	More than two years but three years or less	More than three years but four years or less	More than four years but five years or less	More than five years	Total
Tax loss carried forward (Note 1)	4,874	-	6,107	6,906	9,868	124,648	152,421
Valuation allowance	(3,579)	-	(2,063)	(4,591)	(7,063)	(99,818)	(117,126)
Deferred tax assets	1,289	-	4,044	2,314	2,805	24,824	35,296

Notes:

1. Tax losses carried forward indicate amounts multiplied by legally-designated effective tax rates.
2. Deferred tax assets amounting to ¥3,635 million have been posted in conjunction with the tax loss carried forward of ¥20,708 million (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.
3. Deferred tax assets amounting to ¥5,612 million (U.S. $35,296 thousand) have been posted in conjunction with the tax loss carried forward of ¥24,235 million (U.S. $ 152,421 thousand) (multiplied by the legally designated effective tax rate). The portion of the said tax loss carried forward that is deemed recoverable based on expected future taxable income is not recognized as a valuation allowance.

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

	2025	**2026**
Statutory tax rate (Adjustments)	30.6%	30.6%
Items not included in tax deductions permanently, such as entertainment expenses	1.1%	0.8%
Items not included in taxable income permanently, such as dividend income	(0.1)%	(0.1)%
Inhabitant tax on a per capita basis	0.2%	0.2%
Increase/decrease in the amount of valuation reserve	2.7%	2.3%
Amortization of goodwill	1.1%	0.9%
Amount of increase due to changes in tax rates	(0.5)%	(0.1)%
Tax credits	(0.8)%	(1.3)%
Others	1.6%	(0.2)%
Effective tax rate	35.9%	33.1%

25. Business Combination

Finalization of Provisional Accounting Treatment for Business Combinations

Provisional accounting treatment had been applied to the business combination conducted on January 16, 2025 between Tokyu Land Corporation, which is a consolidated subsidiary of the Company, and Renewable Japan Co., Ltd. (name changed to ReENE ENERGY Corporation in April 1, 2026) in the fiscal year ended March 31, 2025, but was finalized in the fiscal year ended March 31, 2026.

Upon the finalization of this provisional accounting treatment, a material revision to the initial allocation of the acquisition cost has been reflected in the balances at the beginning of the period of the consolidated financial statements for the fiscal year ended March 31, 2026. As a result, the provisionally calculated amount of goodwill increased by ¥3,674 million, from ¥12,624 million to ¥16,299 million. The increase in goodwill resulted from decreases of ¥7,147 million in current assets, ¥1,732 million in non-current assets (excluding goodwill), ¥280 million in current liabilities, ¥3,479 million in non-current liabilities, and ¥1,445 million in non-controlling interests, respectively.

There is no impact on the consolidated statement of income for the fiscal year ended March 31, 2025.

26. Investment and Rental Properties

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

Rental profits related to those properties were 24,803 million yen (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.), and Impairment loss (recorded as extraordinary loss) was 1,254 million yen in the fiscal year ended March 31, 2025. Rental profits related to those properties were 28,215 million yen (U.S. $177,453 thousand) (Rental revenue is recorded in operating revenue, and main rental expenses are recorded in operating costs.), and Impairment loss (recorded as extraordinary loss) was 5,420 million yen (U.S. $34,088 thousand) in the fiscal year ended March 31, 2026.

The carrying value in the consolidated balance sheet and corresponding fair value of those properties at March 31, 2025 and 2026 are as follows:

2025

Yen (millions)			
Carrying value			Fair value
As of April 1, 2024	Net change	As of March 31, 2025	As of March 31, 2025
¥ 749,518	¥ (2,054)	¥ 747,463	¥ 1,182,608

2026

Yen (millions)			
Carrying value			Fair value
As of April 1, 2025	Net change	As of March 31, 2026	As of March 31, 2026
¥ 747,463	¥ (5,908)	¥ 741,555	¥ 1,240,376

2026

U.S. dollars (thousands)			
Carrying value			Fair value
As of April 1, 2025	Net change	As of March 31, 2026	As of March 31, 2026
$ 4,701,025	$ (37,157)	$ 4,663,868	$ 7,801,107

Notes:

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

2.The increase during the year ended March 31, 2025 was mainly due to the sales of properties of ¥5,212 million. The decrease during the year ended March 31, 2025 was mainly due to transfers to real estate for sale of ¥2,976 million, and Impairment loss of ¥1,254 million.

The increase during the year ended March 31, 2026 was mainly due to the sales of properties of ¥14,617 million($91,931 thousand).The decrease during the year ended March 31, 2026 was mainly due to transfers to real estate for sale of ¥10,409 million ($65,465 thousand), and Impairment loss of ¥5,420 million ($34,088 thousand).

