Tokyu Land Corporation is included in the FTSE4Good Index, which encompasses companies who are committed to their social responsibilities.

Tokyu Land Corporation is included in the Dow Jones Sustainability Asia/Pacific Index, the global benchmark index for social responsibility investment (SRI).
With the view to achieving a sustainable society, in what ways should the TLC Group direct its efforts to contribute to society and to preserve the environment? The following is a conversation between landscape architect and university professor Shiro Wakui, who also serves as the chairman of the committee to publicize biodiversity and promote people to mainstream biodiversity, and Kiyoshi Kanazashi, the President and CEO of Tokyu Land Corporation.

The Role of the TLC Group as a Corporate Group in Society

Mr. Kanazashi: With a staff of around 16,000 employees, the TLC Group interacts with society across a wide range of fields. Starting with the role as developer, the Group not only engages in the development and operations of office space as well as commercial, residential, and resort facilities, among others, but is also active in real estate intermediation, condominium and commercial building management, fitness club operations, and the Tokyu Hands retail sales business. Naturally, each of these group operations makes their individual contributions to society, but I believe that the significance of our existence as a corporate group lies in our ability to provide corporate group level synergies.

Mr. Wakui: The ability to establish brands and serve customers in different fields is highly admirable. But it also puts the spotlight on the question on what brand the TLC Group forms as a corporate group that provide comprehensive lifestyle services, underscoring the importance of brand management. In other words, while bringing to bear the traditions and brands created to date, on top of this I believe it is essential to generate synergies and promote innovation.

Thoughts and Actions Surrounding the Recovery Support after the Great East Japan Earthquake

Kanazashi: We launched a recovery support project themed “Smile for Japan.” When I visited the disaster area around the end of April 2011, I resonated the idea
that only a certain part of society should have to bear the brunt. I felt that everyone in Japan should take on a small bit of the burden. We acted on the same principle as a corporation when we made the first step based on the notion that if there is something that can be done immediately it should be done now, instead of planning about ten years ahead.

At that time we happened to have a building in Ginza awaiting reconstruction, which we made available, free of charge for the disaster victims. Ginza is by its sheer name a strong brand which I believe might have done its part in disseminating information from the disaster area. Although I do not think that we accomplished anything major, my feeling is that over the course of this one year, based on our independent will, one after another we managed to do the things that we were supposed to do. Our employees also have independently participated in volunteer activities. For the future, the question arises where to commit ourselves and as a corporation for periods of 3-5 years.

Wakui: The Group’s corporate culture showed itself in the manner of uniting as a corporate citizen with the disaster victim. Being engaged in urban and residential development, TLC is involved in spheres related to the very foundation of people’s lives. In this sense, taking action has nothing to do with grandstanding but is about disaster victim. Actually, when I spoke about the manner of uniting as a corporate citizen with the disaster victim, I expected that what we call environment will in the future acquire outsized importance and value. We will be able to contribute through our operations to achieving a sustainable society.

But what is most needed at the disaster area today is realism. Also with regard to reconstruction, one can hardly say that there is a lot of experience and know-how available in the areas of urban planning and construction. This situation makes operations like TLC which are able to provide help especially valuable. Given that the economy is no longer a one-way ticket to growth, what is needed is the ability to make steady progress in the implementation of operations without placing too much of a burden on future generations. In this area, TLC has in its own business operations achieved a successful track record that is visible to the eye. I think that more than people at TLC are aware, this experience might also be of huge significance for the needs of the disaster location.

Kanazashi: Like you said, experience is often rooted in every employee in the form of the corporate culture. This makes it so important that employees have an independent will of their own. In response to the request from a local government, we decided to dispatch a number of staff members equipped with this kind of will and know-how. In this context our company name is utterly irrelevant. In five or ten years, our operations might come to bloom, just as a result. What matters is to plant the seeds one by one if there are things that can be done now.

Wakui: Excellent. I can feel a strong sense of realism.

Future Value Sprouting from Action for the Environment

Kanazashi: In its three-year medium term management plan started in April 2011, TLC has positioned environmental strategy promotion as one of its important management issues. In 2011, we established the TLC Group Environmental Vision together with the environmental maxims of “Creating Cities Co-existing with Nature,” “Creating a Future for People.” These maxims are predicated on the fact that many of the operations of the TLC Group take place in urban settings, be it leasing operations for office space and commercial facilities or condominium development and sales operations. On the other hand, there is the fact that the resort operations of the Group, often mentioned as a special characteristic, are situated in the immediate proximity of nature. Our determination to remain engaged in the preservation of the environment while bringing to bear the expertise accumulated in a wide-ranging business expasse reaching from urban locations to locations in natural settings is embodied in the maxims of “Creating Cities Co-existing with Nature.”

Moreover, I would like to mention that the Group has its origin in the Den-en Toshi Co., Ltd. (1918), which concerned itself with the development of Denenchofu. The Group has since inherited its predecessors’ concern for the environment integrated into their urban development operations, and we consider it our mission to carry this heritage forward into the future. This notion is expressed in the maxim of “Creating a Future for People.”

Wakui: I expect that what we call environment will in the future acquire outsized importance and value. We will likely see fierce international competition break out among cities around the world. In manufacturing, production bases are already concentrated on locations all over the world where resources are ample and the cost of labor is low. The competition that I expect to break out in the future will surround the quest for locations in the world where to set up “places for thinking” about where and what to produce, or “places for management.” The result will be that “places for thinking” will demand environments of a high quality. Today the environment plays an extremely important part in determining the attractiveness of a city. Also in the case of Tokyo, which had a history as a strongly recycling-based city when it was still called Edo, it might prove a critical strategy to return to that historical status and to increase Tokyo’s international competitive edge by strengthening the environmental factor.

Kanazashi: What form to give the urban environment is not a question of individual buildings’ surroundings. When we think of landscaping the urban environment in the sense of broad-scale urban planning, I consider it desirable to make society at large the arena for discussing the locations of urban spaces, greenery, and buildings. What do you think?

Wakui: For the future, I expect that Tokyo will increase its urban density with taller buildings and proliferating greenery in open spaces above ground. When that happens, much will depend on whether developers focus more on making a profit through their environmental planning activities or whether environmental measures will play their part, such as the proliferation of greenery based on competent area management. My concern is that the better the quality of a developer is overall, the more concern they show for the environment, which may not always be fully appreciated.

For buildings’ interiors, introducing energy self-supply and renewable energy is easy to appreciate as metrics that move within the realm of business cash flows. But whatever extends to the architectural exterior is much less appreciably from a business perspective. A prime example is the Omohara Forest of the Tokyu Plaza Omotesando Harajuku (see the special topic on page 7). The Omohara Forest is an important piece of social capital and increases the concept of area management to Omotesando. When it comes to whether maintenance can be covered out of business cash flows the problem is that as the quality of a created space goes up maintenance costs increase as well, which is a burden that falls mainly on the business operators or tenants. Viability requires that there must be an arrangement to find appreciation with society at large.

Kanazashi: Viewed from the perspective of operators, it all comes down to customers’ assessment. This makes it important to change customers’ perspective through information activity in the public, disseminated by persons like yourself and parts of the public administration. Fact is that to date the emphasis has tended to be predominantly on increasing leasable surface area, which is the wrong approach. If the entire building is conceived with consideration of the environment and customers experience a feel-good factor inside and out, customers will be willing to pay for that. In other words, there is business value. I believe that this is an important cycle.
Assistance for Recovery from the Great East Japan Earthquake

We express our heartfelt sympathy to people affected by the Great East Japan Earthquake. The TLC Group has set up a Disaster Area Assistance Project team and has been engaged in support activities appropriate for the Group and consistent with the requirements of the disaster area.

For details about individual support activities, see our recovery support project website at http://www.tokyu-land.co.jp/support-project/

Assistance for “Midori no Tohoku Genki Camp” (July - August 2011 and March, July, and August 2012)

The “Midori no Tohoku Genki Camp” took place under a psychological care program for children after the Great East Japan Earthquake. The implementation was chaired by Tokyo Gakugei University professor Masayuki Kobayashi, with the participation of camping specialists and psychologists. Located at Ongawa Lakeshore at Urabandai, the camp was hosted on altogether five occasions in the summer of 2011 and in the spring and summer of 2012. On all five occasions, the TLC Group with the cooperation of the Hotel Grandeco provided lodging facilities for camp staff as well as equipment, and volunteers took photographs on the site and provided operative support.

Volunteers for Support in the Disaster Area

Volunteer groups centered on volunteering employees from the TLC Group companies have been engaging in continuing activities in the disaster area. In September, October 2011 and in July 2012, the work done in Rikuzentakata City, Iwate Prefecture, consisted mostly of cleaning away rubble, cutting grass, and digging sludge out of street gutters. Moreover, in November 2011, volunteers from Tokyu Livable, Inc. came to Shichigahama-machi, Miyagi-gun, in Miyagi Prefecture to participate in a “Pine Forest Clean Up Plan” clearing away rubble in the pine forest. Respectively in April 2012 and September 2012, new employees of TLC and from the TLC Group (excluding some employees), about 100 people provided volunteer work. Volunteer activities for the reconstruction of the disaster area are planned to be continued.

Project of “Temporary Housing × Green Curtain” in Aizuwakamatsu City

In June 2012, continuing on from last year, “green curtains” were created in a temporary housing cluster in Aizu-wakamatsu City constructed by Tokyu Homes Corporation. The greenery was set up by eight volunteers together with the residents at altogether 46 households.

Donation of Pellet Stoves

Four pellet stoves were donated to the temporary housing assembly hall at Sumita-cho, Iwate Prefecture. Sumita-cho is the location of a forest involved in a conversation effort under the Green Connection Project operated by the TLC Group. The wood pellets that serve as fuel for the stoves are produced here.

Action at Facilities of the TLC Group

All facilities are involved in support activities of some form, be it through collection boxes or donations out of sales proceeds, of charity events and so on.

CSR Report 2012-2013
Shaping Uniqueness and Value of the Location

Tokyu Plaza Omotesando Harajuku

April 2012 saw the opening of Tokyu Plaza Omotesando Harajuku located at the Jingumae intersection at the center of the Omotesando/Harajuku area. The Harajuku Central Apartments built in this location some 50 years ago were in their day a fountainhead of fashion and culture. The Omotesando/Harajuku precinct has spawned many kinds of booms, and this intersection has always marked its center.

