MITSUBISHI ESTATE CO., LTD.

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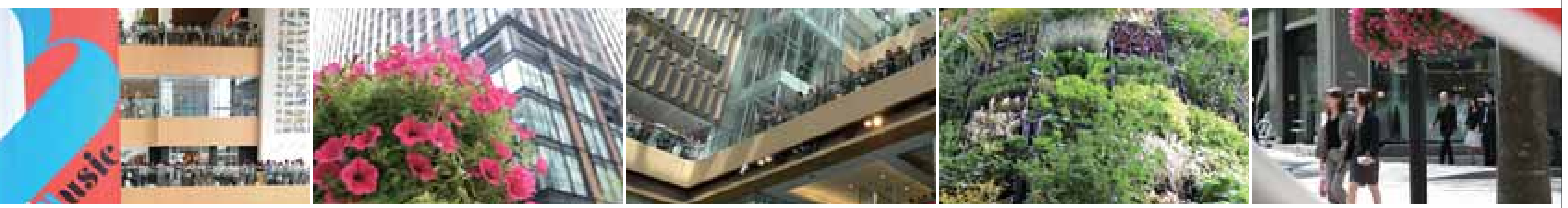

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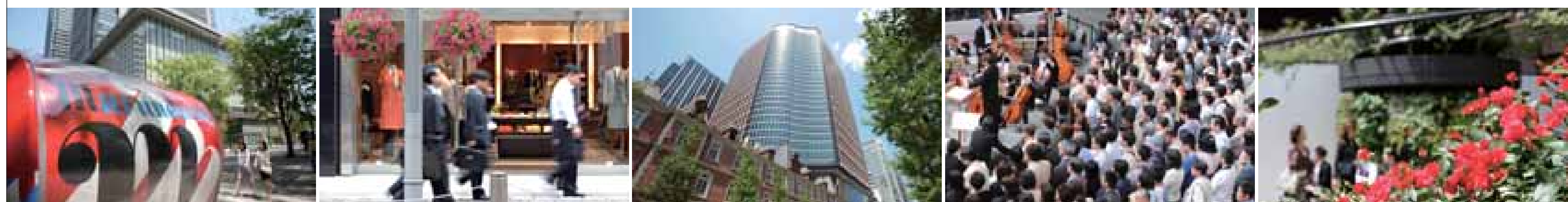
MITSUBISHI ESTATE CO., LTD. ANNUAL REPORT 2009

MITSUBISHI ESTATE



ANNUAL REPORT 2009

Year ended March 31, 2009

A Love for People
A Love for the City

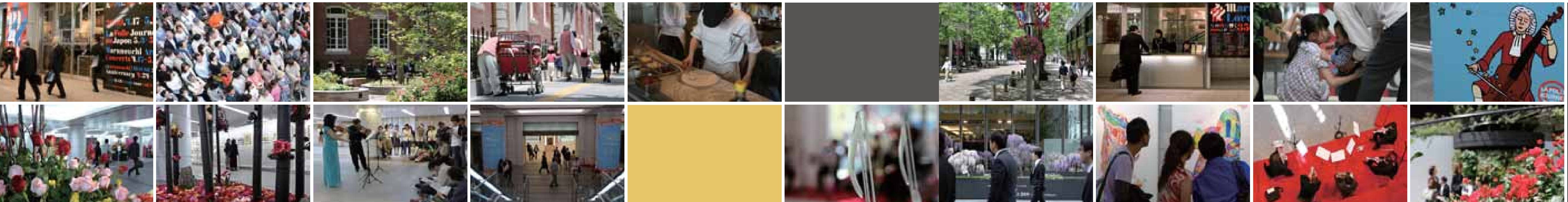
—Forever Taking on New Challenges—The Mitsubishi Estate Group

Our wish is to provide people who live in, work in and visit the city
with enriching and fulfilling lives,
full of stimulating opportunities to meet.

The Mitsubishi Estate Group
has always pursued the genuine value sought by people
in the environments and services it provides.
With an eye to the future,
we carefully listen to each and every customer,
and create the true value they seek.

We wish to share with our customers
the inspiration and passion we derive from our work.
We will constantly take on new challenges to achieve this vision,
and through it, we will continuously evolve.

This aspiration will always drive our growth.



Contents

Creating New Value for Urban Areas—the Mitsubishi Estate Group Becoming a Corporate Entity Truly Trusted by Society

"A global real estate solutions provider—development as a core driver"—this is how the Mitsubishi Estate Group envisions its future. In accordance with this vision, Mitsubishi Estate is working diligently to develop into a real estate company that provides high added value to real estate end-users, owners and investors, thereby realizing exceptional benefits for its customers.

As the aforementioned vision clearly states, the Mitsubishi Estate Group keeps reinforcing its foothold in the area of "development." Meanwhile, We are aggressively tackling new challenges, such as business globalization, real estate securitization, technological innovation and environmental co-existence. Through these endeavors, we are promoting business management with an eye on the sustainable growth of the Mitsubishi Estate Group as a whole.

In the fiscal year ended March 31, 2009, the global economy underwent drastic changes. The Mitsubishi Estate Group's business came under significant effects attributable to the global recession. Of course, it is indispensable for the Company to further optimize the balance between growth potential and business soundness in order to flexibly adjust to fluctuations in operating environments. Even through such an effort, however, we will persistently keep the central focus on our pivotal management principles aimed at realizing the Group's future vision.

What is more, precisely because we are in the middle of a challenging time, we are more committed than ever before to aggressively strengthening our corporate brand, which is without doubt the wellspring of our competitiveness and growth. Underlying the Group's brand slogan, "A Love for People, A Love for the City," indicates our genuine enthusiasm and spirit toward all stakeholders, as well as our strong determination to create new value for urban areas—the stage on which we perform.

For generations to come, the Mitsubishi Estate Group will continue to reinvent itself while reinforcing its position as the most trusted and preferred real estate solutions provider.

July 2009

Keiji Kimura

Keiji Kimura, President & CEO

Operating Environment

During the fiscal year ended March 31, 2009, conditions in the office building leasing market in Japan, which had shown relatively steady expansion until the previous fiscal year, changed dramatically. These conditions included a vacancy rate that, in general, turned to and continued on an upward trend, attributable to the rapid worsening of performance in the Japanese corporate sector. As the operating environment in the corporate sector remains severe, corporations are aggressively promoting cost reduction initiatives. This situation is expected to lead to circumstances where these corporations may heighten their calls for reducing office-related costs and expenses. Accordingly, the operating environment for the Mitsubishi Estate Group will allow no optimism in its outlook for the time being.

In the condominium market, condominium sales were stagnant, due to a rise in condominium prices resulting from surging construction costs and expenses as well as to weakened consumer sentiment owing to the deterioration in economic conditions. Consequently, the number of residential units actually supplied remained extremely low during the fiscal year under review. Reflecting the favorable adjustments in condominium prices and the reinforcement of mortgage tax breaks by the Japanese government, there are signs of recovery in market demand, including a larger number of people visiting model rooms. However, full-fledged recovery in market conditions is expected to require a long time period.

The credit crunch in the financial market during the period has significantly affected the real estate industry in Japan, causing the real estate investment market to contract substantially and leading into the bankruptcy of several real estate companies due to their funding difficulties. Amid the ongoing financial turmoil, the Japanese real estate industry has yet to attract investments, and the real estate investment market is slated to continue to face harsh conditions.

Under these circumstances, the Mitsubishi Estate Group will endeavor to respond appropriately to changes in its operating and market environments as it strives to enhance management efficiency, earnings power and corporate value.

Financial Results

For the fiscal year under review, revenue from operations increased 19.7% year on year to ¥942,626 million, while operating income declined 22.1% to ¥138,567 million. The increase in revenue from operations was attributable to the positive impact of the first full-year of operation of the Shin-Marunouchi Building, which was completed in April 2007, and upward rent revisions for existing buildings, as well as to the contribution of earnings of new consolidated subsidiaries—namely, Sunshine City Corporation and Tokyo Kotsu Kaikan Co., Ltd. The decrease in operating income was mainly due to Towa Real Estate Development Co., Ltd.—a Mitsubishi Estate consolidated subsidiary in the Building Business—which posted an operating loss, and to the International Business, which was negatively impacted by the significant appreciation of the yen.

Ordinary income dropped 33.0% year on year to ¥108,624 million. Mitsubishi Estate recorded extraordinary gains on sales of shares of affiliated companies, while posting extraordinary losses on valuation of investment securities and inventories, on cancellation of real estate transaction contracts and on disposal of fixed assets, as well as impairment loss. As a result, net income decreased 47.8% year on year to ¥45,423 million. (For more details, please see the Financial Review section starting on page 36 of this report.)

Dividend Policy

Mitsubishi Estate adheres to the basic policy of stably returning profits to its shareholders through such means as cash dividends. In doing so, the Company gives due consideration to reserving funds necessary for future business developments, including the Marunouchi Redevelopment Project. In the fiscal year ended March 31, 2009, Mitsubishi Estate paid an interim dividend of ¥8 per share, the same as the previous fiscal year, and decided to pay a year-end dividend of ¥8 per share, for an annual per-share dividend of ¥16.

Mitsubishi Estate will determine future dividend levels by comprehensively taking into account performance levels for each period and aiming to keep its consolidated payout ratio at a 25% to 30% level. In line with such a stance, the Company plans to pay an annual per-share dividend of ¥12 for the fiscal year ending March 31, 2010, which comprises an interim and year-end per-share dividend of ¥6, respectively.

Financial Highlights Years ended March 31

	2004	2005	2006	2007	2008	2009 (Millions of yen)	2009 (Thousands of U.S. dollars)
Revenue from operations	¥ 679,918	¥ 775,381	¥ 844,217	¥ 947,641	¥ 787,652	¥ 942,626	$ 9,596,116
Net income	34,989	36,245	55,825	97,662	86,963	45,423	462,415
As a percentage of revenue from operations	5.1%	4.7%	6.6%	10.3%	11.0%	4.8%	—
As a percentage of total equity	4.0%	4.0%	5.4%	8.3%	7.1%	3.8%	—
Total assets	3,068,842	3,124,514	3,280,209	3,447,272	4,327,137	4,429,070	45,088,779
Total equity	897,499	920,930	1,133,623	1,225,644	1,238,889	1,148,494	11,691,896
Common stock	86,534	86,534	129,736	136,534	136,534	136,534	1,389,943
Per share amounts:						Yen	U.S. dollars
Net income	¥ 26.96	¥ 27.93	¥ 42.60	¥ 70.95	¥ 62.99	¥ 32.90	$ 0.33
Cash dividends applicable to the year	8.00	8.00	10.00	14.00	16.00	16.00	0.16

Notes: 1. Yen amounts shown are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2009, of ¥98.23 to US$1.00.
2. Total equity is calculated by deducting minority interests and stock acquisition rights from total net assets.

Caution regarding forward-looking statements
Plans, estimates and strategies included in this annual report are forward-looking statements concerning the future performance of the Mitsubishi Estate Group. These statements are based on management's assumptions, which have been made in accordance with information available to the Company as of the date of this report's preparation. Accordingly, the content of this report should not be relied upon unduly. Mitsubishi Estate cautions that a number of factors could cause future results to differ from its forecasts.

Medium-Term Management Plan "Action 2010"

Mitsubishi Estate's current medium-term management plan, ACTION 2010, covers the three-year period from April 1, 2008 to March 31, 2011. Under ACTION 2010, Mitsubishi Estate has established a new corporate brand slogan, "A Love for People, A Love for the City." Embracing this brand slogan, we have defined a future vision for the Mitsubishi Estate Group, as described below, by reflecting the outcome of the previous medium-term management plan and ongoing changes in operating environments. The entire Group is accelerating the implementation of various action items toward realizing this vision.

Mitsubishi Estate's Future Vision under ACTION 2010

To become "a global real estate solutions provider — development as a core driver"

Practical Action Items for Each Business Domain

Domain	Business Attribute Action Item	Action Item
1st Domain	Real Estate Holding Obtains rental revenues (income gain) from real estate	Maximize the value of assets held in Marunouchi and other locations
2nd Domain	Real Estate Development and Investment Obtains capital gains from real estate	Further reinforce development and risk management capabilities
3rd Domain	Real Estate Investment Management Provides management services to investors and obtains a fee income	Build a global platform
4th Domain	Real Estate Services Provides fee-based services to customers involved in real estate	Aim to be a leading service provider that contributes to advancing development capabilities

Action Items for Strengthening Domain/Cross-Sectional Competitiveness

Globalize Each Domain	Strengthen Each Domain, Leveraging Development Capabilities	Further Develop Proposal-Based Marketing
While seeking to continually increase the value of overseas assets held, position development and investment, investment management and real estate services as growth fields, and over the medium to long term, work to earn approximately 20% of consolidated operating income overseas, while promoting globalization at a pace optimal for each operation	Affirm development capabilities as the source of competitive strength for all domains and seek further reinforcement. At the same time, have the Real Estate Development and Investment domain, which has gained strength as the core of the Company's development capabilities, help other domains to grow and promote the creation of a mechanism for producing synergies in investment management, real estate services, and so forth	Focus on medium- to long-term "Customer Value" and reaffirm the significance of proposal-based marketing, which seeks new business creation by continually promoting solutions to customers, and, as an advantage unique to Mitsubishi Estate, further strengthen this marketing capability

Management Infrastructure Action Items

Reinforcing Management, People and Organization Infrastructure	Active Measures toward Harmonious Environmental Co-Existence
Facilitate the development of globally capable human resources and other initiatives by clearly defining the dissemination of management policies throughout the Group, the fostering of a corporate culture that promotes a spirit of taking on challenges and the globalization of management and personnel as basic infrastructure reinforcement policies. Also, for each Group segment that continues to expand, diversify and increase sophistication, work to reinforce and raise awareness of the corporate governance system, including risk management, compliance and internal controls	Formulate a "Long-Term Environmental Vision" to proactively work toward harmonious environmental co-existence and further clarify the Company's stance of actively contributing to society with the view of reducing the environmental impact of Group operations. In order to realize this "Long-Term Environmental Vision," formulate and implement action plans

Management Indicator Targets for the Fiscal Year Ending March 31, 2011

Consistent with its previous medium-term management plan from April 1, 2005 to March 31, 2008, Mitsubishi Estate will continue to enhance corporate value by increasing cash flows, taking into consideration the optimal balance with efforts to secure a sound financial position. From a quantitative perspective, the Group has identified the following key management indicator targets to be achieved by the end of the final year of ACTION 2010.

EBITDA*1	EBITDA*1 / Total Assets	Net Interest-Bearing Debt / EBITDA Multiple*2
¥300.0 billion	Over 6.5%	Under 6.0 times

*1 EBITDA = Operating income + Interest and dividend income + Equity in earnings (losses) of unconsolidated subsidiaries and affiliates + Depreciation and amortization
*2 Net interest-bearing debt = Interest-bearing debt – Cash and cash equivalents

The Second Stage of Marunouchi Redevelopment

Further Expanding and Deepening the Scope of the Project

Through the first stage of the Marunouchi Redevelopment Project, from 1998 to 2007, Mitsubishi Estate completed such projects as the Marunouchi Building, the Shin-Marunouchi Building and the Tokyo Building. By successfully closing the first stage, the Company has rejuvenated the area peripheral to Tokyo Station as well as the Marunouchi Naka Dori area.

Mitsubishi Estate has entered the second stage, which extends from 2008 to 2017, by starting the first project—namely, the Marunouchi Park Building & Mitsubishi Ichigokan. Further expanding and deepening the scope of Marunouchi Redevelopment, the Company will spread the positive effects of the project to the Otemachi, Marunouchi and Yurakucho areas.

1st Project

Marunouchi Park Building & Mitsubishi Ichigokan

2nd Project

Marunouchi 1-4 Plan (tentative name)

3rd Project

Otemachi 1-chome Second Area 1st Class Urban Redevelopment Project

Marunouchi

Marunouchi is an international business center that lies between Tokyo Station and the Imperial Palace. The area's 120 hectares accommodate approximately 100 buildings, of which Mitsubishi Estate owns and manages roughly 30%. With approximately 4,000 companies located in an area employing some 240,000 office workers, Marunouchi is home to nearly 10% of the companies listed on the First Section of the Tokyo Stock Exchange.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1, 2 **Office entrance:** Effectively separating the flow of office visitors and tenant employees, the double-deck entrance lobby welcomes people with a dramatically soaring atrium and an ambience that resonates with the building's status as being at the cutting edge of business.

3 **Office zone:** The outstanding office space is impressive, with its unprecedented scale, style and excellence. Standard office floors combine the office zone, which offers superior layout efficiency, and the panorama zone, which comes in many variations. Each standard floor provides a stage for all business scenarios, with its column-free space totaling over 3,305m².

4 **Lounge:** The fifth floor houses a relaxing lounge dedicated to tenant employees.

1st Project

Marunouchi Park Building & Mitsubishi Ichigokan

Marunouchi Park Building & Mitsubishi Ichigokan —Intricately Fusing Tradition and Innovation

Focusing on the properties in front of Tokyo Station, the first stage of the Marunouchi Redevelopment Project has transformed the district from a solely business area into an urban area of exceptional diversity open to infinite possibilities. With the completion of the Marunouchi Building, the Shin-Marunouchi Building, the Tokyo Building and the Marunouchi OAZO, the first stage has transformed the district into a space with new urban functions. Now the curtain is rising on the second stage. The scope of redevelopment is expanding to include the Yurakucho and Otemachi areas. Mitsubishi Estate is contributing to the expansion of culture, art, history and other urban functions, thereby further improving the appeal of these areas.

The Marunouchi Park Building & Mitsubishi Ichigokan is the first project in the second stage. Boasting cutting-edge office space and superior specifications, the low-rise section features a bustling retail zone and the relaxing Ichigokan Square, with rich greenery. In addition, the venerable Mitsubishi Ichigokan—the first office building that blazed a trail for the creation of the Marunouchi business district—has been faithfully restored and will serve as an art museum where visitors and office workers in the area can encounter high-quality art and culture. Inspired by the design concept, "The beautiful fusion of a cutting-edge form and a timeless silhouette of tradition," the innovative design of the Marunouchi Park Building & Mitsubishi Ichigokan blends in well with various scenes in Marunouchi, including business, shopping and sightseeing, as well as historical, cultural and artistic events. All in all, the Marunouchi Park Building & Mitsubishi Ichigokan is enhancing the exceptionally attractive qualities of Marunouchi.

What is more, this first project is acting to preserve the memory of the city and invigorating the Marunouchi area with advanced functions that will pave the way for next-generation urban lifestyles. Building on the success of this project, Mitsubishi Estate is intricately fusing tradition and innovation, while tackling new challenges toward elevating the area's status as the world's most interactive and vital city.

Project Profile

Address:	6-1, 6-2 Marunouchi 2-chome, Chiyoda Ward, Tokyo
Completion:	April 2009
Main uses:	Offices, retail shops, art museum, parking, district heating and cooling facility, etc.
Structure:	Steel-frame, steel-reinforced-concrete/brick masonry (Mitsubishi Ichigokan)
Number of floors:	4 floors below ground, 34 floors above ground with 3-story-high roof structure/ 1 floor below ground, 3 floors above ground with 1-story-high roof structure (Mitsubishi Ichigokan)
Height:	Approx. 157m
Site area:	Approx. 11,900m² (approx. 3,600 tsubo)
Floor area:	Approx. 205,000m² (approx. 62,010 tsubo) (High-rise + low-rise: approx. 199,000m²; Mitsubishi Ichigokan: approx. 6,000m²)
Parking:	282 vehicles


Marunouchi Park Building & Mitsubishi Ichigokan—a new Marunouchi landmark

Ichigokan Square
Surrounded by lanes and promenades, the Ichigokan Square delights the eye with trees and flowers while offering the enjoyment of open cafes and works of art. Truly an oasis in the heart of Marunouchi, the space provides office workers with a place to find moments of relaxation in their hectic daily routine.

Proactive Efforts toward Realizing Environmental Co-Existence

Aiming to create a city in harmony with the environment, Mitsubishi Estate has not only improved the energy efficiency of facilities and equipment used in the Marunouchi Park Building but has also introduced roof-top 60kW solar power generation systems as well as ultrahigh-efficiency lighting and air-flow window systems on standard office floors. These features collectively function to reduce the energy consumption and environmental impact of the building.

In addition, a total of 2,500m² of greenery in the Ichigokan Square and on the balconies of the low-rise portion and external walls, coupled with a water-retention pavement with a self-water-supply system and "dry mist" generators, contributes to the mitigation of the heat island phenomenon.

Ichigokan Square Providing Rich Greenery

Functioning as a courtyard for the Marunouchi Park Building & Mitsubishi Ichigokan, the Ichigokan Square entices the eye with various plants, which reflect the seasons, and a fountain and other waterscapes. Furthermore, 10 gas lights, the design of which is based on those actually used in the Meiji era, are installed along the Mitsubishi Ichigokan. This and other features offer visitors relaxing and refreshing moments.

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1, 2 **Annex exterior and Marunouchi Park Building main entrance to the retail zone:** Inside, workers and visitors will find the stimulation and hospitality of a wide selection of shops and restaurants encompassing the basement (B1) to the third floor of the high-rise tower and also the adjoining annex. Outside lies the Marunouchi Brick Square—space centered about the refreshingly green Ichigokan Square, where people can gather, interact and relax. The fourth floor of the Marunouchi Park Building houses a fitness club, which will provide office workers with a convenient place to recharge and refresh themselves.

3 **Common area on B1**

4 **Gas light:** Based on the design of the lamps actually used in the Marunouchi area during the Meiji era

5 **Solar power generation:** Roof-top space is utilized to install solar cell panels.

6 **Dry mist:** As a measure to mitigate the heat island phenomenon, "dry mist" generators have been installed in the Ichigokan Square. Not wet to the touch, the microscopic droplets of water create a comfortable sense of cool refreshment.

7 **Water retention pavement with self-water-supply system:** On clear summer days, water is fed to the pavement via a water pipe embedded in the lower layer of the pavement. The evaporating water cools the pavement surface temperature.

