

To Our Shareholders

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

NOTICE OF THE 81st ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

Firstly, we would like to express our deepest sympathy to all those who have been affected by the Kumamoto Earthquakes in April, 2016, and pray for earlier revival of the stricken area.

You are cordially invited to attend the 81st Annual Meeting of Shareholders.

If you are unable to attend in person on the day, you are able to use one of the methods below to exercise your voting rights. We ask that you exercise your voting rights until 5:30 p.m., Monday June 27, 2016 (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 exercise period.

[Exercising voting rights over the Internet]

Please access our designated voting web site (<http://www.evotep.jp/>) from computers, smartphones or cellular phones using the "Login ID" and "Temporary Password" printed on the enclosed form for exercising voting rights 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 "Procedure for Exercising your Voting Rights via the Internet" (page 2).

Notice of Meeting

1. **Date and Time** 10 a.m. on Tuesday June 28, 2016 (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 81st business period (from April 1, 2015 to March 31, 2016)
 2. Report on contents of Financial Documents for the 81st business period (from April 1, 2015 to March 31, 2016)

Agenda

- | | |
|-------------------|------------------------------------|
| Proposal 1 | Appropriation of retained earnings |
| Proposal 2 | Election of Nine (9) Directors |

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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 website of the company.
(URL: <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. Method to exercise voting rights via the Internet

- (1) Voting rights via the Internet may only be exercised by accessing the voting rights exercise website (<http://www.evotep.jp/>) from computers, smartphones or cellular phones (i-mode, EZweb, or Yahoo! Keitai)* using the “Login ID” and “Temporary Password” printed on the enclosed form for exercising voting rights and 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)
*i-mode, EZweb, and Yahoo! are the registered trademarks of NTT DOCOMO, Inc., KDDI CORPORATION, and Yahoo! Inc. of the United States, respectively.
- (2) 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.
- (3) A new “Login ID” and “Temporary Password” will be issued each time the General Meeting of Shareholders is convened.
- (4) Exercise of voting rights via the Internet will be accepted until 5:30 p.m. on Monday, June 27, 2016, Japan time. We ask you to exercise your voting rights at your earliest convenience. Please contact the help desk should you have any questions.
- (5) Depending on your Internet connection environment, you may not be able to exercise your voting rights through your computer or smartphone. Such environment includes the case where a firewall is used for the Internet connection, any antivirus software has been installed, proxy server is used, or TLS encrypted communication has not been designated.
- (6) When you exercise voting rights using your cellular phone, please use the internet connection service of either i-mode, EZweb, or Yahoo! Keitai. For security reasons, any cellular phones incompatible with TLS encrypted communication or transmission of cellular phone information cannot be used.

2. Handling of voting rights exercised for 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 for multiple times using the same method, the voting rights exercised last shall be treated as the valid vote.

3. 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 9:00 to 21:00, toll free (only within Japan))

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

Nominee shareholders (including standing proxies), such as custodian trust banks, may use “Voting Rights Electronic Exercise Platform” operated by ICJ Co., Ltd., if application is made 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 regarding the return to shareholders as the most important management politics, the Company's current financial status, and the need to respond to the shareholders' everyday support, it is proposed that the year-end dividend for the 81st business period be provided as follows:

(1) Type of dividend

Money

(2) Allocation of dividend and the total amount

Year-end dividend 16 yen per common share of the company

Total amount of dividend 635,659,328 yen

The annual dividend including the interim dividend for this business period will be 31 yen per share, increased by 5 yen from the former business period.

(3) Effective date of surplus allotment

June 29, 2016

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 2,500,000,000 yen

(2) Retained earnings decreased and the amount

Earned surplus carried forward 2,500,000,000 yen

Proposal 2 Election of Nine (9) Directors

The terms of office of nine (9) Directors; Takaaki Fudetani, Kazuya Takahashi, Harumi Sugimoto, Takashi Yoneda, Haruhiro Kondo, Ikuya Sakai, Ryuichiro Nishikawa, Yoji Kido and Akira Michigami will expire at the close of this Annual Meeting of Shareholders. Therefore, it is proposed to elect Nine (9) 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	Takaaki Fudetani (May 30, 1947)	<p>April 1971 Joined the Company</p> <p>June 2002 Executive Officer of the Company</p> <p>June 2003 Director of the Company</p> <p>April 2006 Executive General Manager of Administration of the Company</p> <p>June 2006 Senior Executive Officer of the Company</p> <p>June 2007 Representative Director, Senior Managing Director of the Company</p> <p> Representative Executive Officer of the Company</p> <p> Assistant President of the Company, in charge of related operations</p> <p>June 2008 Representative Director, President of the Company</p> <p> Chief Operating Officer of the Company</p> <p>June 2013 Representative Director, Chairman of the Company (current position)</p> <p> Chief Executive Officer of the Company (current position)</p> <p>May 2014 Director, Chairman of Trex Thairung Co., Ltd. (current position)</p> <p>(Representative position in other companies) Vice Chairman of Japan Auto-Body Industries Association inc.</p>	66,750	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 from June 2008 and as Representative Director, Chairman since June 2013, after serving as SPV Division Director and Executive General Manager of Administration of the Company 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 experiences and accomplishments above.</p>				

