BUSINESS INFORMATION

BUILDING BUSINESS OPERATIONS
Revitalizing Marunouchi and Increasing Profitability

① Tokyo Building Reconstruction Project
Currently under planning and expected to be completed in the fiscal year ending March 31, 2007, this will be the first building in Japan to take advantage of regulations allowing unused air rights to be transferred from other sites in the district to increase floor space.

② Sanno Park Tower
Completed in January 2001, this office building is 44 stories above ground and has a height of 194 meters. A large-scale office building in a prime location in the urban center.

③ Rinku Premium Outlets
A center for shopping operated by Chelsea Japan Co., Ltd. in a partnership between U.S.-based Chelsea Property Group, Inc. and Nissho Iwai Corporation. The center was expanded in March 2002, making it the largest of its kind in Japan.
The Building Business Division handles leasing and property management of office buildings, management of large-scale shopping centers, operation of parking lots, and operation of heating and cooling services throughout Japan, enhancing the capabilities of a city from the standpoint of urban management.

**THE MARUNOUCHI REDEVELOPMENT PROJECT**
At the forefront of building business operations is the redevelopment of the Marunouchi district, a project to enhance the appeal of the area through the rebuilding and large-scale renovation of office buildings. Six buildings will be completely rebuilt, including the Marunouchi Building, which will open on September 6, 2002, and The Industry Club of Japan and Mitsubishi Trust and Banking Building Development Project, which will be completed in February 2003. We expect all six buildings to be completed by the fiscal year ending March 31, 2008.

Several buildings are currently being renovated. Renovation for one of these, the Shin-Otemachi Building, was completed in July 2001. Mitsubishi Estate’s redevelopment of Marunouchi involves not only the rebuilding and renovation of buildings, but also extends to services and amenities intended to provide a complete brand strategy for the district.

**IMPROVING EFFICIENCY**
As part of our efforts to strengthen the property management function of the Building Business Division, the division will switch to a new management structure whereby a section of the Marunouchi area that includes the Marunouchi Building will be managed by Mitsubishi Estate Building Management Co., Ltd. This will cut building management costs and strengthen the property management functions of the Group, allowing us to more aggressively pursue external orders.

The division is also working to improve the efficiency of its assets, and in February 2002 sold its share of the Kanazawa Park Building. Furthermore, through a combination of land revaluation and a loss on impairment of property and equipment undertaken in the fiscal year ended March 31, 2002, we have brought the declared value of our property holdings much closer to their market value. We are also planning a review of our property portfolio by selling certain properties to further increase asset efficiency.

**SHOPPING CENTER BUSINESS**
The Building Business Division operates shopping centers in Tokyo and Yokohama, among others, and work is also proceeding on a plan to commercialize Naka-dori, the main thoroughfare of Marunouchi, as part of its redevelopment. Mitsubishi Estate is also in a partnership with U.S.-based Chelsea Property Group, Inc. and Nissho Iwai Corporation to form Chelsea Japan Co., Ltd., which operates outlet malls in Gotemba in Shizuoka Prefecture and in Izumisano in Osaka Prefecture. Floor space was increased at Rinku Premium Outlets in Osaka in March 2002, making it the largest outlet mall in Japan. Work is also scheduled to begin on Sano Premium Outlets in Sano, Tochigi Prefecture in the spring of 2003, as part of the continued expansion of the shopping center business.
RESIDENTIAL DEVELOPMENT OPERATIONS
Continued Growth in Condominiums

New Mitsubishi Estate condominiums on the market
(units)

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<th>Year</th>
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① W Comfort Towers
Now under construction in Shinonome in Tokyo’s Koto Ward, the W Comfort Towers will be among the foremost high-rise condominiums in Japan, with 1,149 residence units available.

② Ginza Tower
The Ginza Tower is a 25-story building currently being constructed in the Ginza 1-chome district, with 180 condominiums offering a fixed-term land leasehold approximately 30% cheaper compared with general freehold ownership housing.

③ Izumi Park Town
Encompassing 1,070 hectares in total area, Izumi Park Town was first established for development in Sendai, Miyagi Prefecture in 1972 and is one of the largest multifunctional developments in the country, with a planned population of approximately 50,000 residents.
The Residential Development Division, in its aim to fulfill its role as a provider of ideal living environments, develops and markets condominiums, single-unit homes and residential land, as well as engages in businesses such as condominium administration and consulting services for the optimal use of real estate.

