MITSUBISHI ESTATE CO., LTD.

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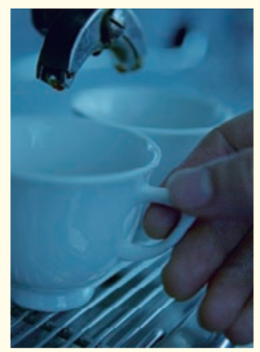
http://www.mec.co.jp/



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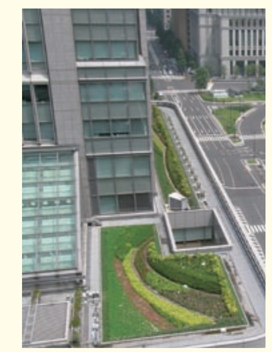
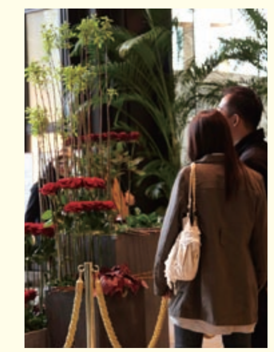
MITSUBISHI ESTATE CO., LTD. ANNUAL REPORT 2010

MITSUBISHI ESTATE

ANNUAL REPORT 2010

Year ended March 31, 2010




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.

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Creating New Value for Urban Areas—the Mitsubishi Estate Group Becoming a Corporate Entity That Society Will Trust and Rely on for Generations to Come

"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 providing 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, 2010, in response to dynamic changes in the management environment, Mitsubishi Estate promoted the partial reshuffling of its asset portfolio to recover its investments. At the same time, the Company thoroughly assessed the profitability of each project, which resulted in the posting of losses on valuation of inventories in the Residential Business, Urban Development & Investment Management Business and other segments. It is really regrettable that we had to record these valuation losses, which totaled a significant amount. We believe, however, that such profitability assessment and the accounting processes that followed have been necessary to improve the efficiency and soundness of our balance sheets. Through these actions, Mitsubishi Estate has successfully strengthened its financial base and is now well positioned to overcome today's severe operating conditions and return to the path that leads to sustainable growth.

Changes in the operating environment often provide opportunities for new successes. We are currently experiencing a number of drastic structural changes. These changes include the acceleration of economic globalization, changes in consumer behaviors attributable to the declining birthrate and growing population of elderly people, and pressing environmental issues. We are not afraid of these changes. Rather, the entire Mitsubishi Estate Group must continue to meet new challenges, thereby entering a new stage of business that presents many new opportunities. The Mitsubishi Estate Group is advancing quality-focused urban development, incorporating world-class technologies and advanced environmental features. We are confident that in the course of such endeavors, Mitsubishi Estate will make significant contributions to enhancing the attractiveness of Tokyo and other cities throughout Japan as well as to the revitalization of regional cities.

Our slogan, "A Love for People, A Love for the City," indicates our strong determination to create new value for urban areas—the stage on which we perform. It also expresses our genuine enthusiasm and spirit toward all stakeholders.

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 2010

Keiji Kimura, President & CEO

To Our Shareholders

Operating Environment

During the fiscal year ended March 31, 2010, in the office building leasing market in Japan, the vacancy rate in central Tokyo rose to a record-high level. It is expected that the market will experience ever-intensifying competition to attract tenants, and there will be further adjustments in rent levels. Accordingly, it is necessary to monitor future market trends more carefully than ever before.

The condominium market has shown some positive signs, including a steady recovery in the number of successful condominium sales contract signings, supported by price adjustments and government policies. Still, full-fledged recovery in market conditions is anticipated to require a long time period.

With regard to the real estate investment market, the Japanese real estate investment trust (J-REIT) market is showing a slower recovery compared with its overseas counterparts. In addition to its reorganization through tie-ups among J-REIT operators, the J-REIT market is witnessing the acceleration of public offerings and other funding activities. This situation indicates that the entire J-REIT market is ready to implement mergers and acquisitions to realize growth.

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 7.5% year on year to ¥1,013,415 million, while operating income also increased 7.5% to ¥148,972 million. Mitsubishi Estate posted an operating loss in its condominium business while suffering significant yen appreciation in the International Business segment. These negative factors were more than offset by contributions from the Marunouchi Park Building, which was completed in April 2009, and from new consolidated subsidiary Chelsea Japan Co., Ltd. Also, in the Urban Development & Investment Management Business segment, the Company sold a portion of ownership interest in a property held by a special-purpose company in which Mitsubishi Estate has invested, which added to the contributions made to the increase in operating income.

Ordinary income rose 8.1% year on year to ¥117,381 million. After accounting for extraordinary gains on transference of air right and on sales of investment securities and such extraordinary loss items as impairment loss and impairment loss on equity investments, net income dropped 73.8% year on year to ¥11,900 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 consistently returning profits to its shareholders through such means as cash dividends. In doing so, the Company gives due consideration to reserving the funds necessary for future business developments, including the Marunouchi Redevelopment Project. In the fiscal year ended March 31, 2010, Mitsubishi Estate paid an interim dividend of ¥6 per share, and decided to pay a year-end dividend of ¥6 per share, for an annual per-share dividend of ¥12.

Mitsubishi Estate will determine future dividend levels by taking into account on a comprehensive basis 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, 2011, which comprises an interim and year-end per-share dividend of ¥6, respectively.

Financial Highlights

Years ended March 31

	2005	2006	2007	2008	2009	2010 (Millions of yen)	2010 (Thousands of U.S. dollars)
Revenue from operations	¥ 775,381	¥ 844,217	¥ 947,641	¥ 787,652	¥ 942,626	¥ 1,013,415	$ 10,892,250
Net income	36,245	55,825	97,662	86,963	45,423	11,900	127,901
As a percentage of revenue from operations	4.7%	6.6%	10.3%	11.0%	4.8%	1.2%	—
As a percentage of total equity	4.0%	5.4%	8.3%	7.1%	3.8%	1.0%	—
Total assets	3,124,514	3,280,209	3,447,272	4,327,137	4,429,070	4,355,065	46,808,523
Total equity	920,930	1,133,623	1,225,644	1,238,889	1,148,494	1,183,156	12,716,638
Common stock	86,534	129,736	136,534	136,534	136,534	141,373	1,519,486
Per share amounts:						Yen	U.S. dollars
Net income	¥ 27.93	¥ 42.60	¥ 70.95	¥ 62.99	¥ 32.90	¥ 8.58	$ 0.09
Cash dividends applicable to the year	8.00	10.00	14.00	16.00	16.00	12.00	0.13

Notes: 1. Yen amounts shown are translated into U.S. dollars, solely for convenience, at the prevailing exchange rate on March 31, 2010, of ¥93.04 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 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 to realize 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
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 and fostering 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

In line with the formulation of ACTION 2010, Mitsubishi Estate has set management indicator targets from a quantitative perspective to be accomplished in the fiscal year ending March 31, 2011—the final year of the medium-term management plan. Specifically, these targets are: (1) EBITDA[*1] of ¥300.0 billion; (2) EBITDA[*1]/total assets of 6.5%; and (3) net interest-bearing debt[*2]/EBITDA multiple of under 6.0 times. Negatively impacted by unfavorable operating conditions after the setting of those targets, the Company has not achieved these targets. Taking EBITDA for example, the Company recorded EBITDA totaling ¥230.7 billion for the fiscal year under review. The Company expects to record EBITDA amounting to ¥233.0 billion for the final year of ACTION 2010. Still, Mitsubishi Estate will continue to improve its corporate value through the expansion of cash flows with due consideration given to its financial soundness and other conditions.

*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

With the Mitsubishi Ichigokan Museum now standing in Marunouchi, more than 100 years after the original development plan, additional urban rejuvenation is further expanding and deepening the global presence of the Marunouchi area.

The second stage of the Marunouchi Redevelopment Project extends from 2008 to 2017. As the first project in the second stage, the Marunouchi Park Building & Mitsubishi Ichigokan was completed in April 2009, followed by the completion of the Mitsubishi Ichigokan Museum in April 2010.

Mitsubishi Estate built Marunouchi's first office building, the original Mitsubishi Ichigokan, in 1894. From that time onwards, the Company has maintained the vision of making Marunouchi a place that goes beyond being a mere business district—envisioning a place full of cultural and artistic features. Having sustained this vision to date, Mitsubishi Estate is working to realize additional Marunouchi rejuvenation schemes, based on the achievements made through the first stage of the Marunouchi Redevelopment Project. In this way, we are pushing ahead to further expand and deepen the global presence of the Marunouchi area.

The Mitsubishi Ichigokan, Marunouchi's first office building, completed in 1894

Bank operations office in the early days

Architectural drawing of the unrealized Marunouchi Museum Development Plan from 100 years ago

Mitsubishi Ichigokan Museum

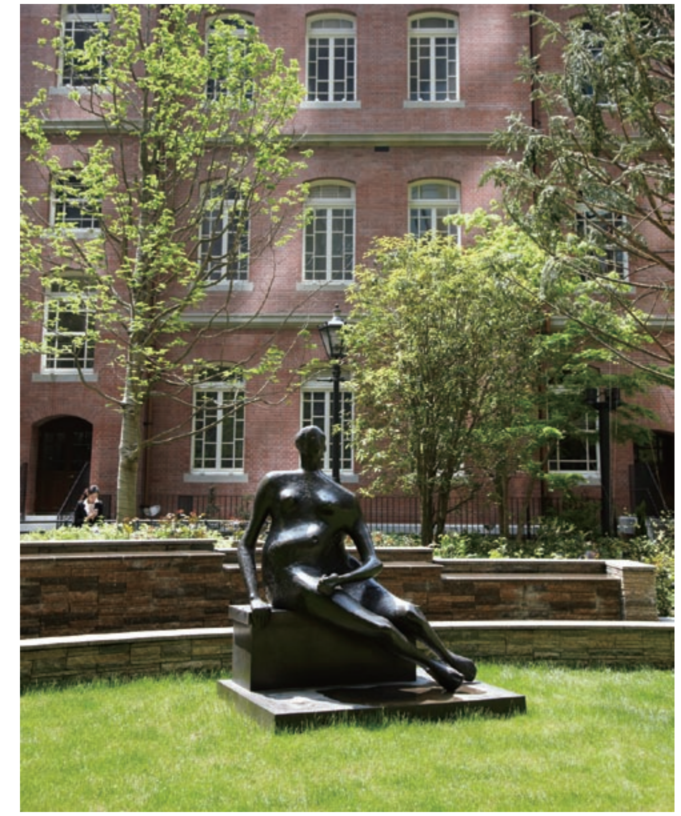
The original Mitsubishi Ichigokan was the first office building constructed in Marunouchi, back in 1984. It was designed by Josiah Conder, a British architect renowned for his design of the Rokumeikan, a large, two-story building in Tokyo that was completed in 1883.

In designing the entire Mitsubishi Ichigokan, Conder borrowed from the Queen Anne Style, which prevailed in England during the last part of 19th century. This style is characterized by beautiful, elegant design that projects an atmosphere of exuberant grandeur.

Prior to the restoration of the Mitsubishi Ichigokan into a museum building, Mitsubishi Estate not only conducted careful study of preserved architectural drawings and the survey drawings created through dismantling operations in 1948, but also performed a thorough inspection of related documents, photographs and preserved original building materials. In actual construction, stone materials for stairways and other preserved materials have been reused in the Mitsubishi Ichigokan Museum. Also, the restoration has been carried out by applying design, material selection and construction methods that have been faithfully revived from the Meiji era. Indeed, this restoration project has been one big experiment.

The old Mitsubishi Ichigokan, which symbolized Japan's modernization in the late 1800s, was reincarnated as the Mitsubishi Ichigokan Museum in the spring of 2010.

Corridor of the Mitsubishi Ichigokan Museum



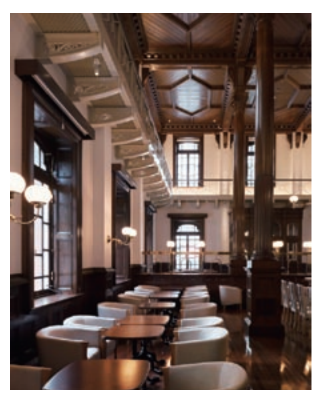
Ichigokan Square

三菱一号館美術館

MITSUBISHI
ICHIGOKAN
MUSEUM,
TOKYO

Café 1894

Originally used as a bank operations office in the Meiji era, the two-story atrium room has been reconstructed as a café. Because the old Mitsubishi Ichigokan was designed by a British architect, this café offers British-style menus, including Guinness beers and fish and chips.



Édouard Manet, *Berthe Morisot with a Bouquet of Violets* (Musée d'Orsay, 1872) ©RMN (Musée d'Orsay) / Hervé Lewandowski / distributed by DNPartcom

Édouard Manet, *Portrait of Emile Zola* (Musée d'Orsay, 1868) ©RMN (Musée d'Orsay) / Hervé Lewandowski / distributed by DNPartcom

Édouard Manet, *Lola de Valence* (Musée d'Orsay, 1862, retouched sometime after 1867) ©RMN (Musée d'Orsay) / Gérard Blot / distributed by DNPartcom

Édouard Manet, *The Garden of Pere Lathuille* (Musée des Beaux-arts de la Ville de Tournai, 1879) ©Collection Musée des Beaux-Arts de la Ville de Tournai

Perspective of Édouard Manet—Genesis of Modern Art

Event period: April 6, 2010 to July 25, 2010

Édouard Manet (1832–1883) is one of the most important painters in the history of modern painting. He had significant influence on many other painters, not just those who later became known as the Impressionists, but also on all of the artists who came after his generation. Mitsubishi Estate has selected Manet for the event commemorating the opening of the Mitsubishi Ichigokan Museum because his way of life—living in the then modern, maturing Paris and producing works of art—overlaps with the intentions of the Mitsubishi Ichigokan Museum, which is aiming to grow in step with the rapidly developing Marunouchi area.

Opening Event I

マネ
Manet
et と
モダン・パリ
le Paris moderne

Josiah Conder, *Mitsubishi Ichigokan (South Face)* (around 1890)

Vassily Kandinsky, *Impression III (Concert)* (1911, 77.5 x 100cm, oil on canvas) ©Staedtische Galerie im Lenbachhaus, Münich

Future Exhibitions

- Opening Event II
  "From Dream to Reality: The Mitsubishi Iwasaki Collection"
  Event period: August 24, 2010 to November 3, 2010
- The Städtische Galerie Collection from Lenbachhaus and Münich
  "Kandinsky and the Blue Rider"
  Event period: November 23, 2010 to February 6, 2011

Various Events for Additional Entertainment

1

2

3

4

The Marunouchi area keeps developing, aiming to become the world's most interactive and vital urban area. Mitsubishi Estate cooperates with land owners in staging art exhibitions and concerts and in holding cultural, environmental and health-related seminars within the Marunouchi area. Providing residents, workers and visitors with intellectual experience and excitement, the Marunouchi area offers wide-ranging events throughout the year.

1 Tokyo Marunouchi Flower Week 2010

The Tokyo Marunouchi Flower Week 2010 was held during the six-day period from April 20, 2010 to April 25, 2010. This event included a beautiful Japanese wisteria garden with wisteria trees, the First Naka Dori Avenue Hanging Basket Competition and the Marunouchi Flower Market. About 440 thousand people visited Marunouchi for this event.

2 La Folle Journée au Japon "Days of Enthusiasm" Music Festival 2010

During the eight-day period from April 28, 2010 to May 5, 2010, approximately 840 thousand people visited Marunouchi and its periphery to experience this music festival, attending small concerts and enjoying a special exhibition on Chopin—the theme of this year's event.

3 Uchimizu Project 2009

From July 31, 2009 to August 11, 2009, the Uchimizu Project 2009 was held on the Marunouchi Naka Dori Avenue and other streets. Uchimizu, literally translated as "sprinkling water," is a summer tradition in Japan to help lower ambient temperature. Participants—many in Japanese summer kimonos—enjoyed the uchimizu ritual and assisted in cooling down the Marunouchi area.

4 Marunouchi Illuminations 2009

From November 12, 2009 to February 14, 2010, approximately 850 thousand champagne-gold LEDs installed throughout the Marunouchi Naka Dori Avenue illuminated the night scene of the Marunouchi area.

Major Redevelopment Projects

Marunouchi Park Building

Marunouchi's Largest, High-Grade Business Center

The Marunouchi Park Building, completed in April 2009, is a leading-edge, large-scale, multipurpose complex. This building boasts approximately 158,000m^2 of Office Zone—one of the largest office facilities in Marunouchi—and approximately 18,000m^2 of Retail Zone, as well as its courtyard, the Ichigokan Square.

Standard office floors combine the Office Zone, which offers superior layout efficiency, and the Panorama Zone, which comes in many variations. Measuring 2.85m in height and 20m in depth and providing a 150mm-raised floor for IT cabling and other uses, each standard office floor can accommodate any business scenario, with its column-free space totaling over 3,305m^2.

Meanwhile, the Ichigokan Square entices the eye with various kinds of flora, collected from all over the world, throughout the four seasons. In addition, a fountain and other waterscapes as well as gas lights—a remembrance of the Meiji era past—offer Marunouchi office workers and visitors relaxing and refreshing moments.

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. 11,900m^2 (approx. 3,600 *tsubo*)
Floor area:	Approx. 205,000m^2 (approx. 62,010 *tsubo*) (High-rise + low-rise: approx. 199,000m^2; Mitsubishi Ichigokan: approx. 6,000m^2) Breakdown by use: Office: approx. 158,000m^2; retail shop: approx. 18,000m^2; art museum: approx. 6,000m^2; and others: 23,000m^2
Parking:	282 vehicles

Marunouchi 1-4 Project (tentative name)

Eco-Friendly Office Building Certified by the Ministry of Land, Infrastructure, Transport and Tourism

Scheduled for completion in January 2012, the Marunouchi 1-4 Project will create the largest office space in the Marunouchi area, with each floor boasting approximately 3,306m^2.

Through this project, the building will be equipped with large-scale solar power generation panels and with airflow window systems for its Office Zone. Moreover, LED lighting systems have been adopted as standard equipment for the project. Due to these bold initiatives aimed at reducing CO_2 emissions, this office building has been certified as a highly eco-friendly project under a program run by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to promote the reduction in CO_2 emissions associated with buildings.

