

To Our Shareholders

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

NOTICE OF THE 82nd ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 82nd 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., Tuesday June 27, 2017 (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 web site (<http://www.evotep.jp/>) from a computer, smartphone or cellular phone 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 Wednesday June 28, 2017 (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 82nd business period (from April 1, 2016 to March 31, 2017)
 2. Report on contents of Financial Documents for the 82nd business period (from April 1, 2016 to March 31, 2017)

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 company website.
(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.evotest.jp/>) from a computer, smartphone or cellular phone 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)
- (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 Tuesday, June 27, 2017, 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 environments include cases where a firewall is used for the Internet connection, any antivirus software has been installed, a proxy server is used, or a TLS encrypted communication has not been designated.
- (6) 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. 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.

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 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 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 82nd business period be provided as follows:

(1) Type of dividend

Money

(2) Allocation of dividend and the total amount

Year-end dividend 18 yen per common share of the company

Total amount of dividend 715,108,266 yen

The annual dividend including the interim dividend for this business period will be 34 yen per share, increased by 3 yen from the former business period.

(3) Effective date of surplus allotment

June 29, 2017

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 3,500,000,000 yen

(2) Retained earnings decreased and the amount

Earned surplus carried forward 3,500,000,000 yen

Proposal 2 Election of Nine (9) Directors

The terms of office of nine (9) Directors; Takaaki Fudetani, Kazuya Takahashi, Haruhiro Kondo, Harumi Sugimoto, Takashi Yoneda, 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	Kazuya Takahashi (Feb. 16, 1957)	<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</p> <p>Chairman of the Kyokuto Special Automobile Trading (Shanghai) Co., Ltd.</p> <p>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 (current position)</p> <p>(Representative position in other companies) Director of Japan Auto-Body Industries Association inc.</p>	16,700	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>				

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	Haruhiro Kondo (Sep. 20, 1951)	<p>April 1974 Joined UACJ Corporation (formerly Sumitomo Light Metal Industries, Ltd.)</p> <p>June 2001 Joined NIPPON TREX Co., Ltd.</p> <p>June 2002 Director of NIPPON TREX Co., Ltd.</p> <p>June 2007 Executive Director of NIPPON TREX Co., Ltd.</p> <p>April 2011 Assistant Senior Executive Officer of NIPPON TREX Co., Ltd.</p> <p>April 2012 Joined the Company Executive Officer of the Company General Manager of Finance of the Company</p> <p>April 2013 Executive General Manager of Administration of the Company (current position)</p> <p>June 2013 Director of the Company</p> <p>June 2014 Associate Senior Executive Officer of the Company</p> <p>April 2016 Real Estate Rental Division Director of the Company (current position)</p> <p>June 2016 Representative Director, Senior Managing Director of the Company (current position) Senior Executive Officer of the Company (current position)</p>	13,200	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, Senior Managing Director since June 2016, he have 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. 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>				