MITSUBISHI ICHIGOKAN MUSEUM, TOKYO

Restored Mitsubishi Ichigokan to Serve as a Museum for Cultural Exchange

Originally completed in 1894 and demolished in 1968, the Mitsubishi Ichigokan—the first office building in Marunouchi—has been restored by faithfully referring to preserved architectural drawings and survey drawings as well as by using preserved original building materials. Using approximately 2.3 million red bricks, which have been manufactured in China through almost the same method as that used in the Meiji era, the restoration has been carried out through meticulous design, material selection and construction planning.

The Mitsubishi Ichigokan Museum will open in April 2010 within the restored Mitsubishi Ichigokan. Prior to the opening of the museum, an exhibition to commemorate the completion of restoration will be held from September 3, 2009. At this exhibition, the history of the Mitsubishi Ichigokan and the Marunouchi area will be introduced, while photos taken by famous photographers will be exhibited.

The "London Block" cityscape on Babasaki-dori Street in 1909

Exhibition Gallery

Former Bank Operations Office

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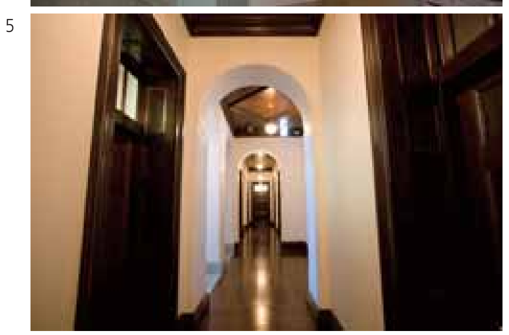


An Air of Romance and Vision Permeates the Faithful Restoration of a Timeless Icon

The total resurrection of the Mitsubishi Ichigokan extends to the interior, where some of the rooms, corridors and stairways have been faithfully restored. Originally used as a bank operations office, the two-story atrium room serves as a museum café that retains the original Meiji era ambience. The attractive and comfortable space transports visitors back to those good old days.

Conceptual drawing of the museum café

1 Using preserved materials, the column capital restores detailed ornamentation.

2 The attic room and roof made the maximum use of original materials and construction methods.

3 This room, with its brick walls, will be used as a museum shop.

4 The central stone stairway has been restored using preserved materials.

5 A hallway has also been faithfully restored by referring to preserved drawings.

Flowers Adding to Seasonal Expressions

Flowers planted in the Ichigokan Square were collected from all over the world and delivered via airfreight for the enjoyment of visitors throughout the year. These flowers have been nurtured during the past two years so that they can adjust themselves to the environment in Marunouchi.

2nd Project

Marunouchi 1-4 Project (tentative name)

Project Applying the Latest in Environmental Technologies and Boasting Marunouchi's Largest Floor Area

Reorganizing Various Urban Functions

Located at the hub that joins Marunouchi and Otemachi—areas with a high concentration of core financial entities—this project reorganizes sophisticated, high-quality international business functions. The project will create the largest office space in the Marunouchi area, with each floor boasting approximately 3,306m². Also, accommodating retail shops primarily on the basement (B1) and the first floor, the project will link with the retail functions of the Marunouchi Naka Dori area for renewed excitement.

New Pedestrian Walkway Network

The new building constructed through the Marunouchi 1-4 Project will connect to the Industry of Japan Club and Mitsubishi UFJ Trust and Banking Building below and above ground. This project will establish a new pedestrian walkway network that links Tokyo Station, the Shin-Marunouchi Building and Otemachi Station, thereby adding to the district's bustling atmosphere and accessibility.

Building Demonstrating Superior Environmental Performance

Under the Marunouchi 1-4 Project, Mitsubishi Estate will construct a building that has environmental performance superior to the specifications defined under the Tokyo Green Building Plan initiative of the Tokyo metropolitan government. The Company will aggressively promote activities aimed at reducing CO_2 emissions relating to the building, thereby solidifying the building's leading-edge, eco-friendly status. By introducing eco-friendly exteriors and energy-efficient facilities, we are working to acquire an S-rank certification under the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) of the Tokyo metropolitan government. Also, this green project will maintain the continuity of trees planted on the Marunouchi Naka Dori Street while increasing the use of greenery on the low-rise portion.

Project Profile

Address:	4-2 (including other lots) Marunouchi 1-chome, Chiyoda Ward, Tokyo
Main uses:	Offices, financial institution branch office, retail shops, parking, etc.
Site area:	Approx. 8,000m²
Floor area:	Approx. 141,000m²
Number of floors:	4 floors below ground, 27 floors above ground with 2-story-high roof structure
Height:	Approx. 150m
Completion:	January 2012 (scheduled)

3rd Project

Otemachi 1-chome Second Area 1st Class Urban Redevelopment Project

Project to Rejuvenate Otemachi—an International Business Hub

Mitsubishi Estate has participated in the project to redevelop the designated second area in Otemachi 1-chome, which uses a linked urban redevelopment process, as the landowner of the Mitsubishi Soken Building. This project is the Company's third project in the second stage of the Marunouchi Redevelopment Project.

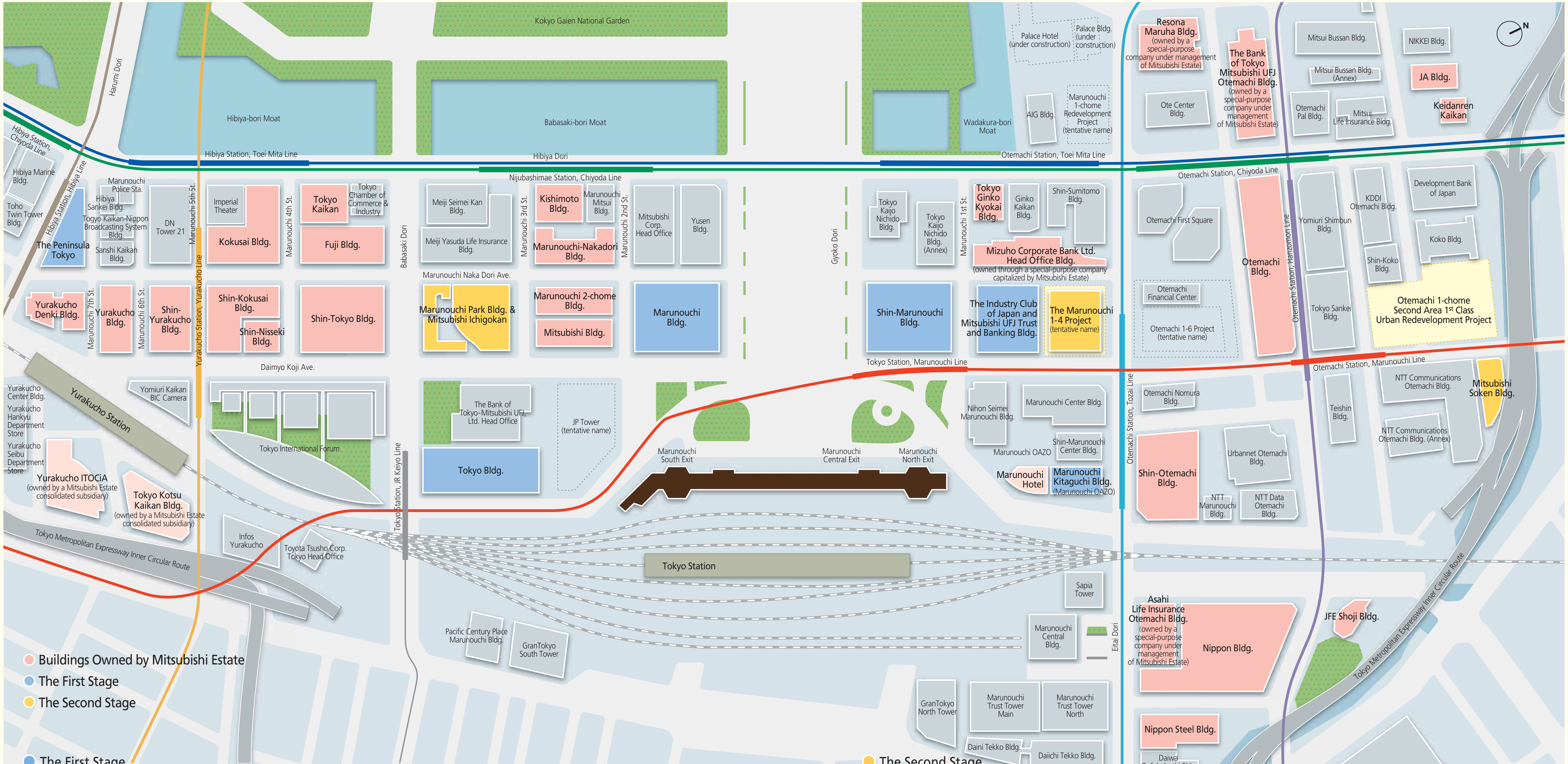
Mitsubishi Estate serves as the joint executing entity to redevelop Building B through the project. Also, as a developer designated for the development of Building A, the Company plans to acquire a portion of unallocated floor area in Building A.

* From north-west (left): Building A and Building B

Project Profile

Location:	Former properties of the landowners who participated in the Otemachi 1-chome 1st Class Urban Redevelopment Project (Otemachi 1-chome, Chiyoda Ward, Tokyo)
Project area:	Approx. 14,100m² (total)
Floor area:	Approx. 242,000m² (total)
Structure:	Steel-frame, partially steel-reinforced concrete, concrete-filled steel tubular columns
Number of floors:	4 floors below ground, 31 floors above ground (Building A), 35 floors above ground (Building B)
Height:	Approx. 154m (Building A), approx. 177m (Building B)
Main uses:	Offices, retail
Project scheme:	1st class urban redevelopment project in accordance with the Urban Renewal Law of Japan (independent project)
Executing entity:	Urban Renaissance Agency (representative entity) Mitsubishi Estate Co., Ltd. (joint entity)
Schedule:	2010 Building construction start 2012 Building construction completion

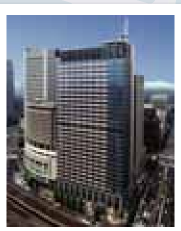
<Marunouchi Map>

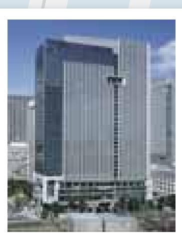


The First Stage

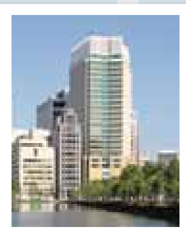

Marunouchi Building Completed in August 2002


The Industry Club of Japan and Mitsubishi UFJ Trust and Banking Building Completed in March 2003

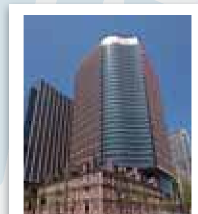

Marunouchi Kitaguchi Building (Marunouchi OAZO) Completed in August 2004


Tokyo Building Completed in October 2005


Shin-Marunouchi Building Completed in April 2007


The Peninsula Tokyo Completed in May 2007 Opened in September 2007

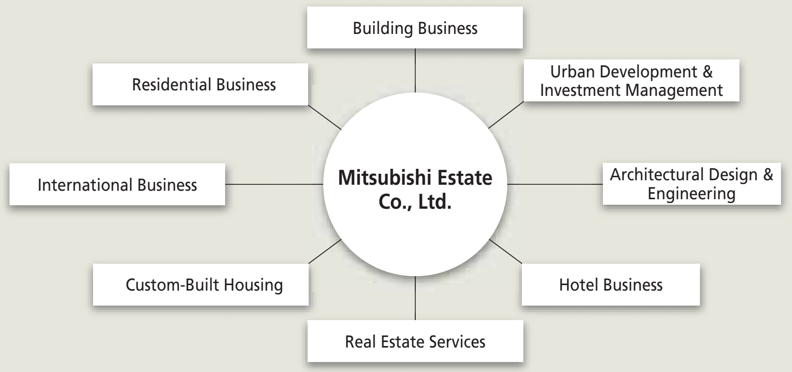
The Second Stage


Marunouchi Park Bldg. & Mitsubishi Ichigokan Completed in April 2009

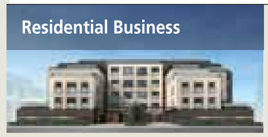
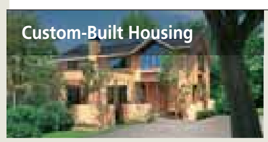
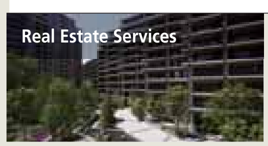

The Marunouchi 1-4 Project (tentative name)

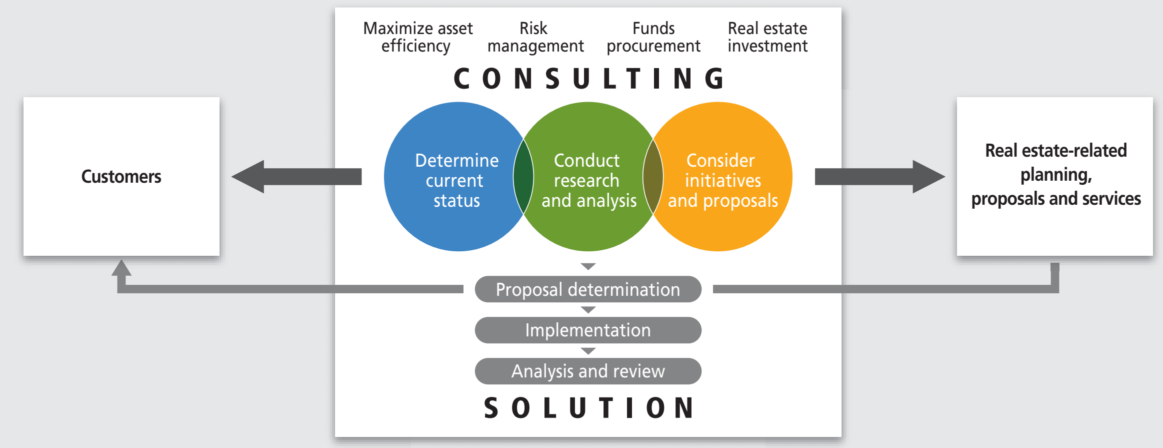

Otemachi 1-chome Second Area 1st Class Urban Redevelopment Project

Business Structure of the Mitsubishi Estate Group



The Mitsubishi Estate Group

Business Segment	Group Framework	Business Activities	Consolidated Sales Breakdown	
Building Business 	• Property Management and Office Leasing Group • Commercial Asset Management and Development Group • Retail Property Group	Building Business segment revenues are derived mainly from building development and leasing in Japan. This segment is also engaged in building management, parking facilities, district heating and cooling, and other operations.	¥406.6 Billion	42.3%
Residential Business 	• Residential Development Group	Residential Business segment revenues are derived from the construction and sale of condominiums, single-unit homes, and residential and commercial lots. This segment is also engaged in the management of condominiums and homes, and leisure-related businesses.	¥309.0 Billion	32.1%
Urban Development & Investment Management 	• Commercial Property Development and Investment Group • Investment Management Group	Urban Development & Investment Management segment revenues are derived from the development of income-generating real estate for investment purposes, asset management, and related activities.	¥91.9 Billion	9.6%
International Business 	• International Business Group	International Business segment revenues are derived from the development and leasing of buildings conducted through U.S.-based Rockefeller Group, Inc.	¥47.3 Billion	4.9%
Architectural Design & Engineering 	• Architectural Design & Engineering Group	Architectural Design & Engineering segment revenues are derived from the design and project supervision of construction and civil engineering projects and related activities, mainly through Mitsubishi Jisho Sekkei Inc.	¥20.0 Billion	2.1%
Custom-Built Housing 	• Custom-Built Housing Group	Custom-Built Housing segment revenues are derived from contract construction of custom-built housing and related activities through Mitsubishi Estate Home Co., Ltd.	¥29.3 Billion	3.0%
Hotel Business 	• Hotel Business Group	Hotel Business segment revenues are derived from the operation of Royal Park Hotels.	¥30.7 Billion	3.2%
Real Estate Services 	• Real Estate Services Group	Real Estate Services segment revenues are derived from real estate brokerage and related services through Mitsubishi Real Estate Services Co., Ltd.	¥23.3 Billion	2.4%
Other		Other segment revenues are derived from related operations other than the aforementioned.	¥3.8 Billion	0.4%



Real estate development
- Development method proposals
- Business plan support
- Project management
- Effective utilization/joint ventures (equivalent exchanges/term leasehold interest method)
- Provisional use
- Reconstruction

Real estate investment
- Real estate investment strategy formulation support
- Market research and analysis
- Due diligence
- Acquisition support
- Asset management

Real estate liquidity
- Real estate-backed financing support
- Securitization
- Specified real estate joint ventures
- Sales and leaseback
- Real estate brokerage

Building operation and management
- Operation and management plan analysis and proposals
- Long-term maintenance plan consulting
- Commissioned operation and management of buildings, retail facilities and hotels
- Subleasing
- Tenant marketing
- Operation and management of residential complex and corporate housing
- Property management

Comprehensive building analysis
- Earthquake resistance analysis
- Facility management
- Energy saving and IT utilization in buildings and facilities
- Interior and exterior renovation
- Barrier-free facility construction
- Anti-aging measures for buildings and facilities
- Conversion

Construction
- Single-unit homes and rental and corporate housing
- Residential and office renovation

Design and supervision
- Environmental assessment and research
- Consulting for urban development and private finance initiatives (PFIs)
- Consulting, design and supervision for environmental and civil-engineering solutions
- Construction management
- Design and supervision for buildings and structures
- Design and supervision for interior and exterior

CRE strategy support
- Organization of CRE information
- CRE valuation
- Support for strategy formulation and implementation

Real Estate Consulting & Solution Department

Leveraging the Resources of the Entire Group to Expand Business Opportunities in Proposal-Based Marketing

Standing at the heart of Mitsubishi Estate's strategic marketing structure, the Real Estate Consulting & Solution Department works to foster deeper ties with clients through proposal-based marketing, which is conducted across the Company as a whole. Making full use of its accumulated real estate development, planning and management expertise, the department is active in efforts to realize maximum value for its clients.

A Wide Range of Solutions Covering Everything from Individual Real Estate Needs to Corporate Real Estate Strategic Support

This department is independent from Mitsubishi Estate's eight business segments (comprised of the Building Business, Residential Business, Urban Development & Investment Management, International Business, Architectural Design & Engineering, Custom-Built Housing, Hotel Business, and Real Estate Services).

In an effort to consistently provide optimal consultation and solutions services that address clients' real estate needs, such as effective methods for property utilization and acquisition, we create business proposals that draw on the resources of the entire Group.

The department offers consultation for individual properties and multiple properties held and leased by corporate clients. We analyze matters taking into consideration the comprehensive features of real estate and provide solutions that match the financial and management strategies of individual companies. In this manner, Mitsubishi Estate endeavors to realize the maximum value of corporate real estate (CRE).

1 Mitsubishi Ichigokan
Mitsubishi Ichigokan has been completely restored to what it was in 1894—the first office building in Marunouchi. This building will function as a key culture and arts complex for expanding the area's cultural horizon.

2 Otemachi 1-chome Area 1st Class Urban Redevelopment Project
On the former site of government office buildings in Otemachi, a multipurpose complex was completed in April 2009, including office buildings, an international conference center and retail facilities (front to back: Keidanren Kaikan; JA Building and NIKKEI Building). As a project partner, Mitsubishi Estate has acquired a section of an office building and retail space for leasing.

3 Marunouchi Brick Square
Scheduled for grand opening in September 2009 as a commercial zone in the Marunouchi Park Building, the Marunouchi Brick Square will offer retail functions suitable for the hub that joins Marunouchi and Yurakucho. Together with the Mitsubishi Ichigokan Museum and its peripheral park, this new shopping facility will generate synergy to attract people to Marunouchi.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三菱一号館美術館
MITSUBISHI ICHIGOKAN MUSEUM, TOKYO


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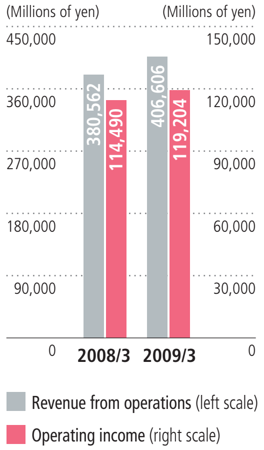
4 Minami-sunamachi Shopping Center "SUNAMO"
Located only five minutes on foot from Minami-sunamachi Station on the Tokyo Metro Tozai Line, this center opened in October 2008. As a life-style center in the heart of a residential district, the facility will stand out as the top shopping center in the area, offering high quality and comfort.

5 Izumi Park Town Tapio
Opened in October 2008, Izumi Park Town Tapio—a lifestyle-proposal retail facility—is located at the heart of Izumi Park Town, a large-scale multipurpose development project that started up in 1969, and is adjacent to the Sendai-Izumi Premium Outlets, which opened at the same time.

6 Shopping Center "maruyama class"
Opened in March 2009 in the nature-rich, historic Maruyama area of Sapporo City, this retail facility is developing into a "residents' clubhouse" that offers high-quality and fulfilling values, recreation and opportunities for personal exchange.

Building Business

BUSINESS SEGMENT



Enhancing Urban Functions from an Area Management Perspective

The Building Business primarily undertakes the development, leasing and property management of office buildings in Japan's major cities, while also handling management of large-scale shopping centers, the operation of parking lots and district operation of heating and cooling services throughout Japan, thereby enhancing urban functions from an area management perspective.

Promoting the Second Stage of Marunouchi Redevelopment

Mitsubishi Estate is going beyond the role of developer to that of a producer, as it maximizes the full potential of Marunouchi and delivers new functions that meet the business needs of today and tomorrow. In 1998, we commenced the first stage of Marunouchi Redevelopment, a 10-year program encompassing the upgrade, reconstruction and renovation of much of the Marunouchi district. Beginning with the Marunouchi Building in August 2002, six new buildings have been completed, highlighted by the grand opening of the Shin-Marunouchi Building in April 2007. With the opening of the Peninsula Tokyo in September 2007, the first stage of Marunouchi Redevelopment came to a close.

From 2008, and over the next 10 years, we will push ahead with the second stage. Designed to reorganize the area as one comprehensive city block, the first project of the second stage consisted of the construction of the Marunouchi Park Building and the restoration of Mitsubishi Ichigokan, along with the simultaneous redevelopment of the Mitsubishi Shoji Building, the Furukawa Building and the Marunouchi Yaesu Building. This large-scale project was completed in April 2009.