Taking up and continuing this history and culture, we have created in this location a next-generation commercial facility as a fashion theme park aiming to offer something to enjoy for every customer, based on the concept, “Shaping uniqueness and value of the location.”

Specifically because consumers today can easily buy things on the Internet, with this location we provide real space and time where things, people, and nature can come together, and where customers can discover themselves affresh and experience the latest in fashion and culture.
Creating Cities Co-existing with Nature. Creating a Future for People.

On the roof top of Tokyu Plaza Omotesando, a terrace with a large amount of greenery, Omohara Forest has been registered in the association’s Birdpia on the merits of conservation of biodiversity. Omohara Forest on the roof top is not merely a green roof but gives rise to new forms of interaction and communication. Through the Nest Boxes Project, people will continue to promote a place for small birds.

Creating Cities Co-existing with Nature.

Creating a Future for People.

Creating Cities Co-existing with Nature.

Co-existing with Nature.

Based on the Environmental Vision of the TLC Group, Tokyu Plaza Omotesando is working to contribute to the preservation of nature and the environment.

Creating Cities Co-existing with Nature.

By purchasing CO2 absorption credits through FORESTOCK Association, the TLC Group returns the cost of forest improvements to the local environment. Having customers register as mail magazine subscribers saves each year 1m 2 of forest per person.

Creating Cities Co-existing with Nature.

The TLC Group has been working together with customers on the Green Connection Project for the preservation of forests in collaboration with customers.

Creating Cities Co-existing with Nature.

1. CO2 emissions reduction
2. Promoting biodiversity conservation
3. Conservation of water resources
4. Resource saving
5. Health care

Creating Cities Co-existing with Nature.

Sustainable development is the foundation of the Green Connection Project. The purpose of this project is to create a new forest in the sky, giving substance to the term plaza as a public place in the city. On the roof top of Tokyu Plaza Omotesando Harajuku, a terrace with a large amount of greenery, Omohara Forest has been registered in the association’s Birdpia on the merits of conservation of biodiversity. Omohara Forest on the roof top is not merely a green roof but gives rise to new forms of interaction and communication. Through the Nest Boxes Project, people will continue to promote a place for small birds.

Creating Cities Co-existing with Nature.

1. CO2 emissions reduction
   - Adoption of energy-saving technology such as LED lighting, motion sensors, and water sprayers for outside units
2. Promoting biodiversity conservation
   - Reproduction of a wide-ranging vegetation from tall trees to low trees
3. Conservation of water resources
   - Use of renewable energy through wind power generation
   - Natural light through skylight windows
4. Resource saving
   - Use of carpets made from recycled materials
5. Health care
   - Reduction of toxic chemicals
   - Atmospheric cleansing (use of low VOC building materials)

Creating Cities Co-existing with Nature.

In order to become a more sustainable society, it is necessary to learn about and experience the importance of coexistence. Through periodic surveys of animal life, the Japanese Society for Preservation of Birds takes pleasure to announce that the first birds take residence in the nest boxes made by them. Boxes of individualistic designs are installed at Omohara Forest at Tokyu Plaza and people at Jingumae Elementary School may take home with them a vivid impression of the importance of the coexistence of people and animals.

Creating Cities Co-existing with Nature.

The Japanese Society for Preservation of Birds takes pleasure to announce that Omohara Forest has been registered in the association’s Birdpia on the merits of conservation of biodiversity. Omohara Forest on the roof top is not merely a green roof but gives rise to new forms of interaction and communication. Through the Nest Boxes Project, people will continue to promote a place for small birds.

Creating Cities Co-existing with Nature.

Installation of nest boxes and watering creating an environment supportive of birds and other animals through the provision of trees with rich foliage and the installation of nest boxes and watering creating a new forest in the sky.
The BRANZ condominium brand of TLC offers three promises of “Spartan craftsmanship,” “sophisticated sense of space,” and “lifelong support,” providing residents with a superb living environment.

BRANZ Support provides support for everyday life. Through a diversity of services helpful in day-to-day living and through events serving to promote the community life among residents, BRANZ Support provides security and comfort and promotes interpersonal relations.

The BRANZ Support Program From Contract Signing Until After Property Handover

1. Providing Safe and Secure Support
   Customers awaiting the completion of their condominiums will be furnished with reports on the progress of the construction at the building site and booklets with a summary of the inspections and verifications executed at each stage of the construction work. Many customers sign up to participate in onsite tours to verify with their own eyes the status at the construction site, which cannot be done after the completion of the construction work. Moreover, the common space preview events introduce in the form of a stamp-rally the various building facilities such as the inside of the control room, the pump room, and the supplies stock room.

2. Shaping and Stimulating the Community
   At each condominium community, resident get-together events and Friendship Parties are held in order to encourage communication among residents and to promote understanding of and interest in the condominium association. Moreover, beginning in 2012, the “Healthy Body Festa” health maintenance program was launched, which is delivered by instructors from Tokyu Sports Oasis, Inc.

3. Lifelong Support by the TLC Group
   To help residents make the most of their valuable time over the years and decades of continuous living in their domiciles, the TLC Group in various ways provides a diversity of services to help residents with their day-to-day matters after moving into their condominiums.

4. Hometown Exchange
   This exchange started at Kamikawa-machi in Saitama Prefecture seven years ago. Through its events offerings, this service gives participants the opportunity to experience life in the countryside, to encounter nature, or get informed in matters of dietary education, and provides the chance for exchanges between city and countryside.

The BRANZ Support Program

1. The Four Pillars of BRANZ Support

   - Providing safe and secure support
   - Shaping and stimulating the community
   - Lifelong support by the TLC Group
   - Hometown exchange

Shaping and Stimulating the Community

BRANZ Support provides support for everyday life. Through a diversity of services helpful in day-to-day living and through events serving to promote the community life among residents, BRANZ Support provides security and comfort and promotes interpersonal relations.

Lifelong Support Provided by the TLC Group

Cherishing Human Relations, BRANZ Support Program
TLC Group’s Approach to CSR (Corporate Social Responsibility) / CSR Promotion Structure

The TLC Group takes a proactive approach to CSR activities in order to earn the trust and confidence of Group’s stakeholders and to win the continued goodwill of the Group’s customers.

TLC Group’s Approach to CSR
We believe that CSR means providing solutions to social issues through business activities and enhancing shareholders’ satisfaction. As a member of the Tokyo Group, we share “The Tokyo Group Philosophy” and place our CSR activity as a pillar of management; we therefore formulated the “TLC Group Social Contribution Policy,” and the “Environmental Vision” to create and support the Tokyu Group.

TLC Group CSR Promotion Structure
The TLC Group has set up the CSR Promotion Committee that is formed from company executives within the group who are in charge of CSR. In addition, the Compliance Council and Environment / Social Contribution Council have been established within the Committee respectively to ensure compliance and risk management and to promote social contribution.

Environmental Message and Logo
An environmental message and logo were determined together with the Environmental Vision, “creating cities co-existing with nature, creating a future for people.” The catchphrase “creating cities co-existing with nature” represents our approaches to incorporating nature into cities through business activities, and “creating a future for people” represents our hope to achieve a future sustainable society, taking over and developing ancestors’ efforts for environmental conservation. The message also means that the TLC Group will create value through business activities.

A three-layer green rainbow, a symbol in the logo, represents our posture of making efforts for environmental conservation by connecting cities and nature, and people with their future. The TLC Group with the people in a community according to the environmental philosophy, policy, and through action as a whole based on the Environmental Vision.

Elected for Inclusion in the Dow Jones Sustainability Index of Stocks

The shares of TLC have been selected for inclusion in the Dow Jones Sustainability Asia/Pacific Index (DJSI Asia Pacific), which is the Asia/Pacific edition of the Dow Jones Sustainability Index (DJSI), the global benchmark for social responsibility investment (SRI)*. The DJSI is the world’s best known SRI index, jointly developed by U.S. based media firm Dow Jones and Swiss based SRI research and rating firm SAM. The index rates enterprises’ sustainability based on economic, environmental, and social aspects, and selects corporations that it finds to offer overall excellence. In 2012 the DJSI Asia Pacific included the names of 154 such corporations. Additionally, TLC has been selected also into the international SRI index FTSE4Good for three consecutive years.

* Social responsibility investment (SRI): An investment method where individual and institutional investment considers as investment criteria in addition to financial analytical data, CSR information such as social, environmental, and corporate governance also matters.
Efforts for Environmental Conservation

Five Environmental Issues (1) CO₂ Emissions Reduction

The TLC Group is committed to reducing CO₂ emissions to achieve a low carbon society in various scenes of business activities for the purpose of curbing global warming.

1. Reduction of CO₂ Emissions of the TLC Group

The TLC Group is tackling reductions in CO₂ emissions in accordance with the Revised Energy Saving Act and other laws and regulations, as well as the “Voluntary Action Plan on the Environment” of participating industry organizations.

- CO₂ Emissions from TLC’s Major Facilities

<table>
<thead>
<tr>
<th>Year</th>
<th>CO₂ Emissions (ton)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009</td>
<td>145,647</td>
</tr>
<tr>
<td>2010</td>
<td>143,353</td>
</tr>
<tr>
<td>2011</td>
<td>123,267</td>
</tr>
</tbody>
</table>

- *Values reflect the combined totals for 67 office buildings, commercial facilities, and resort facilities.

2. Energy Management at Facilities Operated by the Group

At the Abeno Market Park Q’s Mall, commercial facilities opened in 2011, the energy management system “Motto save” provided by Osaka Gas Co., Ltd. was introduced, which is able to aggregate and display in units of thirty minutes the energy consumption data of tenants. Knowing the power consumption and CO₂ emission volume for each store has enabled tenants to take energy saving measures on their own account. This system was also introduced at existing office buildings of TLC, with the demand monitoring systems for entire building as the standard. Moreover, beginning in 2010, energy management systems using the Internet were introduced in an effort to reduce CO₂ emission volumes through the administration and analysis of actual electric power, gas, and water consumption.

