

To Our Shareholders

Koshienguchi 6-1-45, Nishinomiya-shi, Hyogo
KYOKUTO KAIHATSU KOGYO CO., LTD.
Kazuya Takahashi, President

NOTICE OF THE 84th ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 84th Annual Meeting of Shareholders.

If you are unable to attend in person on the day, you may use one of the methods below to exercise your voting rights. We ask that you exercise your voting rights by 5:30 p.m. on Tuesday, June 25, 2019 (JST), after having considered the accompanying "Reference Material for the Meeting of Shareholders."

[Exercising voting rights by mail]

Please indicate your approval or disapproval for each of the proposals on the enclosed form for exercising voting rights and ensure that we receive it no later than the above-mentioned deadline.

[Exercising voting rights over the Internet]

Please access our designated voting website (<https://evote.tr.mufg.jp/>) from a computer, smartphone or cellular phone and use the Login ID and Temporary Password printed on the enclosed form for exercising voting rights (in case of a smartphone, there is no need to input if you read the QR code for login), and follow the onscreen instructions to enter your approval or disapproval for each of the proposals. In addition, if using the Internet to exercise your voting rights, we request that you kindly read the "Procedure for Exercising your Voting Rights via the Internet" (page 2).

Notice of Meeting

1. **Date and Time** 10 a.m. on Wednesday June 26, 2019 (JST)
2. **Place** Head Office Conference Room, KYOKUTO KAIHATSU KOGYO CO., LTD.
Koshienguchi 6-1-45, Nishinomiya-shi, Hyogo, Japan

3. Objectives of Meeting

- Reporting**
1. Report on contents of Business Report, Consolidated Financial Statement, and results of Audit on Consolidated Financial Statement by accounting auditors and board of auditors for the 84th business period (from April 1, 2018 to March 31, 2019)
 2. Report on contents of Financial Documents for the 84th business period (from April 1, 2018 to March 31, 2019)

Agenda

- Proposal 1** Appropriation of retained earnings
Proposal 2 Election of Eight (8) Directors
Proposal 3 Election of Four (4) Auditor
Proposal 4 Election of One (1) Substitute Corporate Auditor

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- ☐ If you plan to attend the meeting in person, please submit the enclosed Exercise of Voting Rights form to the receptionist at the meeting.
 - ☐ In case of any amendment to the Business Report, Consolidated Financial Statement, Financial Documents, and Reference Material for the Meeting of Shareholders, the amended documents will be posted on the company website.
(<http://www.kyokuto.com/>)

Procedure for exercising your voting rights via the Internet

If you exercise your voting rights via the Internet, please review the items below and exercise your voting rights.

If you intend to attend the General Meeting of Shareholders in person, you are not required to exercise the voting rights either by mail (using the Voting Rights Exercise Form) or via the Internet.

1. About the voting website

- (1) Voting rights via the Internet may be exercised by accessing our designated voting website (<https://evote.tr.mufig.jp/>) from a PC, smartphone or cellular phone. (However, this will be suspended from 2 a.m. to 5 a.m. every day.)
- (2) Exercise of voting rights via the Internet will be accepted until 5:30 p.m. on Tuesday, June 25, 2019, Japan time. We ask you to exercise your voting rights at your earliest convenience. Please contact the help desk should you have any questions.
- (3) Depending on your Internet connection environment, you may not be able to exercise your voting rights through your computer or smartphone. Such environments include cases where a firewall is used for the Internet connection, any antivirus software has been installed, a proxy server is used, or TLS encrypted communication has not been designated.
- (4) When you exercise voting rights using your cellular phone, for security reasons, any cellular phones incompatible with TLS encrypted communication or transmission of cellular phone information cannot be used.

