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(Securities Code 8818)

June 4, 2024

(Measures for electronic provision commenced on May 28, 2024)

## To Those Shareholders with Voting Rights

Tsuneo Wakabayashi  
President  
Keihanshin Building Co., Ltd.  
2-14 Kawaramachi 4-chome, Chuo-ku  
Osaka-shi, Osaka

## NOTICE OF THE 101TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 101th Annual General Meeting of Shareholders of the Company will be held as described below.

In convening this general meeting of shareholders, information contained in the reference materials for the general meeting of shareholders, etc. (matters to be provided electronically) has been posted on the following website as the Company has taken measures for electronic provision. Please access the website and view the relevant information.

The Company's website : <https://www.keihanshin.co.jp/english/ir/stockinfo/gm/>



In addition to the above, the matters to be provided electronically are also posted on the website of the Tokyo Stock Exchange (TSE). Please access the following TSE website (Listed Company Search), enter “Keihanshin Building” to the field of Issue name or “8818” to the field of “Code” and click “Search,” and select “Basic information” and “Documents for public inspection/PR information” in that order to view the relevant information.

Tokyo Stock Exchange (TSE) website :  
<https://www2.jpx.co.jp/tseHpFront/JJK020010Action.do?Show=Show>



Instead of attending the meeting in person, you can exercise your voting rights in writing or by electronic means, including the Internet. Please review the Reference Documents for the General Meeting of Shareholders and exercise your voting rights by 5:00 p.m. on June 20, 2024 (Thursday) .

1. **Date and Time:** Friday, June 21, 2024 at 10:00 a.m.
2. **Place:** “OBIC HALL,” 2nd floor of OBIC MIDOSUJI BUILDING  
4-2-3 Hiranomachi, Chuo-ku, Osaka
3. **Agenda of the Meeting:**

- Matters to be reported:**
1. The Business Report, the Consolidated Financial Statements and the audit results of the Consolidated Financial Statements by the Independent Accounting Auditor and the Audit & Supervisory Board for the 101st fiscal term (from April 1, 2023 to March 31, 2024)
  2. The Non-Consolidated Financial Statements for the 101st fiscal term (from April 1, 2023 to March 31, 2024)

**Proposals to be resolved:**

**(Company Proposals)**

- Proposal 1:** Appropriation of Surplus  
**Proposal 2:** Election of Seven (7) Directors

**(Shareholder Proposals)**

- Proposal 3:** Revision of the provisions of articles with regard to the development of a plan to achieve an adjusted P/B ratio of 1x or greater  
**Proposal 4:** Determination of granting stock-price conditional restricted stock to Directors

4. **Other matters decided for convocation**

- ◎ In the event that there is no indication of approval or disapproval for each proposal on the Voting Rights Exercise Form, the vote will be regarded as having indicated approval of Company proposals, and disapproval of shareholder proposals.
  - ◎ If your voting rights are exercised in duplicate both in writing and via the Internet, etc., the vote via the Internet, etc. shall be deemed valid. When voting rights are exercised multiple times via the Internet, etc., the last vote shall be deemed valid.
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- If you attend the meeting, please submit your Voting Rights Exercise Form at the reception desk when you arrive at the venue. The reception desk will open at 9:00 am on the day of the meeting.
  - The Company will also send a document stating the items to be provided electronically to shareholders who have requested the document, but such document will exclude the “Notes to the Consolidated Financial Statements” and the “Notes to the Non-Consolidated Financial Statements” in accordance with the provisions of laws and regulations and the Articles of Incorporation of the Company. The Audit & Supervisory Board and Independent Accounting Auditor of the Company audited all of the documents subject to their audit, including the aforementioned matters.
  - Should any revision be made to the matters to be provided electronically, the Company will post revised information on the respective websites where they are posted.

## Reference Documents for the General Meeting of Shareholders

### Company Proposals (Proposals 1 through 2)

#### Proposal 1: Appropriation of Surplus

The Company's basic policy for appropriation of surplus is to increase shareholders' long-term interests comprehensively by developing business to expand the sales base and increasing internal reserves to reinforce its corporate structure while continuing to pay out stable dividends to its shareholders.

As the Company celebrated its 75th anniversary on December 24, 2023, the Company proposes to pay a dividend of surplus for the 101st fiscal term, in addition to a commemorative dividend, as follows.

1. Type of dividend property  
Cash
  
2. Matters related to the allotment of dividend property to shareholders and the total amount  
19.00 yen per share of the Company's common stock (including 18.00 yen ordinary dividend and 1.00 yen commemorative dividend)  
Total amount: 929,637,016 yen  
Since the Company paid an interim dividend of 18.00 yen, the annual dividend per share totals 37 yen.
  
3. Effective date of distribution of surplus  
June 24, 2024

**Proposal 2: Election of Seven (7) Directors**

The terms of office of all seven (7) Directors of the Company will expire at the conclusion of the meeting. We therefore propose electing seven (7) Directors.

If the proposal is approved as originally proposed, the Company plans to designate four (4) out of its seven (7) Directors as independent directors as stipulated by the rules of the Tokyo Stock Exchange.

The candidates for Director are as follows:

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
1.	Koichi Minami (March 21, 1955) (69 years old)  <u>Reappointment</u>  Number of years in office as Director: 8 years  Attendance at the Board of Directors' Meetings: 100% (11/11)	April 1977      Joined The Sumitomo Bank, Limited April 2011      Director and Senior Managing Executive Officer, SMBC June 2013      Standing Corporate Auditor, Sumitomo Mitsui Financial Group Corporate Auditor, SMBC June 2016      President, the Company April 2018      President and Chief Executive Officer, the Company June 2022      Chairman, the Company (to present) (Significant concurrent positions) Outside Corporate Auditor, SHIP HEALTHCARE HOLDINGS, INC	92,500
(Reason for nomination as a candidate for Director) Mr. Koichi Minami has abundant knowledge of business assessment and auditing covering corporate management as well as economic and industry trends, etc., gained from many years of experience in business operations. Having served as President and then Chairman of the Company since 2016, he has thoroughly understood the Company's businesses and industry environment. For these reasons, the Company has re-nominated him as a candidate for Director.			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
2.	<p>Tsuneo Wakabayashi (April 29, 1959) (65 years old)</p> <p><u>Reappointment</u></p> <p>Number of years in office as Director: 3 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>April 1983      Joined Hankyu Corporation</p> <p>June 2011      Director, Hankyu Hanshin Holdings, Inc.</p> <p>April 2013      Senior Managing Director, Hankyu Corporation</p> <p>April 2018      President and Representative Director, Hankyu Hanshin Properties Corp.</p> <p>April 2020      Counselor, Hankyu Hanshin Properties Corp.</p> <p>April 2021      Director, Hankyu Hanshin Hotels Co., Ltd</p> <p>June 2021      Director, the Company</p> <p>June 2022      President and Chief Executive Officer, the Company (to present)</p>	32,700
<p>(Reason for nomination as a candidate for Director)</p> <p>Mr. Tsuneo Wakabayashi has experience as a corporate manager at major railway companies and real estate companies and possesses a diverse range of insights. Since being appointed as President of the Company in June 2022, he has thoroughly understood the Company's businesses and industry environment. For these reasons, the Company has re-nominated him as a candidate for Director.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
3.	Yoshikazu Asakusa (December 17, 1961) (62 years old)  <u>New appointment</u>	April 1987	Joined KAJIMA CORPORATION	2,600
		April 2018	Group Manager, CS Renewal Group, Building Construction Department, Kansai Branch, KAJIMA CORPORATION	
		April 2020	General Manager, Building Construction Works Department, Kansai Branch, KAJIMA CORPORATION	
		April 2023	Board member, Sub-manager of Property Management Department, the Company	
		April 2024	Executive Officer, General Manager of Property Management Department, the Company (to present)	
(Reason for nomination as a candidate for Director) Mr. Yoshikazu Asakusa has a thorough knowledge of building construction works and all aspects of management, gained from many years of experience in business operations. He is newly nominated as a candidate for Director because he is expected to play a role in overseeing the technical aspects of the development of the Company's building business.				

