REAL ESTATE CONSULTING & SOLUTION DEPARTMENT

Strengthening Proposal-Based Marketing and Cultivating New Business Opportunities for the Entire Mitsubishi Estate Group

Standing at the heart of Mitsubishi Estate’s strategic marketing structure, the Real Estate Consulting & Solution Department works to foster deeper ties with corporate clients through proposal-based marketing, which is conducted across the Group as a whole. Making full use of its accumulated real estate development, planning and management know-how, the Real Estate Consulting & Solution Department is active in efforts to realize maximum value for its corporate clients.

The Mitsubishi Estate Group’s Marketing Structure

The Mitsubishi Estate Group is engaged in comprehensive real estate development activities across eight business operations comprising Building Business, Residential Business, Urban Development & Investment Management, International Business, Architectural Design & Engineering, Custom-Built Housing, Hotel Business, and Real Estate Service operations. Independent of these business units, the Real Estate Consulting & Solution Department promotes proposal-based marketing on a cross-sectional basis across the entire Group. Leveraging the collective strengths of the Group, through close collaboration that extends across all operations, the Department provides a full range of best-fit, customer-oriented consulting services and solutions including effective real estate acquisition and usage. As well as servicing existing customers, the Department is active in cultivating new business opportunities.

Large-Scale Development and Private Finance Initiative Businesses

The Real Estate Consulting & Solution Department is pursuing initiatives in response to large-scale complex developments and the increase in recent years of public-sector real estate needs as a means to create new business opportunities. Against this background, and supported by its know-how and expertise accumulated over many years, the Department actively pursues the securitization of real estate in the development phase and other new business methods.
The Tokyo Building

The Tokyo Building opened in November 2005. Taking advantage of new deregulations, floor space was increased by transferring air rights from the Tokyo Station building.

Promoting Increased Interaction in the Marunouchi District

The Marunouchi district is the home base in Japan for many of the world’s leading companies. With its overwhelming infrastructure and corporate scale the district offers a variety of business opportunities. Aiming to transform Marunouchi into a world-class center of dynamic interaction, Mitsubishi Estate promotes the upspring of various exchanges through supporting venture businesses and concentrating academic centers in the district, thereby expanding the circles of diverse exchanges that extend beyond the business world.

The Second Stage of the Marunouchi Redevelopment

In an effort to raise awareness of Tokyo as an international center among business people all over the world, to maximize its full potential, and to deliver new functions that meet today’s and tomorrow’s business needs, Mitsubishi Estate is acting beyond the role of developer to that of a producer. In 1998, we commenced the first stage of the Marunouchi Redevelopment, a 10-year program encompassing the upgrade, reconstruction and renovation of much of the Marunouchi district. Beginning with the Marunouchi Building, Mitsubishi Estate has made steady progress in the ensuing period. In February 2003, the Industry Club of Japan and Mitsubishi UFJ Trust and Banking Building was completed, followed in September 2004 by Marunouchi OAZO,
The Shin-Marunouchi Building

Rebuilding plans are proceeding on schedule for the completion of the Shin-Marunouchi Building by the fiscal year ending March 31, 2008. Completion of construction will coincide with the close of the first stage of the Marunouchi Redevelopment.

Marunouchi OAZO


The Peninsula Tokyo (tentative name) (above)

Constructed by Mitsubishi Estate, the Peninsula Tokyo will be leased and operated by The Hongkong and Shanghai Hotels, Limited. Scheduled to open in the fiscal year ending March 31, 2008, this world-class luxury hotel is attracting considerable expectation and interest.

Sano Premium Outlet (below)

Modeled on an image of city life on the east coast of the United States, the Sano Premium Outlet boasts approximately 150 of the world's leading brand stores. Opened in March 2003, the outlet underwent a third-stage expansion in March 2006.

Expanding the Shopping Center Business Throughout Japan

Building Business operations include shopping centers in Tokyo (in Odaiba), Yokohama, Hakata and other locations, and work is also proceeding to ensure a greater retail presence on Marunouchi Naka Dori, as part of its redevelopment. In addition, Mitsubishi Estate engages in outlet mall operations through Chelsea Japan Co., Ltd., a partnership vehicle capitalized by Mitsubishi Estate, U.S.-based Chelsea Property Group, Inc. and Sojitz Corporation.

