

CORPORATE GOVERNANCE

Please note that the following is an unofficial English translation of the Japanese original text of the Corporate Governance Report of Mitsubishi Estate Co., Ltd., which is reported to the Tokyo Stock Exchange. The Company provides this translation for reference and convenience purposes only and without any warranty as to its accuracy or otherwise. In the event of any discrepancy between this translation and the Japanese original, the latter shall prevail.

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An Overview of Corporate Governance at Mitsubishi Estate Co., Ltd. (the “Company”) is Described Below.

I Basic Policy Regarding Corporate Governance, and Capital Structure, Corporate Attributes and Other Basic Information

1. Basic Policy

The Mitsubishi Estate Group (the “Group”) aims to enhance its genuine corporate value and attain its basic mission of contributing to the creation of a truly meaningful society through attractive urban development which gives due consideration to both environmental concerns and the residential, work and recreational needs of our time. With this in mind, we recognize the need for a harmonious balance between corporate growth and the interests of our various stakeholders.

Based on this mission, the Group endeavors to promote a management that is focused on the interests of shareholders while fully supporting its statutory auditor system and the introduction of an executive officer system. To ensure greater transparency and objectivity, as well as to improve the management and oversight of the Board of Directors, outside directors are to be appointed while efforts are also continuing to promote separation and greater control of supervision and auditing, etc. as well as to strengthen its business execution functions. At the same time, its management system is being restructured to focus on dynamism and flexibility in order to achieve more efficient and sound management of the Group. We view corporate governance as one of our most important systems, and therefore, are constantly working toward the creation of structure best suited for the Group.

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2. Capital Structure

Ratio of Shares Held by Foreigners	30% or more
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[Major Shareholders]

Name or Designation	Number of Shares Held (Shares)	Shareholding Ratio (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	80,346,700	5.77
Japan Trustee Services Bank, Ltd. (Trust Account)	63,140,000	4.54
Meiji Yasuda Life Insurance Company	52,421,570	3.77
The Bank of Tokyo-Mitsubishi UFJ, Ltd.	45,028,360	3.23
Tokio Marine & Nichido Fire Insurance Co., Ltd.	40,500,544	2.91
State Street Bank and Trust Company	31,471,071	2.26
State Street Bank and Trust Company 505225	23,448,836	1.68
Asahi Glass Co., Ltd.	22,714,072	1.63
The Chase Manhattan Bank, NA London SL Omnibus Account	20,845,966	1.49
CBLDN STICHTING PGM DEPOSITORY	19,886,057	1.43

3. Corporate Attributes

Stock Exchange Listings and Market Classification	First Section, Tokyo Stock Exchange; First Section, Osaka Securities Exchange; First Section, Nagoya Stock Exchange
Fiscal Year-end	March
Industry	Real Estate
Number of Employees (Consolidated)	1,000 or more
Net Sales (Consolidated)	¥100 billion or more and less than ¥ 1 trillion
Parent Company	None
Number of Consolidated Subsidiaries	100 or more and less than 300

4. Other Exceptional Circumstances that Might Have a Material Impact on Corporate Governance

- Notes on Controlling Shareholder
The Company has no controlling shareholder.

- Notes on the Listed Company
The Company has no listed subsidiary.
(Towa Real Estate Development Co., Ltd. has been delisted from the First Section of the Tokyo Stock Exchange as of April 23, 2009.)

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II Overview of Business Management Organization and Other Corporate Governance
Systems related to Managerial Decision-Making, Business Execution, and
Management Supervision

1. Items relating to Organization Structure and Operations, etc.

Form of Organization	Company with a Board of Statutory Auditors
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[Directors]

Chairperson of the Board of Directors	Chairman (except when concurrently serving as President)
Number of Directors	14
Election of Outside Directors	Elected
Number of Outside Directors	4

Relationship with the Company (1)

Name	Attributes	Relationship with the Company ^{*1}									
		a	b	c	d	e	f	g	h	i	
Isao Matsuhashi	Coming from another company									x	
Fumikatsu Tokiwa	Coming from another company				x					x	
Yasumasa Gomi	Coming from another company				x					x	
Shu Tomioka	Coming from another company									x	

^{*1} Selection criteria regarding relationship with the Company

- a. Coming from the parent company
- b. Coming from other affiliate company
- c. A major shareholder of the Company
- d. Serving concurrently as an outside director or outside statutory auditor of another company
- e. An executive director, executive officer, etc. of another company
- f. The spouse, relative within the third degree of consanguinity, or a person of similar status of an executive director, executive officer, etc. of the Company, or a specified related business entity of the Company
- g. Receives remuneration as an officer or other financial benefits from the parent company of the Company or its subsidiary
- h. Entered into a liability limit agreement with the Company
- i. Other

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Relationship with the Company (2)

Name	Supplementary Explanation relating to These Items	Reason for Election as Outside Director
Isao Matsuhashi	—	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in a lifestyle-related service company.
Fumikatsu Tokiwa	—	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in a listed manufacturing company.
Yasumasa Gomi	—	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in a city bank, etc.
Shu Tomioka	—	The Company expects that he would carry out the supervision and check functions regarding the Company's management from an objective viewpoint independent from management executives in charge of business affairs by leveraging his management experience in a foreign-affiliated investment bank.

