

ABOUT THE MITSUBISHI ESTATE GROUP

- Track Record of Mitsubishi Estate
- Marunouchi Today
- The Marunouchi Area Going Forward
- Mitsubishi Estate's Value Creation Model
- **Business Segments**

MESSAGE FROM THE PRESIDENT

P 18 SPECIAL FEATURE

Urban Development of Mitsubishi Estate for Improving Corporate Value

- SPECIAL FEATURE 1: Marunouchi Nijubashi Building
- SPECIAL FEATURE 2: Inspired. Lab
- SPECIAL FEATURE 3: Miyako Shimojishima Airport Terminal

P32 BUSINESS REVIEW

- Office Building Business
- Lifestyle Property Business
- 38 Residential Business
- International Business
- Investment Management Business
- Hotel & Airport Business
- Architectural Design & Engineering Business
- Real Estate Services Business
- **Business Creation Department**
- Business Development, Consulting & Solutions Group

P48 **ESG SECTION**

- SUSTAINABILITY
- HUMAN RESOURCE DEVELOPMENT
- 55 CORPORATE GOVERNANCE
 - Message from the Chairman of the Board

 - 58 Overview of Corporate Governance System
 - **Outside Directors**
 - Overview of Activities in Fiscal 2019
 - Evaluation of the Effectiveness of the Board of Directors / Shares Held for Strategic Purposes

 - Corporate Executive Officers, Executive Officers, and Group Executive Officers
 - 64 An Outside Director Discusses Mitsubishi Estate's Governance
- RISK MANAGEMENT

FINANCIAL SECTION

- Japan's Real Estate Market
- Eleven-Year Summary of Selected Financial Data
- 72 Financial Review
- Consolidated Balance Sheets
- Consolidated Statements of Income / Consolidated Statements of Comprehensive Income
- Consolidated Statements of Changes in Net Assets
- Consolidated Statements of Cash Flows
- Notes to Consolidated Financial Statements
- Independent Auditor's Report

CORPORATE DATA

- Principal Mitsubishi Estate Group Companies
- Corporate History
- Organization
- Corporate Information
- About Our Website

A Word about Integrated Report 2019

We adopted this integrated report format starting from fiscal 2018, having published annual reports through to fiscal 2017. With this integrated report, we have expanded coverage of non-financial information centering on environmental, social, and governance (ESG) compared with prior annual reports. In doing so, we aim to increase readers' awareness of our efforts to raise the corporate value of the Mitsubishi Estate Group from a medium-to-long-term perspective. We hope that this report promotes a deeper understanding of the Group among all our stakeholders, including shareholders and investors.

Definition of Term

"Fiscal 2019" refers to the Group's fiscal year ended March 31, 2019, and other fiscal vears are referred to in a corresponding mann

Caution Concerning Forward-Looking Statements

This integrated report contains forward-looking statements concerning Mitsubishi Estate Co., Ltd., and its future strategies and earnings outlook, including forecasts, plans, and decisions based on information available at the time of publication. As with any forecast, plan, or decision

forward-looking statements are inherently susceptible to potential risks, uncertainties, and assumptions. The Company's actual results may therefore vary

materially from those expressed or implied in its forward-looking statements.

Track Record of Mitsubishi Estate

The history of redeveloping Marunouchi as an attractive area

Development

The construction of the area's first modern office building, Mitsubishi Ichigokan, was completed in 1894. Soon after, three-story redbrick office buildings began springing up, resulting in the area becoming known as the "London Block."



First Phase of





inspiration of Iwasaki's decision.

Starting from Scratch

The history of Tokyo's Marunouchi area began in

1890 when Yanosuke Iwasaki purchased the area at the request of the Meiji government of Japan.

At the time, the area was an expanse of flat,

lwasaki's reasoning behind this acquisition was

his belief that, for Japan to become a modern

nation, the country needed a business center

purchase price was ¥1.28 million, about three

massive sum that speaks to the boldness and

times Tokyo's annual budget at the time—a

such as that of New York or London. The

grassy fields that became known as Mitsubishigahara, or Mitsubishi Fields.



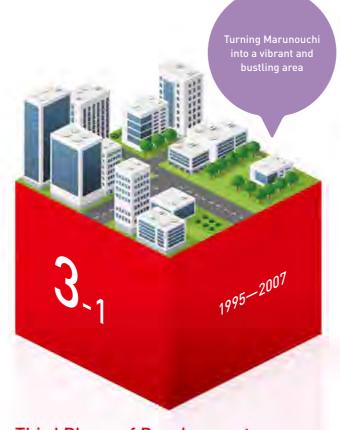




Second Phase of Development

As Japan entered an era of high economic growth, there was a sharp increase in demand for office space. Through the Marunouchi remodeling plan that began in 1959, the area was rebuilt with large-scale office buildings providing a considerable supply of highly integrated office space. Sixteen such buildings were constructed, increasing the total available floor space by more than five times.





Third Phase of Development

[1995-2007]

Following the announcement of the reconstruction of the former Marunouchi Building in 1995, the Company began to redevelop the area around Tokyo Station based on the concept of "Pursuing diverse and multifunctional urban development," with the aim of creating a landscape that would give a new image to the area, which had up until then been purely a business district. Starting with the completion of the Marunouchi Building in 2002,

Mitsubishi Estate rebuilt six buildings in line with the new concept. Moreover, we widened the sidewalks of Naka-dori Avenue from six meters to seven meters, began holding seasonal events, and took other measures to transform the area into a space with a vibrant and bustling atmosphere.

Marunouchi Building

The building that set the stage for the transformation of Marunouchi

Shin-Marunouchi Building

Along with the Marunouchi Building, this symbolic and stately building helps create a fitting urban landscape as a gateway to Tokyo







Third Phase of Development

From 2008, the focus shifted to make the Marunouchi Redevelopment Project broader and more comprehensive. Therefore, we have been striving to spread the vibrant and bustling atmosphere of Marunouchi to the districts of Otemachi and Yurakucho. We have also been promoting the establishment of a financial business center and a greater amenity infrastructure in order to strengthen the international competitiveness of the area. Through the addition of a museum and other art and cultural facilities as well as the pursuit of eco-friendly development, Mitsubishi Estate has aimed to give the area a fresh appeal based on a new sense of values.

Marunouchi Park **Building and** Mitsubishi Ichigokan

Faithful re-creation of the original Mitsubishi Ichigokan-now an art museum serving as a center of cultural exchange and an office space that sits in the midst of the premium office zone in the Marunouchi area

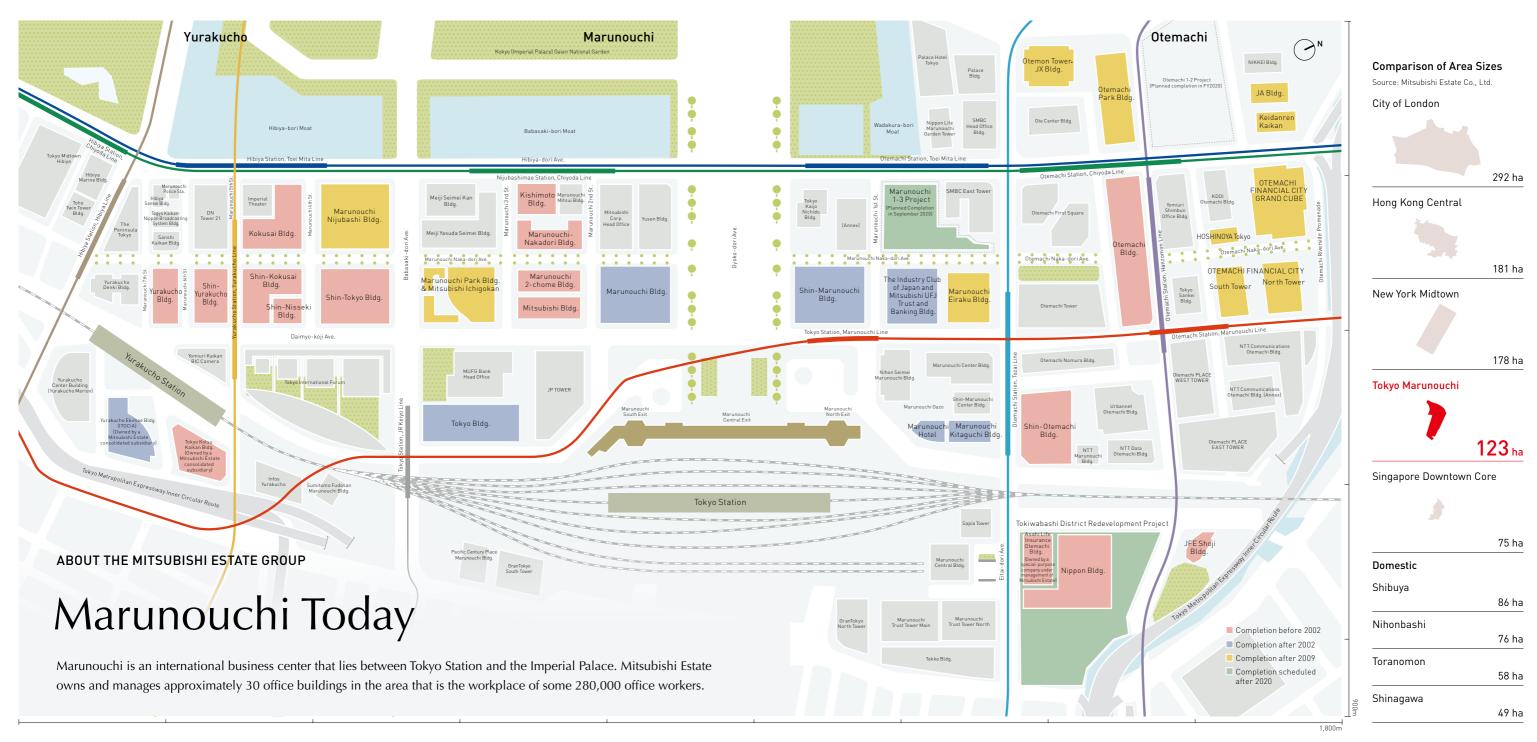
Marunouchi Nijubashi Building

The broader and more comprehensive Marunouchi Redevelopment Project has also spread to Yurakucho





2 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 3



Marunouchi by the Numbers

Number of Companies Listed on the First Section of the Tokyo Stock Exchange*

107 companies*2

Consolidated Net Sales of the 107 Companies in the Marunouchi Area

Approx. ¥122 trillion*2 Equivalent to around 8.85% of GDP in Japan

Number of Office Workers

Approx. 280,000

Number of Buildings

(Including buildings under construction)

101° / Approx. 4,300 offices 2

Building Floor Space

(Including floor space of buildings under construction)

Approx. 810 hectares*2

Railway Lines Servicing the Area

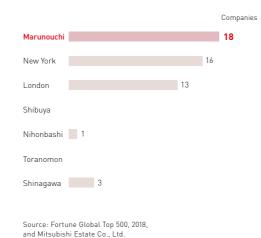
28 lines, 13 stations²

counted in number of lines)

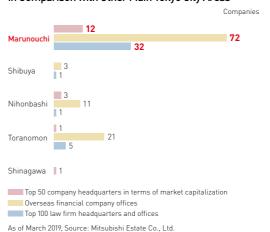
*1 Number of listed companies on the First and Second sections of the Tokyo Stock Exchange with head offices in the Otemach Marunouchi, and Yurakucho areas

*2 Otemachi-Marunouchi-Yurakucho (OMY) District Redevelopment Project Council, "The Council for Area Development and Management of Otemachi, Marunouchi, and Yurakucho 2018'

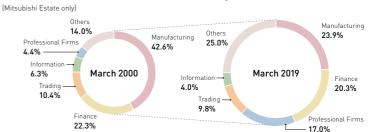
Fortune Global Top 500 Companies



Number of Major Corporate Headquarters and Offices in Comparison with Other Main Tokyo City Areas



PICK UP Contracted Area and Tenant Composition in the Marunouchi Area



As of the end of March 2019, the contracted area in the Marunouchi area (Mitsubishi Estate only) has increased about 1.7 times compared with the end of March 2000. In terms of tenant composition, the ratio of professional firms has been rising.

Concentration of Professional Firms

As of May 2019, all of the four major law firms in Japan and three of the four leading audit companies have their offices in Marunouchi

Anderson Mori & Tomotsune, Nagashima Ohno & Tsunematsu, Nishimura & Asahi, Mori Hamada & Matsumoto

Audit companies: KPMG AZSA LLC, Deloitte Tohmatsu LLC, PricewaterhouseCoopers Aarata LLC

4 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 5





Since purchasing the Marunouchi area, the Company has been growing as a comprehensive developer. While leveraging and enhancing the Company's strengths, we aim to realize sustainable corporate value enhancement through our steadfast commitment to creating attractive urban environments that anticipate changes in the times and enriching

people's lifestyles.



Medium-Term Management Plan

"Transform into a highly competitive corporate group by staying ahead of changes in the times"

- Groupwide Initiatives to Achieve Innovative Changes
- 1. Further reinforce existing strengths
- 2. Optimize the use of management resources
- 3. Heighten the efficiency and quality of decision-making processes
- Pages 20—27 Special Features and and and
 - Pages 28—31 Special Feature 3

 - Pages 55—65 Corporate Governance

Materiality (Main business environment trends / social issues)







Digital innovation



Globality



Diversity

properties

Leveraging existing

Mitsubishi Estate's Strengths

- Huge Pool of Real Estate Assets -
- Ownership of about 30 office buildings in the Marunouchi area
 - Pages 4—5 Marunouchi Today
- Fiscal 2019 total assets: ¥5,774.1 billion; Unrealized gain ¥3,898.4 billion
- Long-Cultivated Relationships with Various Stakeholders —
- Listing in the FTSE4G00D Global Index for the 17th consecutive year
- 170 million visitors annually to retail facilities managed by the Mitsubishi Estate Group

- A Wealth of Information Derived from Providing a Wide Variety of Services
- Office Building Business
- Lifestyle Property Business
- Residential Business
- International Business Investment Management **Business**
- Hotel & Airport Business
- Architectural Design & **Engineering Business**
- Real Estate Services Business
- Business Creation Department
- Business Development, Consulting & Solutions Group

■ Credible and Reputable Group Brand

- Development and management know-how and a track record cultivated through continuous urban development for more than 100 years
- Awarded the Prime Minister's Prize from the second Nihon Service Award Program in June 2018
- Human Resources
- Consolidated number of employees 9,439
 - Pages 52—54 Human Resource Development

■ Establishment of a Leading-Edge Corporate Governance

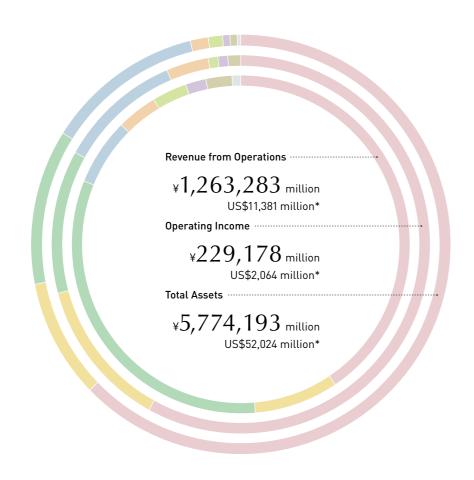
- A total of 15 directors, of whom seven are outside directors
- Transition to a "Company with Nominating Committee, etc."
- A remuneration system for officers designed to share value with shareholders
 - Pages 55—65 Corporate Governance

Strong Financial Foundations

- External credit ratings R&I: AA-, S&P: A+, Moody's: A2
- Issued the first 50-year corporate bond, the longestever such bond in the Japanese public offering market

Pages 69—107 Financial Section

Business Segments



* The above amounts were translated into U.S. dollars at ¥110.99 = US\$1.00, the approximate prevailing exchange rate on March 31, 2019.

			Millions of yen
Fiscal year ended March 31, 2019 (consolidated)	Revenue from Operations	Operating Income	Total Assets
Office Building Business	529,695	147,691	3,551,450
Lifestyle Property Business	106,182	32,560	520,707
Residential Business	420,405	30,428	665,788
International Business	81,844	26,927	692,325
Investment Management Business	49,588	9,231	68,977
Hotel & Airport Business	44,171	2,371	71,175
Architectural Design & Engineering Business	24,671	2,021	27,992
Real Estate Services Business	33,586	2,603	28,739
Other	8,106	(196)	13,408
Eliminations or Corporate	(34,969)	(24,459)	133,628
Total	1,263,283	229,178	5,774,193

Office Building Business



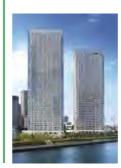
This is Mitsubishi Estate's core business, which engages in the development, leasing, and property management of office buildings, mainly in Tokyo and other major Japanese cities. We promote urban development that contributes to the increased appeal of cities while maintaining a balance between properties for lease and properties for sale in our asset portfolio.

Lifestyle Property Business



The Mitsubishi Estate Group operates PREMIUM OUTLETS®, MARK IS, and other retail facilities using a comprehensive system whereby it remains continuously involved in all retail property operations, from the planning stage to ongoing operations. Under the Logicross brand, Mitsubishi Estate is pursuing logistics facility business opportunities nationwide. The Company is also expanding the variety of its properties.

Residential Business



We offer services to meet a variety of needs for condominiums, custom-built housing, purchase and sales, leasing, brokerage areas, renovations, and management. As the circulation of existing homes expands and people's lifestyles grow increasingly diverse, we are strengthening our remodeling, construction, and renovation business to seize upon such changes.

International Business



The Mitsubishi Estate Group has pursued business overseas since the 1970s, undertaking real estate leasing and development businesses in the United States and the United Kingdom. In recent years, we have also been actively developing our office building, residential, commercial facility, and other real estate businesses in rapidly expanding Asian markets and advancing into continental Europe.

Investment Management Business



For investors seeking real estate asset management, we provide a wide range of services based on our specialized expertise, utilizing collaboration among our operating bases in Japan, the United States, Europe, and Asia excluding Japan. These services include real estate investment trusts (REITs) to meet management needs for long-term stability as well as private placement funds to meet the specific management needs of institutional investors.

Hotel & Airport Business



Against a backdrop of strong demand for accommodations, we are conducting hotel development projects across a wide range of categories matching hotel market trends and the characteristics of different locations. Under the Royal Park Hotels brand, we are undertaking hotel management nationwide. In our airport management business, meanwhile, we are working to raise the value of airports where we have already begun private management while also seeking to secure new business opportunities.

Architectural Design & Engineering Business



Making use of the knowledge, ability, and cutting-edge technologies accumulated over the 120 years since our founding in the Meiji period, this full-service architectural design and engineering business meets societal needs through construction, civil engineering, and urban and regional development planning and consulting.

Real Estate Services Business



This business provides one-stop, real estate problem-solving solutions for corporations and high net worth individuals to maximize the value of real estate and optimize its use. Its services include real estate brokerage, condominium and office building leasing management support, parking lot management support, and real estate appraisal.

MITSUBISHI ESTATE CO., LTD. Integrated Report 2019



We aim to realize sustainable value creation
through a capital policy that places greater importance on dialogue
with capital markets and the strengthening of governance.

Into My Third Year as President

The Mitsubishi Estate Group's Unchanging Mission

Around two-and-a-half years have passed since I assumed the office of president & chief executive officer of Mitsubishi Estate Co., Ltd., in April 2017. Managing the Group during this period, I have come to feel strongly that the Group's unchanging mission is to provide value to society through the creation of attractive urban environments from a long-term perspective. As I will go on to describe, the Medium-Term Management Plan that started when I took office is proceeding well, and the harvesting of the seeds that were steadily sown is under way.

However, the initiatives aimed at achieving the ongoing growth of the Group will not end with the three-year period of the Medium-Term Management Plan. The Group, with its wide array of assets in Japan's business center, Marunouchi, plays a major role in heightening Tokyo's international standing. Looking ahead five or 10 years, or even further into the future, we will strive to rapidly develop attractive urban environments that are truly internationally competitive while engaging with a variety of stakeholders, including the government, landowners, and tenants.

Looking Back on Fiscal 2019

Third Consecutive Year of Record-High Consolidated Operating Income

During fiscal 2019, the second year of the Medium-Term Management Plan, we increased both consolidated revenue and consolidated operating income for the third consecutive year, partly thanks to favorable trends in our office building leasing business, our principal source of income gains. These trends included strong positive demand, which resulted from factors such as the expansion of human resource recruitment by companies and the improvement of office environments, as well as steady progress in leasing and robust activity in the real estate transactions market. Consolidated operating income rose 7.6% year on year, to ¥229.1 billion, a record for the third consecutive year, and earnings per share (EPS) increased 11.7% year on year, to ¥96.97.

We project consolidated revenue and consolidated operating income to increase once again in fiscal 2020, the final year of the Medium-Term Management Plan. Although we expect a decrease in profits from condominiums in the Residential Business and a decline in capital gains in the Investment Management Business, we forecast to generate capital gains in both the Office Building Business and the International Business, along with contributions to consolidated revenue and consolidated operating income from the start of full-scale operation of the Marunouchi Nijubashi Building throughout fiscal 2020.

Progress of the Medium-Term Management Plan

Forecasting the Attainment of All Quantitative Targets

We have set three quantitative targets in the Medium-Term Management Plan. Under the plan, we use operating income as an indicator of growth potential, return on assets (ROA) as an indicator of efficiency, and net interest-bearing debt divided by EBITDA as an indicator of financial stability. As of the end of fiscal 2019, we achieved all of the plan's targets, and for the final year of the Medium-Term Management Plan, we forecast operating income of ¥230.0 billion, ROA of 3.9%, and a net interest-bearing debt to EBITDA ratio of 7.4 times (6.9 times after hybrid debt deductions), all of which exceed the targets of the plan.

We expect that cumulative capital gains over the period of the Medium-Term Management Plan will surpass the initial targets of the plan by 40%-50%, reflecting an upturn in sales prices due to favorable real estate market conditions as well as additional sales of properties. Returns on property sales are also at a high level, with the average internal rate of return before tax at around 10% in respect of the approximately 20 properties sold in the domestic capital recycling business in the past two fiscal years. Income gains are

also increasing steadily, with rental revenue from rental properties at the end of fiscal 2019 having grown 1.5 times compared with its level of five years ago. This increase was due to the steady progress in the Office Building Business with regard to the leasing of new buildings and the upward revision of rents at existing properties. The new properties completed in 2018 and 2019 have already been fully leased, and the average provisional leasing rate for buildings scheduled to be completed between 2020 and 2021 stands at over 70%. Turning to existing buildings, we are making good progress in filling secondary vacancies stemming from the expansion of floor space and other factors, and we forecast that we will be able to keep the vacancy rate of our portfolio down to 1.5% at the end of fiscal 2020.

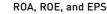
Asset efficiency and capital efficiency have improved remarkably. In fiscal 2019, ROA was 4% and ROE rose to a level of almost 8%. Moreover, we anticipate that earnings per share in the final year of the Medium-Term Management Plan will be double its level of five years ago, reaching ¥100 for the first time, supported in part by the impact of share buyback, about which I will explain later.

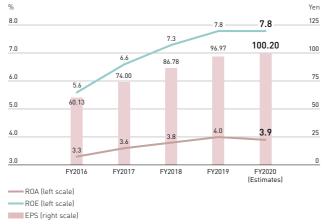
Quantitative Targets

		FYZUI9 (Results)	FYZUZU (Targets)	FYZUZU (Estimates)
Growth Potential	Operating Income	¥229.1 billion	¥220.0 billion	¥230.0 billion
Efficiency	Operating Income / Total Assets (ROA)	4.0%	Around 3.5%	3.9%
Stability	Net Debt / EBITDA	6.7 times	Around 8.5 times	7.4 times
	(Hybrid finance reflected)	(6.1 times)	(Around 8 times)	(6.9 times)

Operating Income







Strengthening Capital Policy and Corporate Governance

A More Strategic and Flexible Capital Policy

In order for the Group to drive the sustainable growth of its businesses, there are two requirements: capital efficiency that exceeds capital costs and financial stability that is based upon leveraging procurement strength when market conditions are favorable for buying. With the aim of further strengthening initiatives for balancing these two areas, we have set forth a more strategic and flexible capital policy.

The key to realizing a suitable capital policy is combining growth investments, asset sales, shareholder returns, and financing into the optimal form in accordance with real estate market conditions while aiming to enhance corporate value over the medium- to-long term. Specifically, we will accelerate property sales under the current market conditions, which are favorable for selling, and allocate the cash derived from those sales for increasing shareholder returns and minimizing the level of debt. In contrast, were a deterioration in market conditions to result in a temporary reduction in profits and shareholder returns, we would maximize our significant financial strength to conduct proactive investments to enable us to acquire real estate at comparatively cheap prices. Meanwhile, in our core business of ownership and long-term development of office buildings centered on the Marunouchi area, we will continue to carry out investments regardless of market conditions, thereby generating stable cash flows.

Executing Share Buyback Totaling ¥100.0 Billion

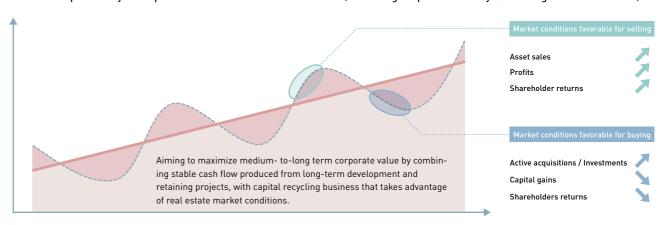
With regard to cash flows, when we formulated the Medium-Term Management Plan, we envisaged cumulative cash outflows over three years of ¥900.0 billion in net investments and ¥90.0 billion in cash

dividends, making a total of ¥990.0 billion. We planned to offset these outflows with operating cash flows of ¥600.0 billion and net interest-bearing debt of ¥390.0 billion. Subsequently, as the measures of the plan unfolded, operating cash inflows were revised upward by ¥150.0 billion, while, in terms of cash outflows, the net investment amount was reduced by ¥120.0 billion.

Of the improved cumulative total of ¥270.0 billion, we have resolved to return ¥130.0 billion to shareholders—¥100.0 billion in share buyback and ¥30.0 billion in increased dividends—while the remaining ¥140.0 billion will be used to control the level of debt. As a result, the total amount returned to shareholders over the three years will be more than double the initially projected amount. The main objectives of share buyback are to manage the total amount of shareholders' equity and improve capital efficiency with regard to such financial indicators as ROE and EPS. In order to increase capital efficiency, it is of course important to increase the numerator, profits; however, we also intend to control the denominator, shareholders' equity.

For fiscal 2019, we increased annual dividends per share (combined total of interim and year-end dividends) by ¥4 from the previous fiscal year, to ¥30. We previously aimed to maintain a 25%-30% dividend payout ratio over the period of the Medium-Term Management Plan. However, taking into account factors including business performance and cash flow conditions, the dividend payout ratio for fiscal 2019 surpassed that upper limit to stand at 30.9%. For fiscal 2020, we will target a ratio of around 30%. Going forward, we intend to meet the expectations of shareholders by considering optimal shareholder returns commensurate with such factors as real estate market conditions and cash flow conditions.

A Flexible Capital Policy in Response to Real Estate Market Conditions (Increasing Corporate Value by Controlling the Balance Sheet)



Toward Governance That Places Importance on Dialogue with Capital Markets

medium- to -long-term basis by formulating appropriate measures based on dialogue with capital markets.

We are also promoting similar reforms from a systematic perspective. In 2016, the Company transitioned to a "Company with a Nominating Committee, etc.," and established three committees, all of which are composed of a majority of independent outside directors. Since June 2019, the Nominating Committee and the Remuneration Committee have comprised entirely independent outside directors, while the chairman of the Audit Committee is also an independent outside director. In addition, we are implementing the sale of strategic-holding stocks. In the past four years, we have sold a cumulative total of 28 stocks for the amount of ¥31.5 billion, and we project the amount in fiscal 2020 will be ¥10.0 billion.

Human Resource Development and Business Model Innovation

Urban Development Is People Development

It is our human resources—the Group's most important management asset—that underpin our ongoing creation of value, and we have introduced a variety of measures to cultivate our human resources.

(L > See Human Resource Development on pages 52—54.)

Nowadays, amid an increasing lack of transparency in society and the accelerating pace of technological innovation, we will not be able to keep up with the changing times by using orthodox or unimaginative approaches to doing business. In order to realize innovations under such conditions, it is necessary to be able to create "something" from "nothing." To realize new value, we must embrace a diverse range of people, expose ourselves to original ways of thinking, and look for ways to cooperate with those who possess qualities that we do not. Going forward, I would like our employees to freely and promptly exchange opinions and ideas in a variety of fields and to grasp opportunities that could lead to new business development. As an example of our efforts to generate new value, in tandem with our head office relocation in January 2018, we adopted a group address system (under which a specific office

space is allocated to a group or team) and increased shared office space for easier communication.

Moreover, through the New Business Proposal System, we are seeking business proposals and ideas from employees. The New Business Creation Department, which was repositioned in 2017 under my direct control, is in charge of new business development and also serves as a secretariat for the proposal system. As such, the proposal system helps nurture a corporate culture in which employees are encouraged to take on challenges. In fact, the Airport Business, one of the main projects of "business model innovation,"* adopted under the Medium-Term Management Plan, was originally a business derived from the New Business Creation Department. Going forward, in order to develop the Airport Business as one of the Company's business pillars, we created the Hotel & Airport Business in fiscal 2018, while Miyako Shimojishima Airport Terminal was opened in March 2019 as scheduled. All other projects are progressing well.

[L ► See Special Feature 3 Miyako Shimojishima Airport Terminal on pages 28—31.]

System for Creating New Businesses

Venture Co-Creation Platform Venture Capital Funding Venture Business Funding (Collaboration outside of the Company) Open Innovation Platform for Creating New Businesses in the Mitsubishi Estate Group Co-Creative Projects with Leading Companies New Business Proposal System (Individual) New Business Proposal System (Individual) Internal Policy

The Urban Development of Mitsubishi Estate, Aiming to Be a Front-Running ESG-Conscious Company

Breathing Life into and Nurturing Cities

The history of the Mitsubishi Estate Group began in 1890 when Yanosuke Iwasaki, the president of the Mitsubishi Company, purchased the Marunouchi area, an expanse of fields at the time, from the Meiji government of Japan. His aspiration was to build a business center in Japan that would rival those in Europe and North America. Constantly keeping this aspiration in mind, we have overseen the development of the Marunouchi area over the last 120 years. During that period, Marunouchi has been transformed into Japan's preeminent business center and has contributed to the enhancement of Tokyo's international competitiveness as a global city. Starting with the reconstruction of the Marunouchi Building, 20 years have passed since we embarked upon the redevelopment of Marunouchi. We are now moving forward with various projects, including infrastructure development, in order to spread the vibrant and bustling atmosphere of the area to Otemachi and Yurakucho. (\(\bigcup \) See Special Feature (

Marunouchi Nijubashi Building on pages 20—23.)

To enable Tokyo to triumph in the intensifying competition among the world's major cities, it will be essential for the special area that is Marunouchi to constantly transmit a variety of surprises, discoveries, and innovations. Conversely, amid the maturation of the domestic consumer market owing to the declining population and other factors, to do otherwise may reduce the attractiveness of Japan as a whole. Taking these issues into consideration, the Company has established one incubation hub after another in the area since 2002, and has provided support for Al and financial technology start-ups. Marunouchi is now a center for start-up companies that offers opportunities for collaboration with major corporations, distinct from Shibuya and other areas. (🖺 > See Special Feature 🛂 Inspired. Lab on pages 24-27.)

Urban development does not end with the completion of a building. Developers must constantly breathe new life into cities and nurture them to ensure that they can deliver new value and attract a diverse array of people. Enhancing the value of cities vitalizes Japan, and the Mitsubishi Estate Group in turn receives rents and fees from companies that have grown after reaping the benefits. Perpetuating this virtuous cycle with a variety of stakeholders represents the essence of the Company's approach to urban development and is in itself an ESG initiative. Furthermore, our approach to urban development, which embodies our basic mission "to contribute to society through urban development," is consistent with our efforts to achieve the Sustainable Development Goals. Together with stakeholders who share this conviction, we will pursue sustainable growth while firmly maintaining our presence. We kindly ask for the continuing support of all our shareholders and investors in our endeavors.

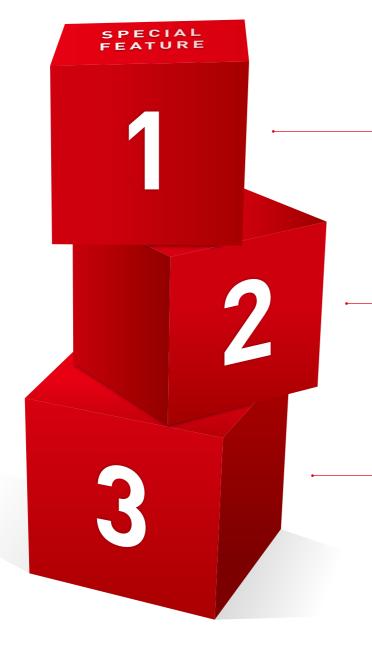
August 2019

President & Chief Executive Officer
Mitsubishi Estate Co., Ltd.