Project Profile

Address:	2-1, 2-2, 2-3, 2-4, 2-5 Marunouchi 1-chome, Chiyoda Ward, Tokyo
Main uses:	Offices, financial institution branch office, retail shops, parking, etc.
Site area:	8,033.94m^2
Floor area:	Approx. 139,000m^2
Number of floors:	4 floors below ground, 27 floors above ground with 3-story-high roof structure
Height:	Approx. 150m
Completion:	January 2012 (scheduled)

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

Project to Rejuvenate Otemachi—an International Business Hub

This project, which uses a linked urban redevelopment process, has entered the second stage, and Mitsubishi Estate is participating in the project as the owner of the land on which the Mitsubishi Soken Building is sited. The establishment of sophisticated, high-quality business functions, as well as the construction of business support facilities apropos to Otemachi—an international business hub—are scheduled to be completed through this project. Specific undertakings include the Financial Education & Exchange Center (tentative name) and the International Medical Service Facilities (tentative name).

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. 14,100m^2 (total)
Floor area:	Approx. 242,000m^2 (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 shops
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:	April 1, 2010 Building construction start September 2012 Building construction completion (scheduled)

Redevelopment Projects in Other Regions

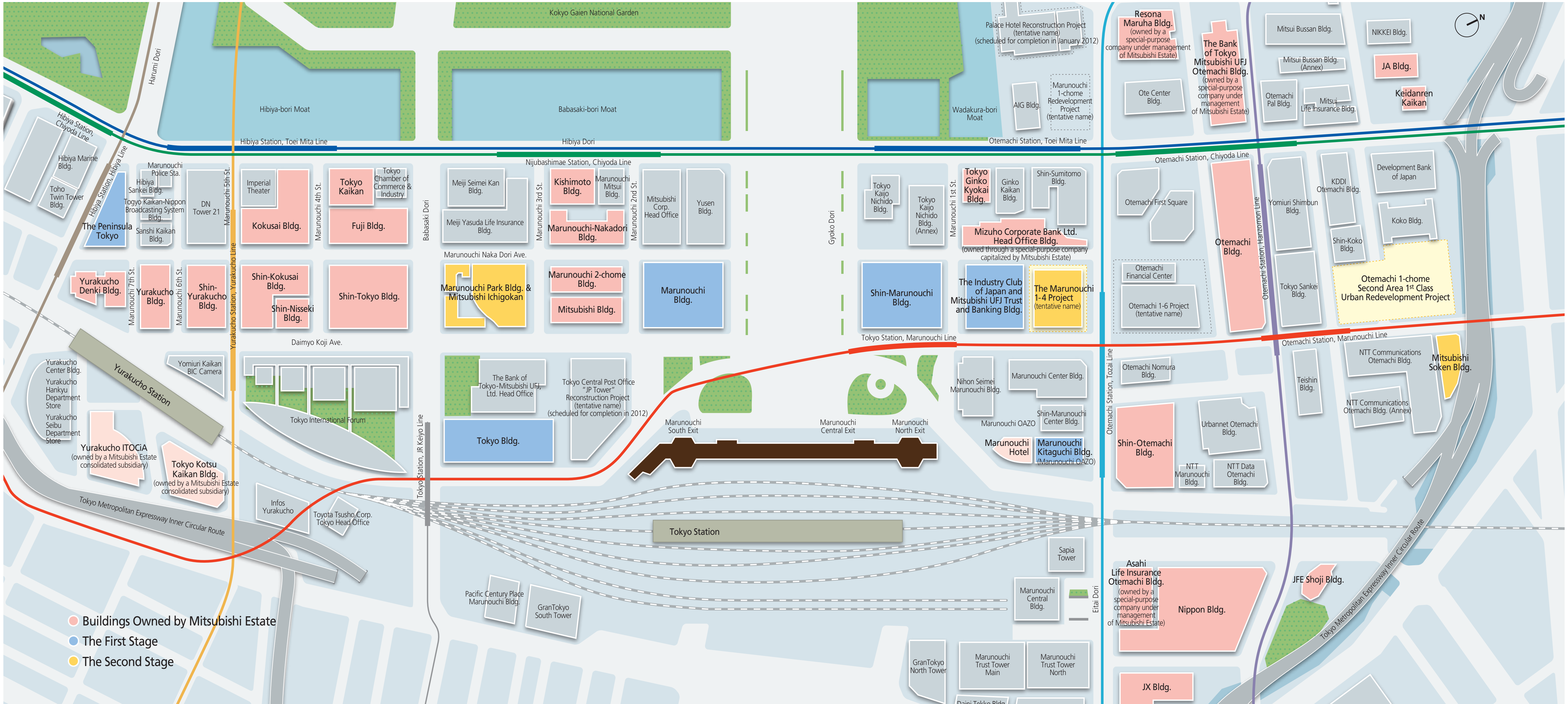
Dai Nagoya Building & Royal Park Inn Nagoya Reconstruction Project

Completed in 1965, the Dai Nagoya Building now requires the upgrading of its building specifications and functions on the back of ever-increasing needs for sophisticated office functions and improved environmental and disaster-prevention features. Accordingly, Mitsubishi Estate has decided to reconstruct the building together with the Royal Park Inn Nagoya building located in an adjacent lot. The Company aims to promote the reconstruction project in line with the Central Nagoya Future Vision, which has been formulated by the Nagoya City government. Through such urban redevelopment, we will contribute to the prosperity of central Nagoya and Central Japan. The project is scheduled for completion in the fiscal year ending March 31, 2016.

Osaka Station North District Phase 1 Development Project

The project is aimed at establishing the Osaka Station North District as an international center for information, human resources and exchange and contributing to the additional development and prosperity of Osaka City and Western Japan as well as of Japan as a whole. A concentration of urban functions will be organized through this project. More specifically, this project is to include the "Knowledge Capital," a knowledge-based industry creation center as a core function of the district. It will also feature high-grade office buildings in which a standard floor offers Western Japan's largest column-free office space, totaling 2,700m^2, lifestyle-inspiring retail facilities and a hotel that provides world-class amenities and services, as well as residences. Moreover, the Osaka North Plaza, totaling 10,000m^2, will be designed under the supervision of the renowned architect, Tadao Ando, creating an urban landscape suitable for an international gateway. This project is scheduled for completion in March 2013.

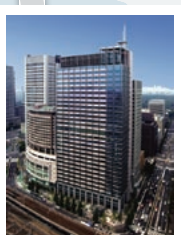
Marunouchi Map



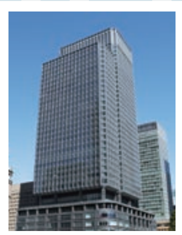
The First Stage


Marunouchi Building Completed in August 2002


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

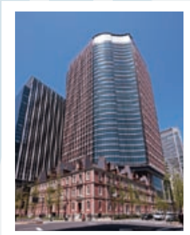

Marunouchi Kitaguchi Building (Marunouchi OAZO) Completed in August 2004


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

Marunouchi

The Shin-Marunouchi Building Became the First Example of the Practical Use of "Fresh Green Electricity" —Zero CO_2 Emissions Energy—in Japan.

The Shin-Marunouchi Building initiated the practical use of "fresh green electricity" in April 2010.

There have been past cases of the application of the Green Power Certification System[*1] in Japan. But the Shin-Marunouchi Building marks the very first case where an electric power user directly receives 100% renewable fresh green electricity[*2] in this country.

Fresh green electricity generated at power plants in Rokkasho-mura, Kamikita-gun, Aomori Prefecture and other locations is directly supplied to the Shin-Marunouchi Building through the wheeling service.[*3] Mitsubishi Estate will use solely fresh green electricity for all the electric power required at the building, thereby reducing the building's CO_2 emissions by approximately 20,000 tons per year.

*1 Green electricity is generated using such renewable energy sources as wind power, solar power and biomass (biological resources). It is considered to have environmental value added to the value of the electricity itself. This environmental added value is separated from the value of the electricity and is traded in the form of a Green Power Certificate. Under the Green Power Certification System, electricity users are assumed to have used green electricity through the use of ordinary electricity due to the effect of holding the Green Power Certificate.

*2 Fresh green electricity is directly transmitted to users from producers. These users actually use such electricity, as opposed to the case of the Green Power Certification System, where electricity users are only assumed to have used green electricity.

*3 Through the wheeling service, electricity is sent to users from a producer by using the transmission and distribution networks owned and operated by other electric producers.

Shin-Marunouchi Building: Anti-Global Warming Features

Flexibility- and Versatility-Oriented Design
The building has been designed so that usage alterations and the upgrade of facilities can be flexibly implemented in the future. It is assumed that the building will last 100 years due to the advanced characteristics of the basic building specifications, such as generous ceiling height and high floor weight capacity.

Rooftop Greenery
Rooftop greenery not only reduces the cooling load of the building, but also creates a relaxed and refreshing atmosphere.

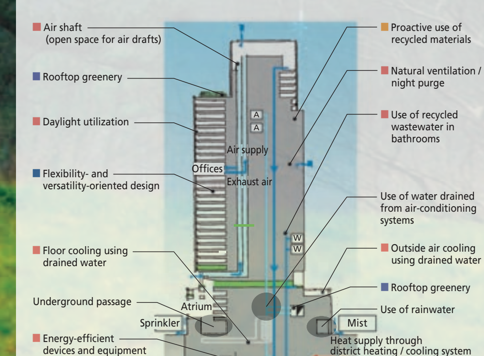
Cooling with Outside Air
The use of outside air for temperature control before, during and after the winter reduces the heating load of the building.

Natural Ventilation
Ventilation windows are arranged for pericounters (a type of air-circulation system) installed on the exterior walls of each standard office floor. These windows facilitate natural ventilation when air-circulation systems are turned off before and after the winter as well as at night.

Use of Energy-Efficient Devices and Equipment
The use of transformers, lighting systems, motors and other devices and equipment, all of which boast low energy loss, reduce the electric-load of the building.

Effective Sunlight Blocking with Exterior Vertical Fins and Horizontal Louvers
In addition to external vertical fins and louvers, upper office floors have windows using low-emissive glass and are equipped with air-barrier air-circulation systems. These features help substantially reduce the thermal load of the building.

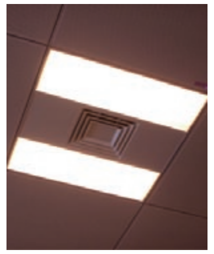
Atrium Enabling Natural Lighting and Ventilation and Exhaust Heat Recycling
A natural ventilation system using air drafts has been adopted, and exhaust heat is reused as a source for air heating.



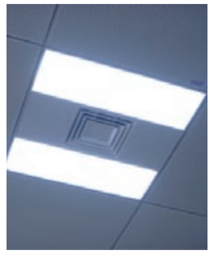
Cross-Sectional Image

Building Business Segment's Initiatives Aimed at Reducing CO_2 Emissions

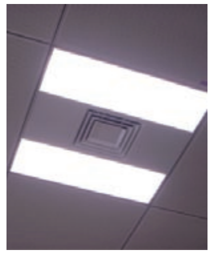
Intelligent Lighting System Helps to Halve Energy Consumption



Orange



Pale white

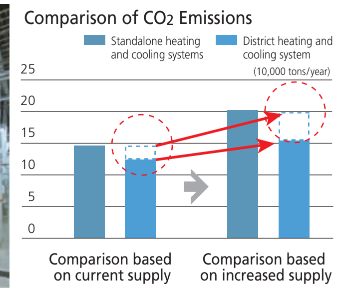


Incandescent white

Mitsubishi Estate has started verification tests on an intelligent lighting system in certain sections of the Marunouchi area. The intelligent lighting system helps balance the productivity of office workers with energy saving. Under this lighting system, office workers can set their desired brightness and color temperature by using their PC and illuminometer. This system consequently realizes optimal, minimally required lighting for individuals and the entire office.

By dimming or turning off the lighting as necessary, the intelligent lighting system helps reduce power consumption significantly compared with ordinary lighting systems that illuminate offices uniformly. In fact, the intelligent lighting system is expected to more than halve the power consumption associated with lighting in offices. For the Shin-Marunouchi Building, Mitsubishi Estate has adopted LED lighting equipment for grid ceiling systems, making brightness and color temperature control possible. This equipment saves energy and lasts longer than other lighting equipment.

District Heating and Cooling—Reducing CO_2 Emissions to the Level of a 4,200-Hectare Forest

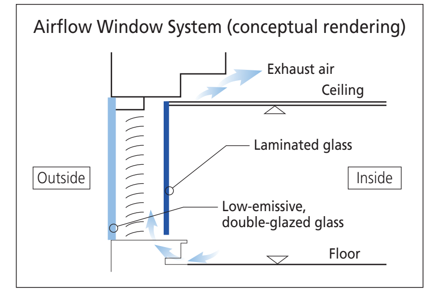


Mitsubishi Estate has promoted the district heating and cooling business in the Marunouchi area through consolidated subsidiary Marunouchi Heat Supply Co., Ltd. since 1976. District heating and cooling refers to an energy-efficient, air-conditioning and water supply system where cold or hot water and steam are supplied through pipes from central thermal energy plants and other similar facilities to a group of buildings in the same area. When comparing the environmental performance of the district heating and cooling system and the standalone heating and cooling systems for individual buildings, for example, in the service district covering Otemachi, Marunouchi and Uchisaiwaicho, the former reduces CO_2 emissions in a volume equivalent to that absorbed by a 3,100-hectare forest annually.

If all of the buildings in the same area were to use the district heating and cooling system, it is assumed that CO_2 emissions reduction could be achieved at a level equal to that of a 4,200-hectare forest, further lowering the total CO_2 emissions in the area by approximately 35%. As explained above, the district heating and cooling system has the potential for making direct and significant contributions to the protection of the global environment.

Reference: Marunouchi Heat Supply Co., Ltd. website, "Advantage of DHC" at http://www.marunetu.co.jp/en/merit/point01.html

Airflow Window System Offers High-Class Habitability and Energy Saving



The airflow window system allows room air to circulate through space with a built-in window shade inside the window unit. This space serves as an "air curtain," enhancing the window's thermal insulation and sunlight-blocking performance.

Window units adopted for each standard office floor in the Marunouchi Park Building, completed in April 2009, use low-emissive, double-glazed glass for their exterior panes. The adoption of these window units has resulted in an improvement in the heat transmission coefficient of the building's exterior walls and the sunlight-blocking performance of these windows.

Also, equipped with the solar-tracker function, the built-in window shades are automatically controlled. This feature minimizes the effect of sunlight on room temperature, improving the building's energy-saving performance and habitability.

Ground, Rooftop and Exterior-Wall Greenery as a "Heat Island" Countermeasure

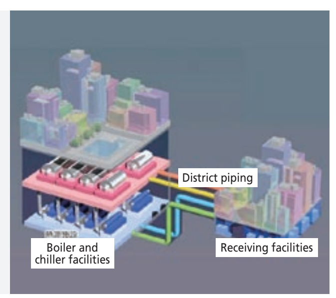
The heat island phenomenon is caused by factors that include increases in artificial land cover such as buildings and asphalt paving and in artificial waste heat emitted through industrial activities, as well as by automobiles, chillers and office automation (OA) equipment. The arrangement of ground, rooftop and exterior-wall greenery contributes to an increase in quasi-natural land cover and a decrease in artificial waste heat emissions, which, in turn, ease the heat island phenomenon. Mitsubishi Estate has already established such greenery at the Marunouchi Building, the Shin-Marunouchi Building, the Peninsula Tokyo and the Marunouchi Park Building.

The Company has aggressively promoted this heat-island countermeasure, particularly for the Marunouchi Park Building. This building has ground, rooftop and exterior-wall greenery of approximately 1,500m², 290m² and 800m², respectively.

Ecozzeria—Our Environmental Strategy Center for the Otemachi, Marunouchi and Yurakucho Area

Located on the 10th floor of the Shin-Marunouchi Building, Ecozzeria was launched in May 2007 as the Otemachi, Marunouchi and Yurakucho (OMY) area's environmental strategy center and the source of environmental information. This facility performs tests to verify the effectiveness of environmental activities conducted within the OMY area and of environmental technologies used in building facilities and infrastructure to improve energy efficiency. Test results are submitted to related authorities, and information on the environmental activities and technologies that are proved to be effective by Ecozzeria is disseminated to companies in the OMY area. At the same time, through environmental seminars and events, Ecozzeria is working to originate a new "eco-culture" in the OMY area.

District Heating and Cooling in the Marunouchi 2-chome Area



This service district in the Marunouchi 2-chome area covers 15 hectares in front of Tokyo Station. It is bordered by the JR train line to the east, Babasaki-dori to the south, Hibiya-dori to the west, and Gyoko-dori to the north. The total square footage of serviced buildings is roughly 1.1 million square meters. Marunouchi Heat Supply Co., Ltd. operates boiler and chiller facilities on the fourth basement level of the Marunouchi Park Building, cogeneration facilities in the Marunouchi Building and backup air-conditioning facilities in the Tokyo Building.

Utilizing "Green" Solar Power

Solar power generation uses solar cell panels (photovoltaic modules) to directly convert solar energy into electricity.

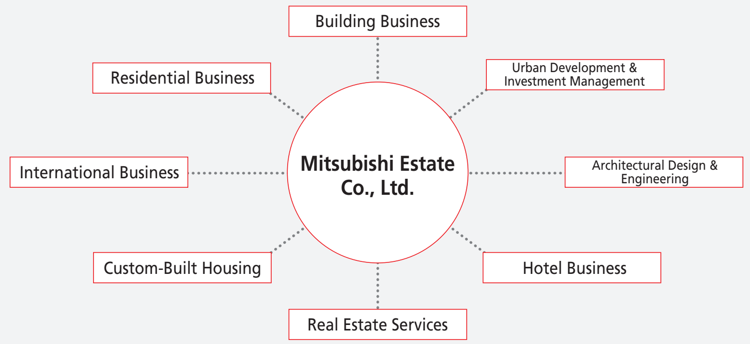
Mitsubishi Estate has already introduced solar power generation systems in the Marunouchi Building, the Shin-Marunouchi Building, the Industry Club of Japan and Mitsubishi UFJ Trust and Banking Building and the Marunouchi Park Building and is promoting the use of green electricity. At the Marunouchi Park Building, for example, solar cell panels boasting a maximum output of approximately 60kW are installed on the rooftop. Electricity generated by these panels is used for illumination of the building's surrounding area during nighttime.

