

To Our Shareholders

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

NOTICE OF THE 83rd ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholders,

You are cordially invited to attend the 83rd 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 26, 2018 (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 via the Internet

Please access our designated voting website (<https://evote.tr.mufg.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 27, 2018 (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** 1. Report on contents of Business Report, Consolidated Financial Statement, and results of Audit on Consolidated Financial Statement by accounting Auditors and board of Corporate Auditors for the 83rd business period (from April 1, 2017 to March 31, 2018)
 2. Report on contents of Financial Documents for the 83rd business period (from April 1, 2017 to March 31, 2018)

Agenda

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| Proposal 1 | Appropriation of Retained Earnings |
| Proposal 2 | Partial Amendment to the Articles of Incorporation |
| Proposal 3 | Election of Eight (8) Directors |
| Proposal 4 | Election of One (1) Corporate Auditor |
| Proposal 5 | 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's 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 Annual 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 (<https://evote.tr.mufg.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 Meeting of Shareholders is convened.
- (4) Exercise of voting rights via the Internet will be accepted until 5:30 p.m. on Tuesday, June 26, 2018, (JST). 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 exercise 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 exercise 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 that positions return to shareholders as the most important management policy, the Company's current financial status, and the need to acknowledge the shareholders' everyday support, it is proposed that the year-end dividend for the 83rd 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 715,100,094 yen

The annual dividend including the interim dividend for this business period will be 36 yen per share, up 2 yen from the former business period.

(3) Effective date of surplus allotment

June 28, 2018

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

	<p><u>Substitute Corporate Auditor who was elected pursuant to the provision of Article 31, Paragraph 2 assumes office as Corporate Auditor, the term of office of such Corporate Auditor shall expire at the close of the annual meeting of shareholders for the last fiscal year ending within four (4) years after his/her election as Substitute Corporate Auditor.</u></p>
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Proposal 3 Election of Eight (8) Directors

The terms of office of nine (9) Directors—Kazuya Takahashi, Haruhiro Kondo, Harumi Sugimoto, 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</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>	18,000	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	Haruhiro Kondo (Sep. 20, 1951) <u>Reappointment</u>	<p>April 1974 Joined UACJ Corporation (formerly Sumitomo Light Metal Industries, Ltd.)</p> <p>June 2001 Joined NIPPON TREX Co., Ltd. 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 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>	15,800	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 & Senior Managing Director since June 2016, he has broad knowledge through management in different types of business, experience residing abroad for many years and extensive experience and accomplishments as he served in the management of the important subsidiary in the SPV segment. 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
3	Takashi Yoneda (Oct. 23, 1954) Reappointment	<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>	14,278	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
4	Ikuya Sakai (Nov. 26, 1954) <u>Reappointment</u>	April 1977 Joined the Company 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)	8,550	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 division, Planning division, Environmental division, etc. for many years and has been 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
5	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 (current position) General Manager of Overseas Promotion of the Company (current position)</p> <p>April 2017 Overseas Operations Division Director of the Company (current position) General Manager of Overseas Sales Director of Trex Thairung Co., Ltd.</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. (current position)</p>	7,000	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
6	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 (current position) 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 (current position)</p> <p>June 2017 Director of the Company (current position)</p> <p>April 2018 SPV Division Director of the Company (current position)</p>	2,500	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 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
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. (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 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>	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 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. Three 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 4 Election of One (1) Corporate Auditor

Corporate Auditor, Tomoki Ueyama will resign at the close of this Annual Meeting of Shareholders. It is proposed to elect one (1) Corporate Auditor to fill this vacancy. The term of office of Corporate Auditor to be elected to fill a vacancy shall serve only for the unexpired term of the Corporate Auditor who vacated the office in accordance with the rule of Article 33 of the Company's Articles of Incorporation.

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

The candidate for 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	
Harumi Sugimoto (Oct. 18, 1952) <u>New appointment</u>	April 1975			
	April 2003			
	April 2006			
	April 2007			
	April 2010			
	June 2012			
	April 2013		8,300	None
	June 2014			
	April 2018			

(Reason for selection as candidate for Corporate Auditor)

He has been in charge of the management of the Company as Director since June 2012, after serving in the SPV division of the Company for many years and being in charge of the management of overseas subsidiaries. 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.

Proposal 5 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>Substitute</u> <u>Outside</u>	April 1998	0	None	
	Registration as Lawyer Rokko Sogo Law Office (currently, Rokko Law Office)			
	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)			

(Reason for selection as candidate for Outside Corporate Auditor)

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 Corporate Auditor 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. Nobuhiro Asada is a candidate for Outside Corporate Auditor.

2. 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.