J. Goshida

16 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 175

^{*} Involves developing existing businesses and proactively entering new growth areas in order to realize further growth in the 2020s



P20

SPECIAL FEATURE 1

Marunouchi Nijubashi Building

Spreading from the Intersection of Business, Commerce, and Culture—Bolstering Urban Functions and Redeveloping the Yurakucho Area



P24

SPECIAL FEATURE 2

Inspired. Lab

A Collaborative Hub for Spurring New Innovations



P28

SPECIAL FEATURE 3

Miyako Shimojishima Airport Terminal

Promoting Regional Revitalization as the Second Gateway to the Miyako Archipelago



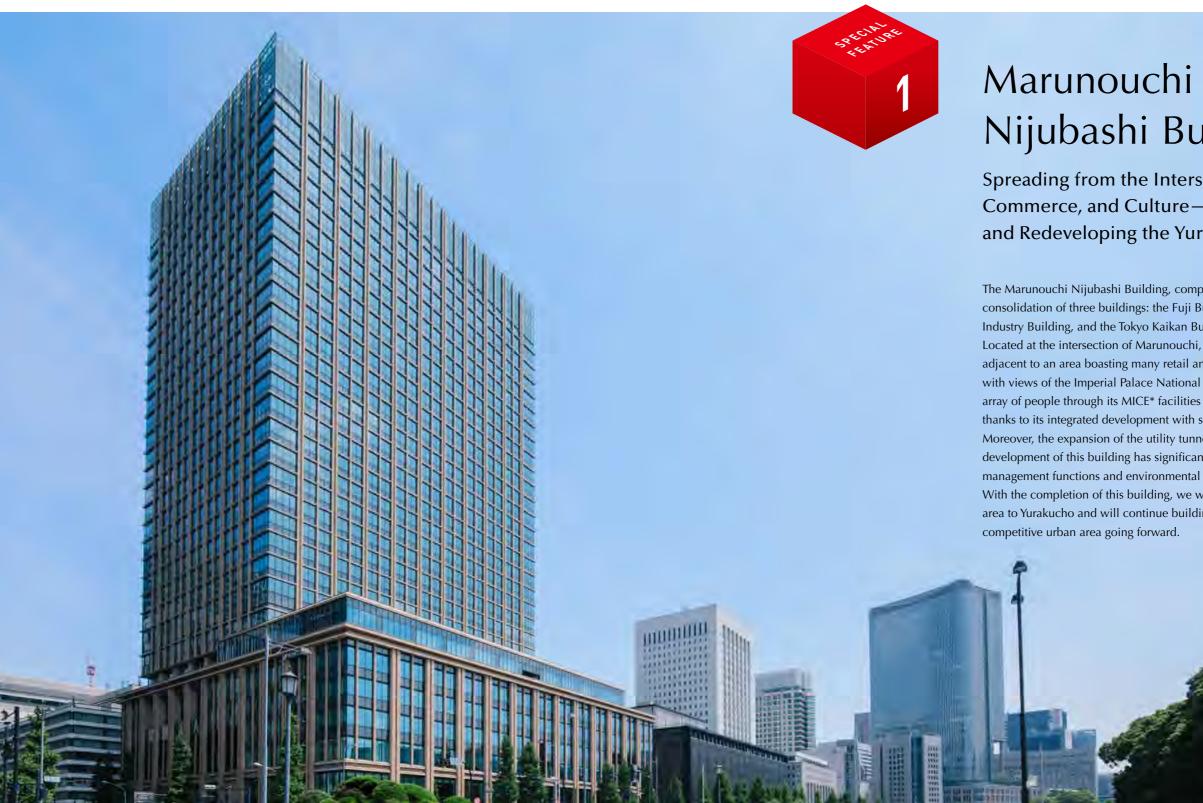
SPECIAL FEATURE

Urban Development of Mitsubishi Estate for Improving Corporate Value

The Mitsubishi Estate Group engages in the continuous redevelopment of the Marunouchi area, which plays a vital role at the heart of the Japanese economy, enabling it to maintain its high level of international competitiveness while continuing to function as a hub of new value creation. At the same time, the Group is beginning to take up the challenge of realizing new business fields that only it can.

By promoting urban development that heightens the value of the entire area, we will realize sustainable growth while responding to the changing needs of society.

18 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 19



Nijubashi Building

Spreading from the Intersection of Business, Commerce, and Culture—Bolstering Urban Functions and Redeveloping the Yurakucho Area

The Marunouchi Nijubashi Building, completed in October 2018, represents the consolidation of three buildings: the Fuji Building, the Tokyo Chamber of Commerce and Industry Building, and the Tokyo Kaikan Building.

Located at the intersection of Marunouchi, Japan's business center, and Yurakucho, which is adjacent to an area boasting many retail and cultural facilities, this building possesses offices with views of the Imperial Palace National Garden. It will also meet the needs of a diverse array of people through its MICE* facilities and enliven the surrounding area as a whole thanks to its integrated development with street-level retail facilities.

Moreover, the expansion of the utility tunnel that was carried out in conjunction with the development of this building has significantly improved the Marunouchi area's disastermanagement functions and environmental performance.

With the completion of this building, we will expand the redevelopment of the Marunouchi area to Yurakucho and will continue building a more attractive and internationally

* MICE: An acronym for Meetings, Incentives, Conferences (or Conventions), and Exhibitions. Refers to business events that attract large groups of people











Tokyo Kaikan, Second Main Building





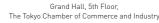
Although the redevelopment of the Marunouchi area has been proceeding principally in Otemachi in recent years, we have given companywide consideration to expanding the area to Yurakucho. Against that backdrop, we launched the Marunouchi Nijubashi Building development project following discussions on the reconstruction of the Fuji Building, located at the intersection of Marunouchi and Yurakucho.

Mitsubishi Estate, as the company responsible for the development and management of the Marunouchi area, considered development of the area while giving importance to enhancing the entire district's sustainable value and improving its disaster-management functions and energy efficiency. As a result, we came up with a plan to consolidate three buildings—the Fuji Building and the buildings adjacent to it, the Tokyo Chamber of Commerce and Industry Building. For the Tokyo Chamber of Commerce and Industry and Tokyo Kaikan, this was a

massive project that could not be allowed to fail as it involved the rebuilding of their respective head offices. Although there were inconveniences such as having to relocate while the rebuilding took place, we were able to embark upon this joint development because all of the parties involved knew our track record of developing the Marunouchi area over more than 100 years and the benefits of consolidating three buildings into one.

In carrying out this joint development, negotiations on facility plans and on costs ran into difficulties and some aspects of the project did not proceed as expected. However, the development concept was refined through repeated discussions and we were eventually able to complete an original building that adds new value to the Marunouchi area, which we would not have been able to achieve alone. For example, the large hall and banquet space that contribute to the strengthening of MICE functions, the front entrance allowing one to experience Tokyo Kaikan's traditions, the scenic views of the lush green Imperial Palace National Garden, and other features all enhance the stature of the building, thereby helping attract a more diverse array of people.







Rose Room, 3rd Floor, Tokyo Kaika

When leasing the building, we expected that the advantages of its location facing the front of the Imperial Palace National Garden and its proximity to the lively areas of Ginza and Hibiya, which boast many retail and cultural facilities, would prove to be major factors in attracting tenants. However, in addition to the aforementioned, we received a lot of feedback with regard to this office building's attractive exterior and specifications as well as its sophistication and prestige. The diverse range of industries from which we have attracted tenants has exceeded our expectations.

Expanding the Redevelopment Area while Solving Social Issues

The utility tunnel that was expanded in tandem with the development of the Marunouchi Nijubashi Building is an important factor in heightening the value of the Marunouchi area. The disaster-management functions and environmental performance of the entire area have been greatly improved by connecting this building to the underground service tunnel. In earthquake-prone Japan, strengthening disaster-management functions in Marunouchi, the center of the Japanese economy, is an issue of which the government is strongly conscious. In addition, contemporary energy problems have led to calls for more efficient energy use. Responding to such social issues through the ongoing development of the utility tunnel is both the mission of the Company, which

has for many years undertaken urban development together with stakeholders, and an important matter that must be addressed in order to flexibly advance the redevelopment of the Yurakucho area going forward.

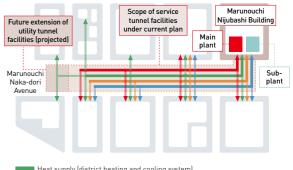
Yurakucho, an already well-equipped district with excellent transportation infrastructure, possesses great potential for redevelopment. Moreover, it is adjacent to Ginza and Hibiya, lively areas with a strong commercial and cultural flavor that see a lot of pedestrian traffic. The question of how to organically connect Yurakucho to Marunouchi and Otemachi in order to revitalize the entire area, while leveraging those regional characteristics, is an issue needing consideration in the redevelopment of the Marunouchi area going forward. I think that this building, located between the two areas, can play a role in determining the direction of that redevelopment.

Amid increasing diversification of work styles, I believe that attractive cities in the future will be places where people can gather, meet with whom they want, and feel a sense of pride and positivity about working in such cities. In order to realize that vision, we must play a strategic role not only on the "hard front," such as infrastructure development and property redevelopment, but also on the "soft front," such as holding events and creating communities. Going forward, we will develop Marunouchi into an even more attractive area through open discussions on those issues that engage a variety of stakeholders, including the government, landowners, and tenants.

Utility Tunnel Redevelopment

Since the 1970s, the Mitsubishi Estate Group has been developing utility tunnels centered on the Marunouchi area, with the aim of building a "district heating and cooling system" that provides a stable and efficient supply of heat to the entire area. By connecting newly completed buildings and the surrounding buildings with service tunnels and supplying heat generated via highperformance plants installed in the new buildings to the surrounding buildings, we are improving energy efficiency in the area as a whole. At the same time, we are able to continuously provide a heat supply without adversely affecting the surrounding buildings when a building is being redeveloped. Moreover, since underground areas are relatively resistant to earthquakes, it is very meaningful to expand and upgrade the service tunnel network from the perspective of disaster management. By reinforcing mutual supply systems between plants, we are enhancing the disaster preparedness of the area.

Plan (Future Projection)



- Heat supply (district heating and cooling system)

 Power supply in times of disaster
- Supply of water for general use in times of disaster

 Information and communications

Note: Work on the utility tunnel is due to be completed in December 2020

22 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 23







Promoting the Prompt Realization of Purposeful Innovations

In addition to providing office space, Inspired. Lab features a workshop where ideas generated through design thinking* can be turned into prototypes on the spot, thereby facilitating the seamless development of new products and services. Moreover, participating companies can undertake demonstration tests at not only the Otemachi Building but also across the entire Marunouchi area.

In addition to the creation of open spaces and event spaces that attract a diverse mix of individuals, companies acting as mentors and partners are also taking part in Inspired. Lab. A system is thereby established for supporting the new businesses of start-up companies and large corporations through a variety of methods.

 $^{\star}\,\mathrm{An}$ iterative, human-centered approach for creatively solving problems

A new value creation hub, Inspired. Lab, opened in February 2019 in the Otemachi Building, the most historic building in Tokyo's Marunouchi area.

Inspired. Lab aims to build an ecosystem that accelerates new innovations by being a place where start-up companies and large corporations possessing technologies that will transform the industrial structure of the future can gather and collaborate. By adding the new function of "Technology Start-Up Hub" to the Marunouchi area, which has grown as the business center of Japan, we will develop Marunouchi into a vibrant, diverse, and attractive area.









24 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 25



Marunouchi's Advantages as a Hub for Technology Start-Ups

Sakai: When establishing Inspired. Lab, my priority was to support start-ups capable of developing products that would invigorate Japanese industry and society as a whole. I worked with a resolve to turn Tokyo's Marunouchi area into Japan's hub for technology start-ups. It was under those circumstances that I met Dr. Kamada, whose company was investing in and supporting technology start-ups, including WHILL. I consulted him about taking part in Inspired. Lab as a mentor supporting promising start-ups.

Kamada: Mr. Sakai contacted me just as I was thinking about how I wanted to create a place where start-ups could gather and collaborate. Marunouchi, with its ideal location, was the perfect fit. In the past, start-ups were mainly thought of as businesses that did everything on the Internet, from developing games, social networking services, and so forth to providing services. However, we are targeting technology start-ups involved in such fields as AI, automated driving, and

robotics, whose distinguishing feature is that their technologies will be deployed in the real world. When promoting these kinds of start-ups, it is essential to collaborate with large corporations that possess overwhelming strengths in terms of infrastructure, and necessary to involve the government from a legal development perspective. Marunouchi is a very attractive area in which to carry out such activities because large corporations are gathered there in one location, while the area has good access to universities, research organizations, and government agencies.

Fukuoka: For me, the predominant role of Mitsubishi Estate in the development and operation of the entire Marunouchi area was a major benefit. I heard about Inspired. Lab at a time when I had been thinking about how to popularize our WHILL, personal mobility devices. I wanted to provide not only products but also a way to use them. In order to link WHILL devices to existing infrastructure and develop them into even more convenient, next-generation mobility devices, it is necessary to carry out demonstration tests in a variety of indoor and outdoor settings. By becoming a tenant

at Inspired. Lab, we are able to utilize the Otemachi Building and the entire Marunouchi area as well. With Mr. Sakai as a contact, we can access the area's various networks and infrastructure highly efficiently, for which I am very appreciative.

Promoting the Growth of Companies and Cities by Strengthening the Ecosystem

Kamada: Interaction among people at Inspired. Lab is fostered in a variety of settings, including a café where non-members can come and go freely, event spaces, and glass-walled offices. In such environments, it is so important that a diverse range of people work together in a spirit of friendly rivalry. Regardless of the scale of the companies to which they belong, all members have a burning desire to create new innovations, and this has fostered an extremely positive atmosphere. I have high expectations for the progress of Inspired. Lab going forward.

Fukuoka: Along with a greater diversity of people, I would like to see more robots. I think that a future in which buildings and cities are brimming with robots will be here very soon, so it would be great if Inspired. Lab and its surrounding area could become the first testing site for this future. I am hoping for conditions in which a new platform provider could emerge through interactions with various robots and their developers.

Sakai: As a real estate developer, we will offer any support we can in order to accelerate the growth of industries and companies that should be further developed going forward. If the propagation of WHILL's mobility products in society helps eradicate the hitherto psychologically and physically demanding aspects of travel, then society will be better for it. The ideal outcome is to establish a cycle whereby the products born of the Inspired. Lab ecosystem contribute to society while the Marunouchi area prospers together with the growth of the lab's participating companies.



WHILL Autonomous Drive System— Making Last-Mile Transportation Comfortable

The WHILL Autonomous Drive System was created with the aim of making transportation enjoyable and smart for all people, regardless of their physical limitations or abilities. The first commercial model—the WHILL Model A—was launched in September 2014, and WHILL is currently marketing a product lineup composed of several models, such as those intended for the U.S. market, and other models at an affordable price.

In order to optimize last-mile journeys from an existing means of transportation to a final destination, we believe that it is vital to not only enhance personal mobility devices themselves but also link them to infrastructure. At the Otemachi Building, in cooperation with Mitsubishi Electric, WHILL has implemented a demonstration test in which an unmanned WHILL mobility device moved across floors by using the Internet of Things. The company aims for its devices to be used in pedestrian domains all over the world in the future, as is the case with public transportation systems.



MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 27













Café and bar









Location of Shimojishima Airport

Airplane landing at Shimojishima Airport

Potential as the Second Gateway to the Miyako Archipelago

The Miyako Shimojishima Airport Terminal originated with a broad invitation for business proposals from the private sector by the prefectural government of Okinawa in 2014 on how to utilize Shimojishima Airport, the use of which for pilot training had declined considerably, and its surrounding area. Upon learning about this project, I recalled how I had been struck by the abundant nature when I visited Miyako Island, the largest island in the archipelago. I felt that if Shimojishima Airport's wonderful facilities, such as its excellent runway, could be leveraged through the opening of an airport passenger terminal, it would help attract more domestic tourists as well as promote inbound tourism.

After repeatedly examining the issue of how best to utilize the airport from various angles when preparing our business proposal, we established a policy in conjunction with Okinawa Prefecture to focus on domestic low-cost carrier (LCC) flights and international flights in order to develop the airport as the second gateway to the Miyako Archipelago, by incorporating new demand at Shimojishima Airport that could not be accommodated at Miyako Airport, which serves flights by the major domestic airlines from all over Japan. Miyako Island is one of Japan's leading resort destinations and the route to Miyako Island is important for the major domestic airlines. The attraction of the Miyako Island route for LCCs, with their competitive pricing advantage, is obvious. In addition, although offering international flights was a long-held target by those in senior government positions in Okinawa Prefecture, it was difficult to realize that target due to such factors as the inadequate capacity of Miyako Airport.

There was some debate on whether having LCC flights to Shimojishima Airport would result in tourists who to date had flown with the major domestic airlines to Miyako Airport simply flying with LCCs to Shimojishima Airport instead. However, the 2013 opening of a new, expanded airport to accommodate LCC flights on Ishigaki Island, an outlying island also in Okinawa, dispelled those fears. The new, expanded airport had no adverse effects on tourist numbers to surrounding areas. In fact, the number of visitors is actually increasing as a result. For an outlying island, where points of entry are limited, an airport itself is a critical factor in determining tourist numbers, thus I

believed that the positive results seen on Ishigaki Island could be replicated on Miyako Island. Ever-increasing demand resulting from inbound tourism and dramatically improved access from Shimojishima to Miyako Island due to the opening of the Irabu Bridge in 2015—as well as the bridge's potential to become a tourist attraction itself—were all advantageous to our proposal.

Although the history of our Airport Business is short, the high evaluation of our business proposal, our track record as a comprehensive developer, and, above all, our bold proposal to create new value while utilizing the existing Miyako Airport led to the approval of our proposal.

Energizing Miyako Island through Sustainable Urban Development

In addition to bolstering the operations of the airport terminal as the number of flights and terminal users increase, we intend to expand business activities, such as those of our resort hotel business, that further energize the islands by leveraging the insight and expertise of the Group, which operates businesses in a variety of fields.

On the other hand, it is a fact that as development expands, concerns about the environmental impact of such development will grow. For Miyako Island, whose abundant nature is its greatest tourist attraction, environmental destruction through overtourism is the biggest matter of concern. In response, we are promoting environmental preservation activities such as the conservation of coral reefs, the cleaning of beaches, and the protection of migratory birds in cooperation with our Sustainable Management and Promotion Department, The Nature Conservation Society of Japan, and non-profit organizations (NPOs). As we advance a business leveraging the social capital of an existing airport, I feel more determined to pursue business operations with an even greater awareness of sustainability.

Urban development, for which we are responsible, neither ends with the completion of a building nor is it something that we are capable of achieving on our own. Going forward, we intend to conduct business development in line with the pace of the islands while cooperating closely with involved parties, including Okinawa Prefecture, Miyakojima City, airline carriers, local people, and community organizations.

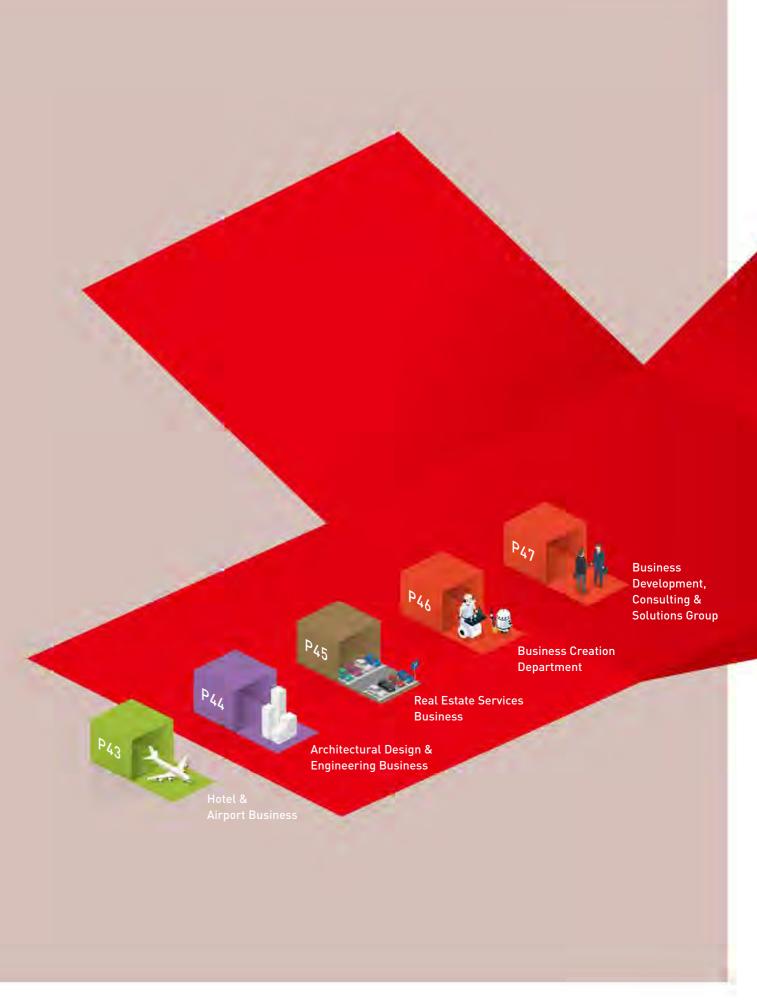
30 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019

BUSINESS REVIEW

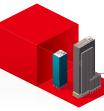
The Mitsubishi Estate Group operates the Office Building Business and various other businesses in Japan and overseas.

We will enhance our earnings power in each segment through business strategies that leverage our competitive advantages, as well as actively working to establish new businesses that pursue synergies with our established businesses.





32 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 33

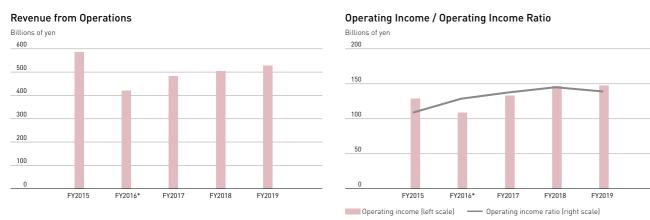


Office Building Business

Overview

The Office Building Business, Mitsubishi Estate's core business, engages in the development, leasing, and property management of office buildings with state-of-the-art functions, mainly in major Japanese cities centering on the Marunouchi area. Our businesses involve three types of earnings models: our property development and leasing business, in which we ourselves develop office buildings and receive rental revenue from them; our capital recycling business, where we generate capital gains on the sale of properties we have developed; and our non-asset businesses, which center on office building operations and management. Through building development and operations, we are promoting urban development to increase the attractiveness of the entire surrounding area.





* From fiscal 2016, responsibility for domestic retail and logistics property business operations (not including some multipurpose facilities) was transferred from the Office Building Business to the Lifestyle Property Business.

Competitive Advantages

- Ownership of about 30 office buildings in the Marunouchi area, a leading business area in Japan with one of the world's greatest concentrations of companies.
- Redevelopment in Marunouchi not requiring new land acquisition is largely unaffected by fluctuations in the real estate investment market, thus enabling stable and continuous redevelopment.
- Development know-how and a track record cultivated through continuous urban development in the Marunouchi area for more than 100 years.
- Tenant relationships and information networks built through the Group's wide-ranging businesses, including development in the Marunouchi area.
- Relationships with the central and local governments built through public and private sector cooperation in urban development.
- Urban development and area management with advanced disaster-management functions centering on the Marunouchi area.

Business Strategies

Marunouchi Area

- Generally, redevelopment enables rental revenue to be increased by expanding building floor space and raising rents per square meter. In the Marunouchi area, we aim to promote continuous redevelopment that raises value through individual redevelopment projects as well as by realizing synergies across the whole area.
- We intend to strengthen the functions of Marunouchi through the "Open Innovation Field" initiative to cultivate new communities and undertake field trials with leading-edge technologies.

Main Office Areas in Japan

We aim to strengthen our development pipeline by using the know-how we have accumulated through redevelopment in the Marunouchi and other areas.

Non-Asset Businesses and Others

- We intend to expand and strengthen non-asset businesses, including property management and master leases, and businesses that utilize existing stock, such as through the renovation of aged buildings.
- We aim to leverage relationships built through office building development and the office building leasing business to expand other businesses and create new businesses.

The "Open Innovation Field" Initiative in the Marunouchi Area

As one of the growth strategies for the Office Building Business in the Medium-Term Management Plan, we are promoting the "Open Innovation Field" initiative in the Marunouchi area. The initiative entails bringing people and companies that find opportunities in innovation together and interact. Accordingly, we aim to provide a constantly stimulating city environment that inspires creativity and a willingness to realize new possibilities and embrace change.

Specifically, we are focusing on the fields of AI, the Internet of Things (IoT), and robotics and seeking to actively promote practical tests with systems and services that utilize state-of-the-art technology. In the office building leasing business, we are providing small offices targeted at growing companies both in



Field Test of Self-Driving Taxi Conducted between Otemachi and Roppongi The world's first autonomous taxi to be operated on public roads

TOPICS

Tokyo Tokiwabashi Project is a large-scale redevelopment project being conducted in phases during a period of over 10 years. It will be developed over a 3.1-ha area in front of Tokyo Station and connect the major business districts of Marunouchi and Yaesu / Nihonbashi. For this project, we are creating 7,000 m² of open space and implementing various state-of-the-art initiatives toward strengthening disaster prevention and reducing environmental burden. In terms of environmental burden reduction efforts, we are aiming for Tokyo Tokiwabashi Project to become the first-ever integrated urban building development project in Japan to receive the SITES® certification, while being on course* to acquire the highest rating for the DBJ Green Building Certification, which is sponsored by the Development Bank of Japan and recognizes real estate properties with high environmental and social awareness. Further, for the appropriation of funds to construct Building A, we issued publicly offered green bonds with a term of five years and in the amount of ¥20 billion in June 2018, becoming the first major real estate developer in Japan to do so.

* Building A, currently under construction, was awarded a five-star rating, the highest such designation, for "plan certification" in fiscal 2019.



34 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 35

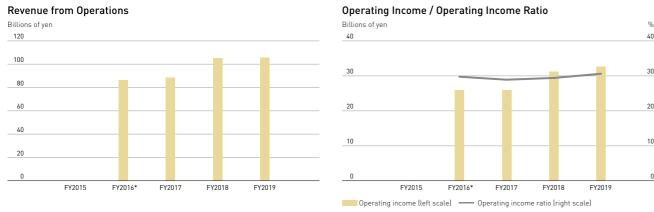


Lifestyle Property Business

Overview

The Lifestyle Property Business handles assets excluding offices, residential properties, and hotels. Its activities center on the development and operation of retail properties and logistics facilities. The retail property portfolio spans three business formats: suburban shopping malls operated under the PREMIUM OUTLETS® brand, independent shopping centers such as MARK IS, and integrated urban facilities in the Marunouchi area. In our logistics facility business, we are continuing to expand our portfolio particularly under the Group's Logicross brand while also undertaking joint developments with other companies.





* The Lifestyle Property Business was established as a new segment in fiscal 2016, taking over responsibility for domestic retail and logistics property business operations (not including some multipurpose facilities) from the Office Building Business.

Competitive Advantages

Retail Properties

- The top customer drawing power in Japan of the PREMIUM OUTLETS® shopping mall chain.
- Information networks and tenant relationships built through wide-ranging Group businesses, including developments in the Marunouchi area.
- Extensive development and management know-how gained through a portfolio consisting of three different business formats, business coverage in Japan stretching beyond Tokyo all the way from Hokkaido to Kyushu and a tenant network covering approximately 3,800 stores (as of the end of March 2019).

Logistics Facilities

- A business platform with a broad range of functions related to logistics facilities, from land acquisition and development to building operations, ownership, and asset management.
- Tenant relationships and information networks through wide-ranging Group businesses, including developments in the Marunouchi area.
- Management know-how and experience gained through Tokyo Ryutsu Center Inc. (TRC) and its competitiveness underpinned by being based in Heiwajima, a location providing excellent access to central Tokyo and Haneda Airport.

Area Map of Main Retail Properties



Business Platform of Logistics Facilities



Rusiness

Strategies

Retail Properties

- With outlet shopping malls, we will continue to expand and refurbish existing facilities and develop new ones to offer visitors unique spaces and meet their needs for a fun, one-of-a-kind experience.
- Regarding independent shopping centers, we are developing distinctive facilities tailored to diverse demand based on detailed analyses of the location, local demand characteristics, tourism potential, and discussions with tenants.
- With integrated urban facilities, we are aiming to deliver wide-ranging eating and drinking options and shops as well as various service providers to offer better amenities and convenience for office workers while also drawing in people for shopping and tourism.
- We aim to capture inbound demand by taking various initiatives that give full play to the distinctive features of our facilities.

Logistics Facilities

- We intend to make acquisitions of land and undertake leasing operations by making use of our multiple information networks and tenant relationships.
- We aim to generate stable capital gains by leveraging our logistics business platform to sell developed properties to Mitsubishi Estate Logistic REIT Investment Corporation, which is managed by Mitsubishi Jisho Investment Advisors, Inc., and other parties.
- We intend to generate synergies Groupwide by sharing the information networks and management knowhow acquired by the Tokyo Ryutsu Center, which has been involved in logistics facility business operations for over 50 years.



Retail Properties

In November 2018, we opened MARK IS Fukuoka Momochi in Fukuoka City, Fukuoka Prefecture. Home to 163 stores, including new business formats and the first-ever locations in Fukuoka, MARK IS Fukuoka Momochi is the largest retail property for the MARK IS brand and the biggest MARK IS retail property within Fukuoka to the west of Tenjin. It also represents the Group's first-ever complex development project combining a large-scale retail property with a housing complex. Meanwhile, construction of the WEST tower of The Parkhouse Fukuoka Towers—a housing complex featuring two towers consisting of 584 units—is scheduled for completion at the end of December 2019, while construction of the EAST tower is slated for completion at the end of December 2020. Through the project's retail property and condominiums that leverage the Group's collective strengths and know-how, we will contribute to enhancing the value of this area.

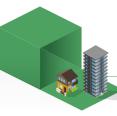
In January 2019, we completed the construction of Logicross Nagoya Kasadera in Nagoya City, Aichi Prefecture. This multi-tenant logistics facility is conveniently located near major roads and highways and offers tremendous potential as a logistics base for deliveries not only within Nagoya City but also throughout the entire Chubu region. The facility comes equipped with ramps that allow vehicles to access storage areas on each floor and offers excellent versatility and functionality through the installation of LED lighting and other features throughout the building. Logicross Nagoya Kasadera also provides support to the region in the form of business continuity planning (BCP) with its designation as an emergency evacuation building in the case of a large tsunami.

In May 2019, we completed the construction of LOGIPORT Kawasaki Bay, a multi-tenant logistics facility, jointly developed with LaSalle Investment Management K.K. and NIPPO Corporation. One of the largest logistics facilities in Japan, LOGIPORT Kawasaki Bay offers exceptional access to Tokyo and Yokohama, and this access is expected to further improve with the construction of the Rinko Road Higashi Ogishima Mizue-cho Line scheduled to be completed in fiscal 2024.





Logicross Nagoya Kasadera

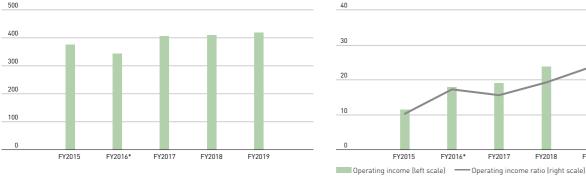


Residential Business

Overview

The Mitsubishi Estate Group has approximately 50 years of experience in the residential condominium business. We have established a value chain to meet housing-related needs spanning from new development and rebuilding and redevelopment projects to purchasing and sales, brokerage, and management. We are also developing a wide range of businesses to meet diversifying lifestyle needs. Such businesses include rental housing, renovation, our international business, and investment-purposed real estate.

Residential condominiums		Main non-asset type businesses						
Business Concept	Domestic	Overseas	Rental apartments	Management	Brokerage	Custom-built housing	Renovation	ı
Revenue from Operations			Operating In	come / Opera	ting Income	Ratio		
Billions of yen	s of yen Billions of yen				%			
500			40					12



* From fiscal 2016, certain operations of Mitsubishi Jisho House Net Co., Ltd., were moved from the Real Estate Services Business to the Residential Business

Competitive Advantages

- The power of The Parkhouse and The Parkhabio brands backed by outstanding technologies, uncompromising product quality control, and a long and extensive track record.
- Quality control of The Parkhouse brand at all stages of the development process—from design and construction to completion—with "Check Eyes," our quality management and performance indication system, which reflects our dedication to all aspects of the properties we offer.
- Product planning capabilities that ensure that our buildings keep people safe through resilience in natural disasters and offer both comfort and cost performance and which respect the environment and the local region by paying careful attention to preserving biodiversity and helping realize a low-carbon society.
- Strong relationships with leading developers in Asian countries.
- The ability to provide services to meet all housing-related needs.





Business Strategies

Residential Condominiums, Domestic

- We aim to expand our customer base by strengthening our brand power through the enhancement of product appeal, reliability, and services and by leveraging said brand power to acquire loyal "fans."
- We intend to optimize material costs and construction costs by utilizing our leading business scale in residential condominium development in Japan.
- We are promoting redevelopment projects that make full use of our abundant know-how related to real estate development and of the comprehensive capabilities of the Mitsubishi Estate Group.

Residential Condominiums, Overseas

■ While exploring business opportunities through collaboration with leading developers in different countries, we are also pursuing growth by utilizing the Group's planning capabilities and development and sales know-how.

Rental Apartments

■ We are aiming to stabilize segment profits through capital gains from rental apartments and other investment-purposed properties in the condominium business.

Non-Asset Type Businesses

■ We aim to strengthen non-asset type businesses involving existing properties in such areas as residence management, brokerage, custom-built housing, and renovation.

Residential Business Value Chain

■ We are providing one-stop services as a group making full use of all the phases of the value chain, from land acquisition, development, sales, and management through to brokerage.



Rental Apartments (featuring CLT)

In February 2019, we completed the construction of PARK WOOD Takamori within the area of Izumi Park Town in Izumi-ku, Sendai City, Miyagi Prefecture. This 10-story rental apartment complex is the country's first-ever high-rise building that uses CLT* as a flooring material. In addition to reducing the weight of the building and lowering the burden placed on frame construction, the use of CLT allowed us to shorten the construction schedule by around three months compared with construction using conventional reinforced concrete. For our use of CLT, we received subsidies from the Forestry Agency in fiscal 2017 and the Ministry of Land, Infrastructure, Transport and Tourism in fiscal 2018. Through efforts to promote the use of timber in buildings, we were able to reduce construction costs and shorten the time required for construction. In this way, PARK WOOD Takamori is socially recognized for contributing to the circulation of forestry resources in Japan.

