

Business Information

Building Business Division

Concentrating Our Vast Expertise,
from Development to
Operation and Management,
in the Development of Marunouchi



Shigeru Takagi
Head Officer of the Division
Executive Vice President

The Building Business Division is engaged in the leasing and sub-leasing of the Group's office buildings, as well as property management, parking lot operations and district heating and cooling. Beginning with Marunouchi, Japan's premier business center, we are expanding our building leasing business in key metropolitan areas in Japan that include the Tokyo metropolitan area, Sapporo, Sendai, Nagoya, Osaka and Hiroshima. At fiscal year-end, floor space of leased buildings totaled 4,050,000 square meters. We are also developing shopping centers in various areas of Japan such as The Landmark Plaza in Yokohama, the IMS in Fukuoka and Aqua City Odaiba in Minato-ku, Tokyo.

Through Group companies, Mitsubishi Estate is aggressively involved in fee-based businesses, such as the operation and management of leased buildings. In addition, we are developing urban functions through integrated Group business in parking lot operations and district heating and cooling in the Marunouchi district and Aoyama in Tokyo, Osaka Amenity Park (OAP) and Yokohama "Minato Mirai 21."

Integrated Business from Development to Management

The Building Business Division is reforming its organization to build an integrated business model, from development to operation and



Aqua City Odaiba opened in April 2000.

management, and promote the redevelopment of the Marunouchi district. We are also improving the functions and efficiency of property management, and improving customer satisfaction by converting to a marketing structure that more accurately reflects tenant needs, while enhancing profitability by strengthening marketing capabilities and promoting new lease contracts.

Redevelopment of Marunouchi as a Key Strategic Measure

We plan to invest ¥500 billion to redevelop the Marunouchi district, the Group's core business project spanning 10 years from 1998 to 2008, and develop spaces that merge business with

amenities. We are implementing the following four strategies to contribute to the effective redevelopment of Marunouchi: 1) accelerate redevelopment; 2) upgrade building functions through renovation; 3) strengthen the infrastructure to take advantage of the integration of our buildings; and 4) implement an integrated marketing program.

Accelerating Redevelopment

Reconstruction of the Marunouchi Building has proceeded smoothly, and joint reconstruction of the Eiraku Building and the adjacent hall owned by the Japan Industrial Club was initiated in February 2000. Plans call for reconstruction of the headquarters of the former Japan



Marunouchi Café adds a new dimension to Marunouchi.

National Railways to begin in 2001, and we aim to announce new reconstruction plans for the project within the year. We will also accelerate the redevelopment of the Marunouchi district by fully utilizing a variety of methods such as joint ventures and securitization, represented by joint development of the former Japan National Railways headquarters site with Nippon Life Insurance Company, as well as the sale of the Chiyoda Building to The Meiji Mutual Life Insurance Company in April 1999.

Renovation for Improved Functionality

For existing buildings not under reconstruction, we will increase competitiveness by adapting to the needs of IT-related compa-

nies and financial institutions using enhanced electric supply capacity and advanced environmental control systems.

Reinforcing Infrastructure to Take Advantage of Integration

An increasing number of telecommunications carriers have built communications infrastructures in the Marunouchi district. To make it easier for our tenants to receive comprehensive services from many carriers in the future, the Mitsubishi Estate Group is providing a comprehensive fiber-optic network and working to enable 24-hour, international information services.

The Group made full use of the advantages provided by the integration of its buildings in the Marunouchi district by receiving low-cost electric power from new providers in response to market liberalization.

Implementing Strategic Marketing Measures

In addition to attracting companies that will be the backbone of the 21st century economy, such as IT-related companies and financial institutions, the Mitsubishi Estate Group aims to improve the amenities of the area and create an attractive, multifaceted environment. By attracting brand-name stores, cafes and restaurants to *Nakadori Avenue*, the main street running through the district, we intend to add an element of fashion and entertainment to the business-oriented Marunouchi district.

The Group will redevelop the Marunouchi district by rapidly and steadily carrying out the four strategies outlined above.

