

BUILDING BUSINESS OPERATIONS

Viewing Urban Functions from the Perspective of Area Management

Building Business operations handle 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 area management.



Tokyo Building Reconstruction Project

Currently under planning and expected to be completed in the fiscal year ending March 31, 2006, this will be the first building in Japan to take advantage of regulations allowing unused air rights to be transferred from another site in the district, to increase floor space.

Marunouchi Redevelopment Project

At the forefront of Building Business operations is the redevelopment of the Marunouchi district, a project to upgrade the features of the 30 buildings owned in the area by Mitsubishi Estate through rebuilding and large-scale renovation. The Marunouchi Building opened in September 2002, and The Industry Club of Japan and Mitsubishi Trust and Banking

Building was completed in February 2003. Plans call for completion of the Marunouchi 1 chome 1 Area Development Project in August 2004, and rebuilding of the Tokyo Building, Hibiya Park Building and Shin-Marunouchi Building by the fiscal year ending March 31, 2008.

We will continue to advance the Marunouchi Redevelopment Project as the fundamental strategy of Building Business operations after the completion of these buildings.

Improving Profitability and Reducing Costs through a New Management System

As part of our efforts to strengthen Building Business operations' property management function, the division switched to a new management structure, whereby a section of the Marunouchi district that includes the Marunouchi Building will be managed by Mitsubishi Estate Building Management Co., Ltd. This is leading to stronger management of multiple-function facilities and lower building



Marunouchi 1 chome 1 Area Development Project (Tokyo Station, Marunouchi north exit)

Construction on this project, a complex of offices, commercial facilities and a hotel, is scheduled for completion in August 2004.

management costs. The Company established the Building Management Advisory Office in August 2002, and worked to expand

its fee-based business such as property management, to expand business scale.

A large supply of office buildings went on the market in 2003 with the completion of several large-scale redevelopment projects in central Tokyo. Mitsubishi Estate aims to improve its competitiveness through the redevelopment of the Marunouchi district, and to increase the efficiency of its existing office buildings. The Company also aims to reinforce earnings by strengthening proposal-based marketing in tune with tenant needs.

Shopping Center Business

Building Business operations include shopping centers in Tokyo (Daiba), Yokohama and Fukuoka, and work is also proceeding on a plan to commer-

cialize 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. Chelsea Japan operates outlet malls in Gotemba (Shizuoka Prefecture) and in Izumisano (Osaka Prefecture), and opened Sano Premium Outlets in Sano (Tochigi Prefecture) in March 2003. Chelsea Japan is expanding on a national scale with plans to open premium outlet malls in Tosu (Saga Prefecture) and Toki (Gifu Prefecture) in spring 2004.



Yokohama Landmark Tower
Opened in July 1993, the Yokohama Landmark Tower is celebrating its 10th anniversary this year as the first private-sector building completed in the Minato Mirai 21 district. The building is the highest in Japan, standing at 296 meters.



Sano Premium Outlet
Opened in March 2003, this is the third premium outlet being operated in Japan by Chelsea Japan Co., Ltd., a partnership of U.S.-based Chelsea Property Group, Inc., Nissho Iwai Corporation and Mitsubishi Estate.

RESIDENTIAL DEVELOPMENT OPERATIONS

Aiming to Provide Excellent Living Environments Through Condominiums and Consulting Services

Residential Development operations aim to provide ideal living environments, by developing and marketing condominiums, single-unit homes and residential land, as well as engaging in businesses such

as condominium administration and consulting services for the optimal use of real estate.

Strong Performance in Condominiums Continues due to Product Planning and Area Strategies

Underpinned by the positive effects of low interest rates on housing loans

and tax measures promoting residence purchasing, market conditions for condominiums continued to be relatively favorable, and in the fiscal year ended March 31, 2003, the Company was able to sell 2,437 new condominiums. Mitsubishi Estate made every effort to add value and distinguish itself from the competition through its strategy to concentrate new condominiums in popular areas and through product planning in cooperation with other types of businesses.

Furthermore, gross profit margin for the condominium business continued its year-on-year improvement, reaching approximately 23% for the fiscal year under review, owing to stronger marketing power and the implementation of an integrated site acquisition-to-product planning system that shortens the development period.

Despite signs of weakness in the condominium market, Mitsubishi Estate is enjoying firm performance by emphasizing high-rise, large-scale condominiums with spectacular views and featuring shared facilities with pleasant surroundings in tune with the environment, as well as convenient condominiums in popular urban centers with short-term development periods.