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
4	<p>Takashi Yoshida (July 24, 1953) (70 years old)</p> <p><u>Reappointment</u> <u>Outside</u> <u>Independent</u></p> <p>Number of years in office as Outside Director: 7 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>November 1978 Joined Audit Corporation Asahi Accounting Firm (currently KPMG AZSA LLC)</p> <p>March 1982 Registered as a Certified Public Accountant</p> <p>May 1994 Registered as a United States Certified Public Accountant (California)</p> <p>June 2006 Senior Executive Board Member, KPMG AZSA &amp; Co. (currently KPMG AZSA LLC)</p> <p>July 2015 Senior Partner, KPMG AZSA LLC</p> <p>July 2016 Representative, Yoshida Certified Public Accountant Office (to present)</p> <p>June 2017 Director, the Company (to present)</p>	0
<p>(Reason for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Takashi Yoshida has highly specialized expertise gained from many years of experience as a certified public accountant. Since being appointed as a Director of the Company in June 2017, he has appropriately supervised management from a standpoint independent of the management team that executes the Company's business. For these reasons, the Company has re-nominated him as a candidate for Outside Director in the expectation that he will continue to provide advice and supervision as an Outside Director based on his wide range of knowledge.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
5	<p>Masao Nomura (August 2, 1949) (74 years old)</p> <p><u>Reappointment</u> <u>Outside</u> <u>Independent</u></p> <p>Number of years in office as Outside Director: 5 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>March 1972    Joined Iwatani Corporation</p> <p>June 2007    Member of the Board and Executive Officer, Iwatani Corporation</p> <p>April 2009    Managing Member of the Board and Executive Officer, Iwatani Corporation</p> <p>April 2010    Senior Managing Member of the Board and Executive Officer, Iwatani Corporation</p> <p>June 2012    President, Iwatani Corporation</p> <p>April 2017    Member of the Board, Counselor and Executive Officer, Iwatani Corporation</p> <p>June 2017    Counselor, Iwatani Corporation</p> <p>June 2019    Director, the Company (to present)</p> <p>(Significant concurrent positions) Member of the Board of Directors, Outside Director, ONO PHARMACEUTICAL CO., LTD.</p>	10,000
<p>(Reason for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Masao Nomura has many years of experience as a corporate manager of a comprehensive energy service provider and possesses a diverse range of insights. Since being appointed as a Director of the Company in June 2019, he has appropriately supervised management from a standpoint independent of the management team that executes the Company's business. For these reasons, the Company has re-nominated him as a candidate for Outside Director in the expectation that he will continue to provide advice and supervision as an Outside Director based on his wide range of knowledge.</p>			



No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
6	<p>Chiho Takeda (February 9, 1973) (51 years old)</p> <p>Reappointment Outside Independent</p> <p>Number of years in office as Outside Director: 2 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>October 2001 Registered lawyer in the Osaka Bar Association Joined Miyake Joint Partnership Law Office (currently Miyake &amp; Partners)</p> <p>May 2016 Partner, Miyake &amp; Partners (to present)</p> <p>June 2019 Audit &amp; Supervisory Board Member, the Company</p> <p>June 2022 Director, the Company (to present)</p> <p>(Significant concurrent positions) Outside Director (Member of the Board), NICHIDAI CORPORATION Outside Director, DAIHATSU DIESEL MFG. CO., LTD.</p>	0
<p>(Reason for nomination as a candidate for Outside Director and expected roles) Ms. Chiho Takeda has highly specialized expertise gained from many years of experience as a lawyer. Since being appointed as Director of the Company in June, 2022, she has appropriately supervised management from an objective viewpoint independent of the management team that executes the Company's business. For these reasons, the Company has re-nominated her as a candidate for Outside Director.</p>			

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions	Number of shares of the Company held
7	Atsushi Miyanoya (April 3, 1959) (65 years old)  New appointment Outside Independent	April 1982      Joined Bank of Japan May 2014      Executive Director, General Manager, Osaka Branch of Bank of Japan March 2017      Executive Director, Financial System and Bank Examination Department, Currency Issue Department, Public Relations Department of Bank of Japan June 2018      Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, INC., (to present)  (Significant concurrent positions) Chairman, NTT DATA INSTITUTE OF MANAGEMENT CONSULTING, INC., Outside Director, The Bank of Iwate, Ltd.	0
(Reason for nomination as a candidate for Outside Director and expected roles) Mr. Atsushi Miyanoya has extensive knowledge in industry analysis and business evaluation based on economic and industrial trends from his many years of business experience. He is newly nominated as a candidate for outside director in the expectation that he will supervise management from an objective perspective independent of the management team engaged in business execution.			

(Notes)

1. There are no special interests between the Company and each of the candidates.
2. Ms. Chiho Takeda's name on her family register is Chiho Kusajima. However, the name provided here is used when she performs her duties.
3. Mr. Takashi Yoshida, Mr. Masao Nomura, Ms. Chiho Takeda and Mr. Atsushi Miyanoya are candidates for Outside Director. They are also candidates for independent officer, a position that the Tokyo Stock Exchange requires listed companies to assign to one or more of their officers. The position can be held only by a person whose interests cannot conflict with the interests of general shareholders.
4. In accordance with the provisions of the Company's Articles of Incorporation, the Company has concluded an agreement with Mr. Takashi Yoshida, Mr. Masao Nomura, and Ms. Chiho Takeda to limit their liability for damage pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreement is the amount stipulated by laws and regulations. If their appointment is approved, the Company will maintain the agreement. If the appointment of Mr. Atsushi Miyanoya is approved, the Company plans to conclude an agreement with him to limit his liability for damage pursuant to Article 427, Paragraph 1 of the Companies Act. The maximum amount of liability under the agreement is the amount stipulated by laws and regulations.
5. The Company has entered into a directors and officers liability insurance policy in which all Directors, Audit & Supervisory Board Members, and Executive Officers of the Company serve as insured parties, as provided in Article 430-3, Paragraph 1 of the Companies Act. The policy shall cover any legal damages and legal expenses arising from third party litigation, shareholder derivative actions and corporate litigation that should be borne by the insured parties. The cost of the insurance premium shall be borne wholly by the Company. However, in order to prevent the conclusion of the insurance policy from impairing the appropriateness of duties by the insured parties, the Company has established a payout limit of one billion yen, a deductible amount of 100 thousand yen per Officer and one million yen per claim, and a reduced payout ratio (the fraction of the insurance claims to be paid, of the amount that exceeds the deductible amount) of 95%. Each candidate will be included as an insured party under the insurance policy. The Company plans to renew the insurance policy with the same terms, on its renewal date.

**(Reference)**

Candidates for Directors and Audit & Supervisory Board Members of the Company are selected through a comprehensive evaluation of their character, knowledge, capabilities, experience, and potential to contribute to the Company. In particular, the Company focuses on the perspective of enhancement of the supervisory function by utilizing licensed lawyers and accountants with highly specialized expertise as well as persons with experience in corporate management, as Outside Officers.

If Proposal 2 is approved as originally proposed at this Annual General Meeting of Shareholders, the composition and expertise of the Officers will be as follows:

Name	Nomination and Remuneration Committee	Gender	Term of office (years)	Expertise (◎: Field for which Outside Officers are particularly expected)							
				Corporate management	Finance & accounting	Legal & risk management	Knowledge of real estate businesses	Construction	Technology & energy		
Board of Directors	Koichi Minami	Reappointment Standing	●	Male	8	●	●	●	●		
	Tsuneo Wakabayashi	Reappointment Standing	●	Male	3	●	●	●	●		
	Yoshikazu Asakusa	New appointment Standing		Male	-			●		●	●
	Takashi Yoshida	Reappointment Outside Independent	●	Male	7		◎	●			
	Masao Nomura	Reappointment Outside Independent	●	Male	5	◎	●	●			◎
	Chiho Takeda	Reappointment Outside Independent	●	Female	2			◎			
	Atushi Miyanoya	New appointment Outside Independent	●	Male	-		●	●	◎		
Audit & Supervisory	Shigeru Nishida	Standing		Male	5		●	●			
	Hideharu Nagasawa	Outside Independent		Male	3	◎	●	●			◎
	Hideyuki Kamijo	Outside Independent		Male	2	●	◎	●	◎		

Notes:

1. The above table does not present a complete list of the expertise and experience possessed by each Officer.
2. The Director, Ms. Chiho Takeda was in office for three years as Outside Audit & Supervisory Board Member of the Company before taking office as Director.
3. The Audit & Supervisory Board Member, Mr. Shigeru Nishida was in office for four years as Director of the Company before taking office as Audit & Supervisory Board Member.

### **(Reference) Independence Criteria for Independent Outside Officers**

The Company has formulated the following criteria regarding the independence of Outside Officers, in order to ensure objectivity and transparency in the corporate governance of the Company. If Outside Officers do not fall under any of the following items, it is judged that they are sufficiently independent from the Company.

1. A person who is a principal business partner (Note 1) of the Company or its business executor (Note 2)
2. A person for whom the Company is a principal business partner or its business executor
3. A principal shareholder (Note 3) of the Company (If this is a corporation, association, or any other organization, this refers to a person belonging to such organization.)
4. A business executor of a corporation of which the Company is a principal shareholder
5. A person who belongs to an auditing firm that serve as an accounting auditor of the Company
6. A consultant, accounting expert, or legal expert who receives money or other assets exceeding 10 million yen annually from the Company in addition to officer remuneration (If the person receiving such assets is a law firm, auditing firm, consulting firm, or any other corporations, or association, or any other organization, this refers to a person belonging to such organization.)
7. A person who receives donations exceeding 10 million yen annually from the Company (If the person receiving such large amount of donations is a corporation, association, or any other organization, this refers to a person belonging to such organization.)
8. A person who belongs to a company with whom the Company has a relationship for the mutual appointment of Officers
9. A person whose spouse or relative within the second degree of kinship falls under any of the above items 1 through 8
10. A person who fell under any of the above items 1 through 8 within the past three years
11. A person who has been in office for a total of more than 8 years as an Outside Officer
12. In addition to the preceding items, a person who may have a conflict of interest with general shareholders, and who is reasonably judged to be unable to perform his or her duties as an Independent Outside Officer

Notes:

1. A “principal business partner” refers to any of the followings:
  - (1) A person who has transactions with the Company, and the annual transaction amount is 2% or more of the consolidated net sales of either the Company or said person; or,
  - (2) A financial institution from which the Company makes loans, and the outstanding loans from such institution is 2% or more of the Company’s total consolidated assets.
2. A “business executor” refers to an executive director or executive officer.
3. A “principal shareholder” refers to a shareholder who holds 10% or more of the Company’s voting rights in his or her own or another name as of the end of the most recent fiscal year.