Highlights



◀ Marunouchi Building (Tentative Name)

Reconstruction of the Marunouchi Building began in April 1999 as the first step in redeveloping the district. The new building will have four levels underground, 37 floors aboveground and a height of 180 meters. While partially preserving the traditional design of the original Marunouchi Building, the new structure will be equipped with intelligent building functions supported by the latest technology. The reconstruction of the Marunouchi Building is a rebirth for the district as well as a step toward a new era for the Mitsubishi Estate Group. Completion is scheduled for August 2002.

▶ Joint Reconstruction of Japan Industrial Club Hall and Eiraku Building

In February 2000, we initiated reconstruction of the adjacent hall owned by the Japan Industrial Club and the Eiraku Building. Upon completion, the new building will have four levels underground, 30 floors aboveground and a height of 143 meters. We aim to create a comfortable, highly functional office space while protecting the historical look of the hall, including preservation of the beautiful south face. Construction is scheduled for completion in 2004.



◀ Sanno Park Tower

In January 2000, construction of the 194-meter, 44-floor Sanno Park Tower was completed. The Mitsubishi Estate Group used its comprehensive strengths to make advances in fee-based businesses in various stages of the process from design and supervision to subleasing and building management.

▶ Kakyoin Square

Construction of the high-rise office building Kakyoin Square was completed in Sendai in October 1999. Mitsubishi Estate is involved as a landowner, and made use of its expertise in urban redevelopment to complete the construction. At 106 meters with 23 floors, this intelligent building is a new commercial base with office space that is both refreshing and enjoyable.



Residential Development Division

Providing High-Quality
Residential Environments that
Address Diverse Customer Needs



Hiroshi Baba
Head Officer of the Division
Senior Managing Director

To provide high-quality residential environments that address diverse customer needs, the Residential Development Division develops and markets condominiums, single-unit homes and residential land from the customer's perspective. We also provide consulting services for the effective use of real estate, management of condominiums and real estate brokerage services. In the condominium business, we are providing high-quality housing throughout Japan that utilizes the unique features of each site. In large-scale developments such as the Izumi Park Town project in Sendai we create entire communities by providing residents with a convenient, comfortable lifestyle in harmony with nature.

Strong Group performance was supported by the sweeping views and superior facilities provided by our high-rise, large-scale condominiums, and by convenient urban locations with pleasant surroundings. With rising consumer interest in quality, durable housing, our well-planned real estate products have remained highly competitive.

Providing Attractive Condominiums Through Superior Technological and Planning Capabilities

To address the needs of increasingly demanding consumers, the Group plans to concentrate efforts on developing projects in attractive surroundings and on high-rise condominiums.



Construction was completed in February 2000 for Park House Nishi-Azabu in Minato-ku, Tokyo.

Developments of between 30 and 100 units represent efficient investments with rapid capital turnover. Furthermore, larger high-rise condominiums provide a substantial return per project. We aim to provide approximately 2,600 units focusing on these two types of developments in the fiscal year 2001.

Based on this strategy, the condominium business is organized by type, such as short-term and long-term businesses, to form a structure that enables more efficient pursuit of profit. While strengthening local information-gathering capabilities and marketing activities via a thorough area-based system, we will concentrate on new product planning and development and in-

crease the competitiveness of our properties. In March 1999, we established a tie-up with the popular merchandise brand “Afternoon Tea,” and are currently developing highly popular condominium complexes such as Gardencesia in Machida, Tokyo and Park House Higashiyama in Hiroshima.

Expanding into New Fields in Line with Increased Housing Stock and Growth in the IT Industry

We established the Customer Service Office within Mitsubishi Estate in April 2000, and will work to develop the new business in order to enhance our daily post-sales service capabilities, target new business opportunities such as renovation contracts, and improve customer satisfaction in conjunction with the Daiya Community Co., Ltd., a condominium management subsidiary.

The Mitsubishi Estate Group is also fostering fee-based businesses. In addition to our Partner Program, which helps landowners make effective use of real estate, we are working to expand orders for due diligence services at the subsidiary Mitsubishi Real Estate Services Co., Ltd.

