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(Securities Code 8818)

June 1, 2023

(Measures for electronic provision commenced on May 25, 2023)

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 100TH ANNUAL GENERAL MEETING OF SHAREHOLDERS

You are hereby notified that the 100th 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 19, 2023 (Monday).

- 1. Date and Time:** Tuesday, June 20, 2023 at 10:00 a.m.
2. Place: “OBIC HALL,” 2nd floor of OBIC MIDOSUJI BUILDING
4-2-3 Hiranomachi, Chuo-ku, Osaka
(The venue has been changed from the previous one.)

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 100th fiscal term (from April 1, 2022 to March 31, 2023)
 2. The Non-Consolidated Financial Statements for the 100th fiscal term (from April 1, 2022 to March 31, 2023)

Proposals to be resolved:

- Proposal 1:** Appropriation of Surplus
Proposal 2: Partial Amendments to the Articles of Incorporation
Proposal 3: Election of Seven (7) Directors
Proposal 4: Election of One (1) Audit & Supervisory Board Member

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 for the relevant proposal.
- ⊙ 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.

Notes:

- 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 documents sent to shareholders also serve as documents including matters to be provided electronically based on the requests for delivery of the paper copy. However, matters to be presented as “Notes to the Consolidated Financial Statements” and “Notes to the Non-consolidated Financial Statements” are not included in the documents in accordance with laws and regulations, and Article 15 of the Articles of Incorporation of the Company. The Audit & Supervisory Board and 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

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.

For the 100th fiscal term, with regard to the business result of the Company in the fiscal year ended March 31, 2023, the Company proposes the appropriation of surplus as follows:

- (1) Type of dividend property

Cash

- (2) Matters related to the allotment of dividend property to shareholders and the total amount

18.00 yen per share of the Company's common stock

Total amount: 881,550,288 yen

Since the Company paid an interim dividend of 18.00 yen, the annual dividend per share totals 36 yen.

- (3) Effective date of distribution of surplus

June 21, 2023

Proposal 2: Partial Amendments to the Articles of Incorporation

1. Reasons for amendments

In order to prepare for the future expansion and diversification of the Company’s business, the Company proposes to add its business purposes to Article 2 (Purpose) of the current Articles of Incorporation of the Company.

2. Details of amendments

The details of the amendments are as follows.

(Amended parts are underlined.)

Current Articles of Incorporation	Proposed Amendments
<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <ul style="list-style-type: none"> (1) Holding, leasing, and management of real estate (2) Sale, purchase, brokerage, and appraisal of real estate (3) Promotion of horse racing and businesses related to cooperation for the implementation of horse racing (4) Design, execution, supervision, and contracting of general building work, electrical contracting work, and plumbing work (5) Non-life insurance agency business and insurance agency business under the Act on Securing Compensation for Automobile Accidents (New) <p><u>(6)</u> Any and all businesses incidental or relating to any of the preceding items</p>	<p>(Purpose) Article 2 The purpose of the Company shall be to engage in the following businesses:</p> <ul style="list-style-type: none"> (1) Holding, leasing, and management of real estate (2) Sale, purchase, brokerage, and appraisal of real estate (3) Promotion of horse racing and businesses related to cooperation for the implementation of horse racing (4) Design, execution, supervision, and contracting of general building work, electrical contracting work, and plumbing work (5) Non-life insurance agency business and insurance agency business under the Act on Securing Compensation for Automobile Accidents <u>(6) Investment advisory services concerning real estate, securities, and other financial assets</u> <p><u>(7)</u> Any and all businesses incidental or relating to any of the preceding items</p>

Proposal 3: 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	<p>Koichi Minami (March 21, 1955) (68 years old)</p> <p><u>Reappointment</u></p> <p>Number of years in office as Director: 7 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>April 1977</p> <p>April 2011</p> <p>June 2013</p> <p>June 2016</p> <p>April 2018</p> <p>June 2022</p>	<p>Joined The Sumitomo Bank, Limited</p> <p>Director and Senior Managing Executive Officer, SMBC</p> <p>Standing Corporate Auditor, Sumitomo Mitsui Financial Group Corporate Auditor, SMBC</p> <p>President, the Company</p> <p>President and Chief Executive Officer, the Company</p> <p>Chairman, the Company (to present)</p>	67,800
<p>(Reason for nomination as a candidate for Director)</p> <p>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.</p>				

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
2	Tsuneo Wakabayashi (April 29, 1959) (64 years old) <u>Reappointment</u> Number of years in office as Director: 2 years Attendance at the Board of Directors' Meetings: 100% (11/11)	April 1983 June 2011 April 2013 April 2018 April 2020 April 2021 June 2021 June 2022	Joined Hankyu Corporation Director, Hankyu Hanshin Holdings, Inc. Senior Managing Director, Hankyu Corporation President and Representative Director, Hankyu Hanshin Properties Corp. Counselor, Hankyu Hanshin Properties Corp. Director, Hankyu Hanshin Hotels Co., Ltd Director, the Company President and Chief Executive Officer, the Company (to present)	14,900
(Reason for nomination as a candidate for Director) 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.				

