

BUSINESS REPORT

Years ended March 31, 2009

I. Outline of business

1. Five-Year Financial Highlights

(1) Summary of consolidated statements of income

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|---|----------------|-----------|-----------|-----------|-----------|-----------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 |
| Operating revenue | ¥ 540,304 | ¥ 558,646 | ¥ 573,549 | ¥ 633,406 | ¥ 574,361 | \$ 5,860,827 |
| Operating gross profit | 111,874 | 132,057 | 136,360 | 159,936 | 114,347 | 1,166,806 |
| <i>Gross margin rate</i> | 20.7% | 23.6% | 23.8% | 25.3% | 19.9% | 19.9% |
| Selling, general and administrative expenses | 71,559 | 67,191 | 70,415 | 77,872 | 79,356 | 809,755 |
| <i>Sales selling ratio</i> | 13.2% | 12.0% | 12.3% | 12.3% | 13.8% | 13.8% |
| Operating income | 40,315 | 64,866 | 65,944 | 82,064 | 34,990 | 357,041 |
| Operating income before depreciation | 52,898 | 76,529 | 77,196 | 94,380 | 48,286 | 492,714 |
| Other income | 11,590 | 3,263 | 14,655 | 1,949 | 4,200 | 42,857 |
| Other expenses | 39,089 | 46,025 | 38,652 | 26,149 | 15,413 | 157,276 |
| Income before income taxes and minority interests | 12,816 | 22,104 | 41,947 | 57,864 | 23,776 | 242,612 |
| Net income (loss) | ¥ 7,566 | ¥ 10,143 | ¥ 31,364 | ¥ 28,696 | ¥ 10,192 | \$ 104,000 |

(2) Summary of consolidated balance sheets

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|-----------------------|----------------|-----------|-----------|-------------|-------------|-----------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 |
| Assets | ¥ 874,942 | ¥ 885,741 | ¥ 954,074 | ¥ 1,013,916 | ¥ 1,035,731 | \$ 10,568,684 |
| Capital stock | 32,639 | 57,500 | 57,551 | 57,551 | 57,551 | 587,255 |
| Equity | 83,978 | 145,470 | 173,675 | 192,813 | 195,715 | 1,997,092 |
| <i>equity ratio</i> | 9.6% | 16.4% | 18.2% | 19.0% | 18.9% | 18.9% |
| Interest-bearing debt | 418,054 | 344,083 | 370,487 | 411,491 | 477,033 | 4,867,684 |
| EBITDA-multiple | 7.9 | 4.5 | 4.8 | 4.4 | 9.9 | 9.9 |
| DE ratio | 5.0 | 2.4 | 2.1 | 2.1 | 2.4 | 2.4 |
| ROA | 4.7% | 7.4% | 7.3% | 8.4% | 3.5% | 3.5% |

(3) Others

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|-------------------------------|----------------|----------|----------|----------|----------|-----------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 |
| Capital expenditure | ¥ 33,640 | ¥ 14,358 | ¥ 42,528 | ¥ 52,904 | ¥ 39,955 | \$ 407,704 |
| Payment for equity investment | 31,515 | 32,360 | 98,989 | 60,021 | 65,860 | 672,041 |
| Depreciation and amortization | 12,583 | 11,663 | 11,251 | 12,316 | 13,291 | 135,622 |

(4) Summary of cash flows

| | Yen (millions) | | | | | U.S. dollars (thousands) |
|--|----------------|-----------|-----------|----------|----------|-----------------------------|
| | 2005 | 2006 | 2007 | 2008 | 2009 | 2009 |
| CF from operating activities | ¥ 34,467 | ¥ 54,232 | ¥ 13,844 | ¥ 24,910 | ¥ 13,354 | \$ 136,265 |
| CF from investing activities | 17,571 | (2,003) | (106,424) | (79,949) | (82,971) | (846,643) |
| CF from financing activities | (27,622) | (29,498) | (24,248) | 36,930 | 68,029 | 694,173 |
| Cash and cash equivalents at the end of the year | ¥ 97,189 | ¥ 119,934 | ¥ 51,701 | ¥ 33,454 | ¥ 30,337 | \$ 309,561 |

2. Major Business

(1) Real Estate Sales

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

(2) Contracted Construction

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

(3) Retail sales

Retail sales of materials and products for living and DIY

(4) Leasing of Real Estate

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

(5) Property Management

Facilities management for buildings, condominiums, and apartments

(6) Resorts

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

(7) Real Estate Agents and Other Businesses

Real estate agent, appraisal, and benefit package, etc.