Other Items relating to Major Activities of Outside Directors

A total of 16 meetings of the Board of Directors were convened in fiscal 2008, with an attendance rate of 98%.

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[Statutory Auditors]

Establishment of the Board of Statutory Auditors	Yes
Number of Statutory Auditors	4

Cooperation between Statutory Auditors and Accounting Auditor

Standing statutory auditors promote cooperative relationships with the accounting auditor (Ernst & Young ShinNihon LLC) through regular meetings (approximately once every two months) which are held to receive reports on such matters as audit plans, the status of auditing programs and audit results as well as exchange opinions and information. Also, standing auditors promote such cooperative relationship.

Cooperation between Statutory Auditors and Internal Audit Office

Standing statutory auditors endeavor to promote cooperative relationships with the Internal Audit Office through regular meetings (approximately once per month) which are held to receive reports on audit plans, the status of internal auditing programs and audit results, with one member of the Internal Audit Office also concurrently serving in the Office of Statutory Auditors, a corporate body assisting in the performance of statutory auditors' duties.

Election of Outside Statutory Auditors	Elected
Number of Outside Statutory Auditors	3

Relationship with the Company (1)

Name	Attributes	Relationship with the Company ^{*1}								
		a	b	c	d	e	f	g	h	i
Kazuhiko Hasegawa	Coming from another company								x	
Kenjiro Hata	Coming from another company				x				x	
Akio Utsumi	Coming from another company				x				x	

^{*1} Selection criteria regarding relationship with the Company

- a. Coming from the parent company
- b. Coming from other affiliate company
- c. A major shareholder of the Company
- d. Serving concurrently as an outside director or outside statutory auditor of another company
- e. An executive director, executive officer, etc. of another company
- f. The spouse, relative within the third degree of consanguinity, or a person of similar status of an executive director, executive officer, etc. of the Company, or a specified related business entity of the Company
- g. Receives remuneration as an officer or other financial benefits from the parent company of the Company or its subsidiary
- h. Entered into a liability limit agreement with the Company
- i. Other

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Relationship with the Company (2)

Name	Supplementary Explanation relating to These Items	Reason for Election as Outside Statutory Auditor
Kazuhiko Hasegawa	—	The Company expects that he would ensure fairness and appropriateness in the Board of Directors as a statutory auditor by leveraging his management experience in a city bank, etc.
Kenjiro Hata	—	The Company expects that he would ensure fairness and appropriateness in the Board of Directors by leveraging his management experience in a life insurance company.
Akio Utsumi	—	The Company expects that he would ensure fairness and appropriateness in the Board of Directors by leveraging his management experience in a trust bank.

Other Items relating to Major Activities of Outside Statutory Auditors

Outside Statutory Auditors attend meetings of the Board of Directors and those of the Board of Statutory Auditors (standing statutory auditors also attend other important meetings). At meetings of the Board of Directors, they may present their views when required, while at meetings of the Board of Statutory Auditors they may exchange their views on audit plan formulation, audit report preparation, and each statutory auditor's audit results as well as discuss other important audit-related matters.

A total of 16 meetings of the Board of Directors and 10 meetings of the Board of Statutory Auditors were held in fiscal 2008, with attendance rates of 94% and 100%, respectively.

[Incentives]

Status of Implementation of Measures to Grant Incentives to Directors	Introduction of performance-related remuneration system; introduction of stock options system
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Supplementary Explanation relating to These Items

The Performance-related Remuneration System is a system whereby an amount equivalent to 30% of the amount of annual remuneration will vary within a range of -50% to 200% reflecting performance, with performance evaluations of corporate and each sector results to be based on comparisons with past results and fiscal year targets. The stock options system is a system granting stock options equivalent to 15% of the amount of fixed annual remuneration of each corporate official and was implemented for four years starting in 2001. No stock options were granted in 2005.

The stock compensation-type stock options system was implemented at the resolutions of meeting of shareholders in 2006 following the abolition of the retirement allowances system for directors.

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Grantees of Stock Options	Inside directors and employees
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Supplementary Explanation relating to These Items

Inside directors and employees (executive officers only) were eligible to receive stock options during the four-year period from 2001. Inside directors are officials in positions assuming corporate management responsibility, while employees (executive officers only) are those in positions assuming responsibility in relation to the execution of important duties. It is beneficial to promote to share common interests with shareholders from a corporate governance perspective, therefore, stock options were granted to them.