### **Shareholder Proposals (Proposals 3 through 4):**

Proposals 3 through 4 are proposals made by two shareholders (the “Proposing Shareholders”).

The reasons for and details of the proposals notified by the Proposing Shareholders are organized and stated verbatim for each proposal.

A detailed description of each proposal is available at <https://stracap.jp/8818-KEIHANSHIN/>

### **Proposal 3: Revision of the provisions of articles with regard to the development of a plan to achieve an adjusted P/B ratio of 1x or greater**

– We propose for the development of a plan for the Company’s stock price to achieve an adjusted P/B ratio of at least 1x within two fiscal years, i.e. a plan that will result in an adjusted return-on-equity that is at least equal to the cost of equity.

#### [1] Reasons for Agenda Proposals

The Company’s adjusted PBR has remained below 1x for over 10 years, and shareholder value continues to be damaged. Through the development of a plan that aims at improving adjusted PBR, we require the Company’s management team to accurately recognize the current situation in which the management team itself is damaging shareholder value and to drastically review its management strategy.

The Company issued a five-year plan in February 2017, and issued a seven-year plan in October 2019 which constitutes in fact a downward revision to the five-year plan, and further issued a ten-year plan in May 2023. Having failed to accomplish even the five-year and seven-year plans and with adjusted PBR below 1x, what the Company should do in the first place is to recover the lost shareholder value.

The fact that an adjusted PBR remains below 1x means nothing else but that the value of the rental real properties of over 200 billion yen that are indirectly owned by the Company, i.e., the Company’s shareholders, is evaluated at a discount rate under the management policy of the Company’s management team, in other words, that the Company’s management team is damaging shareholder value.

In the opposing opinions regarding the takeover bid made to the Company by a fund managed by the Proposing Shareholder in November 2020 (hereinafter referred to as “TOB”), having concluded that “it is questionable whether it will contribute to the enhancement of the medium- to long-term corporate value” because of the reasons such as “there is a great deviation between the Company’s growth strategy that aims at enhancing corporate value from a medium-to long-term perspective and the measures advocated by the tender offeror,” and “the measures advocated by the tender offeror are intended to pursue profits from an extremely short-term perspective,” the Company opposed this TOB and accordingly this TOB completed unsuccessfully.

However, the Company’s management team has not achieved the value of 1,900 yen per share proposed by the tender offeror in this TOB subject to the disposal of rental real properties and cross-shareholdings for an extremely long period of over 20 years, from 2000 at the latest until the start of this TOB and after the termination of this TOB until March 29, 2024. Furthermore, as stated above, the medium- to long-term period of five or seven years, the Company was not able to accomplish the plans developed by it, let alone enhance corporate value.

The Proposing Shareholder expects that the Company’s management team, as executives of a listed company, has a sense of crisis for the facts indicated above, and before developing a plan for ten years in the course of which the current management team will cease to serve as such, the management team of the Company should first realize the capital profitability that exceeds the cost of equity and then promptly develop a management plan to correct the situation where shareholder value is damaged.

[2] Details of Agenda Proposals

The following Chapter and provisions are newly established in the current Articles of Incorporation:

“Chapter 8 Management Plan

(Management Plan)

Article 42

1. If adjusted PBR as of the last trading day on the Tokyo Stock Exchange of the previous business year of the Company is less than 1x, the Company shall develop a reasonable management plan to increase adjusted PBR to at least 1x within two (2) business years including the current business year.

The term “adjusted PBR” means the value calculated by dividing the common stock price of the Company by the adjusted consolidated net assets per share of the Company (meaning the figure calculated in accordance with the ASBJ Guidance No. 4 “Guidance on Accounting Standard for Earnings Per Share “; provided, however, that the calculation will be made by replacing the amount of net assets attributable to common stock as of the end of the period as used in said Guidance with the amount adjusted by (a) adding to the net assets attributable to common stock as of the end of the period the amount obtained by subtracting the amount on the balance sheet from the market value of rental real properties as of the end of the previous business year (the amount so obtained shall be referred to as “Unrealized Gain from Real Properties”), and (b) then subtracting from the calculation (a) above the amount of the Unrealized Gain from Real Properties multiplied by the statutory effective tax rate (the amount so adjusted shall be hereinafter referred to as “Adjusted Net Worth”).

2. A reasonable management plan as prescribed in the preceding paragraph means a management plan that clearly shows the figures of the adjusted return on equity that is calculated by reading “net worth” as “Adjusted Net Worth” and of the cost of equity, both figures as of the last business year of the management plan, and in which the adjusted return on equity exceeds the cost of equity.

3. The Company shall publicly release such business plan through the Timely Disclosure Network operated by the Tokyo Stock Exchange no later than the date on which the financial results for the second quarter of the current business year are released.”

### Opinion of the Board of Directors about Proposal 3

#### **The Board of Directors of Keihanshin Building Co., Ltd. opposes Proposal 3.**

##### **Reasons for opposition**

**In accordance with the request of the Tokyo Stock Exchange for “management that is conscious of cost of capital and stock price,” the Company developed the Long-Term Business Plan that is conscious of sustainable growth and medium- and long-term enhancement of corporate value and a PBR of 1x or higher in May of last year and has been seriously engaged in the management to achieve such plan.**

Specifically speaking, the Company aims at achieving ROA of 5.0% or more and ROE of 8.0% or more in the fiscal year ending March 31, 2033 as the final fiscal year of such plan, and for that purpose, plans to enhance ROA by adding to the existing real estate leasing business the new businesses, such as revolving-type business, equity investments, and overseas investments, consequently leading to the improvement and enhancement of ROE. The Company will steadily implement the initiatives stated in such Long-Term Business Plan, ensure a PBR of 1x or higher, and aim at further improving PBR. In the fiscal year ended March 31, 2024 as the first fiscal year of the Long-Term Business Plan, the initiatives have been progressing smoothly and generally as planned, and accordingly, we consider that the plan need not be reviewed at the present time. The Company has steadily enhanced corporate value so far. Taking into consideration the ever-changing circumstances, we will continue to work on swiftly to achieve sustainable growth and medium- to long-term enhancement of corporate value.

Considering that the articles of incorporation are originally intended to set forth the basic policies for operating the company, we consider that it is contrary to and incompatible with such objective to provide for the matters concerning specific and concrete business execution. Revision of the articles of incorporation requires strict procedures including a special resolution at a general meeting of shareholders, and such procedures may make it rather difficult for the Company to take swift and flexible action in future, and accordingly we consider that inclusion of the provisions as stated in this Proposal in the articles of incorporation is not appropriate.

The Board of Directors of the Company therefore opposes this Proposal.

#### **Proposal 4: Determination of granting stock-price conditional restricted stock to Directors**

– We propose to introduce a compensation plan that grants zero yen until the adjusted P/B ratio reaches 1x, and a maximum of JPY 300 mil or 100,000 shares per year once the adjusted P/B ratio exceeds 1x.

##### [1] Reasons for Agenda Proposals

This Proposal is intended to grant stock compensation linked with adjusted PBR to directors if adjusted PBR reaches 1x or greater.

We are concerned that the management team of the Company, including outside directors, has misunderstanding about shareholder value. In other words, the Company explained, in the opposing opinions regarding the TOB, to the effect that “the fact that EPS, BPS and adjusted BPS (omitted), all of these indicators continue to increase steadily is proof that the Company (omitted) has been steadily enhancing shareholder value”; however, we can say that the increase in EPS, BPS and adjusted BPS has enhanced shareholder value only when such increase has led to the rise in stock price, and thus such increase can contribute to the enhancement of shareholder value, but it is not “proof.” On the other hand, the fact that the stock price in particular is below adjusted BPS is, proof that the Company’s management team is damaging shareholder value, as stated in the reasons for the proposal in the preceding item.

Since the compensation of the Company’s management team is not linked with true shareholder value, such misunderstanding occurs, and then the management team operates the Company in such a manner as to continue to damage shareholder value based on such misunderstanding.

Therefore, we would like to propose to abolish the current stock-price-linked compensation based on the stock price that is well below adjusted PBR of 1x, and instead to introduce a compensation plan in which the management team will not be evaluated at all unless adjusted PBR reaches 1x or greater, in order to have the Company’s management team manages the Company, truly keeping shareholder value in mind.

##### [2] Details of Agenda Proposals

Compensation, etc. for the grant of “stock-price conditional restricted stock” should be newly paid to the directors of the Company (hereinafter referred to as “Eligible Directors”) (such system shall be hereinafter referred to as the “Plan”) for the purpose of promoting the sharing of problem awareness with shareholders regarding the current situation in which the stock price of the Company is below the amount of adjusted net assets per share (hereinafter referred to as “Adjusted BPS”). The Adjusted BPS will be calculated as per the method of calculating the amount of adjusted net assets per share as defined on page 6 of the “Amendment Report for the Target Company’s Position Statement” of the Company dated November 19, 2020.