2	Kazuya Takahashi (Feb. 16, 1957)	<p>April 1980 April 2007 June 2008 April 2010 April 2011 June 2011 April 2012</p> <p>June 2013</p> <p>(Representative position in other companies)</p>	<p>Joined the Company Director of Kyokuto Kaihatsu Parking Co., Ltd. Representative Director of Kyokuto Kaihatsu Parking Co., Ltd. Executive Officer of the Company Overseas Operations Division Director of the Company Director of the Company 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. Representative Director, President of the Company (current position) Chief Operating Officer of the Company (current position)</p> <p>Director of Japan Auto-Body Industries Association inc.</p>	14,800	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 SPV Division and being in charge of the management of 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 experiences and accomplishments above.</p>					
3	Haruhiro Kondo (Sep. 20, 1951)	<p>April 1974 June 2001 June 2002 June 2007 April 2011 April 2012 April 2013</p>	<p>Joined UACJ Corporation (formerly Sumitomo Light Metal Industries, Ltd.) Joined NIPPON TREX Co., Ltd. Director of NIPPON TREX Co., Ltd. Executive Director of NIPPON TREX Co., Ltd. Assistant Senior Executive Officer of NIPPON TREX Co., Ltd. Joined the Company Executive Officer of the Company General Manager of Finance of the Company Executive General Manager of Administration of the Company</p>	10,800	None

		June 2013	(current position) Director of the Company		
		June 2014	(current position) Associate Senior Executive Officer of the Company (current position)		
		April 2016	Real Estate Rental Division Director of the Company (current position) In charge of CSR Department (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 broad knowledge through management in different type of business, experience residing abroad for many years and extensive experiences and accomplishments as he in charge of the management of the important subsidiary in SPV segment.					
4	Harumi Sugimoto (Oct. 18, 1952)	April 1975	Joined the Company		
		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		
		June 2012	Executive General Manager of Production of the Company		
		April 2013	Director of the Company (current position)	7,600	None
		April 2013	SPV Division Director of the Company (current position)		
			Chairman of the Kyokuto Special Automobile Trading (Shanghai) Co., Ltd. (current position)		
			Chairman of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd. (current position)		
		June 2014	Associate Senior Executive Officer 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 experiences and accomplishments as he served in SPV division for many years and in charge of the management of overseas subsidiaries.					

5	Takashi Yoneda (Oct. 23, 1954)	April 1979	Joined the Company	13,978	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		
			Executive General Manager of Engineering of the Company		
			General Manager of Engineering Management 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 (current position)		
			Miki Plant Manager of the Company		
			Related to Engineering 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 experiences and accomplishments as he served in SPV development and production division for many years.					

6	Ikuya Sakai (Nov. 26, 1954)	April 1977	Joined the Company	8,550	None
		April 2003	General Manager of Engineering Management of the Company		
		April 2004	General Manager of Corporate Planning of the Company		
		April 2006	General Manager of Development of the Company		
		April 2008	Miki Plant Manager of the Company		
		April 2010	Representative Director of Kyokuto Kaihatsu Parking Co., Ltd.		
		April 2012	Executive Officer of the Company		
		April 2013	Real Estate Rental Division Director of the Company Environmental Division Director of the Company (current position)		
		June 2013	Related to affiliate companies, Environmental Division of the Company (current position) Director of the Company (current position)		
		June 2014	Associate Senior Executive Officer 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 experiences and accomplishments as he served in SPV development division, Planning division, Environmental division, etc. for many years and in charge of the management of the Parking subsidiary.					
7	Ryuichiro Nishikawa (April 30, 1951)	April 1976	Joined NIPPON TREX Co., Ltd.	8,300	None
		June 2002	Director of NIPPON TREX Co., Ltd.		
		June 2006	Executive Director of NIPPON TREX Co., Ltd. Executive General Manager of Sales Department of NIPPON TREX Co., Ltd.		
		April 2007	Representative Director, President of NIPPON TREX Co., Ltd. (current position)		
		June 2008	Executive Officer of the Company		
		April 2011	Chief Operating Officer of NIPPON TREX Co., Ltd. (current position)		
		April 2012	Associate Senior Executive Officer of the Company (current position)		
		May 2014	Director of Trex Thairung Co., Ltd. (current position)		
		June 2014	Director of the Company (current position)		

		(Representative Director of Japan Auto-Body position in other Industries Association inc. companies)		
<p>(Reason for selection as candidate for Director)</p> <p>We nominate him as a candidate for Director in order to continuously strengthen the management of the Company based on his extensive experiences and accomplishments as he has been in charge of the management of the important subsidiary in SPV segment for many years.</p>				

8	Yoji Kido (Dec 3, 1951)	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. (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 through management in different type of business and extensive experiences and accomplishments in management for many years. Therefore, we nominate him as a candidate for Outside Director because we expect continuously that he supervise our management objectively.					
9	Akira Michigami (May 5, 1953)	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)		
		Jan 2012	President of Kobe Blue Sky Law Office (current position)		
		June 2014	Outside Corporate Auditor of TOA Corporation (current position)		
		June 2015	Independent Executive of TOA Corporation (current position) Outside Director of the Company (current position)		
<p>(Reason for selection as candidate for Outside Director)</p> <p>He is a lawyer and has broad knowledge and long experience in corporate law and legal affairs. Therefore, we nominate him as a candidate for Outside Director because we expect continuously that he supervise our management objectively.</p> <p>He has not been involved in management except as Outside Director and Outside Corporate Auditor. However, we deem that he will fulfill his duty of Outside Director properly due to the above-mentioned.</p>					

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

2. One year will have passed upon ending this Annual Meeting of Shareholders since Yoji Kido and Akira Michigami assumed 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 are 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 reappointment of Yoji Kido and Akira Michigami are approved, the Company plans to continue such limited liability contract