Creating New Businesses for Diverse Lifestyles

A new housing option, cooperative housing, is gaining popularity with homeowners. We began accepting applications in October 2002 for



Park House Kiyosumishirakawa
The Park House Kiyosumishirakawa is a large-scale condominium complex comprising two 20-story buildings and a total of 473 units, currently under construction in Shirakawa, Koto Ward, Tokyo.



Park House Shiba Tower
The Park House Shiba Tower is a 32-floor condominium complex of 178 units currently under construction in Shiba, Minato Ward, Tokyo. Located in the very center of Tokyo, the property is extremely convenient for commuting. All units in the building face south or occupy an entire corner of the building, offering amiable living conditions.

ARCHITECTURAL DESIGN & ENGINEERING OPERATIONS

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

Mitsubishi Estate's Architectural Design & Engineering operations are 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. Mitsubishi Jisho Sekkei Inc., formerly a division of Mitsubishi Estate and made an independent subsidiary in June 2001, now forms an integral part of the Architectural Design & Engineering Division.



Right: Shinagawa Mitsubishi Building

Completion date: March 2003
Three floors below ground, 32 floors above
Owners: Mitsubishi Corporation and Mitsubishi Motors Corporation

Left: Mitsubishi Juko Building

Completion date: March 2003
Three floors below ground, 29 floors above
Owner: Mitsubishi Heavy Industries, Ltd.

Involved in a Wide Range of Fields, from Office Buildings to Condominiums

Mitsubishi Jisho Sekkei has aggressively developed the business while making full use of its design and technological capabilities that have supported the Group's business as a comprehensive developer.

Architectural design and engineering for new projects is progressing well with the completion of the Marunouchi Building, Shinjuku Bunka Quint Building, Tokyo Twin Parks and other buildings. The Company is expanding its field of expertise from office buildings and condominiums to encompass commercial, educational, medical and other facilities toward establishing the brand presence of a leading company in the design and engineering industry.

Leveraging Comprehensive Group Capabilities to Enter Fields of Growth

Backed by its accumulated know-how, Mitsubishi Jisho Sekkei is making aggressive efforts in the renovation business, which is expected to grow, and in consulting operations for private financing initiatives (PFIs), construction management, energy conservation and environmental assessment, to expand earnings in each of these areas.

Targeting the interior design sector, MEC Design International Corporation not only provides interior design services, but also functions as a strategic asset in the fields of facility management and open-design condominiums, creating an optimized structure able to deploy the comprehensive capabilities of the Group.



Shinjuku Bunka Quint Building

Completion date: January 2003
Three floors below ground, 23 floors above
Owner: Yoyogi Sanchoe Kyodo Building Promotion Council (Bunka Gakuen, Fujikura Ltd., Tokyo Metropolitan Government Bureau of Waterworks, Tokyo Urban Development Co., Ltd., Keio Electric Railway Co., Ltd.)

URBAN DEVELOPMENT AND INVESTMENT MANAGEMENT OPERATIONS

Expanding Business Opportunities with Development and Management

Demand is increasing for income-generating real estate for investment purposes among institutional and individual investors. Urban Development and Investment Management operations respond to

this need through the development business, which encompasses the functions of development, and the management business, which provides administration functions.



Somerset Azabu East

Somerset Azabu East is a service apartment that began operations on March 1, 2003, and is managed by Ascott International Management Japan Co., Ltd., a service apartment management company jointly established with The Ascott Group Limited of Singapore.

Developing Real Estate for Investment Purposes and Providing Solutions

Development functions are undertaken with the purpose of placing investment properties on the market. The sale of real estate hastens the recovery of invested capital and provides development profits in the form of capital gains.

The Company plans to invest ¥10 billion annually through its equity base. In February 2003, Mitsubishi Estate completed construction on the first service apartment it developed, the Somerset Azabu East. Construction is proceeding smoothly on a number of projects, including the Nibancho Project (tentative name) in Nibancho, Chiyoda Ward, Tokyo. The Company aims to expand operations further by making every effort to strengthen its solution functions for the effective utilization of assets held mainly by corporate customers.

Acquiring New Projects While Expanding Fee-Based Businesses

In administrative functions, we offer fee-based management services through the operations of Japan Real Estate Asset Management Co., Ltd., which engages in the management of J-REIT assets, and Mitsubishi Jisho Investment Advisors, Inc., a comprehensive real estate investment advisory company. Mitsubishi Jisho Investment Advisors, Inc. has steadily expanded earnings since its foundation in September 2001, and aims to increase assets on deposit through efforts to acquire new investments.