Advancements in IT are having a profound influence on the real estate industry. In April 2000, we launched the condominium information web site, “Major 7,” in collaboration with other leading companies in the condominium industry, and plan to make Groupwide efforts to advance Internet strategies centered on Mitsubishi Estate.

Highlights



Gardencesia

Gardencesia, in the Tokyo suburb of Machida City, is a large-scale condominium development comprising 686 units. This property consists of condominiums tailored to the lifestyle needs of customers, adopting the lifestyle-centered approach developed by the popular general merchandise brand “Afternoon Tea,” and is highly regarded for its common-use facilities and distinctive interior and exterior designs. Construction is scheduled for completion in June 2001.



The Yokohama Towers

The Yokohama Towers, a high-rise condominium development with 852 condominiums, are the tallest towers in Yokohama at 140 meters high. In the center of the Yokohama portside area, currently undergoing a dramatic renovation, the towers are conveniently located 11 minutes from Yokohama station and have the unique advantage of being located on the waterfront in Yokohama. We aim for The Yokohama Towers to be the “tallest” and the “best” condominium towers available in Yokohama. The first phase of construction is scheduled for completion in November 2001.



Izumi Park Town

The Izumi Park Town project has been under development since 1972 in Sendai, Miyagi Prefecture. The area measures 1,070 hectares and is the largest private multifunctional development in Japan, with a population of approximately 50,000 residents. In addition to single-unit homes and condominiums, office buildings, sports facilities, hotels and shopping centers, a variety of public buildings such as libraries contribute to the perfect balance among “living, working, resting, learning, gathering and enjoying.”



KY Building (consigned development)

Mitsubishi Estate’s Partner Program responds to the needs of landowners for project planning, building design and management, construction, operation and tenant leasing, as well as effective land utilization. In the KY Building project, we have made optimal use of the site next to the JR Otsuka Station in Tokyo and prepared an operational framework for multiple facilities, such as hotels and restaurants that reinvigorate the area and use land in a manner satisfactory to landowners. Construction was completed in September 1999.

Architectural Design & Engineering Division

Our Preeminent Architectural
Offices Support Comprehensive
Real Estate Development



Katsuhisa Shimada
Head Officer of the Division
Senior Managing Director

The Architectural Design & Engineering Division uses its technological capabilities to support the Mitsubishi Estate Group's business as a comprehensive real estate developer. Its activities range from the design of buildings and civil engineering structures to building renovation, urban planning and a variety of consulting services.

A team of specialists is established for each building category, including office buildings, residential units and hotels, as well as commercial, cultural, medical and manufacturing facilities, forming a design group capable of responding to the most demanding requirements. The Division also prepares proposals for urban in-

frastructure, civil engineering and harbor facilities; conducts feasibility studies and studies for project approval; and provides design and supervision services. Other activities include support for the Residential Development Division in civil engineering and construction projects, and interior construction for tenants.

Mitsubishi Estates' Architectural Design & Engineering Division employs over 500 architects and design specialists, forming one of the preeminent architectural offices in Japan. With the inclusion of MEC Design International Corporation, whose mainstay business is interior design, the Division forms an important pillar within the Mitsubishi Estate Group and represents a source of competitive strength.

Architectural Design & Engineering Division to Form an Independent Unit in April 2001

The fiscal year under review marked the completion of the Sanno Park Tower, a large-scale building in which the Mitsubishi Estate Group has participated from the planning stage to building man-



Yokohama Landmark Tower represents the architectural expertise of the Mitsubishi Estate Group.

agement. The Architectural Design & Engineering Division handled the design and supervision of the overall building as well as the interior construction for a large number of tenants.

The Division also recorded steady progress in the design and supervision of large-scale redevelopment projects, including the Nippon Television Network Corporation's new head office in Shiodome and Mitsubishi Corp.'s new head office in Shinagawa.

In addition, we continued to win orders through highly competitive proposals, including the government contract for construction of the new campus of Kyushu University.