Launch of Kanagawa Prefecture's Largest Electric Car Charging Station

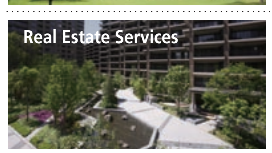
With the aim of contributing to the proliferation of electric cars, the Mitsubishi Estate Group is advancing such infrastructure development as the installation of rapid chargers and outlets for normal charging at the buildings that it owns and manages.

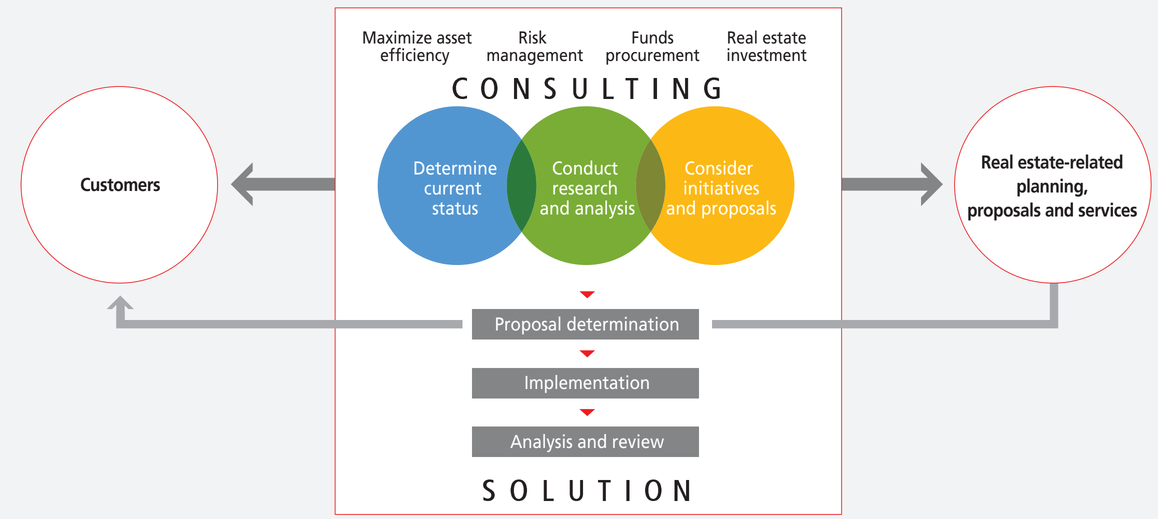
For instance, in September 2009, Mitsubishi Estate began the operation of an electric car charging station—the largest in Kanagawa Prefecture (as of the launch date)—which offers one rapid charger and eight outlets for normal charging, right within the parking facilities of the Yokohama Landmark Tower.

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.	¥489.6 Billion	47.4%
 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, along with leisure-related businesses.	¥350.0 Billion	33.8%
 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.	¥50.6 Billion	4.9%
 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.	¥40.1 Billion	3.9%
 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.	¥19.4 Billion	1.9%
 Custom-Built Housing	• Custom-Built Housing Group	Custom-Built Housing segment revenues are derived from contracted construction of custom-built housing and related activities through Mitsubishi Estate Home Co., Ltd.	¥26.4 Billion	2.6%
 Hotel Business	• Hotel Business Group	Hotel Business segment revenues are derived from the operation of Royal Park Hotels.	¥28.5 Billion	2.8%
 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.	¥25.8 Billion	2.5%
Other		Other segment revenues are derived from related operations other than the aforementioned.	¥3.2 Billion	0.3%



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.

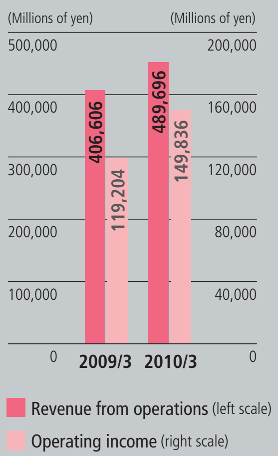
A Wide Range of Solutions Covering Everything from Individual Real Estate Needs to Corporate Real Estate Strategic Support

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 the situation, taking into consideration the comprehensive features of the real estate under review, and provide solutions that match the financial and management strategies of individual client companies. In this manner, Mitsubishi Estate endeavors to realize the maximum value of corporate real estate (CRE).

Building Business




1


2


3

三菱一号館美術館
MITSUBISHI ICHIGOKAN MUSEUM, TOKYO


4

5


6


7

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 horizons.

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 1-4 Plan (tentative name)

Through this project, three existing office buildings are being reconstructed into one large-scale building to facilitate more effective land use. The new building will serve as an advanced business center that accommodates the wide-ranging needs encountered in today's business globalization and informatization. Leveraging the extensive portfolio of its business functions, Mitsubishi Estate will promote this project to create a high-quality urban environment and enhance urban infrastructure, while giving due consideration to the environment-friendliness of the project.

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. It also handles the 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 producer, as it maximizes the full potential of the Marunouchi area 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, we have been pushing 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 Marunouchi Park Building & 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 operations through its comprehensive business structure.

A Fresh Breeze and a Joy—for People and City

Mitsubishi Estate is evolving its retail property business to provide exciting new places where people of all walks of life 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 Yokohama 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, 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.

In projects outside the Marunouchi area, we opened the Ami Premium Outlet in the town of Ami, Ibaraki Prefecture in July 2009 and the Higashikurume Shopping Center "Kurune" in Higashikurume City, Tokyo in November 2009. Also, in December 2009, the Company implemented the second stage of shop floor expansion at the Kobe-Sanda Premium Outlets.

Mitsubishi Estate will continue to focus on three types of retail properties: those located in the Marunouchi area and urban centers; those situated in suburban areas, such as the Minamisunamachi Shopping Center "SUNAMO" in Tokyo's Koto Ward and the Izumi Park Town Tapio in Sendai City, Miyagi Prefecture; and outlet shopping centers operated by Chelsea Japan Co., Ltd., which became a Mitsubishi Estate consolidated subsidiary in March 2009. Maintaining this focus, the Company will promote retail property projects throughout Japan.

4 Marunouchi Brick Square

Opened in September 2009 as a commercial zone in the Marunouchi Park Building, the Marunouchi Brick Square offers retail functions suitable for the hub that joins the Marunouchi and Yurakucho areas. Together with the Mitsubishi Ichigokan Museum and its surrounding park, this new shopping facility is generating synergy that attracts people to Marunouchi.

5 Higashikurume Shopping Center "Kurune"

This shopping center opened in November 2009 in Higashikurume City, Tokyo, as the fourth lifestyle-oriented retail facilities in the area. The center houses approximately 25 retail shops offering diverse merchandise that helps people realize a comfortable, enjoyable lifestyle.

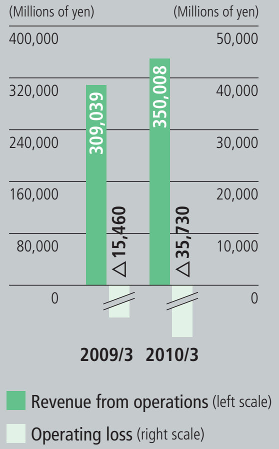
6 Ami Premium Outlets

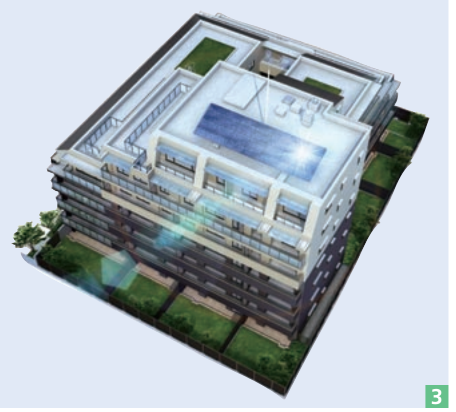
Operated by Chelsea Japan Co., Ltd.—a developer specializing in outlet shopping centers—this is the eighth CHELSEA PREMIUM OUTLETS shopping center in Japan. Opened in July 2009 in the town of Ami, Ibaraki Prefecture, this shopping center accommodates approximately 100 retail shops.

7 Kobe-Sanda Premium Outlets

Located in Kita Ward of Kobe City, this outlet shopping center started operations in July 2007. In December 2009, the shopping center opened expanded shop floors. Total shop floor area almost doubled from 19,174m² to 35,041m², and the number of retail shops doubled from 90 to 180.

Residential Business





1 Azabudai Park House

Located in Azabudai 2-chome, Minato Ward, Tokyo, Azabudai Park House is a 165-unit condominium building with fixed-term land leasehold interest. Adjacent to the Tokyo American Club building, this building is situated within a residential area on a hill, offering an open view of Tokyo Tower and the Roppongi area. Scheduled for completion in December 2010, the building also offers easy access to four stations on three different subway lines, including a six-minute walk to Azabu-juban Station. Its composite design—factoring in the adjacent Tokyo American Club building—was realized by the renowned Cesar Pelli, who served as the master architect for this project.

2 STYLE HOUSE MEGURO MIDORIGAOKA

Located in Midorigaoka 1-chome, Meguro Ward, Tokyo—a green, hilltop and quiet residential area—this 19-unit condominium building provides fully order-made condominiums. Scheduled for completion in February 2011, this building features easy access to four stations on three different train or subway lines, including a nine-minute walk to Toritsu-daigaku Station on the Tokyu Toyoko Line.

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 building designers and design offices 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 to its customers 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 19 properties, and it will continue to supply high-quality leased condominiums, mainly in central Tokyo, that accommodate residential leasing needs, thereby achieving stable profitability.

Integration of Residential Development and Sales Operations

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. Since the autumn of 2008, business conditions have persistently grown severe, and market competition has continued to intensify. In response, with the aim of bolstering its competitiveness in residential development and sales operations and maximizing its earnings power, Mitsubishi Estate has decided to establish a new company around January 2011. This new company will be formed through integration of the residential development and sales functions of Mitsubishi Real Estate Services Co., Ltd. and Towa, while having a comprehensive structure capable of performing both residential development and sales operations.

Through this business integration, a framework will be established to allow the three companies to leverage their respective strengths. Based on such a framework, the Mitsubishi Estate Group will provide residential units in a wider price range and thereby further develop its residential business. At the same time, the Company will continue to deliver products and services of customers' choice.

Environmental Initiatives

As part of efforts to promote its environmental initiatives, Mitsubishi Estate established MEC eco LIFE Co., Ltd. in December 2008.

In November 2009, following joint planning with MEC eco LIFE, the Company started the construction of the Kichijoji Eco Mansion (tentative name), which has been certified as an eco-friendly project under the program run by the Ministry of Land, Infrastructure, Transport and Tourism (MLIT) to promote the reduction in CO_2 emissions associated with residential and other buildings. This building will be packed with features that contribute to CO_2 emission reductions, including an exterior thermal insulation construction method and a solar thermal utilization hot-water supply system. Compared with ordinary condominium complexes, the Kichijoji Eco Mansion is expected to reduce CO_2 emissions by 13.3 tons annually.

Also, Mitsubishi Estate started marketing activities for the Park House Komagomesomei in April 2010. This new condominium complex introduced the "soleco" system, which combines a solar power generation system and a central high-voltage power reception system. The use of this system reduces initial facilities costs while enabling the generation of electricity using solar power—a green energy source. Furthermore, this system contributes to the reduction of electricity charges in exclusively owned areas. The "soleco" application has been designated as a new environmental business model for reducing greenhouse gasses by MLIT. As such, Mitsubishi Estate will promote the development of condominium complexes that contribute to CO_2 emission reductions in the household sector.

3 Park House Komagomesomei

This 50-unit condominium building is located in Komagome 4-chome, Toshima Ward, Tokyo. Combining Japanese tradition and Western modernism, the building's external façade provides a sense of depth. Around the building, seven types of cherry trees are planted—including Somei-yoshino—creating an atmosphere very apropos for the birthplace of the Somei-yoshino. Also, as part of efforts to put the Company's environmental initiatives into practice, the building uses the "soleco" system, which integrates solar power generation and central high-voltage power reception systems. Scheduled for completion in March 2011, this is the first Park House building to introduce the "soleco" system.

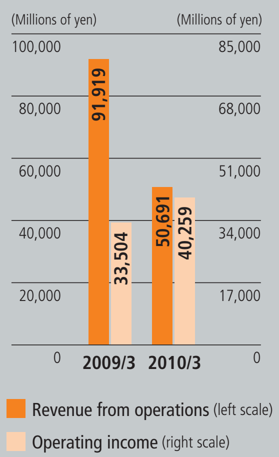
4 Park House Enoshima

Scheduled for completion in February 2011, this 77-unit condominium building is located in Katase-kaigan 2-chome, Fujisawa City, Kanagawa Prefecture. In front of the site is vast Sagami Bay, and certain units offer a view of Enoshima Island and Mt. Fuji. Featuring a three-minute walk to Katase-enoshima Station on the Odakyu Enoshima Line and located approximately one-hour by train to central Tokyo, Park House Enoshima provides an optimal balance of urban and resort lifestyles.

5 PARK HABIO Shinjuku Eastside Tower

Located in Shinjuku 6-chome, Shinjuku Ward, Tokyo, this 761-unit large-scale lease condominium building is scheduled for completion in December 2011. With a towering view of Shinjuku and the Tokyo skyline, the top floor offers residents a swimming pool, Jacuzzi, sports gym, hot bath and bar lounge. Providing such premium communal facilities and hospitality that go beyond those expected in ordinary leasing condominium buildings, this building realizes unparalleled tenant satisfaction.

Urban Development & Investment Management

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1 Nibancho Center Building

Standing at the prestigious location adjacent to the new Belgian Embassy building in Nibancho, Chiyoda Ward, Tokyo, this is a multipurpose complex housing high-grade offices and residential units. Completed in July 2009, this building provides greenery on external walls and rooftop, and the site includes a vast open space totaling 1,500m². These features add to the property's pleasant and relaxing atmosphere.

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 greenery occupying 36% of the site and the effective utilization of natural air flow and sunlight. It is scheduled for completion in August 2010.

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 these operations 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 2009, the Nibancho Center Building was completed in Chiyoda Ward, Tokyo, as were the Yodoya-Bashi Square in August of the same year in Osaka City and the Shijo Karasuma Center Building in January 2010 in Kyoto City. Currently, Mitsubishi Estate is undertaking the Toyosu 3-1 City Block Building Project (tentative name) and the Harumi 2-chome 2-4 City Block Building Project (tentative name).

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 serviced apartments and distribution centers, in an effort to address the diverse needs of the investment market. As for serviced apartments, we opened the Citadines Kyoto Karasuma-Gojo—a joint project with The Ascott Group Limited, a Singapore-based global serviced apartment operator—in Kyoto City in March 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 that includes 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 both 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.


5

3 Harumi 2-chome 2-4 City Block Building Project (tentative name)

The Harumi area in Chuo Ward, Tokyo, is seeing the acceleration of development projects aimed at supporting lifestyles that balance work and private life. Through this project, Mitsubishi Estate is constructing a leased office building. This eco-friendly project will feature greenery occupying approximately 35% of the site, while using low-emissive, double-glazed window glass and solar-tracker, electric-powered window shades to reduce CO_2 emissions associated with the building. It is scheduled for completion in March 2012.

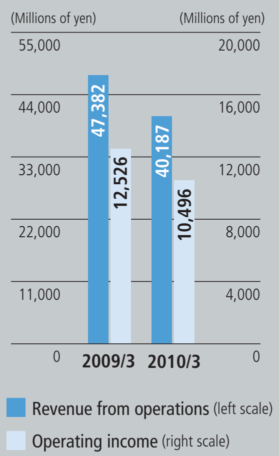
4 Yodoya-Bashi Square (Osaka City)

Directly connected to Yodoya-bashi Station on the Osaka Municipal Subway Midosuji Line and the Keihan Railway Keihan Main Line through underground passages, this high-grade office building is located in the Yodoya-bashi area—Osaka City's mainstay business district. Its 18-story high-rise structure captures the eye of passersby on Tosabori-dori Street. It was completed in August 2009.

5 Citadines Kyoto Karasuma-Gojo (Kyoto City)

This is Mitsubishi Estate's fourth project in the serviced apartments business jointly undertaken with Singapore-based The Ascott Group Limited. Marking the penetration of the Citadines brand into the Kansai region, this serviced apartment targets foreigners who have come to Japan on business for one night or up to a several-month stay. It opened in March 2010.

International Business



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 was completed in April 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 29,480m²; and 10 Paternoster Square, with floor space of 34,866m².