3. Acquisition of Environmental Performance Ratings for Residences and Facilities

TLC has been aiming to achieve high environmental performance in the construction of residential, commercial and resort facilities as well as office buildings by acquiring external ratings such as provided by CASBEE and the Tokyo Green Labeling System of Condominiums and based on self-assessments. For example, BRANZ Tower Minamihorie is the first super high-rise in Osaka City to acquire certification as Osaka Eco Housing. Moreover, the rental communal residence project Ambiente Kyodo in which Tokyu Livable, Inc. participated - a project based on the concepts of environment, child care, and disaster prevention - was elected as the “Land, Infrastructure and Transportation Ministry Project for Promoting CO₂ Reduction in Housing and Building” (FY2010).

4. Actualization of Households’ Energy Consumption

Monitoring system for energy consumption is installed as a standard feature at the condominiums (BRANZ Series) marketed by TLC in the Tokyo metropolitan areas. Energy consumption (electric power and gas) can be checked using PCs and mobile phones. Moreover, energy-saving performances can be displayed as rankings within each condominium building, offering residents an element of entertainment in their energy-saving efforts. (Features vary by condominium building.)

5. Use of Solar Power Generation and Other Renewable Energy Sources

The TLC Group has been promoting a broad-based change to renewable energy application. As an example, solar power generation has been installed at a number of condominium buildings and at the Palau Pacific Resort Hotel, while wind power generation has been installed at the Tokyu Plaza Omotesando Harajuku commercial facility.

6. Efforts for Popularization of Smart Houses

Tokyu Homes Corporation developed “new environmental conscious concept housing” based on three concepts, “use of natural energy,” “long-life and durable house,” and “low life-cycle costs,” and announced it in August 2011. This concept housing is an example of long-term excellence with regard to a systemic performance and life cycle CO₂ reduction, among others, which is also reflected in the “S-rank (excellent)” awarded by the CASBEE environmental performance efficiency assessment indicator.

Moreover, in August 2012 Tokyu Resort Corporation initiated sales of the MIRAI NIHON TM next-generation smart house whose conceptual design was created by TBWA / HAKUHODO Inc.

7. Introduction of Hybrid Vehicles

The TLC Group companies have adopted hybrid vehicles for company use in an effort to reduce CO₂ emissions. Hybrid vehicles were introduced in the 2011 - 2012 period at Tokyu Community Corporation, Tokyu Livable, Inc., and Ishikatsu Exterior, Inc.

8. Energy Saving through the Use of LED Lighting

The TLC Group has been promoting a broad-based change to LED lighting at residential and commercial facilities, office buildings, resort facilities, residential facilities for the elderly, and other locations. The shift to LED lighting has been rewarded with substantial energy saving and long-life. At the Tokyu Hands Shinjuku branch, the shift to LED lighting brought approximately 44% reduction in electric power consumption compared with before. At the Tokyu Harvest Club Nasu, the adoption of LED lighting and electrical inverters for power equipment led to the recognition as an “Eco Keeper Establishment” by Tochigi Prefecture.
Five Environmental Issues (2)

Promoting Biodiversity Conservation

The TLC Group makes efforts for promoting biodiversity conservation through TLC’s participation in “Japan Business and Biodiversity Partnership,” procurement of timber taking into account the ecosystem of forests, progressive landscaping technologies, and greening in consideration biodiversity of the vicinity.

Preservation of the Existing Natural Environment

For preserving as much as possible the original ecosystem, the use of trees pre-existing at the location is desired. At the BRANZ Denerchou condominium building completed in April 2012, pre-existing trees were used as symbolic trees at the entrance.

Biodiversity Conservation through the Greening of Buildings

Through the greening of buildings and their vicinity, the TLC Group seeks to create ecological corridors designed to attract birds and insects having their habitats nearby. As an example, at the BRANZ Shinonome condominium (completed in February 2012), symbolic trees have been planted on the patio and nest boxes have been set up. Additionally, greenery is planted on the roofs of all buildings including residential and office buildings, commercial facilities, and residential facilities for the elderly.

Efforts for Environmental Conservation

traffic accidents of wild animals crossing the road. The passage ways for wild animals were built during the site area. One example, at the BRANZ Shinonome condominium, pre-existing trees were utilized at BRANZ Denerchou condominium.

Moreover, the TLC Group provides greening also for the temporary enclosures of condominium building construction sites, using the “Earth Wall method” (a patented construction method) of Ishikatsu Exterior, Inc. and with ivy on highly water-preserving bog moss planted at the ground, offering greenery for the nearby community to enjoy.

Development of Advanced Greening Technology

Ishikatsu Exterior, Inc., known for proposing advanced greening technologies such as the Trans Planting Machine (TPM) method, also developed the Urban Green Shade - small islands of greeneries for a taking a short rest that bridge the gap between the city and nature - and humic soil that can be used for indoor flower pots and planters.

Timber Procurement with Consideration of Global Environments and Local Communities

TOKYO Homes proactively promotes fair wood procurement*1 with the “Lumber Procurement Policy” established incorporating international procurement standards. Assessment of wood-related environmental risks is implemented in cooperation with FoE Japan*2, an international environmental NGO. Based on results of the assessment, continuous improvement activities are conducted.

The Palau Pacific Resort Hotel contributes and cooperates across a wide range to preserve the environment of the Republic of Palau which is registered as a World Heritage site, through activities such as sponsoring surveys and educational events for the protection of the dugong population, providing nature observation guidance on the hotel site, and lobbying for the designation of the private beach in front of the hotel as a marine life conservation area by ordinance of the State of Koror. Moreover, by keeping the height of buildings below that of palm trees, building designs reflect consideration for preserving the natural scenery.

Floriculture at Ski Resorts

Ski resorts Mt. JEANS Nasu and Hunter Mountain Shikibara in Tochigi Prefecture maintain and manage a wide range of flowering plants from the spring until the fall. Narcissus, azalea, lily, and sunflower take turns blooming respectively in spring, early summer, mid-summer, and fall. Moreover, Tanbara Ski Park in Gunma Prefecture and the Tangram Ski Circus in Nagano Prefecture are growing lavender blossoming in the summer.

Widening of the Green Connection Project

In October 2011, the TLC Group initiated the Green Connection Project as an environment conservation activity to be implemented with the cooperation of members of the public. Thus, consistent with many different areas of interaction between the Group and members of the public, the Group supports forest preservation activities and in this way contributes to solving the five environmental issues formulated by the TLC Group.

*1 Fair wood trading refers to not only that trees are legally harvested, but also that they are logged in an environmental conscious manner and represents purchase of only socially-fair wood (no endangered species, no illegal logging or trading, no adverse effect on ecosystem or indigenous people)

*2 Japan office of FoE (Friends of the Earth,) an international environmental NGO.

*3 North American-style homes (custom built)

TOPICS

1) CO2 emissions reduction
2) Promoting biodiversity conservation
3) Conservation of water resources
4) Resource saving
5) Health care

The Green Connection Project: Points of interaction with customers

• Purchase of condominiums
• Use of office buildings
• Use of resort facilities
• Card members of commercial facilities
• Moving into residential facilities for the elderly
• Ownership of shares

Environmental Risk Assessment Associated with Wood (as of March 2012)

TLC Group Environmental Vision

- Environmental Risk Assessment with Wood

- Lumber Procurement Policy

- Forest Preservation

- Fair wood trading

- Biodiversity conservation

- Water conservation

- Timber production

- Scenic views and relaxation

1.6% TJI, LSL, structural plywood, etc.

0.8% Lumber, Alaska yellow cedar, etc.

4.8% Lumber, Alaskan yellow cedar, etc.

54.8% Low risk

100% Relatively high risk

0.6% Relatively low risk

0.8% Relatively high risk

12.5% Relatively low risk

6.3% Relatively high risk

87.5% Relatively low risk

97.2% Relatively low risk

80.5% Relatively low risk

100% Low risk

90.5% Low risk

100% Low risk

87.5% Relatively low risk

60.5% Relatively low risk

0.5% Relatively low risk

95.5% Relatively low risk

99.3% Relatively low risk

95.5% Relatively low risk

80.5% Relatively low risk

97.2% Relatively low risk

90.5% Relatively low risk

60.5% Relatively low risk

100% Relatively low risk

6.9% 

1.1% 

0.8% 

4.8% 

54.8% 

100% 

0.6% 

12.5% 

4.8% 

100% 

87.5% 

9.8% 

100% 

87.5% 

100% 

80.5% 

97.2% 

87.5% 

90.5% 

4.2% 

6.9% 

80.5% 

6.2% 

97.2% 

100% 

100% 

6.5% 

100% 

100% 

87.5% 

100% 

87.5% 

87.5% 

97.2% 

90.5% 

60.5% 

100% 

87.5% 

100% 

87.5% 

87.5%
Five Environmental Issues (3)

Conservation of Water Resources

The TLC Group makes efforts for conserving water resources by introducing diverse water-saving equipment to save water in business activities in TLC’s office buildings, commercial facilities, and resort facilities.

Conservation of Water Resources by the TLC Group

The TLC Group has been working to reduce tap water consumption through the installation of water-saving facilities and equipment and the use of rain water and ground water.

- Tap Water Consumption Volume at the Main Facilities of TLC

<table>
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<th>Year</th>
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<tr>
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<td>1.38</td>
</tr>
<tr>
<td>2011</td>
<td>1.28</td>
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</tbody>
</table>

*Values reflect the combined totals for 67 office buildings, commercial facilities, and resort facilities.

Usage of Rain Water and Ground Water

Efforts at using rain water are promoted along with water saving. At the various residential properties and facilities, rain water storage tanks have been introduced to procure water for cleaning common spaces and for watering green zones.

At the Grancreer Seijo senior residence, rain water is used for watering the roof garden.

Conservation of Water Resource through Water-saving Facilities

The TLC Group has been promoting the introduction of all kinds of water-saving implements at the residential properties and facilities that the TLC Group markets and operates. Implements include water-saving faucets, dish washer-driers, and low-flow toilets. For newly designed commercial-use buildings, low-flow toilets are used with a water consumption of not more than six liters.

Self-water Purification at Resort Facilities

“Palau Pacific Resort” has operated a hotel with drinking water generated by its own private water supply facilities since opening, and taken measures for saving water to protect water resources in Republic of Palau.

Five Environmental Issues (4)

Resource Saving

The TLC Group makes efforts to promote recycling and saving resources in business activities, as well as longer life of housing and facilities, aiming to achieve a recycling society.

