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Mitsui Fudosan Co., Ltd.

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The Mitsui Fudosan Co., Ltd., corporate governance system is described below.

I. Basic Views on Corporate Governance, Capital Structure, Corporate Profile and Other Basic Information

1. Basic Views

The Mitsui Fudosan Group takes a standpoint of sound, transparent and efficient management in the aim of building optimum corporate governance to earn the trust of all stakeholders.

Mitsui Fudosan has established the Compensation Advisory Committee and Nomination Advisory Committee to enhance transparency regarding compensation for managing directors and nomination of managing directors and corporate auditors. It has also adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside managing directors to strengthen the oversight functions of the managing directors and enhance management transparency. Further, Mitsui Fudosan has established an Advisory Committee consisting of experts from business and academia to diversify the perspective of management by providing a more comprehensive viewpoint.

In addition, corporate auditors conduct audits to evaluate the status of business execution by managing directors while coordinating with the Internal Audit Department, which serves as the Company's internal auditing department, as well as with the certified public accountant.

Moreover, steps have been taken to put in place the Mitsui Fudosan Group Compliance Policies, as well as a structure that will ensure that Group managing directors and employees engage in business activities in an appropriate manner.

Reasons for Non-Compliance with the Principles of the Corporate Governance Code

Mitsui Fudosan complies with all Principles of the Corporate Governance Code, announced on June 1, 2015.
We will update and submit this Corporate Governance Report by the end of December 2018, based on the revised Corporate Governance Code, announced on June 1,2018.

Disclosure Based on the Principles of the Corporate Governance Code

[Principle 1.4 Cross-Shareholdings]
・Cross-shareholding policy
In overall consideration for business strategy and relationships with business partners, to improve corporate value, Mitsui Fudosan holds shares considered effective for management strategies from a medium- to long-term perspective.
・Standard for exercising voting rights
In exercising voting rights, Mitsui Fudosan makes comprehensive decisions based on viewpoints including whether it will lead to improved shareholder returns or enhanced corporate value of the company invested in over the medium- to long-term.

[Principle 1-7 Related Party Transactions]
・Mitsui Fudosan annually confirms whether or not there are (direct or indirect) transactions between Mitsui Fudosan and Company managing directors, corporate auditors or presidents of listed subsidiaries and their close relatives.
・In the event of (direct or indirect) transactions between Mitsui Fudosan and managing directors deemed to be competitive or having a conflict of interest, such transactions are approved and monitored by the Board of Directors.
・Having determined the importance of a transaction by referring to disclosure requirements stipulated in the application guidelines for corporate accounting standards, applicable related party transactions are listed in the Securities Report.

[Principle 3.1 Full Disclosure]
(1) Corporate philosophy, business strategies and business plans
Business strategies and plans are disclosed on the Mitsui Fudosan corporate website:
URL: http://www.mitsuifudosan.co.jp/english/corporate/about_us/vision2025/index.html?id=global
The corporate philosophy (Statement Vision Mission) is posted on the Mitsui Fudosan corporate website:
URL: http://www.mitsuifudosan.co.jp/english/corporate/about_us/statement/index.html
(2) Basic views and policies on corporate governance in light of each principle of the Corporate Governance Code

Basic views and policies related to corporate governance are disclosed in this report under Section 1-1: Basic Views, in the Securities Report, and posted on the Mitsui Fudosan corporate website:
URL: http://www.mitsuifudosan.co.jp/english/corporate/about_us/governance/governancesystem/index.html
(3) Policies and procedures for Board of Director determination of managing director and senior management compensation
・Managing director's compensation consists of basic compensation, bonuses paid as a short-term incentive and stock options paid as a medium-term incentive. Compensation for managing directors (outside directors) is solely basic compensation.
・The Company has established a Compensation Advisory Committee, which the Board of Directors consults on senior management and management directors' compensation prior to decisions made at the Board of Directors.
(4) Policies and procedures for Board of Director appointment of senior management and nomination of managing directors and corporate auditors
・Appointment and nomination policy
The Company, based on the Group's management philosophy, business strategies and others, comprehensively considers the personality, abilities, insights and other factors of each candidate, and appoints senior management and selects persons who are suitable for managing directors and corporate auditor as candidates. The Company appoints its outside directors with the expectation that they will contribute their abundant experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the supervisory function of the Board of Directors and ensuring transparency.
The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the managing directors in the performance of their duties, based on their expert knowledge and extensive experience.
・Appointment and nomination procedures
In addition, the Company has established the Nomination Advisory Committee, which the Board of Directors consults on the appointment of senior management and the nomination of candidates for managing directors prior to decisions made at the Board of Directors. Additionally, the nomination of corporate auditors is decided by the Board of Directors with the approval of the Board of Corporate Auditors after consulting with this committee.
(5) In light of (4) above, when the Board of Directors appoints senior management and nominates managing directors and corporate auditor candidates, in the event an explanation of individual appointments and nominations are is provided at the Ordinary General Shareholder's Meeting, the reason for individual appointments will be included in the convocation notice.
For details, please see our website:
URL: http://www.mitsuifudosan.co.jp/english/corporate/ir/shareholder/meeting/index.html

[Supplementary Principle 4-1-1 Disclosure of Scope of Delegation to Management]
From the viewpoint of separation between execution and supervision, with the exception of matters pertaining to stocks and other items important to company management that must be determined by resolution by the Board of Directors in accordance with laws, regulations and the Articles of Incorporation, executive managing directors and executive officers are entrusted with the authority to make decisions pertaining to the execution of business.
Moreover, determination of importance within this authority shall be conducted after establishing Company rules on decision-making based on the nature and amount of transaction, etc.

[Principle 4-8] Effective Use of Independent Outside Managing Directors
The Mitsui Fudosan Board of Directors consists of 12 members, including four independent outside managing directors.
Although there is no particular limitation on the proportion of independent managing directors as a percentage of all managing directors, Mitsui Fudosan will continue to consider this structure so that the Board of Directors can satisfactorily fulfill its role and responsibilities.