3. Business policy

Basic Policy

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

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

Tokyu Community and Tokyu Livable, the Company’s consolidated subsidiaries listed on the Tokyo Stock Exchange, aim at achieving further management innovation and growth to realize “independence and collaboration” with support from their shareholders in the market.

Mid-Term Management Strategies

The Company established a new three year medium-term management plan, “Grow Value 2010 - Challenges for a new stage” in May 2008. Based on the new plan, we seek to create a group of companies that can pursue a strategy for lasting growth, based on a fundamental policy of achieving growth in profitability through further reforms and evolution of the business model that was expanded under the previous plan, and successfully achieving both investment focused on the future and a strengthening of our financial base.

The basic policy for the new plan is to i) achieve growth in profits through the reform and evolution of the business model that was extended under the previous plan, while ii) successfully achieving both investment focused on the future and the reinforcement of the Company's financial base.

The two numerical targets* set for the fiscal year ending March 31, 2011 are i) seeking to achieve operating profit of ¥100 billion, and ii) achieving a D/E ratio of 1.6 times or less.

As its growth strategy for achieving these targets, the Company will focus on promoting “the strengthening and utilization of development functions,” “the improvement of profitability and competitiveness through the strengthening of asset management ability,” and “the pursuit of the expansion of the Tokyu Land Group's various businesses and the achievement of business synergy.”

Moreover, as well as implementing investment with an emphasis on the efficiency of fund operations and controls on interest-bearing debt as its financial strategy, the Company will seek to further strengthen its financial base by expanding its equity capital through the accumulation of profits, and improving financial targets such as the D/E ratio.

Furthermore, the Company will promote reconstruction and redevelopment projects as its long-term strategy aimed at future growth. In addition, it will carry out CSR activities, including giving consideration to the environment, while striving to improve corporate value.

Through the promotion of these priority strategies, and the achievement of its targets – that is to say, by meeting the *Challenges for a New Stage* – the Company is aiming to become “a corporate group that constantly seeks to meet the challenge of new investment and business, and can set forth an enduring growth strategy.”

* Targets may be revised due to such factors as changes in accounting standards.

Basic Policies Regarding Distribution of Profits and Dividends

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

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

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

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

The Company has decided to distribute the surplus funds for the fiscal year ended March 31, 2009 as follows:

| Date of decision: | Total amount of dividend (million yen) | Dividend per share (yen) |
|--|---|-----------------------------|
| Resolution of the board of directors meeting on November 7, 2008 | 2,124 | 4.0 |
| Resolution of the general shareholders meeting on June 25, 2009 | 2,125 | 4.0 |

Business-related and other risks

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

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

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

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

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

The majority of the group's interest-bearing debts are long-term loans, almost all of which have fixed interest rates and are handled in such a way that there is little impact on them from interest rate fluctuations. However, in the event that interest rates were to rise in the future, although the impact on our operating results would be comparatively limited in the short-term, there is a possibility that it would increase in the medium- to long-term.

Moreover, with regard to investment via SPC, the dividends are subject to leverage through nonrecourse loans. Existing loans have been procured through debt that is fixed in principle to the end of the period, so will not be influenced by any rise in interest rates, but if the procurement costs of any new loans procured in the future were to rise, there is the potential for the dividend yield to decline.

