

**Integrate Management and Operation of
Commercial Facilities in the Tokyu Group**

Resolved to unify management of the 13 Shopping centers (Total shopping area:
201,000 m²) due to merger TMD Corporation
and Tokyu Merchandising & Management Co., Ltd.

Tokyu Corporation

TMD Corporation

Tokyu Merchandising & Management Co., Ltd

Tokyu Corporation (Headquarters: Shibuya-ku, Tokyo, President: Toshiaki Koshimura) resolved to integrate its two subsidiaries mainly engaged in operation of commercial facilities, TMD Corporation, hereinafter referred to as “TMD”, (Headquarters: Shibuya-ku, Tokyo, President: Motoo Kume) and Tokyu Merchandising & Management Co., Ltd, hereinafter referred to as “TMM”, (Headquarters: Shibuya-ku, Tokyo, President: Koji Yoneda), and unify their operation of commercial facilities. Those decisions were approved by the Board of Directors of respective companies concerned at meetings held on September 27, 2005.

The merger is due on April 1, 2006. TMD is to be a merging company which will merge TMM. Accordingly, those two companies concluded a merger contract on September 27, 2005. TMD is to change its corporate name to Tokyu Malls Development Corporation upon merger.

Tokyu Corporation started the Three-year Medium-Term Management Plan in the fiscal year 2005. In the plan we have placed “retail-related business” after the transportation and real estate businesses and we set a growth strategy to increase consolidated operating profit by making collaboration among those three core businesses within the areas around Tokyu line bring about the synergy.

To realize the growth strategy, we established a “Retail-related Business Committee” in Tokyu Corporation in April 2005 to execute the best strategic deployment of commercial facilities within the areas around Tokyu line from total optimization viewpoints. The operational integration of commercial facilities is carried out as the first measure for the realization.

Operation of commercial facilities (commercial developer) is a central part of the retail-related business. Therefore, we will implement the integration to establish a flexible and effective management structure when we develop the key locations around Tokyu stations such as Shibuya, Futako-Tamagawa, and Tama-Plaza. We will also continue to strive for proactive management and development of commercial facilities.

The features of the commercial facilities (SC) which are operated by those two merging subsidiaries are as follows;

- TMD has operated urban fashion buildings such as SHIBUYA109 (Shibuya-ku, Tokyo) which is particularly popular among young women as a fashion mecca, 109-2 (Shibuya-ku, Tokyo), 109MACHIDA (Machida-city, Tokyo), and KOHRINBO109 (Kanazawa-city, Ishikawa prefecture). It has also operated a regional shopping center, Kohoku Tokyu Department SC (Tsuzuki-ku, Yokohama-city).
- TMM has operated diverse commercial facilities mostly within the areas around Tokyu line. For example, along the Tokyu line, TMM operates Tama-Plaza Tokyu SC consisting of over 70 specialty shops centered around Tokyu Department Store (Aoba-ku, Yokohama-city) which is the core commercial facility in Tama Garden City, Grandberry Mall which is an open-mall type shopping center in front of Minami Machida station (Machida-city, Tokyo), Aobadai Tokyu Square (Aoba-ku, Yokohama-city), Tokyu Square Garden Site on top of Den-en chofu station (Oota-ku, Tokyo), and Queen's Square YOKOHAMA "at!" in the Yokohama Minatomirai area. In the areas other than the Tokyu line district, TMM has operated Hachioji Tokyu Square in front of JR Hachioji station (Hachioji-city, Tokyo).

By merging these two subsidiaries, we will strive for the realization of the following four management goals and enhanced management of each SC as well as expansion of businesses with the total power of our group.

- 1) Continuously differentiate our SCs from competitors' by further clarification of the SC concept and become a leading SC management company through improved managerial efficiency as well as expanded operational scale.
- 2) Establish an operational structure with the highest expertise of leasing, consulting, and producing in the industry through the operation of diverse SCs.
- 3) Positively develop good properties to provide our tenants with good business opportunities.
- 4) Operate commercial facilities which upgrade customers' living satisfaction in the areas around Tokyu line and other areas. And we hope to contribute to increasing the value of these areas.

Outline of the merger of TMD and TMM is as follows:

Outline of the Merger of TMD and TMM

1. Outline of the Merger

- Method of merger TMD will merge TMM
- Merging company TMD
The corporate name will be changed to “TOKYU MALLS DEVELOPMENT Corp.” on the day of merger.
- Dissolved company TMM
- Capital 1,550 million yen
- President Motoo Kume (Current president of TMD)
- Date of merger April 1, 2006

2. Schedule for the Merger

September 27, 2005

Approved the merger of the subsidiaries by the Board of Directors of Tokyu Corporation

Approved the conclusion of merger contract by the Board of Directors of TMD

Approved the conclusion of merger contract by the Board of Directors of TMM

October 13, 2005

Approved the merger contract at an extraordinary shareholders' meeting of TMD.

Approved the merger contract at an extraordinary shareholders' meeting of TMM.

April 1, 2006

The date of merger and changing the corporate name.

(Reference)

Today this material was provided to the Kabuto Club and the Press Club of Land, Infrastructure and Transportation Ministry.