2. Method of exercising voting rights via the Internet

(1) With a PC or cellular phone

- Voting rights via the Internet may only be exercised by accessing the voting rights exercise website (<https://evote.tr.mufig.jp/>) from a computer, smartphone or cellular phone using the Login ID and Temporary Password printed on the enclosed form for exercising voting rights. You can then follow the onscreen instructions to enter your approval or disapproval for each of the proposals. (Please note that the website is unavailable from 2:00 a.m. through 5:00 a.m. every day.)
- Please note that you will be requested to change your Temporary Password on the voting rights exercise website in order to prevent any unauthorized access (“spoofing”) or alteration of your votes.
- A new Login ID and Temporary Password will be issued each time the General Meeting of Shareholders is convened.

(2) With a smartphone

- You can automatically log into the voting website and exercise your voting rights by scanning the QR Code for login printed on the enclosed form for exercising voting rights with your smartphone. (No need to enter the Login ID and Temporary Password.)
- For security reasons, you can exercise your voting rights with your QR Code only once. From the second time, you will be required to enter your Login ID and Temporary Password even if you scan your QR Code.
- Depending on your smartphone model, QR Code login may not be available. When you cannot login with your QR Code, please exercise your voting rights with the method explained in the above 2. (1) With a PC or cellular phone.

*QR Code is the registered trademark of DENSO WAVE INCORPORATED.

3. Handling of voting rights exercised multiple times

- (1) If you exercised your voting rights both in writing and via the Internet, the voting rights exercised via the Internet shall be treated as the valid vote.
- (2) If you exercised your voting rights multiple times using the same method, the voting rights exercised last shall be treated as the valid vote.

4. Costs incurred for accessing the voting rights exercise website

Costs incurred for accessing the voting rights exercise website (such as Internet connection charges, packet data fees, and other cellular phone charges) shall be borne by the shareholder.

Inquiries about the system

Stock Transfer Agency Department (help desk), Mitsubishi UFJ Trust and Banking Corporation

Phone: 0120-173-027 (inquiries accepted from 9 a.m. to 9 p.m., toll free (only within Japan))

5. Platform for electronic exercise of voting rights (for institutional investors)

Nominee shareholders (including standing proxies), such as custodian trust banks, may use the Voting Rights Electronic Exercise Platform operated by ICJ Co., Ltd., if applied for in advance.

Reference Material for the Meeting of Shareholders

Proposals and References

Proposal 1 Appropriation of retained earnings

1. Year-end dividend

After comprehensive consideration of the Company's business policy that regards return of profits to shareholders as the most important management policy, the Company's current financial status, and the need to respond to the support provided by the shareholders every day, it is proposed that the year-end dividend for the 84th business period be provided as follows:

(1) Type of dividend

Money

(2) Allocation of dividend and the total amount

Year-end dividend 19 yen per common share of the company

Total amount of dividend 754,809,238 yen

The annual dividend including the interim dividend for this business period will be 38 yen per share, up 2 yen from the former business period.

(3) Effective date of surplus allotment

June 27, 2019

2. Appropriation of retained earnings

In order to strengthen the financial structure of the Company, it is proposed to appropriate retained earnings as follows:

(1) Retained earnings increased and the amount

Contingent reserve 3,000,000,000 yen

(2) Retained earnings decreased and the amount

Earned surplus carried forward 3,000,000,000 yen

Proposal 2 Election of Eight (8) Directors

The terms of office of Eight (8) Directors – Kazuya Takahashi, Haruhiro Kondo, Takashi Yoneda, Ikuya Sakai, Takeo Norimitsu, Tatsuya Nunohara, Yoji Kido and Akira Michigami – will expire at the close of this Annual Meeting of Shareholders. Therefore, it is proposed to elect Eight (8) Directors.

