Financial Highlights FY2008 ended Mar-31, 2009

FY2008 Operating Results　Page 2

I'd like to start by giving an overview of our results in fiscal year ended march 2009.
Operating revenue was ¥574.4 billion, down ¥59 billion from the prior year.
Operating income was ¥35 billion down ¥47.1 billion and Ordinary income was ¥27.7 billion, down ¥47.8 billion from last year.

Because the operating environment surrounding the real estate business worsened, the number of booked condominium units declined. Contracted construction as well as the real estate brokerage business struggled and these factors lead to a decline in revenue.

Next let's look at operating income. Dividend income coming from SPCs decreased due to property sales. Furthermore, in the real estate sales segment, a total of ¥13.1 billion of losses were booked, which is comprised of ¥3.4 billion of actual losses and ¥9.7 billion of valuation losses. These losses mainly came from the condominium business. The Leasing of Real Estate business segment also recorded a decline in earnings with ¥5.4 billion of losses. This concerns several SPCs with ¥4.1 billion out of the ¥5.4 billion being disposition losses and ¥1.3 billion being valuation losses.

With regards to special items, extraordinary profit of ¥3 billion was realized due to sales of fixed assets. On the other hand, ¥3 billion of impairment losses and ¥2 billion of losses from sales of fixed assets were booked leading to ¥6.9 billion in extraordinary losses in total. Extraordinary income improved by ¥13.7 billion against the previous fiscal year. However net income was ¥10.2 billion, down by ¥18.5 billion.

Interest bearing debt at the end of the fiscal year stood at ¥477 billion, which was higher than the end of last fiscal year, however the debt to equity ratio was 2.4 times, which was similar to last year levels.
The shareholder equity ratio was 18.9 %. which was broadly the same as last fiscal year end.

FY2008 Segment performance　Page 3

Next let's take a look at performance by segment.
There were only two segments that booked higher revenue year over year. The segments were Property management and Resorts, and the other 5 segments saw revenue decrease. It was an extremely difficult year with profits declining across the board in all segments.
The leasing business however attained better results compared to expectations as SPC disposition dividends exceeded plan by ¥3.3 billion. Details by segment will be provided later on.

Summary of balance sheets　Page 4

Here is a summary of our balance sheet as of the end of the fiscal year. Total assets were ¥1trillion, ¥35.7 billion, up by ¥21.8 billion.

Assets increased by ¥5.3 billion. Although investments in fixed assets were ¥39.7 billion, depreciation, sales losses and impairment losses came into effect.

Regarding equity investments in SPCs, due to a number of project completions ¥65.9 billion was invested and equity investment went up by ¥36.1 billion.

On the liabilities side, interest bearing debt was ¥477 billion up by ¥65.5 billion. Under total net assets, equity was ¥195.7 billion, up ¥2.9 billion. The equity ratio, as mentioned earlier, was 18.9% broadly flat against the previous year.

FY2009 Forecast　Page 5

Here is the business forecast for the fiscal year ending March 2010.

The Operating revenue forecast is ¥535 billion, down ¥39.4 billion year over year. Operating income is expected to reach ¥37 billion, up ¥2 billion. The forecast for ordinary income is ¥28.5 billion up by ¥800 million.

This outlook was formulated based on the assumption that the current business environment persists.

We are expecting continued lower condominium sales leading to a significantly lower operating revenue in the real estate sales segment. SPC disposition dividend will also be lowered hence a revenue decrease in the leasing segment is expected. Operating income is expected to increase on the other hand. In the previous fiscal year a total of ¥18.5 billion of losses were realized in the real estate sales and leasing segments. However, this year we are expecting only ¥2 billion in write downs, mainly coming from the condominium business in the real estate sales segment.

We are also expecting minus ¥5 billion in extraordinary items.

Interest bearing debt is likely to reach ¥480 billion as of March 2010, and the DE ratio is expected to stay at 2.4 times.

As for dividends, although net income is expected to come in at similar levels compared to the previous year, we are planning to cut annual dividends from ¥8 to ¥7, in view of the difficult business environment.

