May 14, 2024

To whom it may concern,

Company name: Keihanshin Building Co., Ltd.
Representative: Tsuneo Wakabayashi, President
Code No.: 8818 TSE Prime
Contact: Junichi Tada,
Managing Executive Officer
responsible for Administration
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Notice of the Receipt of a Shareholder Proposal in Written Form and the Opinion of the Board of Directors

Keihanshin Building Co., Ltd. (the "Company") has received a written notification (hereinafter, the "Shareholder Proposal Document") from certain shareholders of the Company on April 15, 2024, to the effect that they will present shareholder proposals regarding agenda items for the 101th Annual General Meeting of Shareholders to be held on June 21, 2024.
The Company hereby announces the opinion of the Board of Directors regarding the shareholder proposal, which was decided at the meeting of the Company's Board of Directors held today.

1. Shareholders Making the Proposals

INTERTRUST TRUSTEES (CAYMAN) LIMITED
SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN－UP;
and,
Strategic Capital, Inc.

2. Details of the Proposals

Agenda items

The following proposals contain a verbatim transcription of the Shareholder Proposal Document submitted by the shareholders making the proposals.

1) 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.

2) 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.

For additional details please visit https://stracap.jp/english/8818-KEIHANSHIN.pdf or by referring to the link "Campaign Websites" found on the upper right corner of our website.

The details of and reasons for shareholder proposals

*We will disclose the details of and reasons for shareholder proposals later, based on the ones stated on the Japanese website of Strategic Capital, Inc. (https://stracap.jp/wp2/wp-content/uploads/2024/04/cd60e433be40bed591a3931256c23461.pdf).

3. Opinion of the Company's Board of Directors on the Shareholder Proposals

(1) Agenda 1) 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

1) Opinions of the Company's Board of Directors

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

2) Reasons

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.

(2) Agenda 2) Determination of granting stock-price conditional restricted stock to Directors

1) Opinions of the Company's Board of Directors

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

2) Reasons

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.