Chelsea Japan operates outlet malls in Gotemba (Shizuoka Prefecture), Izumisano (Osaka Prefecture), Sano (Tochigi Prefecture), Tosu (Saga Prefecture) and Toki (Gifu Prefecture). Chelsea Japan also plans to open Kobe-Sanda Premium Outlets (tentative name) in Kobe (Hyogo Prefecture).
Residential Business operations aim to provide ideal living environments in concert with a healthy and fulfilling lifestyle, by developing and marketing condominiums, single-unit homes and residential land, as well as engaging in businesses such as condominium management and consulting services for the optimal use of real estate. At the same time, Mitsubishi Estate manages fitness clubs.

### Condominium Sales

<table>
<thead>
<tr>
<th>Year</th>
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</tr>
</thead>
<tbody>
<tr>
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<td>2006/3</td>
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**PARK HOUSE SANBANCHO**

Park House Sanbancho is a 67-condominium joint development project between Mitsubishi Estate and NTT Urban Development Co. Located in the Bancho area of Chiyoda Ward, which is known for its scarcity of residential properties, this complex is the first among the PARK HOUSE series in the Bancho area to have adopted seismic isolation.
In the single-unit home business, Mitsubishi Estate has created a new brand called "dreams design," with an underlying theme of "living spaces that reflect individuality and offer daily comfort." Through the provision of detached houses under this brand, Mitsubishi Estate is promoting residential developments based on a more distinctive customer-oriented concept.

**Merger of Condominium Management Group Subsidiaries**

As of April 1, 2006, the Group’s condominium management subsidiaries, Mitsubishi Jisho Community Service Co., Ltd. and Towa Community Service Co., Ltd., merged to form Mitsubishi Jisho Towa Community Co., Ltd. Boasting a business scale of approximately 140,000 condominiums under its management, Mitsubishi Jisho Towa Community is advancing the streamlining and rationalization of its operations while endeavoring to integrate and enhance the comprehensive know-how nurtured over the years by both former companies in the fields of condominium management and maintenance. Through these efforts and by providing management services that guarantee customer satisfaction, Mitsubishi Jisho Towa Community aims to further bolster its market competitiveness.

**Contributing to a Healthy Lifestyle through the Fitness Business**

Mitsubishi Estate is also engaged in a number of leisure services such as the management of golf courses, sporting facilities and businesses associated with increased leisure time and the promotion of good health. Against the background of a rapidly aging society, Liv Sports Co., Ltd. in particular is actively expanding activities in the fitness business. With the opening of Fitness Club Liv Kitatoda in July 2006, Liv Sports has expanded its network to include 10 branches of its fitness clubs. In addition, Liv Sports operates futsal clubs and massage facilities, as well as other fitness clubs in the Tokyo Metropolitan area. Looking toward the future, Liv Sports will actively pursue expansion with family-oriented branches in suburban areas around Tokyo.
In the real estate investment market, demand is increasing for income-generating real estate. Taking this into consideration, Urban Development & Investment Management operations have positioned the development and management of quality real estate at the heart of business activities. Going forward, we are pursuing a two-tiered business model, promoting development functions in concert with management functions.

**Actively Promoting the Development Business by Strengthening Asset Solutions Capabilities**

In the context of the development function, we are fostering the development business of income-generating real estate by optimizing the timing of sales of prime investment products soon after construction completion and the commencement of operations.

At the end of January 2006, construction of Kitanomaru Square in Kudan-Kita, Chiyoda Ward was completed, followed in April by the Nagoya Nishiki Front Tower in Naka Ward, Nagoya. Mitsubishi Estate is also active in a number of development projects including the Shiodome Stage I-2 Area Project (tentative name), which forms part of the large-scale Shiodome Shiosite redevelopment project, and the Akihabara No. 8 Area Redevelopment Project (tentative name) currently proceeding in the area around Akihabara Station, globally known as “Electric Town,” which has been designated as a redevelopment district.

Mitsubishi Estate does not limit its activities solely to office buildings; it also engages in the development of a broad range of real estate, including retail facilities, residential properties and serviced apartments, in an effort to address the diverse needs of the investment market.