The Compensation, etc. to be paid under this Proposal to Eligible Directors for the grant of “stock-price conditional restricted stock” will be monetary claims, and their total amount will not exceed 300 million yen per year (provided, however, that upon occurrence of reorganization, etc. as specified in (3) below, the term “300 million yen per year” shall be read as “600 million yen in total”), which is an amount that is deemed reasonable in light of the above purpose, separately from the limits of 220 million yen per year for monetary compensation or of 50 million yen per year for restricted stock compensation as resolved at the 97th ordinary general meeting of shareholders held on June 16, 2020.

The specific time of payment and allocation to each Eligible Director will be determined by the Board of Directors after consultation with the Nomination and Remuneration Committee.

Furthermore, Eligible Directors will, in accordance with a resolution of the Board of Directors of the Company, make in-kind contribution of all monetary compensation claims to be provided under this Proposal and shall



receive issued or disposed common shares of the Company, and the total number of common shares of the Company to be issued or disposed as such shall not exceed 100,000 shares per year (provided, however, that upon occurrence of reorganization, etc. as specified in (3) below, the term “100,000 shares per year” shall be read as “200,000 shares in total”; the number of the shares granted to directors under this Proposal will be at most less than 0.5% of the total number of issued shares) (provided, however, that upon occurrence of a share split (including the allotment of the Company’s common shares without contribution) or a reverse share split of common shares of the Company or occurrence of any event that requires adjustment of the total number of common shares of the Company issued or disposed under this Plan on or after the day on which this shareholder proposal is submitted, such total number will be adjusted to a reasonable extent).

The paid-in amount per share will be determined by the Board of Directors of the Company, based on the closing price of common stock of the Company on the Tokyo Stock Exchange on the business day preceding the date on which the Board of Directors made the resolution (or if there is no closing price on such business day, the closing price on the immediately preceding transaction day) to the extent that such amount is not especially advantageous to the Eligible Directors who subscribe such common shares.

#### Overview of “stock-price conditional restricted stock”

The “stock-price conditional restricted stock” refers to the common shares of the Company issued or disposed by the Company to Eligible Directors by way of in-kind contribution of all monetary compensation claims to be provided by the Company to the Eligible Directors for the grant of “stock-price conditional restricted stock” after the end of the Stock-Price Evaluation Period (as defined below) in accordance with the degree of achievement of the targets pertaining to the stock price indicators as specified in (1) below (hereinafter referred to as the “Stock Price Targets”) over a period of two business years commencing from the business year ending on March 31, 2025 up to the business year ending on March 31, 2026 (hereinafter referred to as the “Stock Price Evaluation Period”). Any Eligible Director shall not transfer, offer as security, or otherwise dispose of the “stock-price conditional restricted stock” until such time immediately after the Eligible Director retires from his or her position as designated by the Board of Directors of the Company in advance. The method of calculating the amount of monetary compensation claims to be provided to the Eligible Directors and the conditions for allotting the Company’s common shares to Eligible Directors, etc. are as follows.

The provision of such monetary compensation claims and allotment of common shares of the Company will be on the condition that each Eligible Director consents to the in-kind contribution stated above and executes an agreement that includes the provisions concerning the grounds for acquisition without compensation, etc. and other provisions as are determined by the Board of Directors after consultation with the Nomination and Remuneration Committee.

#### (1) Method for calculating the amount of monetary compensation claims

The amount of the monetary compensation claims to be provided to Eligible Directors in order to grant “stock-price conditional restricted stock” will be calculated by multiplying the number of common shares of the Company to be ultimately allotted to Eligible Directors (hereinafter referred to as the “Final Number of Allotted Shares”) by a price that is not particularly advantageous to the Eligible Directors, based on the closing price of the Company’s common stock on the Tokyo Stock Exchange on the business day preceding the date of resolution by the Board of Directors that is held after the Stock Price Evaluation Period to decide the issuance or disposal of shares for such allotment. The Final Number of Allotted Shares will be calculated by multiplying the number of shares predetermined by the Board of Directors for each position by such percentage corresponding to the degree of achievement of the Stock Price Targets as calculated as follows:

- (i) When the Company's Price Adjusted-BPS Ratio (Note) does not exceed 1x: zero;
- (ii) When the Company's Price Adjusted-BPS Ratio exceeds 1x but does not exceed 1.25x: (Company's Price Adjusted-BPS Ratio – 1) x 4; or
- (iii) When the Company's Price Adjusted-BPS Ratio exceeds 1.25x: 1.

(Note) "Price Adjusted-BPS Ratio" refers to the price adjusted-BPS ratio of the Company during the Stock Price Evaluation Period and is calculated by the following formula:

A: The average value of the stock price calculated based on the closing price of the Company's common stock on the Tokyo Stock Exchange on each day during the three months immediately preceding the last day (inclusive) of the last business year of the Stock Price Evaluation Period (provided, however, that in the case of the occurrence of reorganization, etc. as specified in (3) below, the amount equivalent to the consideration gained by the Company's shareholders through such reorganization, etc. will be used, instead of the average value).

B: The Company's adjusted BPS in the full-year financial results for the first business year or the last business year during the Stock Price Evaluation Period, whichever is greater.

Price Adjusted-BPS Ratio = A / B

## (2) Conditions for allotting the Company's common shares to Eligible Directors

The Company will allot the Company's common shares in the Final Number of Allotted Shares to an Eligible Director after the Stock Price Evaluation Period if the Eligible Director satisfy all of the following requirements or if the Company's Board of Directors deems it necessary in order to achieve the purpose of the Plan.

(i) The Eligible Director held in the office of the Company's director (except for directors who are audit and supervisory committee members) continuously for a period of six month or longer during the Stock Price Evaluation Period.

(ii) The Eligible Director did not commit certain wrongdoings designated by the Company's Board of Directors. If an Eligible Director retires from the office as such due to expiration of the term of office, death, or other legitimate reason during the Stock Price Evaluation Period, the Company will reasonably adjust the number of the Company's common shares to be allotted to such retired person (or his or her successor in the case of the retirement due to death) taking into consideration his or her term of office, etc.

## (3) Handling in the case of reorganization, etc.

Notwithstanding the aforementioned provisions, if a merger agreement under which the Company will become a dissolving company, share exchange agreement or share transfer plan under which the Company will become a wholly-owned subsidiary, or any other matters concerning reorganization, etc. are approved at the general meeting of shareholders of the Company (or by the Company's Board of Directors if no approval of the general meeting of shareholders of the Company is required for such reorganization, etc.) during the Stock Price Evaluation Period, the Company will, by a resolution of the Company's Board of Directors and prior to the effective date of such reorganization, etc., allot to Eligible Directors the Company's common shares in the number reasonably adjusted.

## Opinion of the Board of Directors about Proposal 4

**The Board of Directors of Keihanshin Building Co., Ltd. opposes Proposal 4.**

### **Reasons for opposition**

**It is the basic policy of the Company to design the compensation system for directors in which their compensation is linked with shareholder interests so that it functions as an incentive for continuously enhancing shareholder value and to ensure that, when determining the compensation of each director, the compensation is at an appropriate level in light of their respective duties.**

Since the fiscal year ended March 31, 2021, the Company has already introduced the system to grant restricted stock compensation to directors other than outside directors as a part of their compensation. This compensation system is designed so that the Company's management operates the Company, keeping in mind to improve corporate value and from the perspective of its shareholders, and we consider that this system fully functions as a compensation system linked with the stock price.

Furthermore, in order to secure the objectivity and transparency of the compensation for directors, the policy for determining compensation of directors and the amount of compensation paid to each director are resolved at a meeting of the Board of Directors after the deliberation by the Nomination and Remuneration Committee in which the independent outside directors constitute a majority of the membership and one of those independent outside directors serves as the chairperson.

We would like to continuously strive to improve the compensation system so that it leads to continuous enhancement of corporate value, taking into consideration examples of other companies, opinions of outside experts and opinions of the Nomination and Remuneration Committee, etc.

The Board of Directors of the Company therefore opposes this Proposal.

End of document

(Appendix)

## **Business Report**

April 1, 2023 to March 31, 2024

### **1. Status of the Corporate Group**

#### **(1) Business progress and results**

During the fiscal year under review, the Japanese economy showed a gradual trend toward recovery in line with the normalization of social and economic activities such as rising demand for domestic goods and services by foreign tourists to Japan as the country transitioned to a post-pandemic era. Meanwhile, the economic outlook remained unclear due to the prolonged situation in Russia and Ukraine and rising tensions in the Middle East.

In the real estate leasing industry, although remote working is becoming more established in some areas due to the progress of workstyle reforms, the current vacancy rate remained relatively stable, driven by improved corporate earnings and a trend toward returning to office.

Under such circumstances, the Company focused on operating activities and continued to maintain a high occupancy rate, with the vacancy rate as of March 31, 2024 at 1.87%. In addition, as part of expansion of assets in the Tokyo metropolitan area, the Company proactively worked on new investments toward the next growth, including the acquisition of a commercial building in Asakusa, Taito-ku, Tokyo in June 2023. Also, in terms of existing buildings, we have been striving to enhance asset value of them through preventive maintenance against natural disasters and promotion of energy saving.