- Long-life Residences and Use of Recycled Materials

Long-term Superior Housing Certifications were acquired for BRANZ Azabumamianacho condominium (completion projected for October 2013) and BRANZ Yonbancho condominium (completion projected for February 2014).

Active efforts to acquire the certification will be made also for buildings planned in the future.

TLC’s condominiums have acquired the highest three-star rating for “measures against deterioration” in the Housing Performance Indication System, in consideration of quality of concrete.

Recycled timber has been used also for the wooden decks of BRANZ Shinonome condominium among other steps to promote the effective use of resources.

- Significant Reductions in Industrial Waste from Renovations

The total housing recycling system “KuraN-Up GREEN” of Tokyo Homes Corporation reduces industrial waste by around 90% compared with reconstructing from scratch, by re-using good-condition components of the original structure such as foundations and pillars. Moreover, facilities are not only replaced with new ones but at the same time also structural reinforcement is provided as measure to enhance building life.

In addition, Tokyo Resort Corporation offers seismic resistant assessments and guarantees with sales of its REWORTH renovation for country cottages.

- Resource Saving and Recycling at Facilities Operated by the Group

The TLC Group promotes thorough separate collection and recycling of wastes. In relation to office buildings and commercial facilities, appropriate disposal has been implemented in relation to waste materials at construction, provide education to management companies, and call for cooperation of tenants.

Tokyo Resort Service Corporation is promoting recycling of waste oil from restaurants in hotels, golf courses, and ski resort facilities managed by Tokyo Resort Service, and switching from disposal chopsticks to ordinary ones.

Moreover, at the Tokyo Stay boarding hotels operated by Tokyu Relocation Co., Ltd., in Tokyo, amenities such as tooth brushes, etc., are provided only at the reception for those guests who actually do need toiletry articles, in an effort to reduce the volume of waste.

Other Initiatives

For Raising Employees’ Awareness of Environmental Issues

Since FY2009, TLC encourages employees to take the Certification Test for Environmental Specialists (Site Test) hosted by the Japan Chamber of Commerce and Industry as part of environmental education for the employees. At FY2011, successful examinees exceeded one hundred.

Product Development with Consideration to the Environment

Tokyu Hands, Inc. offers carefully selected products to effectively use limited resources taking into account the environment as a series of “Ecology in Your Hands.” Out of the proceeds from sales of recommended items, one percent is donated to NPO Solarbear Foundation which engages in activities to prevent global warming.

Provision of amenities at the reception (Tokyu Stay)

Using Recycled Bio Resources

TLC makes bamboo smoked chips in the company-owned forest in Ichihara city, Chiba Prefecture, and uses the chips as materials for soil amendment of home garden spaces at some detached homes sold in “BRANZ GARDEN Asuigasaki Higashi.” We also use wood which was cut during forest improvement activities for plant name tags and woodchips. In “Asakura Golf Club,” logged wood is made into chips and recycled in the facility by Ishikatsu Exterior, Inc. At the same time, fallen leaves and lavins are turned into compost.

Resource Saving and Recycling at Facilities Operated by the Group

The community newsletter and guidebook for members of the WELBOX welfare menu service provided to clients of Ewel, Inc. have been reduced in size so as to lower the consumption volume of paper resources.

Size Reduction for Newsletter and Guidebook

The community newsletter and guidebook for members of the WELBOX welfare menu service provided to clients of Ewel, Inc. have been reduced in size so as to lower the consumption volume of paper resources.
Health Care

Considering that environmental conservation would lead to physical health, the TLC Group offers health-conscious facilities and services.

### Appropriate Handling of Toxic Chemicals and Waste

At the TLC Group’s office properties, resort and commercial facilities, we are committed to a reduction of toxic chemicals that have an impact on the environment, and handle these substances in accordance with the applicable laws and regulations. CFC (chlorofluorocarbon,) which is used as air-conditioner coolant and PCBs, for condensers, are properly managed or discarded in accordance with the required procedures without leaks or discharges in accordance with the corresponding regulations. Control measures and procedures in relation to asbestos and contaminated soil are implemented when required in light of the site investigation results.

### Residential Creations that Offer Environments for Healthy Living

The Japanese Building Standards Act has introduced a ban on two chemical substances, and the Ministry of Health, Labour and Welfare (MHLW) has issued guidelines for air concentration levels for 13 chemicals in response to the sick house syndrome.

TLC’s condominiums and detached housings employ construction materials with the highest rating of F4-stars in JIS/JAS evaluation system, and acquired the highest three-star rating for the category of formaldehyde countermeasures in the Housing Performance Indication System. TLC also pays great attention to emission of other chemicals and is committed to providing healthier homes.

In total air conditioning system of “Millcreek,” an imported housing of Tokyu Homes Corporation, it is possible to keep the entire house at constant temperature, and to keep the interior environment comfortable through a whole year by taking in fresh air free from pollen dust, moisture, and odor.

### Industry and Academia in Joint Research of the Sick House Syndrome

Tokyu Homes Corporation was awarded a letter of appreciation from Chiba University in recognition of five years of cooperation in the “Chemiless Town Project” conducted between industry and academia in order to identify the causes and remedies of the sick house syndrome. The project included a diversity of empirical research surrounding the use of German-made ecological construction materials that include an absolute minimum of toxic chemicals and construction materials employing leading edge technology to actively reduce toxic chemicals such as photocatalysts.

Since April 2012, Ewel, Inc. provides the health support tool “WELBOX Master of Health” under the WELBOX Welfare Menu Service for corporate customers. In addition to record-keeping and tracking functions for the number of steps users walk each day, for limited periods of time users are also offered health improvement events. For the future, plans are considered to share and use the health support services provided by Ewel, Inc.

Facilities and Services for Health Maintenance and Furtherance

The facilities of the TLC Group emphasize health maintenance and health promotion through the use of greenery. A number of residential facilities for the elderly offer gardening therapy, enabling residents to improve their health through tending to flowers and vegetables and by using the harvested vegetables for food, and in this way increase the communication among residents.

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### Gardening therapy

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### Corporate Governance System

TLC has implemented an executive officer system to separate the functions for decision-making and supervision on management policies, from those related to the execution of duties on business affairs to thereby strengthen corporate governance and increase management efficiency. In addition, from the standpoint of strengthening consolidated management of the TLC Group, the presidents of the major group companies attend the Group Management Committee.

The Board of Directors functions as the highest decision making body and is responsible for management policies and ensuring execution of duties by the directors. Board meetings are held on a monthly basis, and extraordinary board meetings are held as necessary. For FY2011, a total of 14 board meetings were held. The role of the statutory auditors is to attend important meetings and correctly assess the corporate status, and effectively supervise TLC and the group companies’ operations and directors’ execution of duties. Transparency in the management by appointing three external auditors in the four members Board of Statutory Auditors.

### Internal Control Systems Framework

At TLC, compliance management is ensured as a result of the determination by the Board of Directors of resolutions to enforce fair business practice across the TLC Group while advancing internal control framework, and validating progress on a regular basis. TLC has also established the Internal Audit Department in order to guarantee independency and fair practice of the internal control system. The Internal Audit Department conducts internal auditing of overall business practices of TLC and its subsidiaries, and objectively and justly examines and validates the legality and appropriateness of management/operation systems and business conditions, and initiates improvement in business practices.

### Compliance

The TLC Group has a compliance system in place that consists of committees such as the “TLC Group CSR Promotion Committee,” and endeavors to ensure compliance management in accordance with the “TLC Group Code of Conduct.” To supplement the Code, we have implemented the “TLC Group Compliance Manual,” which outlines each item in the Code of Conduct more specifically, as a tool for our employees to put compliance into practice. Furthermore, we hold compliance trainings periodically to familiarize employees with compliance issues in order to establish a culture of compliance within the Group.
Initiatives to Raise Awareness-raising Measures
TLC formulates “Compliance Program” in each fiscal year to plan compliance activities for that year. To ensure awareness of compliance and appropriate business practices, TLC conducts rank-specific trainings periodically for all executives, employees, contract workers, and temporary staff. For FY2011, a total of 33 such training courses were initiated, on the topic of compliance, legal matters, and financial instruments and exchange business. Also, widening the scope, training has been introduced also for executives and employees of the TLC Group and steps are taken to increase awareness. Topics of internal seminars held in FY2011 included insider trading regulations, Organized Crime Exclusion Ordinances, and labor administration, among others. A compliance e-learning program for employees is continuing. Moreover, examples of compliance incidents from other companies are posted each month and brought to the attention of employees together with cautionary warnings. Other measures to strengthen legal compliance include the implementation of internal regular legal conferences, adoption of in-house lawyers, and the creation of environments to enable employees to check for information on new legislation and revisions of laws concerning operations.

Compliance training
Helpline for Reporting Breach of Laws and Improper Actions
The TLC Group has a “Compliance Helpline” (whistleblowing compliance hotline) in place as a mechanism to prevent and remediate any violation of law or fraud. The external helpline is also available for employees to consult with independent attorneys on compliance issues.

Compliance with the Financial Product Trading Business
In accordance with the enforcement of Financial Instruments and Exchange Act, TLC is registered as a Type II Financial Instruments Business and an Investment Advisory and Agency Business. We are endeavoring to upgrade our business structure by strengthening the organization and establishing necessary company regulations. Furthermore, we are also working to build our internal management and control system and its validation system based on the FDCA management cycle to enhance compliance with law and regulation.

Furthermore, “basic training for securitization of real estate” and internal seminars concerning “Financial Product Trading Business Manual” are held on a regular basis in order to familiarize employees with relevant laws and regulations, etc.

Policy for Anti-social Forces
The “TLC Group Code of Conduct” clarifies the principle of no association with anti-social forces. It is stipulated in the Code of Conduct that we shall construct close connection with police, attorneys and other external institutions within the context of our day-to-day business activities, and stand firm against any demands from anti-social forces. TLC also released “Guidelines for Anti-social Forces” and “Anti-social Forces Policy Manual” to prescribe actual preventive and handling procedures of anti-social forces and disseminating the guidelines and manual through compliance trainings for employees.