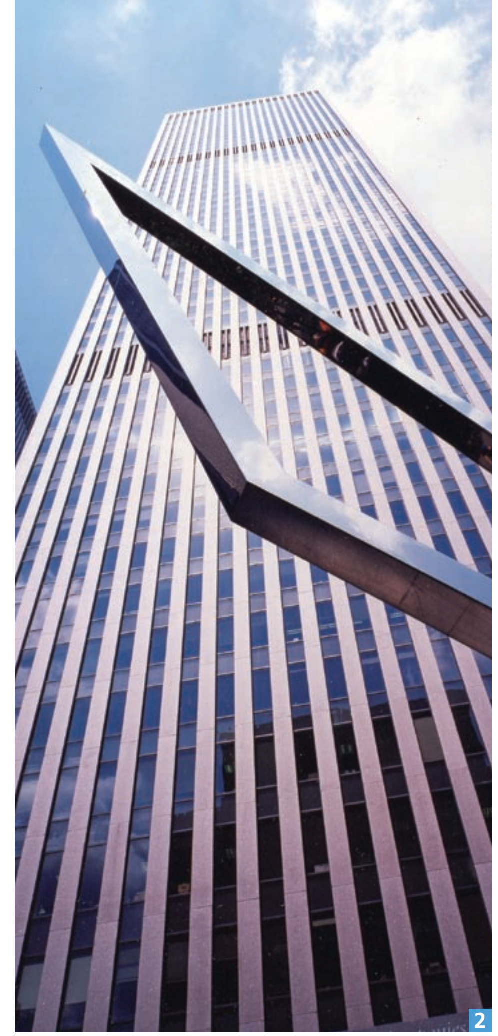
A Globally Growing Real Estate Leasing and Development Business

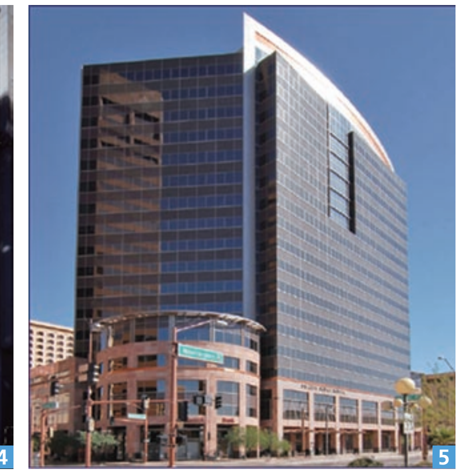
In its International Business, Mitsubishi Estate operates mainly through Rockefeller Group, Inc. (RGI), which owns and manages office buildings in such locations as New York City and London. The Company is working to expand its real estate development business, mainly across the United States and in 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 in a prime location in central Phoenix, Arizona, in March 2008. The Company is currently undertaking approximately 30 development projects in 10 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. Such a platform will enable Mitsubishi Estate to strengthen organic ties among its business bases worldwide and to facilitate a unified approach to investor marketing, research, investment decision-making and fund formation.

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 financial district of the City of London. Also, we completed the Bow Bells House Redevelopment Project—a joint venture with Mitsubishi Corporation—in 2007 in the City of London. In May of the same year, Mitsubishi Estate acquired River Plate House, an office building situated in a prime location within the City of London. Expanding on these successes, the Company completed the Central St Giles Redevelopment Project in April 2010 in London's West End. Through this project, Mitsubishi Estate constructed a multipurpose complex having a floor space of 66,000m² and housing offices, shops and residences. Located adjacent to Oxford Street—West End's main artery—and such entertainment districts as Covent Garden and Soho, this complex offers superior access convenience.





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, in October 2008, Mitsubishi Estate established Mitsubishi Estate Asia Pte. Ltd. in Singapore as its Asian flagship base. 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. At the same time, Mitsubishi Estate Asia is providing support to each of the Company's business segments in promoting their business globalization.

4 River Plate House in London

Acquired in May 2007, this classically designed office building comprises 19,000m² of floor space.

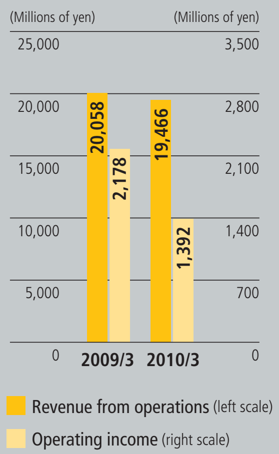
5 One North Central in Phoenix

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

6 Distribution Center in Atlanta

Completed in May 2010 in Atlanta, Georgia, this distribution center has floor space totaling 140,000m².

Architectural Design & Engineering



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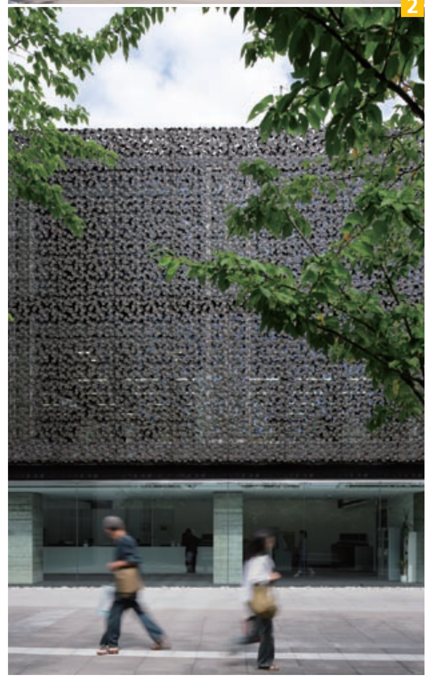

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1 Marunouchi Park Building & Mitsubishi Ichigokan

This project involved the redevelopment of a city block consisting of a tower and a low-rise building, along with the Mitsubishi Ichigokan building. In line with the designation of the Marunouchi area as a Priority Urban Redevelopment Zone, Mitsubishi Estate made a variety of environmental proposals through this project. Based on these proposals, the relaxing Ichigokan Square was created, surrounded by the Mitsubishi Ichigokan and the commercial zone of the Marunouchi Park Building, featuring rich greenery.

2 Otemon Gakuin University No. 1 Building

This project was undertaken to reconstruct a university office building. To balance the office functionality required to facilitate efficient administrative operations with the architectural design that impresses students and visitors, the building's exterior walls are covered with casts having as a motif the cherry blossom, which has been designated as the university flower. So, this office building will be blessed with cherry blossoms throughout the year.

Responding to Ever-Diversifying Needs through Sophisticated Services and Superior Technological Capabilities

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.

Maintaining Solid Orders in the Architectural Design and Engineering Business and Expanding Our Presence in Peripheral Businesses and China

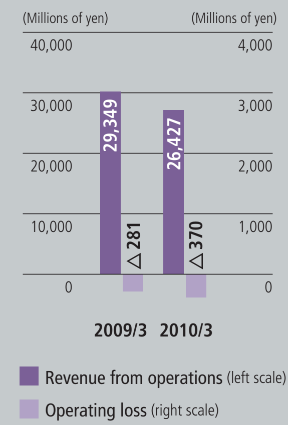
Major projects completed by MJS during the fiscal year ended March 31, 2010 included the Marunouchi Park Building & Mitsubishi Ichigokan, the Otemachi 1-chome Type-1 Urban Area Redevelopment Project, the Hiroo Garden Forest (first and second phases), the Otemon Gakuin University No. 1 Building and the North Pacific Bank Hamanasu Complex. In the fiscal year ending March 31, 2011, MJS plans to complete such projects as the new office buildings for Lower House Diet Members, the Azabudai Park House and the new Gakushuin Girl's Junior & Senior High School Classroom Building. 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 fields as construction management and district heating and cooling facilities reconstruction, where it boasts particular strengths based on its extensive experience.

Also, during the fiscal year under review, MJS won orders for such projects as the Shenyang Major Financial District Urban Planning and Design Project. With its Shanghai Office, which has been expanded in terms of human resources and office functions, MJS will leverage its highly acclaimed technological expertise in architectural and urban design, environmental protection and energy saving, thereby steadily expanding its Chinese business.

Realizing Eco-Friendly Design and Engineering

Considering environmental aspects has become an absolute requirement in urban development. In response to the demands of the time, MJS will offer eco-friendly proposals more aggressively than ever before, at affordable prices and with tangible results, to attain even higher acclaim from its customers.

Custom-Built Housing



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1 Akasaka Home Gallery "Everie"

Combining a sharply ridged roof with the gentle curves of the exterior pergola, this Everie home has a simple yet distinctive overall silhouette. The Everie home helps owners to pursue green lifestyles, optimally balancing eco-friendliness and comfortable living.

2 "Everie" (Conservatory)

Equipped with a thermal storage floor, this open-ceiling space is an eco-friendly Everie feature that utilizes solar radiation for heating in the winter. In the spring and fall, with windows and the ceiling window left open, this multi-function space can function, for example, as an interior patio to enjoy coffee and tea breaks.

3 "Everie" (Living Room/Enclosed Electric-Car Garage)

Because an electric car does not emit exhaust, it can be parked inside the Everie home. The space adjacent to the enclosed garage can be arranged as a living room and for many other uses.

4 Komazawa Stage 1 Home Gallery

This model home has a unique cubic overall shape with natural stone exterior walls adding a stately impression.

5 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 realize high-quality relaxation.

6 Komazawa Stage 1 Home Gallery (Kitchen/Dining Room)

This model home features a "cockpit" style original kitchen and dining room, which faces an open-ceiling space on the first floor. This space encourages communication between family members, as well as between hosts and guests.

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, while conducting the renovation of homes and retail shops. Also, Mitsubishi Estate Housing Components Co., Ltd. supplies high-quality construction materials for use with the 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 unique technological capabilities and established its own stringent quality standards. Specifically, by combining its proprietary 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.

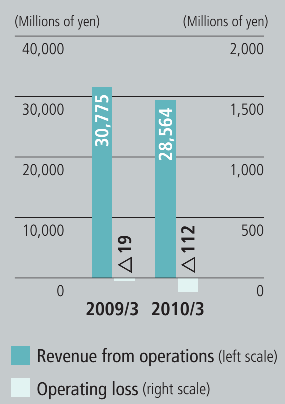
In the renovation business, MEH offers an extensive menu of renovation plans for homes, condominiums, buildings, retail shops and other structures. Based on such an advantage, we are precisely accommodating customers' housing desires and preferences.

Proposing Eco-Friendly Home Building and Lifestyles with Enjoyment in Space Utilization

Based on the concept of "Smart, Simple and Suitable," the SELECUBE lifestyle-proposal small home series released in the spring of 2009 offers highly cost-effective homes through rational planning and trendy functional specifications. Building on the success of its SELECUBE, MEH has enabled the provision of the new SELECUBE SOLAR series in the spring of 2010, within the same price range as SELECUBE. Through the adoption of a photovoltaic generation system, which is increasingly being sought by home buyers, the SELECUBE SOLAR series boasts substantially improved energy efficiency.

Also, leveraging its extensive expertise in space design, which it has nurtured in fully order-made home building, MEH has begun offering proposal-based services to help home owners to more effectively and efficiently utilize space in homes. Collecting various ideas presented by a specialized team, consisting mainly of female members, MEH has created a catalogue that provides for effective space utilization. Through such services, MEH is proposing lifestyles with enjoyment in space utilization.

Hotel Business



1 Sendai Royal Park Hotel

In April 2010, this hotel marked the 15th anniversary since its opening. Adhering to its catchphrase, "HAVE A ROYAL TIME," Sendai Royal Park Hotel is looking forward to welcoming guests to a luxurious, high-quality, relaxing hotel experience.

2 Royal Park Hotel The Fukuoka (artist's rendition)

Scheduled for opening in the summer of 2011, this hotel is only a five-minute walk from Hakata Station, located in Hakata-ekimae 2-chome, Hakata Ward, Fukuoka City. The design concept of this hotel, offering 174 guestrooms, is "TRANSITIONAL."

3 Royal Park Hotel The Kyoto (artist's rendition)

Scheduled for opening in the autumn of 2011, this hotel is only a three-minute walk from Kyoto Shiyakusho-mae Station on the Tozai Line of the Kyoto Municipal Subway. It is located at Sanjo-dori higashi-iru, Kawaramachi, Nakagyo Ward, Kyoto City. Offering 174 guestrooms, this hotel has been designed using motifs apropos to historic Kyoto.

Improving Our Brand Value and Expanding Our Hotel Chain

In the Hotel Business, Royal Park Hotels and Resorts Co., Ltd. coordinates the administration and management of each hotel to ensure consistency throughout the hotel chain. At the same time, Royal Park Hotels and Resorts is working to enhance management efficiency and improve the level of management, pursuing the benefits of operating the hotel chain. With hotels in Tokyo, Yokohama, Sendai and other locations in Japan, the Royal Park Hotel chain comprises a network of six hotels.

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 well acknowledged, enabling us to win the leading rank in the 2009 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 third 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.

New Brand "Royal Park Hotel The [City Name]" Launched

Royal Park Hotels and Resorts is currently preparing for the opening of the Royal Park Hotel The Fukuoka and the Royal Park Hotel The Kyoto. As the brand name explains, hotels under this new brand will be located in city centers. They will be of a relatively compact scale, with amenities limited to just those that are necessary. Also, these hotels will balance comfort with the functionality that economy hotels often provide. Offering the ultimate in hospitality, we will work to maximize hotel guests' satisfaction through hotel facilities and services. Looking forward, Royal Park Hotels and Resorts will continue to seek opportunities to establish new hotels in Tokyo and other cities the government has designated as major cities, thereby expanding the hotel chain and enhancing the Royal Park Hotel brand power.

* Japan Hotel Guest Satisfaction Index Study℠ conducted by J.D. Power Asia Pacific, Inc.

Royal Park Hotels ranked in the segment of ¥15,000 to ¥35,000 per night hotels with the most common guestroom space of 20m^2 or larger. The study was based on 11,016 valid responses received from people who used applicable hotels within the previous year. For more details, please see the November 26, 2009 press release of the J.D. Power and Associates Web site at:
http://www.jdpower.co.jp/press/pdf2009/2009JapanHotelGSI_E.pdf.

Real Estate Services

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.

2

CRE戦略支援システム［クリーム］ CRE@M

CRE Strategy Support System "CRE@M"

CRE@M is an application service provider (ASP) service that assists corporate clients not only in the central management of real estate-related information, but also in the assessment and analysis of and strategy formulation for CRE.

3

パーキング エコロジー ネットワーク PEN

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.

Meticulously Responding to the Varied Real Estate Needs of Customers

Led 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 array 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, which include the "CRE@M" corporate real estate (CRE) strategy support system, to help companies raise their corporate value and facilitate efficient corporate management. In addition, Mitsubishi Real Estate Services is expanding outside Japan, offering support services for corporations' international operations and for 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 for 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 surveys, 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

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Financial Review

Revenue from Operations / Operating Income

In the fiscal year ended March 31, 2010, consolidated revenue from operations increased ¥70,788 million, or 7.5%, from the previous fiscal year to ¥1,013,415 million. Consolidated operating income also increased ¥10,405 million, or 7.5%, year on year to ¥148,972 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 Marunouchi Park Building, which was completed in April 2009, and a new consolidated subsidiary—namely, Chelsea Japan Co., Ltd.—as well as from the sale of an ownership interest in the Aoyama Building. As of March 31, 2010, the vacancy rate stood at 3.40%, compared with 2.86% as of March 31, 2009. Reflecting these factors, revenue from operations increased ¥83,089 million year on year to ¥489,696 million. Operating income climbed ¥30,631 million to ¥149,836 million.

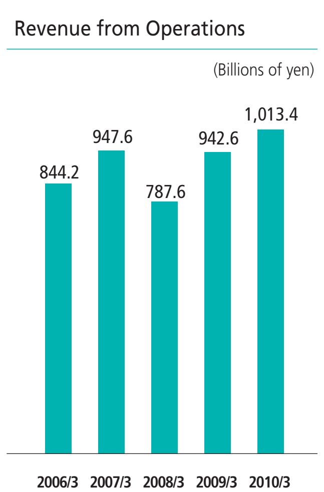
In the Residential Business segment, Mitsubishi Estate's revenue in the condominium business surged year on year, due to a substantial year-on-year increase in the number of condominiums sold. As a result, revenue from operations jumped ¥40,968 million to ¥350,008 million. However, the Company recorded an operating loss in this segment totaling ¥35,730 million, a deterioration of ¥20,269 million from the previous fiscal year. As a supplementary note, Mitsubishi Estate included ¥37,314 million in cost of revenue from operations in connection with the write-down of certain inventories that have experienced deterioration in profitability.

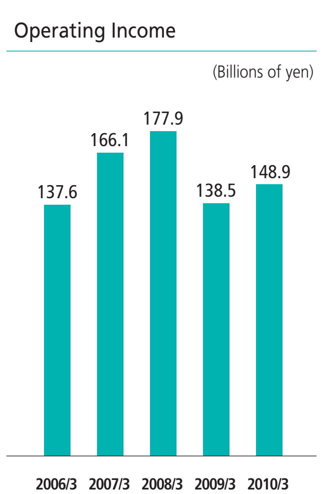
In the Urban Development & Investment Management Business segment, the absence of capital gains from the sale of Trade Pier Odaiba (Minato Ward, Tokyo) and the Shin Fujita Building (Osaka City), which were recorded during the previous fiscal year, resulted in a decrease in overall capital gains in this segment. As a result, revenue from operations plunged ¥41,227 million year on year to ¥50,691 million. However, owing to such factors as the sale of a portion of ownership interest in a property held by a special purpose company in which Mitsubishi Estate has invested, operating income rose ¥6,755 million year on year to ¥40,259 million.

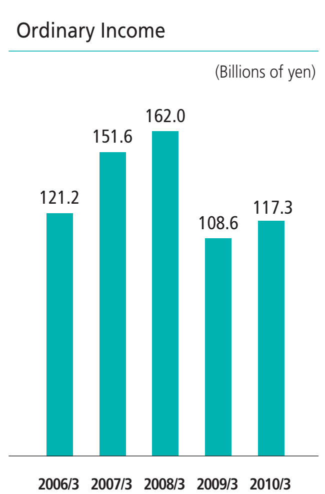
In the International Business segment, properties located in major cities of the United States and the City of London of the United Kingdom showed stable performance. However, revenue from operations declined ¥7,195 million year on year to ¥40,187 million, adversely affected by the significant appreciation of the yen against the U.S. dollar (previous fiscal year: ¥103.48 = US$1.00; fiscal year under review: ¥93.65 = US$1.00) and other currencies. Accordingly, operating income sank ¥2,030 million to ¥10,496 million.

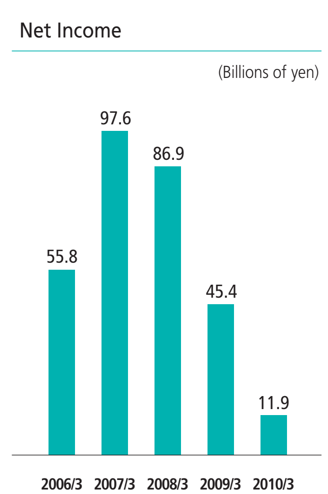
In the Architectural Design & Engineering Business segment, Mitsubishi Jisho Sekkei Inc. recorded sales in connection with such projects as the Marunouchi Park Building (Chiyoda Ward, Tokyo), the Ami Premium Outlets (the town of Ami, Ibaraki Prefecture) and the La Mer Sanbancho (Chiyoda Ward, Tokyo). During the fiscal year under review, revenue associated with architectural design and engineering operations increased. On the other hand, revenue associated with interior design and construction projects declined despite an increase in the number of projects undertaken, due to a decrease in per-project revenue. As a result, revenue from operations slid ¥591 million year on year to ¥19,466 million, while operating income dropped ¥785 million to ¥1,392 million.

