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MITSUBISHI ESTATE CO., LTD. ANNUAL REPORT 2012

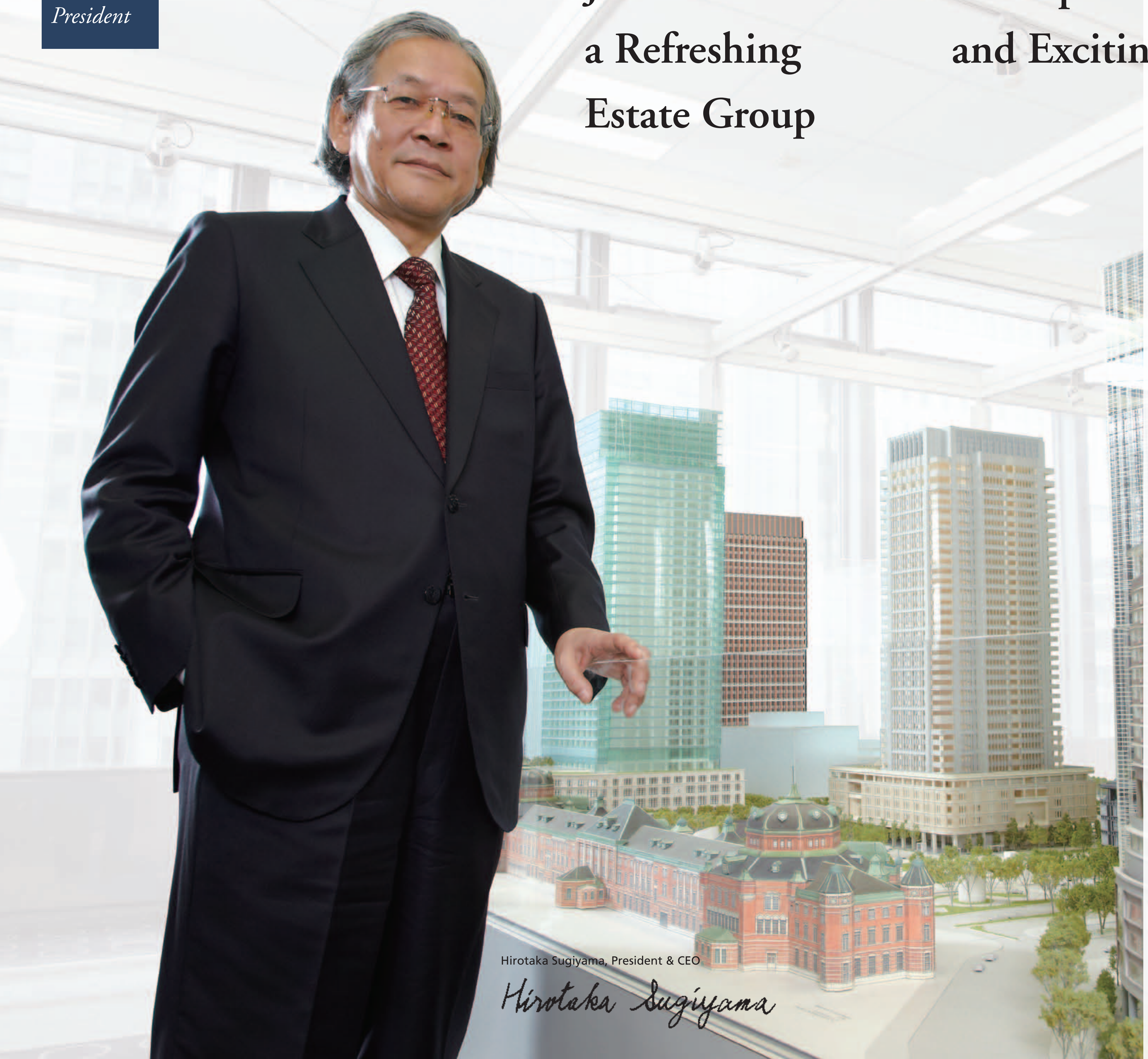
MITSUBISHI ESTATE

Annual Report 2012

Fiscal Year Ended March 31, 2012

Interview with the President

Join Us in Anticipating New Urban Development and a Refreshing and Exciting Future for the Mitsubishi Estate Group



Hirotaka Sugiyama, President & CEO

Hirotaka Sugiyama

In spring 2011, as the effects of the Great East Japan Earthquake were sending shockwaves across the country, Hirotaka Sugiyama was appointed president and CEO of Mitsubishi Estate Co., Ltd., thereby inheriting the Company's tradition of creating urban environments with lifetimes that extend for over a century. Despite the Company's renewed commitment to creating safe and secure urban environments as well as its efforts to raise corporate value, the current management environment continues to leave little room for optimism due to such factors as the risk of a recession, triggered by the European sovereign debt crisis that continues to reverberate across the world. A year after his appointment, President and CEO Sugiyama was again asked about the direction of the Mitsubishi Estate Group's medium- to long-term management strategies and for a general overview of fiscal 2012 (the fiscal year ended March 31, 2012).

Q First, please give us an outline of the Mitsubishi Estate Group, and tell us about your medium- to long-term management strategies.

A A top-ranked comprehensive real-estate company in Japan, Mitsubishi Estate's history dates back to its establishment in 1937. Mention of the Mitsubishi Estate Group conjures up images of clusters of office buildings in Tokyo's Marunouchi district, typified by the Marunouchi Building. The corporate group, however, comprises a host of widely varied but related companies. Their business domains encompass office and commercial property development, leasing, the development of real estate for investment purposes, residential development, marketing, hotel management, design supervision, real estate brokerage, and real estate investment advisory services. The Group fulfills its basic mission of "contributing to society through urban development."

The real estate industry is basically one that calls for a long-term outlook in extended 10-year units. As this requires the Group to both establish business strategies and maintain a medium- to long-term perspective, in the fiscal year ended March 31, 2012, we formulated "*BREAKTHROUGH 2020*: Orchestrating comfortable cities for the future—we create ideal urban environments worldwide," a new medium- to long-term management plan that puts us on the path toward where we ideally see the Group in ten years' time. In this plan, we first lay out the values and the code of conduct that our employees should abide by, specifically, five values and five actions.

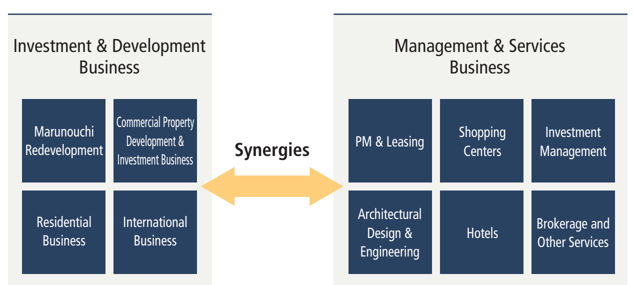
Then, roughly dividing the Group's business domains into the

- Investment & Development Business:
  The Business group where Mitsubishi Estate invests in development projects, and the
- Management & Services Business:
  The Business group where Mitsubishi Estate offers customers added value through professional services,

we set forth our aim to reinforce our value chains by closely linking the two business domains.

Five "Values"	Five "Actions"
"Innovative"	Continue to take on challenges as an innovative urban developer
"Eco-conscious"	Aim for sustainable growth through advanced environmental initiatives
"Customer-oriented"	Always think about customer value from a customer perspective
"Global"	Develop HR, structure and businesses suitable for global operations
"As One Team"	Unite as one team and strive to realize BREAKTHROUGH 2020

Fully leveraging these value chains, the Group's medium- to long-term aim is to cement its No. 1 position in the investment and development business fields. Without going into too much detail, we are setting as goals growth strategies that will enable us to target growth even in a harsh business environment by maximizing the utilization of the Group's collective strengths through close cooperation and intermittent investment in high-revenue properties.



Q Please give a general overview of fiscal 2012, when the effects of Great East Japan Earthquake caused so much concern.

A Although we achieved a year-on-year revenue increase in fiscal 2012 due primarily to revenue from property sales, we had to contend with the effects of the earthquake as well as the continued downturn in the Japanese economy. Unfortunately, this led to declines in operating income and net income compared with the previous fiscal year.

On the other hand, although drawing up the initial fiscal 2012 budget was akin to finding our way in the dark given the extreme difficulty of calculating the earthquake's effects, I regard it as a point in our favor that we still achieved a level of performance with final figures slightly above budget. This is partly due to many Japanese companies having recovered from the disaster relatively quickly. The earthquake was a tragedy of unprecedented proportions, and I would like to once again extend my heartfelt sympathies to all those who were affected by it. Despite this, many undaunted Japanese companies that have been beset with difficulties—such as the successive power shortages in the immediate aftermath of the earthquake, the European sovereign debt crisis, the progressive appreciation of the yen, and the floods in Thailand—are continuing to survive and making dedicated efforts toward revitalization; these companies are worthy of close attention.

Naturally, the Group has also been putting together measures designed to secure future growth. Firstly, we are making steady progress with our key Marunouchi Redevelopment Project, which is currently in its second stage (2008–2017), advancing from the first stage (1998–2007) when facilities in the area around Tokyo Station were upgraded. The second project of the second stage, the Marunouchi Eiraku Building, was completed in January 2012. We are currently aiming to complete the third project, Otemachi Financial City, in October 2012 and are making headway with new construction. In addition, we are planning to make a start on the fourth project (tentatively named the Otemachi 1-1 Project) in February 2013. From the standpoint of asset portfolio optimization, we are acquiring Kokusai Shin-Akasaka Building through a related special-purpose company (SPC), a move that we can expect to lead to redevelopment, and selling the nearby Akasaka Park Building to Japan Real Estate Investment Corporation.

Meanwhile, in the Residential Business segment, Mitsubishi Estate Co., Ltd., Mitsubishi Real Estate Services Co., Ltd., and Towa Real Estate Development Co., Ltd., merged their residential development and sales operations to form Mitsubishi Jisho Residence Co., Ltd., in January 2011. In addition to strengthening its condominium residential development and sales under its new brand, The Parkhouse, Mitsubishi Jisho Residence is planning enhancements to its related services, including themes that come under the pursuit of lifelong customer value, logistics, leasing, management, and renovation.

In our medium- to long-term management plan we mention strengthening our overseas business network. In addition to having acquired office buildings in fiscal 2012 through subsidiaries in the United Kingdom and the United States, we are developing our operations globally. In booming Asian countries these operations include involvement in the office buildings business as well as the Residential Business segment's construction of a new condominium complex in Singapore, while in China we are participating in multipurpose residential and shopping mall developments in the Suzhou Industrial Park in Suzhou and in the residential development business in the Jiading district of Shanghai.

Q What issues are you confronting in fiscal 2013 and what are your management strategies?

A It is necessary to remain aware that the business environment surrounding the Group continues to give little grounds for optimism. The reasons for this include ongoing concerns with regard to the effects of the accident at the Fukushima nuclear power plant soaring prices for crude oil, and the unpredictability of the economic environment, such as the risk that the global economy will enter another slump due to the direction of the European sovereign debt crisis.

In the real estate sector, demand in the condominium market is forecast to remain steady due, for example, to the

Based on New Growth Strategies, We Are Targeting Major Growth Even in a Demanding Business Environment

continuation of government tax incentives. In contrast, the real estate investment market requires close monitoring of such factors as overseas economic and investment fund trends. The office leasing market is turning a corner in the first half of the current fiscal year with regard to the oversupply of new buildings—a factor that had for many years been of great concern—with a bottoming out and subsequent reversal expected. However, this market will need to be closely watched given the possible effects of changes in the global economy.

Nevertheless, we still do not believe that this kind of business environment warrants a fundamental review of the assumptions underlying the medium- to long-term management plan. So, at present we are not thinking of making any major changes to our management strategies. In terms of business performance, the numbers will be tough, taking into consideration two consecutive budget periods that saw decreases reflecting the absence of proceeds from sales of property that had been recorded in the previous periods. On the assumption that we are in the final stages of market readjustment and business redevelopment following the Lehman Brothers shock, I believe that we will be aiming for a significant profit rise in fiscal 2014.

It goes without saying that we will be further fine tuning efforts aimed at "creating safe and secure urban environments" and "creating ideal urban environments worldwide" that can also be viewed as the Company's basic mission. For example, we plan to install large-capacity emergency generators, multiple flood control measures, and facilities for people deprived of the means to return home in our latest project (tentatively named the Otemachi 1-1 Project) to minimize the impact on customers should the Tokyo metropolitan area be struck by a major natural disaster, such as a high-magnitude earthquake.

Q What do you regard as the key to growth for the Mitsubishi Estate Group?

A In order to raise corporate value and continuously improve stakeholder satisfaction, the Group's senior management and employees first need to share the same high-minded philosophy entailing undertaking tasks with a sense of being in it together as one team. Human resource training and the creation of dynamic workplaces that provide the infrastructure underpinning the management bedrock are the matters on which I place the greatest importance and that are universally instilled throughout the Group's companies.

Strengthening the corporate brand is indispensable for creating a unifying force for all stakeholders. "A Love for People, A Love for the City—Forever taking on new challenges: Mitsubishi Estate Group" is promoted as our corporate slogan. These words encapsulate our feelings and attitudes, such as honesty and trust, our orientation toward our customers, commitment to value creation, and our willingness to confront challenges.

A corporate brand in which you can take pride is not something that is formed overnight; it is built up over a long period of steady, constant effort. The trajectory of these employee efforts is one that is being followed by the entire Group. With the aim of increasing motivation, an award system that recognizes employees who have contributed to improving the corporate brand was created in March of this year. The awards for excellence are not necessarily for something extravagant and do not have to involve the creation of some innovative service; employees who have shown a little ingenuity in day-to-day operations or addressed a particular problem in depth account for the vast majority. I anticipate that closely evaluating and then sharing employees' tasks and thoughts will improve the Group's corporate brand.

Q In your medium- to long-term management plan you advocate enhancing your response to globalization. What does globalization mean for the Mitsubishi Estate Group?

A The Group has a 40-year track record in the development and management of offices in the United States and the United Kingdom. In recent years, we been proactively engaged on a rotational basis in development projects in Asia, as previously mentioned. From the standpoint of risk hedges and incorporating into the Group projects in emerging economies with high growth potential, it is important to distribute management resources properly on a global basis. I would like to aim for a revenue base in which overseas business accounts for 20% of the Group's operating income.

In the meantime, the standpoint of proactively incorporating external demand into our business in Japan is also essential.

For example, the Group's Marunouchi district revenue base represents a business center that is typical of Tokyo. However, as international competition from Singapore, Hong Kong, and Shanghai will become more intense in the years to come, the perspective of world-class global competition must be taken into account in the Marunouchi Redevelopment Project.

We reviewed our urban environment brand strategy for the Marunouchi district in March of this year but made no changes to our basic global standard perspective concept of "the town with the liveliest interaction in the world." Interaction involves social exchange, and we are aiming for a town where "a variety of companies and people gather in Marunouchi and create new ideas through positive interaction, and companies and people from across the world who hear what is going on there meet." It is important that we engage in the project top-class global companies and people who are active on the world's front lines, and for that reason it will be indispensable to provide services that make international companies and cosmopolitan people feel comfortable. The Group is already making progress with a number of measures in this regard, including developing the international St. Luke's MediLocus medical mall, which can provide medical attention in English. Our vision is for global companies to be saying "If you want to start a new venture in Asia, best you head for the Marunouchi district first."

I Want to Make the Marunouchi District a Leading Business Center ahead of Singapore, Hong Kong, and Shanghai

Q Finally, please provide us with a message for the Mitsubishi Estate Group's stakeholders.

A I would just like to reiterate that we are making headway in creating those safe and secure urban environments and providing many more people with comfortable spaces and times. Most importantly, I believe the Group's social mission to be that of assisting in recovery and restoration efforts. We possess innovative ideas for responding to changes in the management climate and market fluctuations even in a demanding business environment, and we are targeting significant advances and growth as a Group by strengthening the foundations of all of our business, enhancing management efficiency and bolstering earnings power. I would like to thank all our stakeholders for their support and cooperation.

Interview conducted at the Shin-Marunouchi Building on May 14, 2012

Interviewer: Yuri Kinoshita,
Corporate Communications Department,
Mitsubishi Estate Co., Ltd.

Business Information

Building Business

Building Business segment revenues are derived mainly from building development and leasing in Japan. This segment is also engaged in building management, as well as parking facilities, district heating and cooling, and other operations.

P7 Building Business P9 Retail Property Group

Residential Business

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 and other-related businesses.

P10

Commercial Property Development & Investment Business

Commercial Property Development & Investment Business segment revenues are derived from the development of real estate for investment purposes and related activities.

P12

International Business

International Business segment revenues are derived from real estate development and leasing activities as well as related operations in the United States, the United Kingdom and Asia.

P14

Investment Management Business

Investment Management Business segment revenues are derived from the management of real estate for investment purposes and other types of assets.

P16

Architectural Design & Engineering

Architectural Design & Engineering segment revenues are derived from the architectural design and engineering services provided to construction and civil engineering projects and related activities.

P17

Hotel Business

Hotel Business segment revenues are derived from the operation of Royal Park Hotels and related activities.

P18

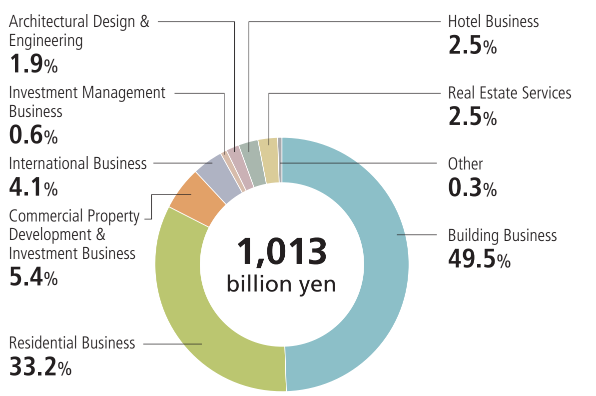
Real Estate Services

Real Estate Services segment revenues are derived from real estate brokerage and related services.

P19

P20 Business Development, Consulting & Solutions Group

Consolidated Sales Breakdown



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.

SEGMENT 01

Building Business

Mitsubishi Ichigokan
Mitsubishi Ichigokan has been completely restored to its former 1894 glory as—the first office building in Marunouchi. Today, this building is functioning as a key culture and arts complex for expanding the area's cultural horizons.

Marunouchi Eiraku Building
Through this project, three existing office buildings are being reconstructed into one large-scale building to engage more effective land use. Construction was completed on this new building in January 2012, which serves as an advanced business center that accommodates the wide-ranging needs encountered in today's world of business globalization and information saturation. 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.

iiyo!!
iiyo!! debuted as the commercial zone of the Marunouchi Eiraku Building in March 2012. Located in the hub that joins the Marunouchi and Otemachi districts, iiyo!! is expected to further enhance both the "on" and "off" times of individuals and to attract considerable visitors to the city as a whole.

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 the operation of district heating and cooling services throughout Japan. In addition to ensuring advanced preparedness against disasters, the business places considerable weight on environmentally friendly activities as a part of ongoing efforts to enhance 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, covering a period of 10 years, of Marunouchi Redevelopment. Beginning with the completion of the Marunouchi Building in 2002, a total of six new buildings have been completed, including the Shin-Marunouchi Building.

From 2008, we have been pushing ahead with the second stage. The first project of the second stage consisted of the Marunouchi Park Building and Mitsubishi Ichigokan in April 2009. In January 2012, we witnessed the completion of the second project, the Marunouchi Eiraku Building.

Going forward, Mitsubishi Estate has begun a third project, breaking ground on Otemachi Financial City, an Otemachi district linked urban development initiative that falls within the Otemachi 1-chome Second Zone Urban Area Redevelopment Project. Positioned as the fourth project of the second stage of the Marunouchi Redevelopment Program, Mitsubishi Estate will also pursue the Otemachi 1-1 Project (tentative name) with construction commencing on the Resona Maruha Building and The Bank of Tokyo-Mitsubishi UFJ Otemachi Building under an integrated development plan.

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.

Daisuke Mitatezaka

Manager
Commercial Asset Development Department
Mitsubishi Estate Co., Ltd.

In addition to its outstanding eco-conscious and disaster prevention features, the Otemachi 1-1 Project (tentative name) is being developed with a host of attributes and distinctive characteristics that focus on its mainstay office function.