(3) Legal regulations

As a real-estate company, the Company conducts its operation with a business permit under the Building Lots and Buildings Transaction Business Law and must follow legal regulations associated with real-estate transactions, leasing, management commission, construction, property management, and others.

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

(4) Information systems

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

4. Operating Result and Financial Position

(1) Current Operating Performance

We ended this year with a decrease in both revenues and profit with ¥574.4 billion in operating revenue (down 9.3% from the previous year), ¥35.0 billion in operating income (down 57.4%), ¥27.7 billion in ordinary income (down 63.3%) and ¥10.2 billion in net income (down 64.5%). Operating revenue decreased by ¥59.0 billion due to a decrease in the number of condominium units sold and operating income plunged ¥47.1 billion as a result of the recording of a loss on valuation of inventories and lower dividends from the sale of buildings by SPCs. Ordinary income also dropped ¥47.8 billion due to a ¥0.7 billion hike in interest expenses.

Although we recorded an extraordinary income of ¥3.0 billion consisting of a gain on sales of noncurrent assets, among others, however, we also had an extraordinary loss of ¥6.9 billion, with a ¥3.0 billion impairment loss and a ¥2.0 billion loss on sales of noncurrent assets. Compared to the previous year, extraordinary income improved by ¥13.7 billion, and net income decreased in profit by ¥18.5 billion.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 633.4 | 574.4 | (59.0) |
| Operating income | 82.1 | 35.0 | (47.1) |
| Ordinary income | 75.4 | 27.7 | (47.8) |
| Net income | 28.7 | 10.2 | (18.5) |

| | | | |
|-----------------------|-------|-------|------|
| Interest-bearing debt | 411.5 | 477.0 | 65.5 |
|-----------------------|-------|-------|------|

(2) Segment Performance

Operating revenue

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---------------|--------------|------------|
| Total | 633.4 | 574.4 | (59.0) |
| Real Estate Sales | 177.0 | 157.0 | (20.0) |
| Contracted Construction | 77.7 | 62.2 | (15.5) |
| Retail Sales | 90.8 | 87.0 | (3.8) |
| Leasing of Real Estate | 120.1 | 111.8 | (8.3) |
| Property Management | 73.4 | 73.4 | 0.0 |
| Resorts | 55.4 | 59.9 | 4.5 |
| Real-Estate Agents and Other Businesses | 54.3 | 42.0 | (12.3) |
| Adjustment for Inter-Company Transactions | (15.3) | (18.9) | (3.5) |

Operating income

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|---|---------------|--------------|------------|
| Total | 82.1 | 35.0 | (47.1) |
| Real Estate Sales | 20.9 | 4.1 | (16.9) |
| Contracted Construction | 0.1 | (2.9) | (3.0) |
| Retail Sales | 0.7 | 0.6 | (0.1) |
| Leasing of Real Estate | 53.6 | 34.3 | (19.3) |
| Property Management | 4.3 | 3.9 | (0.3) |
| Resorts | 1.9 | 1.3 | (0.7) |
| Real-Estate Agents and Other Businesses | 6.7 | (1.2) | (8.0) |
| Adjustment for Inter-Company Transactions | (6.2) | (5.1) | 1.1 |

① Real Estate Sales

In our Real Estate Sales business, we recognized ¥157.0 billion in operating revenue (down 11.3% from the previous year) and ¥4.1 billion in operating income (down 80.5%). A breakdown reveals 2,693 condominiums (¥99.6 billion), 283 detached housing (¥7.2 billion) and 165 country houses (¥6.8 billion). A decrease in the number of condominium units sold negatively affecting the gross profit margin and the recording of ¥9.7 billion in loss on valuation of inventories resulted in a decrease in both revenues and profit.

With respect to sales conditions, although a slowdown in the condominium market is extending selling periods and driving up the inventory of completed units, sales of properties with ongoing price adjustments are expected to be favorable backed by a government measure consisting of extending mortgage deductions and raising the gift tax exemption ceiling. The ratio of contracted amount for sale to the planned sales amount for the next fiscal year became 40% (down 13% from the previous year; parent company basis).