The candidates for Directors are as follows:

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies	# of shares held by the candidate	Special interest in the Company
1	Kazuya Takahashi (Feb. 16, 1957) <u>Reappointment</u>	<p>April 1980 Joined the Company</p> <p>April 2007 Director of Kyokuto Kaihatsu Parking Co., Ltd.</p> <p>June 2008 Representative Director of Kyokuto Kaihatsu Parking Co., Ltd.</p> <p>April 2010 Executive Officer of the Company</p> <p>April 2011 Overseas Operations Division Director of the Company</p> <p>June 2011 Director of the Company</p> <p>April 2012 Associate Senior Executive Officer of the Company SPV Division Director of the Company Chairman of the Kyokuto Special Automobile Trading (Shanghai) Co., Ltd. Chairman of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.</p> <p>June 2013 Representative Director, President of the Company (current position) Chief Operating Officer of the Company</p> <p>June 2017 Chief Executive Officer of the Company (current position) (Representative position in other companies) Director of Japan Auto-Body Industries Association inc.</p>	19,500	None
<p>(Reason for selection as candidate for Director)</p> <p>He has been in charge of the management of the Company as Representative Director & President since June 2013, after serving in the SPV Division and being in charge of the management of the Parking Division and overseas subsidiaries for many years. We nominate him as a candidate for Director in order to continuously strengthen the management of the Company based on his extensive experience and accomplishments above.</p>				

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
2	Takashi Yoneda (Oct. 23, 1954) <u>Reappointment</u>	April 1979	Joined the Company	14,378	None
		April 2004	General Manager of Engineering, Nagoya Plant of the Company		
		April 2006	Center Manager of Tailgate lifter of the Company		
		April 2009	General Manager of Development of the Company		
		April 2010	Executive Officer of the Company		
		June 2012	Director of the Company (current position)		
		June 2014	Associate Senior Executive Officer of the Company (current position)		
		April 2015	Executive General Manager of Production of the Company		
		April 2017	Miki Plant Manager of the Company		
			Executive General Manager of Engineering of the Company (current position)		
			General Manager of Engineering Management of the Company		
(Reason for selection as candidate for Director)					
We nominate him as a candidate for Director in order to continuously strengthen the management of the Company based on his extensive experience and accomplishments as he served in the SPV development and production division for many years.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company			
3	Takeo Norimitsu (Aug. 15, 1958) <u>Reappointment</u>	April 1982	Joined the Company	7,200	None			
		January 2005	Chairman and General Manager of Management of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.					
		April 2007	General Manager of Corporate Planning of the Company					
		October 2010	Director, Chairman of MITHRA KYOKUTO SPECIAL PURPOSE VEHICLE COMPANY PRIVATE LIMITED (current position)					
		April 2011	Executive Officer of the Company (current position) General Manager of Overseas Promotion of the Company					
		April 2017	Overseas Operations Division Director of the Company (current position) General Manager of Overseas Sales					
		June 2017	Director of Trex Thairung Co., Ltd. Director of the Company (current position)					
		April 2018	Chairman of the Kyokuto Special Automobile Trading (Shanghai) Co., Ltd. (current position) Chairman of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd. (current position) Director, Vice-chairman of Trex Thairung Co., Ltd. (current position)					
		(Reason for selection as candidate for Director)						
		We nominate him as a candidate for Director in order to continuously strengthen the management of the Company based on his extensive experience and accomplishments as he served in the Overseas division and Planning division for many years and has been in charge of the management of overseas subsidiaries.						