TLC Group Code of Conduct
1. Compliance with Law and Regulation and Fair Trading
   • Ensure compliance to applicable laws and regulations.
   • Ensure best practice in material procurement and fair trade.
   • Ensure compliance with fiduciary responsibility in the execution of duties.
   • Never connect with anti-social forces.

2. Ensuring Customer-oriented Awareness
   • Identify customer needs and develop product to meet their needs.
   • Prompt and dedicated response to customers’ comments and requests.
   • Customers’ safety and security comes first when providing products and services.
   • Provide a suitable and appropriate explanation and marketing of our products and services.

3. Suitable Execution of Duties
   • Responsible execution of duties, keeping concepts of “speed” and “evolution” in mind.
   • Nurture organization culture of placing emphasis on “Collective wisdom.”
   • Take advantage of combined strength of the corporate group.
   • Ensure proper decision making process.
   • Proper management of rules.
   • Proper negotiations with business associates.

4. Proper Management of Information
   • Operate proper document and information management system.
   • Proper management of confidential information and compliance with confidentiality obligation.
   • Properly keep personal information to be safely managed and protected.
   • Properly keep personal information to be safely managed and protected.
   • Properly keep personal information to be safely managed and protected.
   • Properly keep personal information to be safely managed and protected.
   • Improve corporate assets.
   • Ensure a robust, safe, and comfortable working environment.
   • Respect human rights.
   • Contribution to society and consideration of the environment.
   • Reasonable business entertaining and gift-giving.
   • Clear distinction between business and personal matters.

Risk Management System
Day-to-Day Risk Management
Upon risk identification and assessment, the TLC Group has established a PDCA (plan, do, check, act) cycle as the risk management system. Critical risks that are project specific to TLC are to be discussed at “Management meetings” and then comprehensive risk management is carried out accordingly. Furthermore, TLC promotes risk management activities across the TLC Group through “TLC Group CSR Promotion Committee.”

Crisis Management in the Event of a Disaster
TLC will respond to a disaster or other situation associated with a risk or occurrence of urgent and critical loss in accordance with the “Emergency Response Provisions,” shall distribute all necessary information, make decisions in an appropriate manner, and take measures to minimize damage.

Moreover, TLC formulated “Emergency Response Basic Manual” stipulating code of behavior in an emergency, and individual manuals for large scale earthquakes and other diverse crises and hold response training according to it. TLC also developed business continuity plans (BCP) for a head office and individual businesses to avoid business interruption.

Information Management and Disclosure
Information Management System
With the objective of appropriately managing the information required for our business operations, TLC has constituted “Information Management Provisions” to stipulate information sharing to increase efficiency of business operations, to prevent breach of confidence, and ensure adequate information disclosure. On the other hand electronic information shall be handled on the basis of “Electronic Information Security Rules” that are to be observed by directors and employees regarding information usage monitoring by information managers, information terminal use, and other electronic information related matters.

Protection of Personal Information
TLC has issued “Personal Information Protection Rules” to require all employees to observe relevant laws and regulations. To disseminate the rules and raise awareness of personal information protection, TLC has distributed a “Personal Information Protection Manual” and conducts training on related matters. In addition, TLC pays close attention to choosing business and outsourcing partners, and promotes appropriate supervision in order to ensure information protection.

Prohibition of Insider Trading
In order to prevent insider trading that clearly is in breach of the Financial Instruments and Exchange Act, TLC established “Provision of Insider Trading Prohibition” to thereby raise awareness of the provisions through compliance trainings and e-learning programs.

IR Activities
TLC is committed to providing information to shareholders and investors in a fair, accurate and timely manner. With respect to disclosure, TLC ensures strict compliance with applicable laws and regulations. We also disclose information on management strategies and our financial position to extensively promote understanding of our business activities.

We are pleased to note that TLC earned Internet IR Excellent Company Award 2011 from Daiwa Investor Relations (Daiwa Securities Group), won first place in “FY2011 Listed Company Web Site Quality Ranking” and “Internet IR Excellent Company Award 2011” by Gomez Consulting.
Improving Customer Satisfaction

Communication with Customers

Drawing upon diverse expertise across the Group gained through various services we have developed over the years, the TLC Group strives to further improve our products and services, and maximize customer satisfaction.

**Measures to Improve Customer Satisfaction by Emphasizing Communication**

To ensure that the entire TLC Group acts together to provide services that find full customer satisfaction, in 2009 the Service-way Forum for the enhancement of service offering was initiated, which is comprised of five companies* whose interaction with customers in relation to Group operations is particularly frequent. By mutually sharing their expertise and information, the participating companies aggregate their resources in their daily efforts to identify opportunities for bonding with and serving customers.


**Voluntary Training Using Video Teaching Materials**

Service-way Forum participant companies have prepared video educational materials for voluntary self-study displaying manerisms, postures, and attitudes that, although undesirable, are prone to happen despite one’s better knowledge. Adding improvement upon improvement, through mutual objective learning and observation, participants will be able to make customers feel comfortable and to enjoy the facilities.

**Strengthening Relations with Customers**

The TLC Group issues four times each year its Group newsletter “Cosmos” to about 130,000 customers who have signed up as subscribers, with a view to continue providing customers with suggestions for a congenial and comfortable lifestyle after the purchase of a product or service.

“Cosmos” was first published in 1969 and has been brought to customers for about 40 years. Incidentally, the autumn issue of 2012 commemorated the 200th issue since the publication was established. On this occasion, pages were given a complete makeover. In order to continue to attract the interest of our customers, we will commit to bringing news that relate closely to customers’ lives, strengthening two-way communication with customers, and welcoming customers’ opinions to bring all of these to bear on future service enhancements and product development.

Moreover, together with the renewal of “Cosmos,” a new appearance was given also to the “Cosmos WEB” special website, which serves for the introduction of special bonus offerings. This site is meant to further enhance customer satisfaction through the quick delivery of timely information that cannot be communicated through the quarterly newsletter.

**Communication with Tenants**

Based on the concept of a “newsletter and information site linking towns, office buildings, and people working there,” TLC has been publishing the freebie newspaper “Office to” and operates the special website “Office to CLUB” for tenants of the office spaces operated by TLC. Launching this service sprang from the desire to bring additional comfort and convenience to tenants’ office life.

**New Site for Consultations on Real Estate**

In October 2012, Tokyu Livable, Inc. started its website “Online Real Estate Consultation Service” for consultations on real estate. The purpose of the site is to facilitate communication across the real estate industry at large through the release of industry know-how geared at individual and corporate customers as well as members of the real estate industry. In addition to consultations through the site, previous consultation cases are published.
Aiming at Creating a Workplace where People Feel Job Satisfaction

The TLC Group considers it important to create a working environment where employees can work with vigor and motivation in order to improve services to customers and improve our corporate value. Therefore, we have established various systems and structures to enable individual employees to make the maximum use of their personal characteristics and abilities, aiming at creating a workplace where employees can work with pride.

In-house Training Programs

At TLC, employees are not regarded as “human resources,” but rather, as “human asset,” exerting direct influence on corporate value and profit. TLC’s employee training program consists of four stages, with a five-year interval from the time they join the company. Each stage has goals to be achieved through a stage-specific training curriculum. The program is intended to enable employees to create new values and improve their skills as “value producers.”

In addition to existing programs, TLC actively develops personal development programs to help each employee learn and acquire certifications for his/her chosen career path.

Specifically, there is training in the 5th and 10th year of a career, as well as technical career training with a view to the next career level such as assessment training for management positions, but also training for specific fields such as accounting training, training in logical communication, and lectures on legal affairs.

Furthermore, due to the attention placed on development of foreign business activities, TLC provides education of foreign languages (English/Chinese) for interested employees.

Personnel Rotation Program

TLC systematically rotates young employees who have been with the company for ten years or less for the purpose of fostering personnel to take charge of management positions with a broad understanding of corporate business. TLC carries out the personnel rotation program, taking into account employees’ own wishes and aptitudes based on annual interview on personnel affairs. Those employees, in principle, would experience three kinds of duties at three divisions during the period of ten years after entering the company. With this program, it is possible for the company to determine an employee’s aptitude at an early stage, and for employees to conduct business activities from the company-wide viewpoint, in addition to their own division’s viewpoint.

Internship Programs to Support Future Employees

TLC offers two internship programs for next generation to learn first-hand what it means to work in the society, and rewards and challenges of working in the real estate business. One program is called “Internship” and gives actual working experience with our employees, while the other, “one-day Internship,” consists of visits to TLC’s projects and group workshops to discover advantages of the real estate industry. “I could more understand the real estate industry,” and “I could imagine myself working,” participating students said every year, highly appreciating the internship system which contributes to cultivating a view of career for the next generation.

Ensuring Employment Diversity

In order to promote employment diversity, TLC proactively employs people with disabilities, and improves and enhances their work environment. As a result, the employment rate of people with disabilities was about 2.1% as of the end of March 2012, largely exceeding the statutory employment rate at 1.8%. The re-employment system for retired persons has been introduced with an eye to productive employment for both employees and the company (job matching.) With this system responding to diversifications of life plans after retirement which has been recognized as an issue of the aging society, a lot of employees who retired once are actively working, using skills that they have developed so far.

Employment and Labor Practices

Support System for Childcare and Nursing Care

The TLC Group has implemented a number of measures to provide our employees with diverse working style options. In 2012, TLC changed its childcare support regulations. Specifically, the regulations for reduced work time for childcare were made available for the employees with children up to the third grade of elementary school, and such other improvements for better reconciling childcare and work. Additionally, the 4-day work week was introduced for nursing care support.

Also at the Group companies, for example, Tokyu Hands, Inc. provides an exemption from overtime for employees with children up to the third grade at elementary school. It also has a system in which employees with a family member requiring nursing care are exempted from overtime work and can choose their own working hours. Tokyu Sports Oasis, Inc., on the other hand, implements flexible human resource management, including extended maternity leave (small children up to three-years old,) “Short Work-Hour upon Returning to Work Program” (work three hours less, for six months after returning to work,) and “Childcare Employees System” (employees with children in elementary school can choose their own working hours.)
Employment and Labor Practices

Volunteer Support

For employees who participate in volunteer activities for recovery support after the Great East Japan Earthquake, TLC has established a “Volunteer Leave System.” In addition to up to five days of paid leave per year, participants are eligible to receive subsidies in a certain amount from the Company for the cost of their volunteer activities. Moreover, regulations have been established that allow participants in welfare activities and environment conservation activities to use for such participation, a certain number of accumulated but expired annual holidays.