Driven by Mitsubishi Estate Home Co., Ltd., the Custom-Built Housing Business segment continued to focus on increasing orders for "Mitsubishi Home" brand homes. The number of orders received for homes and the actual sales of these homes have consequently expanded year on year. Meanwhile, the amount of sales of contract work decreased year on year, and revenue associated with contract work declined accordingly. As a result, revenue from operations deteriorated ¥2,922 million to ¥26,427 million. Operating loss worsened ¥89 million to ¥370 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. Most businesses in this segment, including the accommodation business, experienced deterioration in revenue during the fiscal year under review. As a result, revenue from operations declined ¥2,211 million year on year to ¥28,564 million. Operating loss worsened ¥93 million to ¥112 million.

In the Real Estate Services segment, Mitsubishi Real Estate Services Co., Ltd. enjoyed an increase in revenue in connection with a rise in the number of home agency sales. Revenue from real estate brokerage services also increased due to a rise in the number of cases handled. Reflecting these factors, revenue from operations soared ¥2,441 million year on year to ¥25,816 million, and the segment posted an operating income totaling ¥210 million, a ¥655 million turnaround from the operating loss recorded in the previous fiscal year.

Revenue from operations in the Other segment slipped ¥591 million year on year to ¥3,281 million. Segment operating income also slipped ¥480 million to ¥189 million.

Other Income (Expenses)

Other income declined ¥1,893 million year on year to ¥9,342 million, mainly owing to decreases in interest and dividend income and equity in earnings of unconsolidated subsidiaries and affiliates. Other expenses contracted ¥245 million year on year to ¥40,933 million, primarily due to a decrease in interest expenses.

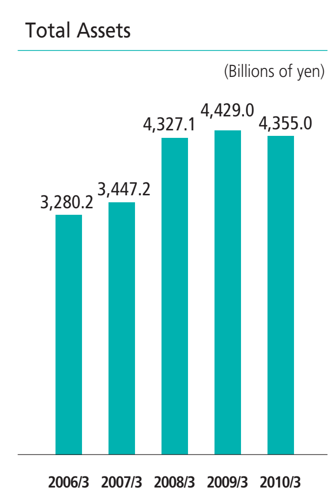
Turning to extraordinary items, Mitsubishi Estate posted an extraordinary income totaling ¥2,323 million, which consisted of a ¥1,263 million gain on transference of air right and a ¥1,059 million gain on sales of investment securities. Meanwhile, the Company recorded an extraordinary loss totaling ¥88,832 million, which was comprised of a ¥54,523 million impairment loss on equity investments and a ¥34,309 million impairment loss.

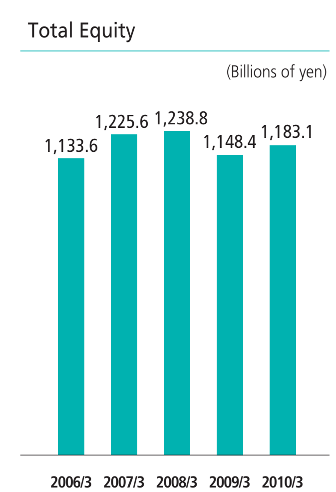
Millions of yen (rounded down)

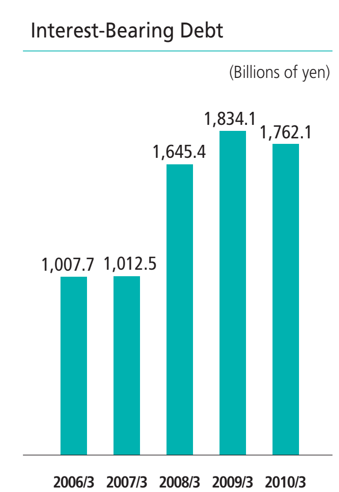
	2010/3	2009/3	YoY Change
Revenue from operations	1,013,415	942,626	70,788
Building Business	489,696	406,606	83,089
Residential Business	350,008	309,039	40,968
Urban Development & Investment Management Business	50,691	91,919	(41,227)
International Business	40,187	47,382	(7,195)
Architectural Design & Engineering	19,466	20,058	(591)
Custom-Built Housing	26,427	29,349	(2,922)
Hotel Business	28,564	30,775	(2,211)
Real Estate Services	25,816	23,374	2,441
Other	3,281	3,872	(591)
Eliminations	(20,724)	(19,752)	(971)
Operating Income	148,972	138,567	10,405
Building Business	149,836	119,204	30,631
Residential Business	(35,730)	(15,460)	(20,269)
Urban Development & Investment Management Business	40,259	33,504	6,755
International Business	10,496	12,526	(2,030)
Architectural Design & Engineering	1,392	2,178	(785)
Custom-Built Housing	(370)	(281)	(89)
Hotel Business	(112)	(19)	(93)
Real Estate Services	210	(445)	655
Other	189	669	(480)
Eliminations or Corporate	(17,198)	(13,309)	(3,888)

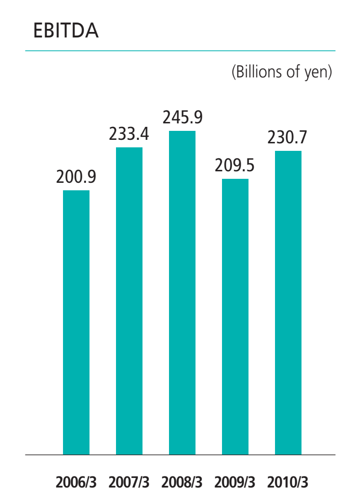
Net Income

Income before income taxes and minority interests plunged ¥59,133 million, or 65.7%, year on year to ¥30,872 million. Net income also plunged ¥33,522 million, or 73.8%, to ¥11,900 million. Net income per share stood at ¥8.58.









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 ¥6,727 million year on year to ¥177,825 million. Major cash inflows included income before income taxes and minority interests, depreciation and amortization and an increase in long-term borrowings. Major cash outflows included purchases of property and equipment and repayment of short-term borrowings.

Cash Flows from Operating Activities

Net cash provided by operating activities stood at ¥212,668 million, up ¥166,844 million from the previous fiscal year. For the fiscal year under review, income before income taxes and minority interests amounted to ¥30,872 million, and depreciation and amortization—a non-cash item—totaled ¥73,926 million. These and other cash inflows were adjusted to reflect movements in inventories, notes and accounts payable and interest expense as well as other items.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥112,639 million, a contraction of ¥101,860 million year on year. This was largely attributable to purchases of property and equipment.

Cash Flows from Financing Activities

Net cash used in financing activities amounted to ¥106,852 million, a turnaround of ¥247,907 million from the net cash provided by financing activities in the previous fiscal year. This turnaround reflected the repayment of long-term borrowings, the repayment of corporate bonds and other financing activities.

(2) Consolidated Balance Sheets

Compared with the previous fiscal year-end, total assets decreased ¥74,005 million to ¥4,355,065 million as a result of the operating, investing and financing activities previously mentioned.

Total liabilities, when compared with the previous fiscal year-end, dropped ¥105,514 million to ¥3,048,842 million. The balance of interest-bearing debt as of March 31, 2010 shrank ¥72,084 million from the previous fiscal year-end to ¥1,762,111 million. Deducting cash and cash equivalents, the net balance of interest-bearing debt as of March 31, 2010 declined ¥65,356 million year on year to ¥1,584,286 million.

Net assets increased ¥31,509 million year on year to ¥1,306,222 million. Decreases in such items as retained earnings were more than offset by increases in unrealized holding gain on securities and other items.

Disclosure of Fair Values of Investment and Rental Properties

Mitsubishi Estate and some of its consolidated subsidiaries own certain office buildings and retail facilities in Tokyo and other major cities in Japan as well as in the United States and the United Kingdom, with the aim of obtaining rental revenue from these buildings and facilities. Because certain leased office buildings among these are used by the Company or some of its consolidated subsidiaries, the Company has classified such buildings as real estate that includes portions used as investment and rental properties.

The following table shows the year-end amounts of investment and rental properties and other real estate that includes portions used as investment and rental properties, which have been included in the consolidated balance sheets as of March 31, 2010, as well as the fair values of such properties and real estate.

	Amount Included in Consolidated Balance Sheets (Millions of Yen)	Fair Value as of March 31, 2010 (Millions of Yen)
	Balance as of March 31, 2010	
Investment and Rental Properties	2,615,827	4,549,292
Real Estate That Includes Portions Used as Investment and Rental Properties	234,910	357,303

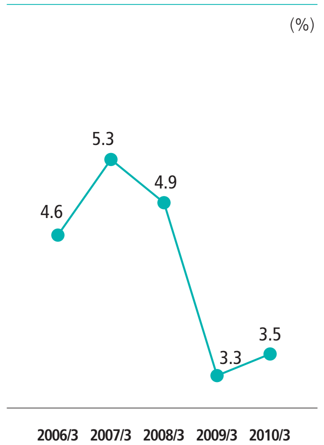
Notes: 1. The amount included in the consolidated balance sheets presented in the table above is equal to the total acquisition price for applicable properties or real estate less the aggregate amounts of depreciation and impairment loss for these properties or real estate.
2. The fair values of domestic properties and real estate have been calculated by Mitsubishi Estate, based mainly on the Japanese Real Estate Appraisal Standards. The fair values of overseas properties and real estate have been calculated mostly by local appraisers.

Also, the following table shows the performance of the investment and rental properties and other real estate that includes portions used as investment and rental properties for the fiscal year ended March 31, 2010.

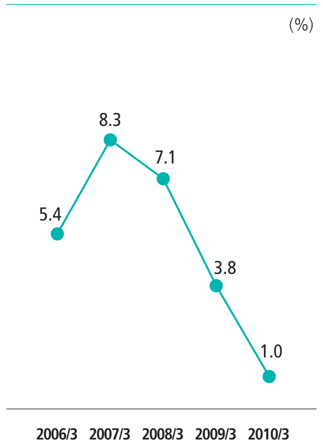
	Rental Revenue (Millions of Yen)	Rental Costs (Millions of Yen)	Difference (Millions of Yen)	Other Income (Loss) (Millions of Yen)
Investment and Rental Properties	339,750	215,040	124,709	(38,328)
Real Estate That Includes Portions Used as Investment and Rental Properties	21,474	17,352	4,121	(632)

Notes: 1. Real estate that includes portions used as investment and rental properties has portions that are used by Mitsubishi Estate and some of its consolidated subsidiaries for the purpose of providing related services and conducting operation management. Accordingly, rental revenue associated with these portions has been excluded.
Costs associated with applicable properties and real estate, such as depreciation costs, building management costs and taxes, have been included in rental costs.
2. Other income (loss) includes impairment loss, which totaled ¥34,243 million, and other.

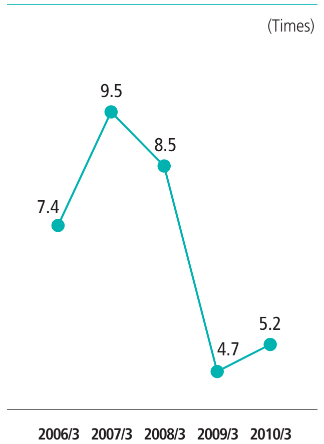
ROA



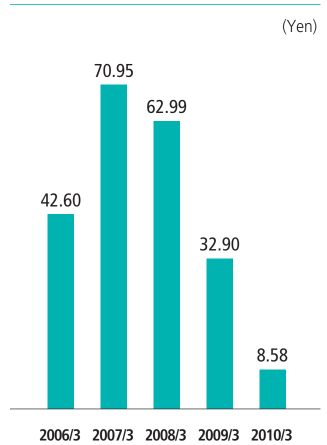
ROE



Interest Coverage Ratio



Net Income Per Share



Consolidated Statements of Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	**2010**
Revenue from operations	**¥ 1,013,415**	¥ 942,626	**$ 10,892,253**
Cost of revenue from operations	**(784,789)**	(728,002)	**(8,434,966)**
Selling, general and administrative expenses	**(79,653)**	(76,056)	**(856,116)**
Operating income	**148,972**	138,567	**1,601,170**
Other income (expenses):			
Interest and dividend income	**3,172**	5,768	**34,096**
Interest expenses	**(29,235)**	(31,240)	**(314,227)**
Equity in earnings of unconsolidated subsidiaries and affiliates	**763**	1,558	**8,208**
Other, net (Note 13)	**(92,800)**	(24,647)	**(997,430)**
	(118,100)	(48,561)	**(1,269,354)**
Income before income taxes and minority interests	**30,872**	90,005	**331,816**
Income taxes (Note 8):			
Current	**(16,319)**	(34,707)	**(175,406)**
Deferred	**4,966**	6,606	**53,381**
	(11,353)	(28,101)	**(122,025)**
Minority interests	**(7,618)**	(16,481)	**(81,883)**
Net income	**¥ 11,900**	¥ 45,423	**$ 127,907**

See accompanying notes to consolidated financial statements.

Consolidated Balance Sheets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Assets			
Current assets:			
Cash (Notes 6 and 16)	¥ 175,159	¥ 181,168	$ 1,882,622
Notes and accounts receivable – trade	31,889	28,949	342,745
Marketable securities (Note 15)	3,567	4,442	38,339
Allowance for doubtful receivables	(506)	(402)	(5,441)
Inventories (Notes 4 and 6)	493,775	600,536	5,307,132
Equity investments (Note 15)	226,201	257,879	2,431,223
Deferred income taxes (Note 8)	41,850	43,559	449,813
Other current assets	57,146	59,006	614,210
Total current assets	1,029,082	1,175,139	11,060,647
Investments:			
Investments in and advances to unconsolidated subsidiaries and affiliates	16,579	15,100	178,195
Investment securities (Notes 6 and 15)	184,743	137,354	1,985,639
Other investments (Note 5)	149,287	135,323	1,604,553
Total investments	350,610	287,778	3,768,388
Property and equipment (Note 6):			
Land	1,652,937	1,632,779	17,765,876
Land in trust	277,425	277,425	2,981,786
Buildings and structures	1,972,256	1,840,117	21,197,937
Machinery and equipment and other	118,483	106,956	1,273,467
Construction in progress	26,723	136,344	287,227
	4,047,825	3,993,622	43,506,295
Less accumulated depreciation	(1,175,804)	(1,123,904)	(12,637,622)
Property and equipment, net	2,872,021	2,869,718	30,868,672
Intangible and other assets (Note 6)	103,350	96,434	1,110,819
Total assets	¥ 4,355,065	¥ 4,429,070	$ 46,808,527

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 6)	¥ 431,672	¥ 406,604	$ 4,639,644
Notes and accounts payable – trade	78,800	101,450	846,950
Accrued income taxes (Note 8)	8,472	20,273	91,067
Advances and deposits	85,369	107,645	917,556
Accrued expenses and other current liabilities	46,708	53,623	502,021
Total current liabilities	651,023	689,597	6,997,240
Long-term debt (Note 6)	1,322,149	1,425,129	14,210,549
Lease deposits received	382,413	371,141	4,110,201
Accrued employees' retirement benefits (Note 7)	15,570	14,296	167,353
Deferred income taxes (Note 8)	555,951	539,505	5,975,399
Goodwill	83,705	84,921	899,674
Other non-current liabilities	38,029	29,766	408,743
Total liabilities	3,048,842	3,154,357	32,769,163
Net assets:			
Shareholders' equity (Note 9):			
Common stock, without par value:			
Authorized – 1,980,000,000 shares;			
Issued – 1,390,397,097 shares in 2010 and 2009	141,373	136,534	1,519,488
Capital surplus	170,485	165,216	1,832,390
Retained earnings	402,792	408,775	4,329,235
Less treasury stock, at cost	(3,926)	(3,715)	(42,203)
Total shareholders' equity	710,724	706,810	7,638,910
Valuation, translation adjustments and others:			
Unrealized holding gain on securities	59,729	30,730	641,980
Deferred gains or losses on hedging instruments	(376)	(591)	(4,046)
Land revaluation reserve	458,303	460,009	4,925,872
Foreign currency translation adjustments	(45,223)	(48,462)	(486,067)
Total valuation, translation adjustments and others	472,432	441,684	5,077,737
Stock acquisition rights	305	218	3,283
Minority interests	122,760	125,999	1,319,433
Contingent liabilities (Note 12)			
Total net assets	1,306,222	1,274,713	14,039,364
Total liabilities and net assets	¥ 4,355,065	¥ 4,429,070	$ 46,808,527

Consolidated Statements of Changes in Net Assets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

Millions of yen

	Shareholders' equity: Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
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-h)			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			25,421	(275)	25,145
Balance at March 31, 2009	136,534	165,216	408,775	(3,715)	706,810
Changes in the year:					
New issue of stock	4,839	5,269			10,108
Cash dividends paid			(19,372)		(19,372)
Net income			11,900		11,900
Purchase of treasury stock				(432)	(432)
Disposal of treasury stock			(27)	221	194
Land revaluation reserve (Note 1-h)			1,516		1,516
Net change in items other than those in shareholders' equity					
Total of changes in the year	4,839	5,269	(5,983)	(210)	3,914
Balance at March 31, 2010	¥141,373	¥170,485	¥402,792	¥(3,926)	¥710,724

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, 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-h)								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
Changes in the year:								
New issue of stock								10,108
Cash dividends paid								(19,372)
Net income								11,900
Purchase of treasury stock								(432)
Disposal of treasury stock								194
Land revaluation reserve (Note 1-h)								1,516
Net change in items other than those in shareholders' equity	28,999	215	(1,705)	3,238	30,747	87	(3,239)	27,595
Total of changes in the year	28,999	215	(1,705)	3,238	30,747	87	(3,239)	31,509
Balance at March 31, 2010	¥ 59,729	¥(376)	¥458,303	¥(45,223)	¥ 472,432	¥305	¥122,760	¥1,306,222