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
4	Tatsuya Nunohara (Jan. 21, 1959) <u>Reappointment</u>	April 1982	Joined the Company	4,400	None
		April 2010	General Manager of Engineering, Miki Plant of the Company		
		April 2012	General Manager of Development of the Company		
		April 2013	Executive Officer of the Company (current position) Deputy Executive General Manager of Engineering of the Company		
		April 2015	Executive General Manager of Engineering of the Company General Manager of Engineering Management of the Company		
		April 2017	Executive General Manager of Production of the Company		
		June 2017	Director of the Company (current position)		
		April 2018	SPV Division Director of the Company (current position)		
(Reason for selection as candidate for Director) We nominate him as a candidate for Director in order to continuously strengthen the management of the Company based on his extensive experience and accomplishments as he served in the SPV development and production division for many years.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
5	Noboru Horimoto (Feb. 28, 1965) <u>New appointment</u>	April 1988	Joined the Company	4,900	None
		April 2008	General Manager of Environmental Division Construction department of the Company		
		April 2010	General Manager of Environmental Division Engineering department of the Company		
		April 2011	Executive Officer of the Company (current position) Environmental Division Deputy Director of the Company		
		April 2013	Executive General Manager of Environmental Division Sales department of the Company General Manager of Environmental Division Service department of the Company		
		October 2013	General Manager of Environmental Division Planning department of the Company		
		April 2019	Environmental Division Director of the Company (current position)		
(Reason for selection as candidate for Director)					
We nominate him as a candidate for Director in order to strengthen the management of the Company based on his extensive experience and accomplishments as he served in the Environmental division for many years.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
6	Kazuhiko Harada (Feb. 23, 1958) <u>New appointment</u>	April 1980	Joined the Company	15,300	None
		April 2007	Director of NIPPON TREX Co., Ltd. Accounting Manager of NIPPON TREX Co., Ltd.		
		April 2011	General Manager of Finance of the Company		
		April 2012	Director of NIPPON TREX Co., Ltd. Executive Director of NIPPON TREX Co., Ltd. General Manager and Corporate Planning Manager of NIPPON TREX Co., Ltd.		
		April 2016	Executive Officer of the Company (current position) General Manager of Finance of the Company		
		April 2018	Deputy Executive General Manager of Administration of the Company		
		April 2019	Executive General Manager of Administration of the Company (current position) General Manager of Corporate Planning of the Company (current position)		
(Reason for selection as candidate for Director) We nominate him as a candidate for Director in order to strengthen the management of the Company based on his knowledge of finance and accounting as he served in the Finance division for many years, as well as his extensive experience and accomplishments as he served in the management of the important subsidiary in the SPV segment.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
7	Yoji Kido (Dec. 3, 1951) Reappointment Outside	April 1975	Joined HANSHIN ELECTRIC RAILWAY CO., LTD.	0	None
		June 2005	Director of HANSHIN ELECTRIC RAILWAY CO., LTD.		
		June 2007	Executive Director of HANSHIN ELECTRIC RAILWAY CO., LTD.		
		April 2011	Representative Director, Senior Executive Director of HANSHIN ELECTRIC RAILWAY CO., LTD.		
		April 2013	Representative Director, Vice President of HANSHIN ELECTRIC RAILWAY CO., LTD. Representative Director, Chairman of HANSHIN HOTEL SYSTEMS CO., LTD.		
		June 2013	Director of Japan Society of Civil Engineers		
		March 2014	Director of Hankyu Hanshin Building Management Co., Ltd.		
		April 2014	Vice Branch Director of Kansai Branch of the Japanese Geotechnical Society		
		April 2015	Representative Director, Chairman of Hankyu Hanshin Building Management Co., Ltd. Advisor of HANSHIN ELECTRIC RAILWAY CO., LTD. (current position)		
		June 2015	Outside Director of the Company (current position) Independent Executive of the Company (current position) Managing Director of Urban Innovation Institute (current position)		
(Reason for selection as candidate for Outside Director)					
He has broad knowledge obtained through being involved in management in different types of business and extensive experience and accomplishments in management for many years. Therefore, we nominate him as a candidate for Outside Director again because we expect he will be able to supervise our management objectively.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
8	Akira Michigami (May 5, 1953) <div>Reappointment</div> <div>Outside</div>	April 1982	Registration as Lawyer	0	None
		April 1987	Vice President of Kobe Blue Sky Law Office (formerly Akagi & Michigami Lawyer's Office)		
		April 1998	Deputy President of Hyogo Bar Association (Formerly Kobe Bar Association)		
		April 1999	Mediator of Sumoto Branch Office of Kobe District Court (current position)		
		April 2007	President of Hyogo Bar Association		
		June 2007	Outside Corporate Auditor of the Company		
		March 2010	Independent Executive of the Company (current position)		
		April 2010	Deputy President of Japan Federation of Bar Associations		
		June 2011	Part-time Director of AWAJI SHINKIN BANK (current position)		
		January 2012	President of Kobe Blue Sky Law Office (current position)		
		June 2014	Outside Corporate Auditor of TOA Corporation (current position)		
			Independent Executive of TOA Corporation (current position)		
		June 2015	Outside Director of the Company (current position)		
		<div>(Reason for selection as candidate for Outside Director)</div> <div>He is a lawyer and has broad knowledge and abundant experience in corporate law and legal affairs. Therefore, we nominate him as a candidate for Outside Director again because we expect him to supervise our management objectively.</div> <div>He has not been involved in management of a company except as Outside Director and Outside Corporate Auditor. However, we deem that he will fulfill his duty as Outside Director properly due to the above-mentioned background.</div>			

