

To Our Shareholders

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

NOTICE OF THE 85th ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

We would like to inform you that the 85th Annual Meeting of Shareholders will be held as follows.

In order to prevent the risk of infection with the novel coronavirus at the Meeting of Shareholders, we strongly encourage you not to attend the meeting and to exercise your voting rights either by mail or via the Internet.

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 Wednesday, June 24, 2020 (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 Thursday June 25, 2020 (JST)
2. **Place** Head Office Conference Room, KYOKUTO KAIHATSU KOGYO CO., LTD.
Koshienguchi 6-1-45, Nishinomiya-shi, Hyogo, Japan
3. **Objectives of Meeting**
 1. **Reporting** 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 85th business period (from April 1, 2019 to March 31, 2020)
 2. Report on contents of Financial Documents for the 85th business period (from April 1, 2019 to March 31, 2020)

Agenda

- Proposal 1** Appropriation of retained earnings
Proposal 2 Election of Eight (8) 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.
(<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 Wednesday, June 24, 2020, 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 85th business period be provided as follows:

(1) Type of dividend

Money

(2) Allocation of dividend and the total amount

Year-end dividend 20 yen per common share of the company

Total amount of dividend 794,527,460 yen

The annual dividend including the interim dividend for this business period will be 40 yen per share, up 2 yen from the former business period.

(3) Effective date of surplus allotment

June 26, 2020

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 Eight (8) Directors

The terms of office of Eight (8) Directors – Kazuya Takahashi, Takashi Yoneda, Takeo Norimitsu, Tatsuya Nunohara, Noboru Horimoto, Kazuhiko Harada, 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</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</p> <p>June 2017 Chief Executive Officer of the Company (current position)</p> <p>(Representative position in other companies) Director of Japan Auto-Body Industries Association inc.</p>	21,200	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 & 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	Tatsuya Nunohara (Jan. 21, 1959) <u>Reappointment</u>	<p>April 1982 Joined the Company</p> <p>April 2010 General Manager of Engineering, Miki Plant of the Company</p> <p>April 2012 General Manager of Development of the Company</p> <p>April 2013 Executive Officer of the Company Deputy Executive General Manager of Engineering of the Company</p> <p>April 2015 Executive General Manager of Engineering of the Company General Manager of Engineering Management of the Company</p> <p>April 2017 Executive General Manager of Production of the Company</p> <p>June 2017 Director of the Company (current position)</p> <p>April 2018 SPV Division Director of the Company</p> <p>June 2019 Associate Senior Executive Officer of the Company (current position)</p> <p>April 2020 Special Appointive Officer for SPV Division of the Company (current position)</p>	7,200	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 experience and accomplishments as he served in the 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
3	Takeo Norimitsu (Aug. 15, 1958) <u>Reappointment</u>	<p>April 1982 Joined the Company</p> <p>January 2005 Chairman and General Manager of Management of the Kyokuto Kaihatsu (Kunshan) Machinery Co., Ltd.</p> <p>April 2007 General Manager of Corporate Planning of the Company</p> <p>October 2010 Director, Chairman of MITHRA KYOKUTO SPECIAL PURPOSE VEHICLE COMPANY PRIVATE LIMITED (current position)</p> <p>April 2011 Executive Officer of the Company General Manager of Overseas Promotion of the Company</p> <p>April 2017 Overseas Operations Division Director of the Company (current position) General Manager of Overseas Sales</p> <p>June 2017 Director of the Company (current position)</p> <p>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.</p> <p>June 2019 Associate Senior Executive Officer of the Company (current position)</p>	7,300	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 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.</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	Noboru Horimoto (Feb. 28, 1965) <u>Reappointment</u>	<p>April 1988 Joined the Company</p> <p>April 2008 General Manager of Environmental Division Construction department of the Company</p> <p>April 2010 General Manager of Environmental Division Engineering department of the Company</p> <p>April 2011 Executive Officer of the Company (current position) Environmental Division Deputy Director of the Company</p> <p>April 2013 Executive General Manager of Environmental Division Sales department of the Company General Manager of Environmental Division Service department of the Company</p> <p>October 2013 General Manager of Environmental Division Planning department of the Company</p> <p>April 2019 Environmental Division Director of the Company (current position)</p> <p>June 2019 Director of the Company (current position) Related to affiliate companies, Environmental Division of the Company (current position)</p>	5,100	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 experience and accomplishments as he served in the Environmental 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	Kazuhiko Harada (Feb. 23, 1958) <u>Reappointment</u>	<p>April 1980 Joined the Company</p> <p>April 2007 Director of NIPPON TREX Co., Ltd. Accounting Manager of NIPPON TREX Co., Ltd.</p> <p>April 2011 General Manager of Finance of the Company</p> <p>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.</p> <p>April 2016 Executive Officer of the Company (current position) General Manager of Finance of the Company</p> <p>April 2018 Deputy Executive General Manager of Administration of the Company</p> <p>April 2019 Executive General Manager of Administration of the Company (current position) General Manager of Corporate Planning of the Company (current position)</p> <p>June 2019 Director of the Company (current position)</p>	15,500	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 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.</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	Sadanobu Kato (Dec. 5, 1956) <u>New appointment</u>	<p>April 1980 Joined the Company</p> <p>April 2005 General Manager of GB Sales department of the Company</p> <p>April 2006 General Manager of Eastern Area department II of the Company</p> <p>April 2010 General Manager of Kanto Sales department of the Company</p> <p>April 2011 General Manager of Sales Promotion department of the Company</p> <p>April 2012 Executive Officer of the Company (current position)</p> <p>Executive General Manager of Service of the Company</p> <p>General Manager of Eastern Road Service department of the Company</p> <p>February 2014 Executive General Manager of Sales of the Company</p> <p>April 2017 In Charge of Quality Assurance department of the Company</p> <p>April 2018 General Manager of Parts Center of the Company</p> <p>April 2020 SPV Division Director of the Company (current position)</p>	8,800	None
<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 experience and accomplishments as he served in the SPV sales and servicing division.</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
7	Yoji Kido (Dec. 3, 1951) Reappointment Outside	<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.</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 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.</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	Akira Michigami (May 5, 1953) Reappointment Outside	<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> <p>April 2020 Chairman of Kinki Federation of Bar Associations (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 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.</p> <p>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.</p>				

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

2. Five 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.

6. The Board of Directors consulted with the Company's Nominating Committee and carefully assessed each candidate's career background, competence, character, expertise, etc. in accord with the Committee's counsel and recommendations before submitting this proposal.

The Committee was established in February 2020 as a voluntary advisory body under the Board of Directors, and is comprised of the Representative Director & President and two Outside Directors (an Outside Director serves as the chair).