* CLT (Cross Laminated Timber): Layers of large timber panels stacked and laminated together. A type of construction material rolled out mainly in Austria from around 1995.



PARK WOOD Takamor

Overseas Residences

Mitsubishi Estate Residence Co., Ltd. has formed an alliance with residential property developer Crown Group Holdings, based in Sydney, Australia, to develop a 374-unit condominium called Mastery.

Located within a four kilometer radius of Sydney's central business district, Mastery offers exceptional convenience in the form of a subway station, retail properties, a large park and other facilities all located within walking distance. The project was designed by Japanese architects Kengo Kuma and Koichi Takada and features a Japanese restaurant and other products and amenities themed on Japan. Sales of units began on November 17, 2018, with construction of the entire property scheduled for completion in 2021.



CG rendering of Mastery after completion



International Business

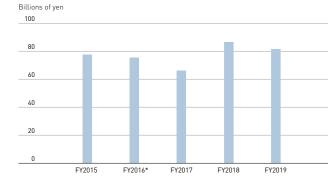
Overview

The Mitsubishi Estate Group's International Business began with the establishment of a company in the United States in the early 1970s. Its geographical coverage has since expanded to include the United Kingdom, mainland Europe, and Asia and Oceania. We have been strengthening our portfolio with both management properties predicated on returns from rental fees and properties for sale premised on raising their value under a capital recycling business model. We are promoting business expansion with respect to the real estate trading rules and

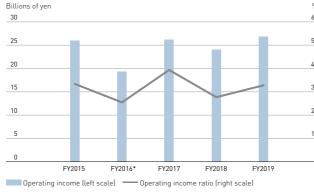
United States Europe Mitsubishi Estate Rockefeller Group, Inc. London Limited ■ Mitsubishi Estate ■ Europa Capital New York Inc. ■ TA Realty LLC* Asia and Oceania ■ Mitsuhishi Estate Asia Pte I td Mitsuhishi Estate (Shanghai) Ltd Mitsubishi Estate Taiwan Ltd. Pan Asia Realty Advisors (Singapore) Pte. Ltd.* Mitsubishi Estate Vietnam Company Limited ■ PT. Mitsubishi Estate Indonesia

business customs of each country. We seek to apply optimal business models for each market based on macroeconomic data and analysis of capital and real estate markets to identify the right time to enter.

Revenue from Operations



Operating Income / Operating Income Ratio



* From fiscal 2016, the international investment management business was transferred from the International Business segment to the Investment Management Business segment.

Competitive Advantages

United States

- The sourcing power of Rockefeller Group International, Inc. (RGI), and its development know-how and track record, as well as the name recognition it brings.
- TA Realty's networks and track record in raising the value of properties.

- The sourcing power based on business achievements over a long period.
- The establishment of development teams and operational effectiveness.
- Europa Capital's networks and track record in raising the value of properties.

Asia and Oceania

- Development know-how gained in the business in Japan.
- Acclaim the Group has won for its track record in Japan among businesses in leading cities in Asia excluding those in Japan.
- Relationships with leading local partners.
- The networks Pan Asia Realty Advisors (PA Realty) has established together with CLSA Real Estate Partners (CLSARE), which handles the real estate fund management business in Asia and Oceania.

Rusiness

Strategies

United States

- We are pursuing hands-on development centering on RGI.
- We aim to promote rental business based on two flagship office buildings owned in Manhattan and the development of properties in the United States under our capital recycling business model.
- We intend to strengthen investment with the Hybrid Investment Model* utilizing TA Realty's resources.

Europe

- We aim to develop business particularly in markets where different functions are handled by separate professional enterprises as an asset manager responsible for overseeing all aspects of projects.
- We intend to expand our portfolio by acquiring properties with a view to redevelopment, centering on management properties in the Office Building Business.
- We aim to strengthen investment with the Hybrid Investment Model* utilizing Europa Capital's resources.

- We are expanding and diversifying our investment and development business jointly with leading local partners.
- In countries and regions where high and stable growth can be expected, we are focusing on asset types-and particularly properties for sale-that are likely to see strong demand given the particular characteristics of different areas.
- We aim to expand investment with our Hybrid Investment Model* through PA Realty, our joint venture with CLSARE.
- * Hybrid Investment Model: Funds structured by Group companies that combine Mitsubishi Estate's and third-party equity.

The Rockefeller Group (RGI), a U.S.-based wholly owned subsidiary of the Company specializing in real estate development and operation, completed construction of the Optimus Logistics Center, a two-tower logistics facility, in California in September 2018. Large-scale renovation of 1271 Avenue of the Americas, a major office building in Manhattan's Midtown area owned by RGI, is also on course to be completed by its scheduled completion date of December 2019.

In March 2019, the 8 Bishopsgate project (tentative name) broke ground in London, the U.K. The new 51-story high-rise office building will replace the two existing office towers, 6—8 Bishopsgate and 150 Leadenhall Street, and offer approximately 2.8 times more leasable floor space than the two existing towers combined.

Asia and Oceania

In May 2019, Mitsubishi Estate entered into a strategic partnership agreement with China Vanke Co., Ltd., a leading urban and rural development and living services provider in China, for a real estate development project in the Yangtze River Delta of East China. Taking advantage of Mitsubishi Estate's development know-how regarding office buildings, retail properties, and various other facilities and Vanke's expertise in project development in China, we will leverage these strengths toward the growth of this project. Further, we participated in Phase 3 development of the Singapore-Hangzhou Science & Technology Park (SHSTP), a large-scale complex office building development project conducted by the Ascendas-Singbridge Group in Hangzhou, China. The project broke ground in March 2019.



Optimus Logistics Center



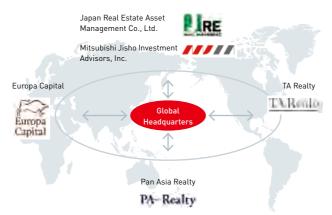
CG rendering of SHSTP Phase 3 after completi



Investment Management Business

Competitive Advantages ■ Through the execution of M&A deals and other activities overseas, we have established a strategic global investment management platform. This enables us to provide global asset management services to clients by leveraging our expertise and achievements fostered in Japan, the United States, Europe, and Asia excluding Japan.

■ In Japan, the Investment Management Business offers specialist services. Mitsubishi Jisho Investment Advisors, Inc., provides asset management services across a wide range of investment products, including the country's largest private REIT and a listed logistics REIT, while

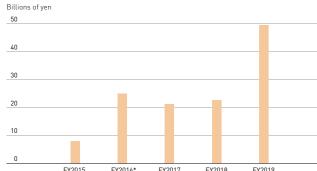


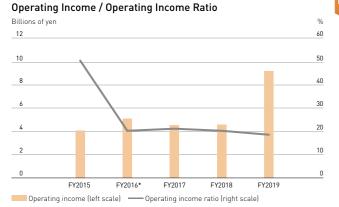
Japan Real Estate Asset Management Co., Ltd., manages Japan's first publicly listed office REIT.

Business Strategies By utilizing our hybrid investment model strategy, through which we co-invest our principal investment capital alongside our clients' in funds that our Group companies manage, we seek to capture demand for cross-border property investments. Through this approach, we are simultaneously pursuing the expansion of our overseas portfolio while benefiting from enhanced investment diversification as well as expanding and strengthening our investment management businesses.

■ In Japan, we meet the needs of domestic and overseas investors by providing a diverse lineup of products, including listed REITs, private REITs, and private funds, as well as dependable asset management services.

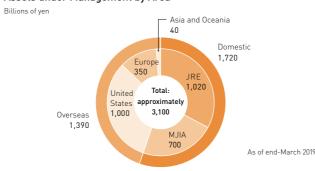
Revenue from Operations





* From fiscal 2016, the Overseas Investment Management Business has been moved from the

Assets under Management by Area



Mitsubishi Estate Logistics REIT Investment Corporation, for which Mitsubishi Jisho Investment Advisors, Inc., is the asset management company, listed on the Tokyo Stock Exchange REIT Market in September 2017. The investment corporation invests principally in logistics facilities. It aims for stable asset management by steadily building a portfolio of highly competitive logistics facilities. In doing so, it brings together the abundant experience Mitsubishi Jisho Investment Advisors has accumulated in managing real estate funds since its establishment in 2001 and the real estate development know-how of Mitsubishi Estate and the information networks built through its development of logistics facilities since 2011.

Hotel & Airport Business

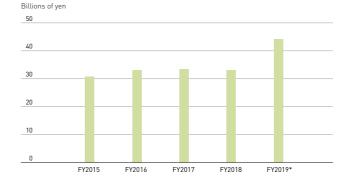
Competitive Advantages

- We are leveraging our development expertise and the tenant relationships we have built by handling diverse real estate assets as a comprehensive developer in order to acquire sites for hotels and promote hotel development
- Applying more than 30 years of hotel management experience with the Royal Park Hotels brand, we have been expanding our networks of full-service hotels and accommodation-oriented, limited-service hotels.
- In our airport management operations, we are making full use of the experience we have gained with the development and management of diverse commercial facilities and the knowledge gained in businesses related to demand from inbound visitors to Japan in our outlet and hotel operation businesses.

Business Strategies

- In the Hotel Business, our main focus is the development of hotels under the Royal Park Hotels brand on sites we have acquired ourselves. We also actively look to lease properties to other operators and generate capital gains through the sale of properties after holding them for a certain period of time.
- With the Royal Park Hotels brand, we aim to steadily increase operating income by improving the operating income ratio at existing hotels while actively expanding hotel networks by leasing properties developed by other companies as well as utilizing various schemes, including management contracts and franchise contracts.
- In our Airport Business, we aim to unearth demand by enhancing the appeal of airports and their surrounding areas by working with appropriate partners and applying our experience in urban development and the management of commercial facilities.

Revenue from Operations



Operating Income / Operating Income Ratio



Operating income (left scale) — Operating income ratio (right scale)

- * Shows results for the former Hotel Business segment through to fiscal 2018. * We established the Hotel & Airport Business segment in fiscal 2019, bringing together the
- . The former Hotel Business seament
- The Hotel Development Business of the Lifestyle Property Business segmen
- The Airport Project Promotion Office under the Business Creation Department and the

In April 2018, in order to respond to the high demand for accommodation, we accelerated the expansion of the Hotel Business and reinforced the activities of the Airport Operation Business. We also established the Hotel & Airport Business Group to generate synergies between the two.

Royal Park Hotels and Resorts Company, Limited, which operates hotels throughout Japan, is moving ahead with the expansion of new locations in Tokyo, Osaka, Kyoto, and other areas. The company plans to expand from its 3,047 units as of June 2019 to approximately 4,350 units in 2022.

In the Airport Business, we commenced operations of Takamatsu Airport in April 2018, which was followed by opening of the Miyako Shimojishima Airport Terminal in March 2019 and the start of operation of Mt. Fuji Shizuoka Airport in April 2019.



Rendering of Mt. Fuji Shizuoka Airport in the future



Architectural Design & **Engineering Business**

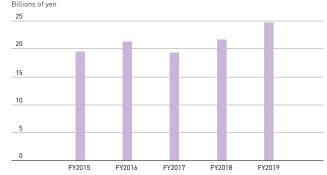
Competitive Advantages

- As a full-service architectural design and engineering firm, we have extensive experience in urban planning covering such areas as the design and management of buildings for various applications and proposal-based consulting, including large-scale complex developments in the Marunouchi area, and designing underground spaces that take into account traffic conditions.
- We undertake design and management with an in-depth understanding of operation, maintenance, and management from the perspectives of business operators and clients based on experience cultivated as a developer's in-house design office.
- We have access to a wealth of information on China and Southeast Asian countries through a network centered on local subsidiaries established in Shanghai and Singapore.

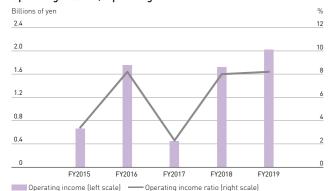
Rusiness Strategies

- In addition to handling design project orders from within the Group and from long-established clients, the Architectural Design & Engineering Business is working closely with the Business Development, Consulting & Solutions Group to win new orders.
- Besides construction management work involving the comprehensive management of projects such as construction schedules, budgets, and quality control, we are focusing on winning orders in renovation and other growth fields in order to expand our earnings base.
- We aim to expand overseas business by making full use of the Mitsubishi Estate Group's brand.
- We provide technological support to Group companies and seek to generate synergies with those companies.

Revenue from Operations



Operating Income / Operating Income Ratio



Mitsubishi Jisho Sekkei Inc. handled the architectural design and engineering work for the JAPAN SPORT OLYMPIC SQUARE, on which construction was completed in May 2019. The Japan Sport Association and the Japanese Olympic Committee will be in charge of constructing and managing the facility. The building's exterior dons a three-dimensional design inspired by the key words "sports = generating movement." Inside the building, there are over 60 offices occupied by sports-affiliated organizations as well as the Japan Olympic Museum.

Overseas, we are advancing the Yungu School Project, an international school located in the Hangzhou region of Zhejiang, China. The project was established by Jack Ma, a founder of Alibaba Group, with the intention of creating new educational facilities in his hometown of Hangzhou. The project is scheduled for completion in June 2020.



Exterior of JAPAN SPORT OLYMPIC SQUARE

Real Estate Services Business

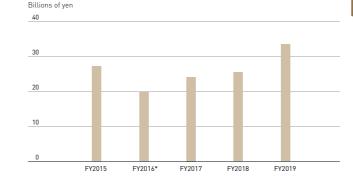
Competitive Advantages

- The Real Estate Services Business provides one-stop real estate solutions by making full use of the Mitsubishi Estate Group's comprehensive strengths with a wide-ranging service menu spanning CRE* strategy support, including utilization of CRE information, real estate brokerage, leasing management, parking lot management, and real estate appraisal.
- We provide solutions throughout Japan using our nationwide branch network backed by specialist expertise and knowledge long nurtured as real estate professionals.
- * Corporate Real Estate (CRE): Real property held or used by a business enterprise or organization for its own operational purposes. In recent years, there has been growing interest in using CRE strategically to contribute to increasing corporate value

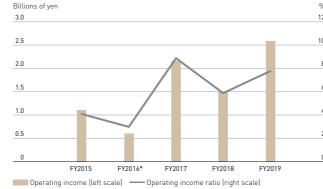
Rusiness Strategies

- We are aiming to be the top company in CRE strategy support, real estate consulting, and recreational land and recreational facility management by providing services to enterprises and high net worth individuals as
- We are strengthening our value chain, which combines a variety of service menus of the Business Development, Consulting & Solutions Group and of each of the Group's businesses, while expanding the range of services we provide to existing customers.

Revenue from Operations



Operating Income / Operating Income Ratio



* From fiscal 2016, certain operations of Mitsubishi Jisho House Net Co., Ltd., have been moved from the Real Estate Services Business to the Residential Business

In February 2019, Mitsubishi Real Estate Services Co., Ltd., which operates the Real Estate Services Business, commenced the leasing of CIRCLES. Developed by Mitsubishi Estate, CIRCLES is a series of buildings featuring exceptionally designed and comfortable compact offices for companies that have grown out of their shared offices and other small office spaces. Starting with the completion of CIRCLES Shiodome in August 2019, we are targeting the development of 30 towers, mainly in the five central Tokyo metropolitan wards, within the next five years. Through such efforts, we will move forward with our rental business backed by our comprehensive support system developed through Mitsubishi Real Estate Services' years of experience.



CG rendering of CIRCLES Shiodome after completion



Business Creation Department

Competitive Advantages

- Mitsubishi Estate has vast experience and second-to-none specialist expertise in real estate development and management deriving from a long history in urban development that spans the whole spectrum, from finding tenants and facility management to cooperating closely with such stakeholders as business
- We have created a platform for new business creation that embraces both in-house and external parties and supports sustainable innovation that goes beyond the boundaries of established business fields.

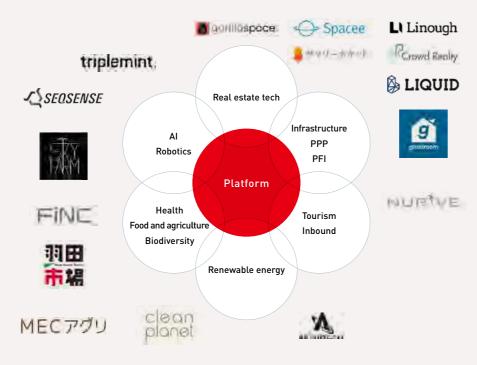
Business Strategies

- We aim to raise the added value of established businesses through innovative approaches that involve introducing new functions to existing buildings, utilizing new materials, and making use of the latest technology to offer new services and make maintenance more efficient.
- The Company has set a budget of ¥100.0 billion over three years for Groupwide business model innovation. We have also put in place a platform for new business creation to promote new businesses that go beyond the boundaries of our existing Group business framework.
- We are actively pursuing open innovation through cooperation with external partners.

In February 2019, our investments in start-ups and venture companies in Japan and overseas, conducted mainly by our Business Creation Department, reached ¥10.0 billion (including commitments). As part of our efforts to create new businesses, we have established seven focus areas, including Real Estate Tech, Al, and renewable energy, to generate new sources of earnings.

Further, in our Corporate Accelerator Program, in which we solicit proposals from venture companies and work closely with them, we received 203 entries in the second round of applications held in August 2018. For the five proposals deemed to be most promising, the Company has begun taking full-fledged measures to create new businesses with the provision of funding and commencement of services at its facilities.

Seven Focus Areas and Main Investment Targets for Creating New Businesses





Business Development, Consulting & Solutions Group

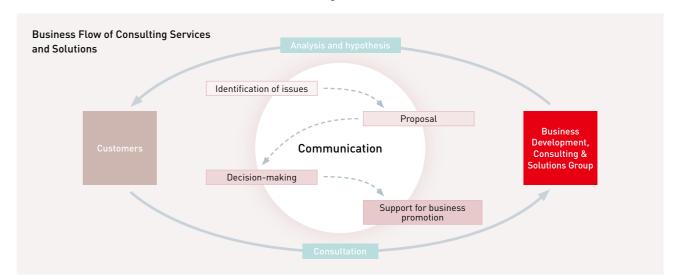
Value Drivers

- Strategic sales organization comprising horizontally integrated segments
- Ability to identify problems through consulting

Robust solutions using Groupwide resources

Scope of Activities The Business Development, Consulting & Solutions Group offers a wide range of services that make full use of the Mitsubishi Estate Group's abundant experience and comprehensive capabilities to resolve all types of challenges facing customers, acting as a business contact point for the entire Mitsubishi Estate Group.

Our main efforts involve making comprehensive assessments of real estate-related issues concerning customers, whether they are corporations or individuals, and proposing optimal approaches to their resolution that serve to raise corporate value by making use of wide-ranging businesses and resources. We are also actively undertaking development projects from a medium-to-long-term perspective and aiming to create new business opportunities that go beyond the bounds of the real estate field, thereby promoting joint business with customers while maximizing the use of our resources.



Real Estate Development

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

Comprehensive Building Analysis and Renovation

- Earthquake resistance analysis
- Facility management
- Energy saving and IT utilization in buildings and facilities Interior and exterior renovation
- Barrier-free facility construction
- Protective measures for buildings
- and facilities
- Conversion
- Building renovation business (renovation of existing buildings and subsequent leasing)
- Construction management ■ Design and supervision for

Construction

research

buildings and structures ■ Design and supervision for interiors

■ Environmental assessment and

Consulting for urban development

Consulting, design, and supervision

and exteriors Single-unit homes and rental and

for environmental and civil-engineering solutions

- Residential and office renovation
- corporate housing

Real Estate Liquidity ■ Real estate-backed financial

■ Securitization

Sales and leaseback

Real estate brokerage

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

Design, Supervision, and

- CRE valuation

CRE Strategy Support

- Organization of CRE information
- Support for strategy formulation

Specified real estate joint ventures

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

New Business Development

■ Business partnership

Investment / M&A

46 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019

SUSTAINABILITY

ESG SECTION

The basic mission of the Mitsubishi Estate Group is "to contribute to society through urban development." Adopting a long-term perspective, the Group believes that it is of great importance to pursue business activities in harmony with society.

In light of the growing momentum in Japan and overseas behind environmental, social, and governance (ESG) investment, as well as initiatives for the United Nations Sustainable Development Goals (SDGs), we will aim to realize a sustainable society and enhance corporate value over the long term by conducting governance more rigorously than ever before while pursuing initiatives that pay close attention to society and the environment.



Identifying Materiality

The Mitsubishi Estate Group aims to build mutually profitable relationships with stakeholders and enhance corporate value over the long term by becoming a front-running, ESG-conscious corporation. With the goal of realizing a sustainable society and enhancing corporate value over the long term, we are accelerating initiatives designed to resolve social issues through our business activities. To that end, we established a Groupwide working group in fiscal 2019 to identify matters requiring close attention from the perspectives of the SDGs, materiality (important issues for sustainable management), and related opportunities and risks.

(L ► See pages 50—51.)

Meetings of the working group are attended by representatives from each of the Group's businesses,



Meeting of the working grou

with the president in attendance at the opening meeting of the project.

Process for Identifying Materiality

• Formulate the processes for each business
• Clarify Company strengths and characteristics (the source of value creation)

• Identify social issues and trends such as the SDGs
• Establish links between business processes and social issues and trends such as the SDGs
• In addition to determining connections between business processes and social issues and trends, conduct screening of these issues and trends from the perspectives of the Medium-Term Management Plan and the secretariat

• Identify business opportunities and risks associated with each social issue and trend
• Categorize materiality taking into consideration opportunities and risks
• Implement screening at the secretariat of the working group

• Propose materiality and conduct interviews with stakeholders



SDG Initiative

Among the 17 SDGs, No. 11, "Make cities and human settlements inclusive, safe, resilient, and sustainable," is an indispensable goal that is of direct relevance to the Group's business activities. We strive to steadily adhere to that goal through our business activities. Moreover, with regard to the other SDGs, we recognize that there are many areas to which we, as a comprehensive developer, can give consideration and contribute. We also had many discussions that incorporated SDG viewpoints when identifying materiality at meetings of the working group.

• Report progress to management

Furthermore, we signed the UN Global Compact in April 2018 to clearly demonstrate our stance on SDG initiatives and sustainable urban development. Meanwhile, the Mitsubishi Estate Group's greenhouse gas emissions reduction targets were approved by the Science Based Targets initiative in April 2019.







48 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 49

At meetings of the Groupwide working group in fiscal 2019, 24 social issues and trends related to the Group's business activities were determined and materiality and related opportunities and risks were identified, by classifying those issues and trends into seven categories. Going forward, we will establish new key performance indicators (KPIs) and revise current KPIs from the standpoint of sustainability as well as considering the Group's vision for the future, thereby enhancing the promotion of sustainability activities.

(More information regarding our ESG initiatives will be available on our website in due course.)

Worsening of climate change • Deterioration of the natural environment and depletion of natural resources Exhaustion of existing natural resources and resultant changes in energy configuration in society as a whole • Increase in social unease due to terrorism and crime (including risks from the outbreak of infectious diseases) Increase in frequency of natural disasters (including earthquakes) Risk of rise in associated costs • Further penetration of the Internet of Things (IoT) (including virtualization and acceleration of the proliferation of information)

• Improvements in artificial intelligence (AI) (including the spread of automated

• Increase in e-commerce and omni-channel commerce, and diversification of

• Rise in interest in physical and mental health, medical care, and wellness

Acceleration of the aging population and changing position of the elderly in

• Emergence of risks in the supply chain (including worsening of human rights issues)

Progress of the social advancement of women and the diversification of society

• Restructuring and revitalization of regional communities (including regional

· Decline in the total population and working-age population of Japan

• Economic growth of emerging nations, principally in Asia

Global population growth and shortage of food supplies

• Increase in number of foreign workers in Japan

• Growth in need for social integration and universal design

depopulation and population increases of major cities)

Progress of globalization (including increases in inbound and outbound tourism

The environment Globality Community Diversity an aging population

Leveraging existing properties Digital innovation

Heightening of need for development and management of real estate with less environmental impact and superior · Increase in real estate investment and urban development opportunities overseas • Rise in need for response to the needs of diverse consumers, including those from overseas · Increase in need for real estate, urban terrorism and crime

resistance to natural disasters

development, and management with

security that is highly resistant to acts of

Main Ways to Provide Value • Safe and peaceful cities of a sustainable and resilient nature · Cities that conduct management of climate change, waste, and energy issues Borderless cities respecting the diverse backgrounds of all peoples • Cities that provide interactive added value through knowledge accumulation and networks • Cities conducive to realizing an inclusive society • Pleasant and abundant cities responding to demographic and lifestyle changes • Efficient and ecological cities where stock is utilized effectively • Innovative cities acting as wellsprings for open innovation

• Increase in prevalence of aging public infrastructure and housing stock (including vacant housing)

- Promotion of private sector vitality, as a result of the privatization of public facilities
- Changes in lifestyles and work styles

driving technology)

society in Japan

and rise in immigration)

• Diversification of consumption patterns, such as the sharing economy

50 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 51

HUMAN RESOURCE DEVELOPMENT

Urban development with true value is predicated on understanding the needs of people working and living in the area while also having insight into how the times are changing. Such insight comes from our people being highly attuned to society. The Mitsubishi Estate Group seeks to nurture and strengthen diverse human resources as the source of new value creation and business growth by establishing an environment that inspires creativity and encourages people to take on challenges.

Approach to Human Resource Development

The Mitsubishi Estate Group recognizes that employees are its most important management capital.

What we seek in our employees are the following five attributes: vision, professionalism, integrity, team building, and challenge and innovation.

We have implemented job rotation taking into account career growth stages and also set up

A Compact Organization and a Dynamic Workforce -

As of March 31, 2019, the Group had 9,439 employees, with Mitsubishi Estate alone having 899. That is only about 50%–70% of the levels at our major competitors in Japan. Relative to revenue, the per-capita contribution of each employee in the Group is large. To put it another way, productivity per employee is high. This is partly a reflection of the Group's organizational culture

systematic training programs in the workplace with training tailored to the needs of people in different positions and at various career stages. In addition to holding human resource development training sessions, which is one of the most important issues for managers, we are working on preparing division-specific human resource development plans.

in which all employees, including new recruits in their 20s, are assigned challenging work.

We aim to create an environment that spurs our people to take on challenges beyond established business frameworks, including developing new services that utilize the latest technology and embracing open innovation with venture companies.

(Reference) Productivity per Employee

	FY2019 (Millions of yen)			FY2019 (People)		FY2019 (Millions of yen)	
	Revenue from operations	Operating income	Profit attributable to owners of parent	Number of employees (Consolidated)	Revenue from operations per employee	Operating income per employee	Profit attributable to owners of parent per employee
Mitsubishi Estate	1,263,283	229,178	134,608	9,439	133.8	24.2	14.2

Multifaceted Staff Education and Training

The Group has established a staff training system with the aim of developing the skills of each employee and raising awareness of their roles at the different stages of their careers.

We provide a broad range of cross-group training programs, including those for new employees and newly appointed managers, aiming to create a framework to support high-level achievements and demonstrate the Mitsubishi Estate Group's comprehensive strengths. In order to encourage the acquisition of business-related knowledge and skills for developing the capabilities of all staff, we offer a wide range of training programs throughout the Group aimed at developing the capabilities of all staff. These programs range from marketing and financial strategy to compliance and human rights

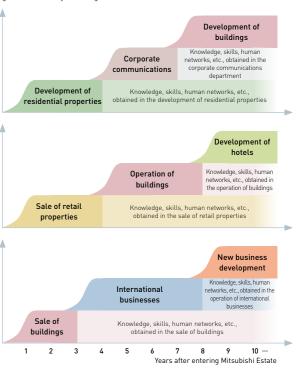
awareness. Furthermore, we have been encouraging the development of human resources with the skills needed to perform on a global basis. For example, we have introduced programs under which employees gain practical experience by being appointed for one or two years to work in overseas offices of the Mitsubishi Estate Group or external companies. We have also been fostering human resources who will be able to perform effectively in a global setting by sending employees to study abroad. Moreover, we have introduced a self-development support system to help all employees with various backgrounds develop their capabilities and apply them to the fullest extent. We are working on multifaceted training programs to meet the needs of diverse human resources.

Cultivation of Broad Perspectives through Job Rotation

At Mitsubishi Estate, new graduates account for the great majority of new employees. For these new graduates, we have introduced a personnel system under which they work in three departments for a period of about 10 years after joining. Under the job rotation system, an employee might move from the Residential Business to the Office Building Business, or from development operations to a business management role. The intention here is to help young employees acquire broad practical knowledge and skills through on-the-job training. At the same time, by providing work experience across multiple fields, we are helping build a broad range of human networks connecting various stakeholders. These networks extend from within the Group to clients and business partners, to national and local governments in charge of urban planning, and to the communities in the areas we are developing. We hope, through this approach, that employees gain new insight and knowledge. Job rotation is a mechanism that creates valuable opportunities on a sustained basis and helps our people broaden their horizons and gain an understanding of the business of real estate developers from multiple perspectives.

Examples of Job Rotation

Multifaceted perspectives cultivated through knowledge, skills, and experience gained via on-the-job training



New Business Proposal System Encouraging Employees to Take On Challenges

We launched our New Business Proposal System in 2009, which has evoked a wide range of proposals and ideas from our employees. The Business Creation Department has, since its establishment in 2014, worked as a secretariat for the proposal system at the same time as developing new businesses itself. It aims to prepare the ground for employees to take up the challenge of new value creation.

Mitsubishi Estate Residence's business of renovating second-hand condominium units was born out of a proposal put forward by an employee. After the proposal was passed in 2011, we examined the feasibility of the business from various angles. Doing so led to the establishment of the Property Renovation Department in 2014, and then the business took off. As a more recent example, a meditation studio business, Medicha, proposed in 2017 by two female employees in their fifth year of employment at the Company, started its operations in June 2019. We established a wholly owned subsidiary to operate this new business and appointed the two employees who proposed it as directors. We also plan to introduce a paid stock-option system for the first time.

The creation of new business was highlighted as an important theme for "business model innovation to

achieve further growth in the 2020s" in the Medium-Term Management Plan that began in April 2017. We have updated and strengthened the New Business Proposal System to create an environment that is more conducive to employees taking up challenges as part of a new business creation platform, one of the measures in the Medium-Term Management Plan. Interest in this system among employees is higher than ever. More than 90 proposals have been submitted since its launch, 10 of which have been developed into businesses.





Medicha interior



MITSUBISHI ESTATE CO., LTD. Integrated Report 2019

CORPORATE GOVERNANCE

Work Style Reforms Facilitated by Office Environments

Mitsubishi Estate's work style reforms not only promote the utilization of existing systems—such as enhancing the paid leave system and introducing flextime—but also focus on creating office environments that help realize higher productivity. In particular, the relocation of the Company's headquarters to the Otemachi Park Building in January 2018 has triggered an acceleration of work style reforms unique to the Company.

We have adopted three development concepts for the new headquarters: "Creating an environment where employees can freely choose where and when to work," "developing an office environment that fosters internal and external communication," and "promoting healthy management that enables employees to perform to the best of their abilities." In line with these concepts, we have implemented such policies as adopting a group address system under which

employees are not assigned to a particular desk, abolishing private offices for directors, devising internal flow lines using shared spaces and internal staircases, eliminating paper files, and establishing an employee cafeteria that promotes health.

Within the Company, many employees have commented that the relocation of the headquarters has resulted in greater interaction with other departments while the vitalization of communication has led to increased work efficiency. In a survey conducted on the first anniversary of the relocation, the number of employees participating voluntarily in external training to improve their abilities increased about 10% compared with the previous year, and the number of hours during which meeting rooms were in use declined about 15% from a year before. In these ways, the relocation is producing positive results.

Slogan to Accelerate Work Style Reforms

"Borderless" and "Socializing" Work Style

- Natural gatherings and connections among people
- 2 Open and direct communication
- 3 Flexible working arrangements

- 4 Surroundings that encourage a "give-it-a-go" spirit
- 5 Healthy living

Office







Engagement of a Diverse Workforce

When developing urban environments where a diverse range of people can live and work dynamically, it is important for the Company to maintain a diverse workforce to enable it to incorporate a variety of opinions and ideas. We have stipulated key performance indicators for the ratio of female managers and the employment rate for persons with disabilities. We are not only promoting initiatives aimed at meeting those indicators but also making efforts to create work environments where each and every employee is able to utilize his or her abilities. Furthermore, at Mitsubishi Estate in fiscal 2019, both the percentage of employees returning to work after childcare leave and the retention rate a year after returning to work were 100%.

Ratio of Female Managers

(Mitsubishi Estate Group*1)

Ratio for Fiscal 2019: 5.92%

(average for five companies)

[Long-term target of over 10% for fiscal 2031*2]

Employment Rate for Persons with Disabilities

[Mitsuhishi Estate Group*1

Ratio for Fiscal 2019: 2.22%

(average for five companies)

(Long-term target of over 2.22% for fiscal 2031*2)

- *1 Mitsuhishi Estate Mitsuhishi Estate Residence Mitsuhishi Jisho Property Management, Mitsubishi Jisho Sekkei, and Mitsubishi Real Estate Services

 *2 Mitsubishi Estate's own target

Message from the Chairman of the Board



Chairman of the Board

Mitsubishi Estate transitioned to a "Company with Nominating Committee, etc.," in 2016 and established three committees—the Nominating Committee, the Audit Committee, and the Remuneration Committeeall of which are composed of a majority of outside directors. Since then, we have continuously implemented initiatives to reinforce our corporate governance system, such as introducing remuneration systems for directors, namely, the Restricted Stock Compensation System and a performance-based incentive plan (the "Phantom Stock Plan"), evaluating the effectiveness of the Board of Directors, and establishing the "Mitsubishi Estate Co., Ltd., Corporate Governance Guidelines." Since June 2019, following the example of the Remuneration Committee, the Nominating Committee now comprises entirely independent outside directors, while the chairman of the Audit Committee is an independent outside director. In these ways, we are pursuing initiatives designed to bolster the supervisory functions of the Board of Directors and said committees as well as promoting greater objectivity and transparency.