To give Tokyo an advantage over other major cities in Asia and further enhance the city's competitiveness as a business destination, the development offers high-rise serviced apartments to accommodate medium to long-term stays. Making the most of the unique features of each location and its close proximity to the Imperial Palace and surrounding moat, the facility will also boast a common community and open area that will blend the calming ambiance of water and greenery. As a private and public sector joint initiative, purification equipment will be installed within the development's planned area to help improve the water quality of the Imperial Moat. With a genuine concern for the environment, district heating and cooling facilities will be installed underneath the development. This will help conserve energy across the entire district.

Encompassing high-rise, street level and underground aspects, the Otemachi 1-1 Project is both a large-scale and long-term undertaking. Working as a team that covers every feature from development, design, operation and management, Mitsubishi Estate is working diligently to ensure success.

The Otemachi 1-1 Project (Tentative Name)
The project entails the reconstruction of two office buildings according to a single harmonized development plan. Every effort is being placed on ensuring an optimal urban environment while promoting distinctive business operations and support activities as well as eco-friendly and disaster prevention features commensurate with Otemachi as a leading international financial district.

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.

Offering New Value by Creating Ideal Urban Environments — for People and Cities

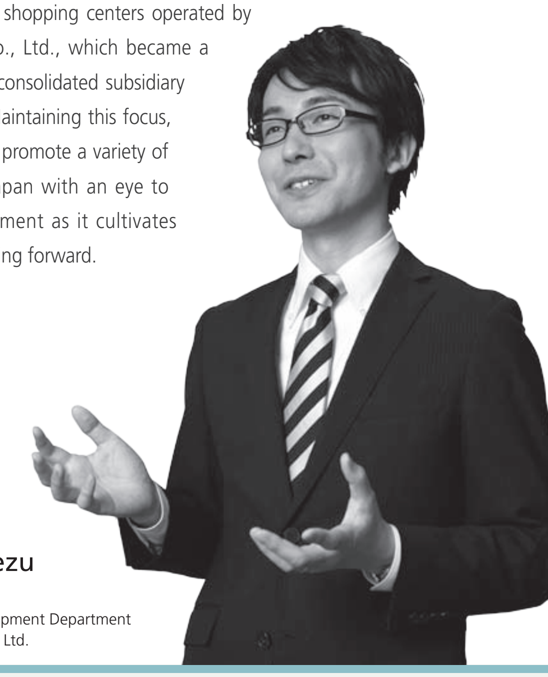
Creating new value through our retail property business, synchronizing people's lifestyles with "urban heartbeats," the Mitsubishi Estate Group orchestrates ideal urban environments that maximize cities' value and the quality of living, for everybody who lives, works and visits there.

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 and the Marunouchi buildings.

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 Marunouchi Brick Square (commercial zone in the Marunouchi Park Building) in 2009, followed by iiyo!! (commercial zone in the Marunouchi Eiraku Building) in March 2012. Along with such infrastructure development, the Company is fervently 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 SAIDAIJI GREEN TERRACE in Higashi-ku, Saidaiji, Okayama City, Okayama Prefecture in November 2011. Also, the Company implemented the third stage of shop floor expansion at the TOSU CHELSEA PREMIUM OUTLET in Tosu City, Saga Prefecture in July 2011 and the second stage of shop floor expansion at the Ami Premium Outlet in Inashiki-gun, Ibaraki Prefecture in December 2011.

Mitsubishi Estate will continue to focus on three types of retail properties: those in Marunouchi, centered on the Marunouchi Building; those situated in urban centers and suburban areas, such as Aqua City Odaiba in Minato Ward, Tokyo; and the Minamisunamachi Shopping Center "SUNAMO" in Koto Ward, Tokyo, 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 a variety of projects across Japan with an eye to business development as it cultivates global markets going forward.



Yusuke Umezu

Manager
Retail Property Development Department
Mitsubishi Estate Co., Ltd.

Minatomirai Block 34 Project (tentative name)
Scheduled to open in spring 2013, this facility will be comprised of six floors above ground and four floors below ground. Shop floor space will come in at around 42,900m² with total floor space approximately 116,000m². The closest railway station is Minatomirai on the Yokohama Minatomirai Line, with direct access from the fourth underground floor. The Minatomirai Block 34 is also eight minutes on foot by moving walkway to JR Sakuragicho Station.

Ami Premium Outlet
Ami Premium Outlet shopping centers are found in eight locations around Japan. The outlet located in Inashiki-gun, Ibaraki Prefecture, which initially opened in July 2009, was reopened with increased floor space in December 2011. Up from a total shop floor space of approximately 22,110m² to around 31,020m², the facility now houses about 150 stores, an increase from the previous level of around 100 stores.

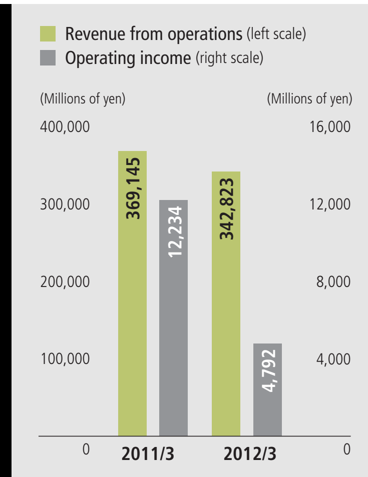
Positioned as a flagship commercial property of the Mitsubishi Estate Group, the Minatomirai Block 34 Project (tentative name) takes full advantage of its location beside the Yokohama Museum of Art and Grand Mall Park. On completion, this shopping center, dubbed "Life Entertainment Mall," will serve as a focal point that encapsulates the excitement and relaxing joyfulness of the Minato Mirai 21 district.

The Minatomirai Block 34 Project has attracted as its principal tenant Japan's first interactive "nature-based" theme and entertainment park operating under an alliance between the SEGA SAMMY Group and BBC worldwide limited. The facility boasts a wide and diverse tenant makeup, including fashion and general merchandise stores that put forward quality lifestyle proposals, elegant restaurants with terraces that offer outstanding views and a substantial food product area that caters to every daily need. Construction and architectural plans incorporate concerns for the environment, most notably through an expansive rooftop garden and LED lighting employed throughout common areas. Extending well beyond the pleasures of fashion and food, the Minatomirai Block 34 Project is designed to provide a host of refreshing experiences that can be expected to attract large numbers of repeat visitors.

The ultimate appeal of Minato Mirai district is its impressive collection of commercial facilities that serve to enhance the shopping experience. By collaborating with Landmark Plaza, the goal is to further showcase the appeal of the area and to boost the enjoyment of shopping.

SEGMENT 02

Residential Business



The Parkhouse Harumi Towers Krono Residence
A new oasis in the Harumi area of Chuo Ward, the Parkhouse Harumi Towers Krono Residence is located in close proximity to the heart of the city, a short 2.5km and 3.5km from Ginza and Marunouchi, respectively. Offering a total of approximately 1,800 units on completion, the first tower of the twin tower condominium complex will be comprised of a 49-story structure of around 883 units. Accredited as an outstanding long-term tower residence, the Parkhouse Harumi Towers Krono Residence is the first urban project to employ seismic isolation construction.

The Parkhouse Ikedayama
Referred to as "Jonan Gozan (five great mountains)," Ikeda-yama is an elevated area that extends from Shinagawa to Meguro. The Parkhouse Ikedayama is a low-rise condominium complex of 26 residences that blend in perfectly with the elegance and sophistication of its surroundings.

The Parkhouse Tsudanuma Kanade no Mori
The Parkhouse Tsudanuma is located in the Kanade no Mori large-scale multi-use development project that is currently in progress. Offering a total of 721 seismic isolation condominiums, the Parkhouse Tsudanuma will form part of an expansive development site of approximately 350,000m² in front of JR Sobu Line Tsudanuma railway station.

Shakujii Home Gallery (Two-Family Home)
Distinguished by its appealing and warm design, Shakujii Home Gallery puts forward custom-build proposals that take into consideration the importance of family members spending time together as well as the need for privacy.

PARK HABIO Shinjuku Eastside Tower
This 761-unit large-scale lease condominium building provides premium communal facilities and hospitality features that go beyond those expected in ordinary rental condominium buildings. A signature feature is the top floor swimming pool, which offers stunning views.

Mitsubishi Jisho Residence Co., Ltd. Becomes Japan's Leading Supplier of Condominiums

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

Residential Sales Business

Under its flagship Parkhouse condominium brand, Mitsubishi Jisho Residence Co., Ltd. offers an extensive lineup that caters to a broad customer base. In its first year of operations, the company became the top supplier of condominiums in Japan (Source: Real Estate Economic Institute Co., Ltd.).

Following the Great East Japan Earthquake, Mitsubishi Jisho Residence took steps to reinforce its disaster countermeasure standards. In addition to adopting a more detailed approach and increasing the number of review items, the company put together a disaster countermeasure chart and disaster prevention plan for each building in an effort to better visualize the status of disaster countermeasures. Furthermore Mitsubishi Jisho Residence will research an extensive range of scenarios to provide residents with increased safety and peace of mind.

With the overarching vision—"Always, new joy in daily life"— Mitsubishi Jisho Residence will continue to employ an integrated production and sales structure and system and lend a keen ear to the voices of its customers. By maintaining lifelong ties with each and every customer, Mitsubishi Jisho Residence will maintain its unwavering focus on addressing diverse needs and work toward becoming the leading company in terms of its quality and service.

Residential Leasing Business

Mitsubishi Estate is accelerating its residential leasing business through the PARK HABIO brand, focusing on the Tokyo Metropolitan area. To date, the Company has completed 27 condominium complexes. We will continue to promote our residential leasing business by consistently providing high-quality condominiums.

Custom-Built Housing Business

Mitsubishi Estate Home Co., Ltd. provides custom-built housing that features security, safety, eco-friendliness and comfort. The company recently announced its zero-energy specification Smart Evarie smart house and the economical, reinforced concrete RecoCube home. The company also has an extensive track record in effective land use and the construction of houses built for sale.

Condominium Renovation Business

Mitsubishi Estate Home Renovations, the new condominium renovation business brand, came into being in April 2012. Bringing together the Mitsubishi Estate Group's collective strengths, the business offers consistently high-quality services from renovation proposals to construction and after-sales service.

Masato Kameda
Group Leader
Urban Development Department
Mitsubishi Jisho Residence Co., Ltd.

As Mitsubishi Jisho Residence's flagship property in its Parkhouse series, The Parkhouse Harumi Towers Krono Residence has been planned with originality and ingenuity in all aspects as well as in its design.

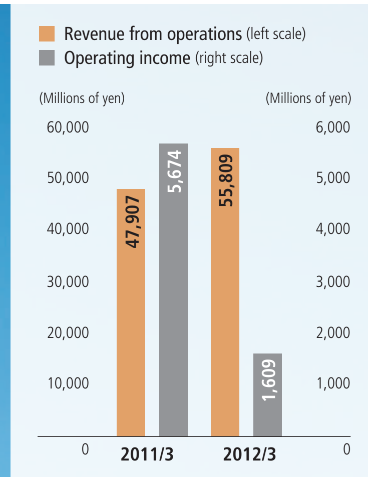
Although situated in central Tokyo, this project features the Harumi Canal on the south side, making it a highly sought-after location where a freeing sense of openness can be enjoyed. Having secured the services of world-renowned architect Richard Meier, the project was designed to contribute to the urban landscape as a waterfront landmark.

Along with its anti-seismic structure, other safety and security considerations were incorporated into the design of the building, for which the Company has acquired long-term superior housing certification. A wide range of initiatives have been taken with regard to supporting the creation of a community among its residents, which will become necessary in years to come.

The Parkhouse Harumi Towers Krono Residence will remain our flagship condominium for posterity and we will make all-out efforts to promote its business.

SEGMENT 03

Commercial Property Development & Investment Business



Shinjuku Front Tower
Completed in May 2011, this multipurpose complex benefits from each floor concentrating on either offices, retail spaces, clinics or serviced offices, which support new startups and young entrepreneurs. In addition to greenery on the rooftop and external walls, a number of tall trees are planted within the site, for a total green area of approximately 2,700m². Also, a water-retentive coating was applied to the building exterior, contributing to the suppression of the urban "heat island" effect.

Nakano Shokai Tatsumi Center

Kojimachi Front Building
Located along Kojimachi's main thoroughfare, the Kojimachi Front Building is an eco-friendly, highly functional office building (standard floor area approximately 660m²) offering superior access, being just a minute walk from Kojimachi Station on the Tokyo Metro Yurakucho Line and four minutes from Hanzomon Station on the Hanzomon Line. Mitsui Bank awarded the Company a gold assessment for its environmental initiatives, and the building received a gold environmental rating from the Development Bank of Japan. The Kojimachi Front Building is planned for completion in the spring of 2013.

Shinjuku Eastside Square
Located within the large-scale, approximately 3.7-hectare Shinjuku Eastside development project and directly connected to Higashi-Shinjuku Station on the Tokyo Metro Fukutoshin Line and Toei Oedo Line, the Shinjuku Eastside project is an office building capable of accommodating more than 10,000 people. With a standard effective floor area of 5,940m², its floor plate is the largest in central Tokyo, and the building has an open-space green area that covers approximately 1.3 hectares. Shinjuku Eastside Square was completed in April 2012.

Developing Market Needs-Oriented Real Estate for Investment Purposes

Through the Commercial Property Development & Investment Business, Mitsubishi Estate is promoting development operations. Our basic strategy in this segment entails the development of prime real estate for investment purposes that effectively accommodates the needs of both tenants in the leased real estate market and investors in the real estate investment market.

Logiport Sagamihara

Actively Promoting Development Operations by Strengthening Asset Solution Capabilities

Mitsubishi Estate's Commercial Property Development & Investment Business employs a unique business model. Under this model, the business cycle starts with the development of office buildings and other types of real estate for investment. The Mitsubishi Estate Group leverages its wide-ranging business functions to maximize the value of the properties developed. These properties are sold at the highest possible prices in the real estate investment market, and the proceeds collected through property sales are used for new development projects.

In addition to the completion of Shinjuku Front Tower in May 2011, the Company completed Harumi Front in February 2012 and Shinjuku Eastside Square in April 2012.

In the meantime, to respond to diversified real estate investment market needs, the Company is active in distribution facility development projects as well as office buildings. In addition to having completed the Nakano Shokai Tatsumi Center though a joint development project with Mitsui & Co., Ltd. in February 2012, the Company is currently making progress in developing Logiport Sagamihara, the largest distribution facility in Japan, in collaboration with LaSalle Investment Management Inc.

Maintaining Income Gains and Securing Capital Gains through Timely Sales of Assets

In general, real estate for investment generates stable income gains (rental revenues) after completion. For this reason, such real estate does not have to be sold immediately after completion. Instead, it can be sold when market conditions are favorable. In other words, the seller of a property can decide on the holding period for securing capital gains (profit after deducting the difference between the selling price and all associated costs and expenses, including land acquisition costs and building construction costs). This is the true advantage of Mitsubishi Estate in this segment. The Company will continue to bolster the asset solutions capabilities required to maximize the value of real estate. In this way, we will strive to capture new business opportunities, thereby strategically meeting the socioeconomic needs for urban development.

* While ensuring that a building retains its versatility in meeting the needs of future replacement tenants, the "Build-to-Suit" business model follows a pattern by which the Company decides on the tenants prior to the start of construction and carries out the development in a way that incorporates the tenant's needs.

Ryosuke Shimizu
Logistics Facilities Development and Investment Office
Commercial Property Development and Investment Department
Mitsubishi Estate Co., Ltd.

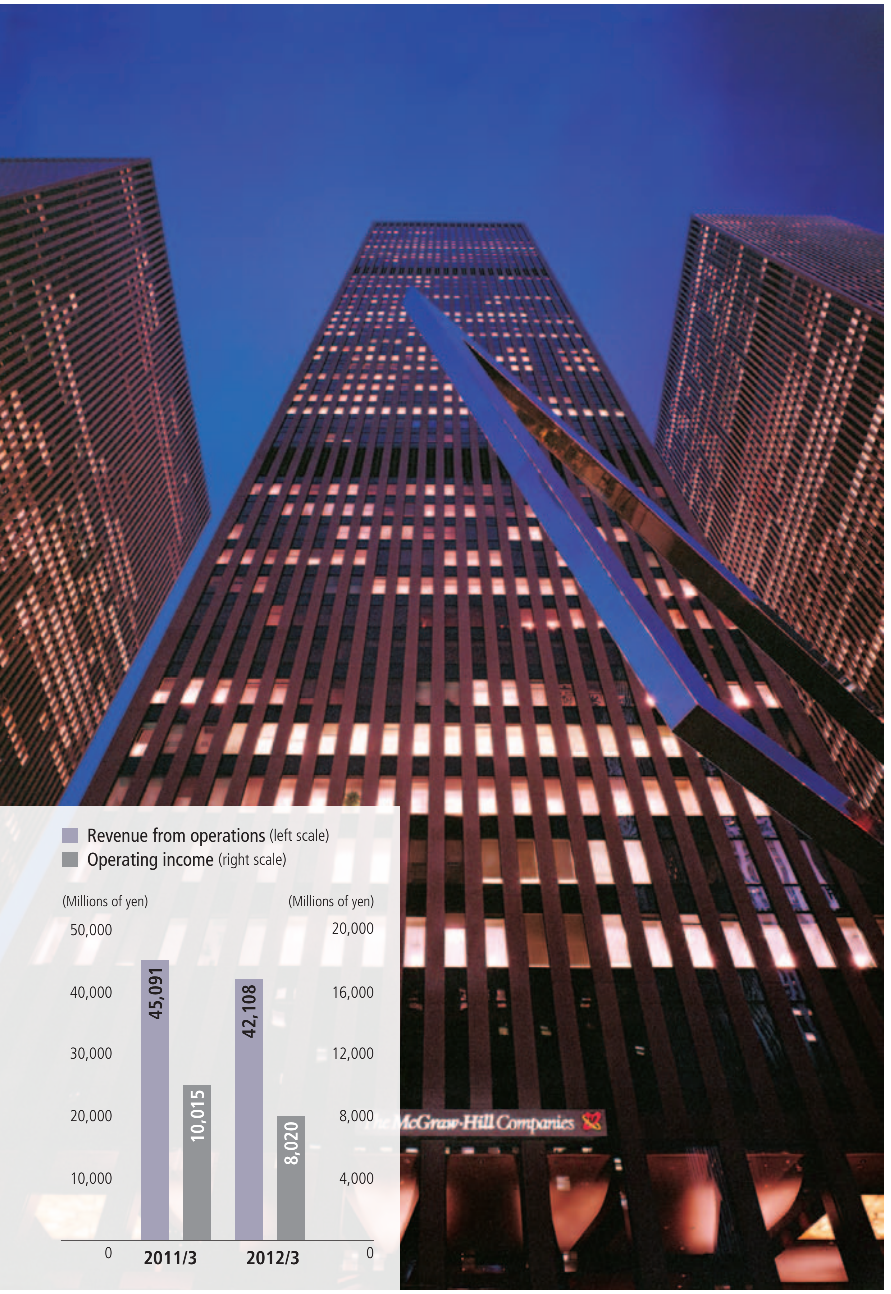
The Company's first distribution facility development property, the Nakano Shokai Tatsumi Center was completed at the end of February 2012 following the "Build-to-Suit" model on the premise of the loan of one building to Nakano Shokai. The next property, the currently under development Logiport Sagamihara, offers advantages in its location due to its accessibility to the major arterial Route 16 and Route 129 highways as well as the Metropolitan Inter City Expressway following the opening of the Sagamihara (tentative name) interchange. These advantages will enable Logiport Sagamihara to serve as the distribution base for the Tokyo metropolitan area. The approximately 210,000m² total floor area of the multitenant-type facility, the largest in Japan, will fully meet tenants' integration and aggregation needs.

The Company established the Distribution Development Office as a dedicated organization in April 2012 and will be proactively engaged in properties, leveraging its in-house development and management expertise while setting its sights on the country as a whole. We intend to ensure that the Company's "safe and secure" brand image, earned through the development of office buildings, will carry over to its distribution facilities.

Mitsubishi Estate will continue to push ahead with development to enable distribution facility development projects to grow as one of its mainstay businesses.

SEGMENT 04

International Business



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 approximately 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.

Central St. Giles in London
A joint redevelopment project with Legal & General, a major U.K. life insurance company, this complex covers a total floor area of 66,000m² and comprises offices, retail shops and residences. Construction was completed in April 2010.