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

4. Determining the fair value of properties in the planning stage (consolidated balance sheet amount of ¥38,167 million and ¥40,630 million ($255,535 thousand) as of March 31, 2025 and 2026) is extremely difficult, since they are in the early stages of development. For this reason, they are not included in the table above.

27. Revenue recognition

（1）Revenue Breakdown Information

2025	Yen (millions)				
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 226,157	¥ 49,269	¥ 17,820	¥ 142,095	¥ 435,343
Provision of services, etc.	119,960	59,682	333,704	201,609	714,957
Total	¥ 346,118	¥ 108,952	¥ 351,524	¥ 343,704	¥ 1,150,301
Revenue from contracts with customers	¥ 149,888	¥ 65,458	¥ 336,866	¥ 271,857	¥ 824,071
Revenue from other sources (Note)	¥ 196,230	¥ 43,493	¥ 14,658	¥ 71,847	¥ 326,229

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

2026	Yen (millions)				
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	¥ 275,838	¥ 65,412	¥ 7,704	¥ 144,650	¥ 493,605
Provision of services, etc.	121,513	75,890	342,883	212,154	752,442
Total	¥ 397,351	¥ 141,303	¥ 350,587	¥ 356,804	¥ 1,246,048
Revenue from contracts with customers	¥ 152,517	¥ 62,816	¥ 334,938	¥ 279,425	¥ 829,698
Revenue from other sources (Note)	¥ 244,834	¥ 78,486	¥ 15,649	¥ 77,378	¥ 416,349

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

2026	U.S. dollars (thousands)				
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Total
Sale of real estate, etc.	$ 1,734,830	$ 411,396	$ 48,453	$ 909,748	$ 3,104,434
Provision of services, etc.	764,233	477,296	2,156,497	1,334,302	4,732,340
Total	$ 2,499,063	$ 888,698	$ 2,204,950	$ 2,244,050	$ 7,836,780
Revenue from contracts with customers	$ 959,226	$ 395,069	$ 2,106,528	$ 1,757,390	$ 5,218,226
Revenue from other sources	$ 1,539,836	$ 493,623	$ 98,421	$ 486,654	$ 2,618,547

（2）Basic information to understand earnings

As described in Note 1 " (17) Recognition of Revenue: Revenue Recognition Standards."

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

① Balance of contract assets and contract liabilities, etc.

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

2025	Yen (millions)	
	(April 1, 2024)	(March 31, 2025)
Receivables arising from contracts with customers	¥ 45,744	¥ 44,773
Contract assets	560	311
Contract liabilities	¥ 44,397	¥ 45,846

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

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

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

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥33,360 million.

2026	Yen (millions)	
	(April 1, 2025)	(March 31, 2026)
Receivables arising from contracts with customers	¥ 44,773	¥ 45,869
Contract assets	311	631
Contract liabilities	¥ 45,846	¥ 54,627

2026	U.S. dollars (thousands)	
	(April 1, 2025)	(March 31, 2026)
Receivables arising from contracts with customers	$ 281,591	$ 288,484
Contract assets	1,956	3,969
Contract liabilities	$ 288,340	$ 343,566

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

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

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

The amount of revenue recognized in the current fiscal year that was included in the contract liability balance at the beginning of the period was ¥27,452 million ($172,654 thousand).

② Transaction price allocated to remaining performance obligations

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

	Yen (millions)		U.S. dollars (thousands)	Explanation of expected timing of fulfillment
	2025	**2026**	**2026**	
Type of performance obligation				
Sale of real estate, etc.	¥ 259,259	¥ 320,582	$ 2,016,239	Generally recognized as revenue in FY2026-FY2027
Real estate management	128,309	135,187	850,233	Generally recognized as revenue in FY2026-FY2030

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

28. 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
	2025	**2026**	**2026**
Net asset per share of common stock as of March 31	¥ 1,150.27	¥ 1,260.05	$ 7.92
Net income per share of common stock for the year ended March 31	¥ 108.69	¥ 135.45	$ 0.85

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
For the year ended March 31			
Profit attributable to owners of parent	¥ 77,562	¥ 96,697	$ 608,157
Profit attributable to owners of parent of common stock	77,562	96,697	608,157
Weighted average number of shares of common stock (thousands)	713,634	713,911	

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

	Yen (millions)		U.S. dollars (thousands)
	2025	**2026**	**2026**
As of March 31			
Total net assets	¥ 842,054	¥ 916,600	$ 5,764,780
Amount deducted from total net assets	19,533	18,517	116,459
Non-controlling interests	(19,528)	(18,517)	(116,459)
Stock acquisition rights	(5)	(-)	(-)
Net assets of common stock at March 31	¥ 822,520	¥ 898,082	$ 5,648,314
Number of shares of common stock at March 31 (thousands)	715,069	712,734	