Adding to these initiatives, Mitsubishi Estate has launched the second project of the second stage, the "Marunouchi 1-4 Plan" (tentative name), encompassing the rebuilding of the Togin Building, the Sumitomo Trust and Banking Co., Ltd. Tokyo Building, and the Mitsubishi UFJ Trust and Banking Corporation Tokyo Building. Going forward, Mitsubishi Estate is tackling the third project—rebuilding the Mitsubishi Soken Building—through participation in the second phase of the Otemachi Redevelopment Project using a linked urban redevelopment process.

Based on the achievements of Marunouchi Redevelopment to date, the second stage will encompass broader and more comprehensive plans to further rejuvenate the Otemachi, Marunouchi and Yurakucho districts, an area of approximately 120 hectares.

Retail Property Group

Active Expansion of the Retail Property Business throughout Japan

In its retail property business, Mitsubishi Estate is pushing ahead with the development of various types of retail properties that match the unique features of each location and area. The Mitsubishi Estate Group continuously engages in facility planning, development, tenant leasing and management through its comprehensive business structure.

A Fresh Breeze and Joy—for People and City

Mitsubishi Estate is evolving its retail property business to provide exciting new places where people of all occupations and lifestyles can gather in comfort. Since the 1989 opening of the Tenjin MM Building (IMS) in Fukuoka Prefecture, retail property operations have become a full-blown business with numerous projects completed, including the Landmark Tower, Aqua City Odaiba and the Marunouchi Building.

In its efforts to create a more appealing city, Mitsubishi Estate has continued to raise the value of retail facilities in the Marunouchi area, including the Shin-Marunouchi Building in 2007, to be followed by the Marunouchi Brick Square (commercial zone in the Marunouchi Park Building) in September 2009. Along with such infrastructure development, the Company is aggressively carrying out promotional activities. From an area management perspective, Mitsubishi Estate is focusing on operations that realize intangible benefits.

Outside the Marunouchi area, we opened the Minami-sunamachi Shopping Center "SUNAMO" in Tokyo's Koto Ward, as well as the Izumi Park Town Tapio and the Sendai-Izumi Premium Outlets, both in Sendai City, Miyagi Prefecture in October 2008. More recently, the Company opened the "maruyama class" shopping center in Sapporo City, Hokkaido in March 2009, and the Ami Premium Outlets was opened in the town of Ami, Ibaraki Prefecture in July 2009.

In addition to urban retail properties in Marunouchi and other major city areas and community-based retail properties, including "SUNAMO," the Company will undertake various projects nationwide, with CHELSEAS PREMIUM OUTLETS shopping centers operated by Chelsea Japan Co., Ltd., which become a Mitsubishi Estate consolidated subsidiary in March 2009, as the third pillar of retail property operations.


7

7 Sendai-Izumi Premium Outlets
Operated by Chelsea Japan Co., Ltd.—a developer specializing in outlet shopping centers—this is the seventh CHELSEA PREMIUM OUTLETS shopping center in Japan. Opened in Izumi Ward of Sendai City in October 2008, this shopping center accommodates approximately 80 retail shops.

1 Park House Meguro-Gakugeidaigaku
Located in 2-chome, Meguro-honcho, Meguro Ward, Tokyo, this condominium houses 44 residential units. Its symmetrical design creates an authentic and stately atmosphere that retains its grace even in changing times and environments. By offering many units that have roof-top patios as well as other features, the condominium allows residents to enjoy nature's offerings. It is scheduled for completion in January 2010.

2 Minami-Aoyama Park House
Located in 6-chome, Minami-Aoyama, Minato Ward, Tokyo, this is a 23-unit condominium with fixed-term land leasehold interest. Despite its convenient location near the Tokyo Metro Omotesando Station, this condominium features open designs to make rooms look more spacious than their actual size, with all units positioned on the corners. Scheduled for completion in January 2010, it proposes a residential concept of superior safety based on an advanced anti-seismic structure.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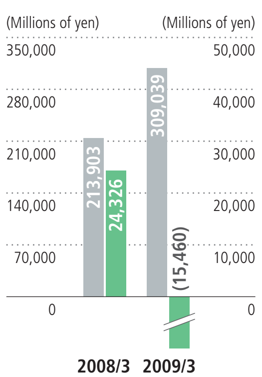
3 Park House Ichigaya-yanagicho
Located in Ichigaya-yanagicho, Shinjuku Ward—at the center of the JR Yamanote line circle—this 97-unit condominium features easy access to three stations on four different train or subway lines, including a two-minute walk to Ushigome-yanagicho Station on the Toei Oedo Line. Thanks to its entrance, set back from the road, and its indoor hallways, this condominium protects residents' privacy while providing the superior convenience that Tokyo can offer. It is scheduled for completion in December 2009.

4 Park House Suginami-Takaido
A joint venture of Mitsubishi Estate and Towa, this 101-unit condominium is located in 2-chome, Takaido-nishi, Suginami Ward, Tokyo, just a five-minute walk from Takaido Station on the Keio Inokashira line. Using Japan-inspired design, this low-rise residential condominium has a hill-like courtyard that extends from the entrance toward the back of the site. The courtyard is surrounded by katsura trees that show fresh greenery in the spring and red leaves in the autumn. It is scheduled for completion in April 2010.

Residential Business

BUSINESS SEGMENT



Revenue from operations (left scale)
Operating income (loss) (right scale)

Providing High-Quality Homes that Fulfill Market Needs

Through the Residential Business segment, we aim to provide ideal living environments in concert with healthy and fulfilling lifestyles by developing and marketing condominiums, single-unit homes and residential land, as well as engaging in businesses such as condominium management and consulting services for the optimal use of real estate. At the same time, Mitsubishi Estate operates and manages golf courses.

Expanding The Condominium Business through Differentiation Spurred by Prime Locations and Market-Oriented Product Planning

In its condominium business, Mitsubishi Estate fulfills market needs through location selection based on solid market research. The Company continues to provide its "Park House" condominiums, mainly in the Tokyo Metropolitan area, where demand is steady. Offering excellent product planning based on the skillful development of a site's potential, Mitsubishi Estate aims for competitive advantage by focusing on condominiums in central Tokyo that offer superior convenience, large-scale properties with comprehensive communal facilities built with the environment in mind, high-rise condominiums that provide spectacular views, and differentiated designs achieved through collaboration with leading designers and firms from a variety of industries. Also, in response to ever-diversifying consumer tastes, the Company develops and markets its STYLE HOUSE series of fully order-made condominiums.

In step with providing high-quality condominiums, Mitsubishi Estate is reinforcing its focus on quality assurance services. Utilizing its proprietary disclosure system, the Company delivers an easy-to-understand written record of property features, facilities and quality evaluation at each stage of design, construction and completion. A maintenance report is regularly provided after individual property owners take up residence.

In its residential leasing business, which sells properties to prospective institutional investors, Mitsubishi Estate promotes the development of its PARK HABIO brand, mainly in central Tokyo. The Company has already completed 18 properties, and it will continue to supply high-quality leased condominiums, mainly in central Tokyo, that accommodate diversified lifestyle-related needs, thereby achieving stable profitability. In the single-unit home business, Mitsubishi Estate is promoting residential developments based on a more distinctive, customer-oriented concept. Specifically, the "dreams design" brand proposes "living spaces that reflect individuality and offer daily comfort."

Towa Real Estate Development Turned into a Wholly Owned Subsidiary

Based on a capital alliance agreement in December 2004, Mitsubishi Estate and Towa Real Estate Development Co., Ltd. ("Towa") have mutually pursued synergies through joint ventures by drawing on their respective strengths while gradually reinforcing their capital relationship. In April 2009, Mitsubishi Estate made Towa its wholly owned subsidiary through a share exchange, with the aim of efficiently adjusting to changes in the business environment, enhancing strategic integrity and agility, and reestablishing a strong business structure.

Looking ahead, the two companies will leverage their individual brand power and increase their focus on products where they boast advantages. In this way, the Mitsubishi Estate Group will work to accelerate operations in the Residential Business segment.

Asakura Golf Club Opens in October 2008

Mitsubishi Estate is also engaged in a number of leisure services such as the management of golf courses, sporting facilities and businesses associated with increased leisure time and the promotion of good health. Mitsubishi Estate is an established participant in the golf course business. The Company operates an existing portfolio that includes the Izumi Park Town Golf Club (Sendai City, Miyagi Prefecture), the Higashi Fuji Country Club (Oyama-cho, Sunto-gun, Shizuoka Prefecture), and the Fuji International Golf Club (Oyama-cho, Sunto-gun, Shizuoka Prefecture). Moreover, the Company opened the Asakura Golf Club (Sakura City, Chiba Prefecture) in October 2008 through Sakura Golf Development Co., Ltd., a development vehicle established jointly with Tokyu Land Corporation. Located an hour from central Tokyo and within the Chiba Research Park under development by the Company, this new golf course boasts convenient transportation access. An 18-hole course of over 7,000 yards, this project is designed as a top-level champions' course capable of hosting officially sanctioned tournaments.

5 PARK HABIO Hatchobori
Completed in July 2008, this 108-unit high-quality leased condominium is located in 3-chome, Hatchobori, Chuo Ward, Tokyo. Based on the design concept of "modern Japanesque," this property's exterior and entrance skillfully blend a Hatchobori-specific atmosphere with a sharp, sophisticated urban design. Boasting easy access to three stations on four different train or subway lines, including a three-minute-walk from Hatchobori Station on the Tokyo Metro Hibiya line, the PARK HABIO Hatchobori is conveniently within walking distance of Tokyo Station.

6 Asakura Golf Club
Designed by taking advantage of a flat landscape and natural forest, this golf course offers both the strategic characteristics and difficulties that golfers of wide-ranging skill levels can enjoy. Equipped with a competition room that can hold a maximum of 60 people, the Asakura Golf Club extends a heartfelt welcome in a spirit of meticulous management and warm hospitality.

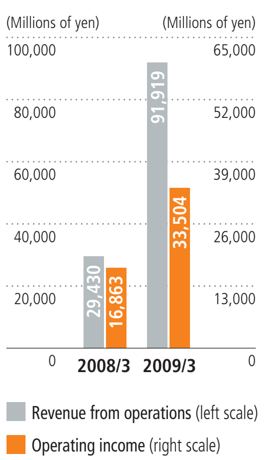
1 **Nibancho Center Building**
Completed in July 2009, this multipurpose building (offices and residences) is situated on the former site of the Belgian Embassy in Nibancho, Chiyoda Ward, Tokyo. Mitsubishi Estate is employing a design system that integrates the site and the buildings to harmonize the new embassy building into a single comprehensive city block.

2 **Toyosu 3-1 City Block Building Project (tentative name)**
Directly connected to Toyosu Station on the Tokyo Metro Yurakucho line, this project boasts superior locational characteristics. Housing offices and retail spaces, this eco-friendly multipurpose complex reduces CO_2 emissions by 26% compared with ordinary buildings thanks to the greenery occupying 35% of the site and the effective utilization of natural air flow and sunlight. It is scheduled for completion in August 2010.

3 **Higashi-Nibancho Square (Sendai City)**
This is a multipurpose complex offices and retail spaces, favorably situated on Higashi-Nibancho Avenue, the main artery in Sendai City. The site has a plaza suitable for various events and a Hikari-no-Izumi (light fountain) wall display that adds a fantastic touch to the site with the play of lighting and splashing water. Completed in July 2008, the Higashi-Nibancho Square is serving as a place of recreation and relaxation for neighboring residents and office workers.

Urban Development & Investment Management Business

BUSINESS SEGMENT



Prioritizing Development and Management in Business Opportunity Expansion

In line with its fundamental policy, the Urban Development & Investment Management business develops and manages high-quality, income-generating real estate that meets diversified investor needs in the real estate investment market. We are working to expand based on a two-tiered business model, promoting development functions in concert with management functions.

Actively Promoting the Development Business by Strengthening Asset Solutions Capabilities

In the context of development functions, we build income-generating real estate to be sold as prime investment products in a timely manner after the completion of construction and the commencement of operations.

In July 2008, the Higashi-Nibancho Square was completed in Sendai City, as was the Amagasaki Front Building in October the same year in Amagasaki City, Hyogo Prefecture. More recently, the Hiroshima Teppo-cho Building was completed, in April 2009, in Hiroshima City, and the Nibancho Center Building in Chiyoda Ward, Tokyo was finished in July 2009. Mitsubishi Estate's current development projects include the Toyosu 3-1 City Block Building Project (tentative name) and the Kita-Shinjuku Project (tentative name) in central Tokyo, as well as the Yodoya-Bashi Square in Osaka City and the Kyoto Shijo Karasuma Building (tentative name) in Kyoto City.

Mitsubishi Estate does not limit its activities solely to office buildings: it also engages in the development of a broad range of real estate, including retail properties and serviced apartments, in an effort to address the diverse needs of the investment market. Coordinating with the Building Business, we opened the Minami-sunamachi Shopping Center "SUNAMO" in Koto Ward, Tokyo in October 2008 and the "maruyama class" shopping center in Sapporo City in March 2009. As for serviced apartments, we opened the Citadines Tokyo Shinjuku—a joint project with The Ascott Group Limited, a Singapore-based global serviced apartment operator—in Shinjuku Ward, Tokyo in March 2009. Mitsubishi Estate is also promoting the Citadines Kyoto Gojo Project (tentative name) jointly with the Singaporean partner, aiming for a grand opening in 2010.

Looking forward, Mitsubishi Estate is making every effort to secure more business opportunities by strengthening asset solutions capabilities to maximize asset value for real estate customers.

Providing a Broad Range of Specialized Services for Real Estate Investment Management

Mitsubishi Estate is active in the real estate investment management business through Mitsubishi Jisho Investment Advisors, Inc. and Japan Real Estate Asset Management Co., Ltd. Mitsubishi Jisho Investment Advisors provides specialized services relating to real estate investment management through such means as establishing private funds that invest in real estate such as retail properties, residential properties and offices. Japan Real Estate Asset Management manages the investments of Japan Real Estate Investment Corporation, a Japanese real estate investment trust (J-REIT) specializing in office buildings. These Group companies are steadily growing their operations and working to continuously expand the balance of assets under management.

Mitsubishi Estate will place equal emphasis on each of the development and management functions to contribute to the growth of the real estate investment market in Japan. In this way, we will strive to capture new business opportunities, thereby accommodating socioeconomic needs for urban development.

4 **Amagasaki Front Building (Amagasaki City, Hyogo Prefecture)**
This is a favorably located multipurpose complex offices and retail spaces, directly connected by a pedestrian deck to Amagasaki Station, which offers access to three JR lines. Creating a recreational and relaxing atmosphere with roof-top and exterior-wall greenery, this building attracts neighboring residents and office workers for personal exchange. It was completed in October 2008.

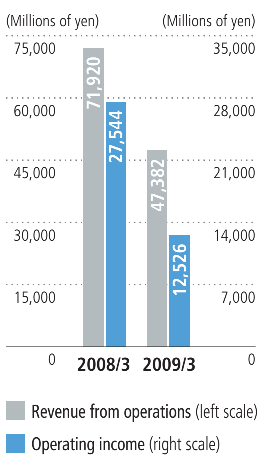
5 **Citadines Tokyo Shinjuku**
This is Mitsubishi Estate's third project in the serviced apartments business jointly undertaken with Singapore-based The Ascott Group Limited. Marking the penetration of the Citadines brand into Japan, this serviced apartment targets foreigners who have come to Japan on business for a one-night or up to a several-month stay. It opened in March 2009.

1 Central St Giles Redevelopment Project in London
A joint redevelopment project with Legal & General, a major U.K. life insurance company, this complex comprises 66,000m² of offices, retail shops and residences. Construction is scheduled for completion in the spring of 2010.

2 The McGraw-Hill Building in New York
With 51 floors above ground and five floors below ground, the McGraw-Hill Building boasts total floor space of 237,000m². Located in Manhattan, New York, this office building was completed in March 1972. Mitsubishi Estate first acquired an interest in the building in April 1990.

3 Paternoster Square in London
Development of this multipurpose office complex located in the City of London was completed in May 2003. The Company owns two buildings: Warwick Court, with floor space of 28,400m²; and 10 Paternoster Square, with floor space of 33,600m².

International Business
BUSINESS SEGMENT



A Globally Growing Real Estate Leasing and Development Business

In its International Business, Mitsubishi Estate operates mainly through Rockefeller Group, Inc. (RGI), which owns and manages office buildings in such locations as New York City and London. The Company is working to expand its real estate development business, mainly across the United States and in London, while currently looking to grow its real estate investment management business. Furthermore, we established Mitsubishi Estate Asia Pte. Ltd. in Singapore in October 2008, aiming to expand our Asian operations.

Advancing the Real Estate Development Business Mainly across the United States and the United Kingdom
In the United States, Mitsubishi Estate owns large-scale office buildings—the McGraw-Hill Building and the Time-Life Building—in New York's Manhattan, and it acquired the One North Central, office building (Previously Phelps-Dodge Tower) located in Phoenix, Arizona, in March 2008. The Company is currently undertaking approximately 30 development projects in nine states, ranging from office condominiums and distribution facilities to homes and multipurpose complexes. In addition to expanding its real estate development business, Mitsubishi Estate aims to establish a global platform by growing its real estate investment management business.

Mitsubishi Estate is also aggressively expanding its U.K. development business in London, England. Through the Paternoster Square Redevelopment Project completed in 2003, the Company has developed a multipurpose complex centered on an office building in the City of London financial district. On the site, we own Warwick Court and 10 Paternoster Square.

Also in the City of London, we completed our second project, the Bow Bells House Redevelopment Project, in December 2007. A joint project with Mitsubishi Corporation, it features an office building with approximately 20,000m² of office space as well as retail shops.

In July 2007, we began participating in the joint Central St Giles Redevelopment Project with Legal & General, a major U.K. life insurance company. As our third redevelopment project in London, located in the city's west end, the complex will encompass 66,000m² of offices, shops and residences. Construction started in September 2007 and is scheduled for completion in the spring of 2010.

In addition, in May 2007, Mitsubishi Estate acquired River Plate House, an office building situated in a prime location within the City of London.

Mitsubishi Estate Asia Starts Operation in Singapore
In recent years, real estate investment funds are globalizing their operations, while real estate markets in Asia and other emerging countries have, until recently, been rapidly expanding due to the economic growth in these regions. In response, Mitsubishi Estate has established Mitsubishi Estate Asia Pte. Ltd. in Singapore as its Asian flagship base. This new base began full-scale operations in October 2008.

Mitsubishi Estate Asia will target all Asian regions other than Japan, focusing on new development projects as well as redevelopment projects aimed at enhancing the value of existing real estate.

4 River Plate House in London
Acquired in May 2007, this classically designed office building comprises 19,000m² of floor space.

5 Bow Bells House Redevelopment Project in London
Located in London's financial district, this project features an office building with a total of 20,000m² of office space. The project was completed in December 2007.

6 One North Central in Phoenix
Constructed in 2001 in Phoenix, Arizona, this office building has floor space totaling 38,000m². Mitsubishi Estate acquired this building in March 2008.

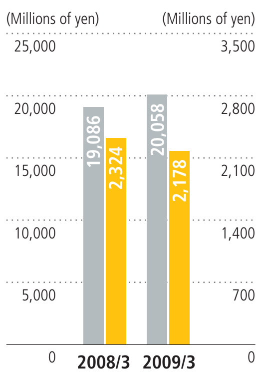
7 Distribution Facilities Redevelopment Project in Tucson
Located in Tucson, Arizona, this project involves the redevelopment of distribution facilities with total floor space of 38,000m². Construction is scheduled for stepwise completion for each facility from 2009 onward.

1 **Breeze Tower**
Located in the Nishi-Umeda business district in front of Osaka Station, this is a multipurpose high-rise complex comprising offices, retail spaces, and event and conference halls. Featuring natural ventilation and other energy-saving designs, the Breeze Tower is a people-friendly complex.

2 **Keio University Hiyoshi Campus Kyoseikan**
This multipurpose complex of the Keio University Hiyoshi Campus houses lecture rooms, laboratories, accommodation facilities, a 50-meter swimming pool and an auditorium that can be used as a concert hall. Thanks to various design initiatives to reduce its environmental impact, this complex has become the first structure to acquire an S-rank certification under the Comprehensive Assessment System for Building Environmental Efficiency (CASBEE) of Yokohama City.

Architectural Design & Engineering

BUSINESS SEGMENT



Revenue from operations (left scale)
Operating income (right scale)

Offering Reliability and Advanced Technological Know-How Based upon an Extensive Record of Performance

At the core of Mitsubishi Estate's Architectural Design and Engineering Business are Mitsubishi Jisho Sekkei Inc. (MJS) and MEC Design International Corporation. MJS engages in the design and administration of construction and civil engineering projects, building renovation work and projects related to urban and regional development, as well as comprehensive consulting. MEC Design International directs interior design and construction projects.

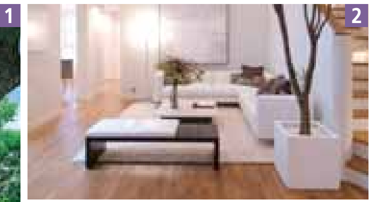
Promoting Strong Architectural Design and Engineering Business and Expanding Domestic and Chinese Operations

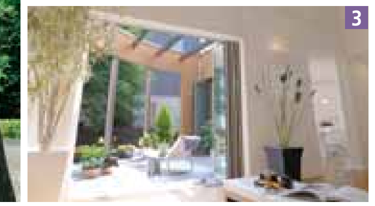
Major projects completed by MJS during the fiscal year ended March 31, 2009 included the Breeze Tower in Osaka City, the Keio University Hiyoshi Campus Kyoseikan in Yokohama City, the Park House Tsukuba Kenkyugakuen in Tsukuba City, Ibaraki Prefecture, and the Kitahama Tower in Osaka City. During the fiscal year ending March 31, 2010, MJS plans to complete such projects as the Marunouchi Park Building & Mitsubishi Ichigokan, the Otemachi 1-chome Area 1st Class Urban Redevelopment Project and the Ami Premium Outlets in the town of Ami, Ibaraki Prefecture. MJS will aggressively pursue increased architectural design and engineering orders for new construction and renovation projects. At the same time, it will continue to enhance its position in such promising business domains as construction management, district heating and cooling facilities reconstruction, and private finance initiatives (PFIs).