Work-Life Design

TLC believes that employees generate respective multiplier effects by independently “designing” and thereby enhancing the shape of their work lives and personal lives. The Company therefore works to implement a concept of “work-life design” aimed at creating a relationship of mutual benefits between the Company and employees. To this end, the Company takes a range of measures such as programs designed not only for physical rest but also for making time for new activities and personal growth and programs to support diversity in work modes. For example, the Company has made Wednesday a “No Overtime Day” and has established a “commitment leave” system for employees to commit themselves to schedule at the start of each year at least seven days of paid leave that they will take during the year.

Revolitization & Communication Workshop

TLC holds “Revolitization & Communication Workshop” with the aim of allowing for exchange among employees and reducing stress. The purpose of this workshop is to figure out ways to work and live free from stress through various experiences with guest lecturers. For example, practice exercises that can be done without assistance such as stress endurance checks and laughter yoga (laughing exercises) for stress resolution, tapping for emotional relaxation and building concentration, effective complimenting (praise that reaches others) to facilitate communication, and other useful programs for actual business and life enjoy popularity among a lot of participants.

Medical Checkup and Mental Healthcare

TLC provides periodic health examinations for all employees each year in spring, and also in the autumn for those who prefer a second exam and for employees with overtime in excess of internal standards.

For mental healthcare, TLC implements employee mental support program (EAP) arranged by a specialized external institution. The mental support program is also available for families of employees to consult with the specialist about any problems including non-work related problems such as childcare and nursing. Furthermore, the mental healthcare program offers self-checklist every year for employees to recognize their own stress levels.

Enhancement of Working Environments

As part of the Company’s welfare program, at the TLC head office, employees can take the “Office Massage” available once a week administered by visiting chiropractors. The offer has been praised by users for its relaxing and refreshing effects, for example, after working long hours at the PC. Moreover, at Ewel, Inc., some areas for work breaks and for holding meetings have been equipped with tatami flooring to create spaces that promote relaxation. Using this kind of surroundings invigorates the communication among employees, supports creative thinking at meetings, and serves to raise productivity.

Knowledge Forum (in-house seminars)

TLC holds in-house seminars called “Knowledge Forum” for executives and employees of the TLC Groups. With the aim of advancing reform of organizational culture, knowledge interaction with other leading companies, and of promoting learning and motivation, we invite leading figures in many different industries to speak at our Forums.

In FY2011, five presenters were invited to give lectures, among them Hirofumi Gomi, former Commissioner of the Financial Services Agency and current Chairman of PricewaterhouseCoopers Research Institute (Japan) Co., Ltd., who gave a lecture entitled “Lessons from the Financial Crisis -Regulation by the Authorities and Self Discipline-,” and Isamu Tatsuno, President and CEO of MontBell Co., Ltd., who gave a lecture entitled “Dreams and Adventures -Playing in the Nature-.” Since FY2004, the Knowledge Forum has been held 32 times in total as of September 2012.

Kusanone Project

“Kusanone Project” is the name of an initiative to increase communication in a bottom-up configuration involving around 16,000 employees of the TLC Group. Activities incorporate a diversity of inputs from employees, many of them calling for better lateral integration and improved communication. This shared perception led to the initiation of activities aimed at closer interaction of employees and Group companies and the provision of a one-stop service program conceived from the angle of offering value for customers at all times.

Based on the concept that close relations and interaction among employees are the source of increased value creation provided to customers, it is the aim of this project - through a range of measures and occasions whose purpose is to come to know and connect with people, meet and learn from people, and motivate people, etc. - to create a spontaneous cycle that serves the cooperation in the Group.
Ensuring Safety and Security Contribution to Local Community

The TLC Group contributes to local communities by maintaining and enhancing the “safety and security” provided by its products and services and through helping to build communities.

Achieving High Quality

Condominiums and detached housings

Planning and developing condominiums and detached housings, TLC conducts strict quality checks such as ensuring the drawing and construction inspection at each stage of the project from schematic design, construction, to after-sales service in order to maintain a high level of safety, installation of disaster and crime prevention equipment, and comfort of products and services. Based on the “planning checklist” which is a compilation of the know-how and experiences of product development and management over the years, we carefully verify the performance characteristics of our buildings' structures, appliances and specifications during schematic planning and construction phases.

For crime prevention, we outline the fundamental ideas in our “security guideline.” For example, in the case of the branZ Series condominium, the way from the building entrance to each condominium is divided into three zones that are respectively protected through three kinds of security devices such as auto-locks and interphones equipped with surveillance camera and TV monitor.

Outline of the Triple Security Application

- Auto-lock release after clearance by the resident
- Communal interphone with camera
- Interphone with TV base unit
- Front door

Office buildings and commercial facilities

Our goal for TLC office buildings is assuring a safe working environment. We therefore take great care in undertaking routine safety measures, and based on our “Office Building Planning Guidelines” and “Universal Design Guidelines,” improve our approach day by day. Any accident that occurs is recorded in a database, and is managed by the Facility Management Information Network for inter-departmental sharing in order to investigate the causes and preventive measures.

This is one of the self-imposed requirements, among other cutting-edge structural designs, to make TLC’s new office buildings with over 3,000 tsubo (9,977m²) floor space, to meet the equivalent performance level of the seismic resistance standard for Type II Government and Other Public Office Facilities*. In order to assure our tenants’ business continuity in case of an earthquake, we also conduct seismic resistant assessment, and reinforce the structures to the level required by current Japanese Building Standard Act.

* The seismic resistance standard for Type II Government and Other Public Office Facilities. The structure should be designed and constructed to withstand severe shock without serious damage that require major repair work. Specific measures have to be implemented for safety of life and structural functions.

Resort facilities

Tokyu Resort Corporation implements building inspections and seismic resistant assessments at the time of selling used condominiums which the company purchased, and if needed, reinforces their structure. Finally, properties guaranteed by outside inspection institution will be put on the market.

Condominium management

Tokyu Community Corporation implements seminars for management associations in effort to improve condominium management techniques, aiming at provision of condominiums which can satisfy customers.

One-year Guarantee for Transactions in Pre-owned Residences

In October 2012, Tokyu Livable, Inc. started offering its “Livable Intermediary Guarantee Service,” a one-year guarantee associated with the sale or purchase of an existing residence. An existing residence which structure has been inspected and its safety verified is protected with a one-year guarantee beginning with the date of the handover to the buyer.

The seller, on the other hand, obtains the advantage of an effective release from the statutory liability for defects of the building and can go ahead with offering a building eligible as a “Livable Guaranteeable Housing.” Buyers also can get to know the inspection result before they decide to purchase and obtain a one-year insurance that is valid for longer than the statutory liability for defects, which normally covers only the first three months after the hand-over.

Efforts for Social Contribution through Business

Strengthening Disaster Response Capabilities

TLC’s condominiums distribute “DIY Guidebook for Seismic Countermeasures” in which countermeasures against earthquakes are explained, for example, how to prevent furniture from falling, as well as “Condominium Life Handbook” in which basic knowledge of condominum management and measures for crime and disaster prevention are described. In “BRANZ Support” Program (see P. 13-14.) seminars on crime/disaster prevention, fire drills, and other events are conducted at Tokyu Community’s Technology Center (excluding some condominiums.)

Tokyu Community Corporation, on the other hand, offers seminars and useful ideas regarding disaster prevention instruments and proper building maintenance methods to condominium association board members. It also put together “Disaster Control Guide” for each condominium association for their disaster preparedness.

Stockpile in Preparation for Disasters

Having taken various actions in preparation for disasters, such as a stockpile of food and setting up of emergency toilets, individual facilities of the TLC Group further enhanced stockpile and other disaster contingency planning in the wake of the occurrence of the Great East Japan Earthquake.

Condominiums of BRANZ Series have reserve storages for stockpile in place according to the number of resident households, and defined the criteria of storage area and stockpile. (Excluding some condominiums)

Tokyu Stay Ikebukuro and Tokyu Stay Kamata

Designated as Excellent Certified Fire Prevention Property Offices

In January 2012, the Tokyu Stay Ikebukuro and Tokyu Stay Kamata were designated excellent certified fire prevention property offices, bringing the number of Tokyu Stay establishments bearing this designation to 34 out of 15. Strict requirements must be met in order to qualify for this designation, which is held only by few operators of business hotel chains. Additionally, fire prevention and evacuation drills are exercised each month at Tokyu Stay. Operations and other measures are promoted to create environments that provide guests with security and comfort.

Strongened Defenses against Disaster through the Cooperation with Local Governments

TLC has been working in cooperation with local governments to strengthen defenses against natural disaster. For the South Gate Tower Kawaguchi (Kawaguchi City, Saitama Prefecture) scheduled for completion in January 2014, “Agreement on accepting people with difficulty getting home” was concluded with the Kawaguchi City government for the first time. The agreement provides for the installation of a disaster relief stockpile warehouse and the available use of temporary manhole toilets, bench seats which can turn into cooking stoves, and other equipment in case of an emergency. A mutual aid agreement in case of disaster was concluded also with Tokyo’s Setagaya Ward, which provides for the registration of the residential facilities for the elderly, Granny Re Sejo and Granny Bajkoun in secondary evacuation shelters, marking the first such occasion involving a private sector enterprise. Also in Tokyo’s Shibuya Ward, where TLC has multiple offices, the Group participates in the Shibuya Ward Area Council for People with Difficulty Getting Home and is involved in the formulating of disaster response regulations.
Evaluation of Damaged Buildings Inspector / Emergency Lifesaving Courses
Tokyu Homes Corporation encourages its employees to attain certification for Post-Earthquake Temporary Risk Evaluation of Damaged Buildings Inspector. As of September 2012, 65 Tokyu Homes Corporation employees were certified. The role of inspectors is to assess post-earthquake building damages in order to prevent secondary disasters caused by building collapse or falling building materials caused by aftershocks. Tokyu Land Corporation, Tokyu Land SC Management Corporation, Tokyu Community Corporation, Tokyu Sports Oasis, Inc., Tokyu Resort Service Corporation, Tokyu E-Life Design, Inc., Tokyu Relocation Co., Ltd., and other Group Companies also implement various approaches including enrollment in lifesaving courses to ensure safety of our facilities and services.