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	Harumi Sugimoto (Oct. 18, 1952)	April 1975 April 2003 April 2006 April 2007 April 2010 June 2012 April 2013 June 2014	Joined the Company Center Manager of Tailgate lifter of the Company General Manager of Manufacture, Nagoya Plant of the Company Nagoya Plant Manager of the Company Executive Officer of the Company Executive General Manager of Production of the Company Director of the Company (current position) 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) Associate Senior Executive Officer of the Company (current position)	8,100	None
		<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 served in SPV division for many years and in charge of the management of overseas subsidiaries.</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
4	Takashi Yoneda (Oct. 23, 1954)	<p>April 1979 Joined the Company</p> <p>April 2004 General Manager of Engineering, Nagoya Plant of the Company</p> <p>April 2006 Center Manager of Tailgate lifter of the Company</p> <p>April 2009 General Manager of Development of the Company</p> <p>April 2010 Executive Officer of the Company</p> <p>June 2012 Director of the Company (current position)</p> <p>June 2014 Associate Senior Executive Officer of the Company (current position)</p> <p>April 2015 Executive General Manager of Production of the Company</p> <p> Miki Plant Manager of the Company</p> <p>April 2017 Executive General Manager of Engineering of the Company (current position)</p> <p> General Manager of Engineering Management of the Company (current position)</p>	14,078	None
<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 served in SPV development and production division for many years.</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	
5	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 Real Estate Rental Division Director of the Company		
		April 2013	Environmental Division Director of the Company (current position) Related to affiliate companies, Environmental Division of the Company (current position)		
		June 2013	Director of the Company (current position)		
		June 2014	Associate Senior Executive Officer of the Company (current position)		
<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 served in SPV development division, Planning division, Environmental division, etc. for many years and in charge of the management of the Parking subsidiary.</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	
6	*Takeo Norimitsu (Aug. 15, 1958)	April 1982 January 2005	Joined the Company Chairman and General Manager of Management of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.	5,900	None
		April 2007 October 2010 April 2011 April 2017	General Manager of Corporate Planning of the Company Director, Chairman of MITHRA KYOKUTO SPECIAL PURPOSE VEHICLE COMPANY PRIVATE LIMITED (current position) Executive Officer of the Company (current position) General Manager of Overseas Promotion of the Company (current position) Overseas Operations Division Director of the Company (current position) General Manager of Overseas Sales (current position) Director of Trex Thairung Co., Ltd. (current position)		
<p>(Reason for selection as candidate for Director)</p> <p>We nominate him as a candidate for Director in order to strengthen the management of the Company based on his extensive experiences and accomplishments as he served in Overseas division, Planning division for many years and in charge of the management of overseas subsidiaries.</p>					
7	*Tatsuya Nunohara (Jan. 21, 1959)	April 1982 April 2010	Joined the Company General Manager of Engineering, Miki Plant of the Company	2,200	None
		April 2012 April 2013 April 2015 April 2017	General Manager of Development of the Company Executive Officer of the Company (current position) Deputy Executive General Manager of Engineering of the Company Executive General Manager of Engineering of the Company General Manager of Engineering Management of the Company Executive General Manager of Production of the Company (current position)		
<p>(Reason for selection as candidate for Director)</p> <p>We nominate him as a candidate for Director in order to 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.</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
8	Yoji Kido (Dec. 3, 1951)	<p>April 1975 Joined HANSHIN ELECTRIC RAILWAY CO., LTD.</p> <p>June 2005 Director of HANSHIN ELECTRIC RAILWAY CO., LTD.</p> <p>June 2007 Executive Director of HANSHIN ELECTRIC RAILWAY CO., LTD.</p> <p>April 2011 Representative Director, Senior Executive Director of HANSHIN ELECTRIC RAILWAY CO., LTD.</p> <p>April 2013 Representative Director, Vice President of HANSHIN ELECTRIC RAILWAY CO., LTD. Representative Director, Chairman of HANSHIN HOTEL SYSTEMS CO., LTD.</p> <p>June 2013 Director of Japan Society of Civil Engineers</p> <p>March 2014 Director of Hankyu Hanshin Building Management Co., Ltd.</p> <p>April 2014 Vice Branch Director of Kansai Branch of the Japanese Geotechnical Society</p> <p>April 2015 Representative Director, Chairman of Hankyu Hanshin Building Management Co., Ltd. Advisor of HANSHIN ELECTRIC RAILWAY CO., LTD. (current position)</p> <p>June 2015 Outside Director of the Company (current position) Independent Executive of the Company (current position) Managing Director of Urban Innovation Institute (current position)</p>	0	None
<p>(Reason for selection as candidate for Outside Director)</p> <p>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.</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
9	Akira Michigami (May 5, 1953)	<p>April 1982 Registration as Lawyer</p> <p>April 1987 Vice President of Kobe Blue Sky Law Office (formerly Akagi & Michigami Lawyer's Office)</p> <p>April 1998 Deputy President of Hyogo Bar Association (Formerly Kobe Bar Association)</p> <p>April 1999 Mediator of Sumoto Branch Office of Kobe District Court (current position)</p> <p>April 2007 President of Hyogo Bar Association</p> <p>June 2007 Outside Corporate Auditor of the Company</p> <p>March 2010 Independent Executive of the Company (current position)</p> <p>April 2010 Deputy President of Japan Federation of Bar Associations</p> <p>June 2011 Part-time Director of AWAJI SHINKIN BANK (current position)</p> <p>January 2012 President of Kobe Blue Sky Law Office (current position)</p> <p>June 2014 Outside Corporate Auditor of TOA Corporation (current position) Independent Executive of TOA Corporation (current position)</p> <p>June 2015 Outside Director of the Company (current position)</p>	0	None
<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>				

Notes: 1. * means a new candidate.

2. Yoji Kido and Akira Michigami are candidates for Outside Directors.
3. Two years will have passed upon ending this Annual Meeting of Shareholders since Yoji Kido and Akira Michigami assumed Outside Directors of the Company.
4. Akira Michigami was Outside Corporate Auditor of the Company from June 27, 2007 to June 25, 2015.
5. We have reported Yoji Kido and Akira Michigami are Independent Executives of the Company in accordance with the regulation of Tokyo Stock Exchange, Incorporated.
6. 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.