[Principle 4-9] Standards for Determining Independence
Standards for Determining Independence are published in the 106th Securities Report.
For details, please see our website:
URL: http://www.mitsuifudosan.co.jp/corporate/ir/library/fs/pdf/YUHO_1803.pdf (Japanese language only)

[Supplementary Principle 4-11-1 Balance, Diversity and Scale of Board of Directors]
To ensure balance and diversity in the Board of Directors overall and facilitate multifaceted and useful discussions among Board members, Mitsui Fudosan appoints personnel with consideration for the capabilities and experience of each managing director while also maintaining a scale appropriate for the Board of Directors to function effectively and efficiently.

[Supplementary Principle 4-11-2 Disclosure of Officer Concurrent Positions]
Noteworthy concurrent positions, etc., are published in the convocation notice for the Ordinary General Shareholder's Meeting.
URL: http://www.mitsuifudosan.co.jp/english/corporate/ir/shareholder/meeting/index.html

[Supplementary Principle 4-11-3 Board of Director Efficacy Analysis, Evaluation and Disclosure
Each year, the Company analyzes and evaluates the efficacy of the Board of Directors, aiming to further enhance its functions. An overview and results of our evaluation of the Board of Directors' efficacy are provided below.
(1) Evaluation method
The Company conducted interviews with all directors and asked them to complete free-response questionnaires regarding Board of Directors' efficacy, conducting an analysis and evaluation at the Board of Directors meeting held on May 25, 2018.
(2) Evaluation items
・Board of Directors structure (number of members, ratio of executive to non-executive members, diversity, etc.)
・Status of operation of the Board of Directors (number of meetings held, attendance rates, time spent for deliberation, number of items deliberated, provision of information, questions and answers, etc.)
・Other (issues raised in the previous evaluation of Board of Directors' efficacy; Compensation Advisory Committee; Nomination Advisory Committee; meetings of outside directors and outside corporate auditors; etc.)
(3) Evaluation results and future responses
To achieve sustained increases in the Group's corporate value, it was confirmed that the Board of Directors efficacy was properly maintained. The results of this evaluation will be used to further improve the functioning of the Board of Directors.

[Supplementary Principle 4-14-2 Disclosure of Managing Director and Corporate Auditor Training Policies
To ensure that managing directors and corporate auditors sufficiently fulfil their roles, Mitsui Fudosan conducts an orientation at time of employment and regularly conducts training for managing directors to provide the information required to execute their duties. We also provide opportunities for outside managing directors to exchange opinions with senior management, allocate support staff for the Board of Directors and Board of Corporate Auditors, provide explanations and materials to outside managing directors before Board of Director Meetings and cover expenses necessary for managing directors and corporate auditors to fulfill their roles.

[Principle 5-1 Policy for Constructive Dialogue with Shareholders]
・Basic approach
In an attempt to realize sustainable growth and enhance corporate value over the medium- to long-term, Mitsui Fudosan proactively engages in constructive dialogue with shareholders in an effort to further enhance corporate value. We also make an effort to build long-term relationships of trust through the accurate disclosure of information and constructive dialogue with shareholders and investors.
・Constructive dialogue system improvement and engagement policy
The Investor Relations Department is the point of contact with regard to the promotion of constructive dialogues with shareholders, which are supervised by the managing director in charge. Furthermore, in addition to complete information disclosure trusted by shareholders, each relevant department exchanges information appropriately. The details of dialogues with shareholders are provided as feedback to senior management and the Board of Directors as necessary.

2. Capital Structure

Foreign Shareholding Ratio	30% or higher

[Status of Major Shareholders]

Name/Company Name	Shares Owned	Percentage (%)
The Master Trust Bank of Japan, Ltd. (Trust account)	83,093,000	8.41
Japan Trustee Services Bank, Ltd. (Trust account)	70,777,100	7.16
State Street Bank West Client－Treaty 505234	20,143,360	2.04
Japan Trustee Services Bank, Ltd. (Trust account 5)	18,820,500	1.90
State Street Bank and Trust Company 505223	18,326,129	1.85

State Street Bank – West Pension Fund Clients – Exempt 505233	17,397,235	1.76
State Street Bank and Trust Company	16,749,435	1.69
JP Morgan Chase Bank 385628	15,131,000	1.53
JP Morgan Chase Bank 385632	15,110,264	1.53
Sumitomo Mitsui Banking Corporation	14,837,308	1.50

Controlling Shareholder (Except for Parent Company)	———
Parent Company	None

Supplementary Explanation

・The status of major shareholders is as of March 31, 2018.
・Calculations of share ownership ratios exclude treasury stock.
・The Company received a copy of a change report dated April 21, 2015, from Sumitomo Mitsui Trust Bank, Limited and its joint holders indicating their holdings of the Company's shares as of April 15, 2015. However, as the Company is unable to confirm the substantial number of shares held as of March 31, 2018, these holdings are excluded from the above-mentioned status of major shareholders.
・A change report provided for public inspection dated April 6, 2018, indicates holdings of the Company's shares as of March 30, 2018, by Mizuho Securities Co., Ltd., and its joint holders. However, as the Company is unable to confirm the substantial number of shares held as of March 31, 2018, these holdings are excluded from the above-mentioned status of major shareholders.
・A change report provided for public inspection dated April 19, 2018, indicates holdings of the Company's shares as of April 13, 2018, by BlackRock Japan Co., Ltd., and its joint holders. However, as the Company is unable to confirm the substantial number of shares held as of March 31, 2018, these holdings are excluded from the above-mentioned status of major shareholders.