Inside directors are eligible for the stock compensation-type stock options system implemented in 2006.

The Company has not established a Corporate Finance System (a system to provide loans direct from the Company to officials) for the Stock Options System.

[Directors' Remuneration]

Means of Disclosure	Securities report, annual report (business report)
Disclosure Status	Disclosure of each total amount for inside directors and outside directors

Supplementary Explanation relating to These Items

Remuneration for directors and statutory auditors of the Company in fiscal 2008 was as follows:

- Remuneration paid to directors: ¥683 million (including ¥40 million to outside directors),
- Remuneration paid to statutory auditors: ¥88 million (including ¥53 million to outside statutory auditors).

Note: The above remuneration includes the remuneration for a statutory auditor (outside statutory auditor) who has retired at the conclusion of the 109th Shareholders' Meeting held June 27, 2008.

The Company has established no pension plan for outside officers.

[Support System for Outside Directors (Outside Statutory Auditors)]

Under the support system for outside directors, the General Affairs Division, the secretariat of the Board of Directors provides necessary support including provision of information or explanations required from time to time. As part of the support system for outside statutory auditors, the Office of Statutory Auditors has been established as a body to assist in the performance of the duties of respective statutory auditors, including outside statutory auditors. It has a staff of five—a dedicated General Manager plus 4 support staff who work concurrently on duties in other departments closely related to the statutory auditors' duties.

2. Items relating to Functions of Business Execution, Audit and Supervision, Nomination, and Decision on Remuneration, etc.

* Summary of Functions of Business Execution and Supervision

In addition to its statutory auditor system, the Company introduced its executive officer system in April 2003 in order to strengthen its management, supervision and business execution functions, enhance management efficiency and expedite decision-making. By clearly distinguishing between directors in charge of management and supervision functions and executive officers in charge of business execution, the Company endeavors to reduce the number of directors and re-energize the Board of Directors. The Company also appointed 3 outside directors at the Ordinary General Meeting of Shareholders held in June 2006 to further improve management transparency as well as reinforce the management and oversight functions of the Board of Directors, and added one more outside director at the Ordinary General Meeting of Shareholders held in June 2007 totaling in 4 outside directors, while the term of office as a director was shortened from two years to one.

The number of executive officers responsible for the business execution of the Company is 30 (president, vice-president, 8 executive vice presidents, 6 senior executive officers and 14 executive officers), each responsible for executing his/her duties within his/her appropriate area of responsibility. Also, important decision making in relation to business execution is deliberated by the Executive Committee.

The Board of Directors and the Board of Statutory Auditors have been established for supervision and auditing of business execution in accordance with laws and ordinances. The Board of Directors holds monthly regular meetings and extraordinary meetings as required from time to time to make decisions on important business execution and statutory matters and to supervise the business execution. In order to expedite decision-making, a new system was introduced in July 2006, which enables special directors appointed in advance by the Board of Directors to decide urgent matters concerning asset acquisitions, etc. in bidding, etc. by a majority vote.

In relation to statutory auditors' audit, each statutory auditor conducts his/her activities such as attending meetings of the Board of Directors and those of the Executive Committee (attended mainly by standing statutory auditors) and auditing of the business execution status of each corporate division. In addition, the Office of Statutory Auditors was established as assistant staff of statutory auditors in April 2000 to promote statutory auditors' audit. In relation to accounting audit, the accounting auditor has been elected to conduct audits as required under laws and ordinances.

In adopting a flexible approach towards its human resources in regard to age, the Company has its internal regulations concerning the retirement age of officers.

* Committee Outline and Conduct Status

An outline of various committees and their conduct status is given below.

The Strategic Planning Committee was newly established in April 2003 to deliberate on overall management strategies for the Group. This committee generally holds monthly meetings attended by inside directors, executive officers above the executive vice president level and any person appointed by the president. A total of 9 meetings were held in fiscal 2008.

The Executive Committee is a body to make important decision-making on business execution of the Group and generally holds weekly meetings attended by the president, officers responsible for respective business group, etc., standing statutory auditors and any other person designated by the president. A total of 48 meetings were held in fiscal 2008.

Functioning as a subordinate body to the Executive Committee, the Strategic Investment Committee was newly established in April 2003 to discuss particularly important investment proposals before the Executive Committee and to summarize the points at issue. Its role is to promote high standards in management decisions and discussions at the Executive Committee.