Standard Lifesaving Courses (Tokyu Relocation Co., Ltd.)

Children Emergency Call 110 Campaign
As increasing numbers of children are subject to crimes and accidents, children’s safety has become a prime interest of society. Recognizing this issue, Tokyu Livable, Inc. has joined the “Children Emergency Call 110” program that provides a safe place for children to run to in case they are faced with danger. Among the Tokyu Livable’s real estate shops in the metropolitan area, over 30 shops located on the ground level display the sign “Children Emergency Call 110” at the entrances to protect children from crime. Moreover, at 11 bases in the metropolitan area, AEDs were put in place for emergency aid.

Aiming to Be a Community-based Company
The TLC Group proactively participates in local events with the aim of promoting communication among employees and revitalize local communities. For example, we ran booths at summer festivals of condominiums managed by the TLC Group, and took part in local traffic safety activities and clean-up campaigns. We also co-sponsor and make donations to fireworks, festivals, and other events in various communities. Moreover, each business establishment and facility voluntarily conducts clean-up activities in its surrounding neighborhood.

Initiative for the Children Emergency Call 110 Campaign
Tokyo Fire Department Awards Letter of Appreciation to Four Staff Members for Providing Emergency Lifesaving Care
At Tokyo Sports Oasis, Inc., all employees take emergency lifesaving courses and automated external defibrillators (AED) are deployed at all facilities. When a visitor of the Tokyo Sports Oasis in Honekomagome suffered a cardiopulmonary arrest while exercising, staff administered emergency measures using an AED, allowing the patient to undergo a full recovery within days. In response, the Tokyo Fire Department awarded a letter of appreciation from the Fire Chief to the four staff members and the medical doctor who attended to the accident.

Standard Lifesaving Courses (Tokyu Community Corporation)

Contributing to the Development of Palau
Palau Pacific Resort is the first world-class hotel ever to open in Palau. The hotel has had tremendous impacts; the number of visitors to Palau grew from only few thousands a year soaring to 100 thousand, making the islands of Palau one of the world renowned resorts.

The hotel not only contributed to attracting visitors, but also it has taken on an important role of job creation and human resource development over the years. About 90% of our hotel workers are hired locally and given professional training in the hospitality industry. We are proud to say that our business activities have contributed greatly to the widespread improvement of living standards and overall economic development of Palau.

In 2009, Palau Pacific Resort was awarded special acknowledgement from Koror state government council and Palau National Congress for our contribution to the society of Palau. Additionally, a letter of appreciation from the President of Palau was awarded.

 Dispatch of Lecturers for University Lectures on CSR
TLC dispatched employees as lecturers to Showa Women’s University, located near the head office in Shibuya Ward, upon the university’s request to provide lecture on corporations’ CSR activities.

The university’s Department of Contemporary Liberal Arts, Faculty of Human and Social Sciences provides a course on corporations’ social contributions and environmental conservation activities as an optional course. For the lecture, the university had invited corporations with a strong commitment to CSR activities.

The topics of the lecture delivered in July 2012 were “The Necessity for Corporations to Engage in CSR” and “Activities of the TLC Group.” The large number of questions after the lecture was a sign that the lectures had succeeded in captivating participating students’ interest in the CSR activities of the Group.

Movable Tokyu Hands Enlivens Regional Locales
Tokyu Hands, Inc.’s “Truck Market” is a store format set up as a short-term franchise for a limited time in regional locales. The store handles merchandise of popular items as well as seasonal items, and features interiors intended to resemble a busy warehouse or fresh product market. The Tokyu Hands movable store has earned high praise for the novelty of the idea of taking a store by truck to locales in the region and for bringing stimulus to the region, for which it was honored with the “Business Model Design Award” of the 2011 Good Design Award.

TOPICS
Donation of Cape Hyraxes to the Tennoji Zoo
At the Abeno Amemura Park Q’s Mall, three cape hyraxes (hoofed small animals) were donated to the Tennoji Zoo located nearby, funded with points from the facility’scard point system donated by customers and with income derived from events. The names of the three animals, selected out of 500 proposals solicited from the public, are Sora (sky), Yume (dream), and Nihan (light), reflecting the hope for the further development of the location. They have been on public display since December 2011.

Moreover, the Abeno Amemura Park Q’s Mall was awarded the “Japan Marketing Award, Region Award,” out of appreciation for efforts such as the Abeno Amemura transmitting Osaka’s “Ame-chan culture” and donations of picture books to pediatric hospital wards.

Notice of the donation of the cape hyraxes

Abeno Amemura
Truck Market

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Notice of the donation of the cape hyraxes

Abeno Amemura
Truck Market
Meeting the Needs of Aging Society with a Low Birthrate (Support for Child-raising and Nursing Care)

In order to provide ease of childcare and day-to-day comfort for the elderly, the TLC Group provides various services to contribute to forming a society in which men and women of all ages can lead an affluent life.

Cooperation in Children’s Work Experience

With the aim of helping children deepen their understanding of a society and think of future through work experience, the TLC Group holds diverse events to offer opportunities to experience work.

For example, targeting local junior high school students, the TLC Group Companies offer the following opportunities for work experience: Tokyu Sports Oasis, Inc.: work at sports club; and Ishikatsu Exterior, Inc.: landscaping design underlying development of residential areas and parks.

Support for NPOs’ Assistance Activities for Children

Through its merchandise and knowledge, Tokyu Hands, Inc. engages in social contribution activities together with its customers. For example, part of the sales revenues from sales of the Tokyu Hands Original Diary and income from event participation fees are donated to the public interest incorporated foundation “Save the Children Japan.” The donated funds are used for children affected by the Great East Japan Earthquake and for activities to support residents of the region.

For Promoting Work-Life Balance

Ewel, Inc. offers welfare and benefit package menus (WELBOX.) The company has a work-care support service for companies to promote work-life balance. In November 2011, Ewel, Inc. held an event called “Fourth Work-Life Balance for Parents and Children.” The calligrapher Soun Takada was invited as a lecturer and a hands-on workshop was held for colored paper for presents, among other things.

Events to Support Children’s Growth

In August 2012, Tokyo Resort Service Corporation held “Summer Junior Golf Lesson” at the Asakura Golf Club. In collaboration with NPO Junior Golfer Conference of Japan (JGC), 85 elementary school pupils from 450 applicants were selected by lottery and invited to receive coaching from professional golfers for free. With a view to social and ethical education, Tokyo Resort Service Corporation holds the events to make healthy bodies of children, improve their skills, and teach manners necessary for social life and sportsmanship.

Moreover, cooperating with a request from the Fitness Industry Association of Japan (FIA), Tokyu Sports Oasis, Inc. has been providing support activities through offering any one of its Kids Program for children who have lost parents in the Great East Japan Earthquake free-of-charge.

Provision of High-quality Living Environment for Seniors

TLC and Tokyu E-Life Design, Inc. support various aspects of senior lifestyles by operating our senior housing series “Grancreer” that assures a comfortable, safe and secure living environment.

There are 10 “Grancreer Series” residential facilities for the elderly as of September 2012 that are categorized into senior residences, and care residences. Residential facilities for the elderly are for healthy elderly and feature wide range of services for residents to enjoy safe and secure life, with excellent living spaces and common spaces. Care residences, on the other hand, are for people who require nursing care and are staffed to offer residents 24-hour assistance with meals, baths and other daily activities.

At residential facilities for the elderly, residents enjoy open dining rooms, large common baths, hotel-like services, and a variety of learning and recreational events to enhance their everyday life even more. The dining room offers three meals 365 days a year with no need for reservations. Staff are all required to take AED courses or standard lifesaving courses. In addition, in-house nurses and affiliated doctors provide healthcare for residents.

Tokyu Homes Corporation is engaged mainly in construction and operation of group homes for independent elderly, and holds various classes and events for residents. As of July 2012, the Company was engaged in operations and the solicitation for residents at the Lifely Eda (opened in 2004 with 13 units), and provides support for building a community for the residents.

Dementia Supporter Training

In the increasingly aging society, we need to be aware of and have correct understanding of dementia.

In recognition of the issue of dementia, Tokyo Community Corporation has launched a training program for Dementia Supporters* since March 2008. The program teaches accurate knowledge of dementia as well as effective communication skills with condominium residents with dementia. Currently, all Amenity Mates (TLC condominiums’ building managers) in the metropolitan area have completed the Dementia Supporter Training.

* Dementia Supporters: Taught by experts on dementia as lecturers (called “Caregiver mate”) Dementia Supporter training programs are co-hosted by local municipalities and trade associations. Participants learn necessary skills to watch for people with dementia and their families, and become “Dementia Supporters.” Concurrently, the Japanese Ministry of Health, Labour and Welfare launched a “ Nationwide Caregiver to Train One Million Dementia Supporters” campaign to increase the number of dementia supporters to one million nationwide, making every community always a safe and secure hometown.

TOPICS

establishment and Activities of

The Grancreer Cultural Fund

In December 2011, Tokyo E-Life Design, Inc. established the “Grancreer Cultural Fund” with the aim of helping senior residence occupants enjoy a fulfilled life of cultural activities. This fund is made possible by donations from residents. As a commemorative event at the founding of the fund, a musical entitled “The Fall of Freddie the Leaf” produced by Shigeaki Hinohara, Honorary President of St. Luke’s International Hospital was performed. Moreover, a number of globally active prominent musicians were invited to give concerts at the various Grancreer facilities, including the cellist Yo-yo Ma and the violinists Teko Maeshishi and Kanako Yokoyama.

In May 2012, together with an event commemorating the 10th founding anniversary of Tokyo E-Life Design, Inc., at the Seijo Hall, a concert was given by a quartet formed by members of the NHK Symphony Orchestra, as well as a lecture meeting with Shigeaki Hinohara.

Cultural events of this kind will continue to be held in future.

For elderly and physically challenged people to enjoy and feel comfortable at resort facilities, Tokyo Resort Service Corporation has been advancing barrier-free facilities and promoting the staff to acquire Care-fitter certifications from an NPO, Nippon Care-Fit Service Association. Certified Care-fitters have hospitality skills and assistance skills required to attend to the visitors. Many of the new employees in FY2012 have acquired certifications. Efforts to promote the acquisition of certifications will continue.
TLC Group Overview (as of the end of March 2012)

The TLC Group comprises a number of affiliated companies and a total of about 16,000 employees across the Group. The TLC Group provides comprehensive solutions and is a producer of comprehensive lifestyle services for the needs of our customer in areas such as sales, leasing, management, and real estate agency services, contracted construction, property management, and retail sales.