No.	Name (Date of birth)	Career summary, positions and responsibilities, and significant concurrent positions		Number of shares of the Company held
3	Seisuke Isemura (March 21, 1959) (64 years old) <u>Reappointment</u> Number of years in office as Director: 3 years Attendance at the Board of Directors' Meetings 100% (11/11)	April 1981 April 2014 March 2017 April 2019 June 2020	Joined KAJIMA CORPORATION Group Manager, Quotation and Procurement Group, Building Construction Department, Kansai Branch, KAJIMA CORPORATION General Manager, Building Construction Works Department, Kansai Branch, KAJIMA CORPORATION Board member, Sub-manager of Property Management Department, the Company Director and Executive Officer, General Manager of Property Management Department, the Company (to present)	16,000
	(Reason for nomination as a candidate for Director) Mr. Seisuke Isemura has a thorough knowledge of building construction works and all aspects of management, gained from many years of experience in business operations. Since being appointed as Director of the Company in 2020, he has been responsible for managing technical aspects in developing the Company's buildings businesses. 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
4	<p>Takashi Yoshida (July 24, 1953) (69 years old)</p> <p>Reappointment Outside Independent</p> <p>Number of years in office as Outside Director: 6 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 & 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) (73 years old)</p> <p>Reappointment Outside Independent</p> <p>Number of years in office as Outside Director: 4 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>Takashi Tsuji (October 3, 1942) (80 years old)</p> <p><u>Reappointment</u> <u>Outside</u> <u>Independent</u></p> <p>Number of years in office as Outside Director: 3 years</p> <p>Attendance at the Board of Directors' Meetings: 100% (11/11)</p>	<p>April 1966 Joined Ube Industries, Ltd.</p> <p>October 1983 Joined Konoike Transport Co., Ltd.; Full-time Advisor</p> <p>December 1983 Senior Managing Director, Konoike Transport Co., Ltd.</p> <p>December 1987 Representative Director and Vice President, Konoike Transport Co., Ltd.</p> <p>December 1989 Representative Director and President, Konoike Transport Co., Ltd.</p> <p>June 2000 Representative Director, Chairman and President, Konoike Transport Co., Ltd.</p> <p>June 2017 Director and Chairman, Konoike Transport Co., Ltd.</p> <p>June 2020 Director, the Company (to present) (Significant concurrent positions)</p> <p>Outside Director, Matsumoto Yushi-Seiyaku Co., Ltd.</p>	0
<p>(Reason for nomination as a candidate for Outside Director and expected roles)</p> <p>Mr. Takashi Tsuji has abundant experience as a corporate manager and possesses a diverse range of insights. Since being appointed as Director of the Company in June 2020, he has 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 him 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	<p>Chiho Takeda (February 9, 1973) (50 years old)</p> <p>Reappointment Outside Independent</p> <p>Number of years in office as Outside Director: 1 year</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 & Partners)</p> <p>May 2016 Partner, Miyake & Partners (to present)</p> <p>June 2019 Audit & 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</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. The Company has re-nominated her as a candidate for Outside Director in the expectation that she can supervise management from an objective viewpoint independent of the management team that executes the Company's business.</p>			

Notes:

1. There are no special interests between the Company and each of the candidates.
2. Mr. Takashi Yoshida, Mr. Masao Nomura, Mr. Takashi Tsuji and Ms. Chiho Takeda 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.
3. 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, Mr. Takashi Tsuji 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.
4. 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.

Proposal 4: Election of One (1) Audit & Supervisory Board Member

The term of office of the Company's Audit & Supervisory Board Member—Mr. Shigeru Nishida—will expire at the conclusion of the meeting. We therefore propose electing one (1) Audit & Supervisory Board Member.

The Company has obtained the consent of the Audit & Supervisory Board regarding this proposal.