Singapore/Office Development (CapitaGreen)
A joint venture project with CapitaLand Group, this project covers a site area of approximately 5,500m² and a total floor area of approximately 82,000m². The project is scheduled for completion in 2014.

Shanghai/Condominium Development
A joint venture project with Marubeni Corporation, Mitsui Fudosan Residential Co., Ltd. and Shanghai House Property Development Co., Ltd., this new town project covers a site area of approximately 85,000m², a total floor area of approximately 153,000m² and around 1,600 residences. The project is scheduled for completion in 2015.

Trilateral Global Development System: United States, United Kingdom, Asia

Until now, the Company's overseas operations have entailed real estate leasing and development projects in the United States and in London in the United Kingdom. Taking the opportunities afforded following the establishment of Mitsubishi Estate Pte. Ltd. (Singapore) and the opening of its Shanghai Representative Office, the Company is proactively engaged in real estate development in Asia and advancing global development through a trilateral system comprising the United States, the United Kingdom and Asia.

Accelerating Leasing and Development Operations in the United States, the United Kingdom and Asia

In the United States, Mitsubishi Estate owns large-scale office buildings, including the McGraw-Hill Building and the Time-Life Building in Manhattan, New York City. In 2011, the Company acquired two office buildings, 1101 K Street and 1100 First Street, in Washington D.C. In addition, the Company is currently undertaking approximately 30 development projects in 10 states, including distribution facilities and homes.

Mitsubishi Estate is also aggressively expanding its U.K. development business in London, which is centered on the Paternoster Square Redevelopment Project, the Bow Bells House Redevelopment Project and the Central St. Giles Redevelopment Project. In 2011, we acquired two office buildings, 150 Leadenhall Street and 6-8 Bishopsgate.

In Asia, the Company established Mitsubishi Estate Pte. Ltd. (Singapore) in 2008 and is taking the opportunity afforded by the opening of its Shanghai Representative Office in 2011 to accelerate its business development. Commencing its participation in a condominium development project in Vietnam in 2010, the Company has since the beginning of 2011 decided to take part in condominium and office development projects in Singapore, as well as multipurpose home and shopping center developments in China and large-scale residential development projects in Shanghai.

Leveraging its track record at home and overseas, the Company will develop its real estate business on a global basis in the years to come.

Toru Ueno
Senior Manager
MEC UK Limited

MEC UK Limited, Mitsubishi Estate's local subsidiary in the United Kingdom, celebrates its 26th anniversary since foundation this year. Beginning with its participation in the Paternoster Square Project, MEC UK has established a solid track record in urban redevelopment. Looking forward, London is expected to continue playing an important role in the Mitsubishi Estate Group's global expansion activities. However, real estate business globalization for a developer, whether in Japan or overseas, depends heavily on the level of local expertise and the quality of local personal contacts. In this regard, localization is critical to every market around the world. As a resident officer, my focus is therefore on promoting increased localization as opposed to globalization. Taking into consideration the differences in language, legal systems, culture and customs while forging a solid local presence and standing is not as easy task. Thankfully, my predecessors have established a robust local foothold and operating base. Building on this platform, MEC UK will continue promote business deeply rooted in the local market.

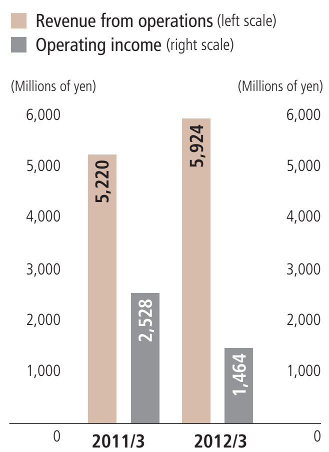
SEGMENT 05

Investment Management Business

Providing a Variety of Specialized Services for Real Estate Investment Management

In its Investment Management Business, Mitsubishi Estate is offering wide-ranging services for both individual and institutional investors. For investors seeking the effective management of real estate assets, the Company's services extend from the management of real estate investment trusts (REITs), to meet the needs of investors who desire security through real estate investment over the long term, to the management of private funds to satisfy the specific needs of institutional investors.

Akasaka Park Building
The building has attracted large numbers of foreign companies since its completion. Recognized as a large-scale A-class building, Akasaka Park Building continues to benefit from the blossoming brand image of the Akasaka area, which has continued to enjoy significant development activity in recent years.



Offering Industry-Leading Investment Management Services to Meet Diversified Investor Needs

To meet the specific needs of institutional investors, Mitsubishi Jisho Investment Advisors, Inc. (MJIA) has formed fixed-term private funds that invest in office buildings as well as commercial (shopping centers) and leased residential properties. Also, MJIA offers a broad range of investment products, including open-ended, non-listed private REITs to satisfy the needs of investors who prioritize stability and long-term investments.

Meanwhile, Japan Real Estate Asset Management Co., Ltd. handles a listed REIT that accommodates individual investors. This investment management company manages the investments of Japan Real Estate Investment Corporation, a Japanese REIT (J-REIT) specializing in office buildings. Japan Real Estate Asset Management has the longest history among listed J-REITs, and it has maintained steady performance over the past 11 years. Thus, the Mitsubishi Estate Group is providing industry-leading investment management services.

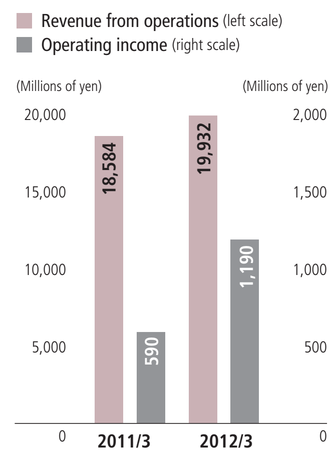
Looking to the future, we aim to offer prime investment opportunities, including new asset-type investments to any and all investors in Japan and overseas and contribute to the further development of the real estate investment market.

SEGMENT 06

Architectural Design & Engineering Business

Garnering the Trust of Society through Superior Design and Engineering 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 is involved in interior design administration and construction projects.



Palace Hotel
The reputable Palace Hotel—located directly across from the Imperial Palace—is undergoing reconstruction. Plans comprise the construction of an office tower and a hotel tower. Hotel guestrooms will offer curved balconies. Other distinguishing features will include a main banquet hall that accentuates the harmony of water and greenery provided by the Wadakura moat and a chapel.

Toyo Bunko
This project involves the reconstruction of a library and research institute dedicated to the study of Asian history and culture. The facility will include an exhibition room for the public display of treasured materials from every region of Asia. An adjoining structure will be open to the general public and feature a café area.

Bolstering International Business Activities while Promoting Sure-Footed Business Development in Japan

In November 2011, Mitsubishi Jisho Sekkei Inc. established Mitsubishi Jisho Sekkei Architectural Design & Engineering (Shanghai) Co., Ltd., a local subsidiary. Reflecting the dramatic progress of urban development in China, the Group's Shanghai Representative Office, opened in 2007, has continued to report steady results on the back of growing demand for high-quality and appealing designs in the construction and urban architectural fields as well as advanced environmental and energy conservation technologies. Looking ahead, the Mitsubishi Estate Group will work to further expand consulting orders and increase its business throughout East Asia in the construction design, urban planning and eco-technology fields, areas of particular strength and expertise.

Major architectural design and engineering projects completed in fiscal 2011 include the Palace Hotel, Toyo Bunko and Kagoshima Chuo Terminal Building. In fiscal 2012, plans are in place to complete such reconstruction projects as the JP Tower, Kabuki-za Theater and Meiji University Nakano Campus. Moving forward, every effort will be made to secure architectural design and engineering orders for new construction and renovation projects, to address the growing need for high quality and eco-technologies, and to realize steady growth in all business fields, including construction management and district heating and cooling facilities.

MEC Design International Corporation (MDI) Celebrating Its 40th Anniversary

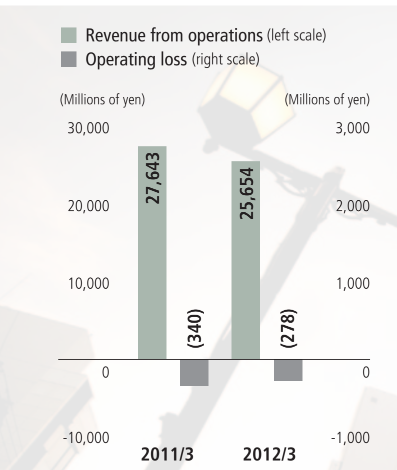
In March 2012, MDI celebrated its 40th anniversary. As a comprehensive interior consulting office, MDI offers a "one-stop" full-line of services. In addition to consulting services covering design, project, facility and other management for every possible structure including offices, residences, entertainment and commercial facilities, meeting spaces, and environments, the company is active in contracting, construction and furniture sales. MDI is dedicated to providing the highest quality services.

SEGMENT 07

Hotel Business

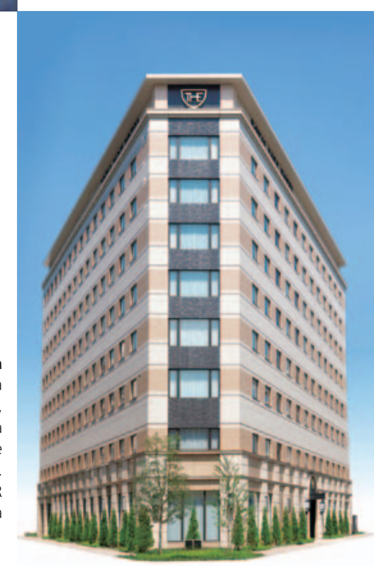
Improving Our Brand Value and Expanding Our Hotel Chain

In the Hotel Business, the Mitsubishi Estate Group maintains a network of seven hotels in Japan located in Sendai, Tokyo (Hakozaki and Shiodome), Yokohama, Chiba (Makuhari), Kyoto and Fukuoka under the Royal Park Hotels brand name. Royal Park Hotels and Resorts Co., Ltd. coordinates the administration and management of each hotel to enhance management efficiency and improve the quality of management.



Royal Park Hotel The Kyoto
Opened on October 8, 2011, this 172-room hotel is only a three-minute walk from Kyoto Shiyakusho-mae Station on the Tozai Line of the Kyoto Municipal Subway. It is the second hotel in this series and is located at Kawaramachi, Nakagyo Ward, Kyoto City.

Yokohama Royal Park Hotel
Utilizing the 70th floor banquet hall of the hotel situated in the Yokohama Landmark Tower, the Sky Chapel Celeste is Japan's closest chapel to the heavens.



Royal Park Hotel The Fukuoka
Royal Park Hotel The Fukuoka opened in Hakata Ekimae 2-chome, Hakata Ward, Fukuoka City, Fukuoka Prefecture, on July 30, 2011, as the first hotel under the new brand. Only a five-minute walk from JR Hakata Station, this hotel provides a total of 174 guestrooms.

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

Based on the "Best for the Guest" philosophy of Royal Park Hotels, we go one step beyond customer satisfaction by aiming to delight our guests. This approach has been well acknowledged, enabling us to win the leading rank in the 2011 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 marks the fifth consecutive year for Royal Park Hotels to win the top position in the ¥15,000 to ¥35,000 per night category. We will further promote customer-delight focused hotel management and operations.

New Brand "Royal Park Hotel The [City Name]" Debuts and Expands

In the fiscal year ended March 31, 2012, the Royal Park Hotel The Fukuoka and the Royal Park Hotel The Kyoto made their debut. Each hotel strives to make the most of the unique features of its location and region. Offering sophisticated design and excellent hospitality at a reasonable price, the two hotels have already been widely acclaimed by a large number of patrons. A project scheduled to open in the environs of Nagoya Station in 2013 is progressing smoothly with the decision made to establish a hotel within the Haneda Airport International Terminal (scheduled to open in autumn 2014).

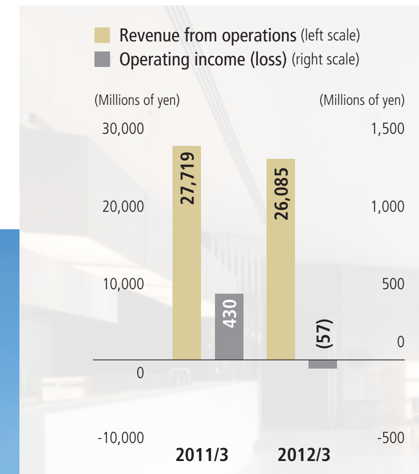
*** Japan Hotel Guest Satisfaction Index Study℠ conducted by J.D. Power Asia Pacific, Inc. between 2007 and 2011**
Royal Park Hotels ranked high in the segment of ¥15,000 to ¥35,000 per night hotels with the most common guestroom space of 20m² or larger. The study was based on 7,097 valid responses received from people who used applicable hotels within the previous year. For more details, please see the press release of the J.D. Power and Associates Web site at: http://www.jdpower.co.jp/press/pdf2011/2011Japan%20Hotel%20GSI.pdf (Japanese language only)

SEGMENT 08

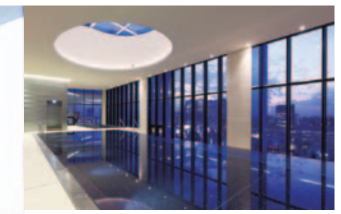
Real Estate Services

Meticulously Responding to the Various Real Estate Needs of Customers

In the Real Estate Services Business, Mitsubishi Real Estate Services Co., Ltd. and Mitsubishi Jisho House Net Co., Ltd. closely collaborate to meticulously respond to customers' real estate 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 and leasing.



PARK HABIO Shinjuku Eastside Tower
Developed by Mitsubishi Estate, construction of the PARK HABIO Shinjuku Eastside Tower lease condominium building located in Shinjuku Ward, Tokyo, was completed in December 2011. Leasing management was contracted to Mitsubishi Real Estate Services Co., Ltd.



リアルNET
Brokerage Information Website
A website to help conduct searches on brokered real estate for residential, business and investment use according to preferred terms and conditions.

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.

Real Estate Brokerage Services

Mitsubishi Real Estate Services and Mitsubishi Jisho House Net engage in wide-ranging operations relating to real estate owned by individuals and corporations. These operations include purchasing, sales, brokerage for leasing services, and consulting services for real estate utilization. Through brokerage services for individuals, the two companies provide comprehensive support in real estate purchasing and sales as well as in finding new housing. They meet the diversified requirements of customers through a nationwide network.

In addition to providing various need-oriented investment proposals to individual customers, they work to satisfy the wide-ranging needs of corporate customers in Japan and overseas through services ranging from real estate assessment, sales and purchase brokerage to consulting for effective utilization. Furthermore, they have established the CRE@M system to offer integrated assistance to corporations in promoting their corporate real estate (CRE) strategies.

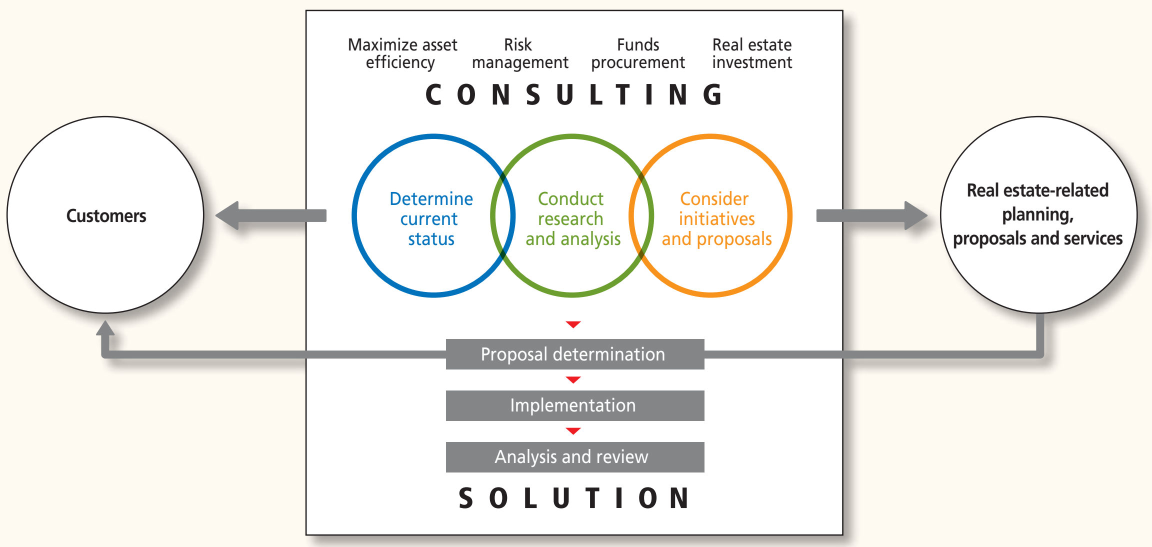
Advancing the Leased Condominium/Office Building Management Support Business and Coin-Operated Parking Lot Operations

Mitsubishi Real Estate Services and Mitsubishi Jisho House Net offer a variety of lease management support services relating to leased condominiums and office buildings, and their customer base ranges from individuals and corporate clients to asset managers of securitized real estate. We have a structure that enables comprehensive services covering everything from business plan formulation and product planning to lease management after construction completion. Moreover, we provide our customers with information on leased properties according to their preferences, including those owned by Mitsubishi Estate. In addition, we are promoting "PEN" automated, coin-operated parking services, applying our extensive expertise in lease management services.

Business Development, Consulting & Solutions Group

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

Standing in the heart of Mitsubishi Estate's strategic marketing structure, the Business Development, Consulting & Solutions Group works to foster deeper ties with clients through proposal-based marketing, which is conducted across the Company as a whole. Making full use of the company's accumulated real estate development, planning and management expertise, the two departments that comprise this group are active in efforts to realize maximum value for their clients.



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

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

The Business Development, Consulting & Solutions Group (comprising the Business Development, Consulting & Solutions Dept. 1, and Business Development, Consulting & Solutions Dept. 2) are independent from Mitsubishi Estate's eight principal business segments (comprising the Building Business, Residential Business, Commercial Property Development & Investment Business, International Business, Investment Management Business, Architectural Design & Engineering, 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 departments offer 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).

CSR Management / Operating Results

CSR Management

The Mission of the Mitsubishi Estate Group

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 contentedly. 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. 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)

Corporate Governance

Working to bring this mission to fruition, the Mitsubishi Estate Group endeavors to promote management that is focused on the interests of shareholders while fully supporting its Statutory Auditor system and the introduction of an executive officer system. To ensure greater transparency and objectivity, as well as to improve the management and oversight of the Board of Directors, external Directors are to be appointed while efforts are continuing to promote separation and greater control of supervision and auditing, as well as to strengthen its business execution functions. At the same time, the Group's management system is being restructured to focus on dynamism and flexibility in order to ensure the more efficient and sound management of the Group. We view corporate governance as one of our most important systems and, therefore, are constantly working toward the creation of a structure that is best suited for the Group.

Reports Concerning Corporate Governance

- Basic policy regarding corporate governance, and capital structure, corporate attributes and other basic information
- Overview of business management organization and other corporate governance systems related to managerial decision-making, business execution and management supervision
- Status of implementation of measure related to shareholders and other stakeholders
- Basic policy and status of implementation of the internal control system
- Others

WEB
http://www.mec.co.jp/e/investor/irlibrary/corp/index.html

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.

Environmental Management

The Mitsubishi Estate Group has clarified its commitment to proactively contribute to social efforts aiming to reduce its environmental impact. Under its Environmental Slogan, "For Sustainable Cities, For a Sustainable Earth," Mitsubishi Estate is leading sustainable urban development that gives due consideration to such environmental aspects as biodiversity by aggressively implementing initiatives toward realizing a low-carbon, recycling-oriented society in partnership with its customers. 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." Also, in the Residential Business, we are actively promoting the development of the eco-friendly "soleco" system, which combines a solar power generation system and a central high-voltage power transmission system. 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.

Social Contribution

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 Journee au Japon "Days of Enthusiasm" Music Festival 2011, 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.