(Reference)

Outline of TMD

Corporate Name: TMD Corporation
Headquarters Address: 28-6 Udagawa-cho, Shibuya-ku, Tokyo
Capital: 1,540 million yen
Date of foundation: January 17, 1978
President: Motoo Kume
Business lines: 1. Management, planning/development and entrusted management of commercial facilities
2. Real estate leasing and building management
3. Sale of clothing, dry goods, convenience goods and household goods
Number of employees: 65 (as of September 1, 2005)
Total assets: 27.5 billion yen (as of January 31, 2005)
Shareholder: Tokyu Corporation 100%

Outline of TMM

Corporate Name: Tokyu Merchandising & Management Co., Ltd.
Headquarters Address: 31-2 Sakuragaoka-cho, Shibuya-ku, Tokyo
Capital: 10 million yen
Date of foundation: September 2, 1996
President: Koji Yoneda
Business lines: 1. Management and entrusted management of shopping centers
2. Land and building leasing
3. Land and building maintenance/management
4. Management of various shops and restaurants
5. Design/planning of shopping centers and management consultant services for shops.
Number of employees: 98 (as of September 1, 2005)
Total assets: 400 million yen (as of March 31, 2005)
Shareholder: Tokyu Corporation 100%

Operation Scale of the Merging Subsidiaries

	TMD	TMM	Total
Operating Revenue of Tenants	63,581 million yen	96,258 million yen	159,839 million yen
Shopping Area	88,148 m ²	113,686 m ²	201,834 m ²
Number of SCs	6	7	13
Number of Tenants	354	440	794

(Appendix)

Summary of facilities

[In Shibuya Area]

SC name: SHIBUYA 109 (Shibuya Ichi-Maru-Kyu)
Address and location: 2-29-1, Dogenzaka, Shibuya-ku, Tokyo. 3 minutes walk from Shibuya Station.
Floor area: 10,220 m²
Number of tenants: 119
Operating company: TMD

SC name: 109-2 (Ichi-Maru-Kyu two)
Address and location: 1-23-10, Jin-nan, Shibuya-ku, Tokyo. In the front of Hachiko Square in Shibuya station.
Floor area: 5,958 m²
Number of tenants: 48
Operating company: TMD

SC name: ONE-OH-NINE
Address and location: 28-6, Udagawa-cho, Shibuya-ku, Tokyo. 5 minutes walk from Shibuya station.
Floor area: 6,440 m²
Number of tenants: 5
Operating company: TMD

[In Kohoku New Town (in the areas around Tokyu railway line)]

SC name: TAMA PLAZA TOKYU SC
Address and location: 1-7, Utsukushi-gaoka, Aoba-ku, Yokohama-shi, Kanagawa. In the front of Tama Plaza station of Den-en toshi line.
Floor area: 32,660 m²
Number of tenants: 71
Operating company: TMM

SC name: AOBADAI TOKYU SQUARE
Address and location: 2-1-1, Aobadai, Aoba-ku, Yokohama-shi, Kanagawa. In front of Aobadai station of Den-en toshi line.
Floor area: 28,072 m²
Number of tenants: 102
Operating company: TMM

SC name: GRANDBERRY MALL
Address and location: 3-4-1, Tsuruma, Machida-shi, Tokyo. In front of Minami-machida station of Den-en toshi line.
Floor area: 22,026 m²
Number of tenants: 82
Operating company: TMM

SC name: KOHOKU TOKYU DEPARTMENT STORE S.C.
Address and location: 5-1, Chigasaki-chuo, Tsuzuki-ku, Yokohama-shi, Kanagawa. In front of Center-minami station of Yokohama Municipal Subway.
Floor area: 47,760 m²
Number of tenants: 76
Operating company: TMD

SC name: YU-SUI-CHI MIKI TEI
Address and location: 2-30, Azami-no, Aoba-ku, Yokohama-shi, Kanagawa. 9 minutes walk from Azami-no station of Den-en toshi line.
Floor area: 3,120 m²
Number of tenants: 23
Operating company: TMM

[In the Area around Tokyu Toyoko line and Minatomirai line]

SC name: TOKYU SQUARE GARDEN SITE
Address and location: 2-62-3, Den-en Chofu, Oota-ku, Tokyo. On top of Den-en Chofu station of Toyoko line.
Floor area: 2,362 m²
Number of tenants: 24
Operating company: TMM

SC name: Queen's Square YOKOHAMA [at!]
Address and location: 2-3, Minatomirai, Nishi-ku, Yokohama-shi, Kanagawa. Top of Minatomirai station of Minatomirai line
Floor area: 13,322 m²
Number of tenants: 67
Operating company: TMM

[In the other area]

SC name: 109 MACHIDA
Address and location: 6-8-1, Hara-machida, Machida-shi, Tokyo. 3 minutes walk from Machida station of JR and Odakyu line.
Floor area: 7,010 m²
Number of tenants: 48
Operating company: TMD

SC name: HACHIOJI TOKYU SQUARE
Address and location: 9-1, Asahi-cho, Hachioji-shi, Tokyo. One minutes walk from JR Hachioji station.
Floor area: 12,124 m²
Number of tenants: 71
Operating company: TMM

SC name: KOHRINBO109
Address and location: 2-1-1, Kohrinbo, Kanazawa-shi, Ishikawa.
Floor area: 10,760 m²
Number of tenants: 58
Operating company: TMD