The candidate for Audit & Supervisory Board Member is as follows:

Name (Date of birth)	Career summary and positions, and significant concurrent positions		Number of shares of the Company held
Shigeru Nishida (October 8, 1960) (62 years old)	April 1984	Joined The Sumitomo Bank, Limited	7,400
	April 2013	General Manager, Corporate Credit Dept., SMBC	
	April 2015	Advisor, the Company	
	June 2015	Director, General Manager of General Affairs Department, the Company	
	April 2018	Director and Executive Officer, General Manager of General Affairs Department, the Company	
	June 2019	Audit & Supervisory Board Member, the Company (to present)	
Reappointment			
Number of years in office as Audit & Supervisory Board Member: 4 years			
Attendance at the Board of Directors' Meetings: 100% (11/11)			
Attendance at the Audit & Supervisory Board Meetings: 100% (14/14)			
(Reason for nomination as a candidate for Audit & Supervisory Board Member)			
Mr. Shigeru Nishida has abundant knowledge in grasping actual conditions of a company, gained from many years of experience in business operations. Since 2015, he has also served as General Manager of General Affairs Department and then Audit & Supervisory Board Member of the Company. The Company has re-nominated him as a candidate for Audit & Supervisory Board Member due to his thorough understanding of the Company's businesses, etc.			

Notes:

1. There are no special interests between the Company and the candidate.
2. 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%. The 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 3 and Proposal 4 are 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	7	●	●	●	●		
	Tsuneo Wakabayashi	Reappointment Standing	●	Male	2	●	●	●	●		
	Seisuke Iemura	Reappointment Standing		Male	3			●		●	●
	Takashi Yoshida	Reappointment Outside Independent	●	Male	6		◎	●			
	Masao Nomura	Reappointment Outside Independent	●	Male	4	◎	●	●			◎
	Takashi Tsuji	Reappointment Outside Independent	●	Male	3	◎	●	●			
	Chiho Takeda	Reappointment Outside Independent	●	Female	1			◎			
Audit & Supervisory Board	Shigeru Nishida	Reappointment Standing		Male	4		●	●			
	Hideharu Nagasawa	Outside Independent		Male	2	◎	●	●			◎
	Hideyuki Kamijo	Outside Independent		Male	1	●	◎	●	◎		

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.

(Appendix)

Business Report

(April 1, 2022 - March 31, 2023)

1. Status of the Corporate Group

(1) Business progress and results

During the fiscal year under review, the Japanese economy showed a moderate recovery as personal consumption continued to increase due to factors including the easing of movement restrictions for preventing the spread of COVID-19 and the effects of the domestic travel subsidy program, while demand for domestic goods and services by foreign tourists to Japan grew as a result of the relaxation of border control measures and the benefits of a weaker yen. Meanwhile, the economic outlook remained unclear due to the surge in energy costs triggered by the situation in Russia and Ukraine and global inflation.

In the real estate leasing industry, the vacancy rate remained high as the supply of office spaces is likely to increase due to the new large-scale development at business areas while there has been a growing trend to reexamine business locations due to the proliferation of remote working and other new workstyles.

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, 2023 at 1.46%. 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 the land in Minamiaoyama, Minato-ku, Tokyo in November 2022. Also, in terms of existing buildings, we have been striving to enhance asset value of existing buildings through preventive maintenance against natural disasters and promotion of energy saving.

As a result, consolidated net sales for the fiscal year ended March 31, 2023 increased by 1,063 million yen (6.0%) year-on-year to 18,879 million yen due mainly to the contribution from income of the OBP Building with excellent occupancy rate, which was completed in April 2021. Meanwhile, gross profit increased only by 419 million yen (6.3%) year-on-year to 7,084 million yen due to an increase in cost of sales, including an increase in costs caused by skyrocketing electricity prices, although initial expenses for the acquisition of the OBP Building in the previous fiscal year such as its real estate acquisition tax were no longer recorded. Accordingly, operating profit increased by 250 million yen (4.9%) year-on-year to 5,375 million yen and ordinary profit increased by 161 million yen (3.3%) year-on-year to 5,040 million yen.

Profit attributable to owners of parent amounted to 4,186 million yen, a decrease of 978 million yen (18.9%) 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 12,529 million yen. Main capital investments included the acquisition of the land in Minamiaoyama and the Sekime-Takadono Apartment Building, and renovation work for existing buildings.

(3) Status of financing

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

(4) Issues to be addressed

The Japanese economy is expected to continue to recover gradually, mainly driven by expansion of domestic demand, including an improvement in personal consumption, an increase in corporate capital investment, a rise in wages, and an increase in demand by foreign tourists to Japan for domestic goods and services, as social and economic activities are returning to normal from the COVID-19 pandemic. However, we need to pay attention to risks of an economic downturn, such as sluggish growth in personal consumption due to a price rise, higher resource costs, supply constraints against the backdrop of a labor shortage, and a fall in exports due to the sluggish overseas economy.

