May 22, 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
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Notice of the English translation of the details of and reasons for Shareholder Proposals, and the Opinion of the Board of Directors

As noticed in the disclosure dated May 14 ("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") hereby disclose the English translation of the details of and reasons for shareholder proposals.

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

   (2) Details of the agenda items
      Details of the written notification received regarding the shareholder proposals are presented in the Attachment below ("Details of the Shareholder Proposals").

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.

【Attachment "Details of the Shareholder Proposals"】

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

Abstract of the proposal

(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 full text of the reasons for and details of the agenda proposals stated on the shareholder proposal form is as follows:

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

[1] Reasons for Agenda Proposals (full text)

1. Revision of the provisions of articles with regard to the development and disclosure of a plan to achieve an adjusted P/B ratio of 1x or greater

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 accomplished 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. Determination of granting stock-price conditional restricted stock to Directors

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 (full text)

1. Revision of the provisions of articles with regard to the development and disclosure of a plan to achieve an adjusted P/B ratio of 1x or greater

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."

2. Determination of granting of stock-price conditional restricted stock to Directors

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 Durectors 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.

End of document