3. Corporate Attributes

Listed Stock Market and Market Section	First Section, Tokyo Stock Exchange
Fiscal Year-End	March
Type of Business	Real Estate
Number of Employees (consolidated) as of the End of the Previous Fiscal Year	1,000 or more
Sales (consolidated) as of the End of the Previous Fiscal Year	¥1 trillion or more
Number of Consolidated Subsidiaries as of the End of the Previous Fiscal Year	From 100 to less than 300

4. Policy on Measures to Protect Minority Shareholders in Conducting Transactions with Controlling Shareholder

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5. Other Special Circumstances that May Have Material Impact on Corporate Governance Updated

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II Business Management Organization and Other Corporate Governance Systems Regarding Decision-Making, Execution of Business and Management Oversight

1. Organizational Composition and Operation

Organization Form	A company with corporate auditors

[Managing Directors]

Maximum Number of Managing Directors Stipulated in Articles of Incorporation	15
Term of Office Stipulated in Articles of Incorporation	2 years
Chairperson of the Board	Chairman (excluding situations when held concurrently by President)
Number of Managing Directors	12
Outside Managing Director Appointment Status	Appointed
Number of Outside Managing Directors	4
Number of Outside Managing Directors Who Are Independent Officers	4

Outside Managing Directors' Relationship with the Company (1)

Name	Attribute	Relationship with the Company*									
		a	b	c	d	e	f	g	h	i	j	k
Toru Yamashita	From another company								△			
Toshiaki Egashira	From another company								△			
Masako Egawa	From another company											
Masafumi Nogimori	From another company								△			

*** Categories for "Relationship with the Company"**
*** "○" when the managing director presently falls or has recently fallen under the category;**
"△" when the managing director fell under the category in the past.
*** "●" when a close relative of the managing director presently falls or has recently fallen under the category;**
"▲"when a close relative of the managing director fell under the category in the past.

a Executive of a listed company or its subsidiaries
b Non-executive managing director or executive of a parent company of a listed company
c Executive of a fellow subsidiary company of a listed company
d A party whose major client or supplier is a listed company or an executive thereof
e Major client or supplier of a listed company or an executive thereof
f Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as a managing director
g Major shareholder of a listed company (or an executive of said major shareholder if the shareholder is a legal entity)

h Executive of a client or supplier company of a listed company (that does not correspond to d, e or f. Applies to the managing director themselves only)

i Executive of a listed company, between which the Company outside managing directors are mutually appointed (the managing director themselves only)

j Executive of a listed company or organization that receives a donation from the Company (the managing director themselves only)

k Other

Outside Managing Directors' Relationship with the Company (2)

Name	Independent Managing Director	Supplementary Explanation of the Relationship	Reasons for the Appointment
Toru Yamashita	○	Toru Yamada was the Representative Director, President and Chief Executive Officer at NTT DATA Corporation until June 2012. Although this company is a Mitsui Fudosan business partner, the business transactions conducted therein are deemed to have no impact on his independence. Furthermore, these transactions account for less than 1% of the total transactions conducted by the Group in the most recent fiscal year.	Toru Yamashita is currently fulfilling appropriate roles as outside director of the Company towards strengthening the supervisory functions and ensuring the transparency of the Board of Directors. He is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside managing director and independent officer.
Toshiaki Egashira	○	Toshiaki Egashira was the Chairman of the Board at Mitsui Sumitomo Insurance Co., Ltd., until March 2016. Although this company is a Mitsui Fudosan business partner, the business transactions conducted therein are deemed to have no impact on his independence. Furthermore, these transactions account for less than 1% of the total transactions conducted by the Group in the most recent fiscal year.	Toshiaki Egashira is currently fulfilling appropriate roles as outside director of the Company towards strengthening the supervisory functions and ensuring the transparency of the Board of Directors. He is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside managing director and independent officer.
Masako Egawa	○	———	Masako Egawa is currently fulfilling appropriate roles as outside director of the Company towards strengthening the supervisory functions and ensuring the transparency of the Board of Directors. she is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside managing director and independent officer.
Masafumi Nogimori	○	Masafumi Nogimori was the Representative Director and Chairman at Astellas Pharma Inc., until June 2016. Although this company is a Mitsui Fudosan business partner, the business transactions conducted therein are deemed to have no impact on his independence. Furthermore, these transactions account for less than 1% of the total transactions conducted by the Group in the most recent fiscal year.	Masafumi Nogimori is currently fulfilling appropriate roles as outside director of the Company towards strengthening the supervisory functions and ensuring the transparency of the Board of Directors. she is expected to make further contributions going forward, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside managing director and independent officer.

Voluntary Establishment of Committee(s) Corresponding to Nomination Committee or Compensation Committee	Established

Voluntary Committee's Name, Composition and Chairman Attributes

	Committee Name	Committee Members	Full-Time Members	Internal Directors	Outside Managing Directors	Outside Experts	Others	Chairperson
Voluntary Committee Corresponding to Nomination Committee	Nomination Advisory Committee	6	2	2	4	0	0	Internal Director
Voluntary Committee Corresponding to Compensation Committee	Compensation Advisory Committee	6	2	2	4	0	0	Internal Director

Supplementary Explanation

[Nomination Advisory Committee]

・Appointment and Nomination Policy

The Company, based on the Group's management philosophy, business strategies and others, comprehensively considers the personality, abilities, insights and other factors of each candidate, and appoints senior management and selects persons who are suitable for managing directors and corporate auditor as candidates. The Company appoints its outside directors with the expectation that they will contribute their abundant experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the supervisory function of the Board of Directors and ensuring transparency.

Additionally, with respect to outside managing directors, Mitsui Fudosan appoints its managing directors with the expectation that they will contribute their extensive experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the audit function of the Board of Directors and ensuring transparency. The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the managing directors in the performance of their duties, based on their expert knowledge and extensive experience.

・Appointment and nomination procedures

The Company, based on the Group's management philosophy, business strategies and others, comprehensively considers the personality, abilities, insights and other factors of each candidate, and appoints senior management and selects persons who are suitable for managing directors and corporate auditor as candidates. The Company appoints its outside directors with the expectation that they will contribute their abundant experience and broad knowledge to the Company's management, and that they will play an appropriate role in strengthening the supervisory function of the Board of Directors and ensuring transparency.

The Company also appoints its outside auditors with the expectation that they will bring an objective stance to auditing the managing directors in the performance of their duties, based on their expert knowledge and extensive experience.

[Compensation Advisory Committee]

・Policies for determining managing director compensation

Managing director's compensation consists of basic compensation, bonuses paid as a short-term incentive and stock options paid as a medium- to long-term incentive. Compensation for managing directors (outside directors) is solely basic compensation.

・Procedures for determining managing director compensation

・The Company has established a Compensation Advisory Committee, which the Board of Directors consults on senior management and management directors' compensation prior to decisions made at the Board of Directors.

