

December 14, 2007

To whom it may concern:

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| Company Name: | Mitsubishi Estate Co., Ltd. |
| Securities Code: | 8802 (First Section—Tokyo Stock Exchange) |
| Company Name: | Towa Real Estate Development Co., Ltd. |
| Securities Code: | 8834 (First Section—Tokyo Stock Exchange) |

**Strengthening the Business and Capital Alliance between Mitsubishi Estate Co.,
Ltd. and TOWA REAL ESTATE DEVELOPMENT CO., LTD.**

In December 2004, Mitsubishi Estate Co., Ltd. (hereafter “Mitsubishi Estate”) and TOWA REAL ESTATE DEVELOPMENT CO., LTD. (hereafter “TOWA REAL ESTATE DEVELOPMENT”) agreed to establish a strategic partnership and enter into a capital alliance. While the joint enterprise, which leverages the strengths of each company, has achieved some progress such as higher earnings from synergistic effects, in order to achieve even greater synergies in the years ahead, we have become aware of the need to take further steps to fortify the relationship between both companies and hereby announce the strengthening of the business and capital alliance through the following measures.

1. Reasons for Strengthening the Business and Capital Alliance

- (1) To solidify both group’s positions in the homes-built-for-sale industry
We will establish a strong position by securing both groups’ market-leading shares in the homes-built-for-sale industry, thereby enhancing our competitive positions.
- (2) To improve both groups’ earnings through greater synergistic effects
By forging a closer relationship, we will promote widespread business collaboration with the goal of further earnings improvement.
- (3) To strengthen the financial base of TOWA REAL ESTATE

DEVELOPMENT

We will improve fundraising ability by further strengthening TOWA REAL ESTATE DEVELOPMENT's financial base through the allocation of new shares to a third party with the goal of increasing corporate value.

2. Steps for Strengthening Business Collaboration

(1) Stronger business collaboration in the homes-built-for-sale business

① Mutually complementary product features and business areas

We will efficiently expand business through mutually complementary product features and business areas centered on Mitsubishi Estate's "Park House" brand condominiums and TOWA REAL ESTATE DEVELOPMENT's "BELISTA" brand condominiums.

② Joint project initiatives

We will become more actively involved in long-term joint group projects in the redevelopment and reconstruction businesses and improve our ability to capture new business opportunities.

③ Cooperative product planning

We will promote cooperative efforts between groups to improve the design of homes built for sale, build product and specification databases that contribute to quality improvement and efficient cost management, create different home equipment specifications tailored for different home grades and order from a variety of equipment and materials suppliers.

(2) Fortify marketing functions

We will fortify marketing functions by collecting and compiling customer characteristics and market data accumulated by both groups and put them to use in the homes-built-for-sale and related businesses.

(3) Promote cooperation in new business fields

We will aggressively pursue new business through flexible role-sharing and cooperation between groups.

(4) Develop synergies in the retail brokerage business

We will promote initiatives that strategically strengthen the retail brokerage and residential property management businesses, including Mitsubishi Estate Real Estate Services Co., Ltd. and TOWA REAL ESTATE BROKERAGE CO., LTD.

(5) Promote personnel interaction

We will promote personnel interaction to share know-how and exchange information.

(6) Establish a Business Collaboration Promotion Council

Establish a “Business Collaboration Promotion Council” composed of members of both companies. The members confer and decide on concrete measures and policies in various working groups.

3. Strengthening the Capital Alliance

At present, Mitsubishi Estate holds 33.40% of TOWA REAL ESTATE DEVELOPMENT's outstanding shares. However, TOWA REAL ESTATE DEVELOPMENT has recently issued 42,735,000 new common shares through third-party allocation, and Mitsubishi Estate underwrote all of those shares. Mitsubishi Estate thereby holds 51.88% of TOWA REAL ESTATE DEVELOPMENT's outstanding shares. Through this third-party allocation of new shares, TOWA REAL ESTATE DEVELOPMENT has raised ¥9,999,990,000 (before deduction of expenses), of which ¥4,999,995,000 is to be added to the common shares, and the remaining ¥4,999,995,000 is to be added to the capital reserve.