As a result, consolidated net sales for the fiscal year ended March 31, 2024 increased by 431 million yen (2.3%) year-on-year to 19,310 million yen due mainly to the contribution from new investment properties. Meanwhile, gross profit decreased by 201 million yen (2.8%) year-on-year to 6,883 million yen due to increased cost of sales on account of payments for taxes and dues, as well as repair costs and other expenses. Accordingly, operating profit decreased by 292 million yen (5.4%) year-on-year to 5,083 million yen and ordinary profit decreased by 198 million yen (3.9%) year-on-year to 4,842 million yen. Profit attributable to owners of parent amounted to 3,793 million yen, a decrease of 392 million yen (9.4%) year-on-year, chiefly due to a decrease in extraordinary income from the sale of investment securities.

The Group operates under a single segment of the “Building lease business,” which is primarily engaged in the leasing of land and buildings.

## (2) Status of capital investments

Capital investments made in the fiscal year under review totaled 12,243 million yen, mainly for the purchase of the Asakusa-Ekimae Building. The above figures include 4,919 million yen in investments in anonymous associations and renovation work for existing buildings.

## (3) Status of financing

The capital investments mentioned above have been funded by borrowings from financial institutions, bonds payable and internal funds.

## (4) Issues to be addressed

The Japanese economy is expected to continue to recover gradually due to firm capital investment backed by improved corporate earnings and a continued increase in inbound demand. However, in addition to the risk of continued sluggish personal consumption due to high prices, we need to pay attention to the risk of economic downturn due to negative factors such as the overseas economic slowdown and supply constraints caused by labor shortages.

In the real estate leasing industry, while office demand is expected to recover in the short term on the back of economic recovery and other factors, new demand is expected to slow in the medium- to long-term as Japan's working population begins to decline, and the future outlook for the office leasing market is not optimistic.

In addition, there are significant changes in the environment surrounding Japan, such as the declining birthrate and aging population, increasingly complex international situation, growing awareness towards sustainability, and progress in AI technology.

Under these circumstances, the Company formulated a Long-Term Management Plan in May 2023 as stated in the below, and is continuing to promote the Plan, with the belief that reforms are necessary for establishing a foundation for growth focusing on the 100th anniversary of the Company's founding in 2048, sustainable management promotion, strengthening the system and new initiatives for realizing the management with awareness of cost of capital and stock price.

Target period: Ten years from fiscal 2023 to fiscal 2032

Basic policy: 1. Aim to continuously enhance corporate value by realizing sustainable business management  
2. By assessing changes in the investment environment, aim to expand our business size and create new profit models through increasing the portfolio

Corporate vision in 10 years' time: A company that will continue to contribute to a sustainable community with each and every employee growing through inventiveness and challenges and providing valuable commercial space that meet the needs of the times

Phase I (-2028/3): Preparations towards profitable new businesses  
Strengthen foundations for growth and strengthen systems to respond to changes in the environment

Phase II (-2033/3): Achieve profitable new businesses

We will continue to reward all our stakeholders by advancing the aforementioned plan while keeping abreast of the changing external environment, real estate market, etc. in a timely manner.

(5) Trend in the status of assets and profits

(Million yen, unless otherwise specified)

Classification	The 98th fiscal year ended March 31, 2021	The 99th fiscal year ended March 31, 2022	The 100th fiscal year ended March 31, 2023	The 101st fiscal year ended March 31, 2024
Net sales	15,333	17,815	18,879	19,310
Ordinary profit	5,081	4,879	5,040	4,842
Profit attributable to owners of parent	8,251	5,165	4,186	3,793
Profit per share (yen)	158.80	102.34	84.66	77.47
Total assets	154,043	149,994	152,321	166,616
Total net assets	70,539	70,510	70,870	74,874
Business profit before depreciation and amortization	7,565	8,855	9,194	9,128

- (Notes) 1. Profit per share is calculated using the average number of issued shares during the period (excluding treasury shares).  
2. The Company has selected business profit before depreciation and amortization as the key performance indicator (KPI), and the reasons for the selection are stated in “4. (4) 1) (b) Determination policy for amounts of remuneration to individual Directors”.

(Reference) As of the end of the fiscal year under review, the Company's balance sheet amount of cross-shareholdings (investment securities) was 12,449 million yen, which accounted for 16.6% of the above consolidated net assets.

(6) Status of the principal parent company and subsidiaries

- 1) Status of the parent company  
Not applicable.

2) Status of subsidiaries

Name	Share capital	Investment ratio	Principal business
Keihanshin Building Maintenance Co., Ltd.	86 million yen	100%	General management of buildings

(Note) The company in the scope of consolidation is the one company presented above. The company ceased operations (dormant) as of March 31, 2024.

(7) Principal business (as of March 31, 2024)

Leasing of land and buildings

Leasing of office buildings, datacenter buildings, WINS Buildings, commercial buildings, and logistics warehouses, etc., and general management of buildings and facilities

(8) Status of employees

Number of employees	Change from the end of the previous fiscal year	Average age	Average length of service
60	An increase of 7	48.9 years old	9.3 years

(Note) The figures above do not include Directors who concurrently serve as an employee.

(9) Principal lenders

Lender	Amount borrowed (Million yen)
Sumitomo Mitsui Banking Corporation	9,097
Development Bank of Japan Inc.	2,364
Sumitomo Mitsui Trust Bank, Limited	1,922
San ju San Bank, Ltd.	1,566
The Hyakujushi Bank, Ltd.	1,336

## 2. Matters Regarding Shares of the Company

- (1) Total number of shares authorized to be issued 80,000,000 shares
- (2) Total number of shares issued 49,211,498 shares  
(including 283,234 treasury shares)
- (3) Number of shareholders 5,838 persons
- (4) Major shareholders (Top ten)

Name of shareholder	Number of shares held (Thousand shares)	Shareholding ratio (%)
GINSEN Co., Ltd.	6,440	13.2
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,382	9.0
INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP	2,285	4.7
Sumitomo Mitsui Banking Corporation	2,133	4.4
KINDEN CORPORATION	1,393	2.8
KAJIMA CORPORATION	1,376	2.8
San ju San Bank, Ltd.	1,287	2.6
Custody Bank of Japan, Ltd. (Trust Account)	1,222	2.5
The Hyakujushi Bank, Ltd.	891	1.8
SSBTC CLIENT OMNIBUS ACCOUNT	888	1.8

(Note) The shareholding ratios have been calculated with treasury shares excluded.

- (5) Status of shares granted to officers of the Company as consideration for execution of duties during the fiscal year under review

The Company grants restricted stock remuneration to Directors, excluding Outside Directors, so that remuneration to Directors serves as an incentive leading to a sustainable increase in the shareholder value over the medium- to long-term. The status of the shares granted in the fiscal year under review is as follows.

Classification	Number of shares	Number of Directors to whom shares are granted
Directors (excluding Outside Directors)	39,600 shares	3 Directors



### 3. Matters Regarding Share Acquisition Rights of the Company

(1) Status of share acquisition rights granted as consideration for execution of duties held by officers of the Company

1) Overview of share acquisition rights

Issue number (Resolution date)	Number of share acquisition rights	Type and number of underlying shares	Exercise period	Issue price
1st Series Share Acquisition Rights (June 21, 2016)	284 units (100 shares per unit)	Common stock 28,400 shares	July 7, 2016 to July 6, 2036	46,500 yen per unit
2nd Series Share Acquisition Rights (June 20, 2017)	230 units (100 shares per unit)	Common stock 23,000 shares	July 6, 2017 to July 5, 2037	65,000 yen per units
3rd Series Share Acquisition Rights (June 19, 2018)	155 units (100 shares per unit)	Common stock 15,500 shares	July 5, 2018 to July 4, 2038	78,700 yen per unit
4th Series Share Acquisition Rights (June 18, 2019)	159 units (100 shares per unit)	Common stock 15,900 shares	July 4, 2019 to July 3, 2039	95,000 yen per unit

- (Notes)
1. The exercise price per share of the share acquisition rights presented above is 1 yen.
  2. The share acquisition rights presented above can only be exercised within ten days from the day immediately after the date of retirement from each and every position of Director, Audit & Supervisory Board Member, and Executive Officer of the Company.
  3. Outside Directors and Outside Audit & Supervisory Board Members do not hold share acquisition rights.

2) Status of holding of share acquisition rights by officers of the Company

Classification	Issue number	Number of share acquisition rights	Number of underlying shares	Number of share acquisition right holders
Directors (excluding Outside Directors)	1st Series Share Acquisition Rights	229	22,900 shares	1
	2nd Series Share Acquisition Rights	185	18,500 shares	1
	3rd Series Share Acquisition Rights	125	12,500 shares	1
	4th Series Share Acquisition Rights	120	12,000 shares	1
Audit & Supervisory Board Members (excluding Outside Audit & Supervisory Board Members)	1st Series Share Acquisition Rights	55	5,500 shares	1
	2nd Series Share Acquisition Rights	45	4,500 shares	1
	3rd Series Share Acquisition Rights	30	3,000 shares	1
	4th Series Share Acquisition Rights	39	3,900 shares	1

(Note) Of the share acquisition rights held by an Audit & Supervisory Board Member of the Company, 1st, 2nd and 3rd Series Share Acquisition Rights were granted during his tenure as Director of the Company.

(2) Status of share acquisition rights granted to employees of the Company during the fiscal year under review  
Not applicable.