**AKIHABARA NO. 8 AREA REDEVELOPMENT PROJECT (tentative name)**

The service commencement of the Tsukuba Express train has vitalized the Akihabara district. Aiming to redevelop the prime location of the area surrounding Akihabara Station, this project uses development-based securitization methods to procure development funds through non-recourse loans and equity financing from Mitsubishi Estate. The plan includes the construction of a complex of offices and retail facilities.
Especially in residential property development, Mitsubishi Estate is pushing forward with the development of the PARK HABIO brand of condominium complexes for leasing purposes by leveraging its performance and know-how accumulated in the development of the Park House brand condominiums for sale. After construction completion of PARK HABIO KYOBASHI in September 2004, the first building of the series, Mitsubishi Estate has already supplied five PARK HABIO buildings including PARK HABIO AKASAKA-HIKAWACHO, completed in March 2006, and construction of three other buildings is also underway primarily in Minato Ward. Mitsubishi Estate plans to continue supplying high-quality condominiums in central city locations that meet various needs.

In its development projects, Mitsubishi Estate is utilizing special-purpose companies and other vehicles to limit business investment risk, although direct investment may be utilized depending on the scale of development. Through a thorough decision-making process, Mitsubishi Estate endeavors to choose an optimal investment method for each development project.

Looking forward, Mitsubishi Estate is making every effort to secure more business opportunities by strengthening asset solutions capabilities to maximize asset value for real estate customers.

**Providing a Broad Range of Specialized Services for Real Estate Investment**

Mitsubishi Estate is developing a fee-based business through Mitsubishi Jisho Investment Advisors, Inc., which provides comprehensive services related to real estate investment, and Japan Real Estate Asset Management Co., Ltd., which engages in asset management for Japan Real Estate Investment Corporation, a real estate investment trust in Japan (J-REIT).

Earnings from fund management activities are steadily growing at Mitsubishi Jisho Investment Advisors, which is building a real estate private equity fund comprising commercial facilities, and also a rental-housing fund. Continuing to secure management opportunities, Mitsubishi Jisho Investment Advisors aims to acquire new projects, increase the number of funds it manages and expand the balance of assets under management.

Focusing on both development and management, Mitsubishi Estate strives to expand business opportunities through growth in the real estate investment market and by responding to socioeconomic needs for urban redevelopment.
Advancing the Real Estate Development Business across the United States, London and Shanghai

In International Business operations, Mitsubishi Estate operates mainly through Rockefeller Group, Inc. (RGI), which owns, leases and manages office buildings in such locations as New York (the Time-Life and McGraw-Hill buildings) and London (Paternoster Square), and is active in real estate development across the United States and in London and Shanghai. In addition, Cushman & Wakefield, Inc., an RGI subsidiary, offers global comprehensive real estate services, centered mainly on real estate brokerage.

Following in the footsteps of the Paternoster Square Redevelopment Project, completed in 2003, Mitsubishi Estate has initiated the Bow Bells House Redevelopment Project jointly with Mitsubishi Corporation as its second redevelopment project in the city of London. Located in an area conducive to office and retail use, and adjacent to the historic St. Mary-Le-Bow Church, the project is drawing significant attention. With the demolition of an existing building at the site already completed, the plan calls for construction to commence in the summer of 2006 and completion in 2007.

On the China front, Mitsubishi Estate has commenced a development project in the Waitanyuan area of Shanghai in cooperation with the Shanghai New Huangpu Group and Sinolink International Trading Co., Ltd. This project is scheduled for completion in 2009.

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Comprehensive, Worldwide Real Estate Services

The McGraw-Hill Building
With 51 floors above ground and five floors below ground, the McGraw-Hill Building boasts total floor space of 237,000m². Located in Manhattan, New York, this office building was completed in March 1972. Mitsubishi Estate acquired an interest in the building in April 1990.

Bow Bells House Redevelopment Project
Located in the heart of London’s financial district, the Bow Bells House Redevelopment Project calls for the construction of an office building with a total 20,000m² in office space. The project is scheduled for completion in 2007.

Paternoster Square Redevelopment Project (above)
The Paternoster Square Redevelopment Project in the center of London’s financial district was completed in May 2003, with a ground-floor area of approximately 15,000m² and total floor space of approximately 88,000m² across four complexes.

Shanghai Bund de Rockefeller Project (below)
A large-scale development located in the Waitanyuan area of Shanghai, China. This project is a mixed-use development of 94,000m² comprising residential housing, retail shops, a boutique hotel and other facilities. Completion is scheduled for 2009.
At the core of Mitsubishi Estate’s Architectural Design & Engineering operations is Mitsubishi Jisho Sekkei Inc., a business engaged in the design and administration of construction and civil engineering projects, building renovation work, projects related to urban and regional development, as well as comprehensive consulting.