[Corporate Auditors]

Establishment of Board of Corporate Auditors	Established
Maximum Number of Corporate Auditors Stipulated in Articles of Incorporation	5
Number of Corporate Auditors	5

Cooperation among Corporate Auditors, the Company's Certified Public Accountant and the Internal Audit Department

Corporate auditors receive reports regarding regular audits from the Company's certified public accountant and engage in the mutual exchange information.

Status of Outside Auditor Appointments	Appointed
Number of Outside Auditors	3
Outside Auditors appointed as Independent Officers	3

Relationship with Company (1)

Name	Attribute	Relationship with Company*											
		a	b	c	d	e	f	g	h	i	j	k	l	m
Yoshitaka Kato	Certified Public Accountant								△					
Yasushi Manago	Lawyer													
Yukimi Ozeki	Academic													

* Categories for "Relationship with the Company"
* "○" when the managing director presently falls or has recently fallen under the category;
"△" when the managing director fell under the category in the past.
* "●" when a close relative of the managing director presently falls or has recently fallen under the category;
"▲"when a close relative of the managing director fell under the category in the past.

a Executive of a listed company or its subsidiaries
b Non-executive managing director or accounting advisor of a listed company or its subsidiary
c Non-executive managing director or executive of a parent company of a listed company
d Corporate auditor of a listed company's parent company
e Executive of a fellow subsidiary company of a listed company
f A party whose major client or supplier is a listed company or an executive thereof
g Major client or supplier of a listed company or an executive thereof
h Consultant, accountant or legal professional who receives a large amount of monetary consideration or other property from a listed company besides compensation as a managing director
i Major shareholder of a listed company (or an executive of said major shareholder if the shareholder is a legal entity)
j Executive of a client or supplier company of a listed company (that does not correspond to f, g or h. Applies to the managing director themselves only)
k Executive of a listed company, between which the Company outside managing directors are mutually appointed (the managing director themselves only)
l Executive of a listed company or organization that receives a donation from the Company (the managing director themselves only)
m Other

Relationship with Company (2)

Name	Independent Managing Director	Supplementary Explanation of the Relationship	Reason for Appointment
Yoshitaka Kato	○	Yoshitaka Kato was the CEO at Ernst & Young ShinNihon LLC until June 2014. Although this company is a Mitsui Fudosan business partner, the business transactions conducted therein are deemed to have no impact on his independence. Furthermore, these transactions account for less than 1% of the total transactions conducted by the Group in the most recent fiscal year. These transactions are not consulting or advisory agreements.	Yoshitaka Kato is currently fulfilling appropriate roles as an outside auditor of the Company towards sufficiently realizing his function of monitoring the execution of duties by the managing directors. Going forward, Yoshitaka Kato is expected to make further contributions, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside auditor and independent officer.
Yasushi Manago	○	———	Yasushi Manago is currently fulfilling appropriate roles as an outside auditor, sufficiently realizing his function of monitoring the execution of duties by the managing directors. Going forward, Yasushi Manago is expected to make further contributions, and because there is no possibility of conflicts of interest with general shareholders, he has been appointed as an outside auditor and independent officer.
Yukimi Ozeki	○	———	Yukimi Ozeki is currently fulfilling appropriate roles as an outside auditor, sufficiently realizing her function of monitoring the execution of duties by the managing directors. Going forward, Yukimi Ozeki is expected to make further contributions, and because there is no possibility of conflicts of interest with general shareholders, she has been appointed as an outside auditor and independent officer.

[Independent Officers]

Number of Independent Officers	7

Matters Relating to Independent Officers

All independent officers qualify as independent officers and are designated as independent officers.

[Incentives]

Incentive Policy for Managing Directors	Stock Options

Supplementary Explanation

Stock-based compensation stock options are granted as a medium- to long-term incentive for managing directors (excluding outside managing directors).

Recipients of Stock Options	Internal Directors, Others

Supplementary Explanation

Stock-based compensation stock options are granted as a medium- to long-term incentive for managing directors (excluding outside managing directors), executive officers and Group executive officers.

[Managing Director Compensation]

Disclosure of Individual Managing Directors' Compensation	Selected Managing Directors

Supplementary Explanation

Compensation for Board of Director and Board of Corporate Auditors members in fiscal 2017 was as follows.

(1) Total Amount of Compensation for Each Executive Officer Category and Total Amount of Compensation by Type of Compensation and Number of Officers Eligible

Amount by Type of Compensation (Millions of Yen)					
Executive Officer Category	Total Amount of Compensation (Millions of Yen)	Basic Compensation	Stock Options	Bonus	Number of Officers Eligible (Persons)
Managing directors (excluding outside managing directors	947	490	70	386	9
Corporate auditors (excluding outside corporate auditors)	96	96	–	–	2
Outside officers	87	87	–	–	8

(2) Total Amount of Compensation of Persons with Total Compensation of 100 Million Yen or More

Amount by Type of Compensation (Millions of Yen)						
Name	Executive Officer Category	Company Category	Basic Compensation	Stock Options	Bonus	Total Compensation (Millions of Yen)
Hiromichi Iwasa	Chairman of the Board and Chief Executive Officer (Representative)	Company submitting report	109	14	89	213
Masanobu Komoda	President and Chief Executive Officer (Representative)	Company submitting report	109	14	89	213
Yoshikazu Kitahara	Managing Director and Executive Vice President (Representative)	Company submitting report	68	9	50	128

Policy on Determining Compensation Amounts and Calculation Methods	Established

Policy on Determining Compensation Amounts and Calculation Methods

Managing directors' compensation consists of basic compensation in an amount within the scope set and approved by resolution of the 106th Ordinary General Shareholders' Meeting, bonuses paid as short-term incentives that comprehensively take into consideration such things as business results achieved in each fiscal year which must be approved by resolution at the Ordinary General Shareholders' Meeting, and stock options paid as medium-term incentives in an amount within the scope set and approved by resolution of the 95th Ordinary General Shareholders' Meeting. Compensation paid to managing directors (outside managing directors) is solely basic compensation. Compensation paid to corporate auditors will be within the scope of the total amount approved by a resolution at the 106th Ordinary General Shareholders' Meeting.

In addition, the Company has established the Compensation Advisory Committee, which the Board of Directors consults regarding managing directors' compensation prior to decisions made at the Board of Directors.