In May 2019, the Board of Directors decided not to renew the Company's countermeasure program against possible hostile takeover attempts. This decision is an expression of our determination to have an effectively functioning governance system that continues to lead the industry as well as to realize and

provide higher value through ongoing dialogue with capital markets. Furthermore, we have been conducting lively discussions on capital policy at Board of Directors' meetings. In May 2019, we resolved to execute share buybacks up to a maximum of ¥100.0 billion. We are also appropriately implementing the sale of shares held for strategic purposes.

Fiscal 2020 is the final year of the current Medium-Term Management Plan. Although we are presently holding discussions on new management strategies, the main goal of enhancing corporate value through attractive urban development will not change. Guided by the Company's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally friendly communities where people can live, work, and relax with contentment, the Board of Directors is committed to meeting the expectations of shareholders and investors by doing all it can to guide the Company in a way that takes into account future changes in society and the business environment.

August 2019

Hirotaka Sugiyama Chairman of the Board Mitsubishi Estate Co., Ltd.

Directors

As of June 27, 2019

Position Appointment year Number of shares held (As reported in Fiscal 2019 Financial Report, available only in Japanese)

Hirotaka Sugiyama

Chairman of the Board

54 thousand shares

Junichi Yoshida

Director

56 thousand shares

Junichi Tanisawa

Director

43 thousand shares

Tetsuji Arimori

Director

37 thousand shares

Hiroshi Katayama

Director

32 thousand shares

Bunroku Naganuma

Director

23 thousand shares

Jo Kato

Director

74 thousand shares

Toru Okusa

Director

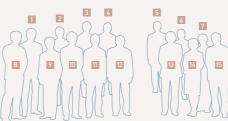
34 thousand shares



🔟 Shin Nagase 🛛 Junichi Tanisawa 🗓 Jo Kato 🖸 Shin Ebihara 🛅 Tetsuji Arimori 🔼 Iwao Taka 📝 Toru Okusa

(Front row, from left)

🔞 Bunroku Naganuma 👂 Hiroshi Katayama 🔟 Masaaki Shirakawa 🔟 Tsuyoshi Okamoto 🔯 Junichi Yoshida, 🔟 Hirotaka Sugiyama 🌃 Setsuko Egami 🕦 Tetsuo Narukawa



Tsuyoshi Okamoto

Outside Director

Born on September 23, 1947 Apr. 1970 Joined Tokyo Gas Co., Ltd. Apr. 2010 Representative Director, President, Tokyo Gas Co., Ltd.

Apr. 2014 Director, Chairman of the Board,
Tokyo Gas Co., Ltd.

Apr. 2018 Director & Executive Advisor, Tokyo Gas Co., Ltd.

Jul. 2018 Executive Advisor, Tokyo Gas Co., Ltd.

(Current position)

Jun. 2019 Director, Mitsubishi Estate Co., Ltd.

(Current position)

Shin Ebihara

Outside Director

2015

2015
--shares
Born on February 16, 1948
Apr. 1971 Joined the Ministry of Foreign Affairs of Japan
Jun. 2001 Director-General, Treaties Bureau, the Ministry of Foreign Affairs of Japan
2002 Director-General, North American Affair Sep. 2002 Director-General, North American Affairs Bureau, the Ministry of Foreign Affairs of Japan

Japan
Jan. 2005 Assistant Chief Cabinet Secretary, the
Cabinet Secretariat
Mar. 2006 Ambassador Extraordinary and
Plenipotentiary to the Republic of Indonesia
Apr. 2008 Ambassador Extraordinary and
Plenipotentiary to the United Kingdom
Feb. 2011 Retired from the Ministry of Foreign Affairs
of Japan

Masaaki Shirakawa

Outside Director

-shares Born on September 27, 1949

Apr. 1972 Joined Bank of Japan Jul. 2002 Director, Bank of Japan

Jul. 2006 Professor, Kyoto University School of

Mar. 2008 Vice President, Bank of Japan

of Japan

Jun. 2015 Director, Mitsubishi Estate Co., Ltd.
[Current position]

Tetsuo Narukawa

Outside Director

-shares Born on April 15, 1949

Born on April 15, 1949

Apr. 1974 Joined The Industrial Bank of Japan, Ltd.

Dec. 1997 Chairman of the Board of Managing

Directors, Industriebank von Japan

[Deutschland] Aktiengesellschaft, IBJ

[Germany]

Apr. 2004 Executive Managing Director, Mizuho Bank, Ltd.

Apr. 2004 Executive Managing Director, Mizuho Bank, Ltd.
Apr. 2006 Senior Managing Executive Officer and COO
of Corporate Planning & Management
Division, Kowa Real Estate Co., Ltd.
Apr. 2010 President, Kowa Real Estate Co., Ltd.
Oct. 2012 President & CEO, Nippon Steel Kowa Real
Estate Co., Ltd.
Jun. 2014 Director & Executive Advisor, Nippon Steel
Kowa Real Estate Co., Ltd.

Jun. 2016 Executive Advisor, Nippon Steel Kowa Real Estate Co., Ltd.

Apr. 2017 Retired from the position of Executive Advisor,
Nippon Steel Kowa Real Estate Co., Ltd.

Jun. 2018 Director, Mitsubishi Estate Co., Ltd.

[Current position]

Apr. 2008 President, Bank of Japan Mar. 2013 Retired from Bank of Japan Jun. 2016 Director, Mitsubishi Estate Co., Ltd.

Shin Nagase

Outside Director

-shares Born on March 13, 1950

Apr. 1972 Joined ALL NIPPON AIRWAYS CO., LTD.

Apr. 1972 Joined ALL NIPPON AIRWAYS CO., LID.

Apr. 2009 Representative Director and Deputy
President, ALL NIPPON AIRWAYS CO., LTD.

Apr. 2012 President, ANA Strategic Research Institute
Co., Ltd.

Apr. 2016 Full-Time Advisor, ANA HOLDINGS INC.

Jun. 2016 Director, Mitsubishi Estate Co., Ltd. (Current

position]

Mar. 2017 Retired from the position of Full-Time
Advisor, ANA HOLDINGS INC.

Setsuko Egami

Outside Director

–shares Born on July 16, 1950 Apr. 1983 Editor-in-Chief of Travaille magazine, Japan

Apr. 1983 Editor-in-Chief of Travaille magazine, Japa Recruit Center

Dec. 2001 Director, Frontier Service Development Laboratory, East Japan Railway Company

Apr. 2009 Professor, Graduate School of Humanities, Musashi University (Current position)

Professor, Faculty of Sociology, Musashi University (Current position)

Apr. 2012 Dean, Faculty of Sociology, Musashi University (Durent position)

Jun. 2015 Director, Mitsubishi Estate Co., Ltd. (Current position)

lwao Taka

Outside Director

Born on March 10, 1956

Born on March 10, 1956
Apr. 1994 Full-Time Lecturer, Faculty of International Economics, Reifaku University
Apr. 2001 Professor, Faculty of International Economics Conomics and Business Administration, Reitaku University (Durrent) position)
Apr. 2002 Professor, School of International Economics Gurrently School of Economics and Business Administration, School of Graduate Studies, Reitaku University (Current) position
Apr. 2009 Dean, Faculty of Economics and Business Administration, Reitaku University (Jun. 2015 Statutory Auditor, Missubishi Estate Co., Ltd. Jun. 2016 Director, Mitsubishi Estate Co., Ltd.

-shares

Jun. 2016 Director, Mitsubishi Estate Co., Ltd. (Current position)

Overview of Corporate Governance System

Basic Policy

The Company aims to realize the enhancement of corporate value through a harmonious balance between corporate growth and the interests of its various stakeholders by following its brand slogan, "A Love for People. A Love for the City," based on its basic mission of "contributing to society through urban development." The Company shall position the development and promotion of the corporate governance system as one of the most important management issues in realizing this goal.

In developing and promoting the corporate governance system, to bring about greater clarity of roles and the strengthening of functions in both the supervision of management and the execution of business while also fulfilling accountability to our shareholders and other stakeholders, the basic policy shall work to ensure the transparency and objectivity of management.

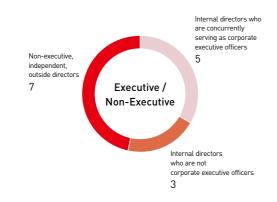
System Structure

As a "Company with Nominating Committee, etc.," Mitsubishi Estate has established the Nominating Committee, the Audit Committee, and the Remuneration Committee, which are positioned under the Board of Directors and are membered by a majority of outside directors. These committees help promote high standards and ensure transparency of the decision-making process.

Board of Directors

The Board of Directors decides the basic policy of the Company's management, and it also carries out supervision of the execution of duties by directors and corporate executive officers. As of June 27, 2019, the Board of Directors consists of 15 directors, of whom seven are outside directors. The role of chairman of the Board of Directors is held by the chairman of the Board of the Company, who does not concurrently serve as a corporate executive officer.

Composition of the Board of Directors



Nominating Committee, Audit Committee, and Remuneration Committee

The membership of each committee is as follows.

Nominating Committee

Tsuyoshi Okamoto (Committee Chairman)	Outside Director
Shin Ebihara	Outside Director
Masaaki Shirakawa	Outside Director
Setsuko Egami	Outside Director

Audit Committee

Tetsuo Narukawa (Committee Chairman)	Outside Director
Jo Kato	
Toru Okusa	
Shin Nagase	Outside Director
Iwao Taka	Outside Director

Remuneration Committee

Shin Ebihara (Committee Chairman)	Outside Director
Tsuyoshi Okamoto	Outside Director
Masaaki Shirakawa	Outside Director
Setsuko Egami	Outside Director

Various Measures Aimed at Reinforcing the Corporate Governance System

We have established a policy of implementing a more strategic and flexible capital policy in order to realize the Group's ongoing growth, based on a recognition of the importance of striking a balance between capital efficiency and financial soundness.

We have also determined the following measures aimed at reinforcing our corporate governance system.

- 1. Non-Renewal of Countermeasure Program against Possible Hostile Takeover Attempts We decided not to renew the countermeasure program against possible hostile takeover attempts in May 2019, which was due to expire a month later. Going forward, we will enhance corporate value over the medium to long term by improving dialogue with capital markets and implementing appropriate policies.
- 2. Changes to the Composition of the Committees Since June 2019, following the example of the Remuneration Committee, the Nominating Committee now comprises entirely independent outside directors, while the chairman of the Audit Committee is an independent outside director. These changes were made with the aim of strengthening management supervisory functions and enhancing objectivity and transparency.
- 3. Sale of Shares Held for Strategic Purposes (Purposes Shares Held for Strategic Purposes on page 61.) In fiscal 2019, we sold shares held for strategic purposes for the amount of about ¥12.2 billion. With the aim of improving capital efficiency, we are moving ahead with the reduction of shares for which there is little meaning or rationality to hold. We project the amount for the sale of such shares in fiscal 2020 will be ¥10.0 billion.

Outside Directors

Reason for nomination

teason for nonlinati	· · · · · · · · · · · · · · · · · · ·	
Tsuyoshi Okamoto	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience at a comprehensive energy company.	
Shin Ebihara	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his wealth of international experience and knowledge gained through his extensive years as a diplomat.	
Tetsuo Narukawa	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his international experience as well as management experience in financial institutions and real estate companies.	
Masaaki Shirakawa	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his knowledge in finance and economics, among other fields, gained through his experience working at a central bank.	
Shin Nagase	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience at an airline company.	
Setsuko Egami	The Company expects that she would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging her abundant knowledge of corporate strategy, marketing strategy, and human resource development.	
lwao Taka	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his extensive knowledge regarding business ethics and compliance, among other fields.	

Independence Standards for Independent Outside Directors

The candidates for outside directors shall fulfill duty of care of a prudent manager toward the Company; understand the Group's basic mission of contributing to the creation of a truly meaningful society by building attractive, environmentally sound communities where people can live, work, and relax with contentment; apply their qualities and capabilities to contribute to enhancing medium-to-long-term sustainable corporate value, as well as their experience and knowledge in specialized fields such as global business, finance, and risk management, in view of the Group's business characteristics such as supporting urban development in the Marunouchi area; and have personality and knowledge enabling objective and fair judgments, based on the perspective that they would contribute to the common interests of shareholders without bias toward the interest of any particular party of interest. However, as a general principle, candidates are not elected if the Tokyo Stock Exchange's standards for independence and the following independence standards for outside directors apply to them.

- [1] A shareholder or executive member of an entity holding voting rights exceeding 10% of total voting rights of the Company.
- (2) A transaction party or executive member of an entity whose transactional amounts in the most recent fiscal year have exceeded 2% of consolidated revenue from operations of the Company
- (3) A representative employee, employee, or member of staff of the Company's accounting auditor.
- [4] An attorney, certified public accountant, tax accountant, consultant, or other party who has received compensation from the Company exceeding ¥10 million in the most recent fiscal year

Overview of Activities in Fiscal 2019

Attendance by Outside Directors at Meetings of the Board of Directors and Committees (Meetings Attended / Total Meetings)

Outside Directors	Board of Directors	Nominating Committee	Audit Committee	Remuneration Committee
Shin Ebihara	9/9	6/6	_	5/5
Shu Tomioka	9/9	_	15/15	_
Tetsuo Narukawa	7/7	6/6	_	3/3
Masaaki Shirakawa	9/9	6/6	_	5/5
Shin Nagase	9/9	_	15/15	_
Setsuko Egami	9/9	6/6	_	5/5
Iwao Taka	9/9	_	15/15	_

Note: As Tetsuo Narukawa was appointed as a director on June 28, 2018, the number of Board of Directors' meetings he was able to attend differs from that of other directors.

Nominating Committee

Duties	Deciding the details of the proposals of the general meeting of shareholders related to the election and dismissal of directors.
Major Activities	The Nominating Committee determined the details of the director nomination proposal put to the Ordinary General Meeting of Shareholders held in June 2019 based on standards established for nominating director candidates. In addition, reports and deliberations were conducted at meetings of the Nominating Committee with regard to the nomination of corporate executive officers prior to the resolution by the Board of Directors.
Number of Meetings	6

Audit Committee

Duties	Conducting audits on the execution of duties by directors and corporate executive officers, creating the audit reports thereon, and deciding on the details of proposals of the general meeting of shareholders related to the appointment, dismissal, or non-reappointment of the accounting auditor.
Major Activities	Full-time members of the Audit Committee conducted audits based on the audit standards, policies, and plans formulated by the committee while also meeting periodically with the accounting auditor and the Internal Audit Office to foster coordination. Information gained through these activities was reported to the Audit Committee. Opinions were exchanged and important matters were discussed after such information had been shared with all committee members. The committee itself also fostered coordination by receiving regular reports on audit plans, systems, and results from the accounting auditor and the Internal Audit Office. Based on policies regarding the dismissal or non-reelection of accounting auditors, the Audit Committee decided to re-elect the accounting auditor. The amount of remuneration of the accounting auditor was decided through a consensus reached after examining this matter as required.
Number of Meetings	15

Remuneration Committee

Duties	Deciding the policy related to remuneration decisions for directors and corporate executive officers and on the remuneration amounts for each individual.
Major Activities	The Remuneration Committee determined the amounts of monetary and stock compensation to be issued to each director and corporate executive officer based on the policy related to such compensation.
Number of Meetings	5

Evaluation of the Effectiveness of the Board of Directors

The Company regularly conducts self-evaluations of each director with regard to the operation of the Board of Directors and the content of deliberation. The results of these evaluations shall be reported to the Board of Directors, and the Board of Directors analyzes and evaluates its effectiveness based on these self-evaluations and other information.

The process and results of the evaluation of the effectiveness of the Board of Directors conducted in fiscal 2019 areas follows.

1. Process of Evaluation

(1) Method of Evaluation

All directors conducted self-evaluations in the form of a response to a questionnaire relating to the composition, operation, effectiveness, etc., of the Board of Directors and each of the Nominating, Audit, and Remuneration Committees, and taking these results into consideration, they discussed the issues with each other and examined proposed corrective measures at Board of Directors' meetings.

(2) Items of Evaluation

Composition of the Board of Directors	Proportion of outside directors, number of members, and diversity
Operation of the Board of Directors	Frequency, required time, selection of agenda items, content of handout materials, materials other than handouts provided, questions and answers, training, etc.
Effectiveness of the Board of Directors	Management plan, delegation of authority to corporate executive officers, risk management systems, dialogue with shareholders and investors, election and dismissal of key management personnel, successor training plan, remuneration paid to officers, composition, operation, cooperation of each of the Nominating, Audit, and Remuneration committees, etc.
Others	Method of the evaluation of the effectiveness of the Board of Directors, etc.

2. Results of Evaluation and Future Initiatives

(1) Main Items Improved Since the Previous Evaluation

As a result of examination and discussions at Board of Directors' meetings, one point was identified.

• Initiatives were conducted on the selection and scope of topics, revision of reporting frequency, and other areas related to the reporting status of the performance of duties by corporate executive officers in order to enhance deliberations at Board of Directors meetings.

(2) Main Issues and Future Initiatives Aimed at Further Improvements in Effectiveness

As a result of examination and discussions at Board of Directors' meetings, two points were identified.

- As we prepare to formulate the next Management Plan commencing from fiscal 2021, the Board of Directors will make time for deliberations and examine matters for deliberation, with the aim of creating a Medium-Term Management Plan based on the Company's vision and goals from a long-term perspective. In addition, the disclosure of information on the current business conditions and issues to
- With the aim of further improving discussions at Board of Directors' meetings, explanatory meetings on discussions at Board of Directors' meetings and on the Company's business operations, as well as forums for the exchange of opinions centered on outside directors, are to be held on a continuous basis.

Shares Held for Strategic Purposes

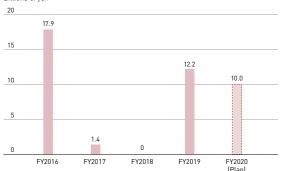
The Company acquires and holds shares for reasons other than purely investment purposes if it deems such shareholdings to be useful in facilitating the Group's business activities smoothly in cases such as when seeking to maintain or reinforce medium- to long-term transactional relationships or in procuring funds on a stable basis. (See Status of Shareholdings on page 77.)

In regard to the holding of listed shares as investment shares for reasons other than purely investment purposes, we examine the rationality of such holdings from the perspective of whether they are useful or not in facilitating the Group's business activities smoothly, focusing on such aspects as the background of the acquisition, record of transactions, status of cooperative and collaborative relationships, and level of dividend payouts. The findings of these examinations, as well as the number of reductions of such shares and the policy

on reductions going forward, are reported to the Board of Directors at least once a year, and we are proceeding with sales in an appropriate manner.

Furthermore, in the four years from fiscal 2016 to fiscal 2019, we conducted sales of shares held for strategic purposes to the value of approximately ¥31.5 billion.

Change in Disposal of Shares Held for Strategic Purposes Billions of yen



Remuneration

Total Remuneration Paid to Directors, Corporate Executive Officers, and Statutory Auditors in Fiscal 2019

Category	Total remuneration (Millions of yen)	Fixed remuneration (Millions of yen)	Performance-based remuneration (Millions of yen)	Recipients
Internal directors	289	289	_	4
Corporate executive officers	1,142	568	573	14
Outside directors	107	107	_	8

Note: The above amounts include remuneration payments made to two directors, one of whom was an outside director, who retired from their positions as of the end of the 119th Ordinary General Meeting of Shareholders held on June 28, 2018.

Board Policies and Procedures in Determining the Remuneration of Senior Management and Directors

(i) Procedures for Deciding Remuneration Paid to Officers

The policy concerning decisions on the details of remuneration paid to directors and corporate executive officers of the Company and the details of remuneration for each person shall be decided upon by a resolution at the Remuneration Committee, which comprises solely outside directors.

(ii) The Basic Policy for Deciding Remuneration for Officers

The basic policy for deciding remuneration for directors and corporate executive officers of the Company is as follows.

- The remuneration system shall be the one that is linked with our medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and realizes sustained corporate value improvement and the sharing of value with our shareholders.
- The remuneration system shall be the one that allows for giving incentives to management executives' taking up of challenges and appropriate risk taking in line with the strategy's targets and expectations of shareholders and other stakeholders.
- The remuneration system shall be the one that makes it possible to fulfill high accountability for the benefit of our shareholders and other stakeholders through objective deliberations and judgments at the Remuneration Committee.

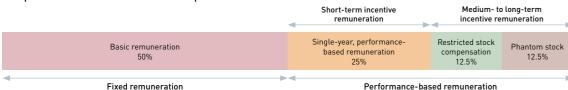
(iii) Remuneration Systems for Officers

The remuneration systems for directors and corporate executive officers shall be separately established in consideration of respective functions and roles to be fulfilled for the purpose of achieving sustained corporate value improvement. In addition, directors who concurrently serve as corporate executive officers shall be paid remuneration as corporate executive officers.

- Directors (excluding directors who concurrently serve as corporate executive officers) In consideration of their function and role of supervising the performance of duties by corporate executive officers and directors, they shall receive, in principle, only basic remuneration in the form of cash, and the standards shall be decided upon individually taking into account factors such as their position and responsibilities as directors and whether they are full-time or part-time.
- · Corporate executive officers

In consideration of their function and role of taking charge of business execution of the Company, their remuneration shall, in principle, comprise basic remuneration and variable remuneration. Variable remuneration comprises monetary compensation that is paid based on short-term performance, etc., and stock compensation, etc., (including monetary compensation paid based on indicators such as stock price) that is paid with a view to realizing the medium- to long-term sharing of value with shareholders. The standards and ratio of basic remuneration and variable remuneration, valuation indicators for variable remuneration, and other matters shall be decided upon taking into account medium- to long-term performance targets, etc., aimed at in the management strategy and the Medium-Term Management Plan and factors such as position and responsibilities as corporate executive officers.

Composition of the Remuneration of Corporate Executive Officers



Overview of Performance-Based Remuneration

Single-year, performance-based remuneration

- . Form of remuneration: Cash
- Method of evaluating performance: Evaluation based on four financial performance indicators in the previous fiscal year (EBITDA, operating income, ROA, and ROF)

Medium- to long-term performance-based remuneration (Restricted stock compensation)

- Form of remuneration: Shares
- Restricted stock period: Approximately three years

Medium- to long-term performance-based remuneration (Phantom stock)

- Form of remuneration: Cash
- Performance evaluation period: Three years
- Method of evaluating performance: Evaluation based on the relative ranking of the Company's total shareholder return and the rate of change in common stock price among five peer companies (Nomura Real Estate Holdings, Inc., Tokyu Fudosan Holdings Corporation, Mitsui Fudosan Co., Ltd., Tokyo Tatemono Co., Ltd., and Sumitomo Realty & Development Co., Ltd.)

Corporate Executive Officers, Executive Officers, and Group Executive Officers



Junichi Yoshida Representative Corporate Executive Officer President & Chief Executive Officer



Junichi Tanisawa Representative Corporate Executive Officer Deputy President



Kenichi Iwata Executive Vice President



Atsuo Kyono Representative Corporate Executive Officer **Executive Vice President**



Tetsuji Arimori Representative Corporate Executive Officer Executive Vice President



Futoshi Chiba Representative Corporate Executive Officer Executive Vice President



Noboru Nishigai Representative Corporate Executive Officer Executive Vice President



Hiroshi Katayama Senior Executive Officer



Kenji Hosokane Senior Executive Officer



Keiji Takano Senior Executive Officer



Atsushi Nakajima Senior Executive Officer



Yuji Fujioka Senior Executive Officer



Bunroku Naganuma Senior Executive Officer

Tetsuo Yuasa

Group Executive Officer



Hidemi Waki **Group Executive Officer**



Group Executive Officer



Yutaka Tajima



Hisashi Komada Group Executive Officer



Masaki Yamagishi Group Executive Officer

Executive Officers Ikuo Ono Toru Kimura Group Executive Officers Hidemi Waki Yutaka Taiima Tetsuo Yuasa Hisashi Komada Masaki Yamagishi Akinori Nakajo Akihiko Watanabe Masaharu Miyajima Tetsuya Okusa Yutaro Yotsuzuka Nobuhiro Okumoto Naoki Umeda Ryozo Kawabata Shinva Mizumura Haruhiko Araki

An Outside Director Discusses Mitsubishi Estate's Governance



A Corporate Governance System with Improved Effectiveness

In the four years since I was appointed an outside director in June 2015, I believe that the Company's corporate governance system has improved dramatically. Looking back to when I was appointed, discussions on how to address the wide-ranging demand of capital markets, such as those regarding the Corporate Governance Code, were often conducted from a passive stance. However, following the process for considering the transition to a "Company with Nominating Committee, etc.," improvements in the efforts of management and the Board of Directors' secretariat gradually began to appear, as the balance shifted to a proactive stance on the question of how best to create a leading-edge corporate governance system that contributes to enhancing corporate value.

Moreover, the bold promotion of the transfer of authority to corporate executive officers on matters related to business execution and the introduction of a Restricted Stock Compensation System as well as of a new medium- to long-term performance-based incentive plan (the "Phantom Stock Plan") for corporate executive officers triggered a shift toward a more proactive stance regarding business execution by management.

At meetings of the Board of Directors, an atmosphere in which both directors and outside directors

can freely voice opinions is consciously maintained, principally by the chairman. In addition, in order to ensure that the transfer of authority to corporate executive officers does not create too large a distance between directors and outside directors, we are enhancing opportunities to make the status of business affairs more visible through measures such as holding explanatory meetings on business operations and carrying out local inspections. I believe that these measures are vital to heightening functions as a "Company with Nominating Committee, etc.," and the effectiveness of the monitoring system.

On the other hand, the Company sometimes dwells on past internal circumstances and matters more than necessary while, unfortunately, inward-looking discussions that fail to take into account the views of society as a whole or of capital markets have not yet been completely eliminated. Management that always carefully considers the direction in which a company should proceed while carrying out open discussions on a companywide basis is central to being a sustainable corporate entity. As an outside director, I intend to contribute to the creation of a leading-edge corporate governance system that enhances corporate value and to the development of a corporate culture that such a governance system realizes.

Expansion of Non-Financial Information Is the Key to **Enhancing Corporate Value**

In May 2019, after several rounds of discussions, the Company decided not to renew its countermeasure program against possible hostile takeover attempts that was introduced in 2007. This decision was an expression of our determination to further reinforce our corporate governance system going forward as well as of our preparedness to meet the expectations of shareholders by sustainably enhancing corporate value. The Company, possessing assets in the Marunouchi area, the center of Japanese business, has a great responsibility to the corporations that have offices there and to the Japanese economy as a whole. There is currently a growing movement in capital markets, centered mainly on government pension funds, to correct the previous trend of short-term investment and encourage long-term investment in corporations that are able to fulfill their social responsibilities while realizing sustainable growth. There are calls for corporations that embrace such responsibilities to share their visions with investors and carry out management with a focus on enhancing corporate value.

Today, as changes in investors' evaluation criteria occur and the diversification of investors continues, a climate is developing in which investment decisions are made by researching a given corporation's non-financial information. The Company has been actively disseminating information on its business operations in recent years; however, we recognize that it is necessary to further increase information disclosure, particularly of non-financial information, with investors in mind.

Expectations of Business Model Innovation

Amid the certain decline in the Japanese population, it will be essential to carry out operations going forward with a focus on not only existing businesses themselves but also services and other intangible aspects. The new businesses being launched by the Company possess the potential to spur next-generation business concepts and foster the enlargement of existing businesses while leveraging our outstanding assets, superior expertise, and technological prowess. For example, we took up the audacious challenge of innovating the quality and methodology of the Company's organizational structure and business practices, as well as work styles, and workplace culture and communication with the design of our new headquarters. That being said, those new businesses themselves being developed might be the buds of next-generation business models.

Going forward, changes to work styles and lifestyles in urban areas will take place at a speed beyond our imagination. We are already proceeding with urban development that anticipates those changes. We also hope to take on challenges that look even further into the future, including research and development on advanced scientific services as well as technological development.

Sustainable Growth Comes from the Relationship Capital of Groupwide Human Resources

As a result of the Company's business expansion, there are now 10 times more employees at Group companies than there are at headquarters. Under the management plan of headquarters, Group company employees play the biggest role in achieving business goals on the front lines. As we move forward, it will be more important than ever to design a personnel system that heightens the motivation, sense of achievement, and sense of growth of employees throughout the entire Group.

In recent years, as changes in society, among other factors, have led to problems based on the act of communication in various organizations, there is a need to remember the importance of empathy, in addition to enhancing knowledge, technologies, and capabilities. An open organizational culture that cultivates the ability to empathize will lead to the avoidance of unnecessary risks and stronger relationships. I believe that creating a strong organization by fostering the ability to empathize across the entire Group, with its shared commitment to urban development, is an important issue for management.

Throughout my career, I have been involved in the design of personnel systems with a mission to help women realize their full potential and promote their participation while promoting the societal awareness of such systems. Additionally, in my work as an editor of a business magazine, I have learned about various human resource strategies and management perspectives by interviewing numerous company presidents as well as taking charge of innovation projects in several industries. I leverage the wide-ranging experience I have cultivated during my career in carrying out my duties as an outside director and member of the Company's Nominating Committee and Remuneration Committee. Going forward, I will strive to help the Company pursue ongoing growth and corporate value enhancement, including from the perspective of Groupwide business activities.

RISK MANAGEMENT

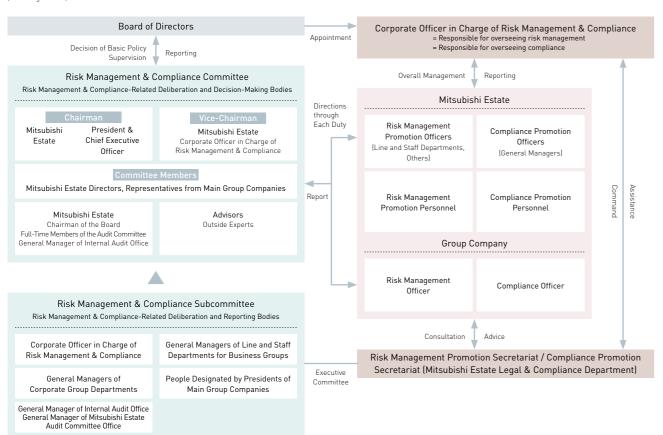
The Mitsubishi Estate Group has established the Mitsubishi Estate Group Risk Management rules and has set up a risk management system to manage risks in all its business activities. Mitsubishi Estate has established the Risk Management & Compliance Committee to oversee the Group's risk management and formed the Risk Management & Compliance Subcommittee as a working-level consulting body responsible for such matters as the collection of risk management-related information. The corporate officer in charge of risk management is appointed by resolution

of the Board of Directors to take responsibility for overseeing risk management, and general managers of each business group and general managers from Group departments have been designated as risk management officers. We promote risk management activities through the Mitsubishi Estate Legal & Compliance Department, which serves as the secretariat.

We have also established and implemented action guidelines, contact and initial response systems, and business continuity planning for use in times of crisis.

Risk Management and Compliance System

(As of August 2019)



Risk Management Activities



risks based on a risk analysis and carry out activities throughout the year to reduce the risks identified. In addition, general managers of each business group ascertain the status of risk management activities of different business companies under the jurisdiction of each business group and provide coordination and support.

Identification and Monitoring of Key Risks That Need Particular Attention from the Group

To accurately grasp the risks facing the Group as a whole, and by selecting and mapping key risks that require measures to be taken, the risks that must be addressed and their level of priority are brought to light. While monitoring risks throughout the year, particularly key risks, support is provided as necessary.

Risk Map



Risk Management Related to Investment Projects

Among the various risks recognized by the Group, risks related to investment projects are based on the assessment of business viability by Companywide research functions and under investment decision rules of the Strategic Investment Office. Prior to the deliberation of important investment projects by the Executive Committee, which is chaired by the president and CEO and is responsible for strategic planning for

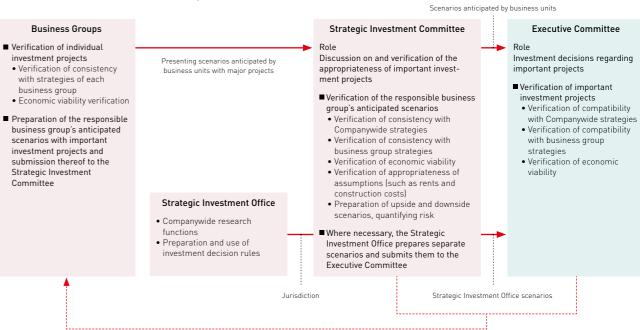
the entire Group and monitors the progress of each business toward realizing this strategy, the Strategic Investment Committee deliberates and evaluates profitability, the nature of risks and related countermeasures, and other matters. At each phase, risk assessments are also conducted from legal and financial aspects in order to grasp an overall picture of the risks

Strategic Investment Committee -

In its deliberations, in addition to assessing the economic viability of the project using multiple indicators, the Strategic Investment Committee verifies the appropriateness of various aspect of premises, such as rents, unit selling prices, and construction costs. For risks, in particular, simulations of upside and downside scenarios are incorporated into

investment decision rules. The difference between the scenario set by the responsible business group in charge of the project and the downside scenario is recognized as risk. The Strategic Investment Committee holds discussions on the acceptable limits of that risk.

Risk Evaluation Process for Individual Projects



Sharing visualized risks and points at issue for business viability

MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 67

FINANCIAL SECTION

Dealing with Major Risks

Below are some examples of risks that have come to light in the Group through risk management activities and various business activities and countermeasures that have been taken.