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 177.0 | 157.0 | (20.0) |
| Operating income | 20.9 | 4.1 | (16.9) |

Breakdown of operating revenue

(Before adjustments in ¥ billion)

| | Previous year | | Current year | | Comparison |
|------------------|---------------|-----------|--------------|-----------|------------|
| | Units | ¥ billion | Units | ¥ billion | |
| Condominium | 3,568 units | 127.2 | 2,693 units | 99.6 | (27.6) |
| Detached housing | 444 units | 13.7 | 283 units | 7.2 | (6.6) |
| Country houses | 289 units | 8.1 | 165 units | 6.8 | (1.3) |
| Other sales | – | 27.9 | – | 43.4 | 15.5 |

Number of units supplied and sold (Parent company)

(Units)

| | Previous year | | Current year | | Inventory of completed units | |
|------------------|---------------|------------------|--------------|------------------|------------------------------|----------------------|
| | New supply | Contracted units | New supply | Contracted units | As of March 31, 2008 | As of March 31, 2009 |
| Condominium | 2,708 | 2,421 | 1,726 | 1,972 | 534 | 816 |
| Detached housing | 164 | 198 | 163 | 174 | 81 | 43 |
| Country houses | 207 | 259 | 63 | 158 | – | – |

② Contracted Construction

In our Contracted Construction business, we posted ¥62.2 billion in operating revenue (down 20.0% from the previous year) and ¥2.9 billion in operating loss. In response to changing market conditions, Tokyu Home Corporation and Tokyu Amenix Corporation merged on April 1, 2008, becoming Tokyu Homes Corporation, however, delayed measures to counter the worsening economy and the failure to build an earnings structure planned due to slumping orders received resulted in a decrease in both revenues and profit. Concerning orders received, as part of efforts to promote order acquisition, for customer-built houses, we began selling new merchandise in the beginning of the year with competitive prices that match the market and, for renovations, and we reduced prices to meet lowering customer budgets.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 77.7 | 62.2 | (15.5) |
| Operating income | 0.1 | (2.9) | (3.0) |

Breakdown of operating revenue

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|--------------------------|---------------|--------------|------------|
| Custom-built houses | 25.7 | 19.1 | (6.5) |
| Renovation | 16.5 | 15.6 | (1.0) |
| Landscape gardening etc. | 35.5 | 27.5 | (8.0) |

Orders received (sales from orders)

(Before adjustment, ¥ billion)

| | Previous year | Current year | Comparison |
|--------------------------|---------------|--------------|------------|
| Total sales from orders | 63.7 | 57.4 | (6.3) |
| Custom-built houses | 25.2 | 21.8 | (3.4) |
| Renovation | 16.7 | 15.6 | (1.1) |
| Landscape gardening etc. | 21.8 | 20.0 | (1.8) |

③ Retail Sales

In our Retail Sales business, operating revenue amounted to ¥87.0 billion (down 4.2% from the previous year), and we recorded operating income of ¥0.6 billion (down 11.0%). Although sales at existing Tokyu Hands Inc. outlets continue to follow a downward trend (down 6.5%), however, we secured a profit by restructuring business and retrenching expenses.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 90.8 | 87.0 | (3.8) |
| Operating income | 0.7 | 0.6 | (0.1) |

Breakdown of operating revenue

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

(Unit: ¥ billion)

| | Previous year | | Current year | | Comparison |
|-------------------------|---------------|------|--------------|------|------------|
| Tokyo metropolitan area | 66.3 | [12] | 64.0 | [12] | (2.3) |
| Kansai region | 14.6 | [3] | 13.4 | [3] | (1.2) |
| Local regions | 6.4 | [2] | 5.8 | [2] | (0.5) |
| Small-scale outlets | 3.5 | [6] | 3.7 | [7] | 0.2 |