[Support System for Outside Managing Directors (Outside Corporate Auditors)]

The professional duties of outside managing directors are assisted by the Corporate Planning Department; outside corporate auditors are assisted by the Corporate Auditor's Department.

2. Matters Pertaining to Business Execution, Auditing and Oversight, Nomination and Compensation Decision Functions (Overview of Current Corporate Governance System)

(1) Board of Directors

The Board of Directors, which consists of 12 members (including four outside managing directors), decides on issues material to Mitsui Fudosan and monitors the execution of business by managing directors. In addition, under Article 373 (1) of the Companies Act, Mitsui Fudosan has designated a special managing director who may pass judgment on the urgent acquisition of assets via bidding, etc., when so empowered by the Board of Directors under Article 362 (4) of the Companies Act. The corporate auditors also attend meetings of the Board of Directors and provide opinions as necessary.

(2) Compensation Advisory Committee

The Compensation Advisory Committee, comprising the President and Chief Executive Officer (Representative), one internal director, and four outside managing directors, meets on matters pertaining to the compensation of managing directors.

(3) Nomination Advisory Committee

The Nomination Advisory Committee, comprising the President and Chief Executive Officer (Representative), one internal director, and four outside managing directors, meets on matters pertaining to the nomination of managing directors and corporate auditors.

(4) Board of Corporate Auditors

The Board of Corporate Auditors, comprising five corporate auditors, including three outside auditors, formulates auditing policies and determines assignments. It also receives reports and discusses material items on audits conducted according to these policies and assignments. Note that the Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned three dedicated employees.

(5) Corporate Officer System

The introduction of a corporate officer system promotes the separation and reinforcement of the management and executive functions, the system enhances management soundness and efficiency. In addition, seeking to further reinforce Mitsui Fudosan Group management, we have also introduced a Group corporate officer system, under which executives at Group companies have been given a status and mission similar to those of the corporate officers.

(6) Executive Management Committee

The Executive Management Committee, consisting of executive corporate officers, has been formed to deliberate and report on important matters related to business execution and conduct reporting. Full-time corporate auditors also attend meetings to stay informed of important decision-making processes and the status of business execution, and provide opinions as necessary.

(7) Advisory Committee

The Advisory Committee, consisting of experts from business and academia, was established to diversify the perspective of management by providing comprehensive and forward-looking advice from an objective viewpoint.

(8) Internal Audit System

The Internal Audit Department (19 members), an independent organization under direct control of the president, conducts internal audits of all departments in accordance with auditing plans approved by the Board of Directors and confirms the maintenance and operational status of internal control systems. This department provides guidance on improvements regarding matters indicated through audits in departments that are audited and strives to improve the efficacy of internal controls. The department also conducts the assessment of internal control over financial reporting stipulated in the Financial Instruments and Exchange Act. In addition, corporate auditors, the Company's certified public accountant and the Internal Audit Department collaborate with each other through the receipt of reports regarding regular auditing and the exchanging of opinions.

(9) Financial Auditing
Mitsui Fudosan has concluded an auditing contract with KPMG AZSA LLC as its certified public accountant, which conducts audits. There is no shared interest between the auditor and the Company, nor between employees conducting operations for the auditor and the Company.
The names of certified public accountants who executed business during the fiscal year, the number of years of continuous auditing and the composition for assistance with auditing duties are as follows.
Name of certified public accountants who executed audits
Designated limited liability employee business executives: Hiroyuki Takanami (five years); Hiroyuki Yamada (three years); Hiroyuki Ito (two years)
Note: Number of years of continuous auditing are shown in parentheses.
Breakdown of assistants involved in financial auditing duties
Certified Public Accountants: 16; Passed CPA exam: 13; Others: 11

3. Reasons for Adoption of Current Corporate Governance System

Mitsui Fudosan has established the Compensation Advisory Committee and Nomination Advisory Committee to enhance transparency regarding compensation for managing directors and nomination of managing directors and corporate auditors. It has also adopted a corporate officer system to enhance the soundness and efficiency of management by separating and strengthening management and executive functions. Mitsui Fudosan also invites and appoints outside managing directors to strengthen the oversight functions of the managing directors and enhance management transparency. Further, Mitsui Fudosan has established an Advisory Committee consisting of experts from business and academia to diversify the perspective of management by providing a more comprehensive viewpoint.

In addition, corporate auditors conduct audits to evaluate the status of business execution by managing directors while coordinating with the Internal Audit Department, which serves as the Company's internal auditing department, as well as with the certified public accountant. For these reasons, this system has been adopted, as it is determined to sufficiently facilitate corporate governance.

III. Implementation of Measures for Shareholders and Other Stakeholders

1. Measures to Vitalize the General Shareholder's Meetings and Smooth Exercise of Voting Rights

	Supplementary Explanations
Early notification of General Shareholder's Meeting	Convocation notices are sent out three weeks before the General Shareholder's Meeting.
Allowing electronic exercise of voting rights	Voting rights are exercised electronically via the internet.
Participation in the platform for electronic exercise of voting rights and initiatives to improve environment for institutional investor execution of voting rights	As of the General Shareholder's Meeting held in June 2008, Mitsui Fudosan has participated in the electronic voting rights exercise platform for institutional investors operated by ICJ Inc.
Provision of (summarized) convocation notice in English	Mitsui Fudosan creates English-language versions of convocation notices.
Other	Convocation notices are posted on the Mitsui Fudosan website before being sent out.