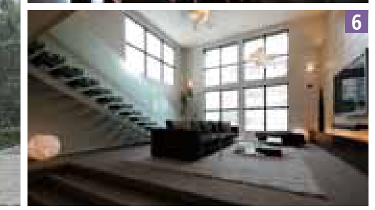
In 2007, MJS opened a Shanghai Office. This initiative has broadened MJS's network of personal contacts in China. Based on this advantage, and leveraging its highly acclaimed technological expertise in architectural and urban design, environmental protection and energy saving, MJS will work to steadily expand its Chinese business.

Realizing Eco-Friendly Design and Engineering

Considering environmental aspects has become an absolute requirement in urban and building development. In response to this trend, MJS will offer eco-friendly proposals more aggressively than ever before, at affordable prices and with tangible results, under the priority policy of contributing to longer building life, environmental harmony, scenic landscaping, energy and resource saving and waste reduction.







1 **Akasaka Home Gallery "Ecofeel"**
Combining the sharp ridge roof with the gentle curves of the exterior pergola, this Ecofeel home has a simple yet distinctive overall silhouette. Also being an all-electric home, this edifice optimally balances eco-friendliness and comfortable living.

2 **"Ecofeel" (Living Room)**
As a core space in the "Ecofeel" home, this hospitable living room provides a stage for various scenes, including family relaxation and guest hosting. Optimal space design enables you to enjoy care-free interaction between family members.

3 **"Ecofeel" (Open Deck)**
Sash doors can be fully opened to connect the living room with the open deck, creating a relaxing, open environment.

4 **Komazawa Stage 1 Home Gallery**
This model home has a unique cubic overall shape with natural-stone exterior walls adding a stately impression.

Custom-Built Housing

BUSINESS SEGMENT

Building Homes that Accommodate Residents' Lifestyle-Related Preferences

In the Custom-Built Housing Business segment, Mitsubishi Estate, mainly through Mitsubishi Estate Home Co., Ltd. (MEH), undertakes construction contracts for custom-built housing for individuals, housing complexes, medical clinic buildings and other types of edifices for sale, while conducting renovation of homes and retail shops. Also, Mitsubishi Estate Housing Components Co., Ltd. supplies high-quality construction materials used with a two-by-four construction method.

Realizing Customers' Dream Homes through "Handmade" Custom Design

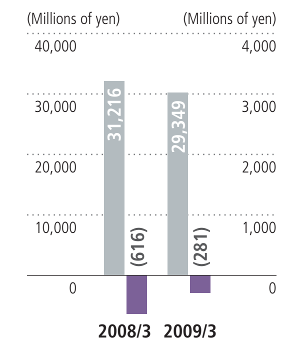
In the custom-built housing business, MEH works to meet customers' preferences by offering custom design services. To this end, MEH has fostered its technological capabilities and established its own stringent quality standards. Specifically, by combining the Super Two-by-Four construction method, which demonstrates maximum earthquake protection, fire resistance and durability, and the Aerotech central air-conditioning method, MEH builds homes that are comfortable to live in and are capable of flexibly satisfying customers' custom-design needs.

MEH makes proposals regarding effective utilization of land and other assets when constructing housing complexes. Meanwhile, MEH provides fully order-made medical clinic buildings and other structures without the use of predetermined construction and architectural methods.

In the renovation business, MEH offers an extensive menu of renovation plans for homes, condominiums, buildings, retail shops and other structures. Based on such an advantage, we are precisely accommodating customers' housing desires and preferences.

New Lifestyle-Proposal Homes Now on Sale

In May 2009, as the first project that commemorates its 25th anniversary, MEH launched the SELECUBE lifestyle-proposal small home series with a flexible pricing system. Meanwhile, MEH has incorporated environmental considerations into its business. Specific initiatives include the use of domestic lumber in custom-built housing, a move which it started in 2008, and the introduction of standalone, passive solar-heated homes. In step with these environmental approaches, MEH will continue to develop and sell lifestyle-proposal homes with premium value.



Revenue from operations (left scale)
Operating loss (right scale)

5 **Komazawa Stage 1 Home Gallery (Kitchen/ Conservatory)**
This model home features a "cockpit" style original kitchen, as well as a conservatory suitable for meals and coffee or tea breaks, and it effectively incorporates greenery into daily life.

6 **Komazawa Stage 1 Home Gallery (Living Room)**
This is a living room, raised from the first floor, with a vaulted ceiling. The outstanding open design and space realizes relaxation of higher quality.

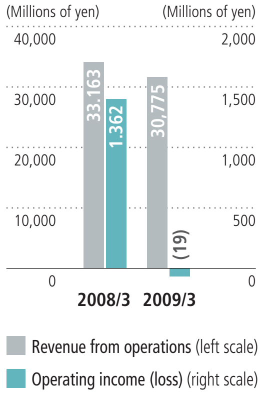
1 **Royal Park Shiodome Tower**
Highly praised as representing a new generation of urban hotels, the Royal Park Shiodome Tower, located in Shiodome Media City, Tokyo, offers a stylish environment and flexible services.

2 **Lobby of a Royal Park Hotel**
In addition to prime locations and a full range of facilities, Royal Park Hotel offer luxurious comfort to guests from around the world through a dedication to top service.

3 **Yokohama Royal Park Hotel (Superior Twin of "club The Landmark Floor" [high-class amenities and services floor])**
A total renovation program was implemented from the fiscal year ended March 31, 2007. The 67th floor was refurbished as an urban spa area with a highly specialized resort ambiance. The 60th floor was newly launched as a new concept area.

Hotel Business

BUSINESS SEGMENT



Enhancing Brand Power and Management

In the Hotel Business, Royal Park Hotels and Resorts Co., Ltd. integrates the administration and management of each hotel to ensure consistency throughout the hotel chain, enhance management efficiency and improve the level of management. With hotels in Tokyo, Yokohama, Sendai and other locations in Japan, the Royal Park Hotel chain comprises a network of six hotels offering 2,054 guestrooms.

Increasing the Brand Value of Royal Park Hotels through a Management Focus on Customer Delight

Based on the "Best for the Guest" philosophy of Royal Park Hotels, we go one step beyond customer satisfaction by aiming to delight our guests. This approach has been highly recognized, enabling us to win the leading position in the 2008 Japan Hotel Guest Satisfaction Index Study℠ conducted by J.D. Power Asia Pacific, Inc.*, an organization specializing in research and consulting relating to customer satisfaction. This marked the second consecutive year for Royal Park Hotels to win the top position in the ¥15,000 to ¥35,000 per night segment. We will further promote customer delight-focused hotel management and operations.

Planning to Open a New Hotel on Kyoto's Sanjo-dori Street

Royal Park Hotels and Resorts is planning to develop and open a new hotel on Kyoto's Sanjo-dori Street, leveraging the development and management expertise that it nurtured through the success of the Royal Park Shiodome Tower. Scheduled for opening in the autumn of 2011, the new hotel will provide 168 guestrooms as an accommodation-centric facility. Royal Park Hotels and Resorts will work to expand its hotel chain and bolster its brand power through the development of new hotels in Tokyo and major government-designated cities.

* Japan Hotel Guest Satisfaction Index Study℠ conducted by J.D. Power Asia Pacific, Inc.
Royal Park Hotels fell under the segment of ¥15,000 to ¥35,000 per night hotels with the most common guestroom space of 20m2 or larger. The study was based on 12,089 valid responses received from people who used applicable hotels within the previous year. For more details, please visit the J.D. Power and Associates Web site at: http://www.jdpower.com/corporate/japan/.

1 **Hiroo Garden Forest**
Completed in February 2009 in Shibuya Ward, Tokyo, Hiroo Garden Forest was a joint project between Mitsubishi Estate and Mitsui Fudosan Residential Co., Ltd. For this 474-unit large-scale condominium complex, Mitsubishi Real Estate Services is serving as the sales agent.

CRE戦略支援システム［クリーム］
CRE@M

2 **CRE Strategy Support System "CRE@M"**
The Mitsubishi Estate Group provides one-stop support for the corporate real estate (CRE) strategies of corporations.

Parking Ecology Network PEN

3 **Parking Ecology Network "PEN"**
To contribute to global environmental efforts through parking operations, Mitsubishi Real Estate Services donates a portion of the proceeds from parking charges to tree-planting programs.

Real Estate Services

BUSINESS SEGMENT

Meticulously Responding to the Varied Real Estate Needs of Customers

Driven by Mitsubishi Real Estate Services Co., Ltd., the Real Estate Services Business has instituted a system that enables highly customized responses to individual customer needs. Leveraging its collective strengths and information capabilities, the Mitsubishi Estate Group provides a wide range of optimal solutions for individual and corporate real estate utilization, brokerage, new condominium sales and real estate leasing.

Real Estate Brokerage Services

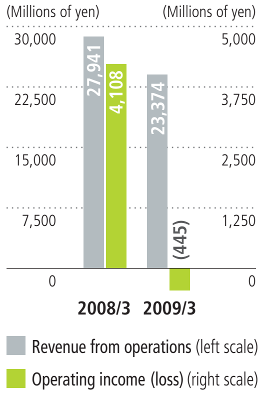
Mitsubishi Real Estate Services engages in wide-ranging operations relating to real estate owned by individuals and corporations. These operations include purchase, sale, brokerage for leasing services and consulting services for real estate utilization. Also, we provide "Consulting M" one-stop services to help companies raise their corporate value and facilitate efficient corporate management. More recently, in November 2008, we launched the "CRE@M" corporate real estate (CRE) strategy support system. In addition, Mitsubishi Real Estate Services is expanding outside Japan, offering support services for corporations' international operations and foreign corporations.

Sales Agency Operations for Properties such as Condominiums

In Mitsubishi Real Estate Services' sales agency operations, qualified staff—people who are well versed in the unique features and characteristics of individual properties, as well as real estate finance, law, taxation and related matters—are on hand to assist sellers in transactions of condominiums and other properties. In the area of residential development and sales, we are providing comprehensive support to developers. We offer a full range of services including site, property and market information survey, product planning and advertising and sales planning.

Accelerating Leased Condominium/Office Building Management Support Business and Coin-Operated Parking Lot Operations

Mitsubishi Real Estate Services offers a variety of lease management support services relating to leased condominiums and office buildings, and its customer base ranges from individuals and corporate clients to asset managers of securitized real estate. We have a structure to enable comprehensive services covering everything from business plan formulation and product planning to lease management after construction completion. In April 2008, Mitsubishi Real Estate Services established a new Parking Operations Office. This office is working to develop new automated, coin-operated parking services, applying Mitsubishi Real Estate Services' extensive expertise in lease management services.



Financial and Corporate Data Section

Contents

Revenue from Operations / Operating Income

In the fiscal year ended March 31, 2009, consolidated revenue from operations increased ¥154,973 million, or 19.7%, from the previous fiscal year to ¥942,626 million. Consolidated operating income, however, decreased ¥39,416 million, or 22.1%, year on year to ¥138,567 million. Results for each business segment are as follows.

In the Building Business segment, Mitsubishi Estate enjoyed a year-on-year increase in rental revenue due to contributions from the Shin-Marunouchi Building and new consolidated subsidiaries—namely, Sunshine City Corporation and Tokyo Kotsu Kaikan Co., Ltd.—as well as to the benefit of upward revisions to rental rates applicable to existing buildings. Contracted property management revenue also increased, owing to expanded floor space under contracted management. Meanwhile, repair contract construction revenue declined compared with the previous fiscal year, during which the Company undertook a large number of contract projects relating to the Shin-Marunouchi Building. As of March 31, 2009, the vacancy rate stood at 2.86% for the buildings held by Mitsubishi Estate, compared with 2.06% as of March 31, 2008. Reflecting all of the aforementioned factors, revenue from operations increased ¥26,044 million from the previous fiscal year to ¥406,606 million, and operating income also increased ¥4,714 million year on year to ¥119,204 million.

In the Residential Business segment, Mitsubishi Estate's revenue in the condominium business dropped year on year, attributable to a year-on-year decrease in the number of condominiums sold. However, after including revenue from condominium sales by consolidated subsidiary Towa Real Estate Development Co., Ltd., overall condominium business revenue grew year on year. Other revenue also grew year on year, reflecting the sale of a commercial facility within the Kohoku New Town in Tsuzuki Ward, Yokohama City. As a result, revenue from operations in the Residential Business segment climbed ¥95,136 million year on year to ¥309,039 million. On the earnings front, however, Mitsubishi Estate posted an operating loss totaling ¥15,460 million. Owing to Towa Real Estate Development's operating loss, this represents a year-on-year decrease of ¥39,786 million from the operating income recorded in the previous fiscal year. As a supplementary note, in line with the application of the Accounting Standards for Measurement of Inventories, Mitsubishi Estate included ¥25,776 million in cost of revenue from operations in connection with the write-down of certain inventories that have experienced deterioration in profitability.

In the Urban Development & Investment Management Business segment, a Mitsubishi Estate consolidated subsidiary enjoyed capital gains from the sale of such properties as Trade Pier Odaiba (Minato Ward, Tokyo) and the Shin Fujita Building (Osaka City), while Mitsubishi Estate itself experienced contributions from income gains. As a result, revenue from operations in this segment jumped ¥62,488 million year on year to ¥91,919 million, with operating income also jumping ¥16,640 million to ¥33,504 million.

Foreign-currency-denominated revenue declined for the real estate leasing and development business in the International Business segment compared with the previous fiscal year, during which Mitsubishi Estate sold a performing asset in the state of Oregon, the United States. Yen-denominated revenue also declined, negatively impacted by the significant appreciation of the yen (previous fiscal year: ¥117.85 = US$1.00; fiscal year under review: ¥103.48 = US$1.00). As a result, revenue from operations in this segment slipped ¥24,537 million year on year to ¥47,382 million, while operating income fell ¥15,017 million to ¥12,526 million.

In the Architectural Design & Engineering Business segment, Mitsubishi Jisho Sekkei Inc. recorded increased revenue from operations in connection with the Breeze Tower (Osaka City) and other projects. Accordingly, revenue from operations in this segment rose ¥971 million year on year to ¥20,058 million. However, segment operating income declined ¥146 million to ¥2,178 million, due to deterioration in business profitability. On an additional note, with regard to long-term, large-scale projects, Mitsubishi Estate records revenue in proportion to the percentage of construction completion basis.

Driven by Mitsubishi Estate Home Co., Ltd., the Custom-Built Housing Business segment continued to focus on increasing orders for "Mitsubishi Home" brand homes. Orders actually received for these homes have consequently expanded year on year. During the fiscal year under review, however, the number of sales of custom-built housing and contract work completed declined, while the unit price for these projects increased. As a result, revenue from operations in this segment decreased ¥1,867 million year on year to ¥29,349 million, while operating loss contracted ¥335 million to ¥281 million.

Royal Park Hotels and Resorts Co., Ltd. serves as the core driver in strengthening Mitsubishi Estate's operations in the Hotel Business segment. This consolidated subsidiary operates Royal Park Hotels in Japan. All businesses in this segment, including the accommodation business, experienced deterioration in revenue during the fiscal year under review. As a result, revenue from operations dropped ¥2,387 million year on year to ¥30,775 million. The segment posted ¥19 million in operating loss, representing a worsening of ¥1,381 million from the operating income recorded in the previous fiscal year.

In the Real Estate Services segment, Mitsubishi Real Estate Services Co., Ltd. suffered a decline in revenue in connection with a decrease in the number of home agency sales. Revenue from real estate brokerage services similarly fell due to a decrease in the number and unit price of cases handled. As a result, segment revenue from operations sank ¥4,566 million year on year to ¥23,374 million. The segment recorded ¥445 million in operating loss, a drop of ¥4,554 million from the operating income posted in the previous fiscal year.

Revenue from operations in the Other segment fell ¥1,109 million year on year to ¥3,872 million. Segment operating income also dropped ¥325 million to ¥669 million.

Millions of yen (rounded down)

	2009/3	2008/3	YoY Change
Building Business	406,606	380,562	26,044
Residential Business	309,039	213,903	95,136
Urban Development & Investment Management Business	91,919	29,430	62,488
International Business	47,382	71,920	(24,537)
Architectural Design & Engineering	20,058	19,086	971
Custom-Built Housing	29,349	31,216	(1,867)
Hotel Business	30,775	33,163	(2,387)
Real Estate Services	23,374	27,941	(4,566)
Other	3,872	4,982	(1,109)
Eliminations	(19,752)	(24,554)	4,801
Revenue from Operations	942,626	787,652	154,973
Building Business	119,204	114,490	4,714
Residential Business	(15,460)	24,326	(39,786)
Urban Development & Investment Management Business	33,504	16,863	16,640
International Business	12,526	27,544	(15,017)
Architectural Design & Engineering	2,178	2,324	(146)
Custom-Built Housing	(281)	(616)	335
Hotel Business	(19)	1,362	(1,381)
Real Estate Services	(445)	4,108	(4,554)
Other	669	995	(325)
Eliminations or Corporate	(13,309)	(13,415)	105
Operating Income	138,567	177,983	(39,416)

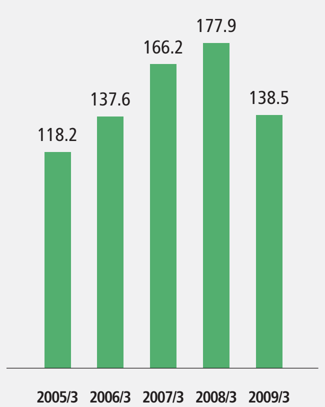
See accompanying notes to consolidated financial statements.

Revenue from Operations

(Billions of yen)

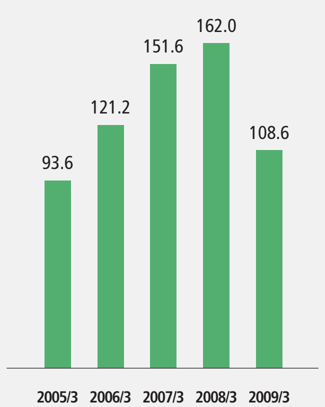
Operating Income

(Billions of yen)



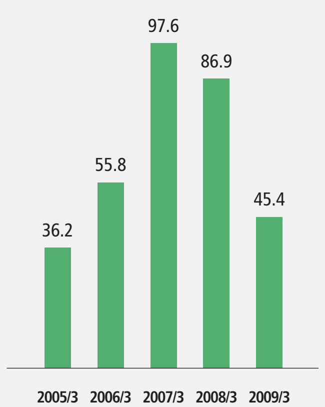
Income before Taxes and Special Items

(Billions of yen)



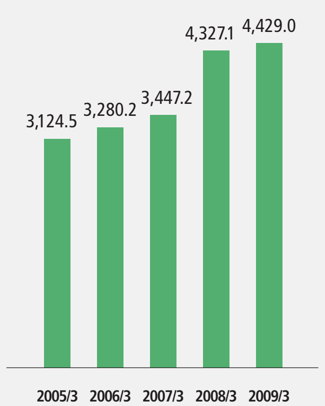
Net Income

(Billions of yen)



Total Assets

(Billions of yen)

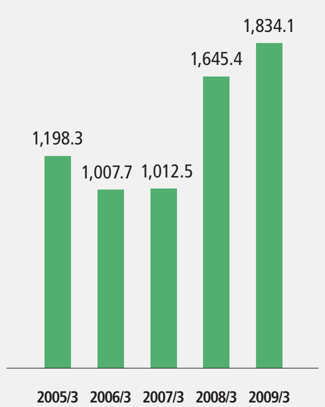


Total Equity

(Billions of yen)

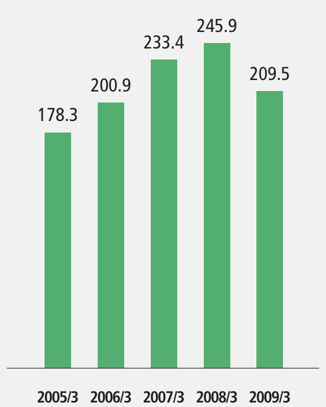
Interest-Bearing Debt

(Billions of yen)



EBITDA

(Billions of yen)



Other Income (Expenses)

Other income declined ¥3,080 million year on year to ¥11,235 million, due to a decrease in interest income and equity in earnings of unconsolidated subsidiaries and affiliates. Other expenses increased ¥10,940 million to ¥41,179 million, mainly owing to a rise in interest expenses.

Turning to extraordinary items, Mitsubishi Estate posted gain on sales of shares of affiliated companies totaling ¥6,283 million. Extraordinary losses amounted to ¥24,902 million. Principal components were loss on valuation of inventories totaling ¥7,375 million, loss on disposal of fixed assets totaling ¥2,562 million, loss on valuation of investment securities totaling ¥7,524 million, impairment loss totaling ¥2,447 million and loss on cancellation of real estate transaction contracts totaling ¥4,991 million.

Net Income

Income before income taxes and minority interests decreased ¥69,658 million, or 43.6%, year on year to ¥90,005 million. Net income edged down ¥41,540 million, or 47.8%, to ¥45,423 million. Net income per share stood at ¥32.90.

Analysis of Financial Position

(1) Consolidated Cash Flow

On a consolidated basis, cash and cash equivalents at the end of the fiscal year under review decreased ¥35,159 million year on year to ¥184,552 million. Major cash inflows included income before income taxes and minority interests, depreciation and amortization, proceeds from issuance of corporate bonds and an increase in long-term borrowings. Major cash outflows included purchases of property and equipment, repayment of corporate bonds and repayment of long-term borrowings.

Cash Flows from Operating Activities

Net cash provided by operating activities stood at ¥45,824 million, an improvement of ¥62,072 million from the net cash used in operating activities during the previous fiscal year. For the fiscal year under review, income before income taxes and minority interests amounted to ¥90,005 million, and such non-cash items as depreciation and amortization totaled ¥60,364 million. These cash inflows were adjusted to reflect movements in notes and accounts receivable, equity investments, notes and accounts payable as well as other items.

Cash Flows from Investing Activities

Net cash used in investing activities amounted to ¥214,500 million, a year-on-year increase of ¥2,293 million. This was attributable to a variety of factors including purchases of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities was ¥141,055 million, a year-on-year decrease of ¥97,886 million. The principal components were an increase in long-term borrowings and proceeds from the issuance of corporate bonds.