Notes: 1. Yoji Kido and Akira Michigami are candidates for Outside Directors.

2. Four years will have passed at the end of this Annual Meeting of Shareholders since Yoji Kido and Akira Michigami assumed the post of Outside Director of the Company.

3. Akira Michigami was Outside Corporate Auditor of the Company from June 27, 2007 to June 25, 2015.

4. We have reported Yoji Kido and Akira Michigami as Independent Executives of the Company in accordance with the regulation of Tokyo Stock Exchange, Incorporated.

5. The Company has entered into the limited liability contract prescribed in Article 427, Paragraph 1 of the Companies Act with Yoji Kido and Akira Michigami in accordance with the Articles of Incorporation of the Company. The limit of liability for damages pursuant to such limited liability contract is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act. In the event that the reappointment of Yoji Kido and Akira Michigami is approved, the Company plans to continue such limited liability contracts.

Proposal 3 Election of Four (4) Corporate Auditors

The terms of office of Four (4) Corporate Auditors – Harumi Sugimoto, Yoshinori Takashima, Morio Kusunoki and Yoshihiko Norikura – will expire at the close of this Annual Meeting of Shareholders. Therefore, it is proposed to elect Four (4) Corporate Auditors.

The candidates for Corporate Auditors are as follows:

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
1	Harumi Sugimoto (Oct. 18, 1952) <u>Reappointment</u>	April 1975	Joined the Company	8,500	None
		April 2003	Center Manager of Tailgate lifter of the Company		
		April 2006	General Manager of Manufacture, Nagoya Plant of the Company		
		April 2007	Nagoya Plant Manager of the Company		
		April 2010	Executive Officer of the Company Executive General Manager of Production of the Company		
		June 2012	Director of the Company		
		April 2013	SPV Division Director of the Company Chairman of the Kyokuto Special Automobile Trading (Shanghai) Co., Ltd. Chairman of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.		
		June 2014	Associate Senior Executive Officer of the Company		
		June 2018	Standing Auditor of the Company (current position)		
		(Reason for selection as candidate for Corporate Auditor)			
He served in the SPV segment of the Company for many years and in the management of overseas subsidiaries. In addition, he was in charge of the management of the Company as Director from June 2012 and has been carrying out audits on the Company’s management as Standing Auditor since June 2018. We nominate him as a candidate for Corporate Auditor again because we expect that he will fulfill an adequate role in the effective audit of the management of the Company based on his extensive experience and accomplishments.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
2	Soichiro Ochi (Mar.24, 1953) <u>New appointment</u>	April 1975	Joined JFE Shoji Trade Corporation (formerly Kawasho Corporation)	1,500	None
		October 2000 April 2002 April 2003 April 2004 April 2012 April 2013	Joined the Company General manager of Coin Parking Division of F.E.E. Co., Ltd. Director of F.E.E. Co., Ltd. General Manager of Real Estate Leasing Division of F.E.E. Co., Ltd. General Manager of Real Estate Management Department of F.E.E. Co., Ltd. Director of Kyokuto Kaihatsu Parking Co., Ltd. General manager of Coin parking division of Kyokuto Kaihatsu Parking Co., Ltd. Senior Managing Director of Kyokuto Kaihatsu Parking Co., Ltd. Executive Officer of the Company Real Estate Rental Division Director of the Company Representative Director of Kyokuto Kaihatsu Parking Co., Ltd.		
(Reason for selection as candidate for Corporate Auditor)					
In addition to having experience working for trading companies for many years, he has served in the parking business and the real estate rental business in the Company, as well as being in charge of the management of the subsidiary in the parking business. Therefore, we nominate him as a candidate for Corporate Auditor because we expect that he will fulfill an adequate role in the effective audit of the management of the Company based on his extensive experience and accomplishments.					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
3	Yoshihiko Norikura (May 1, 1952) <div>Reappointment</div> <div>Outside</div>	April 1985	Registration as Lawyer	0	None
		Jan 1991	President of Norikura Law Office (current position)		
		April 2006	Professor of Konan Law School (labor law)		
		April 2010	President of Hyogo Bar Association Member of Personnel Committee of Kobe City (current position)		
		April 2013	Branch Director of Hyogo Branch of Japan Legal Support Center (current position)		
		June 2014	Outside Director of SAKURA KCS Corporation (current position) Independent Executive of SAKURA KCS Corporation (current position)		
		June 2015	Outside Corporate Auditor of the Company (current position) Independent Executive of the Company (current position)		
		June 2017	Outside Auditor of Nisshin Shinkin Bank (current position)		
<div>(Reason for selection as candidate for Outside Corporate Auditor)</div> <div>He has broad knowledge and extensive experience and achievements in corporate law and legal affairs. Therefore, we nominate him as a candidate for Corporate Auditor because we expect he will be able to play an adequate role in carrying out effective audit of the Company's management objectively.</div> <div>Yoshihiko Norikura has not been involved in management except as Outside Director or Outside Corporate Auditor. However, we deem that he will fulfill his duty of Outside Corporate Auditor properly based on the above-mentioned qualifications.</div>					