With development and administrative functions working in unison, we aim to expand business opportunities and respond to social and economic needs for the revitalization of real estate investment markets and urban redevelopment.



Nibancho Project (tentative name)

Scheduled for completion in early summer 2004, the Nibancho Project is under construction in Nibancho, Chiyoda Ward in Tokyo. This project offers the latest in office functionality, with each floor featuring up to approximately 4,000 square meters of column-less space and modern, high-grade rental housing on the upper levels.

INTERNATIONAL BUSINESS OPERATIONS

Comprehensive, Worldwide Real Estate Services

International Business operations lease office buildings 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, Cushman & Wakefield, Inc., an RGI subsidiary, operates a global network of comprehensive real estate services centered on real estate brokerage services.



Paternoster Square Redevelopment Project
Started in May 1999 and finished in May 2003, the four building project has a combined floor space of 79,700 square meters on a 9,800 square meter site in the financial district of London.

We are aggressively developing real estate projects in New Jersey and other parts of the United States. In fiscal 2002, RGI sold to investors portions of some development properties such as the Rockefeller Group Corporate Park.

In May 2003, the Company completed the Paternoster Square Redevelopment Project in London. With floor space of 79,700 square meters, the project is a four building complex of offices and retail outlets in the financial district of London next to St. Paul's Cathedral. Long-term office space tenants include the London Stock Exchange, Goldman Sachs International and CB Hillier Parker, providing a stable business foundation. One building was sold to a U.K. insurance company for an early recovery on invested capital.

Amid challenging conditions in the depressed real estate market in the United States, Cushman & Wakefield, Inc. aims to improve profit margins through cost reductions and other means to make operations more efficient.

Developing Real Estate in the United States and the United Kingdom

In August 2002, in a joint project with Lehman Brothers, construction was completed on a midtown New York property at 745 Seventh Avenue (32 floors, 97,400m² total floor space).



777 Tower
Designed by Cesar Pelli, this office building located in Los Angeles, California was completed in 1991.

CUSTOM-BUILT HOUSING OPERATIONS

From Custom-Built Housing to Remodeling of Condominiums and Single-Unit Houses

Custom-Built Housing operations seek 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.



Affilia
Affilia is a new product with options for customizing design. Along with a feeling of spaciousness, Affilia's sharp accent lines emphasize individuality and a presence that stands out from other homes.

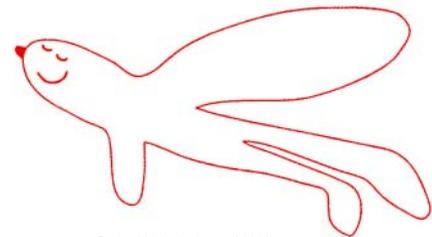
Building High-Quality Homes that Last a Lifetime

In January 2001 we launched a new brand of two-by-four, single-unit houses, "Mitsubishi Home." From contract to post-purchase service, we are striving through close communication with customers to build homes that will satisfy them for years

to come. In September 2002, Mitsubishi Estate Home timed the opening of Marunouchi Home Nexus, a showroom of information about homes and lifestyles, to coincide with that of the Marunouchi Building.

In May 2003, Mitsubishi Estate Home upgraded "Aerotech" the 24-hour central heating, cooling and ventilation system that has been installed in over 2,800 homes, and made it standard equipment in Mitsubishi Home custom-built houses. We believe this move has led to increased product value for Mitsubishi Home, amid heightened social concerns for air quality in homes following revisions to the Building Standard Law in Japan. In addition, we began marketing "u:D," a new kind of urban home with fashionable and stylish designs, and launched the new product "Affilia," a series of open-design homes to expand our product lineup and appeal to new customers.

Facing increased demand, the condominium and house renovation business aims to expand orders through the establishment of specialist sections, and is set to grow into a business pillar second only to custom-built housing.



©mitsubishi jisho home/2002/fu-san

Air Mascot Fu-san

"Fu-san" is the air mascot for Aerotech that promotes awareness of air quality. After a full model change, the new Aerotech features higher efficiency than before, providing more comfort in homes.

HOTEL BUSINESS OPERATIONS

Building the Royal Park Hotels Brand Name

In Hotel Business operations, Royal Park Hotels and Resorts Co., Ltd. integrates the administration and management of each hotel to enhance efficiency, accumulate administrative expertise and improve the level of management.