④ Leasing of Real Estate

In our Leasing of Real Estate business, operating revenue amounted to ¥111.8 billion (down 6.9% from the previous year) with operating income at ¥34.3 billion (down 36.0%). Lower dividends from the sale of buildings by SPCs and higher expenses generated from an increase in the number of properties in the planning stage resulted in a decrease in revenues and profit. This is despite an increase in revenues from full-year contributions from buildings which opened during the previous fiscal year and the progress of rent revisions for existing buildings. In the breakdown, the decrease in revenues from owned buildings is due to disposals and renovations of owned buildings and the decrease in revenues of leased buildings is due to cancellations of unprofitable buildings. The business of house leasing deployed by our subsidiaries and Tokyu Stay, a chain of hotels designed for long stays, remains brisk.

For the fiscal year under review, although the office building market was robust in the first half, from the beginning of the year, the worsening economy heightened cost consciousness among tenants leading to a weakening of sales. The vacancy rate at the end of March (parent company) deteriorated to 4.6%, however, excluding three new buildings opened at the end of the fiscal year brought the rate down to 2.2%.

In the next fiscal year, we plan to open Shibuya Place and continue to proactively execute reconstructions and redevelopments in favorable locations such as Kasumigaseki and Ginza, among others.

The business of house leasing deployed by our subsidiaries is well underway in the area of property development such as management services. Also, our Tokyu Stay chain of hotels designed for long stays has now 12 hotels with 1,571 rooms in the Tokyo metropolitan area maintaining a high occupancy rate.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 120.1 | 111.8 | (8.3) |
| Operating income | 53.6 | 34.3 | (19.3) |

Breakdown of operating revenue

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------------|---------------|--------------|------------|
| Owned | 20.2 | 18.8 | (1.4) |
| Leased | 12.6 | 12.3 | (0.3) |
| SPC | 45.6 | 35.1 | (10.4) |
| Subsidiaries and others | 41.7 | 45.5 | 3.8 |

Investments in SPC (Parent company)

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|--------------------------------|-------------------------|-------------------------|-------------------------|
| Number of SPC (case) | 60 | 71 | 64 |
| Outstanding amount (¥ billion) | 155.8 | 200.7 | 233.1 |

Office and commercial leasing floor space, and vacancy rate

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|--|-------------------------|-------------------------|-------------------------|
| Leasing floor space (m ²) | 777,209 | 814,146 | 828,719 |
| Office/Commercial | 497,277 | 496,433 | 470,684 |
| SPC | 279,932 | 317,713 | 358,035 |
| Vacancy rate (consolidated basis) | 1.1% | 2.0% | 5.1% |
| Vacancy rate (parent company basis) | 0.9% | 1.4% | 4.6% |

Major new opening and plans for the FY2009 ending March 31, 2010 (1,000m²)

| | Use | Open | Floor space |
|---------------|--------|-----------|-------------|
| Shibuya Place | Office | July 2009 | 4 |

Number of leased houses (Units)

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|----------------------------------|----------------------|----------------------|----------------------|
| House for lease | 11,467 | 12,223 | 12,909 |
| Lease management service | 44,493 | 46,911 | 48,811 |
| Company house management service | 42,614 | 54,342 | 61,974 |

⑤ Property Management

Operating revenue and operating income from our Property Management business were ¥73.4 billion (marginal increase from the previous year) and ¥3.9 billion (down 7.7%), respectively. Tokyu Community Corporation witnessed a decrease in profit due to more building management service contract cancellations, higher expenses for enhancing the quality of the services and for personnel working to fortify internal controls, among others.

Also, we secured additional orders for condominium management services for 14,000 units bringing the total number as of the end of the year to 353,000 units.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 73.4 | 73.4 | 0.0 |
| Operating income | 4.3 | 3.9 | (0.3) |

Number of sites managed as of year end

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|------------------------------|----------------------|----------------------|----------------------|
| Condominiums (units) | 339,105 | 346,305 | 353,368 |
| Buildings (no. of contracts) | 1,118 | 1,134 | 1,107 |

⑥ Resorts

Our Resorts business generated ¥59.9 billion in operating revenue (up 8.1% from the previous year) and posted a ¥1.3 billion operating income (down 34.6%). The opening of the membership resort hotel of Tokyu Harvest Club VIALA Hakone Hisui, the Asakura Golf Club, the Tokyu Sports Oasis fitness club and other new facilities led to an increase in revenues.