Risks of Information Security

In light of society's growing concerns over the appropriate protection of personal information and information management, the Mitsubishi Estate Group comprehensively revised its rules related to information management in 2018 and updated its information management systems to ensure scrupulous management. We are aiming to further improve information management through continuous monitoring and supervision.

Moreover, in order to raise the IT security level of the entire Group, we have positioned our DX (Digital Transformation) Promotion Department at the center of efforts to standardize the Group's IT systems and make it more secure. We are also enhancing collaboration among DX Promotion Department personnel and between the department and external security companies, thereby providing Groupwide support.

Risks of Corruption

The prevention of corruption is an important issue for our businesses both in Japan and overseas. To that end, we have established and announced the Mitsubishi Estate Group Anti-Corruption Guidelines and developed a system to prevent corruption across the organization. Under these guidelines, the Group has declared and put into practice several specific corruption prevention initiatives while thoroughly preventing any acts of bribery or acts that may be suspected as such. These initiatives include carrying out due diligence on counterparties deemed to meet certain conditions, incorporating corruption prohibition clauses into contracts, and establishing approval and reporting procedures for the provision of entertainment, gifts, and donations. In addition, we are seeking to gain a greater understanding of rules related to the prevention of corruption through training for directors and are also constantly monitoring this position.

Risks of Natural and Man-Made Disasters, etc.

The occurrence of such natural disasters as earthquakes, floods, or climate change or man-made disasters including accidents or fires may impact the performance, financial position, or other aspect of the Group's business. The Group is redeveloping its properties to install advanced disaster-management functions and has established disaster-response measures through area management.

Risks of Fluctuations in Exchange Rates In addition to those held in Japan, the Group is developing and holding assets in the United States, Europe, and Asia, for which the book values and income are accounted for in local currencies. Consequently, any fluctuation in exchange rates would affect the yen conversion rate used for foreign currency-denominated assets and liabilities and business transactions.

The Group minimizes these risks of fluctuations in interest rates using such methods as borrowing funds in local currencies when procuring assets overseas.

Risks of Fluctuations in the Real Estate Market

The real estate market is closely correlated with movement in the economy. Deterioration in the economy has a strong impact on declines in real estate prices and rental fees and the increase in vacancy rates. In view of this correlation, the basic policy of the Group is to conclude relatively long-term lease contracts with customers in its office building leasing business. The prospects of stable lease revenue mitigate to a certain degree the risk of sharp movements in the economy.

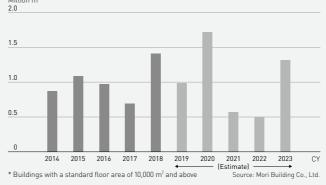
Risks of Increases in Interest Rates

The Group acquires funding for its operations by borrowing from financial institutions or issuing corporate bonds. The Bank of Japan (BOJ) has implemented a policy of quantitative and qualitative monetary easing in response to the credit crunch in financial markets and the slowdown in the global economy. Should interest rates rise, however, because of a change in the BOJ's policy or a deterioration in the demand-supply balance for Japanese government bonds (JGBs) caused by growth in the issuance of JGBs, it may negatively affect the performance, financial position, or other aspects of the Group's business.

The Group hedges interest rate risk on a certain portion of its variable interest rate financing through interest rate swaps to convert its interest rate payments into fixed payments. In the future, the Group plans to manage its interest rate risk by procuring funds based on a consideration of its fixed and variable interest rate borrowings and its outstanding corporate bond balances

Japan's Real Estate Market





Office Building Market (Average Rents / Vacancy Rates in Five Central Tokyo Metropolitan Wards)



Supply of New Condominiums in the Tokyo Metropolitan Area / Average Condominium Prices



Expected Cap Rate by Type of Property in the Tokyo Area



* Covers properties within five minutes' walk from the nearest station and with floor areas of

Source: Japan Real Estate Institute

In 2018, the supply of new large-scale office buildings in Tokyo's 23 wards by floor area increased 204.3% year on year, to 1,410,000 m². Supply is expected to contract briefly in 2019, but demand is projected to hold firm as companies look to expand office space and gather together functions handled by decentralized offices against a backdrop of strong corporate earnings. Supply volume is expected to be at a high level once again in 2020, but to be low in 2021 and 2022. The average for the next five years (2019 to 2023) is expected to be on a par with past performance levels.

In the office building market, growth in demand for offices led to vacancy rates in the five central Tokyo metropolitan wards (Minato-ku, Chiyoda-ku, Chuo-ku, Shinjuku-ku, and Shibuya-ku) declining to 1.78%, the lowest level since December 1991. Average rents have also followed a steady positive trend as demand ran ahead of supply amid a growing sense of a shortage of vacancies.

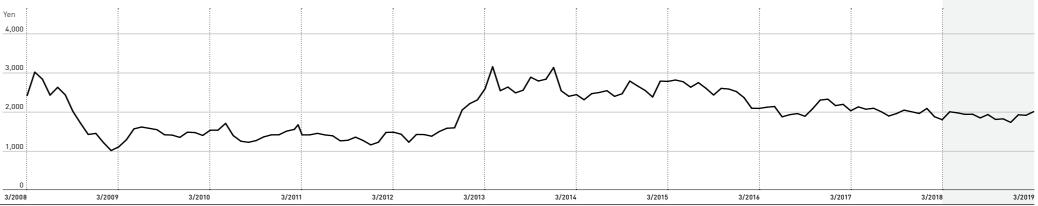
In the housing market, the supply of condominiums in the Tokyo metropolitan area rose 3.4% year on year, to 37,132 units. Meanwhile, the average price of condominiums in the Tokyo metropolitan area decreased 0.6% year on year, to ¥58.71 million, despite high prices being maintained.

Although the real estate market remained brisk due to such factors as the Bank of Japan's ongoing policy of monetary easing, an excessive decline in investment returns has led to concerns in some quarters that the real estate market may be overheating. The expected return (cap rate) was unchanged from the previous year for many classes of real estate and in many areas, with the cap rate for A-grade office buildings in the Marunouchi and Otemachi areas standing at 3.5% as of April 2019.

Eleven-Year Summary of Selected Financial Data (Consolidated)

	3/2009	3/2010	3/2011	3/2012	3/2013	3/2014	3/2015	3/2016	3/2017	3/2018	3/2019
Financial Results (Millions of yen)											
Revenue from operations	¥ 942,626	¥1,013,415	¥ 988,447	¥1,013,069	¥ 927,157	¥1,075,285	¥1,110,259	¥1,009,408	¥1,125,405	¥1,194,049	¥1,263,283
Operating income	138,567	148,972	158,258	146,299	118,349	161,271	156,332	166,199	192,495	213,047	229,178
Ordinary income	108,624	117,381	130,830	120,665	92,381	139,638	133,113	144,851	169,851	190,506	206,587
Profit attributable to owners of parent	45,423	11,900	64,219	56,512	45,507	64,297	73,338	83,426	102,681	120,443	134,608
Financial Position (Millions of yen)											
Total assets	4,429,070	4,355,065	4,245,209	4,387,015	4,711,521	4,765,368	4,901,526	5,311,840	5,484,115	5,801,450	5,774,193
Total equity* ¹	1,148,494	1,183,156	1,202,270	1,256,791	1,239,547	1,329,057	1,495,838	1,509,680	1,592,777	1,698,348	1,770,643
Interest-bearing debt	1,834,195	1,762,111	1,639,050	1,716,890	2,085,417	1,973,042	1,929,355	2,291,038	2,396,994	2,481,675	2,319,597
Capital expenditures	201,088	114,085	76,332	282,171	208,135	159,677	177,331	275,316	275,372	289,570	285,089
Depreciation and amortization	60,364	73,926	70,628	67,465	73,364	74,805	72,696	74,245	75,974	77,545	80,336
Cash Flows (Millions of yen)											
Cash flows from operating activities	45,824	212,668	259,263	203,243	122,286	336,489	200,078	135,821	168,527	293,338	345,954
Cash flows from investing activities	(214,500)	(112,639)	(67,223)	(272,009)	(217,992)	(133,537)	(46,568)	(231,003)	(327,292)	(286,841)	(271,083)
Cash flows from financing activities	141,055	(106,852)	(140,269)	57,189	27,150	(177,514)	(189,109)	309,237	(4,921)	37,203	(192,473)
Cash and cash equivalents at the end of year	184,552	177,825	229,062	215,771	191,837	224,739	198,489	412,392	243,341	286,859	179,308
Per Share Amounts (Yen)											
Earnings	¥32.90	¥ 8.58	¥46.27	¥40.72	¥32.79	¥46.34	¥52.85	¥60.13	¥74.00	¥86.78	¥96.97
Cash dividends	16.00	12.00	12.00	12.00	12.00	12.00	14.00	16.00	20.00	26.00	30.00
Principal Financial Indicators											
EBITDA* ² (Millions of yen)	¥209,522	¥230,730	¥237,109	¥222,885	¥200,587	¥246,332	¥239,934	¥252,034	¥279,718	¥302,424	¥320,641
ROA* ³	3.2%	3.4%	3.7%	3.4%	2.6%	3.4%	3.2%	3.3%	3.6%	3.8%	4.0%
Interest coverage ratio*4 (Times)	4.7	5.2	6.6	6.5	5.0	7.5	7.7	8.5	8.7	9.5	10.1
ROE	3.8%	1.0%	5.4%	4.6%	3.6%	5.0%	5.2%	5.6%	6.6%	7.3%	7.8%
Payout ratio	48.6%	139.9%	25.9%	29.5%	36.6%	25.9%	26.5%	26.6%	27.0%	30.0%	30.9%
Stock Information											
Stock price* ⁵ (Yen)	¥1,102	¥1,530	¥1,407	¥1,476	¥2,596	¥2,446	¥2,787	¥2,090.5	¥2,030	¥1,798.5	¥2,005.5
Number of shares issued and outstanding (Thousands of shares)	1,382,518	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,397	1,390,685	1,390,908	1,391,038





70 | MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 MITSUBISHI ESTATE CO., LTD. Integrated Report 2019 | 71

Notes:

*1 Total equity is calculated by deducting non-controlling 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 ROA (Operating income / Total assets) is calculated based on the average total assets from the beginning to the end of the period.

*4 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.

*5 As of the last trading day in March

Financial Review

Revenue from Operations / Operating Income —

In fiscal 2019, the fiscal year ended March 31, 2019, consolidated revenue from operations amounted to ¥1,263,283 million, an increase of ¥69,233 million, or 5.8%, year on year. Consolidated operating income increased ¥16,131 million, or 7.6%, from the previous fiscal year, to ¥229,178 million. The results for each business segment are as follows.

In the Office Building Business segment, revenue from operations and operating income both increased on the contributions of the Otemachi Park Building, which was completed in January 2017, and other factors. As of March 31, 2019, the nationwide vacancy rate (all purposes) stood at 1.80%, while the vacancy rate for the Marunouchi area was 2.19%. As a result, revenue from operations in this segment rose ¥23,533 million year on year, to ¥529,695 million, and operating income increased ¥448 million, to ¥147 691 million

In the Lifestyle Property Business segment, revenue from operations increased ¥8,261 million year on year, to ¥106,182 million, and operating income rose ¥4,480 million, to ¥32,560 million, thanks to the booking of revenue and income on the sale of properties.

In the Residential Business segment, revenue and income both decreased in the domestic residential condominiums business. On the other hand, factors including a year-on-year increase in the number of rental apartment sales resulted in an overall rise in revenue from operations and operating income. As a result, segment revenue from operations increased ¥9,807 million year on year, to ¥420,405 million, and operating income increased ¥6,567 million, to ¥30,428 million.

In the International Business segment, revenue decreased following a decline in revenue from property sales and a fall in rental revenue from rental buildings in the United States that are undergoing renovation work. However, operating income rose overall due to an increase in income resulting from the Hybrid Investment Model and other factors. Accordingly, segment revenue from operations decreased ¥5,080 million year on year, to ¥81,844 million, but operating income increased ¥2,779 million, to ¥26 927 million

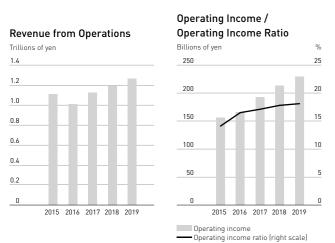
In the Investment Management Business segment, revenue rose owing partly to property sales. As a result, revenue from operations in this segment jumped ¥26,922 million year on year, to ¥49,588 million, and operating income increased ¥4,634 million, to ¥9 231 million

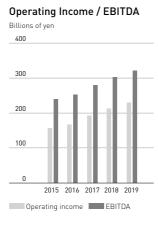
In the Hotel & Airport Business segment, we made progress in strengthening the management structure of each individual hotel under the Royal Park Hotels brand managed by Royal Park Hotels and Resorts, which oversees business activities in the segment, and in adding new hotels with a primary focus on accommodation. We opened The Royal Park Hotel Kyoto Shijo in April 2018 and The Royal Park Hotel Hiroshima Riverside in October of the same year. However, a decrease in property sales in the Hotel Development Business compared with the previous fiscal year resulted in segment revenue from operations increasing ¥3,133 million, to ¥44,171 million, while operating income declined ¥764 million, to ¥2 371 million

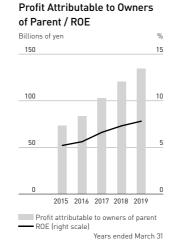
In the Architectural Design & Engineering Business segment, revenue from Mitsubishi Jisho Sekkei Inc.'s architectural design and engineering services rose supported by the booking of revenue for services related to the Marunouchi Nijubashi Building (Chiyoda-ku, Tokyo). In addition, the average amount received per project for architectural design and engineering services and the average amount of revenue accrued per project from interior design and construction work both increased. As a result, segment revenue from operations increased ¥3,058 million year on year, to ¥24,671 million, and operating income increased ¥297 million, to ¥2,021 million.

In the Real Estate Services Business segment, the number of brokerage transactions declined but average commissions per transaction rose. Consequently, segment revenue from operations increased ¥8.001 million year on year, to ¥33.586 million, and operating income rose ¥1,085 million, to ¥2,603 million.

In the Other segment, revenue from operations fell ¥431 million year on year, to ¥8,106 million, while operating loss of ¥196 million was recorded.







Millions of ven FY2019 FY2018 YoY Change Revenue from Operations 1,263,283 1,194,049 69.233 Office Building Business 529,695 506.161 23,533 Lifestyle Property 106,182 97,920 8,261 Business Residential Business 420,405 410,598 9,807 International Business 81,844 86,925 (5,080)Investment Management 49,588 22,665 26,922 **Business** Hotel & Airport Business 44.171 41.038 3.133 Architectural Design & 24,671 21,613 3,058 Engineering Business Real Estate Services 33,586 25,584 8,001 Business 8,106 Other 8,538 (431)(26,996) (34,969) (7,973) Eliminations 229,178 213,047 Operating Income 16,131 Office Building Business 147.691 147.243 448 Lifestyle Property 28,079 4,480 32.560 Business 6,567 Residential Business 30.428 23.860 26,927 24,147 2,779 International Business Investment Management 9.231 4,596 4,634 Business Hotel & Airport Business 2,371 3.136 (764)Architectural Design & 2,021 1,724 297 Engineering Business Real Estate Services 2,603 1,085 1.518 Business (196) Other 1,784 (1,981)Eliminations or Corporate (24,459)(23,043)(1.416)

Note: Earnings for fiscal 2018 have been reclassified to reflect the segment changes that

Other Income (Expenses)

Non-operating revenue increased ¥1,944 million year on year, to ¥12,391 million. Other expenses rose ¥1,944 million, to ¥34,983 million.

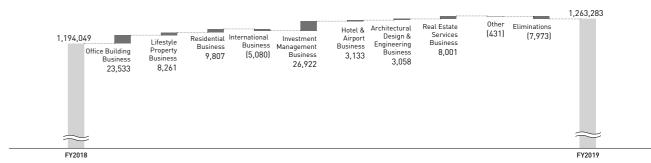
Total extraordinary income declined ¥6,549 million year on year, to ¥8,170 million, despite the gain on sales of investment securities and the gain on negative goodwill

Extraordinary loss declined ¥9,950 million year on year, to ¥3,818 million, due to the decreased loss related to the disposal of fixed assets and the reduced impairment loss.

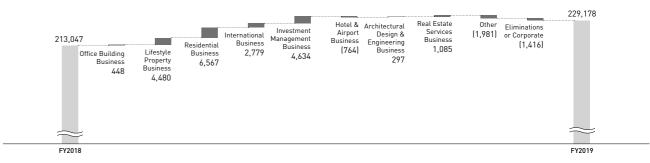
Profit Attributable to Owners of Parent

Income before income taxes and minority interests increased ¥19,482 million year on year, to ¥210,939 million. Corporate tax, etc., increased ¥5,250 million, to ¥58,958 million. As a result, profit attributable to owners of parent increased ¥14,165 million, or 11.8%, year on year, to ¥134,608 million. Earnings per share amounted to

Comparison of Fiscal 2019 and Fiscal 2018 Revenue from Operations



Comparison of Fiscal 2019 and Fiscal 2018 Operating Income



Analysis of Financial Position

(1) Consolidated Cash Flows

On a consolidated basis, cash and cash equivalents at the end of the fiscal year amounted to ¥179,308 million, a decrease of ¥107,551 million compared with the previous fiscal year-end. That decrease was the result of a rise in expenditures stemming from the repayment of short-term and long-term borrowings, despite a rise in cash flows from operating activities due to an increase in income before income taxes and minority interests and a decrease in inventories and other factors.

(Cash Flows from Operating Activities)

Net cash provided by operating activities was ¥345,954 million, up ¥52,616 million year on year. Income before income taxes and minority interests amounted to ¥210,939 million, while depreciation and amortization—a non-cash item—totaled ¥80,336 million.

These and other cash inflows were adjusted to reflect a decline in inventories, corporate tax payable, lease deposits received, and other items.

(Cash Flows from Investing Activities)

Net cash used in investing activities totaled ¥271,083 million, down ¥15,757 million from the previous fiscal year. The net cash was used primarily for purchases of property and equipment.

(Cash Flows from Financing Activities)

Net cash used in financing activities was \$192,473 million, a turnaround of \$229,677 million compared with net cash provided by financing activities of \$37,203 million in the previous fiscal year. This result can be attributed mainly to the repayment of long-term borrowings and the redemption of corporate bonds.

(2) Consolidated Balance Sheets

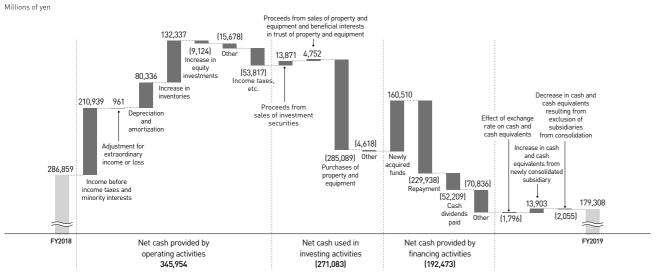
Total assets stood at \$5,774,193 million on March 31, 2019, down \$27,256 million from a year earlier, principally as a result of the operating, investing, and financing activities previously identified and related changes in assets and liabilities.

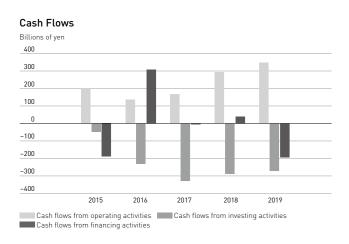
Total liabilities decreased ¥105,273 million, to ¥3,817,088 million. The balance of interest-bearing debt as of March 31, 2019, stood at ¥2,319,597 million, a decrease of ¥162,078 million compared with the year-end balance in fiscal 2018. Deducting cash and cash equivalents, the balance of net interest-bearing debt as of March 31, 2019, was ¥2,140,288 million, a decrease of ¥54,527 million year on year.

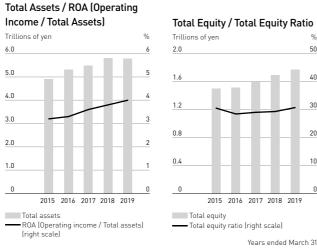
Total net assets increased ¥78,017 million year on year, to ¥1,957,105 million. The growth in net assets can be attributed to increases in such items as retained earnings and non-controlling interests

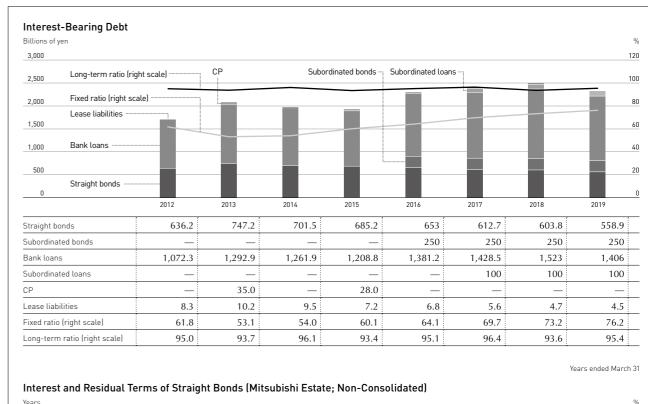
Note: From the first quarter of fiscal 2019 the Partial Amendments to Accounting Standard for Tax Effect Accounting announced on February 16, 2018, have been applied. Thus, figures on the consolidated balance sheets as of the end of March 2018 have also been revised accordingly.

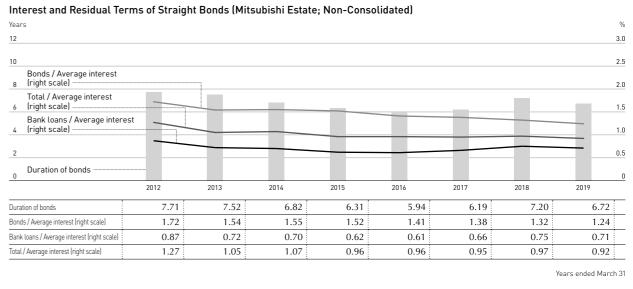
Comparison of Fiscal 2019 and Fiscal 2018 Consolidated Cash Flows











Matters Related to Rental Properties-

Mitsubishi Estate and some of its consolidated subsidiaries own office buildings and retail facilities in Tokyo and other major cities in Japan as well as overseas, 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 rental properties containing self-use space.

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	Fiscal Year Ended
March 31, 2019	March 31, 2018
(April 1, 2018, to	(April 1, 2017, to
March 31, 2019)	March 31, 2018)

Rental Properties

Amounts recorded on the consolidated balance sheets

Balance as of the beginning of the period	3,480,147	3,644,937
Increase (decrease) during the period	(71,408)	(164,790)
Balance as of the end of the period	3,408,738	3,480,147
Market value as of the end of the period	6,953,534	6,768,625
Unrealized gain	3,544,796	3,288,478

Rental Properties Containing Self-Use Space

Amounts recorded on the consolidated balance sheets

Increase (decrease) during the period Balance as of the end of the period Market value as of the end of the period 987,600 614,79			
the period 153,547 296,91. Balance as of the end of the period 633,983 480,43. Market value as of the end of the period 987,600 614,79.	5 5	480,436	183,523
period 633,983 480,43 Market value as of the end of the period 987,600 614,79	3	153,547	296,913
the period 987,600 614,79		633,983	480,436
Unrealized gain 353,616 134,35		987,600	614,790
	Unrealized gain	353,616	134,354

- 1. The amounts included on the consolidated balance sheets presented in the table above are equal to the total acquisition prices for applicable properties or real estate less the aggregate amounts of depreciation and impairment loss for these properties or real estate.
- 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.

The following table shows the profit and loss from rental properties and other real estate that includes portions used as investment and rental properties.

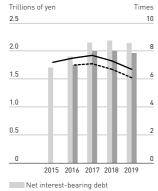
		Millions of yen
	Fiscal Year Ended March 31, 2019 (April 1, 2018, to March 31, 2019)	Fiscal Year Ended March 31, 2018 (April 1, 2017, to March 31, 2018)
Rental Properties		
Rental revenue	448,676	439,592
Rental costs	283,816	275,749
Difference	164,860	163,843
Other income (loss)	(7,917)	(4,745)

Rental Properties Containing Self-Use Space

Rental revenue	40,830	21,419
Rental costs	30,825	16,872
Difference	10,005	4,546
Other income (loss)	(406)	(362)

Note: 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

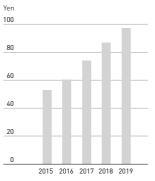
Balance of Interest-Bearing Debt



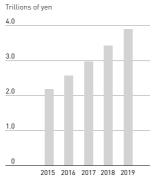
- Net interest-bearing debt (after hybrid --- Net interest-bearing debt / EBITDA
- (right scale)

 --- Net interest-bearing debt / EBITDA (after hybrid debt deductions)* (right scale)
- * The subordinated bonds and subordinated loans subject to equity credit from a credit rating agency (50% equity treatment) are shown after deductions.

Earnings per Share



Unrealized Gain on Rental **Properties**



Years ended March 31

Status of Shareholdings

Stocks held for purposes other than pure investment, the number of shares, and their total value as of March 31, 2019, recorded on the balance sheet are as follows.

	Number of stocks	Total amount booked on balance sheet (¥ million)
Unlisted Shares	88	9,500
Shares Other Than Unlisted Shares	66	229,301

Information on the number of shares for each company and amounts shown on the balance sheet for specific investment shares and deemed holdings of equity shares are as follows.

Amount

Specific Investment Shares

Company	Number of shares	booked on balance sheet (¥ million)	Purpose of holding shares
Mitsubishi Corporation	13,088,457	40,233	1*
Mitsubishi UFJ Financial Group, Inc.	32,325,842	17,779	2*
AGC Inc.	4,540,606	17,617	1*
Japan Airport Terminal Co., Ltd.	3,111,400	14,545	1*
Taisei Corporation	2,426,690	12,473	3*
Mitsubishi Logistics Corporation	3,665,554	11,326	4*
Mitsubishi Heavy Industries, Ltd.	2,346,997	10,791	1*
Kirin Holdings Company, Limited	4,058,738	10,725	1*
Central Japan Railway Company	367,900	9,458	3*
East Japan Railway Company	857,300	9,155	3*
HEIWA REAL ESTATE CO., LTD.	4,274,100	9,108	5*
Mitsubishi Electric Corporation	5,577,294	7,933	1*
NIKON CORPORATION	3,510,000	5,479	4*
Mitsubishi Materials Corporation	1,739,700	5,083	1*
TOYOTA MOTOR CORPORATION	598,462	3,882	1*
TOHO CO., LTD.	794,100	3,529	3*
Shin-Etsu Chemical Co., Ltd.	308,212	2,860	1*
Mitsubishi Chemical Holdings Corporation	3,528,800	2,750	1*
Obayashi Corporation	2,404,961	2,679	3*
SHIMIZU CORPORATION	2,738,650	2,634	3*
Odakyu Electric Railway Co., Ltd.	901,000	2,417	3*
Nippon Suisan Kaisha, Ltd.	2,789,900	2,357	1*
Mitsubishi UFJ Lease & Finance Company Limited	3,760,000	2,120	1*
Mitsubishi Research Institute, Inc.	598,500	2,001	4*
Seino Holdings Co., Ltd.	1,275,900	1,881	5*
RENAISSANCE INCORPORATED	939,500	1,837	6*
THE HACHIJUNI BANK, LTD.	3,441,500	1,579	7*
Fukuoka Financial Group, Inc.	621,600	1,526	7*

Chiba Bank, Ltd.	1,852,000	1,113	7*
T&D Holdings, Inc.	850,500	989	7*
JFE Holdings, Inc.	445,300	836	1*
TOKAI CARBON CO., LTD.	588,250	812	1*
THE SHIZUOKA BANK, LTD.	886,750	747	7*
SHIMADZU CORPORATION	233,476	747	1*
MITSUI GAS CHEMICAL COMPANY, INC.	431,405	681	1*
Mebuki Financial Group, Inc.	2,340,000	662	7*
NOHMI BOSAI LTD.	345,000	624	3*
KUBOTA Corporation	359,000	574	4*
NIPPON EXPRESS CO., LTD.	89,483	551	4*
Matsuya Co., Ltd.	545,300	547	3*
THE HYAKUGO BANK, LTD.	1,509,000	531	7*
Tokyo Kaikan Co., Ltd.	131,140	522	3*
Concordia Financial Group, Ltd.	1,186,500	506	7*
SHINAGAWA REFRACTORIES CO., LTD.	138,150	433	1*
The Chugoku Bank, Limited	343,000	356	7*
P.S. Mitsubishi Construction Co., Ltd.	496,000	328	1*
Kodensha Co., Ltd.	58,500	279	3*
Nippon Yusen Kabushiki Kaisha	143,421	232	1*
Mitsubishi Steel Mfg. Co., Ltd.	112,472	172	4*
GS Yuasa Corporation	73,670	159	1*
Tokai Tokyo Financial Holdings, Inc.	380,300	152	7*
Gooddays Holdings Inc.	28,500	118	5*
Kyushu Financial Group, Inc.	256,410	115	7*
The 77 Bank, Ltd.	70,687	109	7*
NANTO BANK, LTD.	50,440	104	7*
Mitsubishi Kakoki Kaisha, Ltd.	66,586	101	4*
To contribute to raising corporate value by maintaining tenants, principally in the Office Building Business.	ng and strengthening	good relationship	ps with

2* To contribute to fund procurement and raising corporate value by maintaining and strengthening

good relationships, principally in the Office Building Business 3* To contribute to raising corporate value by maintaining and strengthening collaborative relationships, principally in the Office Building Business

4* To contribute to raising corporate value by maintaining and strengthening good relationships in businesses across the entire Group

5* To contribute to raising corporate value through business partnerships and joint businesses

 δ^* To contribute to raising corporate value by maintaining and strengthening collaborative relationships, principally in the Residential Business

7* Principally to contribute to stable fund procurement

Deemed Holdings of Equity Securities

Company	Number of shares	Amount booked on balance sheet (¥ million)	Purpose of holding shares
Tokio Marine Holdings, Inc.	6,929,500	37,155	8*
Mitsubishi Electric Corporation	10,656,000	15,158	8*
Mitsubishi UFJ Financial Group, Inc.	4,306,400	2,368	8*
MITSUBISHI MOTORS CORPORATION	700,000	411	8*

 8^* To maintain authority to exercise voting rights Note: With regard to the largest stocks in terms of the amounts recorded on the balance sheet, specific investment shares and deemed holdings of equity securities for investment purposes are not included in aggregate totals.

Consolidated Balance Sheets

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries March 31, 2019 and 2018

March 31, 2019 and 2018			
		Millions of yen	Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Assets			
Current assets:			
Cash on hand and in banks (Notes 13 and 15)	¥ 176,814	¥ 287,153	\$ 1,593,068
Notes and accounts receivable—trade (Note 13)	62,603	44,670	564,044
Marketable securities (Notes 13 and 14)	6,767	8,219	60,977
Allowance for doubtful receivables	(218)	(224)	(1,968)
Inventories (Note 3)	361,455	434,638	3,256,645
Equity investments (Notes 13 and 14)	387,385	365,933	3,490,272
Other current assets	78,061	77,299	703,323
Total current assets	1,072,869	1,217,690	9,666,362
Investments and other assets:			
Investments in and advances to unconsolidated subsidiaries and affiliates (Note 13)	18,351	18,140	165,342
Investment securities (Notes 13 and 14)	240,826	255,290	2,169,807
Asset for retirement benefits (Note 6)	23,935	20,280	215,657
Deferred income taxes (Note 7)	20,766	22,953	187,100
Other investments (Notes 4 and 13)	214,230	190,981	1,930,177
Total investments	518,110	507,646	4,668,085
Property and equipment (Note 5):			
Land	2,105,797	2,063,202	18,972,860
Land in trust	676,572	678,420	6,095,797
Buildings and structures	2,711,109	2,538,917	24,426,610
Machinery and equipment and other	143,884	135,004	1,296,369
Construction in progress	80,674	142,127	726,860
Seriou Seriou III progress	5,718,038	5,557,672	51,518,498
Less accumulated depreciation	(1,629,953)	(1,575,800)	(14,685,589)
Property and equipment, net	4,088,084	3,981,871	36,832,908
Toperty and equipment, nec	4,000,004	3,301,071	30,032,300
Intangible	95,128	94,241	857,089

See accompanying notes to consolidated financial statements.