Consolidating the former Compliance Committee, the Environment Management Committee, and other committees into one body, the CSR Committee was newly established in September 2005 to discuss and share information on Group-wide CSR-related matters (compliance, the environment, risk management and information management). The committee consists of the president of the Company, the compliance officer, executive officers in charge of line staff departments of respective business groups and corporate staff as

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well as presidents of major Group companies, etc. The committee holds regular meetings twice per year, and extraordinary meetings as required from time to time. The Risk Management Subcommittee was established as a subordinate body to the CSR Committee in October 2006 to promote risk management throughout the Group. Regular meetings are held twice per year and extraordinary meetings will be held as required from time to time.

* Audit Status

The Internal Audit Office conducts internal audits in accordance with annual and mid-term audit plans devised, based on Company-wide risk analysis. Then, it verifies if the internal control development and management status is appropriate. It reports all audits results to the president and after the reports to the president, the Internal Audit Office explains the contents to the standing statutory auditors and the compliance officer as well. Furthermore, they provide a summary to the Executive Committee and the Board of Directors. Any issues found in the course of an audit are brought to the attention of the business group or department subject to the audit together with a request for action to rectify the situation. The status of rectification is also verified. Including its General Manager, the Internal Audit Office currently has a staff of 7.

In accordance with the Statutory Auditors Auditing Standards as stipulated by the Board of Statutory Auditors, audit plans and distribution of duties policies, each statutory auditor attends meetings of the Board of Directors and other important meetings, receives reports from directors and employees, etc. on the status of performance of their duties, inspect important authorization documents, etc. and investigate the status of the Company's business operations and assets at the headquarters and major business offices. The Company has also established the Office of Statutory Auditors as a body to assist in the performance of statutory auditors' duties. It has a staff of 5—a dedicated General Manager plus 4 support staff who work concurrently on duties in other departments closely related to the statutory auditors' duties.

Ernst & Young ShinNihon LLC has entered into an audit contract and conducts accounting audit in accordance with the annual audit plans as required under the Corporation Law and Financial Instruments and Exchange Law.

- Certified Public Accountants who have executed business:
 - Designated and engagement partner/business execution personnel;
Masaru Katabuchi, Yuzuru Fujino, Yoshikatsu Sugiyama, Takao Maruyama
- Audit Operations Assistants:
 - Certified Public Accounts: 15; CPA Assistants and Others; 18
- Remuneration payable by the Company and its consolidated subsidiaries to Ernst & Young ShinNihon LLC (fiscal 2008):
 - Remuneration for services prescribed by Article 2, Paragraph 1 of the Certified Public Accountants Law:
¥356 million
 - Additional remuneration:
¥21 million

The amount of remuneration paid to the accounting auditor, etc., Ernst & Young ShinNihon LLC, is determined after taking into account the number of days of auditing plans, the Company's business scale and attributions, in consultation with the accounting auditor and by agreement of the Board of Statutory auditors. Statutory auditors periodically receive reports of results of internal audit conducted by the Internal Audit Office. Statutory auditors also promote close mutual relationships by regularly exchanging views and information with the accounting auditor, receiving results of audits by the accounting auditor.

III Status of Implementation of Measures related to Shareholders and Other Stakeholders**1. Measures toward Revitalization of the General Meeting of Shareholders and Facilitation of Exercise of Voting Rights**

	Supplementary Explanation
Prompt Delivery of Convocation Notice of General Meeting of Shareholders	As a general rule, we shall endeavor to forward the Convocation Notice at least three weeks prior to the date of the General Meeting of Shareholders.
Exercise of Voting Rights by Electromagnetic Means	The exercise of voting rights via the Internet has been available since the Ordinary General Meeting of Shareholders held in 2004. Further, the Company has participated in the electronic exercise of voting rights platform for institutional investors operated by ICJ, Inc., since the Ordinary General Meeting of Shareholders held in 2006.
Other	The Convocation Notice, Reference Documents for the General Meeting of Shareholders and related materials (including English translations) will be made available via the Company website and the electronic exercise of voting rights platform for institutional investors operated by ICJ from the day following the date the Convocation Notice of the General Meeting of Shareholders was forwarded until the date of the General Meeting of Shareholders.

2. Investor Relations Activities

	Explanation by Representative	Supplementary Explanation
Holding Regular Briefings for Analysts and Institutional Investors	Yes	The president conducts Corporate Results Presentations in May each year and Presentations of the Second Quarter Results in November for analysts and institutional investors.
Posting Investor Relations Materials on the Company Website	Yes	Investor relations materials including <i>kessan tanshin</i> (brief results announcements), fact books, securities reports, quarterly summary of financial statements, “To Our Shareholders” (formerly, the “Business Report”), corporate governance reports, and medium-term management plans are posted regularly on the following website: http://www.mec.co.jp/e/group/investor/index.htm
Establishment of Investor Relations Department (Liaison)	—	The Company’s designated IR unit is the IR Office, and its designated IR officer is Senior Executive Officer, Yutaka Yanagisawa. The IR business liaison officer is Yutaro Yotsuzuka, head of the IR Office.