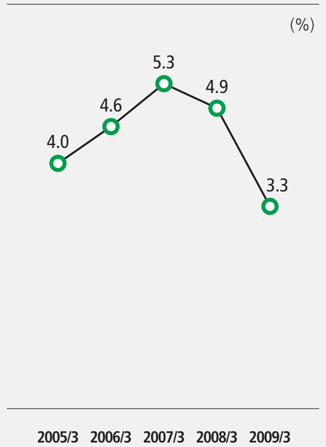
(2) Consolidated Balance Sheets

Compared with the previous fiscal year-end, total assets increased ¥101,933 million to ¥4,429,070 million as a result of the operating, investing and financing activities previously mentioned.

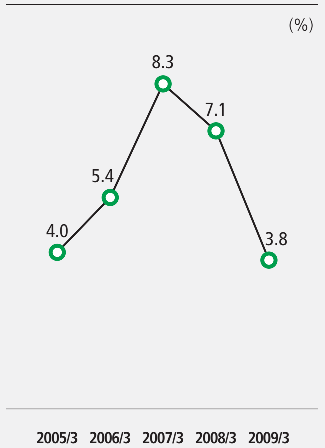
Total liabilities, when compared with the previous fiscal year-end, rose ¥174,515 million to ¥3,154,357 million. The balance of interest-bearing debt as of March 31, 2009 expanded ¥188,788 million from the previous fiscal year-end to ¥1,834,195 million. Deducting cash and cash equivalents, the net balance of interest-bearing debt as of March 31, 2009 increased ¥223,947 million year on year to ¥1,649,642 million.

Net assets shrank ¥72,582 million year on year to ¥1,274,713 million. This was attributable to an expansion of negative foreign currency translation adjustments, which more than offset an increase in retained earnings.

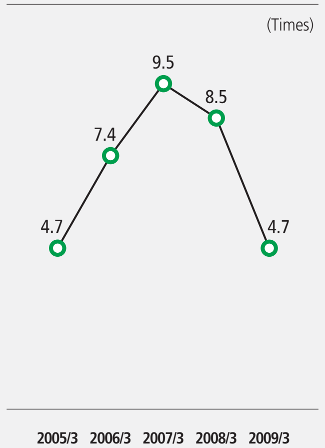
ROA



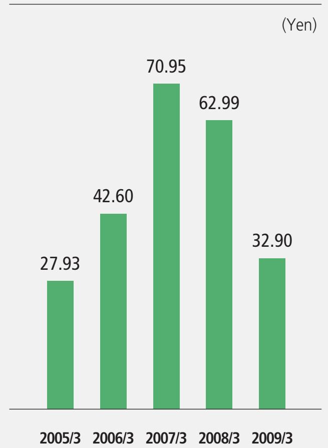
ROE



Interest Coverage Ratio



Net Income Per Share (Basic)



Consolidated Statements of Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	**2009**
Revenue from operations	**¥ 942,626**	¥ 787,652	**$ 9,596,116**
Cost of revenue from operations	**(728,002)**	(551,455)	**(7,411,207)**
Selling, general and administrative expenses	**(76,056)**	(58,213)	**(774,268)**
Operating income	**138,567**	177,983	**1,410,640**
Other income (expenses):			
Interest and dividend income	**5,768**	6,823	**58,720**
Interest expenses	**(31,240)**	(22,251)	**(318,038)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**1,558**	3,739	**15,864**
Other, net (Note 14)	**(24,647)**	(6,631)	**(250,915)**
	(48,561)	(18,320)	**(494,369)**
Income before income taxes and minority interests	**90,005**	159,663	**916,271**
Income taxes (Notes 1 and 9):			
Current	**(34,707)**	(52,390)	**(353,332)**
Deferred	**6,606**	(9,472)	**67,258**
	(28,101)	(61,862)	**(286,074)**
Minority interests	**(16,481)**	(10,836)	**(167,781)**
Net income	**¥ 45,423**	¥ 86,963	**$ 462,415**

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Assets			
Current assets:			
Cash (Notes 7 and 15)	¥ 181,168	¥ 186,321	$ 1,844,325
Notes and accounts receivable – trade	28,949	37,063	294,711
Marketable securities (Note 4)	4,442	31,739	45,222
Allowance for doubtful receivables	(402)	(436)	(4,095)
Inventories (Notes 5 and 7)	600,536	602,824	6,113,571
Equity investments (Note 4)	257,879	185,640	2,625,266
Deferred income taxes (Note 9)	43,559	47,053	443,445
Other current assets	59,006	51,179	600,698
Total current assets	1,175,139	1,141,385	11,963,146
Investments:			
Investments in and advances to unconsolidated subsidiaries and affiliates	15,100	17,017	153,723
Investment securities (Notes 4 and 7)	137,354	236,331	1,398,295
Other investments (Note 6)	135,323	143,329	1,377,623
Total investments	287,778	396,678	2,929,641
Property and equipment (Note 7):			
Land	1,632,779	1,564,953	16,622,000
Land in trust	277,425	280,547	2,824,242
Buildings and structures	1,840,117	1,766,921	18,732,743
Machinery and equipment and other	106,956	106,432	1,088,837
Construction in progress	136,344	83,271	1,388,013
	3,993,622	3,802,126	40,655,837
Less accumulated depreciation	(1,123,904)	(1,087,391)	(11,441,563)
Property and equipment, net	2,869,718	2,714,735	29,214,274
Intangible and other assets (Note 7)	96,434	74,339	981,716
Total assets	¥ 4,429,070	¥ 4,327,137	$ 45,088,779

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	2009
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 7)	¥ 406,604	¥ 271,137	$ 4,139,307
Notes and accounts payable – trade	101,450	114,780	1,032,786
Accrued income taxes (Note 9)	20,273	38,372	206,391
Advances and deposits	107,645	87,500	1,095,856
Accrued expenses and other current liabilities	53,623	72,121	545,894
Total current liabilities	689,597	583,913	7,020,235
Long-term debt (Note 7)	1,425,129	1,374,269	14,508,083
Lease deposits received	371,141	359,561	3,778,286
Accrued employees' retirement benefits (Note 8)	14,296	18,083	145,536
Deferred income taxes (Note 9)	539,505	550,194	5,492,267
Goodwill	84,921	67,172	864,520
Other non-current liabilities	29,766	26,646	303,028
Total liabilities	3,154,357	2,979,841	32,111,958
Net assets:			
Shareholders' equity (Note 10):			
Common stock, without par value:			
Authorized – 1,980,000,000 shares;			
Issued – 1,382,518,351 shares in 2009 and 2008	136,534	136,534	1,389,943
Capital surplus	165,216	165,216	1,681,932
Retained earnings	408,775	387,214	4,161,411
Less treasury stock, at cost	(3,715)	(3,440)	(37,827)
Total shareholders' equity	706,810	685,524	7,195,459
Valuation, translation adjustments and others:			
Unrealized holding gain on securities	30,730	89,621	312,839
Deferred gains or losses on hedging instruments	(591)	(357)	(6,024)
Land revaluation reserve	460,009	472,578	4,682,980
Foreign currency translation adjustments	(48,462)	(8,478)	(493,359)
Total valuation, translation adjustments and others	441,684	553,364	4,496,436
Stock acquisition rights	218	142	2,220
Minority interests	125,999	108,264	1,282,703
Contingent liabilities (Note 13)			
Total net assets	1,274,713	1,347,295	12,976,821
Total liabilities and net assets	¥ 4,429,070	¥ 4,327,137	$ 45,088,779

Consolidated Statements of Changes in Net Assets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2007	¥136,534	¥165,216	¥324,611	¥(2,965)	¥623,396
Changes in the year:					
Cash dividends paid			(22,089)		(22,089)
Net income			86,963		86,963
Purchase of treasury stock				(870)	(870)
Disposal of treasury stock			(90)	396	305
Land revaluation reserve (Note 1)			(2,180)		(2,180)
Net change in items other than those in shareholders' equity					
Total of changes in the year			62,603	(474)	62,128
Balance at March 31, 2008	136,534	165,216	387,214	(3,440)	685,524
Decrease due to the change of accounting policies for consolidated foreign subsidiaries			(3,860)		(3,860)
Changes in the year:					
Cash dividends paid			**(22,088)**		**(22,088)**
Net income			**45,423**		**45,423**
Purchase of treasury stock				**(649)**	**(649)**
Disposal of treasury stock			**(99)**	**374**	**274**
Land revaluation reserve (Note 1)			**2,062**		**2,062**
Changes in consolidated subsidiaries and companies accounted for by the equity method			**123**		**123**
Net change in items other than those in shareholders' equity					
Total of changes in the year	**0**	**0**	**25,421**	**(275)**	**25,145**
Balance at March 31, 2009	**¥136,534**	**¥165,216**	**¥408,775**	**¥(3,715)**	**¥706,810**

	Millions of yen							
	Valuation, translation adjustments and others							
	Unrealized gain on securities	Deferred gains or losses on hedging instruments	Land revaluation reserve	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2007	¥133,843	¥ 161	¥470,397	¥ (2,154)	¥ 602,247	¥ 79	¥ 35,185	¥1,260,908
Changes in the year:								
Cash dividends paid								(22,089)
Net income								86,963
Purchase of treasury stock								(870)
Disposal of treasury stock								305
Land revaluation reserve (Note 1)								(2,180)
Net change in items other than those in shareholders' equity	(44,222)	(518)	2,180	(6,323)	(48,883)	63	73,079	24,259
Total of changes in the year	(44,222)	(518)	2,180	(6,323)	(48,883)	63	73,079	86,387
Balance at March 31, 2008	89,621	(357)	472,578	(8,478)	553,364	142	108,264	1,347,295
Decrease due to the change of accounting policies for consolidated foreign subsidiaries								(3,860)
Changes in the year:								
Cash dividends paid								**(22,088)**
Net income								**45,423**
Purchase of treasury stock								**(649)**
Disposal of treasury stock								**274**
Land revaluation reserve (Note 1)								**2,062**
Changes in consolidated subsidiaries and companies accounted for by the equity method								**123**
Net change in items other than those in shareholders' equity	**(58,891)**	**(234)**	**(12,568)**	**(39,984)**	**(111,679)**	**75**	**17,735**	**(93,868)**
Total of changes in the year	**(58,891)**	**(234)**	**(12,568)**	**(39,984)**	**(111,679)**	**75**	**17,735**	**(68,722)**
Balance at March 31, 2009	**¥ 30,730**	**¥(591)**	**¥460,009**	**¥(48,462)**	**¥ 441,684**	**¥218**	**¥125,999**	**¥1,274,713**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets (continued)

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at March 31, 2008	$1,389,943	$1,681,932	$3,941,916	$(35,020)	$6,978,771
Decrease due to the change of accounting policies for consolidated foreign subsidiaries			**(39,298)**		**(39,298)**
Changes in the year:					
Cash dividends paid			**(224,866)**		**(224,866)**
Net income			**462,415**		**462,415**
Purchase of treasury stock				**(6,614)**	**(6,614)**
Disposal of treasury stock			**(1,008)**	**3,807**	**2,799**
Land revaluation reserve (Note 1)			**20,993**		**20,993**
Changes in consolidated subsidiaries and companies accounted for by the equity method			**1,259**		**1,259**
Net change in items other than those in shareholders' equity					
Total of changes in the year			**258,793**	**(2,806)**	**255,986**
Balance at March 31, 2009	**$1,389,943**	**$1,681,932**	**$4,161,411**	**$(37,827)**	**$7,195,459**

	Thousands of U.S. dollars (Note 3)							
	Valuation, translation adjustments and others							
	Unrealized gain on securities	Deferred gains or losses on hedging instruments	Land revaluation reserve	Foreign currency translation adjustments	Total valuation, translation adjustments and others	Stock acquisition rights	Minority interests	Total net assets
Balance at March 31, 2008	$912,365	$(3,634)	$4,810,934	$(86,311)	$5,633,354	$1,450	$1,102,150	$13,715,727
Decrease due to the change of accounting policies for consolidated foreign subsidiaries								**(39,298)**
Changes in the year:								
Cash dividends paid								**(224,866)**
Net income								**462,415**
Purchase of treasury stock								**(6,614)**
Disposal of treasury stock								**2,799**
Land revaluation reserve (Note 1)								**20,993**
Changes in consolidated subsidiaries and companies accounted for by the equity method								**1,259**
Net change in items other than those in shareholders' equity	**(599,525)**	**(2,389)**	**(127,954)**	**(407,047)**	**(1,136,917)**	**769**	**180,553**	**(955,594)**
Total of changes in the year	**(599,525)**	**(2,389)**	**(127,954)**	**(407,047)**	**(1,136,917)**	**769**	**180,553**	**(699,607)**
Balance at March 31, 2009	**$ 312,839**	**$(6,024)**	**$4,682,980**	**$(493,359)**	**$4,496,436**	**$2,220**	**$1,282,703**	**$12,976,821**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2009	2008	**2009**
Cash flows from operating activities			
Income before income taxes and minority interests	¥ **90,005**	¥ 159,663	$ **916,271**
Depreciation and amortization	**60,364**	56,867	**614,525**
Loss on sales or disposal of property and equipment	**2,779**	1,319	**28,299**
Gain on sales of beneficial interests in trust of property and equipment	**–**	(1,737)	**–**
Gain on sales of securities	**(6,473)**	(3,950)	**(65,903)**
Valuation loss on securities	**7,532**	2,769	**76,681**
Valuation loss on inventories	**7,375**	1,458	**75,087**
Impairment loss	**2,447**	1,498	**24,916**
Loss on cancellation of real estate sales contract	**4,991**	–	**50,818**
Equity in net income of affiliates	**(1,558)**	(3,739)	**(15,864)**
Increase in allowances	**2,079**	959	**21,168**
Interest and dividend income	**(5,768)**	(6,823)	**(58,720)**
Interest expense	**31,240**	22,251	**318,038**
Early repayment of a portion of borrowings	**–**	1,168	**–**
Increase in notes and accounts receivable	**7,394**	(6,452)	**75,278**
Decrease (increase) in inventories	**16,048**	(79,102)	**163,378**
Increase in equity investments	**(93,848)**	(85,042)	**(955,397)**
Decrease in notes and accounts payable	**(12,655)**	(465)	**(128,835)**
Increase in lease deposits received	**6,082**	25,538	**61,923**
Other	**7,303**	(35,692)	**74,348**
Subtotal	**125,343**	50,487	**1,276,017**
Interest and dividends received	**6,330**	8,233	**64,445**
Interest paid	**(30,555)**	(21,128)	**(311,065)**
Income taxes paid	**(55,293)**	(53,840)	**(562,896)**
Net cash provided by (used in) operating activities	**45,824**	(16,248)	**466,501**
Cash flows from investing activities			
Proceeds from sales of marketable securities	**142**	–	**1,453**
Proceeds from sales of property and equipment	**169**	1,157	**1,727**
Purchases of property and equipment	**(196,258)**	(270,798)	**(1,997,950)**
Proceeds from sales of investment securities	**8,903**	11,448	**90,640**
Purchases of investment securities	**(10,681)**	(18,796)	**(108,742)**
Proceeds from sales of beneficial interests in trust of property and equipment	**–**	12,095	**–**
Purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 15)	**(12,150)**	(8,495)	**(123,697)**
Proceeds from purchase of investments in subsidiaries resulting in change in scope of consolidation (Note 15)	**–**	62,134	**–**
Other (Note 15)	**(4,625)**	(951)	**(47,085)**
Net cash used in investing activities	**(214,500)**	(212,207)	**(2,183,655)**
Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	**81,114**	9,700	**825,764**
Increase in long-term borrowings	**267,790**	248,925	**2,726,155**
Repayment of long-term borrowings	**(185,047)**	(78,410)	**(1,883,814)**
Proceeds from issuance of corporate bonds	**66,649**	140,612	**678,502**
Repayment of corporate bonds	**(41,601)**	(51,997)	**(423,515)**
Cash dividends paid	**(22,088)**	(22,089)	**(224,866)**
Other	**(25,761)**	(7,798)	**(262,256)**
Net cash provided by financing activities	**141,055**	238,942	**1,435,959**
Effect of exchange rate changes on cash and cash equivalents	**(7,585)**	(2,765)	**(77,222)**
Net (decrease) increase in cash and cash equivalents	**(35,206)**	7,721	**(358,407)**
Cash and cash equivalents at beginning of year	**219,712**	206,089	**2,236,711**
Increase in cash and cash equivalents arising from mergers and acquisitions	**542**	5,901	**5,526**
Cash and cash equivalents of subsidiaries excluded from consideration	**(495)**	–	**(5,046)**
Cash and cash equivalents at end of year (Note 15)	¥ **184,552**	¥ 219,712	$ **1,878,784**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2009

1. Significant Accounting Policies

a. Basis of preparation

The accompanying consolidated financial statements of Mitsubishi Estate Co., Ltd. (the "Company") and consolidated subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to the application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company as required by the Financial Instruments and Exchange Law of Japan.

The notes to the consolidated financial statements include information which may not be required under accounting principles generally accepted in Japan but is presented herein as additional information.

As permitted by the Securities and Exchange Law of Japan, amounts of less than one million yen have been rounded off. As a result, the totals shown in the accompanying consolidated financial statements (both in yen and U.S. dollars) do not necessarily agree with the sums of the individual amounts.

Certain amounts in the prior year's financial statements have been reclassified to conform to the current year's presentation.

b. Principles of consolidation

The accompanying consolidated financial statements include the accounts of the Company and the subsidiaries that it controls directly or indirectly. Companies over which the Company exercises significant influence in terms of their operating and financial policies have been included in the consolidated financial statements on an equity basis.

All significant intercompany balances and transactions have been eliminated in consolidation.

c. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. The actual results could differ from those estimates.

d. Foreign currency translation

Current and non-current monetary accounts denominated in foreign currencies are translated into yen at the current rates.

The revenue and expense accounts of the foreign consolidated subsidiaries are translated using the average rate during the year. Except for shareholders' equity, the balance sheet accounts are also translated into yen at the rates of exchange in effect at the balance sheet date. The components of shareholders' equity are translated at their historical exchange rates.

e. Cash equivalents

The Company considers all highly liquid investments that are readily convertible into cash and have an original maturity of three months or less to be cash equivalents. Reconciliation between cash in the balance sheet and cash equivalents at March 31, 2009 and 2008 is presented in Note 15.

f. Marketable securities and investment securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

g. Inventories

Inventories are mainly stated at cost, determined by the identified cost method. Net book value of inventories in the consolidated balance sheet is written down when their net realizable values decline.

h. Property and equipment, depreciation and impairment

Property and equipment, except for land as discussed below, is stated at cost less accumulated depreciation. Depreciation is calculated principally by the declining-balance method, except for buildings acquired in Japan subsequent to March 31, 1998 and property and equipment of foreign subsidiaries on which depreciation is calculated by the straight-line method at rates determined based on the estimated useful lives of the respective assets. The Company has capitalized the costs incurred for significant renewals and additions; however, costs for maintenance and repairs are charged to income.

As of March 31, 2002, the Company revalued its land at fair value, pursuant to Article 2 of the "Enforcement Ordinance for the Law Concerning Revaluation Reserve for Land" and its amendments. The related unrealized gain, net of applicable income taxes, has been recorded as "Land revaluation reserve" in net assets.

The Company reviews its property and equipment (including land) for impairment whenever events or changes in its business circumstances indicate that the carrying amount of the assets may not be fully recoverable. The Company performs cash flow analyses to determine if an impairment exits. If impairment is determined to exist, any related loss on impairment is calculated based on the cash flow analyses.

The useful lives of property and equipment are summarized as follows:

Buildings and structures	2 to 75 years
Machinery and equipment and other	2 to 35 years

i. Intangible and other assets

Intangible and other assets primarily consist of goodwill and land use rights. Goodwill is stated on the basis of cost and is being amortized over a period of 5 years or an estimated economical period on a straight-line basis. A loss is recognized if the fair value falls below the carrying amount. Land use rights are stated on a cost basis.

j. Retirement benefits

The Company and most consolidated subsidiaries have noncontributory funded and unfunded defined benefit plans covering most of their employees. Employees of the Company and its consolidated subsidiaries are entitled under most employment termination circumstances to annuity payments or lump-sum payments, the amounts of which are determined principally by reference to their basic rates of pay, length of service, and the conditions under which the termination occurs.

Accrued employees' retirement benefits are provided mainly at an amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date, as adjusted for unrecognized actuarial gain or loss and unrecognized prior service cost. The retirement benefit obligation is attributed to each period by the straight-line method over the estimated years of service of the employees.

Actuarial gain and loss are amortized in the year following the year in which the gain or loss is recognized by the straight-line method over the period of the range from 1 year to 15 years which are shorter than the average remaining years of service of the employees.

Prior service cost is being amortized as incurred by the straight-line method over the period of 2 years or 10 years which are shorter than the average remaining years of service of the employees.

k. Income taxes

Deferred tax assets and liabilities are determined based on the financial statements and the tax bases of assets and liabilities, using the enacted tax rates in effect for the year in which the temporary differences are expected to reverse. Deferred tax assets are also recognized for the estimated future tax effects attributable to operating loss carry forwards. Valuation allowances are established to reduce deferred tax assets if it is more likely than not that the some portion or all of the deferred tax assets will not be realized.

l. Derivative financial instruments

The Company and certain of its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) and foreign exchange rates (currency swaps), but do not enter into such transactions for speculative or trading purposes.

Derivative financial instruments are carried at fair value with any changes in unrealized gain or loss charged or credited to operations, except for those which meet the criteria for deferral hedge accounting under which unrealized gain or loss is deferred as an asset or liability.

m. Revenue recognition

The consolidated statements of income reflect revenue from operations in the following manner:

(a) Revenue from the leasing of office space is recognized as rent accrued over the leasing period.

(b) Revenue from sales of condominiums, residential houses and land is recognized when the units are delivered and accepted by the customers. Revenue from consignment commissions for residential sales earned by the real estate service business segment is recognized at the time of contract conclusion for services provided up to the conclusion and at the time of ownership transfer for services provided up to the transfer.

(c) Revenue from real estate brokerage is recognized when an underlying lease agreement goes into force or the underlying units are delivered.

(d) Revenue from architectural design and engineering business is recognized at the date of completion of each relevant project in the Architectural Design & Engineering Division, except that certain long-term (over one year) projects over ¥500 million in total revenue are recognized by the percentage of completion method.