In the real estate leasing industry, the change in demand for offices due to the spread of remote working, etc. is expected to remain, and it is necessary to continue to pay close attention to trends in the real estate market. Therefore, prospects for the future cannot be considered optimistic.

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

Under these circumstances, the Company formulated a Long-Term Management Plan as follows 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 and sustainable management promotion.

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 97th fiscal year ended March 31, 2020	The 98th fiscal year ended March 31, 2021	The 99th fiscal year ended March 31, 2022	The 100th fiscal year ended March 31, 2023 (Fiscal year under review)
Net sales	15,319	15,333	17,815	18,879
Ordinary profit	5,214	5,081	4,879	5,040
Profit attributable to owners of parent	3,919	8,251	5,165	4,186
Profit per share (yen)	74.63	158.80	102.34	84.66
Total assets	136,605	154,043	149,994	152,321
Total net assets	64,377	70,539	70,510	70,870
Ordinary profit after tax before depreciation	5,802	5,796	7,117	7,317

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 ordinary profit after tax before depreciation as the key performance indicator (KPI), and the reasons for the selection are stated in 4. (4) 1) (a) Matters regarding performance-linked remuneration.

(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.

(7) Principal business (as of March 31, 2023)

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
53	An increase of 2	48.2 years old	9.8 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	7,737
Development Bank of Japan Inc.	2,810
Sumitomo Mitsui Trust Bank, Limited	1,325
San ju San Bank, Ltd.	1,112
The Hyakujushi Bank, Ltd.	1,030

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 236,482 treasury shares)
- (3) Number of shareholders 6,689 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)	3,407	7.0
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)	1,144	2.3
The Hyakujushi Bank, Ltd.	891	1.8
Sansei Technologies, Inc.	865	1.8
SSBTC CLIENT OMNIBUS ACCOUNT	793	1.6

(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)	27,000 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 Committee Members (as of March 31, 2023)

Position at the Company	Name	Status of responsibilities and significant concurrent positions
Chairman	Koichi Minami	
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
Standing Audit & Supervisory Board Member	Shigeru Nishida	
Audit & Supervisory Board Member	Hideharu Nagasawa	
Audit & Supervisory Board Member	Hideyuki Kamiyo	Tax Accountant

- Notes: 1. The Company's Director—Ms. Chiho Takeda—and the Company's Audit & Supervisory Board Member—Mr. Hideyuki Kamiyo—were newly elected and assumed their offices at the 99th Annual General Meeting of Shareholders held on June 21, 2022.
2. At the conclusion of the 99th Annual General Meeting of Shareholders held on June 21, 2022, Mr. Tsuneo Wakabayashi retired as Outside Director and Ms. Chiho Takeda retired as Outside Audit & Supervisory Board Member due to resignation, and Mr. Kenjiro Nakano retired as Director due to expiration of his term of office.
3. The Company's Directors—Mr. Takashi Yoshida, Mr. Masao Nomura, Mr. Takashi Tsuji, and Ms. Chiho Takeda—are Outside Directors.
4. The Company's Audit & Supervisory Board Members— Mr. Hideharu Nagasawa and Mr. Hideyuki Kamiyo—are Outside Audit & Supervisory Board Members.
5. 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 Kamiyo—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.
6. 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.
7. The Company's Director—Mr. Takashi Yoshida—retired as Outside Audit & Supervisory Board Member, JTEKT CORPORATION as of June 28, 2022.
8. 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	Head of Tokyo Branch Office, and Head of Investment Promotion 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) Total remuneration paid to Directors and Audit & Supervisory Board Members for the fiscal year under review

Classification	Number of officers paid	Subtotal by type of remuneration			Total amount of remuneration
		Base remuneration	Performance-linked remuneration	Non-monetary remuneration	
Directors	8 persons	133,890 thousand yen	16,064 thousand yen	33,353 thousand yen	183,307 thousand yen
(Outside directors)	(5 persons)	(33,600 thousand yen)	(-)	(-)	(33,600 thousand yen)
Audit & Supervisory Board Members	4 persons	40,800 thousand yen	-	-	40,800 thousand yen
(Outside Audit & Supervisory Board Members)	(3 persons)	(15,600 thousand yen)	(-)	(-)	(15,600 thousand yen)

- (Notes) 1. The total amount of remuneration includes remuneration paid to one Director who retired due to expiration of his term of office and one Audit & Supervisory Board Member who resigned at the conclusion of the 99th Annual General Meeting of Shareholders held on June 21, 2022.
2. In addition to the above, employee salaries of 18,223 thousand yen are paid to Directors who concurrently serve as employees.