2. IR Activities

	Supplementary Explanations	Explanation by Representative
Preparation and publication of disclosure policy	In conducting IR activities, Mitsui Fudosan promotes understanding among shareholders, investors, securities analysts and other market participants, aiming to acquire appropriate valuations through initiatives aimed at building long-term relationships of trust with market participants. To achieve these objectives, the Company appropriately discloses details regarding management strategy, financial conditions and other Company-related information. Regarding disclosure, information from Mitsui Fudosan divisions, departments and subsidiaries is collected by the General Administration Department under the management of the General Manager, General Administration Department, the person in charge of handling information. The General Administration Department and relevant departments conduct discussions on the necessity of timely disclosure based on the Financial Instruments and Exchange Act and related laws and the Timely Disclosure Rules established by the Tokyo Stock Exchange, then make a decision with regard to disclosure. Furthermore, when disclosing information, the Company complies with the Fair Disclosure Rules set forth in the Financial Instruments and Exchange Act and strives to realize the prompt and fair disclosure of information.	
Regular briefings for individual investors	Timely briefings are held for individual investors in securities companies, etc.	No
Regular briefings for analysts and institutional investors	Business results briefings are held twice each fiscal year for analysts and institutional investors at which the President and responsible corporate officers and other management provide earnings reports and business overviews.	Yes
Regular briefings for overseas investors	Japanese-language business results briefings are held twice each fiscal year for analysts and institutional investors at which the President and responsible corporate officers and other management provide earnings reports and business overviews. An English-language summary video of these briefings is posted on the Mitsui Fudosan website. Once each quarter, an English-language audio results briefing is posted on the Company's website. Responsible corporate officers and other management visit overseas investors multiple times each year to conduct individual interviews.	Yes
Posting of IR materials on the corporate website	Financial results, securities reports, annual reports and other information for investors is posted on the Mitsui Fudosan corporate website. http://www.mitsuifudosan.co.jp/english/corporate/ir/index.html?id=global	
Establishment of IR-related department (manager)	Mitsui Fudosan has established an Investor Relations Department.	

3. Measures to Ensure Due Respect for Stakeholders

	Supplementary Explanations
Stipulation of internal rules for respecting the position of stakeholders	Mitsui Fudosan has formulated a variety of regulations aimed at respecting the position of stakeholders, including the Mitsui Fudosan Group STATEMENT/VISION/MISSION, the Mitsui Fudosan Group Compliance Policy, a customer-oriented attitude, coexistence with local communities and the appropriate disclosure of information.
Implementation of environmental activities and CSR activities	By existing in harmony with the global environment and taking a proactive stance toward the creation of neighborhoods that improve with age, the Group engages in ESG initiatives such as showing consideration for the environment and addressing societal issues, thereby contributing to the creation of a sustainable society. In Nihonbashi, Tokyo, we are promoting the “Nihonbashi revitalization plan,” as part of a joint effort between the government, private sector and local community to revitalize the region and make it newly attractive. We are also creating locations that support open innovation in the life science field and working to build communities. At Tokyo Midtown, in Tokyo’s Roppongi district, we achieved the aim of urban redevelopment and environmental creation by spearheading a shift to mix use functionality in space that fulfills diverse functions a place where people can work, play, live and relax. At Kashiwa-no-Ha Smart City, we promoted a “city creation business aimed at addressing issues,” that seeks to achieve environmental harmony, create new industry and foster long and healthy lives in a collaborative project between the government, the private sector and academia. The Mitsui Fudosan Group’s vision uses the “&” logo to symbolize its efforts at coexisting in harmony with society, linking diverse values, and achieving a sustainable society. Under this philosophy, we have established the Contribution Committee and the Environment Special Committee, which are chaired by the president. We are working to resolve the many issues facing humankind, such as environmental preservation initiatives. We publicize details and results of these initiatives, as well as corporate governance efforts, in regular CSR reports, entitled “Mitsui Fudosan Group’s Initiatives for Society and the Environment.” Going forward, we plan to continue addressing these ESG issues. We will also enhance disclosure, as we recognize their impact on our evaluation as a company.
Formulation of polices on information provided to stakeholders	Mitsui Fudosan proactively engages in public relations activities and the review of external feedback, discloses Company information fairly and promotes the ongoing proactive provision of information not limited to statutory disclosure with constant communication with wider society as the Company’s basic policy. We also maintain a system for the accurate and speedy disclosure of information.
Other	Mitsui Fudosan implements a variety of measures based on the belief that making the most of the experience and abilities of individual human resources with diverse values, talents and lifestyles who choose the workstyle apposite for their life stage is indispensable to the Company’s long-term and sustainable development. Specifically, we promote workstyle innovations as the foundation for creating an organization able to maximize the abilities of diverse human resources. Also, from the perspective of promoting active participation by women, up to now we have established a flexible working hour system to support employees engaged in childcare or nursing care while working that exceeds statutory requirements for childcare leave. Furthermore, we provide an environment supporting childcare and nursing care with the establishment of on-site daycare facilities in the workplace and a system for covering expenses related to childcare and nursing care. In addition, for employees forced to resign due to the relocation of a spouse’s job, we introduced the Return Entry System providing employees with an opportunity to return to work. We have also introduced a childcare leave system

for male employees with the aim of cultivating understanding with regard to childrearing and promoting the participation of fathers in childrearing.

We also introduced and implement global human resource development training including young employee global training and overseas management training with the aim of developing the talents of global human resources.

Going forward, we will promote a variety of support policies enabling employees to continue their careers and engage in diverse workstyles in response to life stage changes.

IV Matters related to Internal Control and Other Systems

1. Basic Views on Internal Control Systems and System Development Progress

The Mitsui Fudosan Group develops and operates a system related to internal control in an effort to improve management soundness, transparency and efficiency and gain the trust of stakeholders. The internal control system is managed as follows by promoting sound operation and ensuring the adequacy of business conforms to laws and regulations and the Company's Articles of Incorporation.

(1) System to ensure that execution of business by managing directors conforms to laws and regulations and the Company's Articles of Incorporation

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation.

(2) System related to storage and management of information concerning the execution of business by managing directors

All information is appropriately stored and managed according to internal rules, including the Document Rules, the Information Management Rules and the Information System Management Rules.

(3) Regulations and other frameworks related to prevention of losses

Based on Risk Management Regulations and other internal rules, the Executive Management Committee supervises and controls risk management items concerning the Company or the Mitsui Fudosan Group. It heads two committees charged with uncovering and comprehending risk issues and devising solutions for them: the Strategy Planning Special Committee, which handles business risk management, and the Risk Management Special Committee, which is responsible for management of administrative risk. In addition, the Crisis Management Subcommittee, which reports to the Risk Management Special Committee, was established to meet when necessary to respond to accidents and other highly urgent matters.

(4) Framework for ensuring that the business of managing directors is executed efficiently

To promote the separation and strengthening of the management and executive functions for which managing directors are responsible, the Company has adopted a corporate officer system, part of a framework intended to ensure that the business of managing directors is executed efficiently.