WEB
http://www.mec.co.jp/e/csr/index.html

Directors, Statutory Auditors and Executive Officers (As of June 29, 2012)


Keiji Kimura
Chairman


Hirotaka Sugiyama
Chief Executive Officer


Nobuyuki Iizuka
Deputy President


Masaaki Kono
Executive Vice President


Takao Yagihashi
Executive Vice President


Hiroyoshi Ito
Executive Vice President


Yutaka Yanagisawa
Executive Vice President


Masao Ouchi
Executive Vice President


Toshihiko Kazama
Senior Executive Officer


Masamichi Ono
Senior Executive Officer


Jo Kato
Senior Executive Officer


Naoto Aiba
Senior Executive Officer


Soichiro Hayashi
Senior Executive Officer


Shiro Fujisawa
Senior Executive Officer


Takao Tojo
Senior Executive Officer


Koji Kiyosawa
Senior 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
Executive Officer

Tetsuji Arimori
Executive Officer

Masami Amano
Executive Officer

Hidemi Waki
Executive Officer

Junichi Tanizawa
Executive Officer

Hiroshi Katayama
Executive Officer

Junichi Yoshida
Executive Officer

Tetsuo Yuasa
Executive Officer

Directors and Statutory Auditors

Keiji Kimura
Representative Director
Chairman of the Board

Hirotaka Sugiyama
Representative Director
President & Chief Executive Officer

Nobuyuki Iizuka
Representative Director

Masaaki Kono
Representative Director

Hiroyoshi Ito
Representative Director

Yutaka Yanagisawa
Representative Director

Takao Yagihashi
Director

Jo Kato
Director

Shiro Fujisawa
Director

Isao Matsuhashi
Director

Fumikatsu Tokiwa
Director

Yasumasa Gomi
Director

Shu Tomioka
Director

Hiroshi Danno
Standing Statutory Auditor

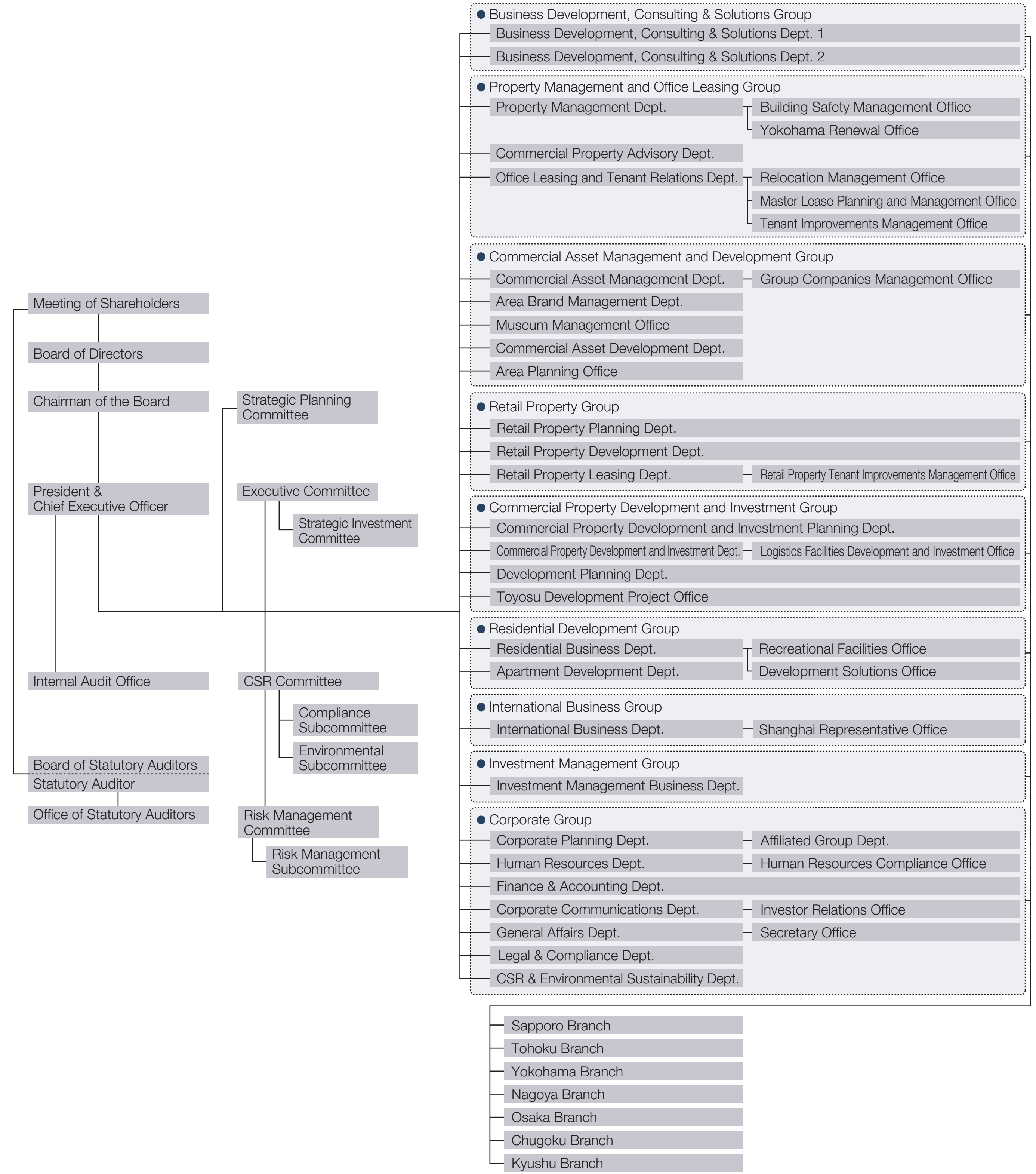
Kazuhiko Hasegawa
Standing Statutory Auditor

Kenjiro Hata
Statutory Auditor

Akio Utsumi
Statutory Auditor

Notes:
1. Among directors, Isao Matsuhashi, Fumikatsu Tokiwa, Yasumasa Gomi, and Shu Tomioka are external 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 external auditors who fulfill the qualifications set forth under Article 2-16 of the Corporation Law of Japan.

Organization (As of April 1, 2012)

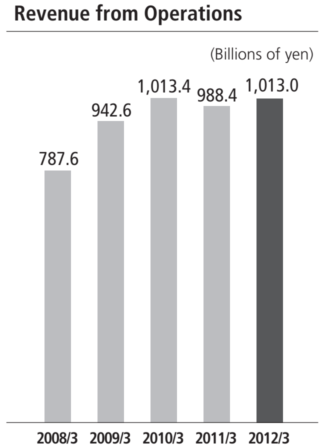


Financial Highlights—Five-Year Summary

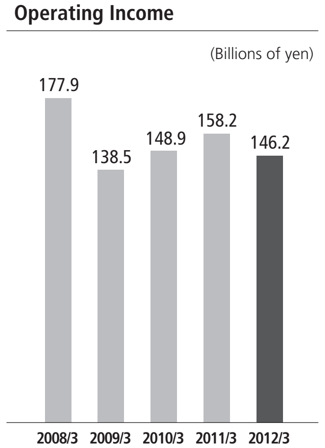
	2008/3	2009/3	2010/3	2011/3	2012/3
Financial Results (Millions of yen)					
Revenue from Operations	787,652	942,626	1,013,415	988,447	**1,013,069**
Operating Income	177,983	138,567	148,972	158,258	**146,299**
Ordinary Income	162,061	108,624	117,381	130,830	**120,665**
Net Income	86,963	45,423	11,900	64,219	**56,512**
Financial Position (Millions of yen)					
Total Assets	4,327,137	4,429,070	4,355,065	4,245,209	**4,387,015**
Total Equity*1	1,238,889	1,148,494	1,183,156	1,202,270	**1,256,791**
Interest-Bearing Debt	1,645,407	1,834,195	1,762,111	1,639,050	**1,716,890**
Per Share Amounts (Yen)					
Net Income	62.99	32.90	8.58	46.27	**40.72**
Cash Dividends	16.00	16.00	12.00	12.00	**12.00**
Principal Financial Indicators					
EBITDA (Millions of yen) *2	245,911	209,522	230,730	237,109	**222,885**
ROA	4.9%	3.3%	3.5%	3.8%	**3.5%**
Interest Coverage Ratio *3	8.5 times	4.7 times	5.2 times	6.6 times	**6.5 times**
ROE	7.1%	3.8%	1.0%	5.4%	**4.6%**
Stock Information					
Stock Price (Yen)	2,420	1,102	1,530	1,407	**1,476**
Number of Shares Issued and Outstanding (Thousands of shares)	1,382,518	1,382,518	1,390,397	1,390,397	**1,390,397**

Notes:
1. Total equity is calculated by deducting minority interests and stock acquisition rights from total net assets.
2. EBITDA is calculated as the sum total of operating income, interest and dividend income, equity in earnings of unconsolidated subsidiaries and affiliates, depreciation and amortization, and goodwill.
3. The interest coverage ratio (ICR) is calculated by dividing the sum total of operating income, interest and dividend income, and equity in earnings of unconsolidated subsidiaries and affiliates by the sum total of interest expenses and commercial paper interest.

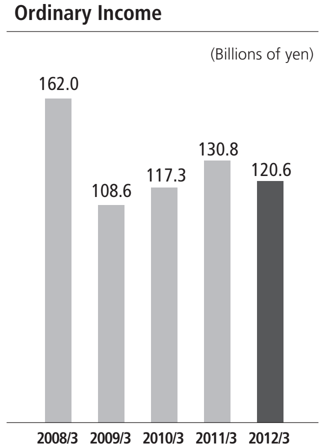
Revenue from Operations



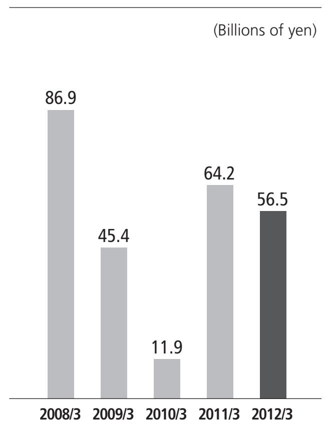
Operating Income



Ordinary Income



Net Income



Financial Review

Revenue from Operations/Operating Income

In the fiscal year ended March 31, 2012, consolidated revenue from operations increased ¥24,622 million, or 2.5%, from the previous fiscal year to ¥1,013,069 million. Consolidated operating income, on the other hand, decreased ¥11,958 million, or 7.6%, year on year to ¥146,299 million. Results for each business segment are as follows.

In the Building Business segment, Mitsubishi Estate reported an increase in revenue from operations compared with the previous fiscal year. Despite a year-on-year decrease in rental revenue, this increase was attributable to the sale of the Akasaka Park Building. As of March 31, 2012, the vacancy rate stood at 3.58%, unchanged from the end of the previous fiscal year. Reflecting these factors, revenue from operations climbed ¥46,910 million year on year to ¥510,850 million. Operating income increased ¥4,184 million to ¥146,007 million.

In the Residential Business segment, Mitsubishi Estate's revenue in the condominium business slipped year on year, due to a decline in the number of condominiums sold. As a result, revenue from operations decreased ¥26,321 million to ¥342,823 million. Due to the impact of such factors as write-downs that reflected a deterioration in profitability, operating income in this segment was ¥4,792 million, a drop of ¥7,441 compared with the previous fiscal year.

In the Commercial Property Development & Investment Business segment, revenue from operations increased compared with the previous fiscal year on the back of the sale of certain properties. Specifically, revenue from operations climbed ¥7,902 million year on year to ¥55,809 million. Operating income, on the other hand, declined ¥4,064 million to ¥1,609 million owing mainly to the downturn in earnings from real estate for investment purposes.

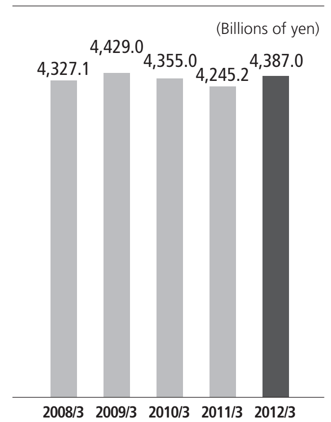
In the International Business segment, properties located in major U.S. cities and the City of London in the United Kingdom showed stable performance. In addition, results benefitted from contributions from newly acquired properties in the United States and United Kingdom. In contrast, and taking into account the negative impacts of a decline in proceeds from sales of properties in the United States and United Kingdom as well as sharp appreciation in the value of the yen, revenue from operations in the International Business segment as a whole contracted ¥2,983 million compared with the previous fiscal year to ¥42,108 million while operating income decreased ¥1,994 million year on year to ¥8,020 million.

In the Investment Management Business segment, results were buoyed by such factors as sales revenue from the investments distributed to funds. As a result, revenue from operations increased ¥704 million compared with the previous fiscal year to ¥5,924 million. Accounting for the substantial drop in distributions from a special-purpose company in which Mitsubishi Estate and other companies have invested, operating income dropped ¥1,064 million year on year to ¥1,464 million.

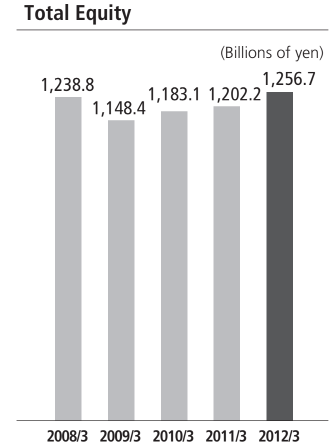
In the Architectural Design & Engineering Business segment, Mitsubishi Estate recorded revenue in connection with such projects as the Marunouchi Eiraku Buildings (Chiyoda Ward, Tokyo) as well as the Palace Hotel and Palace Building (Chiyoda Ward, Tokyo). During the fiscal year under review, the number of projects in both the architectural design and engineering business and the interior design and construction business increased. Accordingly, revenues in these operations improved year on year. As a result, revenue from operations rose ¥1,348 million to ¥19,932 million. Operating income similarly increased ¥600 million to ¥1,190 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. During the fiscal year under review, the "Royal Park Hotel THE Fukuoka" and the "Royal Park Hotel THE Kyoto" opened for business. Moreover, the Sendai Royal Park Hotel, which had been closed due to the Great East Japan Earthquake, recommenced operations in September 2011. While two hotels opened, operations at Royal Park Inn Nagoya were terminated in February 2011. Accounting for each of the aforementioned factors, revenue from operations in the Hotel Business segment declined ¥1,988 million compared with the previous fiscal year to ¥25,654 million. Despite a year-on-year improvement of ¥62 million, this segment still incurred an operating loss of ¥278 million.

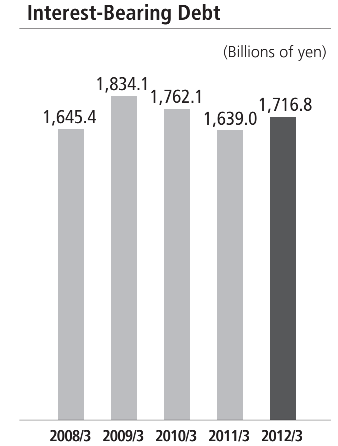
Total Assets



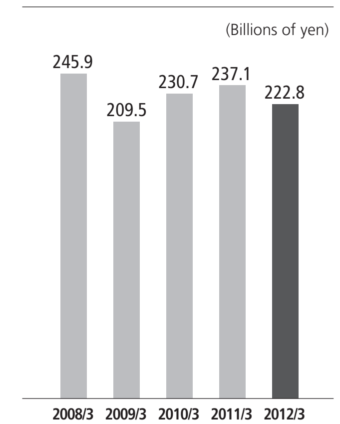
Total Equity



Interest-Bearing Debt



EBITDA



In the Real Estate Services segment, Mitsubishi Real Estate Services Co., Ltd., transferred its housing sales consignment business in January 2011 as a part of efforts to conduct integrated management. Due to this transfer and the absence of associated revenue from the previous fiscal year results declined. As a result, revenue from operations in this segment decreased ¥1,633 million year on year to ¥26,085 million. Earnings also deteriorated ¥488 million, resulting in an operating loss for the period of ¥57 million.

Revenue from operations in the Other segment edged up ¥62 million to ¥3,506 million. Operating income decreased ¥229 million to ¥181 million.

Other Income (Expenses)

Other income increased ¥618 million year on year to ¥9,122 million. Despite decreases in interest income, the amortization of negative goodwill, and equity in earnings of unconsolidated subsidiaries and affiliates, this increase was largely attributable to higher dividend income. Other expenses decreased ¥1,174 million to ¥34,756 million, due to a drop in interest expenses, among other factors.

Turning to extraordinary items, Mitsubishi Estate recorded extraordinary gains of ¥2,205 million, mainly from sales of fixed assets. At the same time, the Company posted an extraordinary loss totaling ¥35,357 million, which consisted of ¥7,728 million in loss related to retirement of fixed assets, ¥18,133 million in impairment loss, ¥1,569 million in loss for soil decontamination, ¥3,011 million in loss on devaluation of equity investments, ¥3,618 million on loss related to the serviced apartment business, and ¥1,296 million in loss related to the cost of terminating an employee clinic.

Net Income

Income before income taxes and minority interests declined ¥28,442 million, or 24.5%, year on year to ¥87,513 million. Net income contracted ¥7,706 million, or 12.0%, to ¥56,512 million. Net income per share stood at ¥40.72.

Millions of yen

	2012/3	2011/3	YoY Change
Revenue from operations	**1,013,069**	**988,447**	**24,622**
Building Business	510,850	463,939	46,910
Residential Business	342,823	369,145	(26,321)
Commercial Property Development & Investment Business	55,809	47,907	7,902
International Business	42,108	45,091	(2,983)
Investment Management Business	5,924	5,220	704
Architectural Design & Engineering Business	19,932	18,584	1,348
Hotel Business	25,654	27,643	(1,988)
Real Estate Services	26,085	27,719	(1,633)
Other	3,506	3,443	62
Adjustments (see Note)	(19,628)	(20,248)	620
Operating Income	**146,299**	**158,258**	**(11,958)**
Building Business	146,007	141,823	4,184
Residential Business	4,792	12,234	(7,441)
Commercial Property Development & Investment Business	1,609	5,674	(4,064)
International Business	8,020	10,015	(1,994)
Investment Management Business	1,464	2,528	(1,064)
Architectural Design & Engineering Business	1,190	590	600
Hotel Business	(278)	(340)	62
Real Estate Services	(57)	430	(488)
Other	181	411	(229)
Adjustments (see Note)	(16,632)	(15,109)	(1,523)

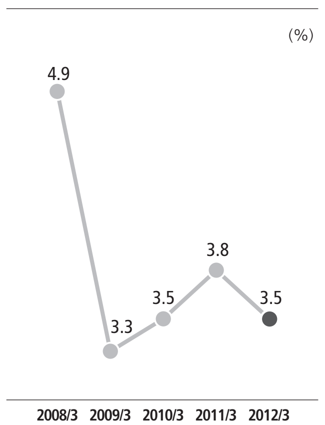
Note: From the fiscal year under review, the line item "Eliminations or Corporate" is presented as "Adjustments."

Analysis of Financial Position

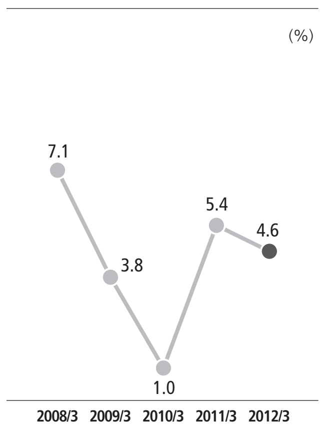
(1) Consolidated Cash Flow

On a consolidated basis, cash and cash equivalents at the end of the fiscal year under review decreased ¥13,290 million year on year to ¥215,771 million. Major cash inflows included income before income taxes and minority interests, long-term borrowings, and proceeds from issuance of corporate bonds. Major cash outflows included purchases of property and equipment and the repayment of long-term borrowings.

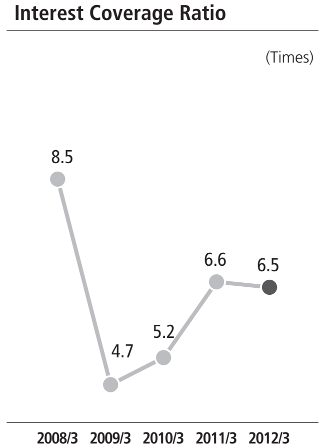
ROA



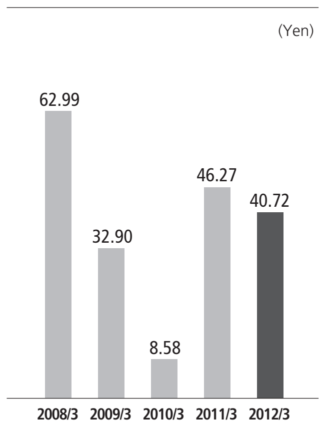
ROE



Interest Coverage Ratio



Net Income Per Share



Cash Flows from Operating Activities

Net cash provided by operating activities stood at ¥203,243 million, down ¥56,020 million compared with the previous fiscal year. For the fiscal year under review, income before income taxes and minority interests amounted to ¥87,513 million, and depreciation and amortization—a non-cash item—totaled ¥67,465 million. These and other cash inflows were adjusted to reflect movements in inventories and equity investments as well as other items.