			Thousands of	
	2010	Millions of yen	U.S. dollars (Note 2)	
Liabilities and net assets	2019	2018	2019	
Current liabilities:				
Short-term borrowings and current portion of long-term debt				
(Notes 5 and 13)	¥ 392,221	¥ 372,992	\$ 3,533,847	
Notes and accounts payable—trade (Note 13)	57,967	61,169	522,274	
Accrued income taxes (Note 7)	19,620	27,675	176,773	
Advances and deposits	139,293	117,570	1,255,005	
Accrued expenses and other current liabilities	79,840	85,684	719,346	
Total current liabilities	688,942	665,091	6,207,248	
Long-term liabilities:				
Long-term debt (Notes 5 and 13)	1,922,783	2,103,893	17,323,936	
Lease deposits received (Note 13)	440,058	414,390	3,964,849	
Liability for retirement benefits (Note 6)	26,573	26,847	239,419	
Deferred income taxes (Note 7)	497,699	487,986	4,484,183	
Negative goodwill	92,423	95,992	832,720	
Other non-current liabilities	148,607	128,159	1,338,922	
Total long-term liabilities	3,128,145	3,257,270	28,184,031	
Total liabilities	3,817,088	3,922,362	34,391,279	
Net assets:				
Shareholders' equity (Note 8):				
Common stock, without par value:				
Authorized - 1,980,000,000 shares;				
Issued - 1,391,038,170 shares in 2019 and 1,390,908,105 shares in 2018	142,023	141,898	1,279,603	
Capital surplus	162,498	161,819	1,464,079	
Retained earnings	858,581	763,277	7,735,663	
Less treasury stock, at cost	(5,278)	(5,294)	(47,556	
Total shareholders' equity	1,157,824	1,061,700	10,431,789	
Accumulated other comprehensive income:				
Unrealized holding gain on securities	115,452	121,787	1,040,207	
Deferred gain (loss) on hedging instruments	(64)	369	(584	
Land revaluation reserve	526,623	526,623	4,744,782	
Foreign currency translation adjustments	(30,144)	(12,227)	(271,596	
Retirement benefits liability adjustments (Note 6)	952	95	8,579	
Total accumulated other comprehensive income	612,819	636,648	5,521,390	
Stock acquisition rights	302	326	2,721	
Non-controlling interests	186,159	180,412	1,677,264	
Contingent liabilities (Note 11)	100,133	130,112	1,077,207	
Total net assets	1,957,105	1,879,088	17,633,166	
Total liabilities and net assets	¥5,774,193	¥5,801,450	\$52,024,445	

Consolidated Statements of Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

		Millions of yen	U.S. dollars (Note 2)
	2019	2018	2019
Revenue from operations	¥1,263,283	¥1,194,049	\$11,381,956
Cost of revenue from operations (Note 3)	(940,976)	(890,237)	(8,478,030)
Selling, general and administrative expenses	(93,128)	(90,765)	(839,067)
Operating income	229,178	213,047	2,064,858
Other income (expenses):			
Interest and dividend income	7,581	5,849	68,306
Interest expenses	(23,503)	(23,121)	(211,758)
Equity in earnings of unconsolidated subsidiaries and affiliates	263	419	2,372
Other, net (Note 12)	(2,580)	(4,738)	(23,249)
	(18,238)	(21,590)	(164,329)
Profit before income taxes	210,939	191,457	1,900,529
Income taxes (Note 7):			
Current	(46,441)	(57,334)	(418,426)
Deferred	(12,517)	3,626	(112,778)
	(58,958)	(53,707)	(531,205)
Profit	151,981	137,749	1,369,323
Profit attributable to:			
Non-controlling interests	(17,372)	(17,305)	(156,521)
Shareholders of Mitsubishi Estate Co., Ltd.	¥ 134,608	¥ 120,443	\$ 1,212,801

See accompanying notes to consolidated financial statements.

Consolidated Statements of Comprehensive Income

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

		Millions of yen	Thousands of U.S. dollars (Note 2)
	2019	2018	2019
Profit	¥151,981	¥137,749	\$1,369,323
Other comprehensive income (Note 21):			
Unrealized holding gain (loss) on securities	(6,337)	12,144	(57,103)
Deferred gain (loss) on hedging instruments	(384)	365	(3,462)
Land revaluation reserve	_	4	_
Foreign currency translation adjustments	(17,407)	95	(156,834)
Retirement benefits liability adjustments	839	2,744	7,563
Share of other comprehensive income of companies accounted for by the equity method	(913)	355	(8,226)
Total other comprehensive income (loss)	(24,202)	15,711	(218,062)
Comprehensive income (Note 21)	¥127,778	¥153,461	\$1,151,260
Total comprehensive income (loss) attributable to:			
Shareholders of Mitsubishi Estate Co., Ltd.	¥110,779	¥136,731	\$ 998,105
Non-controlling interests	¥ 16,998	¥ 16,730	\$ 153,155

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, 2019 and 2018

Today Charlet on, 2017 and 2016							Millions of yen
_				Shan	eholders' equity		cumulated other
-	Common stock	Capital surplus	Retained earnings	Treasury stock	Total shareholders' equity	Unrealized holding gain (loss) on securities	Deferred gain (loss) on hedging instruments
Balance at April 1, 2017	¥141,659	¥161,477	¥674,259	¥(5,489)	¥ 971,906	¥109,644	¥ 73
Changes in the year: Issuance of new shares	239	239			478		
Cash dividends paid			(31,920)		(31,920)		
Profit attributable to owners of parent			120,443		120,443		
Purchase of treasury stock			120,110	(26)	(26)		
Disposal of treasury stock		0	(15)	221	205		
Land revaluation reserve (Note 1-h)			509		509		
Changes in the scope of consolidation							
Changes in equity related to transactions with non-controlling shareholders		103			103		
Net change in items other than those in shareholders' equity						12,142	296
Total of changes in the year	239	342	89,017	194	89,793	12,142	296
Balance at April 1, 2018	141,898	161,819	763,277	(5,294)	1,061,700	121,787	369
Changes in the year: Issuance of new shares	124	124			249		
Cash dividends paid			(37,477)		(37,477)		
Profit attributable to owners of parent			134,608		134,608		
Purchase of treasury stock				(18)	(18)		
Disposal of treasury stock			(8)	34	25		
Land revaluation reserve (Note 1-h)			(1,818)		(1,818)		
Changes in the scope of consolidation							
Changes in equity related to transactions with non-controlling shareholders		553			553		
Net change in items other than those in shareholders' equity						(6,334)	(434)
Total of changes in the year	124	678	95,304	16	96,123	(6,334)	(434)
Balance at March 31, 2019	¥142,023	¥162,498	¥858,581	¥(5,278)	¥1,157,824	¥115,452	¥ (64)

							Millions of yen
_		Accumu	lated other compr	ehensive income			
_	Land revaluation reserve	Foreign currency translation adjustments	Retirement benefits liability adjustments (Note 6)	Total accumulated other compre- hensive income	Stock acquisition rights	Non- controlling interests	Total net assets
Balance at April 1, 2017	¥527,128	¥(13,363)	¥(2,612)	¥620,870	¥ 529	¥174,154	¥1,767,460
Changes in the year:							
Issuance of new shares							478
Cash dividends paid							(31,920
Profit attributable to owners of parent							120,443
Purchase of treasury stock							(26
Disposal of treasury stock							205
Land revaluation reserve (Note 1-h)							509
Changes in the scope of consolidation							_
Changes in equity related to transactions with							
non-controlling shareholders							103
Net change in items other than those in							
shareholders' equity	(505)	1,135	2,708	15,777	(202)	6,258	21,833
Total of changes in the year	(505)	1,135	2,708	15,777	(202)	6,258	111,627
Balance at April 1, 2018	526,623	(12,227)	95	636,648	326	180,412	1,879,088
Changes in the year:							
Issuance of new shares							249
Cash dividends paid							(37,477
Profit attributable to owners of parent							134,608
Purchase of treasury stock							(18
Disposal of treasury stock							25
Land revaluation reserve (Note 1-h)							_
Changes in the scope of consolidation							(1,818
Changes in equity related to transactions with non-controlling shareholders							553
Net change in items other than those in shareholders' equity	_	(17,916)	856	(23,829)	(24)	5,746	(18,106
Total of changes in the year	_	(17,916)	856	(23,829)	(24)	5,746	78,017
Balance at March 31, 2019	¥526,623	¥(30,144)	¥ 952	¥612,819	¥ 302	¥186,159	¥1,957,105

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, 2019 and 2018

						Thousands of L	J.S.dollars (Note 2)
-				Ch	eholders' equity		cumulated other
-				Shar	enoiders equity	Unrealized	ehensive income Deferred gain
	Common	Capital	Retained	Treasury	Total shareholders'	holding gain (loss)	(loss) on hedging
Delenes at April 4, 2047	stock	surplus	earnings	stock	equity	on securities	instruments
Balance at April 1, 2017 Changes in the year:	\$1,276,323	\$1,454,881	\$6,074,960	\$(49,458)	\$ 8,756,707	\$ 987,874	\$ 665
Issuance of new shares	2,155	2,153			4,308		
Cash dividends paid	,	,	(287,598)		(287,598)		
Profit attributable to owners of parent			1,085,176		1,085,176		
Purchase of treasury stock				(238)	(238)		
Disposal of treasury stock		(2)	(141)	1,991	1,847		
Land revaluation reserve (Note 1-h)			4,593		4,593		
Changes in the scope of consolidation							
Changes in equity related to transactions with non-controlling shareholders		935			935		
Net change in items other than those in		933			933		
shareholders' equity						109,405	2,668
Total of changes in the year	2,155	3,086	802,030	1,752	809,024	109,405	2,668
Balance at April 1, 2018	1,278,479	1,457,967	6,876,991	(47,705)	9,565,732	1,097,279	3,333
Changes in the year:							
Issuance of new shares	1,123	1,123	(2.2.2.4.2.)		2,247		
Cash dividends paid			(337,669)		(337,669)		
Profit attributable to owners of parent			1,212,801	(1(2)	1,212,801		
Purchase of treasury stock Disposal of treasury stock			(78)	(162)	(162)		
Land revaluation reserve (Note 1-h)			(70)	311	232		
Changes in the scope of consolidation			(16,381)		(16,381)		
Changes in equity related to transactions with			(10,501)		(10,501)		
non-controlling shareholders		4,987			4,987		
Net change in items other than those in						(57.073)	(3,917)
shareholders' equity						(57,072)	(0/011/
Total of changes in the year	1,123	6,111	858,672	149	866,057	(57,072)	(3,917)
	1,123 \$1,279,603	\$1,464,079	\$7,735,663	\$(47,556)	866,057 \$10,431,789	(57,072) \$1,040,207	
Total of changes in the year	\$1,279,603	\$1,464,079 Accumu Foreign	\$7,735,663 lated other compre	\$(47,556) Phensive income Total	\$10,431,789	(57,072) \$1,040,207 Thousands of U	(3,917) \$ (584)
Total of changes in the year	\$1,279,603 Land revaluation	\$1,464,079 Accumu Foreign currency translation	\$7,735,663 lated other compre Retirement benefits liability adjustments	\$(47,556) Total accumulated other compre-	\$10,431,789 Stock acquisition	(57,072) \$1,040,207 Thousands of U Non- controlling	(3,917) \$ (584) J.S.dollars [Note 2]
Total of changes in the year Balance at March 31, 2019	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S.dollars (Note 2) Total net assets
Total of changes in the year	\$1,279,603 Land revaluation	\$1,464,079 Accumu Foreign currency translation	\$7,735,663 lated other compre Retirement benefits liability adjustments	\$(47,556) Total accumulated other compre-	\$10,431,789 Stock acquisition	(57,072) \$1,040,207 Thousands of U	(3,917) \$ (584) J.S.dollars [Note 2]
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S. dollars (Note 2) Total net assets \$15,924,504 4,308 (287,598)
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S. dollars (Note 2) Total net assets \$15,924,504 4,308 (287,598) 1,085,176
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S.dollars (Note 2) Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238)
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h)	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S.dollars (Note 2) Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238)
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve [Note 1-h] Changes in the scope of consolidation	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h)	\$1,279,603 Land revaluation reserve	\$1,464,079 Accumu Foreign currency translation adjustments	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The hensive income Total accumulated other compre- hensive income	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in	\$1,279,603 Land revaluation reserve	Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6)	\$(47,556) The ehensive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights	(57,072) \$1,040,207 Thousands of U Non- controlling interests	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593
Total of changes in the year Balance at March 31, 2019 Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity	\$1,279,603 Land revaluation reserve \$4,749,333	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716
Balance at March 31, 2019 Balance at March 31, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve [Note 1-h] Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,716 (238) 1,847 4,593 935 196,716 1,005,741
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018	\$1,279,603 Land revaluation reserve \$4,749,333	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2017 Issuance of new shares Cash dividends paid	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669)
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve [Note 1-h] Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve [Note 1-h] Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h)	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801 (162) 232
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801 (162) 232
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in the scope of consolidation Changes in equity related to transactions with	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540)	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801 (162) 232 (16,381)
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400) 10,230 10,230 (110,170)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540) 24,401 24,401 860	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931 142,154 142,154 5,736,086	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098 56,389 56,389 1,625,487	(3,917) \$ (584) J.S.dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,716 (238) 1,847 4,593 — 935 196,716 1,005,741 16,930,245 2,247 (337,669) 1,212,801 (162) 232 — (16,381) 4,987
Balance at April 1, 2017 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders Net change in items other than those in shareholders' equity Total of changes in the year Balance at April 1, 2018 Changes in the year: Issuance of new shares Cash dividends paid Profit attributable to owners of parent Purchase of treasury stock Disposal of treasury stock Land revaluation reserve (Note 1-h) Changes in the scope of consolidation Changes in equity related to transactions with non-controlling shareholders	\$1,279,603 Land revaluation reserve \$4,749,333 (4,550) (4,550)	\$1,464,079 Accumu Foreign currency translation adjustments \$(120,400)	\$7,735,663 lated other compre Retirement benefits liability adjustments (Note 6) \$(23,540) 24,401 24,401 860	\$(47,556) The elemsive income Total accumulated other comprehensive income \$5,593,931	\$10,431,789 Stock acquisition rights \$ 4,767	(57,072) \$1,040,207 Thousands of U Non- controlling interests \$1,569,098	(3,917) \$ (584) J.S. dollars [Note 2] Total net assets \$15,924,504 4,308 (287,598) 1,085,176 (238) 1,847 4,593 ————————————————————————————————————

See accompanying notes to consolidated financial statements.

Consolidated Statements of Cash Flows

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries Years ended March 31, 2019 and 2018

Thousands of U.S.dollars (Note 2)

ears ended March 31, 2019 and 2018		Millions of yen	Thousands o U.S. dollars (Note 2
-	2019	2018	2019
Cash flows from operating activities			
Profit before income taxes	¥ 210,939	¥ 191,457	\$ 1,900,529
Depreciation and amortization	80,336	77,545	723,813
(Gain) loss on sales or disposal of property and equipment	5,551	(1,378)	50,019
(Gain) loss on sales of securities	(6,072)	(9)	(54,71)
Valuation loss on equity investments	561	675	5,060
Gain on sales of shares of affiliated companies	_	(1,161)	· _
Impairment loss	_	5,508	_
Gain on exchange from business combination	_	(1,513)	_
Equity in net income of affiliates	(263)	(419)	(2,37)
Increase (decrease) in allowances	(1,170)	(49)	(10,55)
Increase (decrease) in liability for retirement benefits	(3,227)	(1,461)	(29,08)
Interest and dividend income	(7,581)	(5,849)	(68,30)
Interest expense	23,503	23,121	211,75
(Increase) decrease in notes and accounts receivable	(16,174)	(2,340)	(145,72)
(Increase) decrease in inventories	132,337	86,614	1,192,340
(Increase) decrease in equity investments	(9,124)	(53,837)	(82,21)
Increase (decrease) in notes and accounts payable	(7,379)	7,119	(66,48
Increase (decrease) in lease deposits received	25,599	16,669	230,64
Other	(12,144)	15,574	(109,419
Subtotal	415,690	356,266	3,745,29
Interest and dividends received	7,688	6,148	69,27
Interest paid	(23,606)	(22,830)	(212,69)
	. , ,		
Income taxes paid	(53,817) 345,954	(46,244) 293,338	(484,883 3,116,99
Net cash provided by operating activities Cash flows from investing activities	343,934	293,330	3,110,99
Proceeds from sales of marketable securities	10.250	10.001	02.42
	10,258	18,981	92,42
Purchases of marketable securities	(3,236)	(12,491)	(29,15)
Proceeds from sales of property and equipment	4,732	13,523	42,63
Purchases of property and equipment	(283,307)	(286,506)	(2,552,552
Proceeds from sales of investment securities	13,871	5,277	124,98
Purchases of investment securities	(8,258)	(17,240)	(74,41)
Proceeds from sales of investments in subsidiaries resulting in change in scope of consolidation	16,738	3,916	150,80
Purchase of investments in subsidiaries	10,730	3,910	130,000
resulting in change in scope of consolidation (Note 15)	(9,319)	(7,154)	(83,97)
Payments for merger	(1,580)	-	(14,24)
Other	(10,980)	(5,147)	(98,93
Net cash used in investing activities	(271,083)	(286,841)	(2,442,414
Cash flows from financing activities	(27.1/000)	(200/011)	(=)::=)::
Net increase (decrease) in short-term borrowings	(73,021)	66,723	(657,912
Increase in long-term borrowings	139,325	180,713	1,255,299
Repayment of long-term borrowings	(163,776)	(158,155)	(1,475,59)
Proceeds from issuance of corporate bonds	21,185	75,715	190,87
Repayment of corporate bonds	(66,162)	(85,075)	(596,112
Purchase of investments in subsidiaries that do not	(00,102)	(03,073)	(330,11.
result in change in scope of consolidation	(502)	(80)	(4,523
Cash dividends paid	(37,761)	(31,913)	(340,22
Other	(11,759)	(10,724)	(105,95
Net cash provided by (used in) financing activities	(192,473)	37,203	(1,734,149
Effect of exchange rate changes on cash and cash equivalents	(1,796)	(183)	(16,189
Net increase (decrease) in cash and cash equivalents	(119,398)	43,517	(1,075,76
Cash and cash equivalents at beginning of year	286,859	243,341	2,584,55.
Increase in cash and cash equivalents arising from newly consolidated subsidiaries	13,903	473 ₁ 371	125,26
Cash and cash equivalents of subsidiaries excluded from consolidation	(2,055)		(18,52)
		_	(10,32,

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

Mitsubishi Estate Co., Ltd. and Consolidated Subsidiaries

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

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 ven 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 sheets and cash equivalents at March 31, 2019 and 2018 is presented in Note 15.

f. Marketable securities and investment securities

Securities other than those of subsidiaries and affiliates are classified into three categories: trading, held-to-maturity or other securities. Trading securities are carried at fair value and held-to-maturity securities are carried at amortized cost. Marketable securities classified as other securities are carried at fair value with any changes in

unrealized holding gain or loss, net of the applicable income taxes, included directly in shareholders' equity. Non-marketable securities classified as other securities are carried at cost. Cost of securities sold is determined by the moving average method.

Inventories are mainly stated at cost, determined by the identified cost method. Net book value of inventories in the consolidated balance sheets 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 of property, plant and equipment is calculated principally by the declining-balance method based on the estimated useful lives and the residual value determined by the Company, except for certain buildings of the Company and domestic consolidated subsidiaries acquired on or after April 1, 1998 and facilities attached to buildings and other non-building structures acquired on or after April 1, 2016, which are depreciated by the straight-line method. 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 exists. 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

Intangible 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.

Accrued retirement benefits and prepaid pension cost for employees have been recorded mainly at the amount calculated based on the retirement benefit obligation and the fair value of the pension plan assets as of the balance sheet date.

The retirement benefit obligation for employees is attributed to each period by the benefit formula method.

Actuarial gain or loss is amortized in the year following the year in which the gain or loss is recognized primarily by the straight-line method over periods (mainly 1 year through 15 years), which are shorter than the average remaining years of service of employees.

Certain foreign consolidated subsidiaries have adopted the corridor approach for the amortization of actuarial gain and loss.

Prior service cost is being amortized as incurred by the straight-line method over periods (mainly 1 year through 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 services 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 percentageof-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 completedcontract method continues to be applied for other contracts for which the percentage of completion cannot be reliably estimated.
- (e) Revenue from finance lease transactions and related costs are recognized upon receipt of lease payments.
- (f) 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 8 for more information.

o. Accounting standards issued but not yet effective

Accounting Standard and Implementation Guidance on Revenue Recognition

On March 30, 2018, the ASBJ issued "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29) and "Implementation Guidance on Accounting Standard for Revenue Recognition" (ASBJ Guidance No. 30). [1] Overview

- This is a comprehensive accounting standard for revenue recognition. Specifically, the accounting standard establishes the following five-step model that will apply to revenue from customers:
- 1. Identify the contract(s) with a customer
- 2. Identify the performance obligations in the contract
- 3. Determine the transaction price
- 4. Allocate the transaction price to the performance obligations in the contract
- 5. Recognize revenue when (or as) the entity satisfies a performance obligation
- (2) Scheduled date of adoption
- The Company expects to adopt the accounting standard and implementation guidance from the beginning of the fiscal year ending March 31, 2022.
- (3) Impact of the adoption of accounting standard and implementation guidance
- The Company is currently evaluating the effect of the adoption of this accounting standard and implementation guidance on its consolidated financial statements.

p. Change in presentation method

Application of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and relevant Guidances

The Group has applied the "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant Guidances effective from the beginning of the fiscal year ended March 31, 2019. Accordingly, deferred tax assets are presented under "investments and other assets" and deferred tax liabilities are presented under "long-term liabilities."

As a result, a decrease of ¥11,351 million in deferred tax assets under current assets and an increase of ¥9,112 million in deferred tax assets under investments and other assets were recognized on the consolidated balance sheet as of March 31, 2018. Additionally, deferred tax liabilities under accrued expenses and other current liabilities decreased by ¥393 million and deferred tax liabilities under long-term liabilities decreased by ¥1,845 million.

Deferred tax assets and deferred tax liabilities of the same taxable entity are offset, which resulted in a decrease of ¥2,239 million in total assets in comparison to the amount before applying the amendments.

2 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 ¥110.99 = U.S.\$1.00, the approximate rate of exchange prevailing on

March 31, 2019. 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.

3 Inventories

Inventories at March 31, 2019 and 2018 were as follows:

		Thousands of U.S. dollars	
	2019	2018	2019
Real estate for sale	¥ 84,104	¥ 95,391	\$ 757,763
Land and housing projects in progress	268,152	327,213	2,416,008
Land held for development	996	1,267	8,978
Other	8,201	10,766	73,894
Total	¥361,455	¥434,638	\$3,256,645

Write-downs of inventories as a result of a decrease in profitability for the years ended March 31, 2019 and 2018 were ¥3,223 million (\$29,042 thousand) and ¥2,950 million, respectively, and recognized in cost of revenue from operations.

4 Other Investments

Other investments at March 31, 2019 and 2018 were as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Lease deposits	¥114,713	¥108,097	\$1,033,547
Long-term prepaid expenses and other	99,516	82,883	896,629
Total	¥214,230	¥190,981	\$1,930,177

5 Short-Term Borrowings and Long-Term Debt

At March 31, 2019 and 2018, short-term borrowings and the current portion of long-term debt consisted of the following:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Loans, principally from banks	¥ 86,156	¥159,090	\$ 776,253
Current portion of long-term debt	306,065	213,901	2,757,594
Total	¥392,221	¥372,992	\$3,533,847

Millions of yen Thousands of U.S. dollars

The weighted-average interest rates per annum on short-term borrowings outstanding at March 31, 2019 and 2018 were 0.63% and 0.76%, respectively. Short-term borrowings are principally unsecured.

At March 31, 2019 and 2018, long-term debt consisted of the following:

1.65% unsecured bonds due 2018 2019 2018 2019 2.005% unsecured bonds due 2018 — ¥ 10,000 — 2.005% unsecured bonds due 2018 — 10,000 — 0.811% unsecured bonds due 2018 — 10,000 — 3% unsecured bonds due 2018 — 15,000 — 1.84% unsecured bonds due 2018 — 10,000 — 1.72% unsecured bonds due 2018 — 10,000 — 1.87% unsecured bonds due 2019 ¥ 10,000 10,000 — 1.87% unsecured bonds due 2019 15,000 15,000 35,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 1.815% unsecured bonds due 2020 10,000 10,000 90,098 1.55% unsecured bonds due 2020 10,000 10,000 90,098 1				
2.005% unsecured bonds due 2018 — 10,000 — 0.811% unsecured bonds due 2018 — 10,000 — 3% unsecured bonds due 2018 — 15,000 — 1.84% unsecured bonds due 2018 — 10,000 — 1.72% unsecured bonds due 2019 ¥ 10,000 10,000 \$ 90,098 1.87% unsecured bonds due 2019 \$ 15,000 \$ 15,000 \$ 135,147 1.62% unsecured bonds due 2019 \$ 10,000 \$ 10,000 \$ 90,098 0.571% unsecured bonds due 2019 \$ 10,000 \$ 10,000 \$ 90,098 1.53% unsecured bonds due 2019 \$ 10,000 \$ 10,000 \$ 90,098 1.805% unsecured bonds due 2019 \$ 10,000 \$ 10,000 \$ 90,098 1.805% unsecured bonds due 2019 \$ 10,000 \$ 10,000 \$ 90,098 2.5% unsecured bonds due 2020 \$ 10,000 \$ 10,000 \$ 90,098 1.165% unsecured bonds due 2020 \$ 10,000 \$ 10,000 \$ 90,098 0.577% unsecured bonds due 2020 \$ 15,000 \$ 15,000 \$ 135,147		2019	2018	2019
0.811% unsecured bonds due 2018 — 10,000 — 3% unsecured bonds due 2018 — 10,000 — 1.84% unsecured bonds due 2018 — 15,000 — 1.72% unsecured bonds due 2018 — 10,000 — 0.631% unsecured bonds due 2019 ¥ 10,000 10,000 \$ 90,098 1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 1.577% unsecured bonds due 2020 15,000 15,000 135,147	1.65% unsecured bonds due 2018	_	¥ 10,000	_
3% unsecured bonds due 2018 — 10,000 — 1.84% unsecured bonds due 2018 — 15,000 — 1.72% unsecured bonds due 2018 — 10,000 — 0.631% unsecured bonds due 2019 ¥ 10,000 10,000 \$ 90,098 1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 1.577% unsecured bonds due 2020 15,000 15,000 135,147	2.005% unsecured bonds due 2018	_	10,000	_
1.84% unsecured bonds due 2018 — 15,000 — 1.72% unsecured bonds due 2018 — 10,000 — 0.631% unsecured bonds due 2019 ¥ 10,000 10,000 \$ 90,098 1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	0.811% unsecured bonds due 2018	_	10,000	_
1.72% unsecured bonds due 2018 — 10,000 — 0.631% unsecured bonds due 2019 ¥ 10,000 10,000 \$ 90,098 1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	3% unsecured bonds due 2018	_	10,000	_
0.631% unsecured bonds due 2019 ¥ 10,000 \$ 90,098 1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.84% unsecured bonds due 2018	_	15,000	_
1.87% unsecured bonds due 2019 15,000 15,000 135,147 1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.72% unsecured bonds due 2018	_	10,000	_
1.62% unsecured bonds due 2019 10,000 10,000 90,098 0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	0.631% unsecured bonds due 2019	¥ 10,000	10,000	\$ 90,098
0.571% unsecured bonds due 2019 10,000 10,000 90,098 1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.87% unsecured bonds due 2019	15,000	15,000	135,147
1.53% unsecured bonds due 2019 10,000 10,000 90,098 1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.62% unsecured bonds due 2019	10,000	10,000	90,098
1.975% unsecured bonds due 2019 10,000 10,000 90,098 1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	0.571% unsecured bonds due 2019	10,000	10,000	90,098
1.805% unsecured bonds due 2019 10,000 10,000 90,098 2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.53% unsecured bonds due 2019	10,000	10,000	90,098
2.5% unsecured bonds due 2020 10,000 10,000 90,098 1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.975% unsecured bonds due 2019	10,000	10,000	90,098
1.165% unsecured bonds due 2020 10,000 10,000 90,098 0.577% unsecured bonds due 2020 15,000 15,000 135,147	1.805% unsecured bonds due 2019	10,000	10,000	90,098
0.577% unsecured bonds due 2020 15,000 15,000 135,147	2.5% unsecured bonds due 2020	10,000	10,000	90,098
15,600 15,600 155,11.	1.165% unsecured bonds due 2020	10,000	10,000	90,098
0.54% unsecured bonds due 2021 15,000 15,000 135,147	0.577% unsecured bonds due 2020	15,000	15,000	135,147
	0.54% unsecured bonds due 2021	15,000	15,000	135,147

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
1.262% unsecured bonds due 2021	¥ 15,000	¥ 15,000	\$ 135,147
1.103% unsecured bonds due 2021	20,000	20,000	180,196
1.095% unsecured bonds due 2021	10,000	10,000	90,098
1.178% unsecured bonds due 2022	20,000	20,000	180,196
1.087% unsecured bonds due 2022	20,000	20,000	180,196
1.026% unsecured bonds due 2022	30,000	30,000	270,294
2.42% unsecured bonds due 2022	10,000	10,000	90,098
0.929% unsecured bonds due 2022	10,000	10,000	90,098
1.5% unsecured bonds due 2022	10,000	10,000	90,098
2.075% unsecured bonds due 2023	10,000	10,000	90,098
0.09% unsecured bonds due 2023	20,000	_	180,196
0.643% unsecured bonds due 2024	20,000	20,000	180,196
2.28% unsecured bonds due 2024	10,000	10,000	90,098
1.067% unsecured bonds due 2024	10,000	10,000	90,098
0.19% unsecured bonds due 2025	10,000	10,000	90,098
0.175% unsecured bonds due 2025	10,000	10,000	90,098
0.27% unsecured bonds due 2026	10,000	10,000	90,098
2.305% unsecured bonds due 2027	10,000	10,000	90,098
0.24% unsecured bonds due 2027	10,000	10,000	90,098
2.385% unsecured bonds due 2027	10,000	10,000	90,098
2.52% unsecured bonds due 2027	15,000	15,000	135,147
2.425% unsecured bonds due 2027	10,000	10,000	90,098
2.555% unsecured bonds due 2028	10,000	10,000	90,098
2.9% unsecured bonds due 2032	10,000	10,000	90,098
2.615% unsecured bonds due 2032	10,000	10,000	90,098
2.04% unsecured bonds due 2032	20,000	20,000	180,196
1.72% unsecured bonds due 2033	10,000	10,000	90,098
0.859% unsecured bonds due 2036	10,000	10,000	90,098
0.736% unsecured bonds due 2037	10,000	10,000	90,098
0.703% unsecured bonds due 2037	10,000	10,000	90,098
0.789% unsecured bonds due 2056	15,000	15,000	135,147
1.402% unsecured bonds due 2057	15,000	15,000	135,147
1.313% unsecured bonds due 2058	10,000	10,000	90,098
0.61% unsecured bonds inherited from DAINIPPON ENTERPRISE INC. due 2018	_	1,162	_
0.39% unsecured bonds inherited from DAINIPPON ENTERPRISE INC. due 2020	1,550	1,550	13,965
0.102% unsecured bonds under Euro MTN program due 2025	1,111	1,111	10,013
0.16% unsecured bonds under Euro MTN program due 2029	1,255	_	11,311
1.02% interest deferrable and early redeemable subordinated unsecured bonds due 2076	75,000	75,000	675,736
3ML+88bp interest deferrable and early redeemable subordinated unsecured bonds due 2076	75,000	75,000	675,736
1.33% interest deferrable and early redeemable subordinated unsecured bonds due 2076	70,000	70,000	630,687
1.48% interest deferrable and early redeemable subordinated unsecured bonds due 2076	30,000	30,000	270,294
Loans from banks and insurance companies: Secured	136,770	155,177	1,232,278
Unsecured	1,283,161	1,308,793	11,561,056
	2,228,849	2,317,795	20,081,531
Less current portion	(306,065)	(213,901)	(2,757,594)
	¥1,922,783	¥2,103,893	\$17,323,936

The aggregate annual maturities of long-term debt subsequent to March 31, 2019 are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 306,065	\$ 2,757,594
2021	208,455	1,878,146
2022	185,469	1,671,045
2023	153,507	1,383,076
2024	217,164	1,956,611
2025 and thereafter	1,158,186	10,435,056
Total	¥2,228,849	\$20,081,531

The assets pledged as collateral for short-term borrowings of ¥1,827 million (\$16,464 thousand), long-term debt of ¥136,770 million (\$1,232,278 thousand) and other current liabilities of ¥5,106 million (\$46,490 thousand) at March 31, 2019 were as follows:

	Millions of yen	Thousands of U.S. dollars
Buildings and structures	¥208,427	\$1,877,890
Machinery and equipment	1,157	10,433
Land	210,172	1,893,617
Land in trust	128,591	1,158,590
Other property and equipment	2	21
Total	¥548,352	\$4,940,553

The following borrowings are non-recourse loans at March 31, 2019 and 2018, which are secured by collaterals as the sole source of recovery.

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Long-term borrowings	¥24,529	¥34,249	\$221,004
Total	¥24,529	¥34,249	\$221,004

The assets pledged as collateral for the above non-recourse loans at March 31, 2019 and 2018 were as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Buildings and structures	¥25,900	¥43,632	\$233,361
Land	17,561	13,857	158,226
Construction in progress	_	7,465	_
Other property and equipment	_	2,921	_
Total	¥43,462	¥67,877	\$391,587

6 Retirement Benefit Plans

The Company and most of its domestic consolidated subsidiaries have either funded or unfunded defined benefit plans, defined contribution plans and lump-sum payment plans in the form of a defined benefit plan. The Company has adopted a retirement benefit trust for the lump-sum payment plan and defined benefit plan. Rockefeller Group, Inc., a foreign consolidated subsidiary of the Company, has adopted defined benefit plans.

The simplified method, which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the fiscal year end, has been adopted in accounting for defined benefit plans for some consolidated subsidiaries and the Company's executive officers.

The changes in the retirement benefit obligation during the years ended March 31, 2019 and 2018 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Retirement benefit obligation at the beginning of the year	¥139,360	¥137,489	\$1,255,611
Service cost	5,361	5,412	48,307
Interest cost	849	858	7,656
Actuarial gain and loss	(802)	3,361	(7,229)
Retirement benefits paid	(6,570)	(5,365)	(59,201)
Prior service cost	221	(771)	1,993
Translation adjustments	(380)	(570)	(3,424)
Other	522	(1,054)	4,711
Retirement benefit obligation at the end of the year	¥138,562	¥139,360	\$1,248,423

The changes in plan assets during the years ended March 31, 2019 and 2018 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Plan assets at the beginning of the year	¥132,508	¥124,645	\$1,193,873
Expected return on plan assets	3,085	2,908	27,800
Actuarial gain and loss	(677)	3,387	(6,099)
Contributions by the Company	5,953	6,650	53,637
Retirement benefits paid	(5,000)	(3,693)	(45,052)
Translation adjustments	(260)	(379)	(2,346)
Other	25	(1,011)	226
Plan assets at the end of the year	¥135,633	¥132,508	\$1,222,037

The following table sets forth the funded status of the plans and the amounts recognized in the consolidated balance sheets as of March 31, 2019 and 2018 for the Company's and the consolidated subsidiaries' defined benefit plans:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Funded retirement benefit obligation	¥ 119,159	¥ 121,741	\$ 1,073,602
Plan assets at fair value	(135,633)	(132,508)	(1,222,037)
	(16,474)	(10,766)	(148,435)
Unfunded retirement benefit obligation	19,403	17,618	174,821
Net liability for retirement benefits in the balance sheet	2,928	6,852	26,386
Liability for retirement benefits	26,573	26,847	239,419
Asset for retirement benefits	(23,935)	(20,280)	(215,657)
Other current liabilities	291	285	2,625
Net liability for retirement benefits in the balance sheet	¥ 2,928	¥ 6,852	\$ 26,386

[*] The accrued employees' retirement benefits recognized by Rockefeller Group, Inc., a consolidated subsidiary, were included in "Other current liabilities."