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, 2010 and 2009

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	$1,467,478	$1,775,754	$4,161,806	$(36,974)	$7,368,064
Decrease due to the change of accounting policies for consolidated foreign subsidiaries			(41,491)		(41,491)
Changes in the year:					
Cash dividends paid			(237,410)		(237,410)
Net income			488,209		488,209
Purchase of treasury stock				(6,983)	(6,983)
Disposal of treasury stock			(1,064)	4,020	2,955
Land revaluation reserve (Note 1-h)			22,164		22,164
Changes in consolidated subsidiaries and companies accounted for by the equity method			1,329		1,329
Net change in items other than those in shareholders' equity					
Total of changes in the year			273,229	(2,963)	270,266
Balance at March 31, 2009	1,467,478	1,775,754	4,393,545	(39,937)	7,596,840
Changes in the year:					
New issue of stock	52,010	56,635			108,646
Cash dividends paid			(208,220)		(208,220)
Net income			127,907		127,907
Purchase of treasury stock				(4,648)	(4,648)
Disposal of treasury stock			(292)	2,383	2,090
Land revaluation reserve (Note 1-h)			16,294		16,294
Net change in items other than those in shareholders' equity					
Total of changes in the year	52,010	56,635	(64,310)	(2,265)	42,070
Balance at March 31, 2010	$1,519,488	$1,832,390	$4,329,235	$(42,203)	$7,638,910

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	$ 963,259	$(3,837)	$5,079,300	$ (91,126)	$ 5,947,596	$1,531	$1,163,631	$14,480,824
Decrease due to the change of accounting policies for consolidated foreign subsidiaries								(41,491)
Changes in the year:								
Cash dividends paid								(237,410)
Net income								488,209
Purchase of treasury stock								(6,983)
Disposal of treasury stock								2,955
Land revaluation reserve (Note 1-h)								22,164
Changes in consolidated subsidiaries and companies accounted for by the equity method								1,329
Net change in items other than those in shareholders' equity	(632,968)	(2,522)	(135,092)	(429,753)	(1,200,337)	812	190,625	(1,008,899)
Total of changes in the year	(632,968)	(2,522)	(135,092)	(429,753)	(1,200,337)	812	190,625	(738,633)
Balance at March 31, 2009	330,290	(6,360)	4,944,208	(520,879)	4,747,258	2,344	1,354,256	13,700,700
Changes in the year:								
New issue of stock								108,646
Cash dividends paid								(208,220)
Net income								127,907
Purchase of treasury stock								(4,648)
Disposal of treasury stock								2,090
Land revaluation reserve (Note 1-h)								16,294
Net change in items other than those in shareholders' equity	311,689	2,313	(18,336)	34,812	330,478	938	(34,822)	296,594
Total of changes in the year	311,689	2,313	(18,336)	34,812	330,478	938	(34,822)	338,664
Balance at March 31, 2010	$ 641,980	$(4,046)	$4,925,872	$(486,067)	$ 5,077,737	$3,283	$1,319,433	$14,039,364

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 2009

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2010	2009	2010
Cash flows from operating activities			
Income before income taxes and minority interests	¥ 30,872	¥ 90,005	$ 331,816
Depreciation and amortization	73,926	60,364	794,565
Loss on sales or disposal of property and equipment	4,442	2,779	47,749
Gain on sales of securities	(1,058)	(6,473)	(11,376)
Valuation loss on securities	976	7,532	10,497
Valuation loss on equity investments	54,523	–	586,019
Valuation loss on inventories	–	7,375	–
Impairment loss	34,309	2,447	368,758
Loss on cancellation of real estate sales contract	–	4,991	–
Gain on grant of transferable development air rights	(1,263)	–	(13,584)
Equity in net income of affiliates	(763)	(1,558)	(8,208)
Increase (decrease) in allowances	23	2,079	249
Interest and dividend income	(3,172)	(5,768)	(34,096)
Interest expense	29,235	31,240	314,227
(Increase) decrease in notes and accounts receivable	(2,091)	7,394	(22,481)
(Increase) decrease in inventories	106,227	16,048	1,141,734
(Increase) decrease in equity investments	(20,284)	(93,848)	(218,023)
Increase (decrease) in notes and accounts payable	(24,352)	(12,655)	(261,739)
Increase (decrease) in lease deposits received	11,272	6,082	121,153
Other	(16,518)	7,303	(177,540)
Subtotal	276,302	125,343	2,969,721
Interest and dividends received	3,422	6,330	36,788
Interest paid	(29,219)	(30,555)	(314,052)
Income taxes paid	(37,837)	(55,293)	(406,682)
Net cash provided by operating activities	212,668	45,824	2,285,775
Cash flows from investing activities			
Proceeds from sales of marketable securities	312	142	3,362
Proceeds from sales of property and equipment	4,468	169	48,026
Purchases of property and equipment	(112,214)	(196,258)	(1,206,087)
Proceeds from sales of investment securities	1,911	8,903	20,540
Purchases of investment securities	(4,112)	(10,681)	(44,205)
Purchase of investments in subsidiaries resulting in change in scope of consolidation	–	(12,150)	–
Other (Note 16)	(3,004)	(4,625)	(32,294)
Net cash used in investing activities	(112,639)	(214,500)	(1,210,658)
Cash flows from financing activities			
Net increase and decrease in short-term borrowings	(30,678)	81,114	(329,739)
Net increase and decrease in commercial paper	(10,000)	–	(107,480)
Increase in long-term borrowings	236,677	267,790	2,543,822
Repayment of long-term borrowings	(261,603)	(185,047)	(2,811,735)
Proceeds from issuance of corporate bonds	45,784	66,649	492,096
Repayment of corporate bonds	(61,190)	(41,601)	(657,683)
Cash dividends paid	(19,372)	(22,088)	(208,220)
Other	(6,467)	(25,761)	(69,515)
Net cash (used in) provided by financing activities	(106,852)	141,055	(1,148,456)
Effect of exchange rate changes on cash and cash equivalents	612	(7,585)	6,584
Net increase and decrease in cash and cash equivalents	(6,210)	(35,206)	(66,755)
Cash and cash equivalents at beginning of year	184,552	219,712	1,983,587
Increase in cash and cash equivalents arising from mergers and acquisitions	–	542	–
Cash and cash equivalents of subsidiaries excluded from consideration	(516)	(495)	(5,555)
Cash and cash equivalents at end of year (Note 16)	¥ 177,825	¥ 184,552	$ 1,911,276

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2010 and 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 its consolidated 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 and its consolidated subsidiaries consider 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, 2010 and 2009 is presented in Note 16.

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 and its consolidated subsidiaries have 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 and its consolidated subsidiaries review their 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. They perform cash flow analyses to determine if 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 22 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 1 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 of construction contracts, of which the percentage of completion can be reliably estimated, is recognized by the percentage-of-completion method. The percentage-of-completion method is calculated at the cost incurred by the end of the consolidated fiscal year as a percentage of estimated total cost. The completed-contract method continues to be applied for other contracts for which the percentage of completion cannot be reliably estimated.

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

n. Appropriation of retained earnings

Under 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 construction contracts

Until the year ended March 31, 2009, revenue from architectural design and engineering business was recognized at the date of completion of each relevant project in the Architectural Design and Engineering Division, except that certain long-term (over one year) projects over ¥500 million in total revenue were recognized by the percentage of completion method. Revenue from construction contracts was recognized at the date of completion of each relevant project in the Architectural Design and Engineering Division, except that certain long-term (over one year) projects over ¥5,000 million in total revenue were recognized by the percentage of completion method.

Effective April 1, 2009, the Company has adopted the "Accounting Standard for Construction Contracts" (Financial Accounting Standard No. 15 issued by Accounting Standards Board of Japan on December 27, 2007) and "Implementation Guidelines for Accounting Standard for Construction Contracts" (Financial Accounting Standards Implementation Guidelines No. 18 issued by Accounting Standards Board of Japan on December 27, 2007). Under the new accounting standard and guidelines, revenues and costs of construction contracts that commenced on or after April 1, 2009, of which the percentage of completion can be reliably estimated, are recognized by the percentage-of-completion method. The percentage of completion is calculated at the cost incurred as a percentage of the estimated total cost. The completed-contract method continues to be applied for other contracts for which the percentage of completion cannot be reliably estimated. Due to these changes, revenue from operations for the fiscal year ended March 31, 2010 increased by ¥421 million ($4,534 thousand), while operating income and net income before income taxes and minority interests all increased by ¥131 million ($1,417 thousand).

Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)

Effective April 1, 2009, the Company has adopted "Partial Amendments to Accounting Standard for Retirement Benefits (Part 3)" (Financial Accounting Standards No. 19 issued by Accounting Standards Boards of Japan on July 31, 2008). This change had no effect on operating income and net income before income taxes and minority interests.

Accounting Standard for Business Combinations and Others

"Accounting Standard for Business Combinations" (Financial Accounting Standard No. 21 issued by the Accounting Standards Board of Japan on December 26, 2008), "Accounting Standard for Consolidated Financial Statements" (Financial Accounting Standard No. 22 issued by the Accounting Standards Board of Japan on December 26, 2008), "Partial Amendments to Accounting Standard for Research and Development Costs, etc." (Financial Accounting Standard No. 23 issued by the Accounting Standards Board of Japan on December 26, 2008), "Accounting Standard for Business Divestures, etc." (Financial Accounting Standard No. 7 issued by the Accounting Standards Board of Japan on December 26, 2008), "Accounting Standard for the Equity Method" (Financial Accounting Standard No. 16 announced by the Accounting Standards Board of Japan on December 26, 2008), and "Implementation Guidelines for Accounting Standard for Business Combinations and Accounting Standard for Business Divestures, etc." (Financial Accounting Standard Implementation Guidelines No. 10 issued by the Accounting Standards Board of Japan on December 26, 2008) can be applied to the first business combination and divesture, etc. during the consolidated fiscal year starting after April 1, 2009. Thus, the Company has adopted these accounting standards effective April 1, 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 ¥93.04 = U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2010. 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 Inventories

Inventories at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Real estate for sale	¥150,245	¥198,085	$1,614,851
Land and housing projects in progress	323,943	383,352	3,481,769
Land held for development	8,844	8,974	95,065
Other	10,741	10,123	115,446
Total	¥493,775	¥600,536	$5,307,132

5 Other Investments

Other investments at March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Lease deposits	¥ 96,017	¥ 88,983	$1,032,000
Long-term prepaid expenses and other	53,270	46,340	572,552
Total	¥149,287	¥135,323	$1,604,553

6 Short-Term Borrowings and Long-Term Debt

At March 31, 2010 and 2009, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Loans, principally from banks	¥105,586	¥139,300	$1,134,851
Commercial paper	–	10,000	–
Current portion of long-term debt	326,085	257,303	3,504,792
Total	¥431,672	¥406,604	$4,639,644

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2010 and 2009 were 0.72% and 1.43%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2010 and 2009, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
1.82% unsecured bonds due 2009	–	¥10,000	–
3.075% unsecured bonds due 2009	–	10,000	–
2.0% unsecured bonds due 2009	–	10,000	–
1.985% unsecured bonds due 2009	–	10,000	–
0.72% unsecured bonds due 2009	–	10,000	–
1.9% unsecured bonds due 2010	¥10,000	10,000	$107,480
2.29% unsecured bonds due 2010	10,000	10,000	107,480
1.55% unsecured bonds due 2011	10,000	10,000	107,480
1.44% unsecured bonds due 2011	10,000	10,000	107,480
1.16% unsecured bonds due 2011	10,000	10,000	107,480
1.47% unsecured bonds due 2012	10,000	10,000	107,480
1.58% unsecured bonds due 2012	20,000	20,000	214,961
3.275% unsecured bonds due 2012	10,000	10,000	107,480
2.77% unsecured bonds due 2012	10,000	10,000	107,480
1.395% unsecured bonds due 2012	10,000	10,000	107,480
1.2% unsecured bonds due 2012	10,000	10,000	107,480
1% unsecured bonds due 2013	10,000	10,000	107,480
0.785% unsecured bonds due 2013	10,000	10,000	107,480
1.675% unsecured bonds due 2014	10,000	10,000	107,480
1.349% unsecured bonds due 2014	10,000	10,000	107,480
1.65% unsecured bonds due 2014	10,000	10,000	107,480
1.75% unsecured bonds due 2014	10,000	10,000	107,480
1.655% unsecured bonds due 2014	10,000	10,000	107,480
1.409% unsecured bonds due 2015	10,000	10,000	107,480
1.295% unsecured bonds due 2015	10,000	10,000	107,480
1.572% unsecured bonds due 2015	10,000	10,000	107,480
1.443% unsecured bonds due 2016	15,000	15,000	161,220
1.985% unsecured bonds due 2016	10,000	10,000	107,480
1.88% unsecured bonds due 2016	10,000	10,000	107,480
1.79% unsecured bonds due 2017	10,000	10,000	107,480
2.045% unsecured bonds due 2017	10,000	10,000	107,480
1.825% unsecured bonds due 2017	10,000	10,000	107,480
3.125% unsecured bonds due 2017	10,000	10,000	107,480
1.77% unsecured bonds due 2017	20,000	20,000	214,961
1.65% unsecured bonds due 2018	10,000	10,000	107,480
2.005% unsecured bonds due 2018	10,000	10,000	107,480
3% unsecured bonds due 2018	10,000	10,000	107,480
1.84% unsecured bonds due 2018	15,000	15,000	161,220
1.72% unsecured bonds due 2018	10,000	10,000	107,480
1.87% unsecured bonds due 2019	15,000	–	161,220
1.62% unsecured bonds due 2019	10,000	–	107,480
1.53% unsecured bonds due 2019	10,000	–	107,480
1.975% unsecured bonds due 2019	10,000	10,000	107,480
1.805% unsecured bonds due 2019	10,000	10,000	107,480
2.5% unsecured bonds due 2020	10,000	10,000	107,480
2.42% unsecured bonds due 2022	10,000	10,000	107,480
1.50% unsecured bonds due 2022	10,000	10,000	107,480
2.075% unsecured bonds due 2023	10,000	10,000	107,480
2.28% unsecured bonds due 2024	10,000	10,000	107,480
2.305% unsecured bonds due 2027	10,000	10,000	107,480
2.385% unsecured bonds due 2027	10,000	10,000	107,480
2.52% unsecured bonds due 2027	15,000	15,000	161,220
2.425% unsecured bonds due 2027	10,000	10,000	107,480
2.555% unsecured bonds due 2028	10,000	10,000	107,480
2.9% unsecured bonds due 2032	10,000	10,000	107,480
2.615% unsecured bonds due 2032	10,000	10,000	107,480
2.04% unsecured bonds due 2032	20,000	20,000	214,961
1.72% unsecured bonds due 2033	10,000	10,000	107,480
Floating rate bonds due 2009 (payable in U.S. dollars)	–	13,216	–
Floating rate bonds due 2010 (payable in U.S. dollars)	9,916	–	106,582
Loans from banks and insurance companies:			
Secured	316,498	403,640	3,401,743
Unsecured	741,820	670,576	7,973,138
	1,648,235	1,682,432	17,715,342
Less current portion	(326,085)	(257,303)	(3,504,792)
	¥1,322,150	¥1,425,129	$17,715,342

The aggregate annual maturities of long-term debt subsequent to March 31, 2010 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥ 326,085	$ 3,504,792
2012	234,099	2,516,116
2013	271,957	2,923,012
2014	114,262	1,228,105
2015	177,656	1,909,462
2016 and thereafter	524,173	5,633,853
Total	¥1,648,235	$17,715,342

The assets pledged as collateral for short-term borrowings of ¥100 million ($1,074 thousand) and long-term debt of ¥316,498 million ($3,401,743 thousand) at March 31, 2010 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash	¥ 5,640	$ 60,626
Land and housing projects in progress	16,675	179,226
Buildings and structures	179,178	1,925,825
Machinery and equipment	5,278	56,735
Land	256,393	2,755,735
Land in trust	276,443	2,971,228
Other property and equipment	0	9
Investment securities	68	739
Total	¥739,679	$7,950,126

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.

7 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, 2010 and 2009 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Retirement benefit obligation	¥(97,035)	¥(94,714)	$(1,042,946)
Plan assets at fair value	74,687	62,832	802,745
Unfunded retirement benefit obligation	(22,348)	(31,882)	(240,201)
The net retirement benefit obligation at transition of the accounting standards	30	38	331
Unrecognized actuarial loss	15,154	27,521	162,885
Unrecognized prior service cost	946	1,099	10,177
Net amounts recognized in the consolidated balance sheet	(6,215)	(3,223)	(66,807)
Prepaid pension expenses	9,691	11,422	104,163
Accrued employees' retirement benefits	¥(15,907)	¥(14,645)	$(170,970)

* The accrued employees' retirement benefits recognized by Rockefeller Group, Inc., a consolidated subsidiary, in the amount ¥336 million ($3,617 thousand) was presented in other current liabilities.