Cash Flows from Investing Activities

Net cash used in investing activities totaled ¥272,009 million, up ¥204,785 million year on year. This was largely due to purchases of property and equipment.

Cash Flows from Financing Activities

Net cash provided by financing activities amounted to ¥57,189 million, a turnaround from net cash used in financing activities of ¥197,458 million year on year. This turnaround reflected long-term borrowings, the issuance of corporate bonds and other financing activities.

(2) Consolidated Balance Sheets

Compared with March 31, 2011, total assets as of March 31, 2012, increased ¥141,806 million to ¥4,387,015 million.

Total liabilities climbed ¥82,939 million to ¥3,013,100 million. The balance of interest-bearing debt as of March 31, 2012, grew ¥77,840 million compared with the balance as of March 31, 2011, to ¥1,716,890 million. Deducting cash and cash equivalents, the net balance of interest-bearing debt as of March 31, 2012, increased ¥91,131 million year on year to ¥1,501,118 million.

Net assets increased ¥58,867 million year on year to ¥1,373,915 million. Decreases in such items as foreign currency translation adjustments and unrealized holding gain on securities were more than offset by increases in land revaluation reserve, retained earnings, minority interests and other items.

• Matters related to 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, changes in these amounts during the period under review, and the fair values of investment and rental properties and other real estate that includes portions used as investment and rental properties.

Millions of yen

	Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Investment and Rental Properties		
Amounts recorded on consolidated balance sheets		
Balance as of the beginning of the period	2,615,827	2,467,177
Increase (decrease) during the period	(148,649)	155,563
Balance as of the end of the period	2,467,177	2,622,741
Market value as of the end of the period	4,316,530	4,469,512
Real Estate That Includes Portions Used as Investment and Rental Properties		
Amounts recorded on consolidated balance sheets		
Balance as of the beginning of the period	234,910	233,688
Increase (decrease) during the period	(1,221)	(1,269)
Balance as of the end of the period	233,688	232,419
Market value as of the end of the period	323,700	330,100

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. Fair values as of the end of each consolidated fiscal year are as follows:
   (1) The fair values of domestic properties and real estate have been calculated by Mitsubishi Estate, based mainly on the Japanese Real Estate Appraisal Standards.
   (2) The fair values of overseas properties and real estate have been calculated mostly by local appraisers.

Also, the following table shows profit and loss related to real estate, including the investment and rental properties and other real estate that includes portions used as investment and rental properties for each fiscal year.

Millions of yen

	Fiscal Year Ended March 31, 2011 (April 1, 2010 to March 31, 2011)	Fiscal Year Ended March 31, 2012 (April 1, 2011 to March 31, 2012)
Investment and Rental Properties		
Rental Revenue	341,761	345,288
Rental Costs	217,064	224,155
Difference	124,697	121,133
Other Income (Loss)	(10,486)	(20,984)
Real Estate That Includes Portions Used as Investment and Rental Properties		
Rental Revenue	20,268	19,052
Rental Costs	15,476	16,393
Difference	4,792	2,659
Other Income (Loss)	(373)	(444)

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 loss on disposal of fixed assets, impairment loss and other items.

Financial Statements

Consolidated Balance Sheets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Assets			
Current assets:			
Cash (Notes 6 and 16)	**¥ 215,741**	¥ 224,688	**$ 2,624,914**
Notes and accounts receivable – trade	**41,927**	40,130	**510,132**
Marketable securities (Note 15)	**866**	5,094	**10,548**
Allowance for doubtful receivables	**(2,130)**	(502)	**(25,917)**
Inventories (Notes 4 and 6)	**465,401**	559,405	**5,662,513**
Equity investments (Note 15)	**288,548**	209,900	**3,510,754**
Deferred income taxes (Note 8)	**15,148**	18,849	**184,308**
Other current assets	**58,199**	42,361	**708,107**
Total current assets	**1,083,704**	1,099,926	**13,185,361**
Investments:			
Investments in and advances to unconsolidated subsidiaries and affiliates	**14,870**	14,433	**180,924**
Investment securities (Notes 6 and 15)	**159,171**	168,885	**1,936,626**
Other investments (Note 5)	**142,885**	143,430	**1,738,478**
Total investments	**316,927**	326,749	**3,856,029**
Property and equipment (Note 6):			
Land	**1,672,379**	1,613,702	**20,347,721**
Land in trust	**308,932**	245,091	**3,758,765**
Buildings and structures	**1,969,910**	1,882,691	**23,967,758**
Machinery and equipment and other	**123,301**	117,822	**1,500,202**
Construction in progress	**41,037**	35,516	**499,297**
	4,115,561	3,894,824	**50,073,745**
Less accumulated depreciation	**(1,233,325)**	(1,177,519)	**(15,005,785)**
Property and equipment, net	**2,882,235**	2,717,305	**35,067,959**
Intangible and other assets	**104,148**	101,228	**1,267,163**
Total assets	**¥ 4,387,015**	¥ 4,245,209	**$ 53,376,515**

See accompanying notes to consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Liabilities and net assets			
Current liabilities:			
Short-term borrowings and current portion of long-term debt (Note 6)	**¥ 302,933**	¥ 313,723	**$ 3,685,773**
Notes and accounts payable – trade	**77,860**	76,113	**947,321**
Accrued income taxes (Note 8)	**15,455**	15,857	**188,044**
Advances and deposits	**114,017**	80,584	**1,387,239**
Accrued expenses and other current liabilities	**48,787**	46,628	**593,591**
Total current liabilities	**559,053**	532,906	**6,801,970**
Long-term liabilities:			
Long-term debt (Note 6)	**1,405,635**	1,318,097	**17,102,267**
Lease deposits received	**373,189**	374,719	**4,540,575**
Accrued employees' retirement benefits (Note 7)	**15,420**	15,322	**187,619**
Deferred income taxes (Note 8)	**502,629**	546,241	**6,115,460**
Negative goodwill	**82,995**	79,074	**1,009,798**
Other non-current liabilities	**74,175**	63,798	**902,489**
Total long-term liabilities	**2,454,046**	2,397,254	**29,858,211**
Total liabilities	**3,013,100**	2,930,161	**36,660,182**
Net assets:			
Shareholders' equity (Note 9):			
Common stock, without par value:			
Authorized – 1,980,000,000 shares;			
Issued – 1,390,397,097 shares in 2012 and 2011	**141,373**	141,373	**1,720,078**
Capital surplus	**170,485**	170,485	**2,074,286**
Retained earnings	**471,087**	449,889	**5,731,693**
Less treasury stock, at cost	**(4,366)**	(4,390)	**(53,129)**
Total shareholders' equity	**778,580**	757,358	**9,472,928**
Accumulated other comprehensive income:			
Unrealized holding gain on securities	**47,251**	48,021	**574,905**
Deferred gains or losses on hedging instruments	**(238)**	(254)	**(2,900)**
Land revaluation reserve	**500,647**	458,297	**6,091,347**
Foreign currency translation adjustments	**(69,449)**	(61,151)	**(844,984)**
Total accumulated other comprehensive income	**478,211**	444,912	**5,818,368**
Stock acquisition rights	**451**	381	**5,490**
Minority interests	**116,672**	112,395	**1,419,544**
Contingent liabilities (Note 12)			
Total net assets	**1,373,915**	1,315,047	**16,716,333**
Total liabilities and net assets	**¥ 4,387,015**	¥ 4,245,209	**$ 53,376,515**

Consolidated Statements of Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Revenue from operations	¥ 1,013,069	¥ 988,447	$ 12,325,944
Cost of revenue from operations	(790,233)	(751,953)	(9,614,710)
Selling, general and administrative expenses	(76,536)	(78,235)	(931,218)
Operating income	146,299	158,258	1,780,015
Other income (expenses):			
Interest and dividend income	4,164	3,700	50,663
Interest expenses	(23,087)	(24,777)	(280,899)
Equity in earnings of unconsolidated subsidiaries and affiliates	515	661	6,277
Other, net (Note 13)	(40,378)	(21,887)	(491,287)
	(58,785)	(42,302)	(715,245)
Income before income taxes and minority interests	87,513	115,955	1,064,770
Income taxes (Note 8):			
Current	(28,715)	(26,953)	(349,373)
Deferred	10,070	(21,687)	122,532
	(18,644)	(48,641)	(226,841)
Minority interests	(12,356)	(3,095)	(150,345)
Net income	¥ 56,512	¥ 64,219	$ 687,583

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	2012
Income before minority interests	¥ 68,869	¥ 67,314	$ 837,929
Other comprehensive income (Note 22):			
Unrealized holding gain (loss) on securities	(770)	(11,717)	(9,379)
Deferred gain (loss) from hedging instruments	(246)	113	(3,003)
Land revaluation reserve	23,717	0	288,563
Foreign currency translation adjustments	(8,299)	(16,613)	(100,983)
Share of other comprehensive income of companies accounted for by the equity method	(134)	18	(1,636)
Total other comprehensive income	14,264	(28,198)	173,561
Comprehensive income (Note 22)	¥ 83,134	¥ 39,115	$ 1,011,490
Total comprehensive income attributable to:			
Shareholders of Mitsubishi Estate Co., Ltd.	¥ 71,203	¥ 36,717	$ 866,322
Minority interests	¥ 11,931	¥ 2,398	$ 145,167

See accompanying notes to consolidated financial statements.

Consolidated Statements of Changes in Net Assets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2010	¥141,373	¥170,485	¥402,792	¥(3,926)	¥710,724
Changes in the year:					
New issue of stock					
Cash dividends paid			(16,657)		(16,657)
Net income			64,219		64,219
Purchase of treasury stock				(749)	(749)
Disposal of treasury stock			(71)	285	214
Land revaluation reserve (Note 1-h)			18		18
Changes in the scope of consolidation			(411)		(411)
Net change in items other than those in shareholders' equity					
Total of changes in the year			47,097	(463)	46,633
Balance at March 31, 2011	141,373	170,485	449,889	(4,390)	757,358
Changes in the year:					
New issue of stock					
Cash dividends paid			(16,653)		(16,653)
Net income			56,512		56,512
Purchase of treasury stock				(74)	(74)
Disposal of treasury stock			(19)	98	78
Land revaluation reserve (Note 1-h)			(18,608)		(18,608)
Changes in the scope of consolidation			(32)		(32)
Net change in items other than those in shareholders' equity					
Total of changes in the year			21,198	23	21,221
Balance at March 31, 2012	¥141,373	¥170,485	¥471,087	¥(4,366)	¥778,580

	Millions of yen							
	Accumulated other comprehensive income							
	Unrealized holding gain on securities	Deferred gains or losses on hedging instruments	Land revaluation reserve	Foreign currency translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2010	¥ 59,729	¥(376)	¥458,303	¥(45,223)	¥472,432	¥305	¥122,760	¥1,306,222
Changes in the year:								
New issue of stock								
Cash dividends paid								(16,657)
Net income								64,219
Purchase of treasury stock								(749)
Disposal of treasury stock								214
Land revaluation reserve (Note 1-h)								18
Changes in the scope of consolidation								(411)
Net change in items other than those in shareholders' equity	(11,708)	122	(6)	(15,927)	(27,519)	75	(10,364)	(37,808)
Total of changes in the year	(11,708)	122	(6)	(15,927)	(27,519)	75	(10,364)	8,825
Balance at March 31, 2011	48,021	(254)	458,297	(61,151)	444,912	381	112,395	1,315,047
Changes in the year:								
New issue of stock								
Cash dividends paid								(16,653)
Net income								56,512
Purchase of treasury stock								(74)
Disposal of treasury stock								78
Land revaluation reserve (Note 1-h)								(18,608)
Changes in the scope of consolidation								(32)
Net change in items other than those in shareholders' equity	(770)	16	42,350	(8,297)	33,298	70	4,276	37,645
Total of changes in the year	(770)	16	42,350	(8,297)	33,298	70	4,276	58,867
Balance at March 31, 2012	¥ 47,251	¥(238)	¥500,647	¥(69,449)	¥478,211	¥451	¥116,672	¥1,373,915

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, 2012 and 2011

	Thousands of U.S. dollars (Note 3)				
	Shareholders' equity				
	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity
Balance at April 1, 2010	$1,720,078	$2,074,286	$4,900,742	$(47,774)	$8,647,332
Changes in the year:					
New issue of stock					
Cash dividends paid			(202,670)		(202,670)
Net income			781,351		781,351
Purchase of treasury stock				(9,119)	(9,119)
Disposal of treasury stock			(869)	3,476	2,607
Land revaluation reserve (Note 1-h)			224		224
Changes in the scope of consolidation			(5,001)		(5,001)
Net change in items other than those in shareholders' equity					
Total of changes in the year			573,034	(5,642)	567,391
Balance at March 31, 2011	1,720,078	2,074,286	5,473,776	(53,417)	9,214,724
Changes in the year:					
New issue of stock					
Cash dividends paid			**(202,623)**		**(202,623)**
Net income			**687,583**		**687,583**
Purchase of treasury stock				**(911)**	**(911)**
Disposal of treasury stock			**(241)**	**1,199**	**957**
Land revaluation reserve (Note 1-h)			**(226,407)**		**(226,407)**
Changes in the scope of consolidation			**(394)**		**(394)**
Net change in items other than those in shareholders' equity					
Total of changes in the year			**257,916**	**287**	**258,204**
Balance at March 31, 2012	**$1,720,078**	**$2,074,286**	**$5,731,693**	**$(53,129)**	**$9,472,928**

	Thousands of U.S. dollars (Note 3)							
	Accumulated other comprehensive income							
	Unrealized holdnig gain on securities	Deferred gains or losses on hedging instruments	Land revaluation reserve	Foreign currency translation adjustments	Total accumulated other comprehensive income	Stock acquisition rights	Minority interests	Total net assets
Balance at April 1, 2010	$ 726,728	$(4,580)	$5,576,142	$(550,234)	$5,748,055	$3,716	$1,493,613	$15,892,717
Changes in the year:								
New issue of stock								
Cash dividends paid								(202,670)
Net income								781,351
Purchase of treasury stock								(9,119)
Disposal of treasury stock								2,607
Land revaluation reserve (Note 1-h)								224
Changes in the scope of consolidation								(5,001)
Net change in items other than those in shareholders' equity	(142,453)	1,485	(74)	(193,791)	(334,833)	922	(126,102)	(460,013)
Total of changes in the year	(142,453)	1,485	(74)	(193,791)	(334,833)	922	(126,102)	107,378
Balance at March 31, 2011	584,275	(3,095)	5,576,067	(744,025)	5,413,222	4,638	1,367,511	16,000,096
Changes in the year:								
New issue of stock								
Cash dividends paid								**(202,623)**
Net income								**687,583**
Purchase of treasury stock								**(911)**
Disposal of treasury stock								**957**
Land revaluation reserve (Note 1-h)								**(226,407)**
Changes in the scope of consolidation								**(394)**
Net change in items other than those in shareholders' equity	**(9,369)**	**195**	**515,279**	**(100,959)**	**405,146**	**852**	**52,033**	**458,032**
Total of changes in the year	**(9,369)**	**195**	**515,279**	**(100,959)**	**405,146**	**852**	**52,033**	**716,236**
Balance at March 31, 2012	**$ 574,905**	**$(2,900)**	**$6,091,347**	**$(844,984)**	**$5,818,368**	**$5,490**	**$1,419,544**	**$16,716,333**

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2012	2011	**2012**
Cash flows from operating activities			
Income before income taxes and minority interests	**¥ 87,513**	¥ 115,955	**$ 1,064,770**
Depreciation and amortization	**67,465**	70,628	**820,846**
Loss on sales or disposal of property and equipment	**7,886**	4,388	**95,960**
Gain on sales of securities	**(229)**	(337)	**(2,798)**
Valuation loss on securities	**333**	3,286	**4,059**
Valuation loss on equity investments	**3,011**	3,587	**36,636**
Impairment loss	**18,133**	2,788	**220,622**
Equity in net income of affiliates	**(515)**	(661)	**(6,277)**
Increase (decrease) in allowances	**3,193**	(12)	**38,859**
Interest and dividend income	**(4,164)**	(3,700)	**(50,663)**
Interest expense	**23,087**	24,777	**280,900**
(Increase) decrease in notes and accounts receivable	**(6,416)**	(13,640)	**(78,069)**
(Increase) decrease in inventories	**109,481**	71,676	**1,332,051**
(Increase) decrease in equity investments	**(82,423)**	9,183	**(1,002,836)**
Increase (decrease) in notes and accounts payable	**(3,146)**	(530)	**(38,278)**
Increase (decrease) in lease deposits received	**(1,743)**	(7,929)	**(21,214)**
Other	**28,134**	12,979	**342,311**
Subtotal	**249,601**	292,440	**3,036,881**
Interest and dividends received	**4,379**	3,943	**53,280**
Interest paid	**(22,931)**	(25,047)	**(279,003)**
Income taxes paid	**(27,805)**	(12,073)	**(338,309)**
Net cash provided by operating activities	**203,243**	259,263	**2,472,848**
Cash flows from investing activities			
Proceeds from sales of marketable securities	**1,179**	1,220	**14,350**
Purchases of marketable securities	**(1,000)**	(1,000)	**(12,166)**
Proceeds from sales of property and equipment	**10,592**	157	**128,875**
Purchases of property and equipment	**(282,109)**	(76,239)	**(3,432,403)**
Proceeds from sales of investment securities	**1,728**	3,683	**21,027**
Purchases of investment securities	**(922)**	(8,838)	**(11,219)**
Purchase of investments in subsidiaries resulting in change in scope of consolidation	**–**	(9,147)	**–**
Other (Note 16)	**(1,477)**	22,939	**(17,981)**
Net cash used in investing activities	**(272,009)**	(67,223)	**(3,309,518)**
Cash flows from financing activities			
Net increase and decrease in short-term borrowings	**4,794**	(22,786)	**58,337**
Increase in long-term borrowings	**241,898**	260,170	**2,943,164**
Repayment of long-term borrowings	**(235,393)**	(323,857)	**(2,864,011)**
Proceeds from issuance of corporate bonds	**105,270**	17,074	**1,280,824**
Repayment of corporate bonds	**(35,630)**	(38,861)	**(433,515)**
Cash dividends paid	**(16,653)**	(16,657)	**(202,623)**
Other	**(7,097)**	(15,351)	**(86,360)**
Net cash provided by (used in) financing activities	**57,189**	(140,269)	**695,816**
Effect of exchange rate changes on cash and cash equivalents	**(2,262)**	(2,096)	**(27,530)**
Net increase and decrease in cash and cash equivalents	**(13,839)**	49,674	**(168,382)**
Cash and cash equivalents at beginning of year	**229,062**	177,825	**2,786,984**
Increase in cash and cash equivalents arising from newly consolidated subsidiaries	**7**	1,563	**95**
Cash and cash equivalents of subsidiaries excluded from consideration	**(66)**	–	**(814)**
Increase in cash and cash equivalents arising from merger	**607**	–	**7,394**
Cash and cash equivalents at end of year (Note 16)	**¥ 215,771**	¥ 229,062	**$ 2,625,278**

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries
Years ended March 31, 2012 and 2011

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 Act 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 Financial Instruments and Exchange Act 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, 2012 and 2011 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 the Companies Act 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 9 for more information.

o. Standards issued but not yet effective
On March 25, 2011, Accounting Standard Board of Japan ("ASBJ") issued "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22), "Revised Guidance on Disclosures about Certain Special Purpose Entities" (ASBJ Guidance No. 15), "Revised Guidance on Determining a Subsidiary and an Affiliate" (ASBJ Guidance No. 22) and "Revised Practical Solution on Application of the Control Criteria and Influence Criteria to Investment Associations" (ASBJ PITF No. 20). These standards and related implementation guidance and practical solution modify existing standards to address current treatment for consolidation of certain special purpose entities. These standard and related implementation guidance and practical solution are effective for fiscal year beginning on or after April 1, 2013. The Company is currently evaluating what effect these modifications will have on its consolidated results of operations and financial condition.