#### 4. Matters Regarding Officers of the Company

##### (1) Names, etc. of Directors and Audit & Supervisory Board Members (as of March 31, 2024)

Position at the Company	Name	Status of responsibilities and significant concurrent positions
Chairman	Koichi Minami	Outside Corporate Auditor, SHIP HEALTHCARE HOLDINGS, INC
President	Tsuneo Wakabayashi	
Director	Seisuke Isemura	General Manager of Property Management Department
Director	Takashi Yoshida	Certified Public Accountant
Director	Masao Nomura	Member of the Board of Directors, Outside Director, ONO PHARMACEUTICAL CO., LTD.
Director	Takashi Tsuji	Outside Director, Matsumoto Yushi-Seiyaku Co., Ltd.
Director	Chiho Takeda	Lawyer Outside Director (Member of the Board), NICHIDAI CORPORATION Outside Director, DAIHATSU DIESEL MFG. CO., LTD.
Standing Audit & Supervisory Board Member	Shigeru Nishida	
Audit & Supervisory Board Member	Hideharu Nagasawa	
Audit & Supervisory Board Member	Hideyuki Kamijo	Tax Accountant

- (Notes)
1. The Company's Directors—Mr. Takashi Yoshida, Mr. Masao Nomura, Mr. Takashi Tsuji, and Ms. Chiho Takeda—are Outside Directors.
  2. The Company's Audit & Supervisory Board Members—Mr. Hideharu Nagasawa and Mr. Hideyuki Kamijo—are Outside Audit & Supervisory Board Members.
  3. The Company's Directors—Mr. Takashi Yoshida, Mr. Masao Nomura, Mr. Takashi Tsuji, and Ms. Chiho Takeda—and the Company's Audit & Supervisory Board Members—Mr. Hideharu Nagasawa and Mr. Hideyuki Kamijo—are independent officers who are required by the Tokyo Stock Exchange to be designated and whose interests cannot conflict with the interests of general shareholders.
  4. The name of the Company's Director—Ms. Chiho Takeda—on her family register is Chiho Kusajima. However, the name provided here is used when she performs her duties.
  5. Audit & Supervisory Board Member—Mr. Hideyuki Kamijo—is a licensed tax accountant and has considerable knowledge of finance and accounting.
  6. The Company has introduced an executive officer system to strengthen the supervisory function of the Board of Directors and increase the efficiency of business execution. The lineup of executive officers is as follows.

Position	Name	Responsibilities
President and Chief Executive Officer	Tsuneo Wakabayashi	
Senior Managing Executive Officer	Shinji Yamamoto	Responsible for Business Promotion Division
Managing Executive Officer	Junichi Tada	Responsible for Administration
Executive Officer	Seisuke Isemura	General Manager of Property Management Department
Executive Officer	Toshiki Tabuchi	General Manager of Finance & Accounting Department
Executive Officer	Takao Matsumoto	General Manager of Business Department
Executive Officer	Yoshikatsu Okada	General Manager of Personnel & General Affairs Department
Executive Officer	Takao Hori	General Manager of Corporate Planning Department, and Head of Sustainability Promotion Group
Executive Officer	Kazuma Ohashi	General Manager of Investment Promotion Department and Head of Tokyo Branch

(Notes) The following executive officers were transferred effective April 1, 2024.

Position	Name	Responsibilities
Senior Executive Officer	Toshiki Tabuchi	Assistant Director responsible for Administration
Executive Officer	Seisuke Isemura	Officer in charge of Property Management Department
Executive Officer	Takao Matsumoto	General Manager of Business Department and Head of Tokyo Branch
Executive Officer	Kazuma Ohashi	General Manager of Investment Promotion Department
Executive Officer	Yoshikazu Asakusa	General Manager of Property Management Department
Executive Officer	Matashi Takemoto	General Manager of Finance & Accounting Department

(2) Summary of the liability limitation agreement

Based on the provisions of Article 427, Paragraph 1 of the Companies Act, the Company has concluded an agreement with its Outside Directors and Outside Audit & Supervisory Board Members to limit their liability for damages under Article 423, Paragraph 1 of the same Act.

The maximum amount of liability for damages of Outside Directors and Outside Audit & Supervisory Board Members of the Company under Article 423, Paragraph 1 of the Companies Act is the minimum liability amount stipulated in Article 425, Paragraph 1 of the same Act.

(3) Summary of the directors and officers liability insurance policy

The Company has entered into a directors and officers liability insurance policy with an insurance company in which Directors, Audit & Supervisory Board Members, and Executive Officers of the Company serve as insured parties as provided in Article 430-3, Paragraph 1 of the Companies Act. The policy shall cover any legal damages and legal expenses arising from third party litigation, shareholder derivative actions and corporate litigation that should be borne by the insured parties. The cost of the insurance premium is borne wholly by the Company. The insured parties therefore do not pay any insurance premiums.

In order to prevent the conclusion of the insurance policy from impairing the appropriateness of duties by the insured parties, the Company has established a payout limit of one billion yen, a

deductible amount of 100 thousand yen per Officer and one million yen per claim, and a reduced payout ratio (the fraction of the insurance claims to be paid of the damages that exceeds the deductible amount) of 95%.

(4) Remuneration to Directors and Audit & Supervisory Board Members

1) Matters regarding the determination policy on details of remuneration to individual Directors

The Company determines remuneration to Directors in line with the shareholders' interests so that it will serve as an appropriate incentive leading to a sustainable increase in the shareholder value. As a basic policy, when determining remuneration to individual Directors, the Company aims to secure appropriate levels corresponding to the degree of their responsibilities.

As for the determination policy for remuneration, the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors, is consulted, and the Board of Directors resolves it, honoring the Committee's recommendations. The Board of Directors has resolved that remuneration be determined in accordance with the following policy, starting with the remuneration for the 101st fiscal term (the fiscal year ended March 31, 2024). An overview is as follows.

(a) Determination policy for details of remuneration to individual Directors

The remuneration to Executive Directors consists of base remuneration as fixed remuneration, bonuses as performance-linked remuneration, and restricted stock as non-monetary remuneration in line with the shareholders' interest.

The remuneration to Chairman consists of the base remuneration as fixed remuneration and restricted stock as non-monetary remuneration as the Chairman will perform the expected role as a chairperson of the Board of Directors for increasing the shareholders' value in the medium- to long-term, despite being not directly involved in business execution.

The Company will pay only the base remuneration to Outside Directors in consideration of their duties.

(b) Determination policy for amounts of remuneration to individual Directors

Base remuneration is provided as fixed remuneration monthly. The amount is determined based on the Company's performance, individual's duties, abilities, and the degree of contribution to the Company's sustainable growth in a comprehensive manner.

Performance-linked compensation is paid as a bonus at a certain time each year. In the long-term management plan starting with the 101st fiscal year (the fiscal year ended March 31, 2024), we have made diversification of investment methods part of our business strategy and promotion of ESG-conscious sustainability strategies an important measure, and therefore, from the fiscal year ended March 31, 2024, the achievement level of "business profit before depreciation and amortization" and "sustainability initiatives" will be used as indicators for calculating performance-linked compensation. The calculation is based on a comprehensive consideration of both as an indicator of the Company's progress in continuously increasing its corporate value and expanding its corporate scale and creating a new earnings model through portfolio expansion. Target performance indicators and their values will be reviewed from time to time based on the consultation and report of the Nomination and Compensation Committee so that they are consistent with the long-term management plan.

Non-monetary remuneration is granted in the form of restricted stock linked to the shareholder value. The number of shares given at a certain time each year will be calculated based on the duties and abilities of Chairman and Executive Directors, along with their contributions to the Company's sustainable growth in a comprehensive manner.

(c) Determination policy for composition of remuneration to individual Directors

The Nomination and Remuneration Committee will decide on the composition of remuneration to individual Directors, where the performance-linked remuneration is set higher for the upper ranking positions reflecting the expected roles for achieving the goals of the Long-Term Business Plan. The Board of Directors will honor the recommendations of the Nomination and Remuneration Committee and determine the details of remuneration to individual Directors within the limit of the ratio of each remuneration type presented in the recommendations. A general guideline for the ratio of each remuneration type is that, if the key performance indicator is achieved 100%, the composition of the

payment to the President will be: basic remuneration: 60%; bonus: 20%; and restricted stock remuneration: 20%.

(d) Matters regarding determination of details of remuneration to individual Directors

As for the amounts of remuneration, the President will prepare a remuneration plan, consult with the Nomination and Remuneration Committee, and the Board of Directors will deliberate and make decisions on it, honoring the Committee's recommendations. Regarding restricted stock remuneration, the numbers of shares to be allotted to individual Directors will be resolved by the Board of Directors based on the recommendations of the Nomination and Remuneration Committee.

2) Matters regarding resolutions at General Meetings of Shareholders regarding remuneration to Directors and Audit & Supervisory Board Members

At the 97th Annual General Meeting of Shareholders held on June 16, 2020, it was resolved that monetary remuneration to Directors of the Company shall be 220 million yen or less per annum (including no more than 50 million yen per annum for Outside Directors, but not including salaries received in the capacity of an employee, for Directors serving concurrently as an employee). The number of Directors after the conclusion of the Annual General Meeting of Shareholders was seven (7) (including four (4) Outside Directors). At the 97th Annual General Meeting of Shareholders held on June 16, 2020, it was resolved that, in addition to the monetary remuneration stated above, restricted stock remuneration shall be 50 million yen or less (Outside Directors are not eligible.). The number of Directors (excluding Outside Directors) at the conclusion of the Annual General Meeting of Shareholders was three (3).

