Promotion of Environmental Affairs and Corporate Philanthropy

Upholding Our Responsibility as a Corporate Citizen

The Mitsubishi Estate Group is conducting activities in line with management values that are founded on a commitment to environmental stewardship and corporate citizenship.

In June 1999, Mitsubishi Estate acquired ISO 14001 certification for environmental management for its 36 office buildings. ISO 14001 certification was also obtained in October 1999 for all operations of Mitsubishi Estate Home. By engaging in environmental preservation measures to promote energy conservation, reduce waste and promote recycling, we aim to obtain certification for all Divisions of Mitsubishi Estate in the near future. In May 1999 Yokohama Landmark Tower was awarded the first “The Excellent Building Mark of Environment and Energy,” and the Marunouchi Building, currently under reconstruction, received the same mark in July of the same year.

To promote philanthropic activities, we are concentrating efforts on community exchange, environmental preservation and fostering the arts and culture in areas where we conduct business. Group employees act as community volunteers to support annual chamber music performances for the elderly and the physically handicapped and environmental study sessions for families. In cooperation with the Japan Audubon Society, we established the mostly volunteer-run Marunouchi Bird Song Plaza in October 1999 as a base for environmental preservation activities in the Marunouchi district. In Tokyo and Hiroshima, we are providing street galleries that exhibit sculptures. In addition, we are a co-sponsor of the NHK Symphony Orchestra and operate cultural facilities in major cities in Japan, in such areas as Fukuoka and Yokohama.

As a corporate citizen, the Mitsubishi Estate Group performs important roles in a wide range of areas that include academic research, education, international exchange and cooperation, social welfare and urban natural disaster planning. We will continue to carry out philanthropy and cultural promotion to nurture goodwill and deepen relationships with local communities.
Review of Operations

Leasing and Management

This segment comprises domestic building leasing and management, parking lot operations, district heating and cooling operations and the building leasing and management business of the overseas consolidated subsidiary RGI. During the fiscal year under review, major buildings completed and placed in operation included Sanno Park Tower in Tokyo. However, a prolonged downturn in the rental market and the sale of the Chiyoda Building resulted in reduced sales. An appreciation of the yen resulted in lower sales in yen terms. As a result, revenue in the segment declined 3.0% to ¥287,520 million (US$2,708.6 million).

Sales

This segment derives revenue from the sale and management of condominiums and single-unit houses; the development of lots for residential and commercial use; and large-scale development. In the fiscal year under review, sales of condominiums were favorable as a result of government policies such as the reduction of residential taxes. With the absence of the sale of large-scale commercial property recorded in the previous fiscal year, revenue for this segment was ¥90,314 million (US$850.8 million).

Brokerage

Revenue in this segment is provided by the consigned sales and brokerage services of Mitsubishi Real Estate Services Co., Ltd. and the overseas real estate brokerage business of RGI’s consolidated subsidiary Cushman & Wakefield. For the fiscal year under review, higher revenue at Cushman & Wakefield on the back of the booming U.S. economy and strong domestic performance at Mitsubishi Real Estate Services resulted in revenue of ¥75,067 million (US$707.2 million).

Note: *Brokerage revenue had been reported in the Sales segment in prior periods, but is presented as a separate segment in the current fiscal year reflecting the increased importance of the business.
Review of Operations

Architectural

Revenue from the architectural segment derives from the design and project supervision of building and civil engineering construction, and interior work by the consolidated subsidiary MEC Design International Corporation. For the fiscal year under review, revenue rose 32.2% to ¥15,632 million (US$147.3 million), reflecting the large scale of architectural design work for such construction projects as Sanno Park Tower.

Construction

The construction segment revenue consists of interior building construction, contracted business as Partner Program and contracted construction for custom-built housing through the consolidated subsidiary Mitsubishi Estate Home. For the fiscal year under review, revenue increased 10.6% to ¥52,498 million (US$494.6 million) on the back of increased orders for custom-built housing at Mitsubishi Estate Home.

Other

The other segment consists of hotel operations, recreational facilities and real estate appraisal businesses, as well as the telecommunications business at the overseas consolidated subsidiary RGI. For the fiscal year under review, revenue declined 1.3% to ¥53,364 million (US$502.7 million), and the Mitsubishi Estate Group phased out its ski resort business with the liquidation of the Group company Onikobe Kogen Kaisha.