

## Consolidated Statements of Cash Flows

MITSUBISHI ESTATE CO., LTD. AND CONSOLIDATED SUBSIDIARIES  
Years Ended March 31, 1997, 1998 and 1999

	Millions of yen			Thousands of U.S. dollars
	1997	1998	1999	1999
<b>Cash flows from operating activities:</b>				
Net income.....	I 38,362	I 31,848	I 22,327	\$ 185,209
Adjustment to reconcile net income to net cash provided by operating activities:				
Gain from sales of fixed asset .....	(65,937)	(49,159)	△	△
Gain from sales of affiliated companies' stock .....	△	(7,715)	△	△
Loss from sales of fixed assets.....	10,856	△	△	△
Loss from write-down on fixed asset.....	6,292	33,789	△	△
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.....	53,117	53,932	63,050	523,020
Provision for reserve for retirement benefits .....	3,150	646	(627)	(5,201)
Others.....	430	(4,783)	8,364	69,382
Changes in assets and liabilities:				
Increase/decrease in notes and accounts receivables ..	14,291	(1,392)	(11,505)	(95,438)
Increase in inventories .....	11,965	33,462	4,163	34,533
Increase/decrease in other current assets.....	3,798	(198)	(233)	(1,933)
Increase/decrease in notes and accounts payable.....	(2,155)	3,423	5,509	45,699
Increase/decrease in accrued income taxes .....	(8,172)	3,391	(2,683)	(22,256)
Others.....	3,055	(18,476)	2,881	23,899
Payment of directors' bonuses.....	(6)	(187)	(181)	(1,501)
Net cash provided by operating activities .....	I 96,884	I 78,581	I 91,065	\$ 755,413
<b>Cash flows from investing activities:</b>				
Purchases of property and equipment .....	I (78,569)	I(148,023)	I(148,324)	\$(1,230,394)
Proceeds from property and equipment .....	77,401	51,360	629	5,218
Acquisition of minority interest in consolidated subsidiaries.....	(18,522)	△	△	△
Proceeds from sales of affiliated companies' stock .....	△	8,477	△	△
Increase/decrease in marketable securities.....	2,617	(1,253)	4,642	38,507
Increase in guarantee deposits and lease deposits.....	(4,152)	(7,209)	4,811	39,909
Increase/decrease in loans to unconsolidated subsidiaries and affiliates .....	(711)	10,851	1,448	12,011
Others.....	(10,491)	(3,261)	1,346	11,165
Net cash used in investing activities.....	I (32,427)	I (89,058)	I(135,448)	\$(1,123,584)
<b>Cash flows from financing activities:</b>				
Increase/decrease in bonds and notes .....	I (68,913)	I 75,072	I 41,669	\$ 345,657
Loss from prepayment of bonds under debt assumption agreements.....	(14,327)	△	△	△
Increase/decrease in long-term borrowings .....	(40,331)	(34,549)	19,153	158,880
Increase/decrease in commercial paper .....	48,282	(21,360)	(15,701)	(130,244)
Increase/decrease in short-term borrowings .....	(16,673)	21,174	(3,539)	(29,357)
Cash dividends paid .....	(10,393)	(10,393)	(10,393)	(86,213)
Net cash provided by (used in) financing activities.....	I(102,355)	I 29,944	I 31,189	\$ 258,723
Changes in cash .....	I (37,898)	I 19,467	I (13,194)	\$ (109,448)
Increase in cash from addition of consolidated companies.....	△	△	6,422	53,273
Cash at beginning of the year.....	95,728	57,830	77,297	641,203
Cash at end of the year .....	I 57,830	I 77,297	I 70,525	\$ 585,027

See notes to consolidated financial statements.