Contrastingly, with respect to existing facilities, high prices in the first half of the year kept people home and consumer sentiment cooled down in the latter half. This had the effect of slacking business at golf clubs and Harvest Club with ski resorts also struggling during winter due to unstable weather and led a decrease in profit.

Next year, we plan to open Arima Rokusai and VIALA Arima Rokusai at Harvest Club (March 2010), add a new Tokyu Sports Oasis fitness club in Totsuka and make other efforts to increase new facilities.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 55.4 | 59.9 | 4.5 |
| Operating income | 1.9 | 1.3 | (0.7) |

Breakdown of operating revenue

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

(Unit: ¥ billion)

| | Previous year | | Current year | | Comparison |
|----------------|---------------|------|--------------|------|------------|
| Golf course | 9.7 | [21] | 10.3 | [22] | 0.6 |
| Harvest club | 10.2 | [22] | 11.1 | [23] | 0.8 |
| Oasis | 11.1 | [29] | 12.7 | [32] | 1.6 |
| Ski resort | 12.1 | [8] | 11.4 | [8] | (0.7) |
| Senior housing | 3.0 | [6] | 3.3 | [6] | 0.3 |
| Other | 9.2 | | 11.1 | | 1.9 |

(Membership resort hotel)
(Fitness club)

⑦ Real-Estate Agents and Other Businesses

In our Real-Estate Agents and Other Businesses, operating revenue was ¥42.0 billion (down 22.7% from the previous year) with an operating loss of ¥1.2 billion. The environment encompassing the real estate secondary market is in the midst of detrimental conditions as stringent lending practices on the part of financial institutions continue to plague the real estate investment market, real estate transactions targeting investment companies and real estate agents contracted sharply and, in real estate transactions, there were fewer contracts and lower prices for used buildings and a decreasing supply trend for new buildings. Tokyu Livable's brokerage business suffered a great decrease in revenues and profit due to fewer retailing and wholesaling contracts and lower contracted prices, etc. despite signs of a recovery as retailing contracts increased after the beginning of the year.

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------|---------------|--------------|------------|
| Operating revenue | 54.3 | 42.0 | (12.3) |
| Operating income | 6.7 | (1.2) | (8.0) |

Breakdown of operating revenue

(Unit: ¥ billion)

| | Previous year | Current year | Comparison |
|-------------------------|---------------|--------------|------------|
| Real-estate sales agent | 38.2 | 26.5 | (11.8) |
| Consignment sales | 6.3 | 5.9 | (0.4) |
| Consignment welfare | 2.6 | 3.3 | 0.8 |
| Other | 7.2 | 6.3 | (0.9) |

(3) Analysis of Financial Conditions

① Assets, Liabilities, and Net Assets

(Unit: ¥ billion)

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|-----------------------|-------------------------|-------------------------|-------------------------|
| Total assets | 954.1 | 1,013.9 | 1,035.7 |
| Total liabilities | 757.8 | 795.7 | 813.3 |
| Net assets | 196.3 | 218.2 | 222.5 |
| Equity | 173.7 | 192.8 | 195.7 |
| Equity ratio | 18.2% | 19.0% | 18.9% |
| Interest-bearing debt | 370.5 | 411.5 | 477.0 |
| EBITDA multiple | 4.8× | 4.4× | 9.9× |
| DE ratio | 2.1× | 2.1× | 2.4× |
| ROA | 7.3% | 8.4% | 3.5% |

EBITDA Multiple: Interest-Bearing Debt/EBITDA (Operating Income Before Depreciation)

DE ratio: Interest-Bearing Debt/Equity

ROA: (Operating Income + Interest Income + Dividends Income)/Total Assets (Yearly Average)

② Cash flow position

As of March 31, 2009, cash and cash equivalents were ¥30.3 billion, representing a ¥3.1 billion decrease from the previous fiscal year end.

