



Press Release

Morgan Stanley Establishes Hotel Management Company in Japan

Panorama Hospitality to Manage Morgan Stanley Real Estate Funds' Hotel Assets in Asia Pacific

TOKYO, September 30, 2005 – Morgan Stanley today announced that it has established a hotel property management and consulting company in Japan to manage Morgan Stanley real estate funds' hotel assets in Japan and the Asia Pacific region.

The new company, Panorama Hospitality, K.K., will initially asset manage, operate and be the owner's representative for a portfolio of 13 hotels acquired by Morgan Stanley's real estate funds since 2003 including The Westin Tokyo, The Hyatt Regency Kyoto (To be opened in spring 2006), The Shin-Kobe Oriental and The Royal Pines Resort in Australia. Panorama Hospitality, K.K. starts operations by servicing a hotel portfolio of more than 2,800 rooms, 1,800 employees and 25 billion yen (US\$240 million) in revenues.

“The decision to establish a hotel management company underscores our commitment to the development of our hotel business and the positive outlook for this sector,” said Sonny Kalsi, Head of Morgan Stanley Real Estate Asia. “As we continue to invest in hotels in the region, the portfolio of hotels managed by Panorama Hospitality will grow. Over time, we expect that the company will also seek mandates to manage hotel assets for third parties.”

Robert Wilson, a 25-year veteran of the hotel industry, has been appointed President of Panorama Hospitality, K.K. with Kavin Bloomer, a 20-year industry veteran, appointed Chief Operating Officer. The initial staff of 17 people is expected to increase to over 30 within a year.

“Our experienced team of hotel management specialists will oversee significant investments in renovations and system improvements that will provide significant benefits for the customers of our hotels,” said Robert Wilson. “Although in many cases we will be sole manager, we will continue to work with other major hotel chains as appropriate.”

Panorama Hospitality, K.K. is a wholly-owned subsidiary of Morgan Stanley, the world's largest investment bank by market capitalization.

Morgan Stanley Real Estate is comprised of three major global businesses: Investing, Banking, and Lending. Since 1991, Morgan Stanley has acquired more than \$67.7 billion of real estate assets worldwide and currently manages \$36.2 billion in real estate assets on behalf of its clients. In Japan, Morgan Stanley commenced investing activity in 1997 and has invested in assets including office, residential, commercial and hotel properties through its funds. Morgan Stanley also originates upwards of \$11 billion in commercial mortgages annually. In addition, Morgan Stanley Real Estate provides a

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complete range of investment banking services including merger, acquisition and restructuring advisory and recapitalizations, as well as public and private debt and equity financing. Morgan Stanley established its real estate organization in 1969.

Morgan Stanley (NYSE: MWD) is a global financial services firm and a market leader in securities, investment management, and credit services. With more than 600 offices in 28 countries, Morgan Stanley connects people, ideas and capital to help clients achieve their financial aspirations.

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