3. Measures to Respect the Position of Stakeholders

	Supplementary Explanation
Provisions of Internal Regulations to Respect the Position of Stakeholders	The Company has formulated the Group’s Basic Mission, Code of Corporate Conduct and Action Guidelines to help foster respect for the position of its respective stakeholders and adopt a creative approach to society.
Promotion of Environmental Protection, Corporate Social Responsibility (CSR), and Other Activities	In accordance with the Group’s Basic Mission and Code of Corporate Conduct, etc., Mitsubishi Estate Group is promoting CSR activities based on three main concepts—acting with integrity, earning the trust of our clients and creating a vibrant workplace. The operational framework for CSR is the formation of the CSR Committee chaired by the president, and under its jurisdiction, the Compliance Subcommittee, the Environmental Subcommittee and Risk Management Subcommittee. There is also the Company’s CSR Report, published annually, which outlines its efforts to address CSR issues. One major focus of concern for CSR is the environment and the Company has addressed this by actively promoting the introduction of an Environment Management System. In addition, ISO 14001 certification has been acquired by a number of organizations in the following Mitsubishi Estate business groups: Property Management and Office Leasing, Commercial Asset Management and Development, Residential Development, Architectural Design & Engineering, Custom-Built Housing, Hotel Business.
Establishment of Policy Concerning Disclosure of Information to Stakeholders	In addition to its Code of Corporate Conduct, the Company’s Action Guidelines also outline its policy for the proper disclosure of information. In particular, the Guidelines clearly specify the need to provide information in a timely and appropriate manner on products and services for our customers, including disadvantageous information, which is clear and easy to understand and reflects the position of our customers, along with the need to devote efforts towards conducting business fairly. Not only do they contain provisions calling for disclosure based on the Stock Exchange’s rules on timely disclosure of corporate information, but by prescribing information disclosure regulations as a Company Code so that information useful to shareholders and investors can be actively disclosed in a timely and proper manner, they also reinforce the Company’s internal system.

IV Basic Policy and Status of Implementation of the Internal Control System

* Basic Policy and Status of Implementation of the Internal Control System

Outline of decisions on systems to ensure the compliance of the Directors' execution of duties with laws, regulations and the Articles of Incorporation, as well as the propriety of business operations, is as follows:

(1) Systems to Keep and Manage Information pertaining to the Execution of Duties by Directors

The Company shall establish relevant organizational systems pursuant to the "Mitsubishi Estate Group Basic Compliance Rules on Information Management" to appropriately handle information assets held by the Group and practice and improve information security on an ongoing basis. The CSR Committee shall be in charge of companywide control of information storage and management.

Specifically, the Company shall, under such organizational systems, formulate internal regulations such as "Information Handling Rules," stipulating generally the management procedures necessary for the protection and handling of information held by the Company; "Important Documents Storage Rules" and "Disposed Documents Handling Rules," stipulating management procedures related to document storage and abolition including the storage method and period for documents and abolition rules; and "Information System Handling Rules," stipulating management procedures in association with the protection of the information system and electronic information. The Company shall appropriately store and manage relevant information pertaining to the execution of Directors' duties by operating these internal regulations.

(2) Rules and Other Systems regarding Loss Risk Management

In the groupwide corporate management, the Company shall practice diverse risk management measures for all business operations of the Group in order to properly evaluate and manage internal and external risk factors related to its businesses and to maintain and raise the corporate value of the Group.

Specifically, the Company has established the "Mitsubishi Estate Group Risk Management Rules" to realize appropriate risk management with effective systems for risk management to be carried out by all the executives and employees of the Group. Moreover, under the Risk Management Rules above, the CSR Committee shall be in charge of controlling the promotion of risk management activities at the group level, whereas the Risk Management Subcommittee shall work as a practical collegial body to collect and streamline risk management-related information. In addition, the Officer responsible for the CSR Department shall be assigned the responsibility for risk management, and the general managers of the line staff department in each business group, the general manager of each corporate staff department and others shall be designated Risk Management Responsible Managers for intra-business-group management and supervision of risk management.

In the meantime, with these risk management systems as a basis, the Strategic Investment Committee, an advisory body of the Executive Committee, shall preliminarily deliberate especially important investment subjects prior to the deliberations by the Board of Directors, the companywide final decision-making organ regarding important executive matters, and/or the Executive Committee to check the content and degree of risk factors as well as countermeasures, etc. in preparation for possibly emerging risk.

Furthermore, the Company shall formulate the "Contingency Response Manual" to indicate action principles and communications and initial measures to be taken in the case of the occurrence of any emergency, and also the "Disaster Preparedness Outline" to prepare for emergencies such as large-scale earthquakes and terrorism acts with preventive measures and contingency-response systems. The Company shall periodically conduct training in compliance with these procedures and review or extend the substance thereof to cope with environmental changes. Meanwhile, as for the business continuity program that includes these guidelines, actual measures shall be improved and established based on the "Mitsubishi Estate Group Business Continuity Guidelines."