Candidate number	Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
4	Kuniaki Fujiwara (Jan. 1, 1954) New appointment Outside	April 1978	Joined Sumitomo Mitsui Banking Corporation (formerly Taiyo-Kobe Bank Limited)	0	None
		April 2007	Executive Officer of Sumitomo Mitsui Banking Corporation		
		April 2009	Retired from Sumitomo Mitsui Banking Corporation		
		May 2009	Senior Executive Officer of Ginsen Co., Ltd.		
		June 2009	Senior Managing Director of Ginsen Co., Ltd.		
		April 2011	Executive Vice President of SAKURA KCS Corporation		
		June 2011	Representative Director of SAKURA KCS Corporation		
		October 2013	President and Representative Director of SAKURA KCS Corporation		
			Chief Executive Officer of SAKURA KCS Corporation		
		June 2018	Outside Corporate Auditor of Sanyo Color Works, Ltd. (current position)		
(Reason for selection as candidate for Outside Corporate Auditor)					
He has knowledge of finance and accounting as he served in financial business in banks for many years, as well as extensive experience and achievements in the management of companies in other industries.					
We nominate him as a candidate for Outside Corporate Auditor because we expect he will be able to play an adequate role in carrying out effective audit of the Company's management from an objective standpoint.					

Notes: 1. Yoshihiko Norikura and Kuniaki Fujiwara are candidates for Outside Auditors.

2. Yoshihiko Norikura has extensive knowledge and experience in corporate legal affairs and law as a lawyer, while Kuniaki Fujiwara has many years of experience in finance and accounting since he has been engaged in financial services in banks for many years, and has abundant experience as a manager. So we expected to have him audit the management of the Company from an objective standpoint as a candidate for outside corporate auditor.
3. Four years will have passed at the end of this Annual Meeting of Shareholders since Yoshihiko Norikura assumed the post of Outside Auditor of the Company.
4. We have reported Yoshihiko Norikura as Independent Executives of the Company in accordance with the regulation of Tokyo Stock Exchange, Incorporated.
5. The Company has entered into the limited liability contract prescribed in Article 427, Paragraph 1 of the Companies Act with Yoshihiko Norikura in accordance with the Articles of Incorporation of the Company. The limit of liability for damages pursuant to such limited liability contract is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act. In the event that the reappointment of he is approved, the Company plans to continue such limited liability contracts.