Major Group Companies

Tokyu Land Corporation (TLC) (listed on the 1st section of TSE)
As a comprehensive real estate developer, the Tokyu Land Corporation is developing business to achieve an affluent lifestyle that harmonizes human beings with the environment through business activities such as "office buildings," "commercial facilities," "housing," "resorts," and "residential facilities for the elderly and leasing." TLC is committed to responding to social issues and creating new value through business activities of TLC and its group companies.
URL: http://www.tokyu-land.co.jp/

Tokyu Community Corporation
Continued on a track record in condominium and building management, Tokyo Community Corporation is engaged in the provision of tolling service by offering support in creating comfortable residential and business environments.

Tokyu Livable, Inc. (listed on the 1st section of TSE)
Tokyu Livable, Inc. engages in total real estate distribution business operations through a nationwide branch network with four business mainstays in real estate trading and leasing, intermediation, distribution of newly built condominiums and detached houses, real estate leasing operations, and real estate sales.

Tokyu Homes Corporation
As a total housing solution company, Tokyu Homes Corporation engages in proposing and implementing real estate proposals to customers for new residential construction, renovations, interior decoration, and residential care with the aim of providing high-quality residential solutions.

Tokyo Hands, Inc.
With the company slogan of "Kent Market," Tokyo Hands, Inc. provides hints to make our lives happier and more affluent through a wide range of products and services, and helps individual customers to create their own unique lifestyle. In addition to 20 Tokyo Hands, Inc. stores all over Japan, "HANDBS NET" in online store, and other services.

Tokyo Relocation Co., Ltd.
Tokyo Relocation Co., Ltd. offers a range of diverse residential services including rental housing management, corporate housing service, as well as convenient monthly condominium rentals for residents on business or training assignments and "Tokyu Stay," a hotel for long stay.

Ewel, Inc.
With operations based on welfare sub-contract service, Ewel, Inc. is a one-stop welfare service provider for corporations with consulting and system response capabilities based on a track record in areas such as the provision of the VWS kit benefit package menu and the introduction of and operations support for California plans.

Tokyo Land Capital Management, Inc.
Arranger and operator of " Bulldog-style" funds with track records in distinctive characteristics geared at domestic and foreign institutional investors and pension funds for investment in rental condominiums and commercial facilities.

TLC Activia Investment Management Inc.
Asset management firm of Activia Residential REIT Inc., which invests mainly in rental residential real estate. As a professional body for real estate investment management, TLC Activia Investment Management Inc. offers high-quality real estate investment and management services.

Tokyo Resort Service Corporation
Comprehensive resort management company engaged in resort facility management. As a "resort entertainment proposal company," Tokyo Resort Service Corporation aims to establish itself as a leading company in resort management.

Tokyo E-Life Design, Inc.
Engaged in the management and operations of senior housing facilities and nursing homes, emphasizing a comfortable and warm atmosphere. Tokyo E-Life Design, Inc. is committed to providing safe and convenient surroundings for seniors using its expertise in residence creation and facility operations.

Financial Data

Financial Summary (consolidated) (Unit: ¥ billion)

<table>
<thead>
<tr>
<th></th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Revenue</td>
<td>5,521</td>
<td>5,714</td>
<td>5,568</td>
</tr>
<tr>
<td>Operating Income</td>
<td>355</td>
<td>625</td>
<td>501</td>
</tr>
<tr>
<td>Ordinary Income</td>
<td>282</td>
<td>549</td>
<td>349</td>
</tr>
<tr>
<td>Net Income</td>
<td>111</td>
<td>116</td>
<td>342</td>
</tr>
<tr>
<td>Total Assets</td>
<td>10,554</td>
<td>11,614</td>
<td>17,848</td>
</tr>
<tr>
<td>Total Net Assets</td>
<td>2,310</td>
<td>2,398</td>
<td>2,753</td>
</tr>
</tbody>
</table>

Breakdown of Operating Revenue by Segment (consolidated) (Unit: ¥ billion)

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY 2009</th>
<th>FY 2010</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Real Estate Sales</td>
<td>11,614</td>
<td>2,398</td>
<td>5,714</td>
</tr>
<tr>
<td>Retail Sales</td>
<td>282</td>
<td>549</td>
<td>349</td>
</tr>
<tr>
<td>Property Management</td>
<td>1,3%</td>
<td>1.3%</td>
<td>1.3%</td>
</tr>
<tr>
<td>Contracted Construction</td>
<td>10.4%</td>
<td>11.6%</td>
<td>13.0%</td>
</tr>
<tr>
<td>Management</td>
<td>11.6%</td>
<td>13.0%</td>
<td>14.9%</td>
</tr>
<tr>
<td>Real Estate Agents</td>
<td>14.9%</td>
<td>20.3%</td>
<td>20.3%</td>
</tr>
<tr>
<td>Other Businesses</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

Net income breakdown (%) for the period:

- Operating Income: 11.6%
- Operating Revenue: 28.2%
- Ordinary Income: 2.1%
- Net Income: 3.4%

Dividends per share (Unit: ¥)

- FY 2009: 7.00
- FY 2010: 7.00
- FY 2011: 7.00

See the website for each company for further details.

Lifestyle Research Institute Inc. is a think tank engaged in marketing of real estate, living life, urban development, resorts, and other services, and engaged in the provision of environment management support.

Tokyo Living & Lifestyle Research Institute Inc.
Tokyo Living & Lifestyle Research Institute Inc. is a think tank engaged in marketing of real estate, living life, urban development, resorts, and other services, and engaged in the provision of environment management support.

Tokyo Land SC Management Corporation
Tokyo Land SC Management Corporation engages in commercial facility operation, management, planning, and consulting, with the aim of creating individualistic, lively, and highly appealing commercial facilities and spaces, with contribution to the society and development of local communities.

Tokyo Resort Corporation
Tokyo Resort Corporation is a nationwide specialist firm in holiday home resorts, covering the range from new commission sales to intermediation in resort management, and offering support in creating comfortable residential and business environments.

See the website for each company for further details.
TLC has been engaged in corporate activities that give substance to the Tokyu Group’s Mission Statement: “We will create a beautiful living environment, where each person can pursue individual happiness in a harmonious society.” Reading the information about the CSR efforts that intersperse this report (especially about efforts to improve customer satisfaction and employment and labor practices) strongly communicates the DNA inherited from the predecessor company Den-en Toshi Co., Ltd. founded in 1918. I regard this DNA as the essence of modern Japan’s finest achievements and it is my strong wish that it may be preserved and developed, unaffected by any upsets that Japan might face in the time ahead. CSR reports are regarded as a means for communicating the duty of accountability to stakeholders about the activities of corporations as members of society. This is why in the following, rather than contemplating the content of CSR activities themselves, I would like to reflect on the question of whether this report succeeds in satisfying the interests of stakeholders.

(1) In a CSR report, top management is expected to express in specific detail what constitutes the corporate social responsibility of their corporation and in what way management will become active in fulfilling that responsibility. In this report, the relevant section would appear to be the conversation with Mr. Shiro Wakui at the beginning, but from the matters expressed, a comprehensive, systematic understanding cannot be gained. It would be desirable, beginning with the next fiscal year, for reports to comprehensively and systematically explain management’s perception of social responsibility and management’s active involvement.

(2) The wide-ranging business scope of the TLC Group suggests a wide and varied roster of stakeholders. Compared with customers and employees, this report appears to say little about other stakeholders. A comprehensive description of all stakeholders and the issues interconnecting the diverse stakeholder constituencies would have been helpful.

(3) Effective CSR implementation requires, for example, in the form of a PDCA cycle, the reviewing of activities, their effectiveness, and continuous improvements. From the next fiscal year, it would be desirable for reports to present an underlying CSR roadmap and based on that roadmap offer information on the status of progress.

(4) This report covers five topical main areas, comprised of efforts for environmental conservation, management structure, improving customer satisfaction, employment and labor practices, and efforts for social contribution through business. However, the ISO26000 international standard for CSR (IIS Z26000 Guidance on social responsibility) proposes the seven core subjects of organizational governance, human rights, labor practices, the environment, fair operating practices, consumer issues, and community involvement and development. A comparison of the two shows that the five main areas of this report cover the majority of the seven core subjects, but that the descriptions concerning human rights and fair operating practices seem to lack compared with the other topics. Conceivably, this is because TLC regards these matters as self-understood and not requiring special mention. However, in the light of forecasts predicting that a growing number of Japanese corporations will prepare CSR reports structured consistent with the seven core subjects of ISO26000, I think that from the next fiscal year reports should treat human rights and fair operating practices in some more detail.

(5) Furthermore, the subjects of sustainable consumption, employment creation, technology development and access, wealth and income creation, and social investment, among others, which are raised by ISO26000, should also be considered for treatment in some form beginning with next year’s report.

I am grateful for the commentary of Professor Yashiro on the CSR related efforts of the TLC Group and the content of the CSR report.

I take the measure of appreciation afforded the corporate culture inherited by the Group as an expression of recognition for our CSR efforts to date, which serves to reaffirm my resolve to continue this valuable tradition also in the future.

The observations regarding active information dissemination by management and the scarcity of space dedicated to stakeholders other than customers and employees will be addressed with sincerity. The Group’s history of CSR report issuance is still young. In order to prepare a platform for CSR promotion, first of all, priority has been given to creating pages that easily communicate themselves to customers and general readers. As has been pointed out, in many areas, experience has yet to be accumulated. In future, in order to ensure that we reach a greater number of stakeholders, we will practice exhaustive information disclosure including also our activities in the other areas mentioned.

The TLC Group understands that responding to the expectations of society through our operations and contributing to the sustainable development of society are the CSR management issues of the TLC Group. Based on this understanding, we will persist in our daily efforts to be a corporate group in which our stakeholders place their trust and confidence.

For the various questions and concerns that might present themselves in the future, I would like to request the continued guidance of Professor Yashiro. Thank you.