The Internal Audit Office shall conduct internal audit activities in accordance with the Internal Audit Rules to raise the effectiveness of risk management.

(3) Systems to Ensure Efficient Execution of Directors' Duties

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The Company shall pursue improving managerial mechanisms appropriate to ensure the efficient execution of Directors' duties in the course of fulfilling the CSR of the Company. Under this policy, the Company has adopted the Executive Officer System with the aim of reinforcing the management oversight function and the business execution function as well as higher management efficiency and faster decision making. Moreover, the Company has implemented the Special Director System for flexible decision making with regard to bidding subjects, etc. and shall improve the head officer system and the rules related to the authority and decision making in accordance with internal regulations such as the Board of Directors Regulations and the *Ringi* Rules, to allow for more efficient execution of Directors' duties.

(4) Systems to Ensure Compliance of the Execution of Duties by Directors and Employees with Laws, Regulations and the Articles of Incorporation

The Company has established and intends to thoroughly disseminate "The Mission of the Mitsubishi Estate Group," "The Mitsubishi Estate Group Code of Corporate Conduct" and "The Mitsubishi Estate Group Action Guidelines" to present conduct standards by which executives and employees should abide. Meanwhile, the compliance of the execution of duties by Directors and employees with laws, regulations and the Articles of Incorporation shall be ensured through relevant activities, including companywide control by the CSR Committee in which outsider advisers also participate, compliance promotion activity by the CSR Department, internal audit practices by the Internal Audit Office, enhanced management oversight function of the Board of Directors through the introduction of Outside Directors, and auditing activities by Statutory Auditors.

In addition, the Head Compliance Officer, who is in charge of integrated management and the promotion of companywide compliance, shall be appointed by a resolution of the Board of Directors, in accordance with the "Compliance Rules," and the general managers of the respective departments and sections shall be entrusted as "Compliance Promotion Committee Members" to whom the exemplary performance of compliance is requested.

To handle compliance-related consulting and communications on concerns, the dedicated Help Lines shall be established and operated internally and externally as contact windows for the Group and business partners.

(5) Systems to Ensure the Propriety of Business Operations Conducted by the Corporate Group Consisting of the Company and Its Subsidiaries

The Group shall endeavor to practice groupwide compliance-based management and corporate ethics and ensure the propriety of business operations by establishing "The Mission of the Mitsubishi Estate Group," "The Mitsubishi Estate Group Code of Corporate Conduct" and "The Mitsubishi Estate Group Action Guidelines", etc., all of which are the standards of conduct for the Group, and thoroughly disseminating them under the control of the CSR Committee.

Inside the Group, the line staff department in each business group in the Company shall be in charge of operations related to the group companies in the business fields concerned, and the Affiliated Group Office shall be established within the Company with the major roles of promoting the corporate management of the respective group companies and supporting the staff function. Meanwhile, group management shall be enhanced toward the achievement of maximized corporate value of the Group by promoting the propriety and efficiency improvement and upgrading risk management of groupwide corporate management by operating the "Mitsubishi Estate Group Management Rules," through compulsory consultations and exchange of information between the Company and group companies for certain important matters.

Furthermore, the "Mitsubishi Estate Group Basic Guidelines on Internal Control Regarding Financial Reporting (Basic Rules)" shall be formulated to ensure the reliability of financial reports inside the Group with the aim of appropriately responding to the latest internal control reporting system for financial reports, as required to follow under the Financial Instruments and Exchange Act.

(6) Matters Related to Employees in Cases Where a Statutory Auditor Requests That the Company Assign Employees as Assistants to Support His/Her Duties

The Office of Statutory Auditors shall be established as a subsidiary organ to assist Statutory Auditors in the execution of their duties pursuant to the relevant provisions of "Statutory Auditors Audit Standards"

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and “Job Ladder.” The Company shall assign a dedicated General Manager and several employees who shall concurrently serve as audit-related staff at other sections that have relevance with the duties of the Statutory Auditors.

(7) Matters Related to Independence of Employees in the Preceding Item from Directors

The personnel relocation and/or disciplinary punishment, etc. of the General Manager of the Office of Statutory Auditors shall require an accord of the Standing Statutory Auditors. The personnel relocation and/or disciplinary punishment, etc. of other staff of the Office of Statutory Auditors shall require prior consultation with the General Manager of the Office of Statutory Auditors.