**FOR THE FIRST TIME, MORE THAN 3,000 NEW CONDOMINIUMS**

As a result of the positive effects of low interest rates on housing loans and tax measures promoting residence purchasing, market conditions for condominiums experienced a favorable shift, and in the fiscal year ended March 31, 2002, the Company was able to bring to market more than 3,000 new condominiums for the first time in its history, concentrating its efforts in popular areas. Furthermore, gross profit margin for the condominium business continued its year-on-year improvement, reaching approximately 20% for the fiscal year under review, owing to the implementation of an integrated site acquisition-to-product planning system that shortens the development period and strengthens marketing power, as well as improvements in product planning such as cooperation with other types of businesses.

The division is focusing its efforts in the condominium business on high-rise, large-scale condominiums with spectacular views and featuring shared facilities with pleasant surroundings, as well as convenient condominiums in urban centers with short-term development periods. In the fiscal year under the review, furthermore, we continued our tradition of providing spacious and affordable housing by launching condominiums with a fixed-term land leasehold in the Ginza district in Tokyo’s Chuo Ward and Funabashi City in Chiba Prefecture offering price levels approximately 30% lower than general freehold ownership housing.

**ENSURING HIGH-QUALITY CONDOMINIUMS THAT ANSWER CUSTOMER NEEDS**

Mitsubishi Estate is pushing forward with the introduction of its unique housing performance-quality indication system. This system was created to release easy-to-understand data to customers regarding quality standards from the design stage through construction and completion. It uses design-quality evaluation reports published by rating agencies as well as the Company’s own performance-quality indication index and disclosure reports.
ARCHITECTURAL DESIGN & ENGINEERING OPERATIONS

Establishing Brand Presence as a Leading Company in the Design and Engineering Industry

Mitsubishi Estate’s Architectural Design & Engineering Division is engaged in the business of design and administration of construction and engineering projects, services that support building renovation and urban and regional development, as well as comprehensive consulting. Formerly a division of Mitsubishi Estate, Mitsubishi Jisho Sekkei Inc. was made an independent subsidiary and began operations in June 2001. While making full use of its design and technology capabilities to support the Group’s business as a comprehensive developer, Mitsubishi Jisho Sekkei has aggressively sought to expand since gaining an independent structure, increasing orders from new customers such as real estate developers and establishing brand presence as a leading company in the design and engineering industry.

Our policy as we move forward is to encourage positive exchanges with other major design companies both inside and outside Japan, and as a part of that policy in 2001 we formed an alliance with the major American design and engineering firm Sasaki Associates, Inc. Through the interchange of expertise with a company strong in the fields of landscape design, campus planning, and urban design, we are seeking to strengthen our operational structure in the field of environmental design centered on landscaping and create links to new business overseas.

Furthermore, to address environmental issues we acquired ISO 14001 certification in January 2002 and are integrating operations with the ISO 9001 certification already received as we work in an original way toward increasing customer satisfaction and harmonious existence with the global environment.

Targeting the interior design sector, MEC Design International Corporation not only provides interior design services but also functions as a strategic asset in the field of facility management, enabling the Group to form an optimized structure boasting multidimensional capabilities.

- **ADK SHOCHIKU SQUARE**
  - Scheduled completion date: October 2002
  - Two floors below ground, 23 above
  - Owner: Shochiku Co., Ltd.

- **NIHON TEREBI TOWER**
  - Scheduled completion date: April 2003
  - Four floors below ground, 32 above
  - Owner: Nippon Television Network Corporation (NTV)
Although development operations form the core of Mitsubishi Estate’s identity, the Company plans to expand beyond its traditional objective of long-term ownership to form a development business that generates capital gains through sales in the market following project completion and start of operations. The Company is planning to invest ¥10 billion on an annual basis through its equity base.

At the same time, we are pursuing fee-based management services through the operations of Japan Real Estate Asset Management Co., Ltd., the flagship management vehicle for Japan Real Estate Investment Corporation, the first J-REIT company listed on the Tokyo Stock Exchange, as well as Mitsubishi Jisho Investment Advisors Inc., recently established as a comprehensive real estate investment advisory company.

Recently a tremendous opportunity has emerged in response to the challenges of renewing urban redevelopment policy, reforming the tax and corporate accounting systems and boosting growth in the J-REIT fund market. To capitalize on this business opportunity, the division’s development and management functions will work together to respond to the social and economic needs required for the revitalization of real estate investment markets and urban redevelopment.
The International Business Division leases the office buildings it owns in such cities as New York and Los Angeles, and conducts real estate development across the United States and in London through the Rockefeller Group, Inc. (RGI). In addition, the division operates a global network of comprehensive real estate services centered on the real estate brokerage services of RGI subsidiary Cushman & Wakefield, Inc.