2 Changes in Accounting Policy

("Accounting Standard for Accounting Changes and Error Corrections")
Effective April 1, 2011, the Company has adopted "Accounting Standard for Accounting Changes and Error Corrections" (ASBJ Statement No. 24 issued on December 4, 2009) and "Guidance on Accounting Standards for Accounting Change and Error Corrections" (ASBJ Guidance No. 24 issued on December 4, 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 ¥82.19 = U.S.$1.00, the approximate rate of exchange prevailing on March 31, 2012. 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, 2012 and 2011 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Real estate for sale	**¥120,573**	¥217,420	**$1,467,009**
Land and housing projects in progress	**328,127**	324,713	**3,992,305**
Land held for development	**8,632**	8,801	**105,031**
Other	**8,068**	8,469	**98,166**
Total	**¥465,401**	¥559,405	**$5,662,513**

5 Other Investments

Other investments at March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Lease deposits	**¥101,833**	¥ 97,238	**$1,238,996**
Long-term prepaid expenses and other	**41,052**	46,192	**499,482**
Total	**¥142,885**	¥143,430	**$1,738,478**

6 Short-Term Borrowings and Long-Term Debt

At March 31, 2012 and 2011, short-term borrowings and the current portion of long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Loans, principally from banks	**¥ 79,002**	¥ 75,507	**$ 961,220**
Current portion of long-term debt	**223,930**	238,216	**2,724,552**
Total	**¥302,933**	¥313,723	**$3,685,773**

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2012 and 2011 were 0.63% and 0.60%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2012 and 2011, long-term debt consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
1.44% unsecured bonds due 2011	**–**	¥ 10,000	**–**
1.16% unsecured bonds due 2011	**–**	10,000	**–**
1.47% unsecured bonds due 2012	**–**	10,000	**–**
1.58% unsecured bonds due 2012	**¥ 20,000**	20,000	**$ 243,338**
3.275% unsecured bonds due 2012	**10,000**	10,000	**121,669**
2.77% unsecured bonds due 2012	**10,000**	10,000	**121,669**
1.395% unsecured bonds due 2012	**10,000**	10,000	**121,669**
1.2% unsecured bonds due 2012	**10,000**	10,000	**121,669**
1% unsecured bonds due 2013	**10,000**	10,000	**121,669**
0.785% unsecured bonds due 2013	**10,000**	10,000	**121,669**
1.675% unsecured bonds due 2014	**10,000**	10,000	**121,669**
1.349% unsecured bonds due 2014	**10,000**	10,000	**121,669**
1.65% unsecured bonds due 2014	**10,000**	10,000	**121,669**
1.75% unsecured bonds due 2014	**10,000**	10,000	**121,669**
1.655% unsecured bonds due 2014	**10,000**	10,000	**121,669**
1.409% unsecured bonds due 2015	**10,000**	10,000	**121,669**
1.295% unsecured bonds due 2015	**10,000**	10,000	**121,669**
1.572% unsecured bonds due 2015	**10,000**	10,000	**121,669**
1.443% unsecured bonds due 2016	**15,000**	15,000	**182,503**
1.985% unsecured bonds due 2016	**10,000**	10,000	**121,669**
1.88% unsecured bonds due 2016	**10,000**	10,000	**121,669**
0.553% unsecured bonds due 2016	**15,000**	–	**182,503**
0.459% unsecured bonds due 2016	**10,000**	–	**121,669**
1.79% unsecured bonds due 2017	**10,000**	10,000	**121,669**
2.045% unsecured bonds due 2017	**10,000**	10,000	**121,669**
1.825% unsecured bonds due 2017	**10,000**	10,000	**121,669**
3.125% unsecured bonds due 2017	**10,000**	10,000	**121,669**
1.77% unsecured bonds due 2017	**20,000**	20,000	**243,338**
1.65% unsecured bonds due 2018	**10,000**	10,000	**121,669**
2.005% unsecured bonds due 2018	**10,000**	10,000	**121,669**
3% unsecured bonds due 2018	**10,000**	10,000	**121,669**
1.84% unsecured bonds due 2018	**15,000**	15,000	**182,503**
1.72% unsecured bonds due 2018	**10,000**	10,000	**121,669**
0.811% unsecured bonds due 2018	**10,000**	–	**121,669**
1.87% unsecured bonds due 2019	**15,000**	15,000	**182,503**
1.62% unsecured bonds due 2019	**10,000**	10,000	**121,669**
1.53% unsecured bonds due 2019	**10,000**	10,000	**121,669**
1.975% unsecured bonds due 2019	**10,000**	10,000	**121,669**
1.805% unsecured bonds due 2019	**10,000**	10,000	**121,669**
2.5% unsecured bonds due 2020	**10,000**	10,000	**121,669**
1.165% unsecured bonds due 2020	**10,000**	10,000	**121,669**
1.262% unsecured bonds due 2021	**15,000**	–	**182,503**
1.103% unsecured bonds due 2021	**20,000**	–	**243,338**
1.095% unsecured bonds due 2021	**10,000**	–	**121,669**
2.42% unsecured bonds due 2022	**10,000**	10,000	**121,669**
1.50% unsecured bonds due 2022	**10,000**	10,000	**121,669**
1.178% unsecured bonds due 2022	**20,000**	–	**243,338**
2.075% unsecured bonds due 2023	**10,000**	10,000	**121,669**
2.28% unsecured bonds due 2024	**10,000**	10,000	**121,669**
2.305% unsecured bonds due 2027	**10,000**	10,000	**121,669**
2.385% unsecured bonds due 2027	**10,000**	10,000	**121,669**
2.52% unsecured bonds due 2027	**15,000**	15,000	**182,503**
2.425% unsecured bonds due 2027	**10,000**	10,000	**121,669**
2.555% unsecured bonds due 2028	**10,000**	10,000	**121,669**
2.9% unsecured bonds due 2032	**10,000**	10,000	**121,669**
2.615% unsecured bonds due 2032	**10,000**	10,000	**121,669**
2.04% unsecured bonds due 2032	**20,000**	20,000	**243,338**
1.72% unsecured bonds due 2033	**10,000**	10,000	**121,669**
Floating rate bonds due 2011 (payable in U.S. dollars)	**–**	6,330	**–**
Floating rate bonds due 2012 (payable in U.S. dollars)	**6,235**	–	**75,871**
Loans from banks and insurance companies:			
Secured	**213,687**	258,665	**2,599,915**
Unsecured	**779,643**	731,318	**9,485,866**
	1,629,566	1,556,314	**19,826,819**
Less current portion	**(223,930)**	(238,216)	**(2,724,552)**
	¥1,405,635	¥1,318,097	**$17,102,267**

The aggregate annual maturities of long-term debt subsequent to March 31, 2012 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥ 223,895	$ 2,724,115
2014	194,279	2,363,779
2015	326,870	3,977,008
2016	69,794	849,184
2017	218,953	2,663,987
2018 and thereafter	595,738	7,248,306
Total	¥1,629,530	$19,826,383

The assets pledged as collateral for short-term borrowings of ¥100 million ($1,216 thousand) and long-term debt of ¥213,687 million ($2,599,915 thousand) at March 31, 2012 were as follows:

	Millions of yen	Thousands of U.S. dollars
Cash	¥ 1,908	$ 23,216
Buildings and structures	156,412	1,903,065
Machinery and equipment	3,881	47,223
Land	197,119	2,398,343
Land in trust	243,942	2,968,031
Investment securities	68	837
Total	¥603,333	$7,340,716

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, 2012 and 2011 for the Company's and its consolidated subsidiaries' defined benefit pension plans:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Retirement benefit obligation	**¥(100,512)**	¥(97,352)	**$(1,222,934)**
Plan assets at fair value	**74,401**	73,880	**905,241**
Unfunded retirement benefit obligation	**(26,111)**	(23,472)	**(317,692)**
The net retirement benefit obligation at transition of the accounting standards	**6**	17	**85**
Unrecognized actuarial loss	**18,330**	16,097	**223,020**
Unrecognized prior service cost	**530**	976	**6,451**
Net amounts recognized in the consolidated balance sheet	**(7,243)**	(6,381)	**(88,135)**
Prepaid pension expenses	**8,463**	9,229	**102,977**
Accrued employees' retirement benefits	**¥ (15,707)**	¥(15,610)	**$ (191,112)**

* The accrued employees' retirement benefits recognized by Rockefeller Group, Inc., a consolidated subsidiary, in the amount ¥287 million ($3,493 thousand) was presented in other current liabilities

The components of expenses related to the pension and severance plans for the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Service cost	**¥ 4,317**	¥ 4,425	**$ 52,535**
Interest cost	**2,185**	2,231	**26,595**
Expected return on plan assets	**(1,563)**	(1,515)	**(19,017)**
Amortization of net retirement benefit obligation at transition	**8**	12	**101**
Amortization of actuarial loss	**2,195**	2,083	**26,707**
Other	**280**	388	**3,413**
Total	**¥ 7,424**	¥ 7,626	**$ 90,336**

The assumptions used in accounting for the pension and severance plans for the years ended March 31, 2012 and 2011 were as follows:

	2012	2011
Discount rate	**1.0 ~ 5.5%**	1.5 ~ 5.9%
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, 2012 and 2011. 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, 2012 differ from the statutory tax rate for the following reasons:

	2012	2011
Statutory tax rate	**40.69%**	40.69%
Increase (decrease) in income taxes resulting from:		
Change in valuation allowance	**(3.50)**	1.18
Different tax rates applied	**0.55**	(0.44)
Revenues deductible for income tax purposes	**(0.54)**	(0.26)
Expenses not deductible for income tax purposes	**0.62**	0.48
Undistributed earnings of affiliates	**(0.08)**	(0.15)
Equity income	**(0.22)**	(0.21)
Effect of enacted changes in tax laws and rates on Japanese tax	**(18.35)**	–
Other	**2.13**	0.66
Effective tax rates	**21.30%**	41.95%

The significant components of deferred tax assets and liabilities as of March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Deferred tax assets:			
Net operating loss carry forwards	**¥ 6,269**	¥ 14,612	**$ 76,285**
Accrued retirement allowances and pension costs	**13,511**	14,546	**164,393**
Valuation loss on inventories	**16,246**	18,549	**197,666**
Unrealized loss on property and equipment	**85,885**	67,617	**1,044,966**
Unrealized loss on property and equipment by consolidation	**15,390**	17,346	**187,253**
Land revaluation reserve	**29,791**	54,305	**362,475**
Loss on valuation of equity investments	**2,952**	2,175	**35,918**
Other	**28,958**	32,197	**352,337**
Total gross deferred tax assets	**199,006**	221,351	**2,421,297**
Valuation allowance	**(78,859)**	(69,747)	**(959,483)**
Total deferred tax assets	**120,146**	151,603	**1,461,813**
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	**(72,820)**	(64,748)	**(886,006)**
Land revaluation reserve	**(322,650)**	(375,791)	**(3,925,672)**
Unrealized gain on property and equipment by consolidation	**(162,210)**	(177,806)	**(1,973,603)**
Unrealized gain on securities	**(25,486)**	(34,564)	**(310,096)**
Other	**(16,655)**	(20,239)	**(202,640)**
Total deferred tax liabilities	**(599,824)**	(673,149)	**(7,298,019)**
Net deferred tax liabilities	**¥(479,677)**	¥(521,546)	**$(5,836,205)**

The "Act for Partial Revision of the Income Tax Act etc. for the Purpose of Creating Taxation System Responding to Changes in Economic and Social Structures" (Act No. 114 of 2011) and the "Act on Special Measures for Securing Financial Resources Necessary to Implement Measures for Reconstruction following the Great East Japan Earthquake" (Act No. 117 of 2011) were promulgated on December 2, 2011 and the staged reduction of the national corporate tax rate and a special reconstruction corporate tax will apply to corporate taxes effective fiscal years beginning on or after April 1, 2012.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 40.69% to 38.01% for the temporary differences expected to be realized or settled in the period from April 1, 2012 to March 31, 2015 and from 40.69% to 35.64% for temporary differences expected to be realized or settled from fiscal years beginning April 1, 2015. The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax liabilities, net by ¥65,050 million ($791,465 thousand) and decrease deferred income taxes by ¥16,056 million ($195,360 thousand) as of and for the year ended March 31, 2012.

9 Shareholders' Equity

The Companies Act of Japan 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 ($2,074,286 thousand), and the legal reserve amounted to ¥21,663 million ($263,581 thousand) at March 31, 2012. 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,	**2012**	2011	**2012**
Net income:			
Basic	**¥40.72**	¥46.27	**$0.49**
Diluted	**40.71**	46.26	**0.49**
Cash dividends applicable to the year	**12.00**	12.00	**0.14**

	Yen		U.S. dollars
As of March 31,	**2012**	2011	**2012**
Net assets	**¥905.60**	¥866.31	**$11.01**

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, 2012 and 2011, 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			
	2012							
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	**¥7,205**	**¥6,098**	**¥134**	**¥ 971**	**$ 87,665**	**$74,205**	**$1,635**	**$11,823**
Others	**1,068**	**815**	**0**	**253**	**13,006**	**9,920**	**4**	**3,081**
Total	**¥8,274**	**¥6,914**	**¥134**	**¥1,225**	**$100,671**	**$84,125**	**$1,639**	**$14,905**

	Millions of yen			
	2011			
	Acquisition costs	Accumulated depreciation	Accumulated impairment loss	Net book value
Buildings and structures	¥11,329	¥7,795	¥231	¥3,301
Others	2,226	1,676	0	549
Total	¥13,556	¥9,472	¥232	¥3,851

Lease payments relating to finance leases accounted for as operating leases in the accompanying consolidated financial statements amounted to ¥1,105 million ($13,455 thousand) and ¥1,838 million for the years ended March 31, 2012 and 2011, respectively.

Future minimum lease payments subsequent to March 31, 2012 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
2013	¥ 818	¥ 3,374	$ 9,952	$ 41,058
2014 and thereafter	541	57,548	6,592	700,192
Total	¥1,359	¥60,923	$16,545	$741,251

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, 2012 from noncancelable operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2013	¥180,100	$2,191,276
2014 and thereafter	626,787	7,626,085
Total	¥806,888	$9,817,361

12 Contingent Liabilities

At March 31, 2012, the Company and its consolidated subsidiaries had the following contingent liabilities:

(1) Guarantee of loans

	Millions of yen	Thousands of U.S. dollars
Guarantees of affiliates' loans from banks	**¥ 1,390**	**$ 16,912**
Guarantees of house purchasers' loans from banks and others	**65,469**	**796,560**
Other	**129**	**1,579**
Total	**¥66,989**	**$815,052**

(2) Guarantee for business undertakings
We provide business undertaking guarantees for the below borrowings from finance institutions.

	Millions of yen	Thousands of U.S. dollars
Business undertaking guarantees	**¥7,380**	**$89,796**

13 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for each of the years ended March 31, 2012 and 2011 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	**2012**
Amortization of negative goodwill	**¥ 835**	¥ 943	**$ 10,163**
Gain on sales of fixed assets	**2,205**	–	**26,840**
Gain on sales of investment securities	**229**	337	**2,798**
Loss on disposal of fixed assets	**(6,586)**	(6,136)	**(80,132)**
Loss related to retirement of fixed assets	**(7,728)**	(3,052)	**(94,030)**
Impairment loss (*1)	**(18,133)**	(2,788)	**(220,622)**
Loss on valuation of equity investments	**(3,011)**	(3,587)	**(36,636)**
Loss on valuation of investment securities	**–**	(3,286)	**–**
Loss on disaster	**–**	(2,159)	**–**
Loss for soil decontamination	**(1,569)**	–	**(19,101)**
Loss on serviced apartment business	**(3,618)**	–	**(44,024)**
Loss on clinic closing	**(1,296)**	–	**(15,780)**
Other, net	**(1,706)**	(2,156)	**(20,759)**
	¥(40,378)	¥(21,887)	**$(491,287)**

(*1) Impairment loss
The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2012:

Major Application	Category	Location
Leased assets, etc. (total 23 groups)	Buildings, Long-term prepaid expenses, etc.	Yokohama, Kanagawa Prefecture, 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, 2012, the book values of 23 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 impairment losses in the amount of ¥18,133 million ($220,622 thousand).

The breakdown of such impairment losses were ¥3,279 million ($39,906 thousand) in land and land in trust, ¥7,360 million ($89,560 thousand) in buildings and structures, ¥7,492 million ($91,156 thousand) in buildings and long-term prepaid expenses, 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.

The Company recorded consolidated impairment losses for the following asset groups for the fiscal year ended March 31, 2011:

Major Application	Category	Location
Leased assets, etc. (total 10 groups)	Buildings, land, etc.	Chiyoda-ku, Tokyo, 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, 2011, the book values of 10 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 impairment losses in the amount of ¥2,788 million.

The breakdown of such impairment losses were ¥2,165 million in land, ¥622 million in buildings and structures, 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.

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, 2012 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		
	2012					
	Carrying Value	Estimated Fair Value	Difference	Carrying Value	Estimated Fair Value	Difference
1) Cash on hand and in banks	¥ 215,741	¥ 215,741	–	$ 2,624,914	$ 2,624,914	–
2) Notes and accounts receivable – trade	41,927			510,132		
Allowance for doubtful receivables (*1)	(833)			(10,136)		
	41,094	41,094	–	499,995	499,995	–
3) Securities and Investment securities						
(i) Held-to-maturity debt securities	2,051	2,072	¥ 20	24,960	25,210	$ 249
(ii) Other securities	152,050	152,187	137	1,849,986	1,851,659	1,672
4) Equity investments	7,407	7,407	–	90,125	90,125	–
Total assets	¥ 418,345	¥ 418,503	¥ 157	$ 5,089,983	$ 5,091,905	$ 1,921
1) Notes and accounts payable – trade	¥ 77,860	¥ 77,860	–	$ 947,321	$ 947,321	–
2) Short-term borrowings	79,002	79,002	–	961,220	961,220	–
3) Current portion of long-term borrowings	147,695	147,695	–	1,796,995	1,796,995	–
4) Current portion of long-term bonds	76,235	76,235	–	927,557	927,557	–
5) Long-term bonds	560,000	590,073	¥30,073	6,813,480	7,179,377	$365,896
6) Long-term borrowings	845,635	854,249	8,613	10,288,786	10,393,590	104,804
Total liabilities	¥1,786,429	¥1,825,116	¥38,686	$21,735,362	$22,206,063	$470,700

	Millions of yen		
	2011		
	Carrying Value	Estimated Fair Value	Difference
1) Cash on hand and in banks	¥ 224,688	¥ 224,688	–
2) Notes and accounts receivable – trade	40,130		
Allowance for doubtful receivables (*1)	(502)		
	39,627	39,627	–
3) Securities and Investment securities			
(i) Held-to-maturity debt securities	3,460	3,483	¥ 23
(ii) Other securities	159,500	159,610	109
4) Equity investments	7,996	7,996	–
Total assets	¥ 435,273	¥ 435,406	¥ 132
1) Notes and accounts payable – trade	¥ 76,113	¥ 76,113	–
2) Short-term borrowings	75,507	75,507	–
3) Current portion of long-term borrowings	201,885	201,885	–
4) Current portion of long-term bonds	36,330	36,330	–
5) Long-term bonds	530,000	547,683	¥17,683
6) Long-term borrowings	788,097	795,698	7,600
Total liabilities	¥1,707,935	¥1,733,219	¥25,284

(*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
	2012	2011	2012
(i) Unlisted stocks *1	¥ 20,756	¥ 25,451	$ 252,543
(ii) Equity investments *2	281,141	201,903	3,420,628
(iii) Lease and guarantee deposit receivables *3	101,833	97,238	1,238,996
(iv) Lease and guarantee deposit payables *4	373,189	374,719	4,540,575

*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, 2012

	Millions of yen				Thousands of U.S. dollars			
As of March 31, 2012	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	¥215,542	–	–	–	$2,622,492	–	–	–
Notes and accounts receivable – trade	41,927	–	–	–	510,132	–	–	–
Marketable securities and investment securities:								
Held-to-maturity debt securities								
National and local government bonds	24	¥ 60	¥ 202	–	303	$ 730	$2,457	–
Corporate bonds	155	209	–	–	1,891	2,553	–	–
Other	350	1,313	–	–	4,258	15,984	–	–
Other marketable securities with maturities:								
Corporate bonds	–	–	–	–	–	–	–	–
Other	–	–	–	–	–	–	–	–
Total	¥258,000	¥1,583	¥ 202	–	$3,139,078	$19,268	$2,457	–

	Millions of yen			
As of March 31, 2011	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	¥224,546	–	–	–
Notes and accounts receivable – trade	40,130	–	–	–
Marketable securities and investment securities:				
Held-to-maturity debt securities				
National and local government bonds	15	¥ 145	¥ 210	–
Corporate bonds	162	383	–	–
Other	1,450	2,582	–	–
Other marketable securities with maturities:				
Corporate bonds	–	–	–	–
Other	2,443	–	–	–
Total	¥268,748	¥3,110	¥ 210	–

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

	Millions of yen						Thousands of U.S. dollars					
As of March 31, 2012	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	¥ 76,200	¥ 30,000	¥ 40,000	¥20,000	¥ 70,000	¥400,000	$ 927,120	$ 365,007	$ 486,677	$243,338	$ 851,685	$4,866,772
Long-term borrowings	147,695	164,279	286,870	49,794	148,953	195,738	1,796,995	1,998,771	3,490,331	605,846	1,812,302	2,381,534
Total	¥223,895	¥194,279	¥326,870	¥69,794	¥218,953	¥595,738	$2,724,115	$2,363,779	$3,977,008	$849,184	$2,663,987	$7,248,306

	Millions of yen					
As of March 31, 2011	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	¥ 36,300	¥ 70,000	¥ 30,000	¥ 40,000	¥20,000	¥370,000
Long-term borrowings	201,885	185,042	159,356	265,817	45,539	132,342
Total	¥238,185	¥255,042	¥189,356	¥305,817	¥65,539	¥502,342

15 Marketable Securities and Investment Securities

Marketable and investment securities classified as other securities at March 31, 2012 and 2011 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2012					
	Cost	Fair value	Unrealized gain (loss)	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:						
Equity securities	¥43,528	¥115,972	¥72,443	$ 529,610	$1,411,026	$881,416
Other	5,331	7,408	2,076	64,864	90,135	25,270
Subtotal	48,859	123,380	74,520	594,475	1,501,161	906,686
Securities whose cost exceeds their fair value:						
Equity securities	38,159	35,997	(2,162)	464,282	437,974	(26,307)
Corporate bonds	10	10	–	121	121	–
Other	142	9	(133)	1,737	112	(1,625)
Subtotal	38,312	36,016	(2,295)	466,141	438,208	(27,932)
Total	¥87,172	¥159,396	¥72,224	$1,060,617	$1,939,370	$878,753

	Millions of yen		
	2011		
	Cost	Fair value	Unrealized gain (loss)
Securities whose fair value exceeds their cost:			
Equity securities	¥42,409	¥124,735	¥ 82,326
Other	5,331	7,997	2,666
Subtotal	47,740	132,733	84,992
Securities whose cost exceeds their fair value:			
Equity securities	38,639	34,685	(3,954)
Other	142	18	(124)
Subtotal	38,782	34,703	(4,078)
Total	¥86,522	¥167,436	¥ 80,913

Proceeds from sales of securities classified as other securities totaled ¥472 million ($5,745 thousand) in 2012 and ¥549 million in 2011, respectively. Gross realized gain was ¥229 million ($2,793 thousand) in 2012 and ¥337 million in 2011, respectively. Gross realized loss was ¥13 million in 2011.