Leasing of Real Estate (1) FY2008 and FY 2009 Forecast　Page 6

Next I'd like to give an overview by segment, beginning with the Leasing of Real Estate segment.
Results in the year ended March 2009 was ¥111.8 billion in revenue, down ¥8.3 billion against the previous year and operating income was ¥34.3 billion down ¥19.3 billion year over year.
The breakdown is as follows: operating revenue from owned and leased property declined due to disposition of property and lease terminations. SPC lease income increased by ¥3.9 billion due to new supply and increased revenue from existing office property. SPC sales income was ¥10 billion down ¥14.4 billion year over year, It was ¥8.7 billion on a consolidated basis.

Operating income declined due to a decrease in SPCs disposition dividends and a total of ¥5.4 billion of losses consisting of ¥4.1 billion of disposition losses and ¥1.3 billion of valuation losses were recorded related to suburban and regional property holdings which were temporary holdings of SPCs. A rise in cost related to increased project developments also weighed on earnings.
At the bottom of the page, guidance for the fiscal year ending March 2010 is shown. The forecast for operating revenue is ¥106.1 billion, down ¥5.6 billion year over year, operating income is set at ¥34.9 billion, up ¥600 million.

SPC sales income is forecasted at ¥5 billion which will be a ¥5 billion revenue and profit decline, but the write down of ¥5.4 billion in losses taken in the previous year will offset the negative impact. Furthermore, we expect a ¥2.7 billion increase in both revenue and profit coming from new supply. However offsetting this will be the missed earnings opportunities from disposed properties. We are also expecting higher lease revenue in existing property as a result of rent renewals in the last fiscal year. However this will be offset by negative impact anticipated in the business this fiscal year. As a result total profit is expected to increase only slightly.

Leasing of Real Estate (2) New projects　Page 7

Here is a list of new projects.
Many openings were concentrated in the last fiscal year. With regards to the leasing situation for the 3 office buildings which opened close to the fiscal end, Shinbashi Center Place is fully leased and the other two buildings Kanayama and Umeda kita are slightly behind in schedule. These two buildings are situated in regional cities, hence we expect it will take more time to fill them.

There will be one new opening this fiscal year, which is Shibuya Place. It is expected to open in August, but leasing is already looking good, and we believe that the space will be leased up before its opening.

Leasing of Real Estate (3) Vacancy Rate and Rent Page 8

Next, I would like to give an overview of the Leasing of Real Estate business.
Vacancy rates were close to 1.4% at the end of March 2008. Our company defines vacancy rates as tenants actually moving in and out. Because of this definition, vacancy rates rose to 4.6% at the end of March 2009 as 3 new buildings opened. If we excluded the 3 new buildings, vacancy rates stood at 2.2%.
Vacancy rates are rising among existing property, but still remain at low levels.
We expect the office market to be weak for this fiscal year, hence we have projected a further climb up in vacancy rates although we also need to account for rent levels.

Average rent for our office space is ¥25,410 per tsubo per month. Rent was ¥17,420 in March 2006, which means rent rose by 46% (annual rise was more than 13%) in the past 3 years.

The rise is partly attributed to rent revisions in existing office buildings, but the main reason is because we've improved our portfolio substantially by engaging in new developments in the central Tokyo area.

Leasing of Real Estate (4) Office Buildings for each area Page 9

Here we list our portfolio breakdown by area.
Total floor space at the end of March was 600 thousand ㎡. The 4 central wards of Tokyo which are Chiyoda ward, Chuo ward Minato ward and Shibuya ward, accounts for 82% of total space at 494 thousand ㎡.
As a result of new openings in the central Tokyo area and restructuring our assets, we were able to significantly increase our exposure in the central Tokyo area compared to the end of March 2005 when total space accounted for 70%

Leasing of Real Estate (5) Investments in SPCs　Page 10

Next I’d like to give an overview on SPC investments.
SPC equity investment balance stood at ¥233.1 billion as of the end of March up by approximately ¥32.4 billion against the previous fiscal year.
Through the ¥233.1 billion investments, we own ¥970 billion of total assets. Non recourse loan balance is ¥700 billion.

Looking at total assets, assets in operation as of the end of March was ¥490 billion.
Assets in operation have the aim of long term holding as a way of generating stable income. Most of the assets are located in central Tokyo and are relatively new developments made by the company. Details will be shared later.

We also have ¥30 billion of temporary assets. These are assets such as bridge investments which are expected to be sold to funds or third parties. Compared to assets in operation, temporarily owned assets include more of retail facilities located in the suburbs and regional cities.
Temporary assets previously stood at ¥80 billion at the end of March 2008. We sold down the assets through the course of the past year and brought it down to ¥30 billion.
As explained earlier, as a result of asset sales, a total of ¥5.4 billion of losses were recognized, with ¥4.1 billion of disposition losses and ¥1.3 billion of valuation losses.