The components of retirement benefit expense for the years ended March 31, 2019 and 2018 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2019	2018	2019
Service cost	¥ 5,361	¥ 5,412	\$ 48,307
Interest cost	849	858	7,656
Expected return on plan assets	(3,085)	(2,908)	(27,800)
Amortization of actuarial loss	1,312	3,174	11,829
Amortization of prior service cost	(106)	(267)	(956)
Other	149	178	1,350
Retirement benefit expenses	¥ 4,482	¥ 6,447	\$ 40,387

(*) Retirement benefit expenses for consolidated subsidiaries adopting the simplified method, which assumes the retirement benefit obligation to be equal to the benefits payable if all eligible employees voluntarily terminated their employment at the fiscal year end, are included in "Service cost."

The components of retirement benefits liability adjustments included in other comprehensive income (before tax effect) for the years ended March 31, 2019 and 2018 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Prior service cost	¥ (336)	¥ 493	\$ (3,033)
Actuarial gain and loss	1,554	3,371	14,008
Total	¥1,218	¥3,864	\$10,974

The components of retirement benefits liability adjustments included in accumulated other comprehensive income (before tax effect) as of March 31, 2019 and 2018 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Unrecognized prior service cost	¥ (54)	¥ 277	\$ (491)
Unrecognized actuarial gain and loss	280	(1,270)	2,523
Total	¥225	¥ (992)	\$2,031

The fair values of plan assets, by major category, as a percentage of total plan assets as of March 31, 2019 and 2018 are as follows:

	2019	2018
Bonds	14%	14%
Stocks	54%	55%
General accounts	10%	10%
Other	22%	21%
Total	100%	100%

(*) Approximately 44% and 44% of total plan assets were held in the retirement benefit trust as of March 31, 2019 and 2018, respectively.

The expected return on plan assets has been estimated based on the anticipated allocation to each asset class and the expected long-term returns on assets held in each category.

The assumptions used in accounting for the above plans were as follows:

	2019	2018
Discount rates	0.0 ~ 4.04%	0.0 ~ 3.66%
Expected rates of return on plan assets	1.0 ~ 6.50%	1.0 ~ 6.75%
Rates of salary increase	0.4 ~ 4.0%	0.4 ~ 4.0%

The required contribution to defined contribution plans by the Company and its consolidated subsidiaries for the years ended March 31, 2019 and 2018 are ¥500 million (\$4,509 thousand) and ¥4,140 million, respectively.

7 Income Taxes

The effective tax rates reflected in the consolidated statements of income for the years ended March 31, 2019 and 2018 differ from the effective statutory tax rates for the following reasons:

	2019	2018
Statutory tax rate	30.62%	30.86%
Increase (decrease) in income taxes resulting from:		
Different tax rates applied	(0.35)	1.63
Expenses not deductible for income tax purposes	0.21	0.22
Revenues deductible for income tax purposes	(0.11)	(0.46)
Change in valuation allowance	(0.59)	(0.94)
Undistributed earnings of affiliates	0.28	0.30
Equity income	(0.28)	(0.32)
Gain on negative goodwill	(0.31)	_
Effect of enacted changes in tax laws and rates on Japanese tax	(0.04)	(2.12)
Other	(1.48)	(1.09)
Effective tax rate	27.95%	28.05%

The significant components of deferred tax assets and liabilities as of March 31, 2019 and 2018 were as follows:

		Millions of yen T	housands of U.S. dollars
	2019	2018	2019
Deferred tax assets:			
Net operating loss carry forwards	¥ 1,974	¥ 2,474	\$ 17,787
Liability for retirement benefits	11,521	11,274	103,807
Valuation loss on inventories	4,075	7,248	36,719
Unrealized loss on property and equipment	66,685	68,180	600,827
Unrealized loss on property and equipment by consolidation	10,644	10,807	95,909
Loss on valuation of investment securities	2,626	2,695	23,665
Loss on valuation of equity investments	548	2,743	4,943
Land revaluation reserve	23,903	23,903	215,370
Accrued bonuses	3,324	2,892	29,956
Other	63,993	66,174	576,570
Total gross deferred tax assets	189,299	198,396	1,705,557
Valuation allowance	(79,125)	(79,840)	(712,909)
Total deferred tax assets	110,173	118,555	992,647
Deferred tax liabilities:			
Reserves under Special Taxation Measures Law	(60,693)	(60,552)	(546,840)
Land revaluation reserve	(266,314)	(265,679)	(2,399,446)
Unrealized gain on property and equipment by consolidation	(110,019)	(109,050)	(991,252)
Unrealized gain on property and equipment	(64,134)	(64,134)	(577,839)
Unrealized gain on securities	(49,113)	(51,396)	(442,507)
Other	(36,831)	(32,774)	(331,843)
Total deferred tax liabilities	(587,107)	(583,588)	(5,289,730)
Net deferred tax liabilities	¥(476,933)	¥(465,032)	\$(4,297,082)

8 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 ¥162,498 million (\$1,464,079 thousand), and the legal reserve amounted to ¥21,663 million (\$195,186 thousand) at March 31, 2019. 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

9 Amounts per Share

		Yen	U.S. dollars
Year ended March 31,	2019	2018	2019
Net income:			
Basic	¥96.97	¥86.78	\$0.87
Diluted	96.96	86.76	0.87
Cash dividends applicable to the year	30.00	26.00	0.27
		Yen	U.S. dollars
As of March 31,	2019	2018	2019
Net assets	¥1,275.54	¥1,223.58	\$11.49

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.

10 Leases

Lessor

Investments in leases included in other current assets on the consolidated balance sheets as of March 31, 2019 and 2018 consisted of the following:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Gross lease receivables	¥ 8,068	¥13,596	\$ 72,699
Unearned interest income	(3,476)	(6,493)	(31,326)
Investments in leases	¥ 4,592	¥ 7,101	\$ 41,373

Maturities of lease investment assets for finance leases that are not deemed to transfer ownership of the leased property to the lessee as of March 31, 2019 are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 279	
2021	279	2,514
2022	279	2,514
2023	279	/-
2024	279	2,514
2025 and thereafter	6,673	60,129
Total	¥8,068	\$72,699

Future minimum lease payments subsequent to March 31, 2019 on noncancelable operating leases are summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 7,718	\$ 69,538
2021 and thereafter	230,545	2,077,171
Total	¥238,263	\$2,146,710

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, 2019 from noncancelable operating leases is summarized as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2020	¥ 312,193	\$ 2,812,803
2021 and thereafter	1,349,862	12,162,023
Total	¥1,662,055	\$14,974,826

11 Contingent Liabilities

At March 31, 2019, 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 house purchasers' loans from banks	¥61,088	\$550,397
Other	9	83
Total	¥61,097	\$550,481

(2) Guarantee for business undertakings

	Millions of yen	Thousands of U.S. dollars
Business undertaking guarantees	¥12,344	\$111,224

Rockefeller Group International Inc. and Mitsubishi Estate Asia Pte. Ltd. provide business undertaking guarantees for property development projects in proportion to their share.

Mitsubishi Estate Asia Pte. Ltd. and MEA Commercial Holdings Pte. Ltd. provide business undertaking guarantees for property development projects. The amount exceeding the proportion of their share is collateralized or guaranteed by the joint venture.

12 Other Income (Expenses)

The components of "Other, net" in "Other income (expenses)" for the years ended March 31, 2019 and 2018 were as follows:

		Millions of yen		
	2019	2018	2019	
Gain on sales of shares of affiliated companies	_	¥ 1,161	_	
Gain on sales of fixed assets	_	12,044	_	
Gain on negative goodwill	¥ 2,097	_	\$ 18,901	
Gain on sales of investment securities	6,072	_	54,713	
Gain on exchange from business combination	_	1,513	_	
Loss on disposal of fixed assets	(5,761)	(5,746)	(51,910)	
Loss related to retirement of fixed assets	(3,818)	(8,259)	(34,400)	
Impairment loss ^[*1]	_	(5,508)	_	
Other, net	(1,171)	56	(10,553)	
	¥(2,580)	¥(4,738)	\$(23,249)	

The Company recorded consolidated impairment losses for the following asset groups for the year ended March 31, 2019: Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

The Company recorded consolidated impairment losses for the following asset groups for the year ended March 31, 2018:

Major Application	Category	Location
Leased assets, etc. (total 18 groups)	Land, Buildings, etc.	Arizona, U.S.A., etc.

Asset grouping for the Company and its consolidated subsidiaries (collectively, the "Group") was made based on a minimum unit that generates cash flows, which is substantially indep from cash flows of other assets or asset groups. Company condominiums are regarded as shared assets. As a result, for the year ended March 31, 2018, the book values of 18 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 reductions were recorded as impairment losses in the amount of

The breakdown of such impairment losses was ¥2,463 million in land and ¥3,045 million in buildings and structures.

The collectible amounts of asset groups are measured using 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.

13 Financial Instruments

Overview

(1) Policy for financial instruments

In consideration of plans for capital investment, the Group raises 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 exposure to interest rates, reducing interest expenses, and hedging the risk of fluctuations in foreign exchange rates and does not enter into derivatives for speculative purposes.

(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 real estate investment trusts and investments in silent partnerships 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 deposits 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 57 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 swaps) as hedging instruments.

Derivative transactions include interest rate swaps, currency swaps and forward foreign exchange contracts. 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, 2019 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 B below).

_				Millio	ns of yen			Thousan	ds of l	
_	Ci		Fation at al				Ci	F-titd		2019
	Value		Fair Value	D	ifference		Value	Fair Value	[Difference
¥	176,814	¥	176,814		_	\$	1,593,068	\$ 1,593,068		_
	62,603						564,044			
	(218)						(1,968)			
	62,384		62,384		_		562,075	562,075		_
	5,700		5,718	¥	17		51,357	51,519	\$	161
	230,844		230,844		_		2,079,871	2,079,871		_
	60		974		913		549	8,783		8,233
	13,801		13,801		_		124,352	124,352		_
¥	489,607	¥	490,539	¥	931	\$	4,411,275	\$ 4,419,671	\$	8,395
¥	57,967	¥	57,967		_	\$	522,274	\$ 522,274		_
	86,156		86,156		_		776,253	776,253		_
	231,065		231,065		_		2,081,857	2,081,857		_
	75,000		75,000		_		675,736	675,736		_
	733,916		772,387	¥.	38,470		6,612,459	6,959,072	\$3	46,613
1	,188,866	1	,217,104		28,237	-	10,711,476	10,965,895	2	54,419
¥2	2,372,972	¥2	2,439,681	¥	66,708	\$2	21,380,058	\$21,981,091	\$6	01,032
	¥ ¥	¥ 176,814 62,603 (218) 62,384 5,700 230,844 60 13,801 ¥ 489,607 ¥ 57,967 86,156 231,065 75,000 733,916 1,188,866	Value ¥ 176,814 ¥ 62,603 (218) 62,384 5,700 230,844 60 13,801 ¥ 489,607 ¥ \$ 57,967 ¥ 86,156 231,065 75,000 733,916 1,188,866 1	Value Fair Value ¥ 176,814 ¥ 176,814 62,603 (218) 62,384 62,384 5,700 5,718 230,844 230,844 60 974 13,801 13,801 ¥ 489,607 ¥ 490,539 ¥ 57,967 ¥ 57,967 86,156 86,156 231,065 231,065 75,000 75,000 733,916 772,387 1,188,866 1,217,104	Carrying Value Estimated Fair Value Down of Fair Value ¥ 176,814 ¥ 176,814 62,603 (218) 62,384 62,384 62,384 5,700 5,718 ¥ 230,844 230,844 60 974 13,801 13,801 ¥ 489,607 ¥ 490,539 ¥ ¥ 57,967 ¥ 57,967 86,156 231,065 231,065 75,000 75,000 733,916 772,387 ¥3 1,188,866 1,217,104 2	Value Fair Value Difference ¥ 176,814 ¥ 176,814 — 62,603 (218) — 62,384 62,384 — 5,700 5,718 ¥ 17 230,844 230,844 — 60 974 913 13,801 13,801 — ¥ 489,607 ¥ 490,539 ¥ 931 ¥ 57,967 ¥ 57,967 — 86,156 86,156 — 231,065 231,065 — 75,000 75,000 — 733,916 772,387 ¥38,470 1,188,866 1,217,104 28,237	Carrying Value Estimated Fair Value Difference ¥ 176,814 ¥ 176,814 — \$ 62,603 (218) 62,384 62,384 — 5,700 5,718 ¥ 17 230,844 230,844 — 60 974 913 13,801 13,801 — ¥ 489,607 ¥ 490,539 ¥ 931 \$ ¥ 57,967 ¥ 57,967 — \$ 86,156 86,156 — 231,065 231,065 — 75,000 75,000 — 733,916 772,387 ¥38,470 1,188,866 1,217,104 28,237	Carrying Value Estimated Fair Value Difference Carrying Value ¥ 176,814 ¥ 176,814 — \$ 1,593,068 62,603 564,044 (218) (1,968) 62,384 62,384 — 562,075 5,700 5,718 ¥ 17 51,357 230,844 230,844 — 2,079,871 60 974 913 549 13,801 13,801 — 124,352 ¥ 489,607 ¥ 490,539 ¥ 931 \$ 4,411,275 ¥ 57,967 — \$ 522,274 86,156 86,156 — 776,253 231,065 231,065 — 2,081,857 75,000 75,000 — 675,736 733,916 772,387 ¥38,470 6,612,459 1,188,866 1,217,104 28,237 10,711,476	Carrying Value Estimated Fair Value Difference Carrying Value Estimated Fair Value ¥ 176,814 ¥ 176,814 — \$ 1,593,068 \$ 1,593,068 62,603 564,044 (218) (1,968) 62,384 62,384 — 562,075 562,075 5,700 5,718 ¥ 17 51,357 51,519 230,844 230,844 — 2,079,871 2,079,871 60 974 913 549 8,783 13,801 13,801 — 124,352 124,352 ¥ 489,607 ¥ 490,539 ¥ 931 \$ 4,411,275 \$ 4,419,671 ¥ 57,967 — \$ 522,274 \$ 522,274 86,156 — 776,253 776,253 231,065 231,065 — 2,081,857 2,081,857 75,000 75,000 — 675,736 675,736 733,916 772,387 ¥38,470 6,612,459 6,959,072 1,188,866 1,217,104 28,237 10,711,476 10,965,895	Carrying Value Estimated Fair Value Difference Carrying Value Estimated Fair Value Fair Value

			· · · · · · · · · · · · · · · · · · ·
			Millions of yen
			2018
	Carrying Value	Estimated Fair Value	Difference
1) Cash on hand and in banks	¥ 287,153	¥ 287,153	_
2) Notes and accounts receivable-trade	44,670		
Allowance for doubtful receivables[*1]	(224)		
	44,445	44,445	_
3) Securities and investment securities			
(i) Held-to-maturity debt securities	7,240	7,245	¥ 5
(ii) Other securities	248,092	248,092	_
(iii) Investments in subsidiaries and affiliates	60	1,444	1,383
4) Equity investments	11,534	11,534	_
Total assets	¥ 598,527	¥ 599,915	¥ 1,388
1) Notes and accounts payable-trade	¥ 61,169	¥ 61,169	_
2) Short-term borrowings	159,090	159,090	_
3) Current portion of long-term borrowings	147,739	147,739	_
4) Current portion of long-term bonds	66,162	66,162	_
5) Long-term bonds	787,661	825,636	¥37,974
6) Long-term borrowings	1,316,232	1,335,031	18,798
Total liabilities	¥2,538,055	¥2,594,828	¥56,773

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

Note A: 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

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 14. "Marketable Securities and Investment Securities."

Equity investments

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

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

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

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 rates in a short period of time, their carrying value approximates fair value. The fair value of long-term borrowings with fixed interest rates is based on the present value of the total of principal and interest discounted by the interest rates to be applied if

Derivatives transactions

Please refer to Note 16. "Derivatives and Hedging Activities."

Note B: Financial instruments for which it is extremely difficult to determine the fair value Note C: Redemption schedule for receivables and marketable securities with maturities

(i) Unlisted stocks [*1] ¥ 28,689 \$ 258,483 373,583 3,365,920 (ii) Equity investments (* (iii) Lease and guarantee deposit receivables (* 114,713 1,033,547 440,058 3,964,849 (iv) Lease and guarantee deposit payables (*4)

	Millions of yen
	2018
(i) Unlisted stocks (*1)	¥ 25,605
(ii) Equity investments [*2]	354,399
(iii) Lease and guarantee deposit receivables [*3]	108,097
(iv) Lease and quarantee deposit payables [*4]	414,390

- [*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.

				Millions of yen			Thous	ands of U.S. dollars
As of March 31, 2019	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	¥176,814	_	_	_	\$1,593,068	_	_	_
Notes and accounts receivable-trade	62,603	_	_	_	564,044	_	_	_
Marketable securities and investment securities:								
Held-to-maturity debt securities								
National and local government bonds	215	¥247	¥105	¥25	1,937	\$2,233	\$ 946	\$225
Corporate bonds	2,200	_	_	_	19,821	_	_	_
Other	2,896	_	_	_	26,095	_	_	_
Other marketable securities with maturities:								
National and local government bonds	_	25	_	_	_	225	_	_
Other	1,013	91	301	_	9,127	823	2,712	_
Total	¥245,742	¥364	¥406	¥25	\$2,214,094	\$3,282	\$3,658	\$225

Millions of yen

As of March 31, 2018	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	¥287,153	_		_
Notes and accounts receivable-trade	44,670	_	_	_
Marketable securities and investment securities:				
Held-to-maturity debt securities				
National and local government bonds	_	¥ 294	¥125	_
Corporate bonds	4,500	2,200	_	_
Other	_	_	_	_
Other marketable securities with maturities:				
National and local government bonds	_	_	_	_
Other	3,623	32	338	_
Total	¥339,947	¥2,526	¥463	_

Note D: The redemption schedule for bonds and long-term bor

Note B. The reactifption	ocificadic for b	onas ana tong	CCITIL DOLLOWING	92								
						Millions of yen					Thousa	nds of U.S. dollars
				Due after						Due after		
		Due after One	Due after Two	Three Years	Due after Four			Due after One	Due after Two	Three Years	Due after Four	
As of March 31,	Due in One	Year through	Years through	through Four	Years through	Due after	Due in One	Year through	Years through	through Four	Years through	Due after
2019	Year or Less	Two Years	Three Years	Years	Five Years	Five Years	Year or Less	Two Years	Three Years	Years	Five Years	Five Years
Corporate bonds	¥ 75,000	¥ 51,550	¥ 65,000	¥ 90,000	¥ 20,000	¥ 507,366	\$ 675,736	\$ 464,456	\$ 585,638	\$ 810,883	\$ 180,196	\$ 4,571,284
Long-term borrowings	231,065	156,905	120,469	63,507	197,164	650,820	2,081,857	1,413,690	1,085,407	572,192	1,776,414	5,863,771
Total	¥306,065	¥208,455	¥185,469	¥153,507	¥217,164	¥1,158,186	\$2,757,594	\$1,878,146	\$1,671,045	\$1,383,076	\$1,956,611	\$10,435,056

As of March 31, 2018	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	¥ 66,162	¥ 75,000	¥ 51,550	¥ 65,000	¥ 90,000	¥ 506,111
Long-term borrowings	147,739	241,163	158,854	110,001	66,702	739,510
Total	¥213,901	¥316,163	¥210,404	¥175,001	¥156,702	¥1,245,622

14 Marketable Securities and Investment Securities

Marketable and investment securities classified as other securities at March 31, 2019 and 2018 are summarized as follows:

		•					
	Millions of yen Thousands of U						
						2019	
	Cost	Fair Value	Unrealized Gain (Loss)	Cost	Fair Value	Unrealized Gain (Loss)	
Securities whose fair value exceeds their cost:							
Equity securities	¥63,722	¥221,237	¥157,514	\$574,130	\$1,993,310	\$1,419,179	
Other	6,976	13,803	6,827	62,852	124,365	61,512	
Subtotal	70,698	235,040	164,342	636,983	2,117,675	1,480,692	
Securities whose cost exceeds their fair value:							
Equity securities	9,417	8,559	(857)	84,850	77,123	(7,726)	
Government bonds	25	25	_	229	229	_	
Corporate bonds	_	_	_	_	_	_	
Other	1,154	1,020	(133)	10,398	9,195	(1,203)	
Subtotal	10,597	9,605	(991)	95,478	86,548	(8,930)	
Total	¥81,295	¥244,646	¥163,350	\$732,461	\$2,204,224	\$1,471,762	

Millions of yen

			2018
	Cost	Fair Value	Unrealized Gain (Loss)
Securities whose fair value exceeds their cost:			
Equity securities	¥74,928	¥242,285	¥167,357
Other	6,491	11,535	5,043
Subtotal	81,420	253,820	172,400
Securities whose cost exceeds their fair value: Equity securities	2,375	2,186	(188)
Equity securities	2,375	2,186	(188
Government bonds			
Corporate bonds	_	_	
Other	3,751	3,619	(132)
		F 00F	
Subtotal	6,126	5,805	(321

Proceeds from sales of securities classified as other securities totaled ¥12,364 million (\$111,400 thousand) and ¥14 million for the years ended March 31, 2019 and 2018, respectively. Gross realized gains were ¥6,072 million (\$54,713 thousand) and ¥8 million for the years ended March 31, 2019 and 2018, respectively.

The Company and its consolidated subsidiaries recognized ¥195 million (\$1,765 thousand) and ¥675 million of impairment loss on investment securities for the years ended March 31, 2019 and 2018, respectively.

Marketable debt securities classified as held-to-maturity securities at March 31, 2019 and 2018 are summarized as follows:

		Millions of yen				
						2019
	Amortized Cost	Fair Value	Unrealized Gain (Loss)	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Debt securities whose fair value exceeds their cost:						
Government bonds	¥ 603	¥ 621	¥18	\$ 5,438	\$ 5,602	\$163
Corporate bonds	_		_			_
Subtotal	603	621	18	5,438	5,602	163
Debt securities whose cost exceeds their fair value:						
Government bonds	_	_	_	_	_	_
Corporate bonds	2,200	2,199	(0)	19,823	19,821	(2)
Other	2,896	2,896	_	26,095	26,095	_
Subtotal	5,096	5,096	(0)	45,919	45,916	(2)
Total	¥5,700	¥5,718	¥17	\$51,357	\$51,519	\$161

			Millions of yen
			2018
	Amortized Cost	Fair Value	Unrealized Gain (Loss)
Debt securities whose fair value exceeds their cost:			
Government bonds	¥ 429	¥ 440	¥10
Corporate bonds	2,504	2,504	0
Subtotal	2,934	2,945	11
Debt securities whose cost exceeds their fair value:			
Government bonds	_	_	_
Corporate bonds	4,207	4,201	(6)
Other	98	98	_
Subtotal	4,306	4,300	(6)
Total	¥7,240	¥7,245	¥ 5

15 Supplemental Cash Flow Information

The following table represents a reconciliation of cash and cash equivalents as of March 31, 2019 and 2018:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Cash on hand and in banks	¥176,814	¥287,153	\$1,593,068
Time deposits with maturities of more than three months	(1,002)	(392)	(9,031)
Marketable securities with maturities of three months or less	3,496	98	31,501
Cash and cash equivalents	¥179,308	¥286,859	\$1,615,538

A breakdown of assets and liabilities at the start of consolidation of Marunouchi Hotel, CO., LTD., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition cost and related payments are presented below.

		Millions of yen Thousands of L				
	2019	2018	2019			
Current assets	¥ 1,049	_	\$ 9,459			
Fixed assets	8,995	_	81,045			
Current liabilities	(551)	_	(4,972)			
Fixed liabilities	(3,920)	_	(35,322)			
Non-controlling interests	(1,285)	_	(11,585)			
Gain on negative goodwill	(2,097)	_	(18,901)			
Acquisition cost	2,189	_	19,723			
Acquisition cost before obtaining control	(1,380)	_	(12,436)			
Loss on step acquisition	487	_	4,392			
Cash and cash equivalents of subsidiary	(881)	_	(7,942)			
Payments for acquisition	¥ 414	_	\$ 3,736			

A breakdown of assets and liabilities at the start of consolidation of Urban Life Co., Ltd., a new subsidiary resulting from the acquisition of shares, along with details regarding the share acquisition cost and related payments are presented below.

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Current assets	¥ 3,473	_	\$ 31,292
Fixed assets	10,945	_	98,619
Goodwill	1,104	_	9,947
Current liabilities	(7,084)	_	(63,827)
Fixed liabilities	(873)	_	(7,868)
Non-controlling interests	(202)	_	(1,820)
Acquisition cost	7,363	_	66,343
Cash and cash equivalents of subsidiary	(2,372)	_	(21,380)
Payments for acquisition	¥ 4,990	_	\$ 44,963

The value of assets and liabilities for other companies that were newly consolidated as result of the acquisition of shares is immaterial, and has therefore been omitted.

Disclosure for the year ended March 31, 2018 is omitted due to immateriality.

16 Derivatives and Hedging Activities

(1) Currency related transactions

				Millions of yen		Thousands	of U.S. dollars
							2019
Class of transactions	Subject to hedge accounting	Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
Currency swap contracts by allocation method Payment in JPY and receipt in USD	Corporate bonds and Long-term borrowings						
Payment in JPY and receipt in EUR		¥15,718	¥15,718	¥(15)	\$141,624	\$141,624	\$(137)
Total		¥15,718	¥15,718	¥(15)	\$141,624	\$141,624	\$(137)
				Millions of yen			
				2018			
Class of transactions	Subject to hedge accounting	Notional Amount	Due after One Year	Fair Value			
Currency swap contracts by allocation method Payment in JPY and receipt in USD	Corporate bonds and Long-term borrowings	¥14,463	¥14,463	¥(666)			
Total		¥14,463	¥14,463	¥(666)			

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

(2) Interest related transactions

				Millions of yen		Thousands	of U.S. dollars
							2019
Class of transactions	Subject to hedge 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	Long-term borrowings	¥ 70,703	¥ 70,551	¥86	\$ 637,025	\$ 635,656	\$777
Interest rate swap contracts by short-cut method Fixed rate payment and floating rate receipt	Long-term borrowings	249,366	171,785	[*]	2,246,742	1,547,753	(*)
Total		¥320,069	¥242,336	¥86	\$2,883,768		\$777
				Millions of yen			
		-		2018	=		
Class of transactions	Subject to hedge accounting	Notional Amount	Due after One Year	Fair Value	-		
Interest rate swap contracts Fixed rate payment and floating rate receipt	Long-term borrowings	¥ 68,614	¥ 68,614	¥679	-		
Interest rate swap contracts by short-cut method	Long-term borrowings	264622	2.40.07.4	(4)	-		
Fixed rate payment and floating rate receipt		264,628	248,954	(*)			
Total		¥333,242	¥317,568	¥679	_		

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 since amounts in such derivative contracts accounted for by the short-cut method are handled together with long-term borrowings (including current portion of long-term borrowings) that are subject to hedge accounting.

(3) Interest and currency related transaction

				Millions of yen		Thousand	ds of U.S. dollars
							2019
Class of transactions	Subject to hedge accounting	Notional Amount	Due after One Year	Fair Value	Notional Amount	Due after One Year	Fair Value
Interest rate and currency swap contracts by short-cut method and allocation method	Long-term borrowings						
Payment in JPY and receipt in USD Fixed rate payment and floating rate receipt		¥49,400	¥49,400	¥(4,893)	\$445,088	\$445,088	\$(44,089)
Total		¥49,400	¥49,400	¥(4,893)	\$445,088	\$445,088	\$(44,089)
				Millions of yen			
				2018			
Class of transactions	Subject to hedge accounting	Notional Amount	Due after One Year	Fair Value			
Interest rate and currency swap contracts by short-cut method and allocation method Payment in JPY and receipt in USD	Long-term borrowings	V.10.100	V.10. 100	V/6 0 40\			
Fixed rate payment and floating rate receipt		¥49,400	¥49,400	¥(6,940)			
Total		¥49,400	¥49,400	¥(6,940)			

17 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 the following segments: (1) Office Building Business; (2) Lifestyle Property Business; (3) Residential Business; (4) International Business;

(5) Investment Management Business; (6) Hotel and Airport Business; (7) Architectural Design and Engineering Business; (8) Real Estate Services Business; and (9) Other businesses.

Due to partial changes in the organization of the Company, the Company changed the segment classification from the year ended March 31, 2019. The hotel development business, which had been included in the lifestyle property business segment until the previous fiscal year, the hotel operation business, which had been included in the hotel business segment until the previous fiscal year, and the resort hotel development business, airport operation business, etc., which had been under evaluation as potential new businesses, were transferred into the newly established Hotel and Airport Business segment.

Segment information for the year ended March 31, 2018 has been restated to reflect these changes.

The reportable segment information of the Company and its consolidated subsidiaries for the years ended March 31, 2019 and 2018 are summarized as follows:

sullillalized as													Millions of yer
													2019
				Rej	oortable segmen	its	A of Source of						
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Revenue, operating income and assets by reportable segment Revenue from:	V		V			V =							
External customers Intersegment or	¥ 519,141	¥104,209	¥418,967	¥ 80,874	¥47,701	¥41,763	¥16,969		¥1,262,055		¥1,263,283		¥1,263,283
transfers	10,553	1,973	1,438	969	1,886	2,408	7,702	1,158	28,091	6,878	34,969	¥ (34,969)	1 262 202
Total revenue	529,695	106,182 32,560	420,405	81,844 26,927	49,588	44,171 2,371	24,671	33,586 2,603	1,290,146	8,106 (196)	1,298,252	(34,969)	1,263,283
Segment income (loss)	147,691		30,428		9,231				253,835		253,638		
Segment assets	¥3,551,450	¥520,707	¥665,788	¥692,325	¥68,977	¥71,175	¥27,992	¥28,739	¥5,627,156	¥13,408	¥5,640,565	¥133,628	¥5,774,193
Other items Depreciation and amortization	50,283	14,303	3,432	5,587	2,987	2,054	253	499	79,401	53	79,455	880	80,336
Capital expenditures	¥ 117,167	¥ 37,480	¥ 41,568	¥ 76,412	¥11,346	¥14,464	¥ 573	¥ 1,051	¥ 300,065	¥ 762	¥ 300,827	¥ 11,497	¥ 312,324
		,			111,010	,		,				,	ds of U.S. dollar
													2019
				Rep	oortable segmen	its							
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other		Eliminations or Corporate	
Revenue, operating income and assets by reportable segment Revenue from:			*******	A =00.000		****	****	*****	***			•	
External customers	\$ 4,677,368	\$ 938,905	\$3,774,822	\$ 728,666	\$429,782	\$376,279	\$152,890	\$292,175	\$11,370,890	\$ 11,066	\$11,381,956		\$11,381,956
Intersegment or transfers	95,088	17,778	12,958	8,739	16,997	21,698	69,398	10,436	253,095	61,973	315,068	,,	_
Total revenue	4,772,457	956,683	3,787,780	737,405	446,779	397,977	222,289	302,611	11,623,985	73,039	11,697,025	(315,068)	11,381,956
Segment income (loss)	1,330,676	293,361	274,153	242,607	83,170	21,370	18,213	23,454	2,287,008	(1,770)	2,285,237	(220,378)	2,064,858
Segment assets	\$31,997,931	\$4,691,483	\$5,998,633	\$6,237,725	\$621,474	\$641,282	\$252,204	\$258,939	\$50,699,675	\$120,805	\$50,820,480	\$1,203,965	\$52,024,445
Other items Depreciation and amortization	453,048	128,871	30,922	50,346	26,917	18,508	2,282	4,497	715,395	484	715,880	7,933	723,813
Capital expenditures	\$ 1,055,655	\$ 337,696	\$ 374,520	\$ 688,463	\$102,234	\$130,324	\$ 5,166		\$ 2,703,534		\$ 2,710,404	\$ 103,587	
		. ,			· · · · · · · · · · · · · · · · · · ·								Millions of ye
													2018
				Ke	portable segmen	its	A . I % I						
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business		Other	Total	Eliminations or Corporate	Consolidate
Revenue, operating income and assets by reportable segment Revenue from:													
External customers Intersegment or	¥ 497,909	¥ 95,799	¥408,032	¥ 87,311	¥ 21,963	¥40,579	¥13,900	¥25,038	¥1,190,534	¥ 3,515	¥1,194,049		¥1,194,049
transfers	8,252	2,121	2,566	(386)	702	458	7,712	546	21,972	5,023	26,996	¥ (26,996)	_
Total revenue	506,161	97,920	410,598	86,925	22,665	41,038	21,613	25,584	1,212,507	8,538	1,221,046	(26,996)	1,194,049
Segment income (loss)	147,243	28,079	23,860	24,147	4,596	3,136	1,724	1,518	234,306	1,784	236,091	(23,043)	213,042
Segment assets	¥3,518,735	¥503,496	¥626,596	¥697,478	¥111,974	¥43,834	¥27,048	¥22,427	¥5,551,591	¥12,993	¥5,564,585	¥236,864	¥5,801,450
Other items Depreciation and amortization	48,170	13,569	2,906	6,687	3,837	1,584	122	347	77,224	49	77,273	271	77,54
Capital expenditures	¥ 127,877	¥ 31,951	¥ 24,085	¥ 90,423	¥ 13,691	¥11,528	¥ 481	¥ 320	¥ 300,360	¥ 451	¥ 300,812	¥ 4,021	¥ 304.833
oupital expellultures	т 12/,0//	+ 31,931	± 24,000	± 50,423	+ 13,091	±11,320	T 401	Ŧ 32U	+ 300,360	T 431	+ 300,012	T 4,021	т э04,0ээ

The "Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and relevant guidances have been applied from the year ended March 31, 2019, and segment information for the year ended March 31, 2018 reflects retrospective application of these accounting standards.