Robust Architectural Design & Engineering as well as Peripheral Business Operations Coupled with Business Expansion in China

Major projects completed during the fiscal year ended March 31, 2006 included the Tokyo Building, the new Mitsubishi Shoji Building, Kitanomaru Square and TAKANAWA The RESIDENCE condominium complex. The Yomiuri Hokkaido Building, the Seikei University Information Library and the Park House the Garden are planned for completion in the fiscal year ending March 31, 2007. Looking toward the future, Mitsubishi Estate will continue efforts to secure orders in architectural design and engineering while actively sharpening its competitive edge in the business domains of structural reinforcement and refurbishment, construction management, private financing initiative (PFI) projects and district heating and cooling services, all of which are primed for market expansion.

In November 2005, Mitsubishi Estate succeeded in winning the bid for the master plan concerning the development of the new Pudong district in Shanghai. As part of the development of a new urban center in this rapidly growing metropolis, the plan calls for massive landscape design and the construction of a political and cultural center in an area bordering a cosmopolitan residential district and centered between central Shanghai and the Shanghai Pudong International Airport. Leveraging the momentum of this development, Mitsubishi Estate will maintain efforts to expand its business operations in the ever-growing market of China.

Continuous Customer Satisfaction Improvement and Innovation in Operational Processes

Mitsubishi Jisho Sekkei is continuously working to improve customer satisfaction and bring innovation to its operational processes in order to swiftly and accurately address the diversified and increasingly sophisticated needs of its clients. As part of these endeavors, Mitsubishi Jisho Sekkei conducts periodic customer satisfaction surveys, using the results in-house while promoting business information sharing through its intra-company database system. The cost breakdown of projects and operating efficiency of buildings from an architectural design and engineering perspective are also analyzed and reflected in employee performance evaluations.

Mitsubishi Jisho Sekkei, together with MEC Design International Corporation, a company that provides interior design services, fully utilize the technological strengths that support the entire Mitsubishi Estate Group to raise the quality and value of products and services.
Custom-Built Housing operations seek to supply the kind of quality housing that is the foundation of a rewarding life. Through Mitsubishi Estate Home Co., Ltd., our principal vehicle in these activities, Mitsubishi Estate undertakes construction contracts for custom-built housing for individuals as well as housing development companies.

Ecofeel Me, developed through the fusion of Aerotech and all-electric home.

Housing products that fuse Aerotech with all-electric features include IH cooking heaters and EcoCute, a hot water supply system that uses a CO₂ refrigerant heat pump to effectively incorporate heat from the air and use it as energy to heat water. These features deliver elegant, reliable and comfortable lifestyle alternatives that are kind to the environment and reduce utility costs.

“Aerotech,” an Innovative Open-Design Housing Concept
Focusing on the two-by-four construction method, the principal method for single-unit custom-built housing, Mitsubishi Estate Home strives to deliver living safety and comfort. Leveraging its accumulated technical know-how and expertise, the company boasts stringent quality standards, offering maximum protection from earthquakes, durability and energy efficiency. The company is also renowned for its “Aerotech” mainstay brand. As well as providing a 24-hour central heating, cooling and ventilation system, Aerotech offers functionality that realizes comfortable living and creates an open and spacious feeling, reflecting flexible design planning that fully satisfies the diverse needs in family lives. Respecting each customer’s lifestyle, desires and preferences for their daily lives, and taking advantage of its technological prowess and added value, Mitsubishi Estate Home closely collaborates with customers to contribute to realizing their dreams.

In April 2006, Mitsubishi Estate Home commenced the sale of Ecofeel Me, a new line of single-unit custom-built housing products that have been developed through the fusion of Aerotech and all-electric home. Through the provision of Ecofeel Me, the company proposes more secure, comfortable and environmentally friendly lifestyles complete with reduced utility costs.

Mitsubishi Estate Home is also active in fostering business opportunities with companies engaged in built-for-sale housing and house renovations. Based on its residential design know-how accumulated over a number of years, the company endeavors to create comfortable living environments on an individual and neighborhood-wide basis.
In Hotel Business operations, Royal Park Hotels and Resorts Co., Ltd. integrates the administration and management of each hotel to ensure consistency throughout the hotel chain, to enhance management efficiency and to improve the level of management. With hotels in Tokyo, Yokohama, Sendai and other locations, the Royal Park hotel chain comprises a network of seven hotels offering 2,212 guestrooms.