(e) Revenue from construction contracts is recognized at the date of completion of each relevant project in the Architectural Design & Engineering Division, except that certain long-term (over one year) projects over ¥5,000 million in total revenue are recognized by the percentage of completion method.

(f) Revenue from construction contracts is recognized at the date of completion of each relevant project in divisions other than the Architectural Design & Engineering Division, except that certain long-term (over two years) projects over ¥5,000 million in total revenue are recognized by the percentage of completion method.

(Supplemental information)

Effective April 1, 2008, construction contracts with terms of over two years and total revenue of over ¥5,000 million have been executed in divisions other than the Architectural Design & Engineering Division. In order to fairly present revenue and expenses for such long-term and large-scale construction contracts, revenue are recognized by the percentage of completion method. Consolidated revenue, expenses, operating income and income before income taxes and minority interests accounted by this method are ¥1,360 million ($13,848 thousand), ¥1,282 million ($13,053 thousand), ¥78 million ($794 thousand) and ¥78 million ($794 thousand), respectively, for the fiscal year ended March 31, 2009.

(g) Other operating revenue is recognized on an accrual basis.

n. Appropriation of retained earnings

Under the Corporation Law of Japan, the appropriation of retained earnings with respect to a given financial year is made by resolution of the shareholders at a general meeting held subsequent to the close of such financial year. The accounts for that year do not, therefore, reflect such appropriations. See Note 10 for more information.

2. Changes in Accounting Policy

Accounting Standards for Measurement of Inventories

Until March 31, 2008, inventories are mainly stated at cost, determined by the identified cost method .Effective April 1, 2008, the Company and its domestic subsidiaries and affiliates have adopted "Accounting Standards for Measurement of Inventories" (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006) for inventories held for sale in the ordinary course of business. Net book value of inventories in the consolidated balance sheet is written down when their net realizable values decline. As a result of this adoption, consolidated operating income decreased by ¥19,282 million ($196,300 thousand) and consolidated income before income taxes and minority interests decreased by ¥26,658 million ($271,388 thousand), compared with the respective amounts that would have been reported under the previous accounting method. The amount included in the beginning balance of inventories affected by this change in accounting policy was recorded as other expenses (net) in the amount of ¥7,375 million ($75,087 thousand).

Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement

Effective April 1, 2008, the Company has applied "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statement" (Practical Issues Task Force No. 18 issued by the Accounting Standards Board of Japan on May 17, 2006). This adoption had no impact on the consolidated statements of income for the fiscal year ended March 31, 2009.

Accounting Standards for Lease Transactions

Until March 31, 2008, noncancelable leases of the Company and its domestic consolidated subsidiaries are accounted for as operating leases (whether such leases are classified as operating or finance leases) except that lease agreements which stipulate the transfer of ownership of the leased assets to the lessee are accounted for as finance leases. Effective April 1, 2008, the Company and its domestic subsidiaries and affiliates have adopted "Accounting Standards for Lease Transactions" (Financial Accounting Standard No. 13 originally issued by the First Committee of the Business Accounting Council on June 17, 1993 and revised by the Accounting Standards Board of Japan on March 30, 2007) and "Implementation Guidelines for Accounting Standards for Lease Transactions" (Financial Accounting Standard Implementation Guidelines No. 16 originally issued by the Accounting System Committee of the Japanese Institute of Certified Public Accountants on January 18, 1994 and revised by the Accounting Standards Board of Japan on March 30, 2007). With regard to lease transactions where ownership of leased assets does not transfer to the lessee and for which transactions started before March 31, 2008, the Company and its domestic subsidiaries and affiliates treat such leases as operating leases. The effect of the change on the consolidated statement of income for the fiscal year ended March 31, 2009 was immaterial.

Presentation of Goodwill Amortization

Amortization of goodwill and negative goodwill had previously been offset due to immateriality of either the amortization amount of goodwill or negative goodwill. Effective April 1, 2008, amortization of goodwill and negative goodwill are presented separately in the consolidated statement of income due to increased materiality of their amortization amount. As a result of this change, consolidated operating income decreased by ¥1,041 million ($10,607 thousand) for the fiscal year ended March 31, 2009, compared with the amount that would have been reported under the previous presentation method. However, this change had no impact on consolidated income before income taxes and minority interests for the fiscal year ended March 31, 2009.

3. U.S. Dollar Amounts

Translation of yen amounts into U.S. dollar amounts is included solely for convenience, as a matter of arithmetic computation only, at the rate of ¥98.23 = U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2009. The inclusion of such amounts is not intended to imply that yen amounts have been or could be readily converted, realized or settled in U.S. dollars at the above or any other rate.

4. Marketable Securities and Investment Securities

Marketable and investment securities classified as other securities at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2009					
	Cost	Fair value	Unrealized gain (loss)	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:						
Equity securities	¥51,170	¥102,701	¥51,531	$520,924	$1,045,520	$524,596
Other	5,331	7,682	2,351	54,273	78,210	23,937
Subtotal	56,501	110,384	53,882	575,197	1,123,731	548,534
Securities whose cost exceeds their fair value:						
Equity securities	27,905	25,774	(2,131)	284,087	262,388	(21,698)
Total	¥84,407	¥136,158	¥51,751	$859,284	$1,386,120	$526,835

	Millions of yen		
	2008		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Equity securities	¥71,157	¥213,864	¥142,707
Other	5,330	11,786	6,456
Subtotal	76,487	225,651	149,164
Securities whose cost exceeds their fair value:			
Equity securities	10,429	9,799	(629)
Total	¥86,917	¥235,451	¥148,534

Proceeds from sales of securities classified as other securities totaled ¥279 million ($2,849 thousand) in 2009 and ¥5,636 million in 2008. Gross realized gain was ¥197 million ($2,009 thousand) in 2009 and ¥1,698 million in 2008, respectively. Gross realized loss was "¥0" in 2009 and ¥3 million in 2008.

Marketable debt securities classified as held-to-maturity securities at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2009					
	Amortized cost	Fair value	Unrealized gain (loss)	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:						
Government bonds	¥ 214	¥ 215	¥ 1	$ 2,178	$ 2,197	$ 18
Corporate bonds	–	–	–	–	–	–
Subtotal	214	215	1	2,178	2,197	18
Debt securities whose cost exceeds their fair value:						
Government bonds	–	–	–	–	–	–
Corporate bonds	1,913	1,905	(8)	19,479	19,403	(86)
Subtotal	1,913	1,905	(8)	19,479	19,403	(86)
Total	¥2,127	¥2,121	¥(6)	$21,658	$21,600	$(67)

	Millions of yen		
	2008		
	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 64	¥ 65	¥ 1
Corporate bonds	2,418	2,431	13
Subtotal	2,482	2,497	15
Debt securities whose cost exceeds their fair value:			
Government bonds	138	138	(0)
Corporate bonds	2,759	2,759	–
Subtotal	2,898	2,898	(0)
Total	¥5,381	¥5,395	¥15

Marketable and investment securities recorded at cost at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Other securities:			
Nonmarketable equity securities			
(other than equity securities listed on the over-the-counter market)	¥ 6,504	¥ 6,753	$ 66,212
Mutual funds	344	293	3,503
Commercial papers	1,499	6,741	15,264
MMF	16	22,558	169
Investments in silent partnerships	22,935	21,286	233,491
Other	2,758	2,678	28,079
Total	¥34,058	¥60,310	$346,721

The redemption schedule for securities classified as other securities at March 31, 2009 is summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	Due within one year or less	Due after one year through five years	Due after five years or more	Due within one year or less	Due after one year through five years	Due after five years or more
Bonds:						
Government bonds	¥160	¥ 35	¥ 20	$1,628	$ 356	$ 203
Corporate bonds	177	218	1,517	1,805	2,225	15,448
Other bonds	–	–	–	–	–	–
Total	¥337	¥253	¥1,537	$3,434	$2,582	$15,651

The Company recognized losses on other securities considered temporary amounting to ¥7,120 million ($72,485 thousand) in 2009 and ¥2,760 million in 2008, and on other securities considered other-than-temporary amounting to ¥404 million ($4,112 thousand) in 2009 and ¥8 million in 2008, respectively.

5. Inventories

Inventories at March 31, 2009 and 2008 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Real estate for sale	¥198,085	¥303,523	$2,016,543
Land and housing projects in progress	383,352	279,141	3,902,602
Land held for development	8,974	8,742	91,363
Other	10,123	11,418	103,062
Total	¥600,536	¥602,824	$6,113,571

6. Other Investments

Other investments at March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Lease deposits	¥ 88,983	¥ 86,595	$ 905,868
Long-term prepaid expenses and other	46,340	56,733	471,754
Total	¥135,323	¥143,329	$1,377,623

7. Short-Term Borrowings and Long-Term Debt

At March 31, 2009 and 2008, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Loans, principally from banks	¥139,300	¥ 56,131	$1,418,105
Commercial paper	10,000	10,000	101,801
Current portion of long-term debt	257,303	205,006	2,619,400
Total	¥406,604	¥271,137	$4,139,307

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2009 and 2008 were 1.43% and 1.08%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2009 and 2008, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
2.525% unsecured bonds due 2008	–	¥10,000	–
3.1% unsecured bonds due 2008	–	10,000	–
2.12% unsecured bonds due 2009	–	10,000	–
1.82% unsecured bonds due 2009	¥10,000	10,000	$101,801
3.075% unsecured bonds due 2009	10,000	10,000	101,801
2% unsecured bonds due 2009	10,000	10,000	101,801
1.985% unsecured bonds due 2009	10,000	10,000	101,801
0.72% unsecured bonds due 2009	10,000	10,000	101,801
1.9% unsecured bonds due 2010	10,000	10,000	101,801
2.29% unsecured bonds due 2010	10,000	10,000	101,801
1.55% unsecured bonds due 2011	10,000	10,000	101,801
1.44% unsecured bonds due 2011	10,000	10,000	101,801
1.16% unsecured bonds due 2011	10,000	10,000	101,801
1.47% unsecured bonds due 2012	10,000	10,000	101,801
1.58% unsecured bonds due 2012	20,000	20,000	203,603
3.275% unsecured bonds due 2012	10,000	10,000	101,801
2.77 % unsecured bonds due 2012	10,000	10,000	101,801
1.395% unsecured bonds due 2012	10,000	10,000	101,801
1.2% unsecured bonds due 2012	10,000	10,000	101,801
1% unsecured bonds due 2013	10,000	10,000	101,801
0.785% unsecured bonds due 2013	10,000	10,000	101,801
1.675% unsecured bonds due 2014	10,000	10,000	101,801
1.349% unsecured bonds due 2014	10,000	10,000	101,801
1.65% unsecured bonds due 2014	10,000	10,000	101,801
1.75% unsecured bonds due 2014	10,000	10,000	101,801
1.655% unsecured bonds due 2014	10,000	10,000	101,801
1.409% unsecured bonds due 2015	10,000	10,000	101,801
1.295% unsecured bonds due 2015	10,000	10,000	101,801
1.572% unsecured bonds due 2015	10,000	10,000	101,801
1.443% unsecured bounds due 2016	15,000	15,000	152,702
1.985% unsecured bounds due 2016	10,000	10,000	101,801
1.88% unsecured bounds due 2016	10,000	10,000	101,801
1.79% unsecured bonds due 2017	10,000	10,000	101,801
2.045% unsecured bounds due 2017	10,000	10,000	101,801
1.825% unsecured bounds due 2017	10,000	10,000	101,801
3.125% unsecured bonds due 2017	10,000	10,000	101,801
1.77% unsecured bonds due 2017	20,000	20,000	203,603
1.65% unsecured bonds due 2018	10,000	–	101,801
2.005% unsecured bonds due 2018	10,000	–	101,801
3% unsecured bonds due 2018	10,000	10,000	101,801
1.84% unsecured bonds due 2018	15,000	–	152,702
1.72% unsecured bonds due 2018	10,000	–	101,801
1.975% unsecured bonds due 2019	10,000	10,000	101,801
1.805% unsecured bonds due 2019	10,000	10,000	101,801
2.5% unsecured bonds due 2020	10,000	10,000	101,801
2.42% unsecured bonds due 2022	10,000	10,000	101,801
1.50% unsecured bonds due 2022	10,000	10,000	101,801
2.075% unsecured bonds due 2023	10,000	10,000	101,801
2.28% unsecured bonds due 2024	10,000	10,000	101,801
2.305% unsecured bonds due 2027	10,000	10,000	101,801
2.385% unsecured bonds due 2027	10,000	10,000	101,801
2.52% unsecured bonds due 2027	15,000	15,000	152,702
2.425% unsecured bonds due 2027	10,000	10,000	101,801
2.555% unsecured bonds due 2028	10,000	–	101,801
2.9% unsecured bonds due 2032	10,000	10,000	101,801
2.615% unsecured bonds due 2032	10,000	10,000	101,801
2.04% unsecured bonds due 2032	20,000	20,000	203,603
1.72% unsecured bonds due 2033	10,000	10,000	101,801
Floating rate bonds due 2008 (payable in U.S. dollars)	–	13,587	–
Floating rate bonds due 2009 (payable in U.S. dollars)	13,216	–	134,542
Loans from banks and insurance companies:			
Secured	403,640	443,265	4,109,131
Unsecured	670,576	552,423	6,826,596
	1,682,432	1,579,275	17,127,483
Less current portion	(257,303)	(205,006)	(2,619,400)
	¥1,425,129	¥1,374,269	$14,508,083

The aggregate annual maturities of long-term debt subsequent to March 31, 2009 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 257,303	$ 2,619,400
2011	339,235	3,453,482
2012	230,251	2,344,008
2013	177,826	1,810,303
2014	110,549	1,125,412
2015 and thereafter	567,266	5,774,876
Total	¥1,682,432	$17,127,483

The assets pledged as collateral for short-term borrowings of ¥640 million ($6,515 thousand) and long-term debt of ¥403,640 million ($4,109,131 thousand) at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash	¥ 6,229	$ 63,420
Real estate for sale	2,314	23,563
Land and housing projects in progress	67,975	691,998
Land held for development	583	5,944
Buildings and structures	163,644	1,665,935
Machinery and equipment	5,691	57,940
Land	267,816	2,726,426
Land in trust	276,443	2,814,242
Other property and equipment	1	13
Other intangible assets	27	277
Investment securities	68	692
Total	¥790,796	$8,050,456

As is customary in Japan, collateral must be given if requested by lending institutions under certain circumstances, and banks, in general, have the right to offset cash deposited with them against any debt or obligations payable to a bank which become due in cases of default or certain other specified events. The Company has never received any such requests nor does it expect that any such requests will be made.

8. Pension and Severance Plans

The following table sets forth the funded status of the plans, and the amounts recognized in the consolidated balance sheets at March 31, 2009 and 2008 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Retirement benefit obligation	¥(94,714)	¥(93,391)	$(964,216)
Plan assets at fair value	62,832	83,962	639,643
Unfunded retirement benefit obligation	(31,882)	(9,429)	(324,572)
The net retirement benefit obligation at transition of the accounting standards	38	–	391
Unrecognized actuarial loss	27,521	619	280,176
Unrecognized prior service cost	1,099	488	11,189
Net amounts recognized in the consolidated balance sheet	(3,223)	(8,319)	(32,814)
Prepaid pension expenses	11,422	10,134	116,280
Accrued employees' retirement benefits	¥(14,645)	¥(18,453)	$(149,095)

* The accrued employees' retirement benefits recognized by Rockefeller Group, Inc., a consolidated subsidiary, in the amount ¥349 million ($3,559 thousand) was presented in other current liabilities.

The components of expenses related to the pension and severance plans for the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service cost	¥ 4,182	¥ 3,836	$ 42,573
Interest cost	2,251	2,209	22,923
Expected return on plan assets	(1,645)	(1,686)	(16,752)
Amortization of net retirement benefit obligation at transition	10	74	110
Other	988	(520)	10,067
Total	¥ 5,787	¥ 3,913	$ 58,922

The assumptions used in accounting for the pension and severance plans for the years ended March 31, 2009 and 2008 were as follows:

	2009	2008
Discount rate	2.0 ~ 6.0%	2.0 ~ 6.0%
Expected rate of return on plan assets	0.5 ~ 7.5%	0.5 ~ 7.5%

9. Income Taxes

Income taxes in Japan applicable to the Company and its domestic consolidated subsidiaries consist of corporation tax, inhabitants' taxes and enterprise tax which, in the aggregate, resulted in statutory tax rates of 40.69% for the years ended March 31, 2009 and 2008. Income taxes of the foreign consolidated subsidiaries are based generally on the tax rates applicable in their countries of incorporation.

The effective tax rates reflected in the consolidated statements of income for the two years ended March 31, 2009 differ from the statutory tax rate for the following reasons:

	2009	2008
Statutory tax rate	40.69%	40.69%
Increase (decrease) in income taxes resulting from:		
Change in valuation allowance	23.02	(1.84)
Different tax rates applied	0.66	1.10
Revenues deductible for income tax purposes	(0.74)	(1.56)
Expenses not deductible for income tax purposes	0.71	0.38
Undistributed earnings of affiliates	(30.66)	5.25
Equity income	(0.57)	(1.14)
Other	(1.89)	(4.13)
Effective tax rates	31.22%	38.75%

The significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Net operating loss carry forwards	¥ 20,105	¥ 13,465	$ 204,681
Accrued retirement allowances and pension costs	13,571	14,827	138,159
Valuation loss on inventories	47,651	37,705	485,096
Unrealized loss on property and equipment	53,436	56,527	543,992
Land revaluation reserve	55,109	55,179	561,023
Other	47,314	46,289	481,671
	237,188	223,995	2,414,624
Valuation allowance	(69,505)	(27,541)	(707,577)
Total deferred tax assets	167,683	196,454	1,707,046
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	(63,802)	(59,373)	(649,519)
Land revaluation reserve	(377,647)	(379,132)	(3,844,525)
Unrealized gain on property and equipment	(180,405)	(141,394)	(1,836,561)
Unrealized gain on securities	(21,800)	(59,069)	(221,934)
Other	(16,053)	(52,469)	(163,427)
Total deferred tax liabilities	(659,709)	(691,439)	(6,715,969)
Net deferred tax liabilities	¥(492,026)	¥(494,984)	$(5,008,922)

10. Shareholders' Equity

The new Corporation Law of Japan (the "Law"), which superseded most of the provisions of the Commercial Code of Japan, went into effect on May 1, 2006. The Law provides that an amount equal to 10% of the amount to be disbursed as distributions of capital surplus (other than the capital reserve) and retained earnings (other than the legal reserve) be transferred to the capital reserve and the legal reserve, respectively, until the sum of the capital reserve and the legal reserve equals 25% of the capital stock account. The capital reserve amounted to ¥165,216 million ($1,681,932 million), and the legal reserve amounted to ¥21,663 million ($220,541 million) at March 31, 2009. Such distributions can be made at any time by resolution of the shareholders, or by the Board of Directors if certain conditions are met, but neither the capital reserve nor the legal reserve is available for distributions.

11. Amounts per Share

	Yen		U.S. dollars
Year ended March 31,	2009	2008	2009
Net income:			
Basic	¥32.90	¥62.99	$0.33
Diluted	32.90	62.97	0.33
Cash dividends applicable to the year	16.00	16.00	0.16

	Yen		U.S. dollars
March 31,	2009	2008	2009
Net assets:	¥832.01	¥897.40	$8.47

Basic net income per share was computed based on the net income available for distribution to shareholders of common stock and the weighted average number of shares of common stock outstanding during the year, and diluted net income per share was computed based on the net income available for distribution to the shareholders and the weighted average number of shares of common stock outstanding during each year after giving effect to the dilutive potential of shares of common stock to be issued upon the exercise of warrants and stock subscription rights.

Amounts per share of net assets are computed based on net assets available for distribution to the shareholders and the number of shares of common stock outstanding at the year end.

Cash dividends per share represent the cash dividends proposed by the Board of Directors as applicable to the respective years together with the interim cash dividends paid.

12. Leases

The following pro forma amounts represent the acquisition costs, accumulated depreciation, accumulated impairment loss and net book value of the leased assets as of March 31, 2009 and 2008, which would have been reflected in the consolidated balance sheets if finance lease accounting had been applied to the finance leases currently accounted for as operating leases:

	Millions of yen				Thousands of U.S. dollars			
	2009							
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	¥18,373	¥ 9,315	¥357	¥ 8,701	$187,047	$ 94,829	$3,638	$ 88,579
Others	6,290	3,807	4	2,478	64,035	38,765	41	25,228
Total	¥24,663	¥13,122	¥361	¥11,179	$251,082	$133,594	$3,680	$113,807

	Millions of yen			
	2008			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	¥15,323	¥4,930	¥141	¥10,251
Others	7,634	3,976	24	3,633
Total	¥22,958	¥8,907	¥165	¥13,884

With regard to the non-ownership transfer finance lease transactions for which transactions started before March 31, 2008, the Company continues to apply a method that conforms to the procedures used for ordinary operating leases.

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥3,394 million ($34,556 thousand) and ¥3,520 million for the years ended March 31, 2009 and 2008, respectively.