Cash flow from operating activities

Net cash provided by operating activities was ¥13.4 billion thanks to ¥23.8 billion of income before income taxes and minority interest, ¥13.3 billion of depreciation and amortization and a ¥10.1 billion loss on valuation of inventories, notwithstanding a ¥21.3 billion decrease in deposits received for special joint ventures, a ¥14.2 billion decrease in notes and accounts payable-trade, ¥12.2 billion in income taxes paid and ¥7.6 billion in interest expenses paid.

Cash flow from investment activities

Net cash used in investment activities was ¥83.0 billion due to a ¥64.4 equity investment, a ¥47.1 billion investment in noncurrent assets and ¥3.6 billion in payments for lease and guarantee deposits, notwithstanding a ¥22.9 billion collection of equity investment and a ¥9.8 billion proceeds from the sale of noncurrent assets.

Cash flow from financing activities

Net cash provided by financing activities was ¥68.0 billion thanks to a capital procurement of ¥109.6 billion in proceeds from long-term loans payable and ¥38.7 billion in proceeds from short-term loans payable, notwithstanding the ¥72.9 billion in repayment of long-term loans payable and the ¥21.1 billion in repayments of long-term lease and guarantee deposits, among others.

Trend of indices

| | As of March 31, 2007 | As of March 31, 2008 | As of March 31, 2009 |
|--|-------------------------|-------------------------|-------------------------|
| Equity ratio | 18.2% | 19.0% | 18.9% |
| Equity ratio on market value basis | 75.0% | 32.4% | 12.9% |
| Ratio of interest-bearing debt to cash flows | 26.7 years | 16.5 years | 35.7 years |
| Interest coverage ratio | 2.0 | 3.5 | 1.7 |

Equity Ratio:

Equity/Total Assets

Equity Ratio on Market Value Basis:

Market Valuation/Total Assets

Ratio of Interest-Bearing Debt to Cash Flows:

Interest-Bearing Debt/Operating Cash Flow

Interest Coverage Ratio:

Operating Cash Flow/Interest Payments

Notes:

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

5. Employees

(As of March 31, 2009)

| Segment of business | Number of employees | Number of temporary employees |
|---|---------------------|-------------------------------|
| Real Estate Sales | 256 | 54 |
| Contracted Construction | 1,114 | 17 |
| Retail Sales | 2,865 | 352 |
| Leasing of Real Estate | 1,141 | 69 |
| Property Management | 5,051 | 2,767 |
| Resorts | 2,557 | 1,993 |
| Real Estate Agents and Other Businesses | 2,541 | 141 |
| Whole Company (Common) | 356 | 29 |
| Total | 15,881 | 5,421 |

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

6. Purchase of Property and Equipment

In this consolidated fiscal year for the Group companies (Tokyu Land Corporation and its consolidated subsidiaries), their total capital expenditure amounted to ¥39,955 million, including the construction and acquisition of buildings for the leasing business and repairs to existing buildings. A breakdown of the capital expenditure by segment is as follows. (Figures include the amounts of property and equipment, intangible fixed assets, and long-term prepaid expenses, but do not include consumption tax.)

| Segment | Capital investment (Unit: ¥ million) | Composition |
|---|--------------------------------------|-------------|
| Real estate sales | 84 | 0.21% |
| Contracted construction | 902 | 2.26% |
| Retail sales | 1,010 | 2.53% |
| Leasing of Real Estate | 25,893 | 64.81% |
| Property Management | 318 | 0.80% |
| Resorts | 12,864 | 32.20% |
| Real Estate Agents and Other Businesses | 2,627 | 6.58% |
| Subtotal | 43,702 | 109.38% |
| Adjustment or Whole Company | (3,746) | (9.38)% |
| Total | 39,955 | 100.00% |