6. Kuniaki Fujiwara will be Independent Executive of the Company in accordance with the regulation of Tokyo Stock Exchange, Incorporated, in the event that he assumes Auditor of the Company.
7. In the event that Kuniaki Fujiwara assumes Auditor of the Company, The Company will be enter into the limited liability contract prescribed in Article 427, Paragraph 1 of the Companies Act with him in accordance with the Articles of Incorporation of the Company. The limit of liability for damages pursuant to such limited liability contract is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.

Proposal 4 Election of One (1) Substitute Corporate Auditor

It is proposed to elect one (1) Substitute Outside Corporate Auditor to maintain the continuity of audit operations even in the event of any shortage in the number of Corporate Auditors from the number provided for in laws and regulations.

The election of Corporate Auditor to be elected as Substitute Outside Corporate Auditor shall remain in effect only until his/her appointment to office and may be cancelled by resolution of the Board of Directors with the consent of the Board of Corporate Auditors.

We have already received approval for this proposal from the Board of Corporate Auditors.

The candidate for Substitute Corporate Auditor is as follows:

Name (Date of Birth)	Brief personal history and representative positions in other companies		# of shares held by the candidate	Special interest in the Company
Nobuhiro Asada (Sep. 4, 1970) <u>Reappointment</u> <u>Substitute</u> <u>Outside</u>	April 1998	Registration as Lawyer Rokko Sogo Law Office (currently, Rokko Law Office)	0	None
	April 2010	Vice President of Hyogo-Ken Bar Association		
	April 2012	Vice Chairman of the Legal Apprentice Training Committee, Japan Federation of Bar Association		
		Chairman of the Legal Apprentice Training Committee, Hyogo-Ken Bar Association		
		Member of the Kobe City Fixed Assets Evaluation Review Committee		
	April 2013	Deputy Director of Hyogo District Office of Japan Legal Support Center		
	July 2016	Member of the Hyogo Prefecture Administrative Complaint Review Board (current position)		
	August 2016	Member of the Nishinomiya City Deliberative Committee for Dealing with Vacant Houses, etc. (current position)		
	June 2018	Substitute Corporate Auditor of the Company (current position)		
(Reason for selection as candidate for Outside Corporate Auditor) He is a lawyer and has broad knowledge and abundant experience in corporate law and legal affairs. Therefore, we nominate him as a candidate for Outside Corporate Auditor again because we expect that he will perform audits on the management of the Company from an objective standpoint. He has not been involved in management of a company. However, we deem that he will fulfill his duty of Outside Corporate Auditor properly due to the above-mentioned background.				

Notes: 1. The election of Substitute Corporate Auditor was approved by resolution at the 83rd Annual Meeting of Shareholders held on June 27, 2018, and the resolution shall remain in effect until the beginning of the Annual Meeting of Shareholders of the last fiscal year ending within four years from the said resolution in accordance with provisions of the Articles of Incorporation. However, in order to make the effective period of resolution on the election of Substitute

Corporate Auditor coincide with the term of office of the four Corporate Auditors, we shall cancel the resolution based on resolution of the Board of Directors with the consent of the Board of Corporate Auditors, and make the effective period of the said resolution to last until the commencement of this Annual Meeting of Shareholders. We have obtained approval at the 83rd Annual Meeting of Shareholders to carry out the cancellation procedure by resolution of the Board of Directors with the consent of the Board of Corporate Auditors.

2. Nobuhiro Asada is a candidate for Outside Corporate Auditor.
3. In the event that Nobuhiro Asada assumes the office as Corporate Auditor, the Company plans to enter into the limited liability contract prescribed in Article 427, Paragraph 1 of the Companies Act with him in accordance with the Articles of Incorporation of the Company. The limit of liability for damages pursuant to such limited liability contract is the minimum liability amount prescribed in Article 425, Paragraph 1 of the Companies Act.