The components of expenses related to the pension and severance plans for the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Service cost	¥ 4,493	¥ 4,182	$ 48,294
Interest cost	2,267	2,251	24,374
Expected return on plan assets	(1,342)	(1,645)	(14,433)
Amortization of net retirement benefit obligation at transition	9	10	106
Amortization of actuarial loss	3,080	635	33,107
Other	518	352	5,574
Total	¥ 9,027	¥ 5,787	$ 97,022

The assumptions used in accounting for the pension and severance plans for the years ended March 31, 2010 and 2009 were as follows:

	2010	2009
Discount rate	1.5 ~ 5.75%	2.0 ~ 6.0%
Expected rate of return on plan assets	0.5 ~ 7.5%	0.5 ~ 7.5%

8 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, 2010 and 2009. 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, 2010 differ from the statutory tax rate for the following reasons:

	2010	2009
Statutory tax rate	40.69%	40.69%
Increase (decrease) in income taxes resulting from:		
Change in valuation allowance	3.03	23.02
Different tax rates applied	(0.19)	0.66
Revenues deductible for income tax purposes	(24.50)	(0.74)
Expenses not deductible for income tax purposes	1.65	0.71
Undistributed earnings of affiliates	0.28	(30.66)
Equity income	(0.88)	(0.57)
Expiration of net operating loss carry forwards	9.37	–
Other	7.33	(1.89)
Effective tax rates	36.78%	31.22%

The significant components of deferred tax assets and liabilities as of March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Deferred tax assets:			
Net operating loss carry forwards	¥ 24,669	¥ 20,105	$ 265,149
Accrued retirement allowances and pension costs	14,501	13,571	155,862
Valuation loss on inventories	17,163	47,651	184,477
Unrealized loss on property and equipment	63,759	53,436	685,292
Unrealized loss on property and equipment by consolidation	17,668	17,991	189,906
Land revaluation reserve	54,306	55,109	583,690
Loss on valuation of equity investments	21,642	–	232,612
Other	28,936	29,323	311,013
	242,648	237,188	2,608,004
Valuation allowance	(69,545)	(69,505)	(747,479)
Total deferred tax assets	173,103	167,683	1,860,525
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	(65,373)	(63,802)	(702,643)
Land revaluation reserve	(375,804)	(377,647)	(4,039,174)
Unrealized gain on property and equipment by consolidation	(178,755)	(180,405)	(1,921,278)
Unrealized gain on securities	(39,476)	(21,800)	(424,296)
Other	(20,035)	(16,053)	(215,346)
Total deferred tax liabilities	(679,446)	(659,709)	(7,302,739)
Net deferred tax liabilities	¥(506,343)	¥(492,026)	$(5,442,214)

9 Shareholders' Equity

The Corporation Law of Japan (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 ¥170,485 million ($1,832,390 thousand), and the legal reserve amounted to ¥21,663 million ($232,843 thousand) at March 31, 2010. 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.

10 Amounts per Share

	Yen		U.S. dollars
Year ended March 31,	2010	2009	2010
Net income:			
Basic	¥ 8.58	¥32.90	$0.09
Diluted	8.58	32.90	0.09
Cash dividends applicable to the year	12.00	16.00	0.12

	Yen		U.S. dollars
March 31,	2010	2009	2010
Net assets	¥852.36	¥832.01	$9.16

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.

11 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, 2010 and 2009, 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			
	2010							
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	¥16,546	¥ 9,870	¥278	¥6,397	$177,845	$106,084	$2,995	$68,764
Others	3,987	2,654	1	1,331	42,853	28,527	14	14,311
Total	¥20,533	¥12,524	¥280	¥7,729	$220,698	$134,611	$3,010	$83,076

	Millions of yen			
	2009			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	¥18,373	¥ 9,315	¥357	¥ 8,701
Others	6,290	3,807	4	2,478
Total	¥24,663	¥13,122	¥361	¥11,179

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥2,498 million ($26,848 thousand) and ¥3,394 million for the years ended March 31, 2010 and 2009, respectively.

Future minimum lease payments subsequent to March 31, 2010 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
2011	¥3,870	¥ 2,773	$41,598	$ 29,813
2012 and thereafter	4,139	53,934	44,487	579,688
Total	¥8,009	¥56,708	$86,086	$609,502

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, 2010 from noncancelable operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2011	¥181,365	$1,949,327
2012 and thereafter	656,107	7,051,891
Total	¥837,473	$9,001,218

12 Contingent Liabilities

At March 31, 2010, 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	¥ 2,290	$ 24,613
Guarantees of house purchasers' loans from banks and others	53,686	577,026
Other	260	2,803
Total	¥56,237	$604,442

13 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for each of the years ended March 31, 2010 and 2009 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Amortization of negative goodwill	¥ 1,060	¥ 1,041	$ 11,400
Gain on sales of shares of affiliated companies	–	6,283	–
Gain on grant of transferable development air rights	1,263	–	13,584
Gain on sales of investment securities	1,059	–	11,386
Loss on disposal of fixed assets	(6,676)	(4,024)	(71,762)
Loss related to retirement of fixed assets	–	(2,562)	–
Loss on valuation of inventories	–	(7,375)	–
Impairment loss (*1)	(34,309)	(2,447)	(368,758)
Loss on valuation of equity investments	(54,523)	–	(586,019)
Loss on valuation of investment securities	–	(7,524)	–
Loss on cancellation of contracts for sales of real estate	–	(4,991)	–
Other, net	(675)	(3,045)	(7,261)
	¥(92,800)	¥(24,647)	$(997,430)

(*1) Impairment loss

The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2010:

Major Application	Category	Location
Leased assets, etc. (total 9 groups)	Construction in progress, etc.	Shinjuku-ku, Tokyo, etc.
International businesses (total 6 group)	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, 2010, the book values of 15 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 in the amount of ¥34,309 million ($368,758 thousand).

The breakdown of such impairment loss was ¥815 million ($8,761 thousand) in land, ¥427 million ($4,599 thousand) in buildings and structures and ¥33,066 million ($355,397 thousand) in construction in progress, respectively.

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, 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 in the amount of ¥2,447 million.

The breakdown of such impairment loss was ¥976 million in land, ¥1,057 million in buildings and structures and ¥413 million in construction in progress, respectively.

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.

14 Financial Instruments

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment, the Company and its consolidated subsidiaries (collectively, the "Group") raise funds mainly through bank borrowings and bond issues. In terms of fund management, the Group makes every effort to avoid market risks by emphasizing liquidity and shortening the fund management period. The Group uses derivatives for the purpose of hedging exposures to interest rates and reducing interest expenses and do not enter into derivatives for speculative purpose.

(2) Types of financial instruments and related risk

Trade receivables – notes and accounts receivable- are exposed to credit risk in relation to customers. Trade receivables denominated in foreign currencies, which arise from overseas operation, are exposed to foreign currency exchange risk.

Marketable securities and investment securities are exposed to market risk. Those securities are composed of mainly held-to-maturity debt securities and the shares of common stock of other companies with which the Group has business relationships.

Equity investments are composed of mainly preferred equity investments in special purpose companies under the Law concerning Liquidation of Assets, investments in investment unit of trust held in real estates and investments in silent partnership for special purpose companies. They are exposed to credit risks of issuers, risks of fluctuations in interest rates and market prices, respectively.

Lease and guarantee deposit for leased assets are exposed to credit risks of customers.

Substantially all trade payables - accounts and notes payable - have payment due dates within one year. Some of them denominated in foreign currencies are exposed to foreign currency exchange risk.

Borrowings and bonds are taken out principally for the purpose of making capital investments and the repayment dates of the long-term debt extend up to 23 years from the balance sheet date. Certain long-term debt with variable interest rates is exposed to interest rate fluctuation risk. However, to reduce such risk for long-term debt bearing interest at variable rates, the Group utilizes derivative transactions (interest rate swap) as a hedging instrument.

Derivative transactions include interest rate swap and currency swap transactions. The Group also enters into interest rate swap transactions to fix interest expense for long-term debt bearing interest at variable rates and to reduce interest rate fluctuation risk. Some of the consolidated subsidiaries enter into interest swap and currency swap transactions in accordance with the same policies and purposes adopted by the Company.

(3) Risk management for financial instruments

(a) Monitoring of credit risk (the risk that customers or counterparties may default)

In accordance with the internal policies for managing credit risk of the Group arising from receivables and lease and guarantee deposits, each related division in each business segment monitors credit worthiness of their main customers periodically, and monitors due dates and outstanding balances by individual customer. In addition, the Group is making efforts to identify and mitigate risks of bad debts from customers who are having financial difficulties.

(b) Monitoring of market risks (the risks arising from fluctuations in foreign exchange rates, interest rates and others)

In order to mitigate the interest rate risk for loans payable and bonds bearing interest at variable rates, the Group may also enter into interest rate swap and currency swap transactions.

For marketable securities and investment securities, the Group periodically reviews the fair values of such financial instruments and the financial position of the issuers (business partners). In addition, the Group continuously evaluates whether securities other than those classified as held-to-maturity should be maintained taking into account their fair values and relationships with the issuers (business partners).

(c) Monitoring of liquidity risk (the risk that the Group may not be able to meet its obligations on scheduled due dates)

Based on the report from each division, the Group prepares and updates its cash flow plans on a timely basis and stabilizes liquidity to manage liquidity risk.

(4) Supplementary explanation of the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair value.

Estimated Fair Value of Financial Instruments

Carrying value of financial instruments on the consolidated balance sheet as of March 31, 2010 and unrealized gains (losses) are shown in the following table. The following table does not include financial instruments for which it is extremely difficult to determine the fair value. (Please refer to Note 2 below).

	Millions of yen			Thousands of U.S. dollars		
	2010					
	Carrying Value	Estimated Fair Value	Difference	Carrying Value	Estimated Fair Value	Difference
1) Cash and due from banks	¥ 175,159	¥ 175,159	–	$ 1,882,622	$ 1,882,622	–
2) Notes and accounts receivable – trade	31,889			342,745		
Allowance for doubtful receivables (*1)	(506)			(5,441)		
	31,382	31,382	–	337,304	337,304	–
3) Securities and Investment securities						
(i) Held-to-maturity debt securities	3,927	3,947	¥ 19	42,215	42,423	$ 208
(ii) Other securities	174,523	174,523	–	1,875,792	1,875,792	–
4) Equity investments	8,248	8,248	–	88,653	88,653	–
Total assets	¥ 393,241	¥ 393,261	¥ 19	$ 4,226,588	$ 4,226,796	$ 208
1) Notes and accounts payable – trade	¥ 78,800	¥ 78,800	–	$ 846,950	$ 846,950	–
2) Short-term borrowings	105,586	105,586	–	1,134,851	1,134,851	–
3) Current portion of long-term borrowings	286,169	286,169	–	3,075,768	3,075,768	–
4) Current portion of long-term bonds	39,916	39,916	–	429,024	429,024	–
5) Long-term bonds	550,000	560,818	¥10,818	5,911,435	6,027,714	$116,279
6) Long-term borrowings	772,149	776,558	4,408	8,299,113	8,346,497	47,383
Total liabilities	¥1,832,622	¥1,847,849	¥15,227	$19,697,144	$19,860,807	$163,662

(*1) The value of notes and account receivable-trade is shown at net value, after deducting allowance for doubtful accounts.

Note 1: Methods to determine the estimated fair value of financial instruments and other matters related to securities and derivative transactions

Assets

Cash on hand and in banks

Since these items are settled in a short period of time, their carrying value approximates fair value.

Notes and accounts receivable - trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

Marketable securities and investment securities

The fair value of stocks is based on quoted market prices. The fair value of debt securities is mainly based on prices provided by the financial institutions making markets in these securities. For information on securities classified by holding purpose, please refer to Note 15. "Marketable Securities and Investment Securities."

Equity investments

The fair value of equity investments is based on quoted market prices.

Liabilities

Notes and accounts payable - trade

Since these items are settled in a short period of time, their carrying value approximates fair value.

Short-term borrowings

Since these items are settled in a short period of time, their carrying value approximates fair value.

Current portion of long-term borrowings

Since these items are settled in a short period of time, their carrying value approximates fair value.

Current portion of bonds

Since these items are settled in a short period of time, their carrying value approximates fair value.

Bonds

The fair value of bonds is based on the quoted market price.

Long-term borrowings

Since variable interest rates of certain long-term borrowings are determined based on current interest rate in a short period of time, their carrying value approximates fair value. The fair value of long-term borrowings with fixed interest rate is based on the present value of the total of principal and interest discounted by the interest rate to be applied if similar new borrowings were entered into.

Derivatives Transactions

Please refer to Note 17. "Derivatives and hedging activities".

Note 2: Financial instruments for which it is extremely difficult to determine the fair value

	Millions of yen	Thousands of U.S. dollars
	2010	
(i) Unlisted stocks *1	¥ 26,418	$ 283,952
(ii) Equity investments *2	217,952	2,342,569
(iii) Lease and guarantee deposit receivables *3	96,017	1,032,000
(iv) Lease and guarantee deposit payables *4	¥382,413	4,110,201

*1. Because no quoted market price is available and it is extremely difficult to determine the fair value, unlisted stocks are not included in the above table.

*2. Because it is extremely difficult to determine the fair value for equity investments which are not listed and have no quoted market price, they are not included in the above table.

*3. Because no quoted market price for lease and guarantee deposit receivables for rental properties is available and calculation of the actual period of duration from lease initiation to evacuation is difficult, it is extremely difficult to estimate a reasonable amount of cash flow and therefore they are not included in the above table.

*4. Because no quoted market price for lease and guarantee deposit payables for rental properties is available and calculation of the actual period of duration from lease initiation to evacuation is difficult, it is extremely difficult to estimate a reasonable amount of cash flow, and therefore they are not included in the above table.

Note 3: Redemption schedule for receivables and marketable securities with maturities at March 31, 2010

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2010	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years	Due in One Year or Less	Due after One Year through Five Years	Due after Five Years through Ten Years	Due after Ten Years
Cash on hand and in banks	¥175,009	–	–	–	$1,881,016	–	–	–
Notes and accounts receivable – trade	31,889	–	–	–	342,745	–	–	–
Marketable securities and investment securities:								
Held-to-maturity debt securities								
National and local government bonds	15	¥ 150	¥ 30	–	161	$ 1,612	$ 322	–
Corporate bonds	220	1,951	1,556	–	2,367	20,975	16,729	–
Other	–	25	–	–	–	268	–	–
Other marketable securities with maturities:								
Corporate bonds	–	–	–	–	–	–	–	–
Other	2,279	–	–	–	24,504			
Total	¥209,414	¥2,126	¥1,586	–	$2,250,796	$22,856	$17,051	–

Note 4: The redemption schedule for bonds and long-term borrowings

	Millions of yen						Thousands of U.S. dollars					
As of March 31, 2010	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years	Due in One Year or Less	Due after One Year through Two Years	Due after Two Years through Three Years	Due after Three Years through Four Years	Due after Four Years through Five Years	Due after Five Years
Corporate bonds	¥ 40,000	¥ 30,000	¥ 70,000	¥ 30,000	¥ 40,000	¥380,000	$ 429,922	$ 322,441	$ 752,364	$ 322,441	$ 429,922	$4,084,264
Long-term borrowings	286,189	204,099	201,957	84,262	137,656	144,173	3,075,768	2,193,674	2,170,647	905,663	1,479,539	1,549,588
Total	¥326,169	¥234,099	¥271,957	¥114,262	¥177,656	¥524,173	$3,505,690	$2,516,116	$2,923,012	$1,228,105	$1,909,462	$5,633,853

15 Marketable Securities and Investment Securities

Marketable and investment securities classified as other securities at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010					
	Cost	Fair value	Unrealized gain (loss)	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:						
Equity securities	¥67,335	¥164,626	¥ 97,290	$723,729	$1,769,415	$1,045,685
Other	5,481	8,249	2,767	58,912	88,662	29,749
Subtotal	72,817	172,875	100,058	782,642	1,858,077	1,075,434
Securities whose cost exceeds their fair value:						
Equity securities	11,204	9,896	(1,308)	120,428	106,368	(14,059)
Total	¥84,021	¥182,772	¥ 98,750	$903,071	$1,964,446	$1,061,374

	Millions of yen		
	2009		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Equity securities	¥51,170	¥102,701	¥51,531
Other	5,331	7,682	2,351
Subtotal	56,501	110,384	53,882
Securities whose cost exceeds their fair value:			
Equity securities	27,905	25,774	(2,131)
Total	¥84,407	¥136,158	¥51,751

Proceeds from sales of securities classified as other securities totaled ¥1,472 million ($15,828 thousand) in 2010 and ¥279 million in 2009, respectively. Gross realized gain was ¥1,059 million ($11,386 thousand) in 2010 and ¥197 million in 2009, respectively. Gross realized loss was "¥0" in 2010 and ¥0 million in 2009, respectively.

Marketable debt securities classified as held-to-maturity securities at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2010					
	Amortized cost	Fair value	Unrealized gain (loss)	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:						
Government bonds	¥ 162	¥ 164	¥ 2	$ 1,743	$ 1,766	$ 23
Corporate bonds	863	880	17	9,279	9,468	192
Subtotal	1,025	1,045	20	11,022	11,235	215
Debt securities whose cost exceeds their fair value:						
Government bonds	29	28	(0)	315	310	(4)
Corporate bonds	2,872	2,872	–	30,877	30,877	–
Subtotal	2,902	2,901	(0)	31,192	31,188	(4)
Total	¥3,927	¥3,947	¥19	$42,215	$42,423	$211

	2009 Millions of yen		
	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 214	¥ 215	¥ 1
Corporate bonds	–	–	–
Subtotal	214	215	1
Debt securities whose cost exceeds their fair value:			
Government bonds	–	–	–
Corporate bonds	1,913	1,905	(8)
Subtotal	1,913	1,905	(8)
Total	¥2,127	¥2,121	¥(6)

Marketable and investment securities recorded at cost at March 31, 2010 and 2009 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Other securities:			
Nonmarketable equity securities (other than equity securities listed on the over-the-counter market)	¥ 6,342	¥ 6,504	$ 68,169
Mutual funds	344	344	3,703
Commercial papers	2,279	1,499	24,503
MMF	15	16	171
Investments in silent partnerships	22,993	22,935	247,132
Other	851	2,758	9,154
Total	¥32,827	¥34,058	$352,835

The Company recognized losses on other securities considered temporary amounting to ¥522 million ($5,610 thousand) in 2010 and ¥7,120 million in 2009, and on other securities considered other-than-temporary amounting to ¥438 million ($4,717 thousand) in 2010 and ¥404 million in 2009, respectively.

16 Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2010 and 2009:

	Millions of yen		Thousands of U.S. dollars
	2010	2009	2010
Cash	¥175,159	¥181,168	$1,882,622
Time deposits with maturities of more than three months	(665)	(760)	(7,149)
Marketable securities with maturities of three months or less	3,331	4,145	35,802
Cash and cash equivalents	¥177,825	¥184,552	$1,911,276

17 Derivatives and Hedging Activities

1. Currency-related transactions

		2010 Millions of yen			2010 Thousands of U.S. dollars		
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair value	Notional Amount	Due after One Year	Fair value
Currency swap contracts	Corporate bonds	¥10,000	–	¥339	$107,480	–	$3,650

Calculation method of fair value is based on the data obtained from financial institutions.