Large scale projects stood at ¥380 billion which are properties in Ginza, Jingu-mae, and Shinjuku Times Square.
Property under construction declined to ¥70 billion from ¥160 billion as many openings were concentrated in the last fiscal year.

Leasing of Real Estate (6) Investments in SPCs　Page 11

Here we show the breakdown concerning ¥490 billion of assets in operation.
“Pink” stands for new projects we developed from scratch by sourcing land. “Green” represents acquisitions of existing buildings. The assets are mapped out in the chart by area and year.

Our properties are concentrated within Tokyo’s central 4 wards. You can tell that our assets are relatively young with new office buildings. Average NOI yield of this portfolio is 7%. If we were to hypothetically apply a cap rate of 5%, our portfolio would have a substantial latent gain, which signifies the quality of our portfolio.

Real Estate Sales (1) FY2008 and FY2009 Forecast　Page 12

Next is the Real Estate Sales segment.
Sales for the fiscal year ended March 2009 was ¥157 billion, down ¥20 billion year over year. Operating income was ¥4.1 billion, down ¥16.9 billion year over year.
High margin condominiums which were part of a large scale development were delivered during the first half the fiscal year. These units were contracted when the market was brisk. However, we were impacted by the slow down this fiscal year and total number of units recognized for the year was down largely by 815 units leading to a decline in operating revenue.

Furthermore, as condominium prices were revised down in view of the sluggish market, we took approximately ¥9.7 billion of valuation losses in mainly condominium inventories. Another ¥3.4 billion of real losses were booked as well in order to accelerate sales. Total losses amounted to ¥13.1 billion, leading to a substantial decline in operating income.

Guidance for this fiscal year is shown at the bottom. Operating revenue is expected to come in at ¥116.4 billion, down ¥40.6 billion year over year. Operating income is expected to reach ¥3.1 billion, down ¥1 billion compared to the previous year. We believe condominium sales volume will continue to decline leading to a drop in revenue. As for revaluation losses on inventory for the year ending March 2010, we have projected ¥2 billion, assuming that the current market conditions persists. Condominium sales expected to be recognized during this fiscal year include units that were subject to the write downs last fiscal year. These units will not contribute to profit and hence we expect earnings to decline.

Regarding sales of buildings, sales of ¥15 billion and operating income of ¥3 billion is expected.

Real Estate Sales (2) Outline of plan　Page 13

Next I'd like to give an overview regarding plans for the real estate sales business.
For the year ended March 2009, revenue on a non consolidated basis was ¥92.7 billion and we sold 2,473 units. As mentioned earlier, high margin projects were booked in the first half, but lower margin projects increased in number thereafter. As a result, gross margins were 16% after excluding evaluation losses.

For this year ending March 2010, we expect ¥76.9 billion in revenue and our plan is to sell 2,139 units. Excluding valuation losses, gross margins are expected to reach approximately 13%.
At the beginning of the year the contract rate stood at 40% which is relatively lower than usual.
There are 3,400 condominium units in our pipeline which are expected to be sold next fiscal year onwards.

With regards to the buildings sales, 4 transactions were made in the fiscal year ended March 2009 generally revenue of ¥15.6 billion and ¥2.3 billion in profits. We are planning revenue of ¥15 billion income of ¥3 billion in the fiscal year ending March 2010.

Real Estate Sales (3) Land for condominiums sales・Parent Page 14

Here is a page which shows the situation on land for condominium sales.
The bar chart indicates the book value of land for condominiums on a non consolidated basis by year of acquisition. As of end of March total book value stood at ¥72.7 billion. Acquisitions in 2006 was ¥29.1 billion. This was the year when most acquisitions were made.
When competition around sourcing land for condominiums was intense our company took a cautious stance. As a result book value is higher in fiscal 2006 than 2007.
Like last fiscal year, we still continue to have a cautious stance on land acquisition.
Out of the ¥9.7 billion of valuation losses booked last fiscal year, condominiums accounted for 8.8 billion, and most of the losses came from land acquired in fiscal 2006.