Royal Park Shiodome Tower
Located in Shiodome, Tokyo, this new style of hotel was created around the concepts of stylish space, a convenient environment and flexible service.

A New Style of Hotels

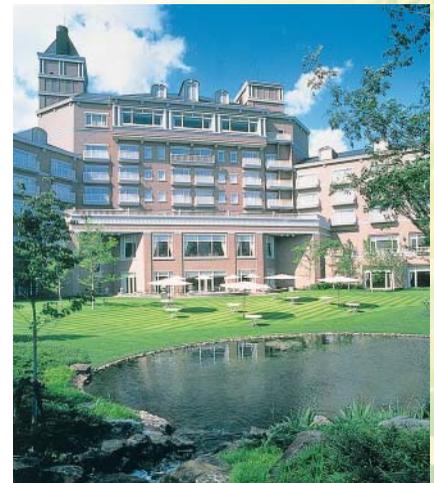
The Royal Park Hotels chain has grown to accommodate 2,535 guestrooms in nine hotels in locations including Tokyo, Yokohama and Sendai. Opened in July 2003 in Shiodome, Tokyo, the Royal Park Shiodome Tower has 490 guestrooms featuring personal computers equipped with a high-speed Internet connection, and information is available through a “cyber concierge.” The hotel also features such business amenities as dedicated meeting rooms, a 24-hour business service center, a convenience store and Japan’s first Mandara Spa for relaxation. The

Royal Park Shiodome Tower offers a new paradigm in hotel experiences, including the use of a time-sharing service where members are able to use guestrooms on an hourly basis.

Increasing the Brand Value of Royal Park Hotels

As a hotel group backed by domestic capital, we also introduced the first room reservation system based on global standards used by large-scale hotel chains around the world. Based on this system, we will launch the Royal Park Hotels Central Reservation Office and aggressively promote its use for hotels outside the Group.

We plan to strengthen the functions of the hotel chain through the exchange of personnel and by sponsoring simultaneous events at each hotel, as well as by increasing the value of the Royal Park Hotels brand through hotel consulting and contract management of independently operated, luxurious hotels in downtown areas.



Sendai Royal Park Hotel
Located in a central location in the beautiful suburbs of Sendai, the Sendai Royal Park Hotel offers breathtaking guestroom views of lush gardens and the downtown area. The hotel was honored to host soccer players representing Italy and Japan during the 2002 FIFA World Cup™.

RECREATIONAL FACILITY OPERATIONS

Supporting the Development of Healthy Minds and Bodies

In response to growth in leisure time and the advent of a rapidly aging society, Recreational Facility operations continue to expand its business in such facilities as fitness and golf clubs. In this way, we support efforts to maintain healthy minds and bodies.



Liv Fitness Club Kita-Asaka
This large-scale Liv Fitness Club opened in May 2002 and features a 3,050 m² training gym and a variety of relaxation facilities. It is an all-round club, complete with general-purpose spaces and other amenities.

Aggressively Opening Fitness Centers in Response to Growing Demand

Our fitness club chain, Liv Sports Co., Ltd., operates seven branches of the Liv Fitness Club, one futsal (five-on-five soccer) club and two massage facilities in the Tokyo metropolitan area. Business performance is strong at Liv Sports. We opened large-

scale suburban clubs in response to growing interest in fitness clubs among families, with one in Sagami-hara, Kanagawa, in August 2001, and another in Asaka, Saitama, in May 2002. The chain is planning to aggressively open large-scale suburban clubs to satisfy expectations of increased demand among families, as fitness needs are expected to grow in tandem with greater health consciousness and an aging society.

Increasing Management Efficiency in Golf Course Operations

In our golf course operations, we are working to increase management efficiency through cost reductions while planning to upgrade facilities. In April 2003, we changed the Resort Park Onikobe Golf Course in Miyagi Prefecture into a public golf course, restarting operations there as a resort-style golf course where anyone can enjoy playing. We also introduced electromagnetic induction-guided carts at our Izumi Parktown Golf Club. In addition, the division is developing urban recreational facilities business for membership-based tennis clubs and other sports.



Fuji International Golf Club
The Fuji International Golf Club has a total of 36 holes divided between the Fuji Course and the Otome Course, offering gradual slopes with Mt. Fuji framed majestically in the background. The Fuji Course has broad fairways and beautiful views, and the Otome Course challenges golfer technique with its curvaceous topography.