2. Interest-related transactions

		2010 Millions of yen			2010 Thousands of U.S. dollars		
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair value	Notional Amount	Due after One Year	Fair value
Interest swap contracts Pay/fix and Receive/floating	Short-term borrowings and Long-term borrowings	¥ 20,630	¥ 7,736	¥342	$ 221,736	$ 83,151	$3,678
Interest swap contracts Receive/fix and Pay/floating	Corporate bonds	10,000	–	339	107,480	–	3,650
Interest swap contracts by short-cut Method Pay/fix and Receive/floating	Long-term borrowings and Corporate bonds	282,810	150,364	(*)	3,039,668	1,616,132	(*)
Total		¥313,441	¥158,101	¥684	$3,368,886	$1,699,283	$7,329

Calculation method of fair value is based on the data obtained from financial institutions.

(*) The estimated fair value of interest rate swap contracts is included in the estimated fair value of long-term borrowings and corporate bonds since amounts in such derivative contracts accounted for short-cut method are handled together with long-term borrowings and corporate bonds that are subject to hedged accounting.

18 Segment Information

Business segments

The Company and its consolidated subsidiaries are primarily engaged in the real estate business. Their business segments are classified 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) Hotels 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, 2010 and 2009 are summarized as follows:

Millions of yen

2010	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	¥ 483,821	¥348,720	¥ 50,551	¥ 40,187	¥12,636	¥26,374	¥28,017	¥22,122	¥ 983	¥1,013,415	–	¥1,013,415
Intersegment or transfers	5,875	1,288	139	–	6,829	52	546	3,694	2,298	20,724	¥ (20,724)	–
Total revenue	489,696	350,008	50,691	40,187	19,466	26,427	28,564	25,816	3,281	1,034,140	(20,724)	1,013,415
Operating expense	339,859	385,739	10,432	29,690	18,073	26,797	28,676	25,606	3,092	867,968	(3,526)	864,442
Operating income (loss)	¥ 149,836	¥ (35,730)	¥ 40,259	¥ 10,496	¥ 1,392	¥ (370)	¥ (112)	¥ 210	¥ 189	¥ 166,171	¥ (17,198)	¥ 148,972
Assets, depreciation, impairment loss and capital expenditures												
Assets	¥2,846,909	¥688,298	¥250,005	¥318,075	¥25,016	¥14,250	¥25,416	¥55,691	¥27,188	¥4,250,851	¥104,213	¥4,355,065
Depreciation	61,743	1,962	1,780	6,302	69	144	1,275	537	79	73,895	31	73,926
Impairment loss	39	43	31,501	2,630	–	–	3	–	90	34,309	–	34,309
Capital expenditures	¥ 79,748	¥ 6,502	¥ 21,964	¥ 8,222	¥ 151	¥ 321	¥ 330	¥ 301	¥ 34	¥ 117,578	¥ 4,197	¥ 121,775

Thousands of U.S. dollars

2010	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	$ 5,200,140	$3,748,065	$ 543,335	$ 431,935	$135,821	$283,479	$301,129	$237,775	$ 10,571	$10,892,253	–	$10,892,253
Intersegment or transfers	63,145	13,850	1,502	–	73,404	561	5,878	39,704	24,702	222,750	$ (222,750)	–
Total revenue	5,263,286	3,761,916	544,837	431,935	209,225	284,041	307,008	277,479	35,273	11,115,004	(222,750)	10,892,253
Operating expense	3,652,834	4,145,948	112,128	319,117	194,258	288,020	308,221	275,220	33,237	9,328,987	(37,903)	9,291,083
Operating income (loss)	$ 1,610,452	$ (384,031)	$ 432,708	$ 112,817	$ 14,967	$ (3,978)	$ (1,213)	$ 2,259	$ 2,036	$ 1,786,017	$ (184,847)	$ 1,601,170
Assets, depreciation, impairment loss and capital expenditures												
Assets	$30,598,766	$7,397,878	$2,687,075	$3,418,696	$268,877	$153,161	$273,179	$598,575	$292,223	$45,688,434	$1,120,093	$46,808,527
Depreciation	663,623	21,089	19,133	67,735	745	1,552	13,713	5,781	853	794,229	335	794,565
Impairment loss	427	471	338,582	28,269	–	–	39	–	969	368,758	–	368,758
Capital expenditures	$ 857,147	$ 69,889	$ 236,075	$ 88,380	$ 1,626	$ 3,455	$ 3,553	$ 3,239	$ 371	$ 1,263,739	$ 45,111	$ 1,308,850

	Millions of yen											
	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

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, 2010, 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, 2010, overseas sales accounted for less than 10% of the consolidated revenue. Consequently, disclosure of overseas sales information has been omitted.

19 Business Combination

On April 30, 2009, the Company carried out a share exchange (the "Share Exchange") with its consolidated subsidiary, Towa Real Estate Development Co., Ltd. ("Towa"), to make the Company a wholly-owing parent company and Towa a wholly-owned subsidiary. The Share Exchange was treated as transactions under common control and the following is its summary:

(1) Name and business description of the company under business combination, legal form of the business combination, name of company subsequent to the combination, overview of the transaction including its objectives.

1) Name and business description of the company under business combination

- Name of the company under business combination:
  Towa Real Estate Development Co., Ltd.
- Business description
  Sales, intermediate service and leasing of real estate, contract of construction

2) Legal form of the business combination
Share exchange

3) Name of company subsequent to the combination
Towa Real Estate Development Co., Ltd.

4) Overview of the transaction including its objectives
To maximize synergies stemming from joint projects in real estate business where the Company and Towa have a strong advantage, the Company established a capital relationship with Towa by concluding a capital alliance agreement with Towa in December 2004 and subscribing the new shares through a third-party allocation issued by Towa to make it a consolidated subsidiary in January 2008.

Nevertheless, the Company and Towa have recognized that they need to reconstruct their business organization by improving their strategic integration and agility and implemented the Share Exchange since they consider that the condominium market will continue to show severe sings of slow-down.

(2) Summary of the accounting treatment of the transactions
The Share Exchange was treated as transactions under common control in accordance with "Accounting Standard for Business Combinations" (Financial Accounting Standards No. 21 issued by the Accounting Standards Board of Japan on December 26, 2008) 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 26, 2008).

(3) Information concerning the additional acquisition of shares in the subsidiary

1) The acquisition cost and its breakdown

Total Acquisition cost:	¥10,283 million ($110,531 thousand)
(Breakdown)	
Shareholders' equity:	¥4,839 million ($52,010 thousand)
Capital surplus:	¥5,269 million ($56,636 thousand)
Cost spent in acquiring the shares:	¥175 million ($1,885 thousand)

2) The exchange ratio for each type of share, the calculation basis of the Share Exchange ratio, the number of shares distributed, and their valuation

(i) The exchange ratios of each type of share

The Company (wholly owning parent company)		Towa Real Estate Development (wholly owned subsidiary)	
Common stock	1	Common stock	0.042
		Class A preferred stock	0.585
		Class B preferred stock	0.316
		Class C preferred stock	0.572

(ii) Calculation basis of the Share Exchange ratio
The Company and Towa Real Estate Development negotiated the Share Exchange ratio, using examples from reports calculated by some financial advisers.

(iii) Number and valuation of the shares distributed
Number of issued shares: 7,878,746 shares
Fair value: ¥10,108 million ($108,646 thousand)

3) Amount of goodwill generated, reason for the generation, method and period of amortization

(i) Amount of goodwill: ¥4,486 million ($48,218 thousand)

(ii) Reason
It was generated from differences between the value of shares increasing in the Share Exchange and the acquisition cost.

(iii) Method and period of amortization
Amount of goodwill is amortized over an estimated economical period on a straight-line basis.

20 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, 2010.

Amounts of preferred investment as of March 31, 2010

		Millions of yen	Thousands of U.S. dollars
		2010	
Preferred investment securities	(*1)	¥108,829	$1,169,702

Major revenue (cost) from transactions with special purpose companies

		Millions of yen	Thousands of U.S. dollars
		2010	
Preferred investment securities: revenue	(*2)	¥ 908	$ 9,766
Other income	(*3)	48	519
Management business: revenue	(*4)	1,658	17,826
Intermediate business: revenue	(*5)	202	2,175
Real estate rent: cost	(*6)	8,198	88,123
Design management business: revenue	(*7)	854	9,184

(*1) Preferred investment securities are indicated as amount of investment and specific bonds as at March 31, 2010. 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 and Mitsubishi Real Estate Services Co., Ltd. provide real estate intermediate business to special purpose companies and record such service income as revenue from operations.
(*6) The Company enters into real estate rental agreements with special purpose companies and records such rent expenses as cost of revenue from operations.
(*7) 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
	2010	
Real estate	¥515,818	$5,544,046
Other	78,466	843,362
Total	¥594,284	$6,387,409

Major liabilities and net assets

		Millions of yen	Thousands of U.S. dollars
		2010	
Debt and other	(*8)	¥385,966	$4,148,393
Preferred investments	(*9)	208,318	2,239,015
Total		¥594,284	$6,387,409

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

Amounts of preferred investment as of March 31, 2009

		Millions of yen
		2009
Preferred investment securities	(*1)	¥153,392

Major revenue (cost) from transactions with special purpose companies

		Millions of yen
		2009
Preferred investment securities: revenue	(*2)	¥ 598
Other income	(*3)	47
Management business: revenue	(*4)	1,873
Intermediate business: revenue		–
Real estate rent: cost	(*5)	6,531
Design management business: revenue	(*6)	1,019

(*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
	2009
Real estate	¥499,187
Other	29,067
Total	¥528,254

Major liabilities and net assets

		Millions of yen
		2009
Debt and other	(*7)	¥339,893
Preferred investments	(*8)	188,361
Total		¥528,254

(*7) Debt and other include specific bonds.
(*8) Preferred investments include contributions made by the Company as described in (*1) above.

21 Rental Properties

The Company and some of its consolidated subsidiaries own office buildings for lease, commercial facilities for lease and others in Tokyo and other areas including overseas countries (the United States and the United Kingdom) for the purpose of obtaining revenue from leases.

Some office buildings for lease in Japan are regarded as real estate including space used as rental properties since they are used by the Company and some of its consolidated subsidiaries.

The followings are the carrying value on the consolidated balance sheet as of March 31, 2010 and the fair values of these rental properties and real estate including space used as rental properties as of March 31, 2010;

	Millions of yen		Thousands of U.S. dollars	
	2010			
	Carrying value (*1)	Fair value (*2)	Carrying value (*1)	Fair value (*2)
Rental properties	¥2,615,827	¥4,549,292	$28,115,081	$48,896,094
Real estate including spaces used as rental properties	234,910	357,303	2,524,834	3,840,319

(*1) The carrying value represents the acquisition cost less accumulated depreciation and accumulated impairment loss.
(*2) The fair value is based on the following:
(1) The fair value of real estate in Japan is calculated by the Company based mainly on the Real Estate Appraisal Standards.
(2) The fair value of real estate in overseas countries is appraised principally by local real estate appraisers.

The income or loss from rental properties and real estate including space used as rental properties for the year ended March 31, 2010 were as follows:

	Millions of yen				Thousands of U.S. dollars			
	2010							
	Lease income	Lease cost	Lease income, net	Other, net	Lease income	Lease cost	Lease income, net	Other, net
Rental properties	¥339,750	¥215,040	¥124,709	¥(38,328)	$3,651,660	$2,311,269	$1,340,390	$(411,959)
Real estate including space used as rental properties	21,474	17,352	4,121	(632)	230,806	186,502	44,303	(6,793)

(*1) Lease income excludes the one from real estate including space used as rental properties that was used by the Company and some of its consolidated subsidiaries for leasing service and operating management.
(*2) Other, net includes impairment loss ¥34,243 million ($368,048 thousand).

Report of Independent Auditors

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, 2010 and 2009, 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, 2010 and 2009, 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, 2010 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 29, 2010

Mitsubishi Estate Corporate Data

Corporate Information
(as of March 31, 2010, 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

Number of Shares of Common Stock Issued
1,390,397,097 shares

Number of Shareholders
79,533 (excluding shareholders with less than 1,502 shares)

Major Shareholders

Major Shareholders	% of total
The Master Trust Bank of Japan, Ltd. (Trust Account)	6.16
Japan Trustee Services Bank, Ltd. (Trust Account)	4.31
Meiji Yasuda Life Insurance Company	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	3.23
Tokio Marine & Nichido Fire Insurance Co., Ltd.	2.87
State Street Bank and Trust Company	2.59
CBLDN STICHTING PGGM DEPOSITORY	1.69
Asahi Glass Co., Ltd.	1.63
State Street Bank and Trust Company 505225	1.49
The Chase Manhattan Bank, N.A. London S.L. Omnibus Account	1.45

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

Auditor
Ernst & Young ShinNihon LLC

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 29, 2010)

Directors and Statutory Auditors	
President & Representative Director	Keiji Kimura
Representative Director	Nobuyuki Iizuka
Representative Director	Toshio Nagashima
Representative Director	Hiroshi Danno
Representative Director	Masaaki Kono
Representative Director	Hiroyoshi Ito
Representative Director	Yutaka Yanagisawa
Representative Director	Hirotaka Sugiyama
Director	Masamichi Ono
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	Masaaki Kono
Executive Vice President	Takao Yagihashi
Executive Vice President	Hiroyoshi Ito
Executive Vice President	Yutaka Yanagisawa
Executive Vice President	Hirotaka Sugiyama
Senior Executive Officer	Yuzuru Shibagaki
Senior Executive Officer	Masao Ouchi
Senior Executive Officer	Toshihiko Kazama
Senior Executive Officer	Masamichi Ono
Senior Executive Officer	Jo Kato
Senior Executive Officer	Naoto Aiba
Executive Officer	Yasuo Fujiwara
Executive Officer	Ichiro Watarai
Executive Officer	Megumu Ono
Executive Officer	Shiro Fujisawa
Executive Officer	Soichiro Hayashi
Executive Officer	Takao Tojo
Executive Officer	Koji Kiyosawa
Executive Officer	Masao Toyoizumi
Executive Officer	Kazuyuki Yabu
Executive Officer	Kenichi Iwata
Executive Officer	Atsuo Kyono
Executive Officer	Hirokazu Kano
Executive Officer	Kazuhiko Arahata
Executive Officer	Toru Okusa
Executive Officer	Yutaka Tajima

Organization (As of April 1, 2010)

- Meeting of Shareholders
- Board of Directors
- Chairman of the Board
  - Strategic Planning Committee
  - CSR Committee
    - Compliance Subcommittee
    - Environmental Subcommittee
    - Risk Management Subcommittee
- President & Chief Executive Officer
  - 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 Dept.
  - Office Leasing and Tenant Relations Dept.
    - Relocation Management Office
    - Master Lease Planning and Management Office
    - Tenant Improvements Management Office
- Commercial Asset Management and Development Group
  - Commercial Asset Management Dept.
    - Group Companies Management Office
  - Area Brand Management Dept.
  - Museum Management Office
  - Commercial Asset Development Dept.
  - 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 Sales Promotion Office
    - Residential Development Group Integration Planning Office
  - Condominium Development Dept.
  - Master-Planned Residential Dept.
    - Detached Housing Office
  - PARTNER System Dept.
    - Condominium Redevelopment Office
  - Apartment Development Dept.
    - Residential Cost Management Office
  - Residential Design Planning and Marketing Dept.
    - Residential Customer Service Office
  - Recreational Facility Office
    - Residential Quality Management 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.
    - Environmental Sustainability Office
- 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

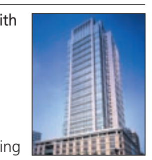
1937	May	Mitsubishi Estate Company, Limited established with paid-in capital totaling ¥15 million, with the ownership of the Marunouchi Building and its site, as well as business rights for buildings and land within the Marunouchi area, transferred from Mitsubishi Goshi Kaisha
	November	Construction-related 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

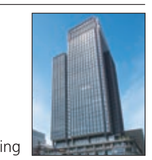
	December	Mitsubishi Real Estate Services Co., Ltd. established
1973	November	Branches established in Sapporo, Sendai, Nagoya and Osaka
1975	May	Semiannual settlement of accounts changed to annual
1978	October	Shin Aoyama Building completed
1980	June	Mr. Tatsuji Ito and Mr. Otokazu Nakata appointed president 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

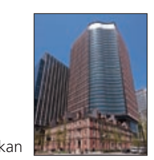
1994	June	Mr. Takeshi Fukuzawa and Mr. Jotaro Takagi appointed as president and chairman, respectively
1995	November	Reconstruction of Marunouchi Building announced
1996	January	Osaka Amenity Park (OAP) completed
	November	Head Office relocated to Tokyo Building
1999	April	Reconstruction of Marunouchi 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
	September	Marunouchi Brick Square opened


Marunouchi Park Building & Mitsubishi Ichigokan

2010	March	Construction under the Osaka Station North District Phase 1 Development Project commenced
	April	Mitsubishi Ichigokan Museum opened

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

The Mitsubishi Estate Group has clarified its commitment to proactively contributing to efforts of society aiming to reduce 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 that gives due consideration to such environmental aspects as biodiversity. 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. In fact, the Shin-Marunouchi Building has started the use of 100% renewable, "fresh green electricity." Initiatives with indirect results involve the staging of environment-related events and seminars, which are aimed at promoting environmental awareness and the dissemination of environmental information.

Mitsubishi Ichigokan Museum and courtyard

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, during the fiscal year under review, Mitsubishi Estate participated as a supporter in the La Folle Journée au Japon "Days of Enthusiasm" Music Festival 2010, held small concert events in the Marunouchi and other areas, implemented "Experience Nature" projects nationwide to promote communication between urban and rural people, and hosted the annual Dazzling Art Competition—a drawing contest for disabled children throughout Japan.

Small concert event held as part of the La Folle Journée au Japon "Days of Enthusiasm" Music Festival 2010 (a number of concerts were held at the MARUCUBE atrium on the first floor of the Marunouchi Building as well as at many other places in the Marunouchi and other areas between April 28, 2010 and May 4, 2010).

"Experience Nature" project to revitalize abandoned farmland in Yamanashi Prefecture (July 2009)