At the 83rd Annual General Meeting of Shareholders held on June 29, 2006, it was resolved that the amount of monetary remuneration to the Audit & Supervisory Board Members of the Company shall be 50 million yen or less per annum. The number of Audit & Supervisory Board Members after the conclusion of the Annual General Meeting of Shareholders was three (3).

3) Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year under review

Classification	Number of members paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Director	7 persons	123,870 thousand yen	15,764 thousand yen	43,729 thousand yen	183,363 thousand yen
(Outside Directors)	(4 persons)	(33,600 thousand yen)	(-)	(-)	(33,600 thousand yen)
Audit & Supervisory Board Member	3 persons	40,800 thousand yen	-	-	40,800 thousand yen
(Outside Audit & Supervisory Board Members)	(2 persons)	(15,600 thousand yen)	(-)	(-)	(15,600 thousand yen)

- (Notes)
- In addition to the above, employee salaries of 18,607 thousand yen are paid to Directors who concurrently serve as employees.
  - The Company pays bonuses to Directors (excluding Outside Directors and Non-Executive Directors) as performance-linked remuneration. The details of such performance-linked remuneration are as described in "4. (4) 1) Matters regarding the determination policy on details of remuneration to individual Directors". The results for the fiscal year are as stated in "1. (1) Business progress and results", "1. (4) Issues to be addressed" and "1. (5) Trend in the status of assets and profits," etc.
  - The Company grants restricted stock remuneration to directors (excluding Outside Directors) as non-monetary remuneration. The details of such stock-based remuneration are as described in "4. (4) 1) Matters regarding the determination policy on details of remuneration to individual Directors" and the status of delivery thereof is described in "2.

(5) Status of shares granted to officers of the Company as consideration for execution of duties during the fiscal year under review”.

4. In determining the details of remuneration to individual Directors for the fiscal year, the Nomination and Remuneration Committee, whose majority is composed of Independent Outside Directors, conducts multifaceted examinations of remuneration proposals, including their consistency with the determination policy. The Board of Directors honors the Committee’s recommendations, in principle, and thus judges that they are in line with the determination policy.

(5) Main Activities of Outside Officers

Classification	Name	Main activities and outline of duties performed in association with expected roles
Director	Takashi Yoshida	Mr. Takashi Yoshida attended all 11 Board of Directors’ Meetings held during the fiscal year under review. He supervised management from a standpoint independent of the management team based on the role expected of an Outside Director and made remarks as appropriate drawing on his many years of experience as a certified public accountant and extensive knowledge. In addition, as a member of the Nomination and Remuneration Committee, which was voluntarily established by the Company, he provided advice as appropriate.
Director	Masao Nomura	Mr. Masao Nomura attended all 11 Board of Directors’ Meetings held during the fiscal year under review. He supervised management from a standpoint independent of the management team based on the role expected of an Outside Director and made remarks as appropriate from the perspective of an experienced manager. In addition, he served as the Chairperson of the Nomination and Remuneration Committee, which was voluntarily established by the Company. He not only chaired meetings, but also provided advice as appropriate.
Director	Takashi Tsuji	Mr. Takashi Tsuji attended 9 out of 11 Board of Directors’ Meetings held during the fiscal year under review. He supervised management from a standpoint independent of the management team based on the role expected of an Outside Director and made remarks as appropriate from the perspective of an experienced manager. In addition, as a member of the Nomination and Remuneration Committee, which was voluntarily established by the Company, he provided advice as appropriate.
Director	Chiho Takeda	Ms. Chiho Takeda attended all 11 Board of Directors’ Meetings held during the fiscal year under review. She supervised management from a standpoint independent of the management team based on the role expected of an Outside Director and made remarks as appropriate primarily from the professional standpoint as a lawyer. In addition, as a member of the Nomination and Remuneration Committee, which was voluntarily established by

Classification	Name	Main activities and outline of duties performed in association with expected roles
		the Company, she provided advice as appropriate.
Audit & Supervisory Board Member	Hideharu Nagasawa	Mr. Hideharu Nagasawa attended all 11 Board of Directors' Meetings and all 12 Audit & Supervisory Board Meetings held during the fiscal year under review. He made remarks as appropriate primarily based on his wealth of insight into corporate planning and engineering divisions.
Audit & Supervisory Board Member	Hideyuki Kamijo	Mr. Hideyuki Kamijo attended all 11 Board of Directors' Meetings and all 12 Audit & Supervisory Board Meetings held during the fiscal year under review. He made remarks as appropriate primarily based on his wealth of insight into finance & accounting and real estate investment management divisions.

## 5. Independent Accounting Auditor

(1) Independent Accounting Auditor's Name  
GYOSEI & CO.

(2) Amount of Independent Accounting Auditor's remuneration, etc. for the fiscal year under review

Item	Amount paid
Independent Accounting Auditor's remuneration, etc., for the fiscal year under review	18,000 thousand yen
Total amount of money or other economic benefits to be paid by the Company and the Company's subsidiaries	21,000 thousand yen

- (Notes)
1. In the audit agreement between the Company and the Independent Accounting Auditor, the amount of remuneration for audits based on the Companies Act and that for audits based on the Financial Instruments and Exchange Act are not separated. The figures presented above therefore include remuneration, etc. for audits based on the Financial Instruments and Exchange Act.
  2. "Total amount of money or other economic benefits to be paid by the Company and the Company's subsidiaries" includes remuneration for auditing of the English version of financial statements.
  3. The non-audit services for which the Company pays remuneration to the Independent Accounting Auditor include preparation of comfort letters for bond issues.

(3) Reasons the Audit & Supervisory Board gave consent to the amount of remuneration to the Independent Accounting Auditor

Based on the "Guidelines for Coordination with Independent Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board checked and examined the Independent Accounting Auditor's audit plans, the implementation status of the audits, and the basis for calculating estimates for remuneration, among other matters. As a result, the Audit & Supervisory Board gave consent to the remuneration to the Independent Accounting Auditor.

(4) Policy on determination of dismissal or non-reappointment of the Independent Accounting Auditor

The Audit & Supervisory Board will dismiss the Independent Accounting Auditor pursuant to the provisions of each item of Article 340, Paragraph 1 of the Companies Act subject to consent of all its members, if it determines that the Independent Accounting Auditor has violated its professional duties, neglected its responsibilities, committed misconduct unbecoming an Independent Accounting Auditor, or presented a serious problem for serving as the Independent Accounting Auditor of the Company. In this case, an Audit & Supervisory Board Member selected by the Audit & Supervisory Board will report the dismissal of the Independent Accounting Auditor and the reason for the dismissal at the first General Meeting of Shareholders held after the dismissal.

The Audit & Supervisory Board will decide on the details of the proposal to be submitted to the General Meeting of Shareholders regarding the appointment, dismissal, and non-reappointment of the Independent Accounting Auditor, if it determines that there is an independence, expertise, or other problem for execution of duties of the Independent Accounting Auditor, or if it determines that it is appropriate to change the Independent Accounting Auditor in order to further increase the adequacy of the audits.



## **6. System to Ensure the Appropriateness of Business Operations**

### **(1) Outline of contents of the resolution at the Board of Directors' Meeting**

We have established the following Basic Policy on Development of the Internal Control System Based on the Companies Act, setting forth our policy regarding each item required for the development of the internal control system, based on Article 362, Paragraph 5 of the Companies Act. The President and Directors develop a system for the proper and efficient execution of business of the corporate group composed of the Company and its subsidiaries (hereinafter, the "Group") in accordance with this policy, review this policy annually to address changes in the business environment, and endeavor to improve and enhance it, by submitting proposals to the Board of Directors, as necessary.

- 1) Systems to ensure that the execution of duties by Directors complies with laws, regulations and the Articles of Incorporation
  - (a) The Directors perceive establishing the Group's compliance as one of the most important management issues, respect the Group's Corporate Philosophy, and act in accordance with the Code of Conduct and Behavioral Standards, based on the Compliance Regulations, to comply with laws, regulations, and other social norms, as well as internal rules such as the Articles of Incorporation. The Executive Officers responsible for administration oversee the operation of the In-House Reporting System established to receive reports and provide consultations regarding compliance violations and related issues. The Executive Officers responsible for administration report periodically on the results of this oversight to the President.
  - (b) The Directors utilize the Compliance Committee to ascertain the status of implementation of compliance measures within the Group and implement education and training for Directors, Executive Officers, and employees to ensure thorough compliance management. The Directors report the activities of the Compliance Committee periodically to the President, and also to the Management Meeting and the Board of Directors, as necessary.
  - (c) The Directors present the Group's policy against anti-social forces, which threaten social order and safety and sound corporate activities, in the Code of Conduct and Behavioral Standards. The Directors also develop systems for the Group to address these forces, face them resolutely in cooperation with the police and other external agencies and endeavor to eliminate any relations with them.
  - (d) The Head of the Audit Department implements audits of the Group's compliance status, as appropriate, and reports the results of these audits to the President, the Compliance Committee, and, where necessary, the Board of Directors.
- 2) Systems for the preservation and management of information associated with the execution of duties by Directors
  - (a) The Directors record information associated with the execution of their individual duties in physical or electronic documents and appropriately preserves and manage these documents based on internal rules such as the Document Management Regulations and the Information Systems Management Regulations.
  - (b) The Executive Officers responsible for administration revise and improve the Document Management Regulations, the Information Systems Management Regulations, and other rules concerning the preservation and management of information, as necessary, ensure that the manner of preserving important information ensures retrievability, and develop systems to enable this information to be viewed as necessary.
  - (c) The Head of the Audit Department implements audits of the status of preservation and management of important information, as appropriate.