Marketable debt securities classified as held-to-maturity securities at March 31, 2012 and 2011 are summarized as follows:

	Millions of yen			Thousands of U.S. dollars		
	2012					
	Amortized cost	Fair value	Unrealized gain (loss)	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:						
Government bonds	**¥ 376**	**¥ 385**	**¥ 9**	**$ 4,579**	**$ 4,694**	**$115**
Corporate bonds	**371**	**382**	**11**	**4,520**	**4,654**	**134**
Subtotal	**747**	**768**	**20**	**9,099**	**9,349**	**249**
Debt securities whose cost exceeds their fair value:						
Government bonds	**–**	**–**	**–**	**–**	**–**	**–**
Other	**1,303**	**1,303**	**–**	**15,861**	**15,861**	**–**
Subtotal	**1,303**	**1,303**	**–**	**15,861**	**15,861**	**–**
Total	**¥2,051**	**¥2,072**	**¥20**	**$24,960**	**$25,210**	**$249**

	Millions of yen		
	2011		
	Amortized cost	Fair value	Unrealized gain (loss)
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 318	¥ 322	¥ 4
Corporate bonds	560	580	19
Subtotal	878	903	24
Debt securities whose cost exceeds their fair value:			
Government bonds	50	49	(0)
Corporate bonds	2,530	2,530	–
Subtotal	2,581	2,580	(0)
Total	¥3,460	¥3,483	¥23

16 Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2012 and 2011:

	Millions of yen		Thousands of U.S. dollars
	2012	2011	2012
Cash	**¥215,741**	¥224,688	**$2,624,914**
Time deposits with maturities of more than three months	**(655)**	(705)	**(7,971)**
Marketable securities with maturities of three months or less	**685**	5,079	**8,335**
Cash and cash equivalents	**¥215,771**	¥229,062	**$2,625,278**

17 Derivatives and Hedging Activities

1. Interest related transactions

		Millions of yen			Thousands of U.S. dollars		
		2012					
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
Interest rate swap contracts Fixed rate payment and floating rate receipt	Short-term borrowings and Long-term borrowings	**¥ 84,046**	**¥ 78,215**	**¥(444)**	**$1,022,585**	**$ 951,646**	**$(5,408)**
Interest rate swap contracts by short-cut Method Fixed rate payment and floating rate receipt	Long-term borrowings and Corporate bonds	**158,970**	**118,715**	(*)	**1,934,178**	**1,444,402**	(*)
Total		**¥243,016**	**¥196,931**	**¥(444)**	**$2,956,764**	**$2,396,048**	**$(5,408)**

		Millions of yen		
		2011		
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair Value
Interest rate swap contracts Fixed rate payment and floating rate receipt	Short-term borrowings and Long-term borrowings	¥ 94,132	¥ 87,287	¥(215)
Interest rate swap contracts by short-cut Method Fixed rate payment and floating rate receipt	Long-term borrowings and Corporate bonds	138,776	113,498	(*)
Total		¥232,908	¥200,785	¥(215)

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.

2. Interest and currency related transactions

		Millions of yen			Thousands of U.S. dollars		
		2012					
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
Interest rate and currency swap contracts Payment in GBP and receipt in JPY Floating rate payment and fixed rate receipt	Corporate bonds	**¥6,200**	**–**	**¥723**	**$75,434**	**–**	**$ 8,808**
Interest rate and currency swap contracts Payment in GBP and receipt in USD Floating rate payment and fixed rate receipt	Loans to affiliated companies	**1,802**	**–**	**110**	**21,928**	**–**	**1,341**
Total		**¥8,002**	**–**	**¥834**	**$97,363**	**–**	**$10,510**

		Millions of yen		
		2011		
Class of Transactions	Subject to hedged accounting	Notional Amount	Due after One Year	Fair Value
Interest rate and currency swap contracts Payment in GBP and receipt in JPY Floating rate payment and fixed rate receipt	Corporate bonds	¥6,300	–	¥569

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

18 Segment Information

The reportable segments of the Group are components for which discrete financial information is available and whose operating results are regularly reviewed by the board of directors and other committees to make decisions about resource allocation and to assess performance. Business performances are aggregated according to business areas that consist of multiple business groups and defined as organizational units having common business objectives and management responsibilities within the Group, and such aggregated business areas are disclosed as reportable 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) Commercial Property Development and Investment; (4) International Business; (5) Investment Management; (6) Architectural Design and Engineering; (7) Hotels Business; (8) Real Estate Services; and (9) Other businesses.

Effective April 1, 2011, the Company realigned its reportable segments to reflect partial change of its organizational structure. Investment Management, which had been a part of Urban Development and Investment Management segment until the fiscal year ended March 31, 2011, was spun off into Investment Management segment, and Urban Development and Investment Management segment was renamed to Commercial Property Development and Investment segment. Certain business, which had been classified as Custom-Built Housing segment until the fiscal year ended March 31, 2011, was consolidated into Residential Business. The amounts in this report for the year ended March 31, 2011 were restated reflecting the changes of the segment classification.

The reportable segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2012 and 2011 is summarized as follows:

Millions of yen

2012

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Revenue, operating income and assets by reportable segments													
Revenue from:													
External customers	¥ 504,100	¥341,040	¥ 55,650	¥ 42,108	¥ 5,756	¥13,502	¥25,093	¥24,817	¥1,012,070	¥ 998	¥1,013,069	–	¥1,013,069
Intersegment or transfers	6,749	1,783	159	–	168	6,430	561	1,268	17,120	2,507	19,628	¥ (19,628)	–
Total revenue	510,850	342,823	55,809	42,108	5,924	19,932	25,654	26,085	1,029,191	3,506	1,032,697	(19,628)	1,013,069
Segment income (loss)	¥ 146,007	¥ 4,792	¥ 1,609	¥ 8,020	¥ 1,464	¥ 1,190	¥ (278)	¥ (57)	¥ 162,750	¥ 181	¥ 162,932	¥ (16,632)	¥ 146,299
Segment assets	¥2,915,905	¥685,447	¥230,467	¥328,935	¥28,147	¥21,520	¥23,462	¥25,171	¥4,259,057	¥27,468	¥4,286,526	¥100,489	¥4,387,015
Other items													
Depreciation and amortization	¥ 55,948	¥ 1,932	¥ 1,766	¥ 5,673	¥ 40	¥ 73	¥ 1,174	¥ 512	¥ 67,123	¥ 86	¥ 67,210	¥ 254	¥ 67,465
Capital expenditures	¥ 143,767	¥ 8,511	¥ 81,007	¥ 57,330	¥ 54	¥ 26	¥ 1,251	¥ 734	¥ 292,683	¥ 119	¥ 292,803	¥ (131)	¥ 292,671

Thousands of U.S. dollars

2012

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or corporate	Consolidated
Revenue, operating income and assets by reportable segments													
Revenue from:													
External customers	$ 6,133,356	$4,149,419	$ 677,093	$ 512,333	$ 70,043	$164,285	$305,311	$301,951	$12,313,796	$ 12,148	$12,325,944	–	$12,325,944
Intersegment or transfers	82,125	21,696	1,938	–	2,044	78,236	6,829	15,432	208,303	30,510	238,814	$ (238,814)	–
Total revenue	6,215,482	4,171,115	679,032	512,333	72,087	242,522	312,141	317,384	12,522,100	42,658	12,564,759	(238,814)	12,325,944
Segment income (loss)	$ 1,776,464	$ 58,315	$ 19,587	$ 97,588	$ 17,816	$ 14,483	$ (3,386)	$ (698)	$ 1,980,171	$ 2,213	$ 1,982,385	$ (202,369)	$ 1,780,015
Segment assets	$35,477,615	$8,339,787	$2,804,081	$4,002,136	$342,471	$261,834	$285,466	$306,259	$51,819,653	$334,211	$52,153,865	$1,222,649	$53,376,515
Other items													
Depreciation and amortization	$ 680,722	$ 23,517	$ 21,497	$ 69,034	$ 496	$ 898	$ 14,290	$ 6,231	$ 816,687	$ 1,058	$ 817,746	$ 3,099	$ 820,846
Capital expenditures	$ 1,749,203	$ 103,562	$ 985,617	$ 697,530	$ 667	$ 320	$ 15,229	$ 8,932	$ 3,561,063	$ 1,453	$ 3,562,517	$ (1,600)	$ 3,560,916

Millions of yen

2011

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Revenue, operating income and assets by reportable segments													
Revenue from:													
External customers	¥ 457,784	¥367,508	¥ 47,904	¥ 45,091	¥ 4,935	¥12,904	¥27,017	¥24,174	¥ 987,320	¥ 1,126	¥ 988,447	–	¥ 988,447
Intersegment or transfers	6,155	1,636	2	–	284	5,680	626	3,545	17,931	2,316	20,849	¥(20,248)	–
Total revenue	463,939	369,145	47,907	45,091	5,220	18,584	27,643	27,719	1,005,252	3,443	1,008,695	(20,248)	988,447
Segment income (loss)	¥ 141,823	¥ 12,234	¥ 5,674	¥ 10,015	¥ 2,528	¥ 590	¥ (340)	¥ 430	¥ 172,956	¥ 411	¥ 173,367	¥(15,109)	¥ 158,258
Segment assets	¥2,886,101	¥683,265	¥164,610	¥292,808	¥28,056	¥24,333	¥23,151	¥25,265	¥4,127,594	¥27,609	¥4,155,203	¥ 90,005	¥4,245,209
Other items													
Depreciation and amortization	¥ 59,501	¥ 2,014	¥ 1,401	¥ 5,689	¥ 33	¥ 79	¥ 1,153	¥ 537	¥ 70,410	¥ 72	¥ 70,483	¥ 145	¥ 70,628
Capital expenditures	¥ 55,853	¥ 8,644	¥ 6,332	¥ 7,594	¥ 326	¥ 60	¥ 530	¥ 461	¥ 79,804	¥ 28	¥ 79,832	¥ (482)	¥ 79,350

Impairment losses of the Company and its consolidated subsidiaries on fixed assets by reportable segments for the years ended March 31, 2012 and 2011 are summarized as follows:

Millions of yen

2012

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Impairment loss	¥8,657	¥9,111	¥54	¥269	–	–	¥39	–	¥18,133	–	¥18,133	–	¥18,133
	Thousands of U.S. dollars												
Impairment loss	$105,336	$110,859	$664	$3,282	–	–	$480	–	$220,622	–	$220,622	–	$220,622

Millions of yen

2011

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Impairment loss	¥35	¥130	¥2,207	–	–	–	¥414	–	¥2,788	–	¥2,788	–	¥2,788

The following table presents the amortization and balance of goodwill as of and for the years ended March 31, 2012 and 2011 by reportable segment:

Millions of yen

2012

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	¥ 489	¥ 3,126	–	¥ 753	¥ 70	–	–	–	¥ 4,440	¥0	¥ 4,440	–	¥ 4,440
Balance of goodwill	¥ 113	¥17,723	–	¥6,312	¥140	–	–	–	¥ 24,289	¥0	¥ 24,289	–	¥ 24,289
Amortization of negative goodwill	¥ 835	–	–	–	–	–	–	–	¥ 835	–	¥ 835	–	¥ 835
Balance of negative goodwill	¥107,285	–	–	–	–	–	–	–	¥107,285	–	¥107,285	–	¥107,285

Thousands of U.S. dollars

2012

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	$ 5,958	$ 38,034	–	$ 9,171	$ 856	–	–	–	$ 54,021	$0	$ 54,022	–	$ 54,022
Balance of goodwill	$ 1,379	$215,643	–	$76,798	$1,712	–	–	–	$ 295,533	$0	$ 295,533	–	$ 295,533
Amortization of negative goodwill	$ 10,163	–	–	–	–	–	–	–	$ 10,163	–	$ 10,163	–	$ 10,163
Balance of negative goodwill	$1,305,332	–	–	–	–	–	–	–	$1,305,332	–	$1,305,332	–	$1,305,332

Millions of yen

2011

	Reportable Segments												
	Building Business	Residential Business	Commercial Property Development and Investment	International Business	Investment Management	Architectural Design and Engineering	Hotel Business	Real Estate Services	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	¥ 498	¥ 3,124	–	¥ 164	¥ 70	–	–	–	¥ 3,857	–	¥ 3,857	–	¥ 3,857
Balance of goodwill	¥ 283	¥20,849	–	¥7,381	¥211	–	–	–	¥ 28,726	¥ 0	¥ 28,726	–	¥ 28,726
Amortization of negative goodwill	¥ 909	–	–	–	–	–	–	–	¥ 909	¥33	¥ 943	–	¥ 943
Balance of negative goodwill	¥107,801	–	–	–	–	–	–	–	¥107,801	–	¥107,801	–	¥107,801

Products and Service Information

Refer to reportable segment information.

Geographic Area Information

Geographic area information has been omitted since revenue from external customers in Japan and property and equipment located in Japan accounted for more than 90% of revenue from operations on the consolidated income statement and property and equipment on the consolidated balance sheet, respectively.

Major Customer Information

The Company does not have any major customers whose share of revenue from operations accounted for more than 10% of revenue from operations shown on the consolidated income statement. Accordingly major customer information has been omitted.

19 Transactions with Special Purpose Companies

As part of its real estate business, the Company makes preferred investments in 14 special purpose companies that are established under the Asset Liquidation Law of Japan. The Company intends to recover such preferred investments through rental revenue and subsequent sale of real estate that has been obtained by the special purpose companies from their customers or sale of such real estate after construction of buildings on it. The following tables represent the Company's transactions with major special purpose companies for the fiscal year ended March 31, 2012.

Amounts of preferred investment as of March 31, 2012

		Millions of yen	Thousands of U.S. dollars
		2012	**2012**
Preferred investment securities	(*1)	**¥164,487**	**$2,001,306**

Major revenue (cost) from transactions with special purpose companies

		Millions of yen	Thousands of U.S. dollars
		2012	**2012**
Preferred investment securities: revenue	(*2)	**¥274**	**$3,333**
Other income	(*3)	**18**	**228**
Management business: revenue	(*4)	**1,940**	**23,607**
Intermediate business: revenue	(*5)	**–**	**–**
Real estate rent: cost	(*6)	**3,199**	**38,922**
Design management business: revenue	(*7)	**938**	**11,420**

(*1) Preferred investment securities are indicated as amount of investment and specific bonds as at March 31, 2012. 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
	2012	**2012**
Real estate	**¥562,718**	**$6,846,558**
Other	**29,893**	**363,706**
Total	**¥592,611**	**$7,210,264**

Major liabilities and net assets

		Millions of yen	Thousands of U.S. dollars
		2012	**2012**
Debt and other	(*8)	**¥354,521**	**$4,313,432**
Preferred investments	(*9)	**238,090**	**2,896,834**
Total		**¥592,611**	**$7,210,264**

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

Amounts of preferred investment as of March 31, 2011

		Millions of yen
		2011
Preferred investment securities	(*1)	¥105,532

Major revenue (cost) from transactions with special purpose companies

		Millions of yen
		2011
Preferred investment securities: revenue	(*2)	¥8,707
Other income	(*3)	46
Management business: revenue	(*4)	3,584
Intermediate business: revenue	(*5)	180
Real estate rent: cost	(*6)	5,096
Design management business: revenue	(*7)	687

(*1) Preferred investment securities are indicated as amount of investment and specific bonds as at March 31, 2011. 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
	2011
Real estate	¥544,191
Other	47,092
Total	¥591,283

Major liabilities and net assets

		Millions of yen
		2011
Debt and other	(*8)	¥371,575
Preferred investments	(*9)	219,708
Total		¥591,283

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

20 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, 2012 and the fair values of these rental properties and real estate including space used as rental properties as of March 31, 2012;

	Millions of yen				Thousands of U.S. dollars	
	2012		2011		**2012**	
	Carrying value (*1)	Fair value (*2)	Carrying value (*1)	Fair value (*2)	Carrying value (*1)	Fair value (*2)
Rental properties	**¥2,622,741**	**¥4,469,512**	¥2,467,177	¥4,316,530	**$31,910,716**	**$54,380,242**
Real estate including spaces used as rental properties	**232,419**	**330,100**	233,688	323,700	**2,827,826**	**4,016,303**

(*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, 2012 and 2011 were as follows:

	Millions of yen								Thousands of U.S. dollars			
	2012				2011				**2012**			
	Lease income (*1)	Lease cost	Lease income, net	Other, net (*2)	Lease income (*1)	Lease cost	Lease income, net	Other, net (*2)	Lease income (*1)	Lease cost	Lease income, net	Other, net (*2)
Rental properties	**¥345,288**	**¥224,155**	**¥121,133**	**¥(20,984)**	¥341,761	¥217,064	¥124,697	¥(10,486)	**$4,201,107**	**$2,727,278**	**$1,473,828**	**$(255,312)**
Real estate including space used as rental properties	**19,052**	**16,393**	**2,659**	**(444)**	20,268	15,476	4,792	(373)	**231,815**	**199,455**	**32,360**	**(5,406)**

(*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 loss on disposal of fixed assets and impairment loss.

21 Asset Retirement Obligations

(1) Asset retirement obligations presented in the consolidated balance sheet

1. Outline of asset retirement obligations
Asset retirement obligations include obligations of restoration related to leasehold and rental contracts.
2. Calculation method for asset retirement obligations
Asset retirement obligations are calculated based on the remaining contract years as an expected use period with a discount rate between 0.3% and 2.4%.
3. Change in asset retirement obligations for the fiscal year is as follows:

	Millions of yen	Thousands of U.S. dollars
	Asset Retirement Obligations	
Balance at April 1, 2011	¥373	$4,547
Increase due to the acquisition of property and equipment	**89**	**1,089**
Adjustments due to the elapse of time	**5**	**68**
Decrease due to the fulfillment of asset retirement obligations	**(67)**	**(823)**
Balance at March 31, 2012	**¥401**	**$4,883**

(2) Asset retirement obligations not recognized in the consolidated balance sheet

As below stated, certain obligations are excluded from recognition of asset retirement obligations.