Real Estate Sales (4) New supply Page 15

Here are some major projects which will be supplied this fiscal year.
QUALIA CHIYODA-OCHANOMIZU, Branz Tower Korien Logements, Futako Tamagawa rise Tower and Residence. These projects were launched last fiscal year.
The Futakotamagawa project is a joint project with Tokyu Corporation and we have a 30% interest in the project. Out of a total of approximately 1,000 units, 364 have been delivered so far, and progress stands at 80%.
Sales for OSAKA FUKUSHIMA TOWER is expected to start in the second half. This tower condominium is a novelty in the Osaka area.

Resorts (1) FY2008 and FY2009 Forecast Page 16

Next I'd like to give an overview about the resort segment.
In fiscal March 2009, sales were ¥59.9 billion down by ¥4.5 billion and operating income was ¥1.3 billion, down by ¥700 million year over year.
Operating revenue for businesses such as golf, the membership based resort hotel Harvest club, the sports club Oasis and senior housing increased due to new openings. However, new opening cost was incurred and existing facilities saw profits decline due to lower revenue caused by the economic slow down. Ski resort suffered substantially, In particular, due to unseasonal weather condition and lack of snow.
Membership sales also face a difficult environment due to things such as the lackluster stock market. However, new membership sales at Asakura golf club helped an increase in both revenue and income.
The bottom half shows our guidance for this fiscal year. Operating revenue is expected at ¥60.8 billion up ¥900 million, operating income is expected to come in at ¥1.8 billion, an increase of ¥500 million year over year.
Sales wise, we are expecting new facility contribution from the golf and oasis business to continue. We are also planning to recover business by leveraging our existing facilities. A decline in sales and income is projected however for membership sales.

Resorts (2) New Projects Page 17

Here’s a project development update in the resort business.
For Harvest club, in April 2008 VIALA Hakone Hisui opened. This was the first installment of the high end viala series at Harvest Club. Membership was set at approximately ¥10 million per unit but sales started to slow down after good initial sales. Currently, 80% of the membership has been sold.
In March 2010, Arima is expected to open. As for golf courses, Asakura Golf club opened in October which was a new golf course development for the first time in 14 years. The golf course was co develop with Mitsubishi Estate. There are no golf course openings planned for the time being though.
The sports club, Oasis, is steadily increasing in number every year. In December 2009, the Totsuka branch is expected to open. Totsuka Oasis will be a tenant of our retail facility which will contribute to our Leasing of Real Estate business.

Other Segments FY2008 and FY2009 Forecast Page 18

This page is about the others segment.
Contracted Construction recorded sales of ¥62.2 billion down ¥15.5 billion year over year and operating losses marked ¥2.9 billion.
We had plans to integrate our subsidiaries in order to respond to market changes however our response was belated due to the deteriorating market, with sluggish orders and structural reform leading to a decrease in income. Since the beginning of this year, new low end products were introduced leading to a pickup in orders but for this fiscal year, we plan a decline in revenue as we engage in measures to increase earnings and restructuring. We hope that losses decrease as a result.
For the Retail Business, sales was ¥87 billion down ¥3.8 billion and operating income reached ¥600 million, down ¥100 million. A slow down in consumption has posed difficulties for the retail business too and at Tokyu Hands, same store revenue declined by 6.5 %. The decline was worse than the previous fiscal year but we were able to obtain profits in line with the previous year through cost cutting efforts. For this fiscal year, measures to improve the business should show progress thus we expect both revenue and income to rise.
For the Property Management Business, sales were ¥73.4 billion, a slight increase from the last fiscal year. Operating income was ¥3.9 billion down ¥300 million. Terminations of property management contracts and a rise in personnel cost related to better service, quality and reinforcing internal control was a factor of the decrease.
This fiscal year, condominium management revenue is expected to rise, whilst office building management revenue is expected to decline.
For the Real Estate Agents and Other Business, sales reached ¥42 billion down ¥12.3 billion and at the operating level, ¥1.2 billion of operating losses were recorded, which was an ¥8 billion decline in profit. The strict lending stance of financial institutions in the real estate investment market persisted leading to a drop off in whole sale transactions. The real estate agent business operated by tokyu livable saw signs of recovery since the beginning of this year with retail transaction volume improving, however for the full year, transaction volume decrease in both wholesale and retail and with contracted prices also falling, both revenue and income decreased substantially.
For this fiscal year, although a recovery is expected in transaction volume, we forecast contract prices to continue to decline. With sales consignments also expected to go down, we expect a decline in revenue.