**A New Style of Hotel that Supports Business**

Opened in July 2003 in Shiodome, Tokyo, the Royal Park Shiodome Tower offers a new paradigm in hotel services, including Japan’s first Mandara Spa for relaxation, and the use of a timesharing service where members are able to use guestrooms on an hourly basis. These unique services have sustained a high rate of occupancy. Mitsubishi Estate plans to use the development and management know-how gained from the Royal Park Shiodome Tower to create new business opportunities.

**Increasing the Brand Value of Royal Park Hotels through Management Focused on Customer Delight**

Based on the “Best for the Guest” philosophy of the Royal Park Hotels, we take one step beyond customer satisfaction by aiming to delight our guests.

As part of an initiative to enhance the hotel chain, in July 2004 we launched a central reservation office, a first for a locally owned hotel chain in Japan. Using this system, it is possible to directly make reservations on a Web site for rooms at hotels in Japan and around the world.

Furthermore, in April 2006, Royal Park Hotels and Resorts commenced business collaboration with THE OKAMI, an organization of 25 Japanese-style ryokan hotels that are members of various hotel associations covering the Izu area. Through this collaboration, Royal Park Hotels and Resorts provides reservation correspondence services via the Internet, thereby bolstering its customer-oriented business base.

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**Sendai Royal Park Hotel (above)**
The Sendai Royal Park Hotel is located in the outer suburbs of Sendai City and is distinguished by its elegant external façade. Boasting expansive grounds that accentuate the beauty of each season, the hotel also offers garden wedding facilities as well as extensive services including an esthetic salon operated directly by the hotel.

**Yokohama Royal Park Hotel (below)**
At the Yokohama Royal Park Hotel, refurbishment of all guestrooms commenced from the fiscal year ending March 31, 2007. The photo is of a superior twin room located on the Urban Spa floor (67th floor).
Real Estate Service operations, which provide real estate brokerage, condominium sales agency, and office and residential property leasing services are primarily handled by Mitsubishi Real Estate Services Co., Ltd. Real Estate Service operations is committed to delivering customer-oriented services that meet every conceivable requirement and need.

**Real Estate Brokerage Transactions**

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<th>Year</th>
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<td>1,828</td>
<td>1,835</td>
<td>1,901</td>
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**Real Estate Brokerage Services**

Mitsubishi Real Estate Services engages in a wide variety of real estate brokerage businesses, ranging from the purchase, sale and leasing of commercial properties such as buildings and factory sites, and individual properties such as condominiums, single unit homes and residential land, to consulting services that facilitate the optimal application of customers’ real estate. Mitsubishi Real Estate Services also boasts a nationwide network of branches and sales offices that are connected online. Through these means, Mitsubishi Real Estate Services is consistently able to provide the most up-to-date real estate information.

**Sales Agency Services for Properties such as Condominiums**

Qualified staff, who are well versed in the unique features and characteristics of individual properties, as well as real estate finance, law, taxation and related matters, are on hand to assist customers in the sale of properties such as condominiums. Mitsubishi Real Estate Services also offers specialist staff to assist customers in peripheral procedures such as property registration and other administrative matters, as well as condominium buyers in application procedures for mortgage loans. Through a comprehensive range of services, Mitsubishi Real Estate Services provides reliable support to customers in their selling activities. In the area of residential development and sales, the company is on hand to provide total support to developers. We offer a full range of services including site information for potential condominium development, inspections and appraisal, market research, product planning, and advertising and promotional planning.

**Office and Residential Leasing Services**

Mitsubishi Real Estate Services is engaged in a full range of office and residential property leasing services. Mitsubishi Real Estate Services offers a sublease system, under which it leases an entire property from the owner and sublets to tenants under a master-lease agreement. It also provides a property management system that includes a comprehensive range of leasing services.

**Garden Arena Shinyurigaoka**

Mitsubishi Estate, Mitsui Fudosan Co., Ltd., Odakyu Real Estate Co., Ltd. and Odakyu Electric Railway Co., Ltd. are jointly constructing the Garden Arena Shinyurigaoka, a large-scale 697-condominium complex located in the newly developed urban area of Shinyuriyamate. Mitsubishi Real Estate Services Co., Ltd. has been appointed to handle condominium sales.