

Consolidated Statements of Cash Flows

MITSUBISHI ESTATE CO., LTD. AND CONSOLIDATED SUBSIDIARIES
Years Ended March 31, 1996, 1997 and 1998

	Millions of yen			Thousands of U.S. dollars
	1996	1997	1998	1998
Cash flows from operating activities:				
Net income (loss)	¥ (98,970)	¥ 38,362	¥ 31,848	\$ 241,090
Adjustment to reconcile net income to net cash provided by operating activities:				
Loss relating to transfer of ownership for Rockefeller Center	78,034	—	—	—
Loss relating to a write-down of the intangible asset (leasehold)	24,612	—	—	—
Gain from sales of fixed asset	—	(65,937)	(49,159)	(372,135)
Gain from sales of affiliated companies' stock	—	—	(7,715)	(58,403)
Loss from sales of fixed assets	—	10,856	—	—
Loss from write-down on fixed asset	—	6,292	33,789	255,784
Loss related to the reconstruction of Marunouchi Building	—	9,017	—	—
Loss from provision for bad debt	—	4,494	—	—
Loss from prepayment of bonds under debt assumption agreements	—	14,327	—	—
Depreciation and amortization	49,519	53,117	53,932	408,267
Provision for reserve for retirement benefits	950	3,150	646	4,890
Others	4,448	430	(4,783)	(36,207)
Changes in assets and liabilities:				
Increase/decrease in accounts receivables	(5,306)	14,291	(1,392)	(10,537)
Increase/decrease in inventories	16,094	11,965	33,462	253,308
Increase/decrease in other current assets	(2,006)	3,798	(198)	(1,499)
Increase/decrease in accounts payable	11,399	(2,155)	3,423	25,912
Increase/decrease in accrued income taxes	9,007	(8,172)	3,391	25,670
Others	(6,151)	3,055	(18,476)	(139,864)
Payment of directors' bonuses	(184)	(6)	(187)	(1,416)
Net cash provided by operating activities	¥ 81,446	¥ 96,884	¥ 78,581	\$ 594,860
Cash flows from investing activities:				
Purchases of property and equipment	¥ (53,648)	¥ (78,569)	¥ (148,023)	\$(1,120,537)
Proceeds from property and equipment	—	77,401	51,360	388,796
Acquisition of minority interest in consolidated subsidiaries	—	(18,522)	—	—
Proceeds from sales of affiliated companies' stock	—	—	8,477	64,171
Increase/decrease in marketable securities	45,970	2,617	(1,253)	(9,485)
Increase in guarantee deposits and lease deposits	368	(4,152)	(7,209)	(54,572)
Increase/decrease in loans to unconsolidated subsidiaries and affiliates	80	(711)	10,851	82,142
Others	(13,616)	(10,491)	(3,261)	(24,686)
Net cash used in investing activities	¥ (20,846)	¥ (32,427)	¥ (89,058)	\$ (674,171)
Cash flows from financing activities:				
Increase/decrease in bonds and notes	¥ (31,200)	¥ (68,913)	¥ 75,072	\$ 568,297
Loss from prepayment of bonds under debt assumption agreements	—	(14,327)	—	—
Increase/decrease in long-term borrowings	(42,453)	(40,331)	(34,549)	(261,537)
Increase/decrease in commercial paper	(390)	48,282	(21,360)	(161,696)
Increase/decrease in short-term borrowings	(37,214)	(16,673)	21,174	160,288
Cash dividends paid	(10,393)	(10,393)	(10,393)	(78,675)
Net cash provided by (used in) financing activities	¥ (121,650)	¥ (102,355)	¥ 29,944	\$ 226,677
Changes in cash	¥ (61,050)	¥ (37,898)	¥ 19,467	\$ 147,366
Cash at beginning of the year	156,778	95,728	57,830	437,774
Cash at end of the year	¥ 95,728	¥ 57,830	¥ 77,297	\$ 585,140

See notes to consolidated financial statements.