- 3) Regulations on the management of the risk of losses, and other systems
  - (a) The general manager of each department manages the risks associated with the business of his/her own department, based on the Risk Management Regulations.
  - (b) The Directors utilize the Risk Management Committee to implement the overall, integrated management of risks; specifically:
    - a) The comprehensive management of risk identification and risk evaluation
    - b) The establishment and revision of risk management policies and plans
    - c) Summarizing risk management status  
The Directors report periodically on these matters to the President, and also to the Management Meeting and the Board of Directors, as necessary.
  - (c) We develop the Business Continuity Plan and thoroughly disseminate information on the action the Company should take in the event of an emergency.
  - (d) The Head of the Audit Department implements audits of the status of regular risk management by each department, as appropriate, and reports the results of these audits to the President and the Risk Management Committee.
  
- 4) Systems to ensure the efficient execution of duties by Directors
  - (a) We hold a meeting of the Board of Directors once per month, as a general rule. The Board of Directors determines important matters related to management and supervises the status of the Directors' execution of business, among other matters, in accordance with the Board of Directors Regulations.
  - (b) The Directors report and deliberate on the execution of duties and plans at the Management Meeting, under the basic policy determined by the Board of Directors, to enable more efficient execution of duties.
  - (c) The Directors make the decisions necessary for the execution of duties, in accordance with the Organization Regulations, the Duties Division Regulations, the Administrative Authority Regulations, and other rules. We revise these regulations as necessary due to the revision or abolition of laws and regulations or to promote more efficient execution of duties.
  - (d) Execution of important business matters requires an approval in advance from the person with decision-making authority, based on the Application Circulation Regulations.
  - (e) Executive Officers are appointed by the Board of Directors to ensure the efficient execution of duties.
  
- 5) Systems to ensure that the execution of duties by employees complies with laws, regulations and the Articles of Incorporation
  - (a) The Directors have established the Compliance Regulations, the Code of Conduct, and the Behavioral Standards, which clearly set forth specific matters that should be complied with, to ensure that employees always engage in their duties with an awareness of compliance.
  - (b) The Directors ensure the continuation and function of the activities of the Compliance Committee to maintain and enhance an in-house system based on compliance management and sound corporate culture. The Directors also report periodically on the matters for which they are responsible to the President, and also to the Management Meeting and the Board of Directors, as necessary, to ascertain the status of activities of the Compliance Committee. The Directors also ensure the appropriate operation of the In-House Reporting System established to receive reports and provide consultations regarding internal compliance violations and related issues.
  - (c) The Head of the Audit Department implements accounting audits, operational audits, and special audits based on the Internal Audit Regulations, and reports to the President on the status of execution of duties by employees.
  
- 6) Systems to ensure proper business operations within the Group
  - (a) The Directors and related divisions direct and manage the Company's subsidiaries based on the management direction agreements, service agreements, and other agreements with each subsidiary, to ensure appropriate business operations and enhance efficiency within the Group, in accordance with the Affiliates Management Regulations.
  - (b) The Directors and related divisions ascertain matters concerning the execution of duties by directors, employees, and others at subsidiaries of the Company by requesting reports from subsidiaries at meetings and other forums held by the Group, as well as viewing the minutes of meetings of the boards of directors of subsidiaries, their financial statements, approval documents, and other information. In this way, they confirm that the execution of duties at subsidiaries conforms to laws, regulations, and the relevant articles

- of incorporation, ensure appropriate business operations and enhance efficiency within the Group.
- (c) The Directors also apply the Risk Management Regulations to each company in the Group and utilize the Risk Management Committee to develop systems to appropriately ascertain and address the status of risk management.
  - (d) Transactions between companies within the Group are handled appropriately with reference to laws, regulations, accounting principles, and other social norms.
  - (e) Audit & Supervisory Board Members and the Head of the Audit Department implement audits or internal audits of each company in the Group, confirm that the execution of duties conforms to laws, regulations, and the relevant articles of incorporation, and ensure the effectiveness and suitability of internal controls across all aspects of the Group's operations. They also report the annual audit plan and the status and results of implementation thereof to the Board of Directors, as necessary.
- 7) Matters concerning employees whom Audit & Supervisory Board Members ask to be assigned to assist with their duties
- (a) The Personnel & General Affairs Department is designated as the section that assists Audit & Supervisory Board Members in the execution of their duties. Personnel in the Personnel & General Affairs Department assist Audit & Supervisory Board Members as necessary.
  - (b) We respect the opinions of Audit & Supervisory Board Members when deciding on the assignment of dedicated employees to assist with the duties of Audit & Supervisory Board Members.
- 8) Matters concerning the independence from Directors of employees assigned to assist with Audit & Supervisory Board Members in their duties
- (a) The performance evaluations of dedicated employees assigned to assist with Audit & Supervisory Board Members in their duties are carried out by the Audit & Supervisory Board Member (Standing), and the opinion of the Audit & Supervisory Board is respected regarding the appointment, dismissal, or reassignment of these employees.
  - (b) A system is in place that allows Audit & Supervisory Board Members to instruct the employees assigned to assist with them in their duties to act independently of the Directors, in order to ensure the effectiveness of the directions given to these employees by Audit & Supervisory Board Members.
- 9) Systems to enable directors, executive officers, audit & supervisory board members, and employees of the Group, and persons who have received reports from any of the above, to report to the Company's Audit & Supervisory Board Members, and other systems for reporting to Audit & Supervisory Board Members
- (a) Directors in the Group report to the Company's Audit & Supervisory Board Members on the following matters:
    - a) Matters that risk causing significant damage to the Company
    - b) Important matters concerning internal audit and risk management
    - c) Important matters concerning compliance violations
    - d) Other matters equivalent to a), b), or c) above
  - (b) Directors, executive officers, audit & supervisory board members, and employees of the Group, and persons who have received reports from any of the above, provide the necessary reports and information based on the requests of each Audit & Supervisory Board Member of the Company, as determined by the Audit & Supervisory Board.
  - (c) The Company's Directors develop systems to ensure that directors, executive officers, audit & supervisory board members, and employees of the Group who have made reports to the Company's Auditor & Supervisory Board Members, as well as persons who have received reports from any of the above and made reports to the Company's Audit & Supervisory Board Members, are not treated disadvantageously as a result. The Directors make this known broadly within the Group.

- 10) Other systems to ensure effective audits by Audit & Supervisory Board Members
  - (a) The Audit & Supervisory Board creates opportunities for the regular exchange of opinions and information with the President, the Independent Accounting Auditor, and the Head of the Audit Department, respectively.
  - (b) The Audit & Supervisory Board Members attend meetings of the Board of Directors, the Management Meeting, the Officers and General Managers Meeting, and other important meetings, view the minutes of meetings of the Board of Directors, approval documents, and other important documents, and request explanations from Directors, Executive Officers, and employees as necessary, in accordance with the division of duties established by the Audit & Supervisory Board, to ensure the effectiveness of auditing.
  - (c) The Audit & Supervisory Board utilizes law firms, the Independent Accounting Auditor, and others when deemed necessary for the formation of independent opinions and the implementation of audits.
  - (d) Claims for necessary expenses and obligations incurred by Audit & Supervisory Board Members in the course of executing their duties are paid promptly.

(2) Outline of operation status in the fiscal year under review

As described above, the Company has established systems to ensure the appropriateness of its business. An outline of the operation status of the systems in the fiscal year under review is as follows.

1) Status of holding important meetings

The Board of Directors of the Company met 11 times. The Board consisted of seven Directors, including four Outside Directors. Three Audit & Supervisory Board Members (including two Outside Audit & Supervisory Board Members) joined the meetings. At all meetings, the Board of Directors worked to ensure appropriate execution of duties by Directors. In addition, the Audit & Supervisory Board met twelve times, the Management Committee met eleven times, the Risk Management Committee met five times, and the Compliance Committee met four times.

2) Execution of duties by Audit & Supervisory Board Members

Audit & Supervisory Board Members formulated an audit plans, including an audit policy of the Corporate Group, understood the status of the Company through activities, such as attending important meetings including the Board of Directors' Meetings, inspecting important documents including approval forms, having dialogue with Directors and employees, and exchanging information among Audit & Supervisory Board Members at Audit & supervisory Board Meetings, worked to strengthen cooperation with the Accounting Auditor and the Audit Department, and audited the status of execution of duties by Directors and employees.

The Audit & Supervisory Board Member (Standing) concurrently served as an Audit & Supervisory Board Member of subsidiaries and audited the status of execution of duties by directors and employees of subsidiaries by means of attending Board of Directors' Meetings of subsidiaries, inspecting important documents of subsidiaries, such as approval forms, and taking reports from Directors and employees of subsidiaries.

3) Conducting internal audits

Based on internal audit plans, the Audit Department conducted audits of business of each department of the Company and subsidiaries of the Company, as well as internal control audits.

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 (Note) The amounts and numbers of shares presented in the Business Report have been rounded down to the nearest unit of presentation.