

## A Message from the President

During the fiscal year under review, the Japanese economy continued to struggle with uncertainty in the midst of an unpredictable outlook. Employment and income conditions remained severe and a moderate deflationary trend continued, although corporate earnings improved, backed by an upturn in exports and production as well as signs of an improvement in consumer spending aided by government stimulus policies.

In the real estate industry, the built-for-sale housing market benefited from an upturn in the new contract rate attributable to a reduction in inventory for sale, which in turn was driven by progress in price adjustments and the effects of a tax break for home buyers. However, the operating environment remained sluggish, as observed in large falls in housing construction and home sales. In the office building market, vacancy rates rose as corporate demand for offices declined on cost cutting, and rent levels remained weak as competition for tenants intensified.

Trading in the real estate investment market rebounded in the second half following the improving financing environment with the establishment of the Real Estate Market Stabilization Fund and the mergers and realignment of J-REITs.

Responding to these conditions, Tokyu Land Corporation and its consolidated subsidiaries (“the Group”) took steps to rationalize and streamline its management base, with initiatives that included sales activities geared to responding with speed and flexibility to changes in the business environment. The Group also instilled cost awareness in its employees, and restructured its asset portfolio based on optimum operations and the replacement of assets holdings.

As a result, the Group posted year-on-year earnings growth for the fiscal year under review, despite a decline in revenue. This performance was attributable to an increase in dividends from the sale of buildings through SPC and an improvement in the performance of the Real Estate Sales and the Real Estate Agents and Other segments, despite continued losses to some degree.

Looking ahead, we expect that the Japanese economy will continue to recover on the strength of improving corporate earnings led by external demand and the effect of stimulus measures by the government. Nonetheless, we note concerns about the prolonged deflation and difficult employment conditions.

With the real estate market showing signs of improvement, we identify as opportunity to begin building strategies for future growth. Consequently, the Group will take strategic action to bolster its management base by constructing the optimum portfolio with a focus on the future and engaging in new investment activities in which it can harness the integrated power of the Group for carefully selected targets.

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 global environment and contribute to the community and steps to improve corporate governance and internal control systems. In doing so, we aim to continue to earn the trust and support of our stakeholders—including customers, members of host communities and investors—in the years to come.