After commencing construction in 2001, the Company is aiming to complete the Paternoster Square Redevelopment Project in London in the first half of the fiscal year ending March 31, 2004. The project is being built on a 15,000 square-meter site in the City of London next to St. Paul’s Cathedral and will consist of office buildings, retail outlets and leisure accommodations in four complexes (82,000-m² total floor space), whose tenants will include the London Stock Exchange, Goldman Sachs International and CB Hillier Parker.

Furthermore, construction has been partially completed on a midtown New York property on 745 Seventh Avenue (32 floors, 98,000-m² total floor space). This project was co-developed by RGI and Lehman Brothers Inc., which started to move in from January 2002.
The Custom-Built Housing Division seeks to supply the kind of quality housing that is the foundation of a rich life. Through Mitsubishi Estate Home Co., Ltd, we carry out contracts for the building of homes for both individuals and housing development companies. Our mainstay product is two-by-four, single-unit houses. In January 2001 we launched a new brand, “Mitsubishi Home,” in a move to position ourselves as the representative homebuilder of the Mitsubishi Group. From contract to post-purchase service, we are striving through close communication with customers to build homes that will satisfy our customers for years to come.

In April 2002 Mitsubishi Estate Home launched “New Aerotech,” an upgraded and more efficient model of Aerotech, the central heating and cooling system that has been installed in over 2,500 homes. Also in April 2002 we began marketing “u:D,” a new kind of urban home with fashionable and stylish designs to expand our product line-up and appeal to new customers.

The condominium and house renovation business saw increased orders, and is set to grow into a pillar of the business second only to custom-built houses.

We expect the difficult business environment to continue in the future, and will work to revive our business performance by reexamining cost structures such as marketing and administrative expenses, and by lowering the primary costs of building.
HOTEL BUSINESS OPERATIONS
The Royal Park Shiodome Tower to Open in July 2003

In the Hotel Business Division, the hotel management company Royal Park Hotels and Resorts Co., Ltd. has integrated its administration and management functions in a move to improve the efficiency of each hotel, accumulate administrative expertise, and improve the level of management. Hotels in the Royal Park Hotels chain have spread to eight locations including Tokyo, Yokohama and Sendai, and a second Tokyo location is due to begin operations in July 2003, the Royal Park Shiodome Tower in the Shiodome district.

The Royal Park Shiodome Tower will have 490 guest rooms and aims to be a new kind of hotel focused on lodging but with convenience facilities such as dedicated meeting rooms, laundry corners, a convenience store, business service center and a relaxation spa. With the completion of this hotel, our hotel chain will consist of nine hotels with a total of 2,543 guest rooms.

We have also moved into the new business of operating conferencing facilities in the Marunouchi district. This new business includes the management of rental conference rooms and event halls, drawing on our previous experience with other hotel services.

Moving forward, we plan to strengthen the functions of the hotel chain through the exchange of personnel and sponsoring simultaneous events at each hotel, as well as increasing the strength of the Royal Park Hotels brand through hotel consulting and contracted management of independently operated, luxurious hotels in the downtown area.

① Royal Park Shiodome Tower
Located in Media City Shiodome, this new style of hotel will be created around the concepts of stylish space, a convenient environment and flexible service.

② Yokohama Royal Park Hotel
This hotel is located in the high-rise section of the Landmark Tower Yokohama in the Minato Mirai 21 district. Guest rooms on the 52nd to 67th floors are the highest in Japan at 210 meters, offering scenery that changes with the direction, season and time of day.
In response to growth in leisure time and the advent of a rapidly aging society, the Recreational Facility Division continues to expand its business in such facilities as fitness and golf clubs.

Our fitness club chain, Liv Sports Co., Ltd., operates seven branches of the Liv Fitness Club in the Tokyo metropolitan area. In recent years the chain has been aggressively proceeding with openings of large-scale suburban clubs to satisfy expectations of increased demand among families, and launched branches in Sagamihara, Kanagawa Prefecture in August 2001 and Asaka, Saitama Prefecture in May 2002.

While we are implementing such measures to augment facilities in our golf course operations as the introduction of electromagnetic induction-guided carts at our Shizuoka Prefecture-based Higashi-Fuji Country Club and Fuji International Golf Club, we are also progressing with efforts to improve management efficiency amid continued severe operating conditions through Groupwide cost reductions.

In addition, the division is developing urban recreational facilities business for such sports as “Futsal” (five-on-five soccer) and membership-based tennis clubs.

**Liv Fitness Club**
This large-scale Liv fitness club opened in May 2002 features a 3,050-m² training gym and a variety of relaxation facilities. An all-around club complete with general-purpose spaces and other amenities.

**Resort Park Onikobe Golf Course**
An 18-hole course located on a sprawling 144-hectare resort where one can enjoy the distinctive features of the front and back nine.