Concerning the execution of business based on decisions of the Board of Directors, internal rules, including organizational rules and rules governing administrative authority, set forth who is in charge and their responsibilities and promote efficient business by also setting forth procedures for execution.

(5) A system to ensure that the execution of business by employees conforms to laws and regulations and the Company's Articles of Incorporation

The Company is working to ensure compliance through formulation and implementation of a compliance promotion plan, based on its Compliance Rules and other internal rules. The Company has also established a Risk Management Special Committee and put in place a compliance structure to prevent violations of laws and regulations and its Articles of Incorporation. In addition, based on its Internal Control System Rules, the Company has established a point of contact for consultation regarding compliance problems both inside and outside the Company. Further, based on Internal Audit Rules, the Internal Audit Department audits the operation of the compliance framework as well as compliance with laws and regulations, and reports to the Board of Directors and corporate auditors.

(6) Framework for ensuring appropriate business practices by the corporate group comprising the Company and its subsidiaries

Through appropriate management of its Subsidiaries and Affiliates Administration Rules and Overseas Affiliates Administration Rules, the Company seeks to ensure the efficient execution of business by managing directors of its subsidiaries, while management is based on approval and monitoring by Mitsui Fudosan. Each Group company also has in place a compliance framework and Internal Control System based on the Mitsui Fudosan Group Compliance Policies. The Internal Audit Department conducts audits of the subsidiaries' compliance frameworks and their compliance with laws and regulations, and reports to the Board of Directors and the Board of Corporate Auditors.

(7) Regarding a framework for providing an employee to assist corporate auditors with their duties, and for ensuring said employee's independence from the managing directors and the validity of said employee's instructions

The Corporate Auditor's Department has been established specifically to assist the corporate auditors with their work, and each corporate auditor has been assigned a dedicated employee. Said employee shall be under the chain of command of the corporate auditor, who shall also evaluate the employee's performance. Transfer of said employee shall take place only upon prior discussion with the corporate auditor.

(8) Frameworks for enabling managing directors and employees to report to the corporate auditors, for other reporting to the corporate auditors, and for ensuring that audits by the corporate auditors are conducted effectively

Corporate auditors attend meetings of the Board of Directors. Full-time corporate auditors also attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports when necessary, and shares these at meetings of the Board of Corporate Auditors. In addition, the corporate auditors receive regular audit reports from the Internal Audit Department and the Company's certified public accountant, and exchange information to build cooperation.

Matters that have become subject to internal consulting are reported to the corporate auditors as appropriate via the Risk Management Special Committee, and the Internal Control System Rules contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

(9) Framework for enabling managing directors, auditors and employees of subsidiaries, or individuals receiving reports from those listed, to report to corporate auditors, and for ensuring that individuals providing such reports will not, by reason of having made said report, be subject to detrimental treatment as a result

Full-time corporate auditors attend meetings of the Executive Management Committee, which oversees internal controls and risk management, receives reports as necessary, and shares them with the Board of Corporate Auditors.

They also work to exchange information as appropriate with the managing directors and auditors of the Company's subsidiaries, either directly or through relevant departments, and receive progress reports on implementation of internal audits at subsidiaries. Matters subject to internal consulting under the internal consulting system of each Group company are also reported to the Company's corporate auditors as appropriate via the Risk Management Special Committee. Rules regarding each Group company's internal consulting system contain provisions stating that the act of consulting itself will not be reason for detrimental treatment of the person requesting consultation.

(10) Policies regarding procedures for prepayment or reimbursement of expenses arising in the execution of the corporate auditors' duties or related to processing of other expenses and liabilities arising from execution of those duties

Expenses required for the execution of the corporate auditors' duties shall be borne by the Company at cost.

2. Basic Views on Eliminating Anti-Social Forces and Development Status

(1) Basic Views

The Mitsui Fudosan Group maintains a steadfast position of strictly avoiding any and all relationships with anti-social forces that threaten the order and safety of civil society.

(2) Development Status

・Having formulated internal regulations including The Mitsui Fudosan Group Compliance Policy, Compliance Rules and Compliance Procedures, the Company strives to clarify basic views and procedures related to the elimination of anti-social forces while raising internal awareness.

・We work closely with the police, the National Center for Removal of Criminal Organizations, lawyers and other external professional organizations and strive to collect information related to anti-social forces.

