

A Message from the President

The Japanese economy continued to confront very severe conditions during the fiscal year ended March 31,2009. Corporate earnings declined and employment conditions weakened sharply, as part of the fallout from the global recession that began with the financial crisis in the United States.

In the real estate industry, customers became increasingly hesitant, the result of higher housing prices and the business downturn. Reflecting the slowdown in demand for office space, vacancy rates rose and rent levels weakened in the office building market, where the industry had achieved steady growth. Trading in the J-REIT real estate investment market also contracted substantially, influenced by the credit contraction and share price declines worldwide. As these developments indicate, the operating environment remained extremely challenging.

Responding to these conditions, Tokyu Land Corporation and its consolidated subsidiaries (“the Group”) executed a number of initiatives, including measures to bolster development and asset management capabilities and actions to achieve group synergy, under the basic policies set out in Grow Value 2010, the medium-term management plan the Group is presently executing. During the fiscal year ended March 31,2009, the Group brought nine buildings onto the market, including Nihonbashi Front, and opened two resort facilities, the Tokyu Harvest Club VIALA Hakone Hisui, a members-only resort hotel, and the Asakura Golf Club. In the housing field, the Group started sales of the Futakotamagawa Rise Tower & Residence, a large condominium built within the Futakotamagawa Redevelopment Project Site, one of the largest sites of its kind in metropolitan Tokyo. Under these initiatives mentioned above, the Group pursued to bolster revenue and raise corporate value.

In spite of these initiatives, both consolidated revenue and income experienced sharp year-on-year declines, as described later in this Report. These falls reflected the unavoidable effects of the adverse external conditions.

Looking ahead, there is concern that weaker corporate earnings and employment conditions may prompt a fall in capital investment and personal consumption. It appears that economic recovery will require more time.

In the real estate industry, competitive differences based on site conditions, merchandise planning and sales prices are likely to become more apparent in housing. The vacancy rate is expected to rise and adversely affect market rents for office buildings, with weaker corporate performance as an underlying factor. As these forecasts suggest, market conditions are likely to remain tough.

To successfully navigate these challenging conditions, the Group will make effective and efficient use of its management resources, and will step up efforts to optimize its business portfolio based on predicted future market trends. At the same time, the Group will flexibly and speedily respond to rapid changes in market conditions, with steps to rationalize and streamline management, including efforts to entrench a cost awareness in every aspect of business.

The Group is committed to enhancing its brand value by maintaining a stable supply of high-quality products and services with a solid sense of originality, and by stepping up its CSR activities, including initiatives to preserve the environment and contribute to the community and steps to improve internal control systems, so that it can continue to earn the trust and support of its stakeholders—including customers, members of host communities and investors—in the years to come.

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Kiyoshi Kanazashi, President & CEO