Impairment losses of the Company and its consolidated subsidiaries on fixed assets by reportable segments for the years ended March 31, 2019 and 2018 are summarized as follows

Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

													Millions of yen
													2018
				Rep	ortable segmen	its							
	Office Building Business	Lifestyle Property Business	Residential Business	International I Business	Investment Management Business	Hotel and	Architectural Design and Engineering Business	Real Estate Service Business	Subtotal	Other		Eliminations or Corporate (Consolidated
Impairment loss	_	¥1,972	¥186	¥2,273	¥941	¥13			¥5,388	¥120	¥5,508		¥5,508

The following tables present the amortization and balance of goodwill as of and for the years ended March 31, 2019 and 2018 by reportable

segment:													
													Millions of yen
				Rei	oortable segmen	ts							2019
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment		Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	¥ 409	¥ 69	¥ 303	¥ 64	¥1,983	_	_	¥ 451	¥ 3,282	_	¥ 3,282	_	¥ 3,282
Balance of goodwill	_	_	¥4,834	¥208	¥9,180	_	_	¥5,570	¥ 19,794	_	¥ 19,794	_	¥ 19,794
Amortization of negative goodwill	_	_	_	_	_	_	_	_	_	_	_	_	_
Balance of negative goodwill	¥99,466	¥12,751	_	_	_	_	_	_	¥112,217	_	¥112,217	_	¥112,217
												Thousan	ds of U.S. dollars
													2019
	-			Rep	oortable segmen	İS							
	Office Building Business	Lifestyle Property Business	Residential Business	International Business	Investment Management Business	Hotel and Airport Business	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	\$ 3,689	\$ 627	\$ 2,734	\$ 583	\$17,867	_	_	\$ 4,069	\$ 29,571	_	\$ 29,571	_	\$ 29,571
Balance of goodwill	_	_	\$43,561	\$1,879	\$82,714	_	_	\$50,186	\$ 178,341	_	\$ 178,341	_	\$ 178,341
Amortization of negative goodwill	_	_	_	_	_	_	_	_	_	_	_	_	_
Balance of negative goodwill	\$896,174	\$114,886	_	_	_	_	_	_	\$1,011,061	_	\$1,011,061	_	\$1,011,061

•						Rep	ortable segmen	ts						-	
	Bu	Office ilding siness	Pro	estyle operty siness	Residential Business	International Business	Investment Management Business	Hotel and	Architectural Design and Engineering Business	Real Estate Services Business	Subtotal	Other	Total	Eliminations or Corporate	Consolidated
Amortization of goodwill	¥	409	¥	69	¥3,030	¥ 60	¥ 1,990	_	_	_	¥ 5,561	_	¥ 5,561	_	¥ 5,561
Balance of goodwill		_		_	¥4,034	¥268	¥11,442		_	_	¥ 15,745	_	¥ 15,745		¥ 15,745
Amortization of negative goodwill		_		_	_	_	_	_	_	_	_	_	_	_	_
Balance of negative goodwill	¥99	9,056	¥12	2,681	_	_					¥111,738	_	¥111,738		¥111,738

Gain on Negative Goodwill

Disclosure for the year ended March 31, 2019 is omitted due to immateriality.

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 statements of income and property and equipment on the consolidated balance sheets, 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 statements of income. Accordingly, major customer information has been omitted.

18 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, etc.) 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 carrying value on the consolidated balance sheet as of March 31, 2019 and the fair value of these rental properties and real estate including space used as rental properties are as follows:

				Millions of yen			Thous	ands of U.S. dollars
								2019
			Carrying value	Fair value			Carrying value	Fair value
	As of April 1, 2018	Net Change	As of March 31, 2019	As of March 31, 2019	As of April 1, 2018	Net Change	As of March 31, 2019	As of March 31, 2019
Rental properties	¥3,480,147	¥ (71,408)	¥3,408,738	¥6,953,534	\$31,355,503	\$ (643,377)	\$30,712,126	\$62,650,095
Real estate including space used as rental properties	480,436	153,547	633,983	987,600	4,328,649	1,383,431	5,712,081	8,898,101

- 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 carrying value on the consolidated balance sheet as of March 31, 2018 and the fair value of these rental properties and real estate including space used as rental properties are as follows:

				Millions of yen
				2018
			Carrying value	Fair value
	As of April 1, 2017	Net Change	As of March 31, 2018	As of March 31, 2018
Rental properties	¥3,644,937	¥(164,790)	¥3,480,147	¥6,768,625
Real estate including space used as rental properties	183,523	296,913	480,436	614,790

- 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 years ended March 31, 2019 and 2018 are as follows:

							M	lillions of yen			Thousands o	f U.S. dollars
				2019				2018				2019
	Lease income ^(*)	Lease cost	Lease income (loss), net	Other, net	Lease income ^(*)	Lease cost	Lease income (loss), net	Other, net	Lease income(*)	Lease cost	Lease income (loss), net	Other, net
Rental properties	¥448,676	¥283,816	¥164,860	¥(7,917)	¥439,592	¥275,749	¥163,843	¥(4,745)	\$4,042,497	\$2,557,134	\$1,485,363	\$(71,335)
Real estate including space used as rental properties	40,830	30,825	10,005	(406)	21,419	16,872	4,546	(362)	367,874	277,729	90,144	(3,665)

(*) Lease income excludes that 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.

19 Asset Retirement Obligations

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

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 0.0% and 2.3%.

3. Changes in asset retirement obligations during the years ended March 31, 2019 and 2018 are as follows:

		Millions of yen	Thousands of U.S. dollars
	2019	2018	2019
Balance at the beginning of the year	¥3,355	¥2,936	\$30,231
Increase due to the acquisition of property and equipment	2,814	58	25,356
Adjustments due to the elapse of time	66	62	596
Decrease due to the fulfillment of asset retirement obligations	(48)	(43)	(439)
Other	(328)	341	(2,955)
Balance at the end of the year	¥5,859	¥3,355	\$52,789

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

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

- 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 distinquish 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, 2019, 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.
- 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, 2019, these obligations are excluded from recognition of asset retirement obligations since the probability of the obligations in terms of scope and amount could not be reasonably estimated.

20 Related Party Transactions

The Company has related party transactions with key management personnel of the Company and major individual shareholders.

The corresponding balances as of March 31, 2019 and 2018 and the amounts of these transactions for the years then ended are summarized as follows:

s of U.S. dollars	Ihousands		Millions of yen								
2019											
Balance outstanding at year end	Account	Transaction amount	Balance outstanding at year end	Account	Transaction amount	Nature of transaction	Relationship with the related party	Ownership ratio of voting shares	Occupation	Name	Туре
							Contract for		Representative		
	Advances and			Advances and		Construction	construction of housing and		Executive Officer of the	Junichi	
							~				
\$207	deposits	_	¥23	deposits	_	of housing	other	0.00%	Company	Tanisawa	Director
\$20/	deposits		¥23	deposits		of housing	other	0.00%	Company	Ianisawa	Director

- 1. Balance outstanding at year end includes consumption tax.
- Transaction terms are determined in consideration with market prices, the same as general transactions.

								Millions of yen
								2018
Туре	Name	Occupation	Ownership ratio of voting shares	Relationship with the related party	Nature of transaction	Transaction amount	Account	Balance outstanding at year end

21 Other Comprehensive Income

The following table presents reclassification and tax effects allocated to each component of other comprehensive income for the years ended March 31, 2019 and 2018:

	Millions of yen		Thousands of U.S. dollars	
	2019	2018	2019	
Unrealized holding gain (loss) on securities:				
Amount arising during the year	¥ (2,748)	¥17,604	\$ (24,765)	
Reclassification adjustments for gains and losses included in net income	(6,001)	_	(54,069)	
Amount before tax effects	(8,749)	17,604	(78,834)	
Tax effects	2,412	(5,459)	21,731	
Unrealized holding gain (loss) on securities	(6,337)	12,144	(57,103)	
Deferred gain (loss) on hedging instruments:				
Amount arising during the year	(181)	528	(1,637)	
Reclassification adjustments for gains and losses included in net income	(398)	(6)	(3,588)	
Amount before tax effects	(579)	521	(5,225)	
Tax effects	195	(155)	1,762	
Deferred gain (loss) on hedging instruments	(384)	365	(3,462)	
Land revaluation reserve:				
Tax effects	_	4	_	
Foreign currency translation adjustments:				
Amount arising during the year	(17,484)	310	(157,534)	
Amount before tax effects	(17,484)	310	(157,534)	
Tax effects	77	(214)	700	
Foreign currency translation adjustments	(17,407)	95	(156,834)	
Retirement benefits liability adjustments:				
Amount arising during the year	11	958	101	
Reclassification adjustments for gains and losses included in net income	1,206	2,906	10,872	
Amount before tax effects	1,218	3,864	10,974	
Tax effects	(378)	(1,119)	(3,411)	
Retirement benefits liability adjustments	839	2,744	7,563	
Share of other comprehensive income of companies accounted for by the equity method:				
Amount arising during the year	(913)	355	(8,226)	
Total other comprehensive income (loss)	¥(24,202)	¥15,711	\$(218,062)	

22 Business Combinations

1. Acquisitions

Consolidation of Marunouchi Hotel, CO., LTD.

- (1) Outline of business combination
- i. Name and business of acquired entity Name: Marunouchi Hotel, CO., LTD. Business: Management of Marunouchi Hotel
- ii. Objective of acquisition

To pursue further growth of the hotel business and improvement of the added value in the Marunouchi area through strengthening collaboration by purchasing the common stocks through a tender offer of Marunouchi Hotel, CO., LTD., which was an equity method affiliate of the Company.

- iii. Date of acquisition April 27, 2018
- iv. Legal form of acquisition Purchase of common stocks
- v. Name of acquired entity subsequent to acquisition Marunouchi Hotel, CO., LTD.
- vi. Change in voting rights ratio Before the acquisition: 31.38% After the acquisition: 76.93%
- vii. Determination of acquirer

As a result of the purchase of the common stocks, the Company obtained the substantial control of Marunouchi Hotel, CO., LTD.

- (2) Period for which operating results of acquiree were included in consolidated financial statements of the Company From April 1, 2018 to March 31, 2019
- (3) Consideration transferred for the acquisition

	Millions of yen	Thousands of U.S. dollars
Fair value of common stocks already held before the acquisition date	¥ 892	\$ 8,044
Cash on hand and in banks	1,296	11,678
Acquisition cost	¥2,189	\$19,723

- (4) Major acquisition related cost Omitted due to immateriality
- (5) Loss on step acquisitions due to difference between acquisition cost and total amount of acquisition cost for each transaction during acquisition ¥487 million (\$4,392 thousand)
- (6) Amount of negative goodwill recorded and its cause
 - i. Amount: ¥2,097 million (\$18,901 thousand)
- ii. Cause: The consideration transferred was less than the fair value of the net assets acquired.
- (7) Assets acquired and liabilities assumed at the acquisition date

	Millions of yen	U.S. dollars
Current assets	¥ 1,049	\$ 9,459
Fixed assets	8,995	81,045
Total assets	¥10,045	\$90,505
	Millions of yen	Thousands of U.S. dollars
Current liabilities	¥ 551	\$ 4,972
Fixed liabilities	3,920	35,322
	0,0-0	00,0

Consolidation of Urban Life Co., Ltd.

- (1) Outline of business combination
- i. Name and business of acquired entity

Name: Urban Life Co., Ltd.

Business: Planning of mid-to-high-rise apartments, buildings, and stores, development, sales, and leasing of buildings, renting of stores, and management of parking lots, etc.

ii. Objective of acquisition

The purchase of the common stocks of the acquiree through a tender offer is expected to early establish and strengthen housing value chain for satisfying clients over their lifetimes in $% \left(1\right) =\left(1\right) \left(1\right)$ responding to diversifying needs such as remodeling, secondhand house distribution, etc. in the Kansai area.

- iii. Date of acquisition September 10, 2018
- iv. Legal form of acquisition

Purchase of common stocks

- v. Name of acquired entity subsequent to acquisition Urban Life Co., Ltd.
- vi. Change in voting rights ratio Before the acquisition: 0% After the acquisition: 96.89%
- vii. Determination of acquirer

As a result of the purchase of the common stocks, the Company obtained the substantial control of Urban Life Co., Ltd.

- (2) Period for which operating results of acquiree were included in consolidated financial statements of the Company As the deemed acquisition date is set to September 30, 2018, business results from October 1, 2018 to March 31, 2019 are included into a consolidated statement of income in current consolidated fiscal year.
- (3) Consideration transferred for the acquisition

	Millions of yen	Thousands of U.S. dollars
ash on hand and in banks	¥7,363	\$66,343
cquisition cost	¥7,363	\$66,343

- (4) Major acquisition related cost Omitted due to immateriality
- (5) Amount of goodwill recorded and its cause
 - i. Amount: ¥1,104 million (\$9,947 thousand)
- ii. Cause: The consideration transferred was more than the fair value of the net assets acquired.
- iii. Amortization method and period: Straight line method
- (6) Assets acquired and liabilities assumed at the acquisition date

	Millions of yen	U.S. dollars
Current assets	¥ 3,473	\$ 31,292
Fixed assets	10,945	98,619
Total assets	¥14,418	\$129,911
	Millions of yen	Thousands of U.S. dollars
Current liabilities	¥7,084	\$63,827
Fixed liabilities	873	7,868
Total liabilities	¥7,957	\$71,695

[7] Pro forma impact on consolidated statement of income assuming the business combination was completed at the beginning of the fiscal vear

Omitted due to immateriality. The pro forma impact was not subject to audit certification.

23 Significant Subsequent Events

Purchase of treasury stock

The Company resolved at the meeting of its Board of Directors held on May 14, 2019 on matters regarding the purchase of treasury stock, based on the provisions of Article 156 of the Companies Act, as applied by replacing the relevant terms pursuant to the provisions of Article 165, paragraph 3 of the same Act, as follows:

- (1) Reason for purchase of treasury stock To increase capital efficiency and shareholder return
- (2) Details of matters regarding the purchase
- i. Type of shares subject to purchase Common stock
- ii. Total number of shares to be purchased
- 65,000,000 shares (maximum) (4.68% of total issued shares excluding treasury stock)
- iii. Total amount for share purchase ¥100,000 million (maximum)
- iv. Purchase period
- May 15, 2019 to March 31, 2020
- v. Method of purchase
- Open-market purchase on the Tokyo Stock Exchange
- (3) Status of the purchase (up to May 31, 2019 (trade date basis))
 - i. Type of purchased shares
 - Common stock
- ii. Total number of purchased shares
- 3,093,400 shares
- iii. Total amount for share purchase
 - ¥6,407 million
- iv. Method of purchase
- Open-market purchase on the Tokyo Stock Exchange

Independent Auditor's Report



Ernst & Young ShinNihon LLC Hibiya Mitsui Tower, Tokyo Midtown Hibiya 1-1-2 Yurakucho, Chivoda-ku Tokyo 100-0006, Japan

Tel: +81 3 3503 1720 Fax: +81 3 3503 1828

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, 2019, 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

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, 2019, 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 2.

Ernst & young Shinnihon LLC

June 27, 2019 Tokyo, Japan

A member firm of Ernst & Young Global Limited

Principal Mitsubishi Estate Group Companies

■Consolidated subsidiary □ Affiliate accounted for by the equity method

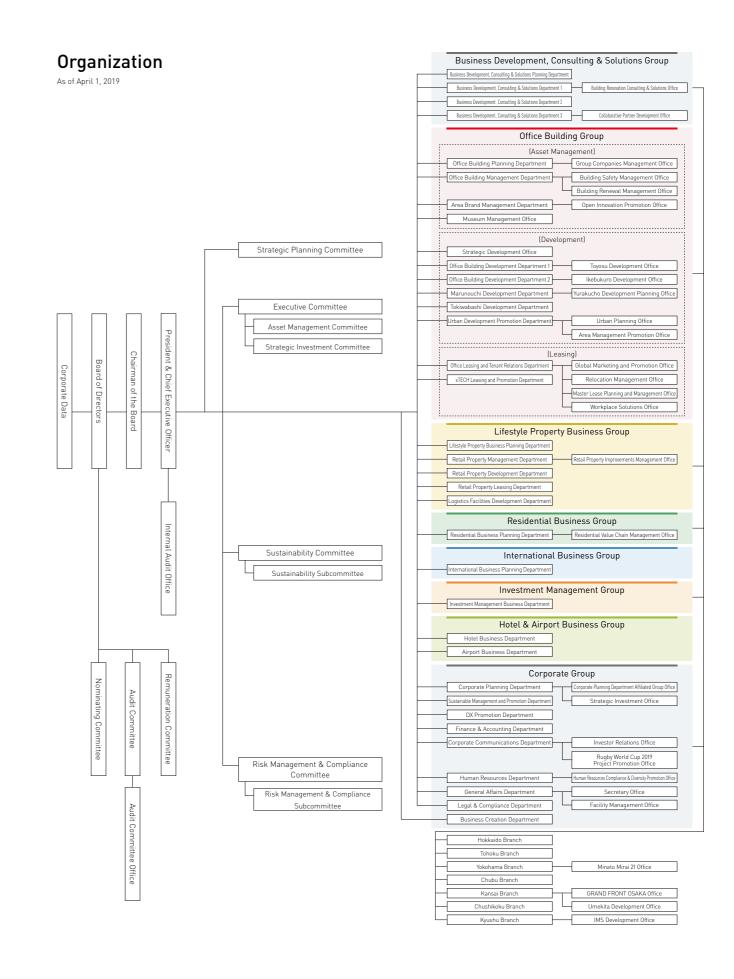
Office Building Business	Address	Phone	Business activities	voting rights (%)
Building Management Business				
Mitsubishi Jisho Property Management Co., Ltd.	Marunouchi Nakadori Building, 2-3, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3287-4111	Comprehensive building operation and management	100.0
Hokuryo City Service Co., Ltd.	Hokkaido Building, 4-1, Kita 2-jou Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002	+81-11-242-7411	Management and operation of buildings, commercial facilities, and sporting facilities	100.0
Yuden Building Kanri Co., Ltd.	Yurakucho Denki Building, 7-1, Yurakucho 1-chome, Chiyoda-ku, Tokyo 100-0006	+81-3-3211-7833	Operation and management of the Yurakucho Denki Building	62.
Nan Shan Plaza Property Management Co., Ltd. [Outside the scope of consolidation]	100-7, Songren Road, Xinyi District, Taipei, 11073, Taiwan	+886-2-2723-8009	Property management of Nanshan Plaza	70.0
Building Leasing Business				
Sunshine City Corporation	World Import Mart Building, Sunshine City, 1-1, Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-8630	+81-3-3989-3321	Management of Sunshine City and other buildings	63.2
Tokyo Kotsu Kaikan Co., Ltd.	Tokyo Kotsu Kaikan, 10-1, Yurakucho 2-chome, Chiyoda-ku, Tokyo 100-0006	+81-3-3212-2931	Management of Tokyo Kotsu Kaikan and other buildings	50.0
Parking Business				
Tokyo Garage Co., Ltd.	Sanno Grand Building, 14-2, Nagatacho 2-chome, Chiyoda-ku, Tokyo 100-0014	+81-3-3504-0610	Operation and management of building garages and sale of various gasoline products	54.9
District Heating and Cooling Busin	ess			
Marunouchi Heat Supply Co., Ltd.	Marunouchi Kitaguchi Building, 6-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+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 Higashi-Ikebukuro 3-chome, Toshima-ku, Tokyo 170-8630	+81-3-3988-6771	Cooling and heating supply business in the Higashi-Ikebukuro district	68.0
□ O.A.P. D.H.C. Supply Co., Ltd.	OAP Tower, 8-30, Tenmabashi 1-chome, Kita-ku, Osaka, Osaka Prefecture 530-6004		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-ku, Yokohama, Kanagawa Prefecture 231-0062	+81-45-221-0321	Cooling and heating supply business in the Yokohama Minato Mirai district	29.6
Others				
Marunouchi Direct Access Limited	Shin Kokusai Building, 4-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3214-4881	Dark fiber leasing and data center housing businesses in the Marunouchi and Otemachi districts	51.0
Lifestyle Property Business				
Mitsubishi Jisho Retail Management Co., Ltd.	7-1, Daiba 1-chome, Minato-ku, Tokyo 135-8707	+81-3-5579-6671	Operation and management of commercial facilities	100.0
Mitsubishi Estate-Simon Co., Ltd.	Otemachi Financial City South Tower, 9-7, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3275-5252	Development and operation of PREMIUM OUTLETS® malls	60.0
Yokohama Sky Building Co., Ltd.	19-12, Takashima 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture 220-0011	+81-45-441-1221	Leasing of the Sky Building and other properties	54.4
Tokyo Ryutsu Center Inc.	1-1, Heiwajima 6-chome, Ota-ku, Tokyo 143-0006	+81-3-3767-2111	Leasing and operating management of logistics and office buildings	58.2
Residential Business				
Residential Development and Sales	s Business			
Mitsubishi Estate Residence Co., Ltd.	Otemachi Financial City Grand Cube 9-2, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8189	+81-3-6281-8000	Real estate development, sales, leasing, and management	100.0
Custom-Built Housing				
Mitsubishi Estate Home Co., Ltd.	Kokusai-Shin-Akasaka Building Higashi-kan, 14-27, Akasaka 2-chome, Minato-ku, Tokyo 107-0052	+81-3-6887-8200	Design and construction of single-unit homes and housing complexes, renovation of homes and retail shops	
■ Mitsubishi Estate Housing Components Co., Ltd.	228-4, Shinminato, Mihama-ku, Chiba, Chiba Prefecture 261-0002	+81-43-242-9031	Manufacture, processing, and sale of construction materials	91.
□ Prime Truss Co., Ltd.	15-12, Kiba 2-chome, Koto-ku, Tokyo 135-0042	+81-3-3643-3310	Manufacture and sale of housing construction materials	20.0
Residence Management Business				
Mitsubishi Jisho Community Holdings Co., Ltd.	6-1, Sanban-cho, Chiyoda-ku, Tokyo 102-0075	+81-3-3556-3888	Business management and operations related to the condominium management business	71.
Mitsubishi Jisho Community Co., Ltd.	6-1, Sanban-cho, Chiyoda-ku, Tokyo 102-0075	+81-3-5213-6100	Overall condominium and building management, renovations, and related businesses	100
Izumi Park Town Service Co., Ltd.	7-2, Takamori, Izumi-ku, Sendai, Miyagi Prefecture 981-3203	+81-22-378-0022	Comprehensive management of Izumi Park Town	100
Recreational Facilities				
MEC Urban Resort Tohoku Co., Ltd.	1-1, Akedori 1-chome, Izumi-ku, Sendai, Miyagi Prefecture 981-3206	+81-22-377-3136	Operation and management of Izumi Park Town Golf Club and other properties	100.0
Higashinihon Kaihatsu Co., Ltd.	1442-23, Yosawa Oyamacho, Sunto-gun, Shizuoka Prefecture 410-1326	+81-550-78-3211	Management of the Higashi Fuji Country Club, Fuji International Golf Club, and other properties	
☐ Sakura Golf Development Co., Ltd.	670 Soshiyama, Uchida, Sakura, Chiba Prefecture 285-0077	+81-43-498-6630	Management of Asakura Golf Club	49.0

				Share of voting
	Address	Phone	Business activities	rights (%)
Others				
■ MEC Eco LIFE Co., Ltd.	5F Shinko Building, 6-8, Kanda-Ogawamachi 3-chome, Chiyoda-ku, Tokyo 101-0052	+81-3-3518-8461	Investigations, analyses, research, and proposals regarding ecological lifestyles	100.0
■ Mitsubishi Jisho House Net Co., Ltd.	Shinjuku Front Tower, 21-1, Kita-Shinjuku 2-chome, Shinjuku-ku, Tokyo 169-0074	+81-3-6908-5560	Purchase, sales, and leasing brokerage of homes for individuals, leasing management	100.0
■ URBAN LIFE Co., Ltd.	6-26, Motoyamaminamimachi, 8-chome, Higashinada-ku, Kobe, Hyogo Prefecture 658-0015	+81-78-452-0668	Purchase, brokerage, and leasing management of buildings and land	100.0
■ URBAN LIFE JUUTAKUHANBAI Co., Ltd.	Higashinada-ku, Kobe, Hyogo Prefecture 658-0015	+81-78-414-6211	Purchase, brokerage, and leasing management of buildings and land	100.0
Ryoei Life Service Co., Ltd.	Royal Life Okusawa, 33-13, Okusawa 3-chome, Setagaya-ku, Tokyo 158-0083	+81-3-3748-2650	Operation and management of commercial nursing homes	100.0
International Business				
Rockefeller Group, Inc.	1221 Avenue of the Americas, New York, New York 10020, U.S.A.	+1-212-282-2000	Real estate operations	100.0
Mitsubishi Estate New York Inc.	1221 Avenue of the Americas, New York, New York 10020, U.S.A.	+1-212-698-2200	Real estate operations in the United States	100.0
■ Mitsubishi Estate London Limited	5 Golden Square, London, W1F 9HT, U.K.		Real estate operations in Europe	100.0
Mitsubishi Estate Asia Pte. Ltd.	138 Market Street, #27-03 CapitaGreen, Singapore 048946	+65-6576-5790	Real estate operations in Asia	100.0
Mitsubishi Estate (Shanghai) Ltd.*	1805 Room Raffles City, 268 Xizang Middle Road, Shanghai 200001, P.R.C.		Real estate business in China	100.0
Mitsubishi Estate Taiwan Ltd.*	100-6, Songren Road, Xinyi District, Taipei, 11073, Taiwan	+886-2-8780-3003	Real estate business in Taiwan	100.0
* Outside the scope of consolidation				
Investment Management Business				
Mitsubishi Jisho Investment Advisors, Inc.	Marunouchi North Exit Building, 6-5, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005	+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.	Otemachi Park Building, 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3211-7921	Investment corporation asset management	90.0
■ TA Realty LLC	28 State Street, Boston, MA 02109, U.S.A.	+1-617-476-2700	Investment management business in the United States	70.0
■ Europa Capital LLP	15 Sloane Square, London SW1W 8ER, U.K.	+44-20-7881-6800	Investment management business in Europe	85.0
Pan Asia Realty Advisors (Singapore) Pte. Ltd.	80 Raffles Place, #18-01, UOB PLAZA 1, Singapore 048624	+65-6416-7888	Investment management business in Asia and Oceania	77.8
Hotel & Airport Business				
Royal Park Hotels and Resorts Co., Ltd.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3211-6180	Comprehensive supervision and management of hotel business	100.0
■ Yokohama Royal Park Hotel Co., Ltd.	Yokohama Landmark Tower, 2-1-3, Minato Mirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture 220-8173	+81-45-221-1111	Operation of Yokohama Royal Park Hotel	100.0
■ Tohoku Royal Park Hotel Co., Ltd.	2-1, Teraoka 6-chome, Izumi-ku, Sendai, Miyagi Prefecture 981-3204	+81-22-377-1111	Operation of Sendai Royal Park Hotel	100.0
Royal Park Hotel Co., Ltd.	1-1, Kakigaracho 2-chome, Nihonbashi, Chuo-ku, Tokyo 103-8520	+81-3-3667-1111	Management and operation of Royal Park Hotel	55.7
Marunouchi Hotel Co., Ltd.	6-3, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005		Management and operation of the Marunouchi Hotel	76.9
Takamatsu Airport Co., Ltd.*	1312-7, Oka, Konan-cho, Takamatsu, Kagawa Prefecture 761-1401		Management and operation of Takamatsu Airport	73.1
Shimojishima Airport Management Co., Ltd.*	1727, Irabusawada, Miyakojima, Okinawa Prefecture 906-0507	+81-980-78-6365	Construction and management of the Miyako Shimojishima Airport Terminal	69.0
Mt. Fuji Shizuoka Airport Co., Ltd.*	3336-4, Sakaguchi, Makinohara, Shizuoka Prefecture 421-0411	+81-548-29-2000	Management and operation of Mt. Fuji Shizuoka Airport	50.0
* Outside the scope of consolidation				
Architectural Design & Engineering	Business			
Mitsubishi Jisho Sekkei Inc.	Marunouchi 2-chome Building, 5-1, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005	+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-ku, Tokyo 104-0054	+81-3-6704-0100	Interior design administration and construction, manufacture, and sale of furniture and household items	100.0
Real Estate Services Business				
Mitsubishi Real Estate Services Co., Ltd.	Otemachi Financial City Grand Cube, 1-9-2, Chiyoda-ku, Tokyo 100-0004	+81-3-3510-8011	Real estate brokerage, leasing management, parking management, and state appraisal	100.0
■ Parking Management Organization, Ltd.	Shibuya Park Building, 6-6, Shibuya 3-chome, Shibuya-ku, Tokyo 150-0002	+81-3-3406-2477	Parking management	100.0
Others				
■ MEC Human Resources, Inc.	Otemachi Building, 6-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-0004	+81-3-3212-8674	Human resource-related services	100.0
■ MEC Information Development Co., Ltd.	Marunouchi North Exit Building, 6-5, Marunouchi	+81-3-3214-9300	Development and management of information systems and software	100.0
■ Keiyo Tochi Kaihatsu Co., Ltd.	Shin-Tokyo Building, 3-1, Marunouchi 3-chome, Chiyoda-ku, Tokyo 100-0005	+81-3-3212-0555	Real estate leasing	66.7

Note: Percentage of voting rights held is as of March 31, 2019.

Corporate History





Corporate Information

As of March 31, 2019

Stock Information

Stock Details

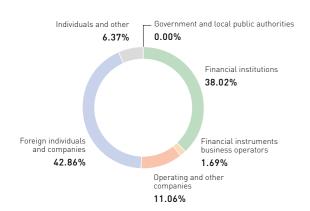
Number of authorized shares: 1,980,000,000 shares Number of shares issued and outstanding: 1,391,038,170

(130,065 increase in number of shares from the previous fiscal year-end)

Number of shareholders: 62,298

(Decrease of 5,583 shareholders compared with the end of the previous fiscal year)

Shareholder Composition (Percentage of shares held)



Major Shareholders	Number of shares held (Thousands of shares)	Shareholding percentage [%]
The Master Trust Bank of Japan, Ltd. (Trust account)	109,963	7.92
Japan Trustee Services Bank, Ltd. (Trust account)	67,146	4.83
Meiji Yasuda Life Insurance Company	46,882	3.37
JP MORGAN CHASE BANK 380055	45,357	3.26
Japan Trustee Services Bank, Ltd. (Trust accou	int 5) 27,138	1.95
SSBTC CLIENT OMNIBUS ACCOUNT	23,629	1.70
STATE STREET BANK WEST CLIENT - TREATY 505234	22,604	1.62
MUFJ Bank, Ltd.	22,267	1.60
Japan Trustee Services Bank, Ltd. (Trust accou	unt 7) 21,564	1.55
Tokio Marine & Nichido Fire Insurance Co., L	td. 20,300	1.46

Note: The investment ratio is calculated after deducting the shares of treasury stock from the issued shares of the Company

Company Name

Mitsubishi Estate Co., Ltd.

Date of Establishment

May 7, 1937

Paid-in Capital

¥142,023 million

Business Activities

Development, leasing, and management of office buildings, retail, 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 (Excluding temporary staff)

Non-consolidated: 899 Consolidated: 9,439

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

Head Office

Otemachi Park Building, 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8133 Phone: +81-3-3287-5100

Hokkaido Branch

Hokkaido Building, 4-1, Kita 2-jou Nishi, Chuo-ku, Sapporo, Hokkaido 060-0002 Phone: +81-11-221-6101

Tohoku Branch

Sendai Park Building, 6-1, Kokubun-cho 3-chome, Aoba-ku, Sendai, Miyagi Prefecture 980-0803 Phone: +81-22-261-1361

Yokohama Branch

Yokohama Landmark Tower, 2-1, Minato Mirai 2-chome, Nishi-ku, Yokohama, Kanagawa Prefecture 220-8115 Phone: +81-45-224-2211

Chubu Branch

Nagoya Hirokoji Building, 3-1, Sakae 2-chome, Naka-ku, Nagoya, Aichi Prefecture 460-0008 Phone: +81-52-218-7755

Kansai Branch

OAP Tower, 8-30, Tenmabashi 1-chome, Kita-ku, Osaka, Osaka Prefecture 530-6009 Phone: +81-6-6881-5160

Chushikoku Branch

Hiroshima Park Building, 7-5, Otemachi 3-chome, Naka-ku, Hiroshima, Hiroshima Prefecture 730-0051 Phone: +81-82-245-1241

Kyushu Branch

Tenjin Twin Building, 6-8, Tenjin 1-chome, Chuo-ku, Fukuoka, Fukuoka Prefecture 810-0001 Phone: +81-92-731-2211

About Our Website

Mitsubishi Estate Group Corporate Website

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



Sustainability Information

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

Our website contains sustainability-related information on the entire Group and CSR reports that summarize initiatives based on important CSR themes.

Note: From Fiscal 2020, we plan to change the name of our CSR Report to Sustainability Report.

IR Information

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

In addition to financial information, the site contains various IR explanatory materials and an Asset Book.



Otemachi Park Building, 1-1, Otemachi 1-chome, Chiyoda-ku, Tokyo 100-8133, Japan http://www.mec.co.jp/index_e.html