Through a reorganization in April 2000, we established three specialized offices—Urban Development and Management Office, Architectural Energy Consulting Office and Construction Management Office—to address the diverse needs of customers and expand business opportunities.

Plans call for the Architectural Design & Engineering Division to be converted to a subsidiary in April 2001. We intend to use this as an opportunity to further raise our strengths as we develop a managerial and organizational structure suitable for an independent architectural design office, and increase management efficiency. To achieve this aim, we will make efficient use of human resources, enhance our marketing capabilities, advance through cost management, expand our customer base and raise competitiveness.

Highlights



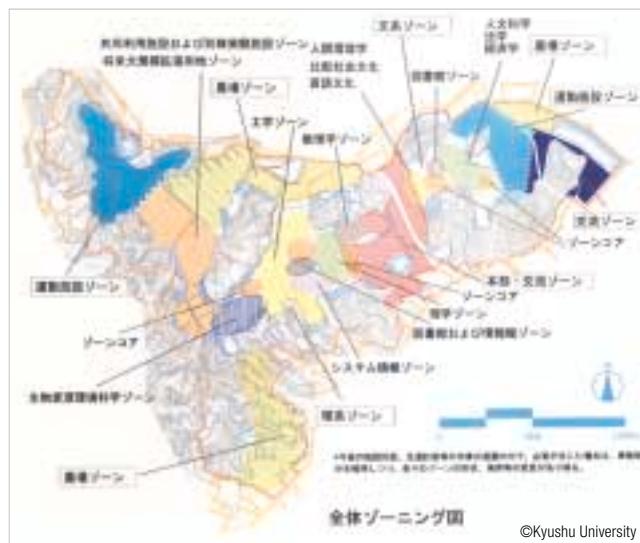
Nippon Television Network Corporation's New Head Office in Shiodome

In January 2000 a groundbreaking ceremony was held for the construction of Nippon Television Network Corporation's new head office in Shiodome. Richard Rogers, who has been involved in the basic planning stage, helped achieve an expressive design that reflects the role of a television station as an information exchange base. The whole building is covered in transparent glass to convey the image of an open broadcasting station, and has a simple layout that features studios on the lower levels and offices on the upper floors. Completion is scheduled for April 2003.



Nagoya Plant of Kirin Brewery

The Nagoya Plant of Kirin Brewery Co., LTD., which was renovated in 1997 under the supervision of Mitsubishi Estate, won the Building and Equipment Life Cycle Association (BELCA) Award in the category of Best Reformation Building in 1999. This award recognizes those who develop superior buildings through proper maintenance and building repair. In the reconstruction of the Nagoya Plant, originally constructed in 1962, the Architectural Design & Engineering Division broke with the traditional approach of renovating to a more flexible approach of retrofitting, and was evaluated not only for the extension of the building's useful life, but also for accentuating the unique features of the building and creating new value.



Acceptance of Proposal for the New Kyushu University Campus

In November 1999 the proposal from a design joint venture formed by Mitsubishi Estate and two other companies was selected as the winning design for the new campus of Kyushu University. The design was highly regarded for its reliability and practicality, as well as for accurately reflecting the general planning criteria set forth for the relocation of Kyushu University. We aim to initiate construction in the fiscal year 2002 upon concluding a formal contract, and are making progress on designs for the site, including plans for land utilization, traffic and landscaping, as we design the master plan.

Urban Development and Investment Management Division

Developing Real Estate Funds that Attract Investors

Terutake Miyamoto
Head Officer of the Division
Managing Director



To respond to the ongoing integration of financial and real estate markets, the Urban Development and Investment Management Division handles such fee-based businesses as real estate development for real estate investment trusts and other securitization schemes, asset management for established real estate funds, consulting and real estate appraisal.

We will cooperate with other companies to establish a real estate investment trust fund company based on a new law allowing real estate funds. Real estate fund management is scheduled to begin in spring 2001.

We aim to list the new company's shares on the Tokyo Stock Exchange in the near future and contribute to the development of a real estate investment market that meets the needs of institutional and individual investors.