Future minimum lease payments subsequent to March 31, 2009 on noncancelable operating leases and finance leases accounted for as operating leases are summarized as follows:

	Millions of yen		Thousands of U.S. dollars	
Year ending March 31,	Finance leases	Operating leases	Finance leases	Operating leases
2010	¥ 3,491	¥ 2,671	$ 35,541	$ 27,195
2011 and thereafter	8,049	47,747	81,946	486,076
Total	¥11,540	¥50,418	$117,488	$513,271

The Company and its consolidated subsidiaries lease office buildings and commercial properties and earn income on these leases. Future minimum lease income subsequent to March 31, 2009 from noncancelable operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥147,730	$1,503,927
2011 and thereafter	552,060	5,620,076
Total	¥699,790	$7,124,004

13. Contingent Liabilities

At March 31, 2009, the Company and its consolidated subsidiaries had the following contingent liabilities:

	Millions of yen	Thousands of U.S. dollars
Guarantees of affiliates' loans from banks	**¥ 2,890**	**$ 29,420**
Guarantees of house purchasers' loans from banks and others	**64,620**	**657,851**
Other	**777**	**7,918**
Total	**¥68,286**	**$695,190**

14. Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for each of the years ended March 31, 2009 and 2008 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Amortization of negative goodwill	**¥ 1,041**	–	**$ 10,607**
Gain on sales of shares of affiliated companies	**6,283**	¥ 2,255	**63,968**
Gain on sales of beneficial interest in trust of fixed assets	**–**	1,737	**–**
Gain on sales of investment securities	**–**	1,697	**–**
Loss on disposal of fixed assets	**(4,024)**	(4,616)	**(40,974)**
Loss related to retirement of fixed assets	**(2,562)**	(1,194)	**(26,088)**
Loss on valuation of inventories	**(7,375)**	(1,458)	**(75,087)**
Impairment loss (*1)	**(2,447)**	(1,498)	**(24,916)**
Early repayment of a portion of borrowings	**–**	(1,168)	**–**
Loss on valuation of investment securities	**(7,524)**	(2,769)	**(76,598)**
Loss on cancellation of contracts for sales of real estate	**(4,991)**	–	**(50,818)**
Other, net	**(3,045)**	382	**(31,005)**
	¥(24,647)	¥(6,631)	**$(250,915)**

(*1) Impairment loss

The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2009:

Major Application	Category	Location
Leased assets, etc. (total 15 groups)	Buildings, land, etc.	Minato-ku, Tokyo, etc.
International businesses (total 1 group)	Construction in progress, etc.	Florida, USA

Asset grouping for the Group was made based on a minimum unit that generates cash flows, which is substantially independent from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets. As a result, for the fiscal year ended March 31, 2009, the book values of 16 asset groups, consisting of those for which the market prices fell considerably compared with the book values due to the decline of land prices and those for which profitability decreased considerably due to fallen rent levels or deteriorated market conditions, etc., were reduced to the respective collectible amounts and such reduced amounts were recorded as an impairment loss (¥2,447 million) under extraordinary losses.

The breakdown of such impairment loss was ¥976 million ($9,937 thousand) in land, ¥1,057 ($10,765 thousand) million in buildings and structures and ¥413 ($4,213 thousand) million in construction in progress.

The collectible amounts of asset groups are measured with net sale value or use value, and the net sale value is principally expressed as an appraised value by a real estate appraiser. Future cash flows mainly discounted at a rate of 5% are used to compute the use value.

As for the impairment loss in the international business, the impairment loss is calculated for consolidated foreign subsidiaries in accordance with the U.S. accounting standards.

The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2008.

Major application	Category	Location
Leased assets, etc. (total 6 groups)	Buildings, land, etc.	Chiba, Chiba Prefecture, etc.
International businesses (total 2 groups)	Goodwill, construction in progress, etc.	California, USA, etc.

Asset grouping for the Group was made based on a minimum unit that generates cash flows, which is substantially independent from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets. As a result, for the fiscal year ended March 31, 2008, the book values of 8 asset groups, consisting of those for which the market prices fell considerably compared with the book values due to the decline of land prices and those for which profitability decreased considerably due to fallen rent levels or deteriorated market conditions, etc., were reduced to the respective collectible amounts and such reduced amounts were recorded as an impairment loss (¥1,498 million) under extraordinary losses.

The breakdown of such impairment loss was ¥789 million in goodwill, ¥482 million in construction in progress and ¥225 million in buildings and structures and others.

The collectible amounts of asset groups are measured with net sale value or use value, and the net sale value is principally expressed as an appraised value by a real estate appraiser. Future cash flows discounted at a rate of 5% are used to compute the use value.

As for the impairment loss in the International Business, the impairment loss is calculated for consolidated foreign subsidiaries in accordance with accounting principles generally accepted in the United States.

15. Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2009 and 2008:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	**2009**
Cash	**¥181,168**	¥186,321	**$1,844,325**
Time deposits with maturities of more than three months	**(760)**	(1,348)	**(7,739)**
Marketable securities with maturities of three months or less	**4,145**	31,739	**42,198**
Resell agreements with maturities of three months or less	**–**	3,000	**–**
Cash and cash equivalents	**¥184,552**	¥219,712	**$1,878,784**

The following are major components of assets and liabilities of a consolidated subsidiary, which was acquired by the Company through additional purchase of its stocks, as well as a reconciliation of the difference between the acquisition price of these assets and liabilities and the payments from the acquisition.

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Current assets	¥ 19,035	¥ 260,126	$ 193,788
Fixed assets	142,416	268,436	1,449,827
Goodwill	351	22,809	3,581
Current liabilities	(18,329)	(142,723)	(186,597)
Fixed liabilities	(73,478)	(243,458)	(748,027)
Goodwill	(12,060)	(32,170)	(122,781)
Minority interests	(27,792)	(63,134)	(282,933)
Acquisition cost	30,142	69,885	306,856
Investment value on an equity basis before acquisition	(4,925)	(45,971)	(50,146)
Acquisition cost of additional purchase	25,216	23,913	256,710
Unpaid amount	(273)	(33)	(2,785)
Cash and cash equivalents of subsidiary	(12,792)	(77,518)	(130,227)
Proceeds from acquisition	–	62,134	–
Payments for acquisition	¥ (12,150)	¥ (8,495)	$ (123,697)

16. Derivatives

The Company and certain of its consolidated subsidiaries utilize derivative financial instruments for the purpose of hedging their exposure to adverse fluctuations and changes in interest rates (interest rate swaps) and foreign exchange rates (currency swaps), but do not enter into such transactions for speculative or trading purposes.

The Company is exposed to credit loss in the event of nonperformance by the counterparties to the derivatives, but any loss would not be material because the Company enters into such transactions only with financial institutions with high credit ratings.

17. Segment Information

Business segments

The Company and its consolidated subsidiaries are primarily engaged in the real estate business. Their business segments are reclassified in terms of the nature of each operation or service and consist of eight segments: (1) Building Business; (2) Residential Business; (3) Urban Development & Investment Management; (4) International Business; (5) Architectural Design and Engineering; (6) Custom-Built Housing; (7) Hotel Business; (8) Real Estate Services; and (9) Other businesses.

The business segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2009 and 2008 are summarized as follows:

Millions of yen

For the year ended March 31, 2009

	Building Business	Residential Business	Urban Development and Investment Management	International Business	Architectural Design and Engineering	Custom-Built Housing	Hotel Business	Real Estate Services	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income												
Revenue from:												
External customers	¥ 400,653	¥307,871	¥ 91,744	¥ 47,382	¥15,114	¥27,447	¥30,243	¥20,610	¥ 1,559	¥ 942,626	¥ –	¥ 942,626
Intersegment or transfers	5,953	1,168	174	–	4,943	1,901	532	2,764	2,313	19,752	(19,752)	–
Total revenue	406,606	309,039	91,919	47,382	20,058	29,349	30,775	23,374	3,872	962,379	(19,752)	942,626
Operating expense	287,402	324,500	58,414	34,855	17,880	29,630	30,795	23,820	3,202	810,502	(6,443)	804,059
Operating income (loss)	¥ 119,204	¥(15,460)	¥ 33,504	¥ 12,526	¥ 2,178	¥ (281)	¥ (19)	¥ (445)	¥ 669	¥ 151,876	¥(13,309)	¥ 138,567
Assets, depreciation, impairment loss and capital expenditures												
Assets	¥2,828,850	¥750,489	¥325,851	¥303,982	¥25,329	¥14,113	¥26,902	¥56,026	¥26,401	¥4,357,948	¥ 71,122	¥4,429,070
Depreciation	49,207	1,643	1,260	6,070	45	143	1,425	451	114	60,361	3	60,364
Impairment loss	302	431	1,014	413	–	–	280	–	5	2,447	–	2,447
Capital expenditures	¥ 111,413	¥ 11,475	¥ 11,128	¥ 70,829	¥ 132	¥ 213	¥ 1,057	¥ 725	¥ 99	¥ 207,075	¥ (393)	¥ 206,681

Thousands of U.S. dollars

For the year ended March 31, 2009

	Building Business	Residential Business	Urban Development and Investment Management	International Business	Architectural Design and Engineering	Custom-Built Housing	Hotel Business	Real Estate Services	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income												
Revenue from:												
External customers	$ 4,078,726	$3,134,187	$ 933,977	$ 482,363	$153,869	$279,425	$307,879	$209,813	$ 15,873	$ 9,596,116	$ –	$ 9,596,116
Intersegment or transfers	60,607	11,897	1,774	–	50,326	19,356	5,423	28,146	23,553	201,087	$(201,087)	–
Total revenue	4,139,334	3,146,084	935,752	482,363	204,196	298,781	313,303	237,960	39,426	9,797,203	(201,087)	9,596,116
Operating expense	2,925,809	3,303,475	594,675	354,836	182,023	301,642	313,500	242,496	32,607	8,251,067	(65,592)	8,185,475
Operating income (loss)	$ 1,213,524	$ (157,391)	$ 341,077	$ 127,527	$ 22,173	$ (2,861)	$ (197)	$ (4,535)	$ 6,819	$ 1,546,136	$(135,495)	$ 1,410,640
Assets, depreciation, impairment loss and capital expenditures												
Assets	$28,798,231	$7,640,127	$3,317,233	$3,094,602	$257,858	$143,675	$273,877	$570,357	$268,776	$44,364,739	$ 724,039	$45,088,779
Depreciation	500,937	16,730	12,833	61,801	459	1,461	14,507	4,596	1,165	614,494	31	614,525
Impairment loss	3,081	4,389	10,325	4,213	–	–	2,851	–	55	24,916	–	24,916
Capital expenditures	$ 1,134,207	$ 116,826	$ 113,285	$ 721,060	$ 1,345	$ 2,176	$ 10,760	$ 7,387	$ 1,015	$ 2,108,065	$ (4,006)	$ 2,104,059

Changes in accounting policy

Effective April 1, 2008, the Company and its domestic subsidiaries and affiliates have adopted "Accounting Standards for Measurement of Inventories" (Financial Accounting Standard No. 9 issued by the Accounting Standards Board of Japan on July 5, 2006) for inventories held for sale in the ordinary course of business. As a result of this adoption, consolidated operating income at Residential Business segment decreased by ¥19,280 million ($196,280 thousand), and consolidated operating income at Custom-Built Housing segment decreased by ¥1 million ($20 thousand), compared with the respective amounts that would have been reported under the previous accounting method.

Supplemental information

Effective April 1, 2008, construction contracts with terms of over two years and total revenue of over ¥5,000 million have been executed in divisions other than the Architectural Design & Engineering Division. In order to fairly present revenue and expenses for such long-term and large-scale construction contracts, revenue are recognized by the percentage of completion method. Consolidated revenue, expenses, operating income at Residential Business segment accounted by this method are ¥1,360 million ($13,848 thousand), ¥1,282 million ($13,053 thousand) and ¥78 million ($794 thousand), respectively, for the fiscal year ended March 31, 2009.

Millions of yen

For the year ended March 31, 2008

	Building Business	Residential Business	Urban Development and Investment Management	International Business	Architectural Design and Engineering	Custom-Built Housing	Hotel Business	Real Estate Services	Other	Total	Eliminations or corporate	Consolidated
Revenue and operating income												
Revenue from:												
External customers	¥ 374,041	¥212,869	¥ 29,391	¥ 71,920	¥11,569	¥29,082	¥32,577	¥ 23,773	¥ 2,427	¥ 787,652	¥ –	¥ 787,652
Intersegment or transfers	6,521	1,033	39	–	7,517	2,134	585	4,167	2,554	24,554	(24,554)	–
Total revenue	380,562	213,903	29,430	71,920	19,086	31,216	33,163	27,941	4,982	812,207	(24,554)	787,652
Operating expense	266,071	189,576	12,567	44,376	16,762	31,833	31,801	23,832	3,986	620,808	(11,139)	609,669
Operating income (loss)	¥ 114,490	¥ 24,326	¥ 16,863	¥ 27,544	¥ 2,324	¥ (616)	¥ 1,362	¥ 4,108	¥ 995	¥ 191,398	¥ (13,415)	¥ 177,983
Assets, depreciation, impairment loss and capital expenditures												
Assets	¥2,566,825	¥731,816	¥337,375	¥351,016	¥22,155	¥14,992	¥28,626	¥31,909	¥26,406	¥4,111,124	¥216,013	¥4,327,137
Depreciation	45,893	795	2,316	5,539	40	144	1,510	388	139	56,767	99	56,867
Impairment loss	–	32	–	1,401	–	56	–	–	–	1,490	7	1,498
Capital expenditures	¥ 122,149	¥ 1,835	¥106,345	¥ 44,857	¥ 63	¥ 205	¥ 1,216	¥ 729	¥ 397	¥ 277,799	¥ 3,798	¥ 281,597

Geographical segments

The Company and its consolidated subsidiaries operate primarily in Japan, the United States and certain other areas. In the fiscal year ended March 31, 2009, Japan area accounted for more than 90% of the consolidated revenue of all segments and the total amount of segment assets. Consequently, disclosure of segment information by geographic area has been omitted.

Overseas revenue

For the fiscal year ended March 31, 2009, overseas sales accounted for less than 10% of the consolidated revenue. Consequently, disclosure of overseas sales information has been omitted.

18. Business Combination

AQUACITY PROPERTIES held a portion of beneficial interests in trust of the Aqua City Odaiba commercial complex (the "Property") as management company of Silent Partnership Aquacity Properties, consolidated subsidiary of the Company. On December 27, 2007, the Company merged AQUACITY PROPERTIES for the purpose of directly holding the Property. Accordingly, AQUACITY PROPERTIES was dissolved and Silent Partnership Aquacity Properties was terminated.

This business combination was treated as transactions under common control in accordance with "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Implementation Guidelines for Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures" (Financial Accounting Standard Implementation Guidelines No. 10 issued by the Accounting Standards Board of Japan on December 22, 2006).

On December 22, 2008, the Company acquired all stocks of Mitsubishi Jisho Towa Community from Towa Real Estate Development Co, Ltd ("Towa"). Since these two companies are consolidated subsidiaries of the Company, this acquisition was treated as transactions under common control in accordance with "Accounting Standard for Business Combinations" (issued by the Business Accounting Council on October 31, 2003) and "Implementation Guidelines for Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures"(Financial Accounting Standard Implementation Guidelines No. 10 issued by Accounting Standards Board of Japan on November 15, 2007).

19. Transactions with Special Purpose Companies

As part of its real estate business, the Company makes preferred investments in 14 special purpose companies that are established under the Asset Liquidation Law of Japan. The Company intends to recover such preferred investments through rental revenue and subsequent sale of real estate that has been obtained by the special purpose companies from their customers or sale of such real estate after construction of buildings on it. The following tables represent the Company's transactions with major special purpose companies for the fiscal year ended March 31, 2009.

Amounts of preferred investment as of March 31, 2009

		Millions of yen	Thousands of U.S. dollars
		March 31, 2009	
Preferred investment securities	(*1)	¥153,392	$1,561,559

Major revenue (cost) from transactions with special purpose companies

		Millions of yen	Thousands of U.S. dollars
		For the year ended March 31, 2009	
Preferred investment securities: revenue	(*2)	¥ 598	$ 6,097
Other income	(*3)	47	–
Management business: revenue	(*4)	1,873	481
Intermediate business: revenue		–	19,073
Real estate rent: cost	(*5)	6,531	66,494
Design management business: revenue	(*6)	1,019	10,374

(*1) Preferred investment securities are indicated as amount of investment and specific bonds as at March 31, 2009. The Company considers that its exposure to loss that may arise in the future is limited to the amount of its preferred investments.
(*2) The Company records dividends from such investments as revenue from operations and related expense as cost of revenue from operations.
(*3) The Company records interest incomes from such specific bonds as other income.
(*4) The Company, Mitsubishi Estate Building Management Co., Ltd. and Mitsubishi Jisho Property Management Co., Ltd. provide asset management business to special purpose companies and record such service income as revenue from operations.
(*5) The Company enters into real estate rental agreements with special purpose companies and records such rent expenses as cost of revenue from operations.
(*6) Mitsubishi Jisho Sekkei Inc. and MEC Design International Corporation provide design management services and remodeling services to special purpose companies and record such service incomes as revenue from operations.

The Company does not own investments with voting rights for any special purpose companies and does not send directors and employees to any special purpose companies. The following table sets forth major assets and liabilities of the special purpose companies as of their recent financial closing dates. Excluded are special purpose companies whose financial closing dates are yet to come because their initial fiscal years have just started.

Major assets

	Millions of yen	Thousands of U.S. dollars
	March 31, 2009	
Real estate	¥499,187	$5,081,813
Other	29,067	295,911
Total	¥528,254	$5,377,725

Major liabilities and net assets

		Millions of yen	Thousands of U.S. dollars
		March 31, 2009	
Debt and other	(*7)	¥339,893	$3,460,175
Preferred investments	(*8)	188,361	1,917,550
Total		¥528,254	$5,377,725

(*7) Debt and other include specific bonds
(*8) Preferred investments include contributions made by the Company.

Amounts of preferred investment as of March 31, 2008

		Millions of yen
		March 31, 2008
Preferred investment securities	(*1)	¥82,327

Major revenue (cost) from transactions with special purpose companies

		Millions of yen
		For the year ended March 31, 2008
Preferred investment securities: revenue	(*1)	¥ 874
Management business: revenue	(*2)	447
Intermediate business: revenue	(*3)	104
Real estate rent: cost	(*4)	1,335
Design management business: revenue	(*5)	123

(*1) Preferred investment securities are indicated as amount of investment as at March 31, 2008. The Company records dividends from such investments as revenue from operations.
(*2) The Company and Mitsubishi Jisho Investment Advisors, Inc. provide asset management business to special purpose companies and record such service income as revenue from operations.
(*3) Mitsubishi Real Estate Services Co., Ltd. provides real estate intermediate business to special purpose companies and records such service income as revenue from operations.
(*4) The Company enters into real estate rental agreements with special purpose companies and records such rent expenses as cost of revenue from operations.
(*5) Mitsubishi Jisho Sekkei, Inc. provides design management services to special purpose companies and records such service income as revenue from operations.

The Company does not own investments with voting rights for any special purpose companies and does not send directors and employees to any special purpose companies. The following table sets forth major assets and liabilities of the special purpose companies as of their recent financial closing dates. Excluded are special purpose companies whose financial closing dates are yet to come because their initial fiscal years have just started.

Major assets

	Millions of yen
	March 31, 2008
Real estate	¥292,823
Other	18,901
Total	¥311,725

Major liabilities and net assets

		Millions of yen
		For the year ended March 31, 2008
Debt		¥188,239
Preferred investments	(*6)	122,850
Other		635
Total		¥311,725

(*6) Preferred investments include contributions made by the Company as described in (*1) above.

20. Subsequent Events

Share Exchange

The Company and Towa, by resolution of the meeting of the Board of Directors of each company held on February 5, 2009, determined to implement a share exchange to make the Company a wholly-owning parent company and Towa a wholly-owned subsidiary (the "Share Exchange") and concluded a share exchange agreement (the "Share Exchange Agreement").

Upon conclusion of the Share Exchange Agreement, shares of common stock of Towa were delisted on April 23, 2009 and Towa became a wholly-owned subsidiary of the Company on April 30, 2009.

(1) Schedule of the Share Exchange

Meeting of Board of Directors to resolve the Share Exchange	February 5, 2009
Conclusion of the Share Exchange Agreement	February 5, 2009
Public notice of the record date of the extraordinary general meeting of shareholders (Towa)	February 6, 2009
Resolution on the convocation of the extraordinary general meeting of shareholders (Towa)	February 20, 2009
Record date of the extraordinary general meeting of shareholders (Towa)	February 21, 2009
General meeting of shareholders with class shares for the shareholders with Class A through Class E preferred stock (Towa)	March 27, 2009
General meeting of shareholders with class shares for the shareholders with common stock (Towa)	March 30, 2009
Extraordinary general meeting of shareholders (Towa)	March 30, 2009
Date of delisting (Towa)	April 23, 2009
Date of the Share Exchange (the Effective Date)	April 30, 2009

Notes: 1. In addition to the general meeting of shareholders, Towa held the general meetings of shareholders with class shares for the shareholders with common stock and the shareholders with Class A through Class E preferred stock, respectively, and Towa obtained approvals for the Share Exchange.
2. The Company did not hold a general meeting of shareholders for the approval of the Share Exchange pursuant to the simplified procedure for a share exchange in accordance with Article 796, Paragraph 3, of the Law.

(2) Description of the allocation concerning the Share Exchange

Company name	Mitsubishi Estate Co., Ltd. (Wholly-owning parent company)	Towa (Wholly-owned subsidiary)
Share exchange ratio	Common stock: 1	Common stock: 0.042
		Class A preferred stock: 0.585
		Class B preferred stock: 0.316
		Class E preferred stock: 0.572
Number of shares newly issued upon the Share Exchange	Common stock: 7,878,746 shares	

Notes: Share allocation ratio
1) Common stock
For each share of Towa's common stock, 0.042 share of the Company's common stock shall be issued; provided, however, that no shares shall be allotted to 382,504,695 shares of Towa held by the Company upon the Share Exchange.
2) Class A preferred stock
For each share of Towa's Class A preferred stock, 0.585 share of the Company's common stock shall be issued; provided, however, that no shares shall be allotted to 6,473,000 shares of Towa's Class A preferred stock held by the Company upon the Share Exchange.
3) Class B preferred stock
For each share of Towa's Class B preferred stock, 0.316 share of the Company's common stock shall be issued; provided, however, that no shares shall be allotted to 1,280,000 shares of Towa's Class B preferred stock held by the Company upon the Share Exchange.
4) Class C preferred stock
As the Company holds all the shares in this category, no shares shall be allotted to the Class C preferred stock upon the Share Exchange.
5) Class D preferred stock
As the Company holds all the shares in this category, no shares shall be allotted to the Class D preferred stock upon the Share Exchange.
6) Class E preferred stock
For each share of Towa's Class E preferred stock, 0.572 share of the Company's common stock shall be issued; provided, however, that no shares shall be allotted to 500,250 shares of Towa's Class E preferred stock held by the Company upon the Share Exchange.

(3) Impact on the business results

As a result of the Share Exchange, capital stock and capital surplus of the Company will increase by ¥4,839 million ($49,262 thousand) and ¥5,269 million ($53,643 thousand), respectively, and goodwill will increase by ¥4,310 million ($43,884 thousand) for the fiscal year ending March 31, 2010. Goodwill shall be amortized over an estimated period for which the effect of goodwill be realized.