(a) Matters regarding performance-linked remuneration

The Company has introduced performance-linked remuneration starting from remuneration for the 99th fiscal term (the fiscal year ended March 31, 2022) and selected consolidated ordinary profit after tax before depreciation as the key performance indicator, which is also presented in the Medium-Term Business Plan. The amount is calculated based on the achievement levels of goals set in the Medium-Term Business Plan for the consolidated ordinary profit after tax before depreciation for each fiscal year. This remuneration is provided as bonuses at a certain time each year. The reason why the Company has selected consolidated ordinary profit after tax before depreciation as the key performance indicator is to maximize cash flow generated from the entire business. The Company has chosen profit before depreciation as the target so that Directors will not be intimidated when making investment decisions just because depreciation expenses associated with new investments could lower a profitability indicator. The results for the fiscal year under review are as presented in 1. (5) Trend in the status of assets and profits.

As mentioned above, as the Company formulated the Long-Term Management Plan starting from the 101st fiscal year (the fiscal year ending March 31, 2024), it plans to revise the key performance indicator for the same term and beyond.

(b) Matters regarding non-monetary remuneration

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 shares granted is as presented in 2. (5) Status of shares granted to officers of the Company as consideration for execution of duties during the fiscal year under review.

(c) Reasons why the Board of Directors determined that the details of remuneration to individual Directors for the fiscal year under review were in line with the determination policy

In determining the details of remuneration to individual Directors, 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.

- 2) 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 99th fiscal term (the fiscal year ended March 31, 2022).
- (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 remuneration is provided as cash reflecting the key performance indicator to raise awareness for improving the Company's performance in each fiscal year. The amount is calculated based on the achievement levels of goals set in the Medium-Term Business Plan for the consolidated ordinary profit after tax before depreciation for each fiscal year. This remuneration is provided as bonuses at a certain time each year. The key performance indicator and its target figures are reviewed as appropriate based on consultation with and recommendations of the Nomination and Remuneration Committee so that they are consistent with the Medium-Term Business 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 Medium-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.

3) 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).

(5) Main Activities of Outside Officers

Classification	Name	Main activities
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 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, as a member of the Nomination and Remuneration Committee, which was voluntarily established by the Company, he provided advice as appropriate.

Classification	Name	Main activities
Director	Chiho Takeda	<p>Ms. Chiho Takeda attended all 2 Board of Directors' Meetings and all 3 Audit & Supervisory Board Meetings held before her resignation from the position of Audit & Supervisory Board Member on June 21, 2022, and made remarks as appropriate primarily from the professional standpoint as a lawyer.</p> <p>She attended all 9 Board of Directors' Meetings held after taking office as Director on June 21, 2022. 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 the Company, she provided advice as appropriate.</p>
Audit & Supervisory Board Member	Hideharu Nagasawa	<p>Mr. Hideharu Nagasawa attended all 11 Board of Directors' Meetings and all 14 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.</p>
Audit & Supervisory Board Member	Hideyuki Kamijo	<p>Mr. Hideyuki Kamijo attended all 9 Board of Directors' Meetings and all 11 Audit & Supervisory Board Meetings held after he assumed his office. He made remarks as appropriate primarily based on his wealth of insight into finance & accounting and real estate investment management divisions.</p>

5. Accounting Auditor

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

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

Item	Amount paid
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	19,800 thousand yen

(Notes) 1. In the audit agreement between the Company and the 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 content of non-audit services for which the Company pays remuneration to the Accounting Auditor is agreed-upon procedures for an application for reduction and exemption from taxes based on the Act on Special Measures Concerning Promotion of Utilization of Electricity from Renewable Energy Sources.

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

Based on the "Guidelines for Coordination with Accounting Auditors" published by the Japan Audit & Supervisory Board Members Association, the Audit & Supervisory Board checked and examined the 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 Accounting Auditor.

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

The Audit & Supervisory Board will dismiss the 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 Accounting Auditor has violated its professional duties, neglected its responsibilities, committed misconduct unbecoming an Accounting Auditor, or presented a serious problem for serving as the 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 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 Accounting Auditor, if it determines that there is an independence, expertise, or other problem for execution of duties of the Accounting Auditor, or if it determines that it is appropriate to change the 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 fourteen 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.