In the calculation of net assets per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust, which are recorded as treasury shares under shareholders' equity, are included in the treasury shares to be subtracted from the total number of shares outstanding at the end of the period (4,730 thousand shares at the end of the previous fiscal year and 7,064 thousand shares at the end of the fiscal year ended March 31, 2026). In the calculation of earnings per share, shares in the Company held in the Board Benefit Trust and the E-Ship Trust are included in the treasury shares to be subtracted in the calculation of the average number of shares outstanding for the period (6,166 thousand shares in the previous fiscal year and 5,888 thousand shares in the fiscal year ended March 31, 2026)

29. Shareholders' Equity

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

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

30. Segment Information

The Company consists of business and service segments based on consolidated subsidiaries, etc. The Company has divided its businesses from the perspective of human resources and asset utilization. The main business activities of each segment are as follows.

(1) Urban Development Business

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

(2) Strategic Investment Business

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

(3) Property Management & Operation Business

Comprehensive management services and renovation work for condominiums and buildings, etc., sales and operation of membership resort hotels, urban hotels, golf courses, ski resorts, senior housing, etc., environmental greening business, new businesses based on the internal entrepreneurship program, etc.

(4) Real Estate Agents business

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

Year ended March 31, 2025	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥346,118	¥108,952	¥351,524	¥343,704	—	¥1,150,301
Inter-segment	2,722	1,857	14,319	1,716	(20,616)	—
Total	¥348,841	¥110,810	¥365,844	¥345,421	¥ (20,616)	¥1,150,301
Operating profit/loss	70,544	5,154	25,026	50,791	(10,754)	140,763
Total assets	¥1,713,812	¥901,484	¥452,556	¥282,731	¥ (95,863)	¥3,254,722
Depreciation expenses	20,681	14,682	11,395	3,883	884	51,527
Amortization of goodwill	—	—	1,059	850	2,352	4,262
Investment in entities accounted for using equity method	—	183,100	—	208	960	184,269
Additions to property, plant and equipment and intangible assets	27,655	31,070	25,349	5,959	612	90,649

Year ended March 31, 2026	Yen (millions)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	¥397,351	¥141,303	¥350,587	¥356,804	—	¥1,246,048
Inter-segment	2,594	5,319	13,767	7,849	(29,531)	—
Total	¥399,946	¥146,623	¥364,355	¥364,654	¥(29,531)	¥1,246,048
Operating profit/loss	75,235	13,242	27,178	64,378	(13,151)	166,882
Total assets	¥1,752,952	¥985,736	¥469,754	¥331,447	¥(120,838)	¥3,419,052
Depreciation expenses	23,433	28,508	11,701	4,088	863	68,595
Amortization of goodwill	—	1,038	969	850	2,352	5,211
Investment in entities accounted for using equity method	—	181,905	2,626	83	780	185,396
Additions to property, plant and equipment and intangible assets	24,074	69,399	20,907	7,140	1,687	123,209

Year ended March 31, 2026	U.S. dollars (thousands)					
	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Revenues:						
Third party customers	$2,499,063	$888,698	$2,204,950	$2,244,050	—	$7,836,780
Inter-segment	16,314	33,453	86,585	49,365	(185,730)	—
Total	$2,515,384	$922,157	$2,291,541	$2,293,421	$(185,730)	$7,836,780
Operating profit/loss	473,176	83,283	170,931	404,893	(82,711)	1,049,572
Total assets	$11,024,855	$6,199,597	$2,954,428	$2,084,572	$(759,987)	$21,503,472
Depreciation expenses	147,377	179,296	73,591	25,711	5,428	431,415
Amortization of goodwill	—	6,528	6,094	5,346	14,792	32,774
Investment in entities accounted for using equity method	—	1,144,057	16,516	522	4,906	1,166,013
Additions to property, plant and equipment and intangible assets	151,409	436,472	131,491	44,906	10,610	774,899

The breakdown of the impairment loss by business segment for the year ended March 31, 2025 and 2026 are as follows:

	Yen (millions)					
Year ended March 31, 2025	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	1,254	—	111	37	—	1,403

	Yen (millions)					
Year ended March 31, 2026	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	5,420	124	82	39	—	5,666

	U.S. dollars (thousands)					
Year ended March 31, 2026	Urban Development	Strategic Investment	Property Management & Operation	Real Estate Agents	Elimination/ Headquarters	Consolidated
Impairment loss	34,088	780	516	245	—	35,635

Company Profile (parent company)

Established	October 1, 2013
Headquarters	SHIBUYA SOLASTA, 1-21-1 Dogenzaka, Shibuya-ku, Tokyo 150-0043, Japan
Capital	¥ 77,562 million (as of March 31, 2026)
URL	https://www.tokyu-fudosan-hd.co.jp/english/