Report of Independent Auditors

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3, Uchisaiwai-cho,
Chiyoda-ku, Tokyo, Japan 100-0011
Tel: +81 3 3503 1191
Fax: +81 3 3503 1277

Report of Independent Auditors

The Board of Directors
Mitsubishi Estate Co., Ltd.

We have audited the accompanying consolidated balance sheets of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of income, changes in net assets, and cash flows for the years then ended, all expressed in yen. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Estate Co., Ltd. and consolidated subsidiaries at March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for the years then ended in conformity with accounting principles generally accepted in Japan.

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 3.

Ernst & Young ShinNihon LLC

Tokyo, Japan
June 26, 2009

Mitsubishi Estate Corporate Data

Corporate Information

(as of March 31, 2009, except where indicated)

Head Office

Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward
Tokyo 100-8133, Japan
Web site: http://www.mec.co.jp/index_e.html
Phone: +81-3-3287-5100

Date of Establishment

May 7, 1937

Paid-in Capital

¥141,373 million (as of April 30, 2009)

Number of Shares of Common Stock Issued

1,382,518,351 shares (see Note 1)

Number of Shareholders

68,482 (excluding shareholders with less than 1,502 shares)

Major Shareholders

Major Shareholders	% of total
The Master Trust Bank of Japan, Ltd. (Trust Account)	5.65
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4.94
Japan Trustee Services Bank, Ltd. (Trust Account)	4.16
Meiji Yasuda Life Insurance Company	3.79
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.12
State Street Bank and Trust Company	3.12
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2.93
Taisei Corporation	2.10
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	1.75
Asahi Glass Co., Ltd.	1.64

Stock Exchange Listings

Tokyo Stock Exchange and other major Japanese stock exchanges

Transfer Agent and Registrar

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda Ward, Tokyo 100-8212, Japan

Transfer Account Management Institution for Special Account

Mitsubishi UFJ Trust and Banking Corporation
4-5, Marunouchi 1-chome, Chiyoda Ward, Tokyo 100-8212, Japan

Transfer Account Management Institution for Special Account established for shareholders of the former Towa Real Estate Development Co., Ltd. (see Note 2)

The Chuo Mitsui Trust and Banking Company, Limited
33-1, Shiba 3-chome, Minato Ward, Tokyo 105-0014, Japan

Auditor

Ernst & Young ShinNihon LLC

Notes:

1. In line with the Share Exchange that resulted in Towa Real Estate Development Co., Ltd. ("Towa") becoming a wholly owned subsidiary, a total of 7,878,746 shares were newly issued on the effective date of April 30, 2009. This increase brings the number of outstanding shares of Mitsubishi Estate, the parent company, to 1,390,397,097 shares.
2. As part of the Share Exchange agreement with Towa effective April 30, 2009, Mitsubishi Estate is maintaining its position associated with the special account established by Towa when the electronic share certificate system was enacted. Consequently, The Chuo Mitsui Trust & Banking Co., Ltd. will retain its position as the transfer account management institution for the special account established for the former Towa's shareholders.

Mitsubishi Estate Group

Building Business

Building Leasing Business
- ● Sunshine City Corporation
- ● Yokohama Sky Building Co., Ltd.
- ● Tokyo Kotsu Kaikan Co., Ltd.
- ● Chelsea Japan Co., Ltd.

Building Management Business
- ● Mitsubishi Estate Building Management Co., Ltd.
- ● Mitsubishi Jisho Retail Property Management Co., Ltd.
- ● Mitsubishi Jisho Property Management Co., Ltd.
- ● Hokuryo City Service Co., Ltd.
- ● IMS Co., Ltd.
- ● Yuden Building Kanri Co., Ltd.
- ● Sunshine BS Corporation
- ● Sunshine Enterprise Corporation
- ○ O.A.P. Management Co., Ltd.

Parking Business
- ● Grand Parking Center Co., Ltd.
- ● Tokyo Garage Co., Ltd.

District Heating and Cooling Business
- ● Marunouchi Heat Supply Co., Ltd.
- ● Ikebukuro District Heating and Cooling Co., Ltd.
- ○ O.A.P. D.H.C. Supply Co., Ltd.
- ○ Minato Mirai 21 D.H.C. Co., Ltd.

Others
- ● Marunouchi Direct Access Limited
- ○ Marunouchi Hotel Co., Ltd.

Residential Business

Real Estate Sales
- ● Towa Real Estate Development Co., Ltd.

Residence Management Business
- ● Izumi Park Town Service Co., Ltd.
- ● Mitsubishi Jisho Towa Community Co., Ltd.
- ● MT Community Staff Co., Ltd.

Recreational Facilities
- ● Higashinihon Kaihatsu Co., Ltd.
- ● MEC Urban Resort Tohoku Co., Ltd.
- ● Towa Nasu Resort Co.
- ○ Sakura Golf Development Co., Ltd.

Others
- ● MEC Eco LIFE Co., Ltd.
- ● Ryoei Life Service Co., Ltd.
- ● Towa Real Estate Brokerage Co., Ltd.
- ○ Tsunagu Network Communications, Inc.

Urban Development & Investment Management
- ● Mitsubishi Jisho Investment Advisors, Inc.
- ● Japan Real Estate Asset Management Co., Ltd.
- ○ Ascott International Management Japan Co., Ltd.

International Business
- ● Rockefeller Group, Inc. (RGI)
- ● Mitsubishi Estate New York Inc.
- ● MEC UK Limited
- Mitsubishi Estate Asia Pte. Ltd.

Architectural Design & Engineering
- ● Mitsubishi Jisho Sekkei Inc.
- ● MEC Design International Corporation

Custom-Built Housing
- ● Mitsubishi Estate Home Co., Ltd.
- ● Mitsubishi Estate Housing Components Co., Ltd.

Hotel Business
- ● Royal Park Hotels and Resorts Co., Ltd.
- ● Royal Park Inn Nagoya Co., Ltd.
- ● Tohoku Royal Park Hotel Co., Ltd.
- ● Royal Park Shiodome Tower Co., Ltd.
- ● Yokohama Royal Park Hotel Co., Ltd.
- ● Royal Park Hotel Co., Ltd.

Real Estate Services
- ● Mitsubishi Real Estate Services Co., Ltd.

Others
- ● MEC Information Development Co., Ltd.
- ● MEC Human Resources, Inc.
- ● Keiyo Tochi Kaihatsu Co., Ltd.

● Consolidated subsidiary
○ Equity-method affiliate

Directors, Statutory Auditors and Executive Officers (As of June 26, 2009)

Directors and Statutory Auditors	
President & Representative Director	Keiji Kimura
Representative Director	Nobuyuki Iizuka
Representative Director	Toshio Nagashima
Representative Director	Hiroshi Danno
Representative Director	Takaya Endo
Representative Director	Masaaki Kono
Representative Director	Hiroyoshi Ito
Director	Yutaka Yanagisawa
Director	Hirotaka Sugiyama
Director & Executive Counsel	Shigeru Takagi
Director (see Note 1)	Isao Matsuhashi
Director (see Note 1)	Fumikatsu Tokiwa
Director (see Note 1)	Yasumasa Gomi
Director (see Note 1)	Shu Tomioka
Standing Statutory Auditor	Eiji Tan
Standing Statutory Auditor (see Note 2)	Kazuhiko Hasegawa
Statutory Auditor (see Note 2)	Kenjiro Hata
Statutory Auditor (see Note 2)	Akio Utsumi

Notes:

1. Among directors, Isao Matsuhashi, Fumikatsu Tokiwa, Yasumasa Gomi and Shu Tomioka are outside directors who fulfill the qualifications set forth under Article 2-15 of the Corporation Law of Japan.
2. Among statutory auditors, Kazuhiko Hasegawa, Kenjiro Hata and Akio Utsumi are outside auditors who fulfill the qualifications set forth under Article 2-16 of the Corporation Law of Japan.

Executive Officers	
Chief Executive Officer	Keiji Kimura
Deputy President	Nobuyuki Iizuka
Executive Vice President	Toshio Nagashima
Executive Vice President	Hiroshi Danno
Executive Vice President	Takaya Endo
Executive Vice President	Seiichiro Suzuki
Executive Vice President	Toyohisa Miyauchi
Executive Vice President	Masaaki Kono
Executive Vice President	Takao Yagihashi
Executive Vice President	Hiroyoshi Ito
Senior Executive Officer	Yutaka Yanagisawa
Senior Executive Officer	Yuzuru Shibagaki
Senior Executive Officer	Hiroshi Nakajima
Senior Executive Officer	Masao Ouchi
Senior Executive Officer	Hirotaka Sugiyama
Senior Executive Officer	Toshihiko Kazama
Executive Officer	Yasuo Fujiwara
Executive Officer	Ichiro Watarai
Executive Officer	Megumu Ono
Executive Officer	Shiro Fujisawa
Executive Officer	Masamichi Ono
Executive Officer	Soichiro Hayashi
Executive Officer	Jo Kato
Executive Officer	Naoto Aiba
Executive Officer	Takao Tojo
Executive Officer	Koji Kiyosawa
Executive Officer	Masao Toyoizumi
Executive Officer	Kazuyuki Yabu
Executive Officer	Kenichi Iwata
Executive Officer	Atsuo Kyono

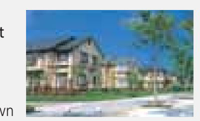
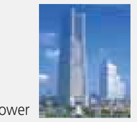
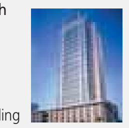
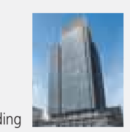
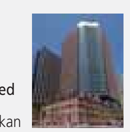
Organization (as of April 1, 2009)

- Meeting of Shareholders
- Board of Directors
- Chairman of the Board
- President & Chief Executive Officer
  - Strategic Planning Committee
  - CSR Committee
    - Compliance Subcommittee
    - Environmental Subcommittee
    - Risk Management Subcommittee
  - Executive Committee
    - Strategic Investment Committee
  - Internal Audit Office
- Board of Statutory Auditors / Statutory Auditor
  - Office of Statutory Auditors

- Real Estate Consulting & Solution Group
  - Real Estate Consulting & Solution Dept. 1
  - Real Estate Consulting & Solution Dept. 2
- Property Management and Office Leasing Group
  - Property Management Dept.
    - Building Safety Management Office
    - Yokohama Renewal Office
  - Commercial Property Advisory Office
  - Office Leasing Dept.
    - Relocation Management Office
  - Tenant Relations and Consulting Dept.
    - Master Lease Planning and Management Office
- Commercial Asset Management and Development Group
  - Commercial Asset Management Dept.
    - Group Companies Management Office
  - Area Brand Management Dept.
    - Area Brand Promotion Office
  - Commercial Asset Development Dept.
    - Museum Pre-Opening Office
  - Area Planning Office
- Retail Property Group
  - Retail Property Planning Dept.
  - Retail Property Development Dept.
  - Retail Property Leasing Dept.
- Commercial Property Development and Investment Group
  - Commercial Property Development and Investment Planning Dept.
  - Commercial Property Development and Investment Dept.
  - Development Planning Office
  - Toyosu Development Project Office
- Residential Development Group
  - Residential Development Planning Dept.
  - Condominium Development Dept.
  - Master-Planned Residential Dept.
    - Detached Housing Office
  - PARTNER System Dept.
    - Condominium Redevelopment Office
  - Apartment Development Dept.
  - Residential Design Planning and Marketing Dept.
    - Residential Customer Service Office
    - Residential Quality Management Office
  - Recreational Facility Office
- International Business Group
  - International Business Dept.
- Investment Management Group
  - Investment Management Office
- Corporate Group
  - Corporate Planning Dept.
  - Affiliate Group Office
  - Human Resources Dept.
    - Human Resources Compliance Office
  - Finance & Accounting Dept.
  - Corporate Communications Dept.
    - Investor Relations Office
  - General Affairs Dept.
    - Secretary Office
    - Legal Office
  - CSR Dept.

- Sapporo Branch
- Tohoku Branch
- Yokohama Branch
- Nagoya Branch
- Osaka Branch
- Chugoku Branch
- Kyushu Branch

Corporate History

1890	March	The Marunouchi site (over 353,000m²)—a former military training ground known as Kanda Misaki-cho—purchased by Mitsubishi Company from the Japanese government
	September	Marunouchi Architectural Office established
1893	December	Mitsubishi Goshi Kaisha (limited partnership) established
1894	June	Mitsubishi Ichigokan, the first office building in Marunouchi, completed  Mitsubishi Ichigokan
1906	July	Real Estate Division established within Mitsubishi Goshi Kaisha
1923	February	Marunouchi Building completed  Marunouchi Building
1937	May	Mitsubishi Estate Company, Limited established with paid-in capital totaling ¥15 million, with the ownership of the Marunouchi Building and its site, as well as business rights for buildings and land within the Marunouchi area, transferred from Mitsubishi Goshi Kaisha
	November	Construction-related businesses of Mitsubishi Goshi Kaisha transferred to Mitsubishi Estate
1945	April	Ownership of Yaesu Building (completed in March 1928 and renamed Marunouchi Yaesu Building in 1962) and its site transferred from Mitsubishisha Co., Ltd. to Mitsubishi Estate
1950	January	Business rights for the Marunouchi site and other land and buildings, excluding those for Marunouchi Building and Yaesu Building, were returned to Mitsubishihonsha Co., Ltd. . Mitsubishihonsha Co., Ltd. dissolved and its operations transferred to two newly established secondary corporations, Yowa Fudosan Ltd. and Kaito Fudosan Ltd.
1952	May	Mr. Takejiro Watanabe appointed president
	November	Shin-Marunouchi Building completed
1953	April	Yowa Fudosan and Kaito Fudosan merged with Mitsubishi Estate
	May	Mitsubishi Estate's shares listed on the Tokyo Stock Exchange and the Osaka Securities Exchange
1959	July	Marunouchi Remodeling Plan formulated
1960	February	Marunouchi Parking Area completed
1962	December	Hokkaido Building completed
1969	May	Mr. Otokazu Nakata and Mr. Takejiro Watanabe appointed president and chairman, respectively
		Akasaka Park House offered for sale in lots, marking the launch of the Condominium Business
1972	April	Mitsubishi Estate New York Inc. established
	June	The first phase of the Izumi Park Town Project launched  Izumi Park Town
	December	Mitsubishi Real Estate Services Co., Ltd. established
1973	November	Branches established in Sapporo, Sendai, Nagoya and Osaka
1975	May	Semiannual settlement of accounts changed to annual
1978	October	Shin Aoyama Building completed
1980	June	Mr. Tatsuji Ito and Mr. Otokazu Nakata appointed president and chairman, respectively
1981	October	Hibiya Kokusai Building completed
1983	April	Nagoya Dai-Ichi Hotel opened (renamed Royal Park Inn Nagoya in April 2001)
	November	MEC USA, Inc. established
1984	July	Mitsubishi Estate Home Co., Ltd. established
1986	March	MEC UK Limited established
	July	The first consolidated financial statements announced
	October	Yokohama Office established (reorganized as Yokohama Branch in April 2000)
1987	June	Mr. Jotaro Takagi appointed president
1988	January	Yokohama Minato Mirai 21 Block-25 Development Plan announced
1989	April	Tenjin MM Building (IMS) opened in Fukuoka City
	June	Royal Park Hotel in Hakozaki, Tokyo opened
	July	Hiroshima Park Building completed
	July	Hiroshima Branch (renamed Chugoku Branch in April 2000) and Kyushu Branch established
1990	February	Participation in the City of London's Paternoster Square Project announced
	April	Capital investment in the Rockefeller Group, Inc. initiated
	September	Construction of Ryokuendai New Town commenced
1993	July	Akasaka Park Building completed
		Yokohama Landmark Tower completed
	September	Yokohama Royal Park Hotel opened  Yokohama Landmark Tower
1994	June	Mr. Takeshi Fukuzawa and Mr. Jotaro Takagi appointed as president and chairman, respectively
1995	November	Reconstruction of Marunouchi Building announced
1996	January	Osaka Amenity Park (OAP) completed
	November	Head Office relocated to Tokyo Building
1999	April	Reconstruction of Marunouchi Building commenced
2000	April	Aqua City Odaiba commercial complex opened under the management of Mitsubishi Estate subsidiary Aqua City Co., Ltd. (renamed Mitsubishi Jisho Retail Property Management Co., Ltd. in July 2007)
	November	Royal Park Hotels and Resorts Co., Ltd. established
2001	April	Mr. Shigeru Takagi and Mr. Takeshi Fukuzawa appointed president and chairman, respectively
	June	Mitsubishi Jisho Sekkei Inc. established through a spin-off of the architectural design and engineering business
	September	Mitsubishi Jisho Investment Advisors, Inc. established
2002	March	Properties and equipment revaluated in accordance with the Law Concerning Revaluation of Land and other relevant laws and regulations
	September	Marunouchi Building opened (completed in August)  Marunouchi Building
2003	February	Mitsubishi Trust and Banking Building completed (renamed Mitsubishi UFJ Trust and Banking Building in October 2005)
	March	Head Office relocated to Otemachi Building
	April	Introduction of an executive officer system
	May	Paternoster Square completed in the City of London
	July	Royal Park Shiodome Tower opened
2004	September	Marunouchi OAZO opened (completed in August)
	December	Capital investment in Towa Real Estate Development Co., Ltd. initiated
2005	March	Construction of Shin-Marunouchi Building commenced
	June	Mr. Keiji Kimura appointed president
	November	Tokyo Building opened (completed in October)
2007	April	Shin-Marunouchi Building opened
	September	The Peninsula Tokyo opened (completed in May)  Shin-Marunouchi Building
2008	January	Towa Real Estate Development turned into a Mitsubishi Estate consolidated subsidiary
	March	Sunshine City Corporation turned into a Mitsubishi Estate consolidated subsidiary
	October	Mitsubishi Estate Asia Pte. Ltd. commenced operations
2009	March	Chelsea Japan Co., Ltd. turned into a Mitsubishi Estate consolidated subsidiary
	April	Towa Real Estate Development turned into a Mitsubishi Estate wholly owned subsidiary
	April	Marunouchi Park Building & Mitsubishi Ichigokan completed  Marunouchi Park Building & Mitsubishi Ichigokan

The Mitsubishi Estate Group has adopted as its fundamental mission the goal of creating a truly meaningful society by building attractive, environmentally sound communities where people can live, work and relax with contentment. Putting this mission into practice itself underpins Mitsubishi Estate's CSR activities, all of which are aimed at helping realize the sustainable growth of the Company and society as a whole. At the same time, Mitsubishi Estate believes that the promotion of CSR activities will directly lead to the improvement of its corporate brand.

All Group employees share the Mitsubishi Estate Group Code of Corporate Conduct as ethical guidelines to achieve the mission. Meanwhile, with the aim of promoting Groupwide CSR activities, the Company has established a CSR Committee, chaired by the president. With the CSR Committee serving as the central driver, we are proactively implementing a wide variety of CSR activities that draw on the Group's distinctive features.

The Mission of the Mitsubishi Estate Group

We contribute to society through urban development

By building attractive, environmentally sound communities where people can live, work and relax with contentment, we contribute to the creation of a truly meaningful society.

The Mitsubishi Estate Group Code of Corporate Conduct

In order to carry out the Group Mission, we pledge to observe the following Code of Conduct:

1. We will act with integrity

We will base our conduct on laws and ethics and always reflect with humility upon our behavior, valuing our communication with society and placing priority in our corporate activities on earning trust through fairness and transparency.

2. We will strive to earn the trust of our clients

We will approach all objectives from our clients' point of view, providing safe and reliable products and services, and make information available as appropriate.

3. We will strive to create a vibrant workplace

While aiming at personal growth, we will respect the human rights and diversity of opinions of others and increase our creativity and professionalism, while displaying our collective strengths as a team.

For details of the Mitsubishi Estate Group Guidelines for Conduct, please visit our Web site at:
http://www.mec.co.jp/e/company/charter/index.html

(Formulated December 1, 1997)
(Revised August 1, 2002)
(Revised January 1, 2006)

CSR Case Studies

Compliance

Mitsubishi Estate considers compliance as not simply the adherence to legal standards, but as meeting the expectations of people in society at large, not to mention the adherence to internal company rules and ethical corporate standards. Furthermore, because we recognize how essential compliance is to the profit base of the Company, we view the maintenance of a compliance system as a priority task of management. Moreover, all Group employees are deepening their awareness of compliance issues while proactively promoting compliance-focused activities.

Risk Management

To maintain proper risk assessment and management of a wide range of internal and external business risks, Mitsubishi Estate has placed the CSR Committee in overall charge of risk management. In addition, we have established a Risk Management Subcommittee as a working-level body tasked with gathering risk management-related information. This subcommittee is implementing cross-sectional risk management throughout the Group.

Environmental Management

Under its ACTION 2010 medium-term management plan, Mitsubishi Estate further clarified its commitment to contributing to society by actively reducing its environmental impact. By aggressively implementing initiatives toward realizing a low-carbon, recycling-oriented society in partnership with its customers, the Company is leading sustainable urban development. Specifically, we are implementing various initiatives to reduce the environmental impact in general in the Otemachi, Marunouchi and Yurakucho areas through public-private collaboration. Actual initiatives are categorized into those with direct or indirect results. Initiatives with direct results include the introduction of high-efficiency air-conditioning systems and "dry mist" generators as well as the arrangement of roof-top and external-wall greenery on our properties. Initiatives with indirect results involve the staging of environment-related events and seminars in these areas.

Social Contributions

As a good corporate citizen, the Mitsubishi Estate Group engages in a wide range of social contribution activities centered on promoting its harmonious coexistence with communities, its environmental preservation and social welfare activities, and its support for culture and the arts. For example, the Company operates the Nature Info Plaza (Marunouchi Bird Song Plaza) in the Shin-Yurakucho Building, which conducts educational activities and disseminates information on nature conservation and environmental preservation. In addition, the Company hosts the annual Dazzling Art Competition—a drawing contest held for disabled children throughout Japan—while implementing "Experience Nature" projects nationwide to promote communication between urban and rural people.

Award ceremony of the 7th Dazzling Art Competition
(February 2009, in the Marunouchi Building Hall)

"Dry mist" generators and trees lining the street near the Shin-Marunouchi Building

"Experience Nature" project for forest thinning and farming in Yamanashi Prefecture (October 2008)