(8) Systems to Help Directors and Employees Report to the Statutory Auditors and Other Systems relating to Reporting to the Statutory Auditors

In the case where the occurrence of breach of any laws and regulations or the Articles of Incorporation or significantly unfair or unreasonable matter is revealed, anybody shall, either Directors or employees, immediately report thereof to the Statutory Auditors. Also, the Company obliges related personnel to circulate the *Ringi* paper and/or other important documents under the internal rules. Moreover, matters that may be judged necessary in performing the duties of the Statutory Auditors, including results of audit by the Internal Audit Office and the status of compliance promotion activity conducted by the CSR Department, shall also be periodically reported to the Statutory Auditors.

(9) Other Systems to Ensure Effective Audits by the Statutory Auditors

The Standing Statutory Auditors of the Company shall have periodic meetings with the management executives of the Company including the President and Director, the CSR Department, the Internal Audit Office and the Accounting Auditor to exchange opinions with each other.

The Standing Statutory Auditors shall attend the important conferences such as the Executive Committee.

*** Basic Policy and Status of Implementation of Efforts towards Exclusion of Antisocial Forces**

(1) Basic Policy towards Exclusion of Antisocial Forces

The Mitsubishi Estate Group refuses to countenance any relationship with antisocial forces.

(2) Status of Implementation of Efforts towards Exclusion of Antisocial Forces

Mitsubishi Estate Group set out policies in relation to its refusal to countenance relationships with antisocial forces in “Mitsubishi Estate Group Action Guidelines, Chapter 2” and implemented specific countermeasures in its manual. As part of its Internal System, it has also established a special department with overall responsibility for countermeasures in relation to the exclusion of antisocial forces and appointed both a responsible person for prevention of unreasonable demands and managers for each department. The Company maintains efforts towards collecting information in relation to antisocial forces by attending training sessions hosted by organizations affiliated with the Tokyo Metropolitan Police Department and cooperates with external specialist bodies including the police and lawyer to reject relationships with these antisocial forces. In addition, it periodically provides reminders to managers and general staff and publicizes cases of unreasonable demands from antisocial forces.

Reference (Pattern Diagram): Please Refer to the Supporting Data at the End of This Document.

V Others

1. Items relating to Takeover Defense

(1) Basic Policy in Relation to the Circumstances of Persons Directing Decisions in Relation to the Company's Finance and Business Policies

The Company considers that those who control decisions of the Company's financial matters and business policies must understand the sources of the Company's corporate value and be able to continuously ensure and enhance the corporate value of the Company and the common interests of its shareholders.

The Company believes a decision regarding any proposed acquisition that would involve a change of control of the Company should ultimately be based on the intent of all the shareholders of the Company. The Company does not generally oppose the large-scale acquisition of the shares of the Company if it contributes to the corporate value of the Company and the common interests of the shareholders.

Nonetheless, there are some large-scale share acquisitions that do not serve the corporate value and/or the common interests of the shareholders of a company subject to such large-scale share acquisitions: those that would obviously, in light of their purposes, etc., harm the corporate value of the target company and the common interests of its shareholders; those with the potential to substantially coerce the shareholders into selling their shares; those that do not provide sufficient time or information in order for the shareholders and the board of directors of the target company to consider the terms and conditions and the like of the acquisition or in order for the target company's board of directors to make an alternative proposal; and those that require the target company to discuss and negotiate with the acquirer in order to procure more favorable terms than those presented by the acquirer, or similar reasons.

The Company strives to secure and enhance its corporate value as a group, especially with the recognition that the sources of the Company's corporate value lie in its comprehensive capabilities of creating high added value by combining various real estate-related businesses and functions, good and long-term relationships with various stakeholders, the Group's brand value and the brand value of our products and services. Unless the sources of the Company's corporate value is understood, secured and improved over the medium- and long-term by the party offering a large-scale acquisition of the shares of the Company, the corporate value of the Company and the common interests of the shareholders will be impaired.

The Company regards such a party offering a large-scale acquisition of the shares of the Company in a way that does not contribute to the corporate value of the Company and the common interests of the shareholders as inappropriate to be responsible for controlling the Company's financial matters and business policies. Therefore, we must secure the corporate value of the Company and the common interests of the shareholders by taking necessary and appropriate countermeasures against such large-scale acquisition.

(2) Implementation Objectives

Measures to counter the large-scale acquisition of the shares of the Company (takeover defense measures), hereinafter referred to as "Plan," are to be implemented in accordance with the basic policy outlined in the preceding item to protect and enhance the corporate value of the Group and the common interests of the shareholders.

Specifically, these measures are aimed, in the event a large-scale acquisition of shares of the Company is offered, to ensure sufficient time and information for the shareholders to decide whether or not to accept such offer or to allow the Board of Directors of the Company to make an alternative proposal for the shareholders and discuss and negotiate with the large-scale acquirer for the benefit of the shareholders.