1) Obligation to remove asbestos that is used for some properties and equipments in a particular way required by the Ordinance on Preventing Asbestos Hazards

For such properties, the Company has an obligation to remove asbestos at demolition of buildings. However, no demolition has taken place in the past other than those related to redevelopment or other projects involving many other business associates. It is therefore difficult to reasonably estimate the timing to fulfill such obligation based on the physical useful life of the assets caused by aging and it is impossible to estimate the timing without specific business plans. Although the Company has been voluntarily conducting asbestos removal work when that is feasible due to such as termination of tenancy, it is impractical to make a reasonable estimation of progress of such voluntary removal work based on the actual record of the tenancy termination and of the remaining amount of asbestos at demolition. Moreover, it is difficult to distinguish costs of asbestos removal from total costs of demolition. Although the Company made the best estimation taking into account all the evidence available as of March 31, 2012, these obligations are excluded from recognition of asset retirement obligations since the probability of obligations in terms of scope and amount was not reasonably estimated.

2) Obligation of restoration based on some real estate rental agreements

For some commercial facilities, the Company has an obligation of restoration at the termination of leasehold rental agreements. However, the timing to fulfill the obligation is uncertain since it is practically possible to continue to use those facilities by re-signing contracts and some contracts set forth a special provision to reduce the possibility to fulfill the obligation. Furthermore, given its business strategies and the current business environment, the Company intends to continue its operation and not to fulfill the obligation. Although the Company made the best estimation taking into account all the evidence available as of March 31, 2012, these obligations are excluded from recognition of asset retirement obligations since the probability of obligations in terms of scope and amount was not reasonably estimated.

22 Other Comprehensive Income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the year ended March 31, 2012:

	Millions of yen	Thousands of U.S. dollars
	2012	
Unrealized holding gain (loss) on securities:		
Amount arising during the year	¥ (8,432)	$(102,598)
Reclassification adjustments for gains and losses included in net income	41	499
Amount before tax effects	(8,391)	(102,099)
Tax effects	7,620	92,720
Unrealized holding gain (loss) on securities	(770)	(9,379)
Deferred gain (loss) on hedging instruments:		
Amount arising during the year	(894)	(10,885)
Reclassification adjustments for gains and losses included in net income	665	8,095
Amount before tax effects	(229)	(2,790)
Tax effects	(17)	(213)
Deferred gain (loss) on hedging instruments	(246)	(3,003)
Revaluation reserve for Land:		
Tax effects	23,717	288,563
Foreign currency translation adjustments:		
Amount arising during the year	(8,315)	(101,177)
Amount before tax effects	(8,315)	(101,177)
Tax effects	15	193
Foreign currency translation adjustments	(8,299)	(100,983)
Share of other comprehensive income of companies accounted for by the equity method:		
Amount arising during the year	(134)	(1,636)
Total other comprehensive income	¥14,264	$ 173,561

Independent Auditor's Report

ERNST & YOUNG

Ernst & Young ShinNihon LLC
Hibiya Kokusai Bldg.
2-2-3 Uchisaiwai-cho
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Tel : +81 3 3503 1100
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Independent Auditor's Report

The Board of Directors
Mitsubishi Estate Co., Ltd.

We have audited the accompanying consolidated financial statements of Mitsubishi Estate Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2012, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Mitsubishi Estate Co., Ltd. and its consolidated subsidiaries as at March 31, 2012, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young ShinNihon LLC

June 28, 2012
Tokyo, Japan

Principal Mitsubishi Estate Group Companies

• Consolidated subsidiary

	Building Business				Share of Voting Rights (%)
	Building Leasing Business				
•	Sunshine City Corporation	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima Ward, Tokyo 170-8630	TEL +81-3-3989-3321	Management of Sunshine City and other buildings	59.6
•	Yokohama Sky Building Co., Ltd.	19-12, Takashima 2-chome, Nishi Ward, Yokohama, Kanagawa Prefecture 220-0011	TEL +81-45-441-1221	Management of the Sky Building and the Yokohama Shintoshi Building	54.4
•	Tokyo Kotsu Kaikan Co., Ltd.	Tokyo Kotsu Kaikan, 10-1 Yurakucho 2-chome, Chiyoda Ward, Tokyo 100-0006	TEL +81-3-3212-2931	Management of Tokyo Kotsu Kaikan and other buildings	50.0
•	Chelsea Japan Co., Ltd.	2-3, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3214-7155	Management of outlet malls	60.0
	Building Management Business				
•	Mitsubishi Estate Building Management Co., Ltd.	Marunouchi 2-chome Building, 5-1, Marunouchi 2-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3287-4111	Comprehensive building operation and management	100.0
•	Mitsubishi Jisho Retail Property Management Co., Ltd.	7-1, Daiba 1-chome, Minato Ward, Tokyo 135-8707	TEL +81-3-3528-4151	Operation and management of commercial facilities	100.0
•	Mitsubishi Jisho Property Management Co., Ltd.	Shin-Yurakucho Building, 12-1, Yurakucho 1-chome, Chiyoda Ward, Tokyo 100-0006	TEL +81-3-3287-6263	Comprehensive building operation and management	100.0
•	Hokuryo City Service Co., Ltd.	Hokkaido Building, 4-1 Kitanijonishi, Kita 2-jou Nishi, Chuo Ward, Sapporo, Hokkaido 060-0002	TEL +81-11-242-7411	Management and operation of buildings, residences and sporting facilities	100.0
•	IMS Co., Ltd.	Tenjin MM Building, 7-11, Tenjin 1-chome, Chuo Ward, Fukuoka, Fukuoka Prefecture 810-0001	TEL +81-92-733-2006	Operation and management of the Tenjin MM Building	92.0
•	Yuden Building Kanri Co., Ltd.	Yurakucho Denki Building, 7-1, Yurakucho 1-chome, Chiyoda Ward, Tokyo 100-0006	TEL +81-3-3211-7833	Operation and management of the Yurakucho Denki Building	62.5
•	Sunshine BS Corporation	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima Ward, Tokyo 170-8630	TEL +81-3-3989-3378	Operation and management services of the Sunshine City Building	59.6
•	Sunshine Enterprise Corporation	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima Ward, Tokyo 170-8630	TEL +81-3-3989-3460	Operation and management services of the Sunshine City observation deck, aquarium and other facilities	59.6
	Parking Business				
•	Grand Parking Center Co., Ltd.	6-2, Otemachi 2-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-3270-5048	Management of the Japan Parking Center	97.0
•	Tokyo Garage Co., Ltd.	Sanno Grand Building, 14-2, Nagatacho 2-chome, Chiyoda Ward, Tokyo 100-0014	TEL +81-3-3504-0610	Operation and management of building garages and sale of various gasoline products	54.9
	District Heating and Cooling Business				
•	Marunouchi Heat Supply Co., Ltd.	Kishimoto Building, 2-1, Marunouchi 2-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3287-2288	Cooling and heating supply business in the Marunouchi, Otemachi, Yurakucho and other districts	64.2
•	Ikebukuro District Heating and Cooling Co., Ltd.	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima Ward, Tokyo 170-8630	TEL +81-3-3988-6771	Cooling and heating supply business in the Higashi-Ikebukuro district	49.0
	O.A.P. D.H.C. Supply Co., Ltd.	OAP Tower, 8-30, Tenmabashi 1-chome, Kita Ward, Osaka, Osaka Prefecture 530-6004	TEL +81-6-6881-5170	Cooling and heating supply business in the Osaka OAP district	35.0
	Minato Mirai 21 D.H.C. Co., Ltd.	1-45, Sakuragicho 1-chome, Naka Ward, Yokohama, Kanagawa Prefecture 231-0062	TEL +81-45-221-0321	Cooling and heating supply business in the Yokohama Minatomirai district	29.6
	Others				
•	Marunouchi Direct Access Limited	Shin-Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3214-4881	Construction and leasing of optical fibers in the Marunouchi district	51.0
	Marunouchi Hotel Co., Ltd.	6-3, Marunouchi 1-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3548-0181	Management of the Marunouchi Hotel	31.4
	Residential Business				
	Real Estate Sales				
•	Mitsubishi Jisho Residence Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-8189	TEL +81-3-3287-8800	Sale, brokerage, leasing, contract construction, holding and management of real estate	100.0
	Custom-Built Housing				
•	Mitsubishi Estate Home Co., Ltd.	Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3287-0010	Design and construction of single-unit homes and housing complexes, renovation of homes and retail shops	100.0
•	MITSUBISHI ESTATE HOUSING COMPONENTS CO., LTD.	228-4, Shinminato, Mihama Ward, Chiba, Chiba Prefecture, 261-0002	TEL +81-43-242-9031	Manufacture, processing and sale of construction materials	85.0
	Prime Truss Co., Ltd.	15-12, Kiba 2-chome, Koto Ward, Tokyo 135-0042	TEL +81-3-3643-3310	Manufacture and sale of housing construction materials	25.5
	Residence Management Business				
•	Izumi Park Town Service Co., Ltd.	7-2, Takamori, Izumi Ward, Sendai City, Miyagi Prefecture 981-3203	TEL +81-22-378-0022	Comprehensive management of Izumi Park Town	100.0
•	Mitsubishi Jisho Community Co., Ltd.	Mitsubishi Jisho Community Headquarters Building, 3-13, Yaesu 2-chome, Chuo Ward, Tokyo 104-0028	TEL +81-3-6895-3800	Comprehensive management of condominiums and buildings	100.0
•	MT Community Staff Co., Ltd.	7-4, Hatchobori 3-chome, Chuo Ward, Tokyo 104-0032	TEL +81-3-6222-7127	Property management operations and associated training operations for condominiums and other properties	100.0

	Residential Business				Share of Voting Rights (%)
	Recreational Facilities				
•	Higashinihon Kaihatsu Co., Ltd.	1442-23, Yosawa Oyamacho, Sunto-gun, Shizuoka Prefecture 410-1326	TEL +81-550-78-3211	Management of the Higashi Fuji Country Club, Fuji International Golf Club and other properties	100.0
•	MEC Urban Resort Tohoku Co., Ltd.	1-1, Akedori, Izumi Ward 1-chome, Sendai, Miyagi Prefecture 981-3206	TEL +81-22-377-3136	Operation and management of Izumi Park Town Golf Club and other properties	100.0
•	Towa Nasu Resort Co.	3376, Takakuotsu, Nasu-machi, Nasu-gun, Tochigi Prefecture 325-0398	TEL +81-287-78-1150	Sale of land for cottages, operation of Nasu Highland Park	100.0
	Sakura Golf Development Co., Ltd.	670, Uchida, Sakura, Chiba Prefecture 285-0077	TEL +81-43-498-6630	Management of Asakura Golf Club	49.0
	Others				
•	MEC Eco LIFE Co., Ltd.	6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-5222-9671	Research and creation of environmental design proposals	100.0
•	Ryoei Life Service Co., Ltd.	Royal Life Okusawa, 33-13, Okusawa 3-chome, Setagaya Ward, Tokyo 158-0083	TEL +81-3-3748-2650	Management of commercial nursing homes	85.0
	Tsunagu Network Communications, Inc.	2-1, Otemachi 2-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-4477-2000	Internet connection services for housing complexes	20.0
	Commercial Property Development & Investment Business				
	Ascott International Management Japan Co., Ltd.	8-4, Higashiazabu 1-chome, Minato Ward, Tokyo 106-0044	TEL +81-3-5575-5512	Management and operation of serviced apartments	40.0
	International Business				
•	Rockefeller Group, Inc. (RGI)	1221 Avenue of the Americas, New York, New York 10020-1095, U.S.A.	TEL +1-212-282-2000	Real estate operations	100.0
•	Mitsubishi Estate New York Inc.	1221 Avenue of the Americas, New York, New York 10020-1095, U.S.A.	TEL +1-212-698-2200	Real estate operations in the U.S.	100.0
•	MEC UK Limited	88 Wood Street, London EC2V 7DA, U.K.	TEL +44-20-7776-6900	Real estate operations in the U.K.	100.0
•	Mitsubishi Estate Asia Pte. Ltd.	6 Battery Road, Singapore 049909	TEL +65-6576-5790	Real estate operations in the Asia	100.0
	Investment Management Business				
•	Mitsubishi Jisho Investment Advisors, Inc.	Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3218-0031	Specialist real estate investment management services (real estate investment advisory and other services)	100.0
•	Japan Real Estate Asset Management Co., Ltd.	Shin-Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3211-7921	Investment corporation asset management	63.0
	Architectural Design & Engineering				
•	Mitsubishi Jisho Sekkei Inc.	Fuji Building, 2-3, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3287-5555	Construction and civil engineering design administration	100.0
•	MEC Design International Corporation	Inui Building Kachidoki,13-1, Kachidoki 1-chome, Chuo Ward, Tokyo 104-0054	TEL +81-3-6704-0100	Interior design administration and construction, manufacture and sale of furniture and household items	100.0
	Hotel Business				
•	Royal Park Hotels and Resorts Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-3211-6180	Comprehensive management and management support of hotels	100.0
•	Tohoku Royal Park Hotel Co., Ltd.	2-1, Teraoka 1-chome, Izumi Ward, Sendai, Miyagi Prefecture 981-3204	TEL +81-22-377-1111	Operation of Sendai Royal Park Hotel	100.0
•	Royal Park Shiodome Tower Co., Ltd.	6-3, Higashinihonbashi 1-chome, Minato Ward, Tokyo 105-8333	TEL +81-3-6253-1111	Operation of Royal Park Shiodome Tower	100.0
•	Yokohama Royal Park Hotel Co., Ltd.	Yokohama Landmark Tower, 2-1, Minatomirai 2-chome, Nishi Ward, Yokohama, Kanagawa Prefecture 220-8173	TEL +81-45-221-1111	Operation of Yokohama Royal Park Hotel	100.0
•	Royal Park Hotel Co., Ltd.	1-1, Kakigaracho 2-chome, Nihonbashi, Chuo Ward, Tokyo 103-8520	TEL +81-3-3667-1111	Management of Royal Park Hotel	51.0
•	Royal Park Hotel Management Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-5224-6200	Operation of the "THE" series of hotels	100.0
	Real Estate Services				
•	Mitsubishi Real Estate Services Co., Ltd.	Shin-Otemachi Building, 2-1, Otemachi 2-chome, Chiyoda Ward, Tokyo 100-8113	TEL +81-3-3510-8011	Real estate brokerage, leasing and leasing management	100.0
•	Mitsubishi Jisho House Net Co., Ltd.	4-4, Hongo 2-chome, Bunkyo Ward, Tokyo 113-0033	TEL +81-3-3815-3101	Real estate brokerage, leasing and leasing management	100.0
	Others				
•	MEC Information Development Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-3214-9300	Development and management of information systems and software	100.0
•	MEC Human Resources, Inc.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda Ward, Tokyo 100-0004	TEL +81-3-3212-8674	Human resource-related services	100.0
•	Keiyo Tochi Kaihatsu Co., Ltd.	Shin-Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda Ward, Tokyo 100-0005	TEL +81-3-3212-0555	Management of the PAT Inage commercial facility	55.6

Note: Percentage of voting rights held is as of March 31, 2012

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
1906	July	Real Estate Division established within Mitsubishi Goshi Kaisha
1923	February	Marunouchi Building completed
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 ownership 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 was dissolved and its operations transferred to two newly established secondary corporations, Yowa Fudosan Ltd. and Kaito Fudosan Ltd.
1952	May	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	Otokazu Nakata and 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
	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	Tatsuji Ito and Otokazu Nakata appointed president and chairman, respectively
1981	October	Hibiya Kokusai Building completed
1983	April	Nagoya Dai-Ichi Hotel opened (Hotel Business launched)
	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	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
1994	June	Takeshi Fukuzawa and Jotaro Takagi appointed as president and chairman, respectively
1995	April	Sendai Royal Park Hotel opened
	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	Shigeru Takagi and 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)
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	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)
2008	January	Towa Real Estate Development becomes a Mitsubishi Estate consolidated subsidiary
	March	Sunshine City Corporation becomes 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
2010	March	Construction under the Osaka Station North District Phase 1 Development Project commenced
	April	Mitsubishi Ichigokan Museum opened
2011	January	Mitsubishi Jisho Residence Co., Ltd. established through company spin-offs and the subsequent integration of residential development and sales businesses of Mitsubishi Estate, Mitsubishi Real Estate Services Co., Ltd. and Towa Real Estate Development Co., Ltd.
	April	Keiji Kimura and Hirotaka Sugiyama appointed chairman and president, respectively
	April	Shanghai Representative Office established
2012	January	Marunouchi Eiraku Building completed

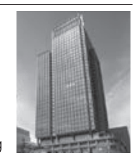

Mitsubishi Ichigokan


Marunouchi Building


Izumi Park Town


Yokohama Landmark Tower


Marunouchi Building


Shin-Marunouchi Building


Marunouchi Park Building & Mitsubishi Ichigokan

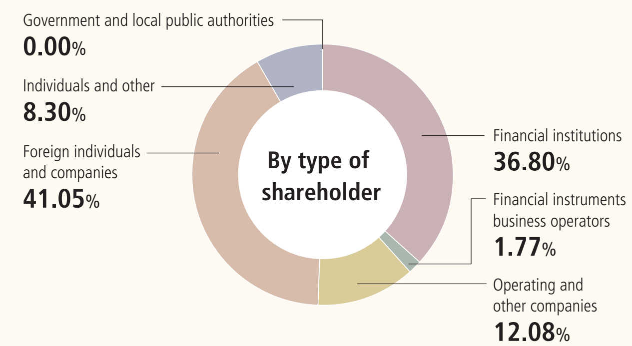

Construction of the Marunouchi Eiraku Building completed

Stock Information (As of March 31, 2012)

Stock Details

Number of authorized shares:	1,980,000,000 shares
Number of shares issued and outstanding:	1,390,397,097 (No change from the end of previous fiscal year)
Number of shareholders:	70,238 (Decrease of 1,823 shareholders compared with the end of the previous fiscal year)

Shareholder Composition (Shareholding Percentage)



Major Shareholders

	Number of Shares Held (Thousands of shares)	Percentage Shareholding
The Master Trust Bank of Japan, Ltd. (Trust Account)	96,652	6.95
Japan Trustee Service Bank, Ltd. (Trust Account)	57,487	4.13
Meiji Yasuda Life Insurance Company	50,142	3.60
Tokio Marine & Nichido Fire Insurance Co., Ltd.	32,478	2.33
SSBT OD05 OMNIBUS ACCOUNT – TREATY CLIENTS	28,932	2.08
State Street Bank and Trust Company	28,576	2.05
Mellon Bank, N.A. as Agent for its Client Mellon Omnibus US Pension	26,329	1.89
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	25,963	1.86
CBLDN STICHTING PGGM DEPOSITARY	24,497	1.76
Asahi Glass Co., Ltd.	22,714	1.63

Corporate Information

Company Name

Mitsubishi Estate Co., Ltd.

MITSUBISHI ESTATE CO., LTD.

Date of Establishment

May 7, 1937

Paid-in Capital

¥141,373 million (As of March 31, 2012)

Business Activities

- Development, leasing and management of office buildings, commercial and other facilities
- Development of real estate for investment purposes and asset management
- Development and sale of land for housing, research and other facility use
- Management of leisure and other facilities
- Sale and brokerage of real estate and related consulting services

Number of Employees

Non-consolidated: 629 (Excluding temporary staff)

Consolidated: 7,904 (As of March 31, 2012)

URL

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

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Hokkaido Building, 4-1, Kitanijonishi, Chuo-ku, Sapporo City, Hokkaido, 060-0002
Tel +81-11-221-6101

Tohoku Branch
Sendai Park Building, 6-1, Kokubun-cho 3-chome, Aoba-ku, Sendai City, Miyagi Prefecture, 980-0803
Tel +81-22-261-1361

Yokohama Branch
Yokohama Landmark Tower, 2-1, Minato Mirai 2-chome, Nishi-ku, Yokohama City, Kanagawa Prefecture, 220-8115
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Chugoku Branch
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