V Other

1. Adoption of Takeover Defense Measures

Adoption of Takeover Defense Measures	Not Adopted

Supplementary Explanation

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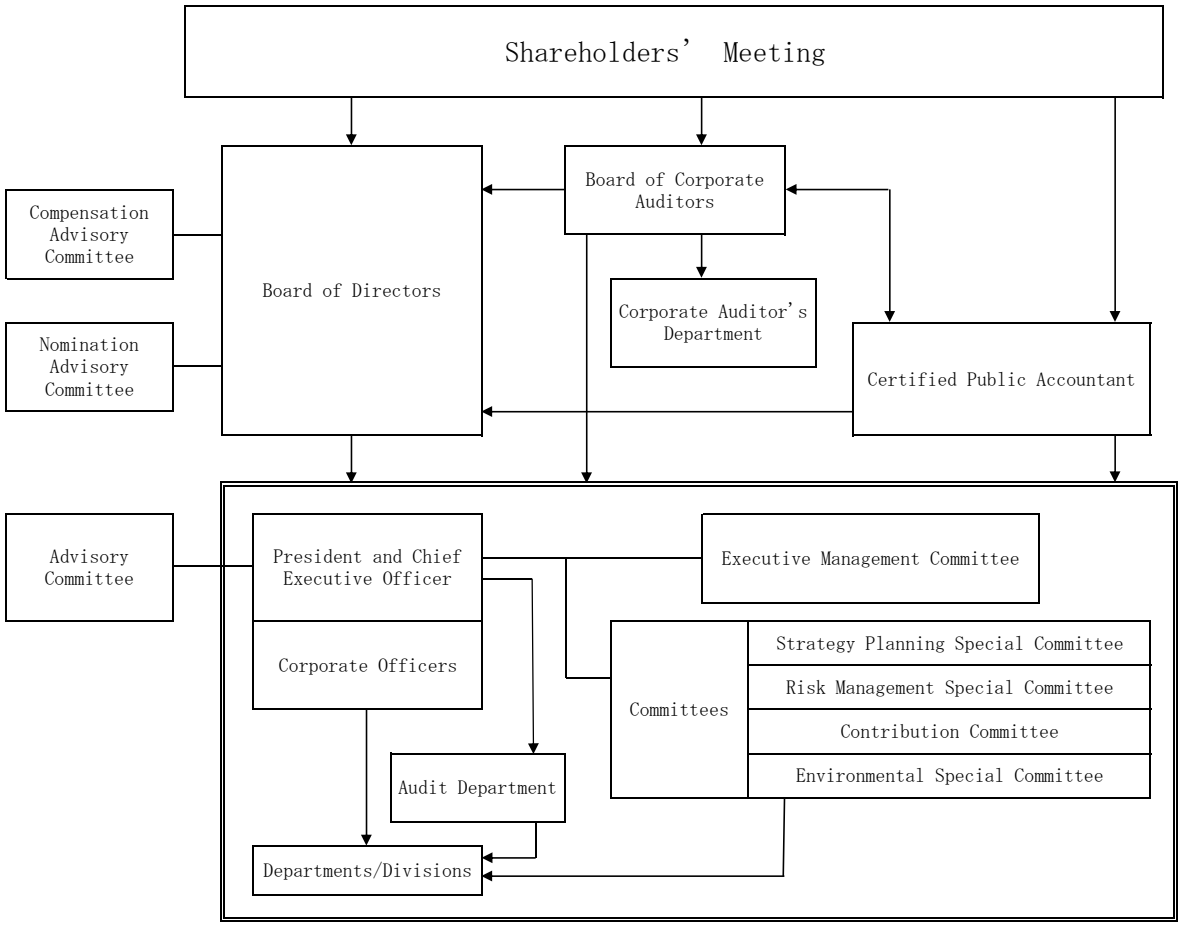
2. Other Matters Pertaining to the Corporate Governance System

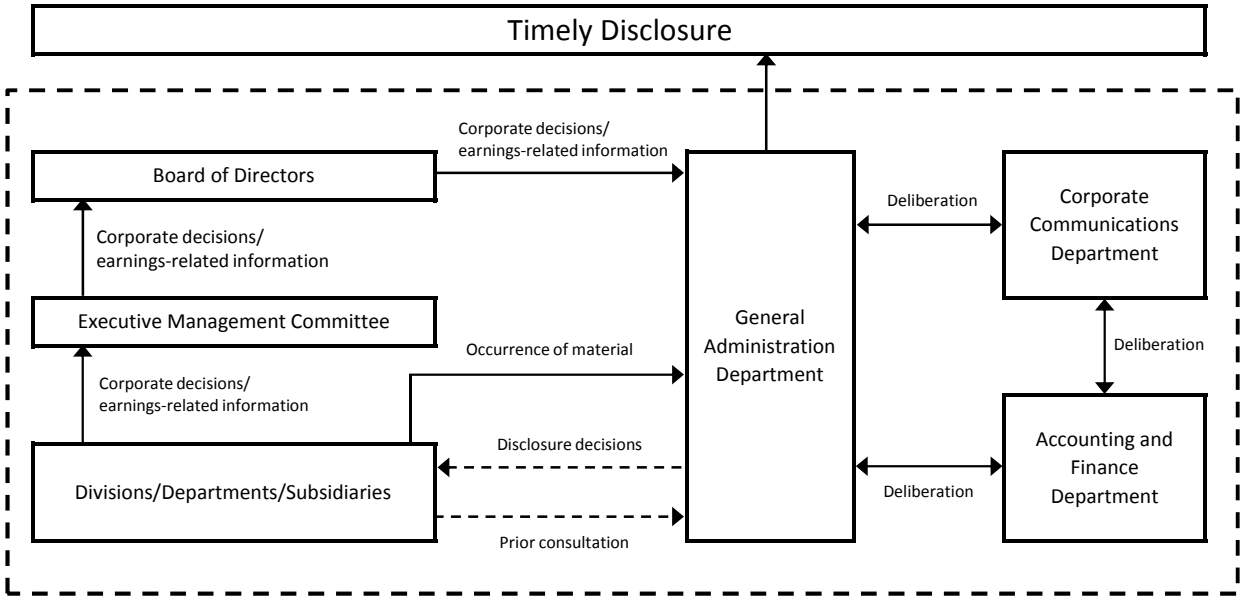
(1) Status of Internal Systems Related to Timely Disclosure of Company Information

Information from Mitsui Fudosan divisions, departments and subsidiaries is collected by the General Administration Department under the management of the General Manager, General Administration Department, the person in charge of handling information. The General Administration Department, Accounting and Finance Department and Corporate Communications Department conduct discussions on the necessity of timely disclosure based on timely disclosure rules and related laws and regulations, then make a decision with regard to disclosure.

The decision to disclose then requires Executive Management Committee deliberation and Board of Director resolution on the necessity of the information to be disclosed and information related to financial performance. Information disclosure deemed necessary is promptly remanded to the General Administration Department for disclosure procedures.

Furthermore, when disclosing information, the Company complies with the Fair Disclosure Rules set forth in the Financial Instruments and Exchange Act and strives to realize the prompt and fair disclosure of information.


Shareholders' Meeting
Board of Directors
Board of Corporate Auditors
Compensation Advisory Committee
Nomination Advisory Committee
Corporate Auditor's Department
Certified Public Accountant
Advisory Committee
President and Chief Executive Officer
Executive Management Committee
Corporate Officers
Committees
Strategy Planning Special Committee
Risk Management Special Committee
Contribution Committee
Environmental Special Committee
Audit Department
Departments/Divisions


Timely Disclosure
Corporate decisions/
earnings-related information
Board of Directors
Corporate decisions/
earnings-related information
Executive Management Committee
Occurrence of material
Corporate decisions/
earnings-related information
Disclosure decisions
Divisions/Departments/Subsidiaries
Prior consultation
General
Administration
Department
Deliberation
Corporate
Communications
Department
Deliberation
Accounting and
Finance
Department
Deliberation