(3) Scheme Outline

(a) Establishment of Procedures

The Plan establishes procedures in advance to be applied to an acquisition of the share certificates of the Company or any similar action or proposal thereof when either (i) an acquisition, etc. that would result in a holder's holding ratio of share certificates, etc., amounting to 20% or more with respect to

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the share certificates, etc. issued by the Company or (ii) a tender offer that would result in the owning ratio of share certificates, etc. of share certificates, etc. relating to the tender offer and the owning ratio of share certificates, etc. of a person having a special relationship totaling 20% or more with respect to the share certificates, etc. issued by the Company.

(b) Requests for Provision of Information

Any acquirer, etc. is to provide the Company with information necessary to examine details of the acquisition, etc. prior to effect such acquisition, etc.

(c) Consideration and Recommendation, etc. by Independent Committee

The Company shall establish the Independent Committee composed of outside directors and other members highly independent of the Company. The Independent Committee will examine matters such as information provided by the acquirer, etc. as well as information, opinions concerning the acquisition, etc. and alternative proposals provided by the Board of Directors and will conduct discussions and negotiations, etc. with the acquirer, etc. when necessary. Moreover, in the event certain requirements are met such as the acquirer not complying with the procedures stipulated in the Plan or the terms of the acquisition threatening the corporate value of the Company and the common interests of the shareholders, the Independent Committee will recommend the implementation of a gratis allotment of Stock Acquisition Rights to the Board of Directors when the implementation of a gratis allotment of Stock Acquisition Rights is considered reasonable. In addition, the Independent Committee can recommend the non-implementation of a gratis allotment of Stock Acquisition Rights in the event the acquisition, etc. does not meet certain requirements or if necessary, extend the period during which it conducts its consideration.

(d) Resolution of the Board of Directors to Implement Gratis Allotment of Stock Acquisition Rights

The Board of Directors is to respect the recommendations of the Independent Committee to the greatest extent possible when passing a resolution to implement a gratis allotment of Stock Acquisition Rights. The Board of Directors must make its inquiry to the Independent Committee to implement a gratis allotment of Stock Acquisition Rights. These Stock Acquisition Rights will contain exercise conditions which do not allow the acquirer, etc. to exercise such rights and acquisition provisions whereby the Company can acquire the Stock Acquisition Rights in exchange for the shares, etc. of the Company from parties other than the acquirer, etc.

(e) Effect of Plan

If the shares of the Company are delivered to the shareholders other than the acquirer, etc. through exercise of the Stock Acquisition Rights or acquisition of the Stock Acquisition Rights by the Company, the ratio of the voting rights of the shares of the Company held by the acquirer may be diluted up to a maximum of approximately 50%.

(4) Rationality of the Plan

Management executives of the Company consider the Plan highly rational for the following reasons:

(a) It Fully Meets Requirements of the Guidelines for Takeover Defense Measures.

The Plan fully meets the three principles stipulated in the Guidelines Regarding Takeover Defense for the Purposes of Protection and Enhancement of Corporate Value and Shareholders' Common Interests released by the Ministry of Economy, Trade and Industry and the Ministry of Justice.

(b) Respect for Shareholder' Intention

The Plan reflects shareholder intent, having been approved by the General Meeting of Shareholders. In addition, the Plan has an effective period of three years (the sunset clause), emphasizing shareholders' intent.

The Plan was approved at the Ordinary General Meeting of Shareholders held on June 28, 2007.

(c) Establishment and Decisions of the Independent Committee

The Company has established the Independent Committee as a body to eliminate arbitrary decisions by directors and to objectively provide effective decisions when managing the implementation, etc. of this Plan to benefit all shareholders. As a corporate body under the Companies Act, the Board of Directors must make resolutions by respecting the decisions of the Independent Committee to the greatest extent possible.

(d) Establishment of Reasonably Objective Requirements

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The Plan has been formulated in such a way that it cannot be implemented unless a number of reasonably objective requirements have been met. It has a structure which prevents it being arbitrarily implemented by the Board of Directors.

(e) Seeking the Opinions of Third-party Specialists

At the Company's expense, the Independent Committee can seek the opinions of independent third-party specialists to assist it with its decisions, allowing it to decide matters in a quite fair and objective manner.

(f) Abolition

The Plan can be abolished at any time by a resolution of the Board of Directors.

(5) Public Release of the Plan

Details of the Plan are contained in the Company's May 10, 2007 press release, "Introduction of Countermeasures to Large-Scale Acquisitions of Mitsubishi Estate Shares (Takeover Defense Measures)" which can be found on the Company's website at the following URL:

<http://www.mec.co.jp/e/news/pdf/mec070510e-2.pdf>

2. Other Items relating to Corporate Governance System, etc.

Not applicable.

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[Reference: Pattern Diagrams]

Mitsubishi Estate Group Governance System