International Business Division

Strong Earnings Growth on the Back of Booming U.S. Economy

Takayuki Hara
Head Officer of the Division
Senior Managing Director



The International Business Division manages office buildings in the United States and the United Kingdom through the Rockefeller Group, Inc., headquartered in New York. The Division also participates in the real estate brokerage business through a global network organized by real estate services provider Cushman & Wakefield Inc. The economic boom in the United States has supported their considerable achievements.

In New York, construction work for Rockefeller Plaza West (745 Seventh Avenue), which began in 1999, is progressing smoothly and is scheduled to be completed in 2002. On a 17,000-square-meter site next to St. Paul's Cathedral in the City of London, the Paternoster Square Redevelopment Project has been started. The construction of six complexes comprising offices and shopping malls will be implemented.

Custom-Built Housing Division

From Construction of Custom-Built Housing to Condominium Renovation

Taketo Yamazaki
Head Officer of the Division
Director
President of Mitsubishi Estate Home Co., Ltd.

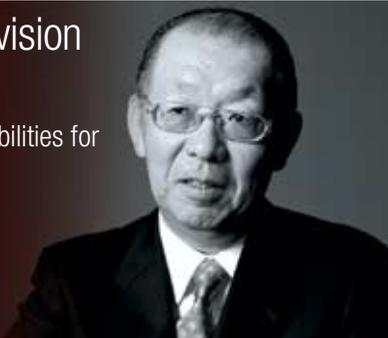


The Custom-Built Housing Division constructs and markets custom-built housing. Our mainstay product is two-by-four single-unit houses. In October 1999, we launched a new product, ASSET JX ANY, and have been selling Eco-Feel brand environmentally-oriented homes since April 2000. The Division established a section for the renovation business in April 1999 and is expanding operations in renovation of single-unit houses and condominiums.

Hotel Business Division

Strengthening Group Capabilities for Integrated Management

Yutaka Nakamura
Head Officer of the Division
Managing Director



In the Hotel Business Division, the Mitsubishi Estate Group operates the Royal Park Hotels in seven major cities in Japan, including the

Royal Park Hotel in Hakozaki, Tokyo. In recent years, the hotel business has experienced a severe operating environment resulting from intensified competition. By developing a network of Group hotels, Mitsubishi Estate aims to enhance efficiency through standardization of management, operations and services, while accumulating management expertise and improving operations. Plans call for integrated management, including affiliated companies that manage each Group hotel, through the transfer of operations to a new hotel management subsidiary to be established at the end of the current fiscal year.

Recreational Facility Division

Serving the Public Through the Operation of Sports Club

Kaoru Kohno
Head Officer of the Division
Managing Director



Operations in the Recreational Facility Division comprise the fitness clubs of Liv Sports Co., Ltd., as well as golf clubs and other leisure businesses. The Division addresses the issues of increased leisure time and the aging of the population. While developing the urban functions of Liv Sports fitness clubs, we are also involved in new club openings for the growing market in large-scale suburban fitness clubs, initiating construction of two new clubs in suburban Tokyo in April and July 2000.

Highlights



Paternoster Square Redevelopment Project

In May 1999, we started the Paternoster Square Redevelopment Project in the City of London. The master plan, designed by the U.K. architect Sir William Whitfield, blends with the beauty of the adjoining St. Paul's Cathedral. Creating a lively atmosphere, six buildings will be located around the central open space. Based on the concept of the master plan, we have designated different architects for each building to create a distinguished square.

ASSET JX ANY

Mitsubishi Estate Home launched a new model in October 1999 called ASSET JX ANY. The house has advanced thermal efficiency features that meet next-generation energy conservation standards, and employs a barrier-free design that enables easy modification of the basic plan in accordance with owner needs. The product is gaining a favorable response from first-time buyers owing to its low price.



Five-Year Anniversary of Sendai Royal Park Hotel Opening

Sendai Royal Park Hotel of the Royal Park Hotels chain has entered its fifth year of operations. To celebrate, we held a charity event with the entire hotel opened to charitable donors.

