

Moving forward together into the future.



(Translation)

November 29, 2023

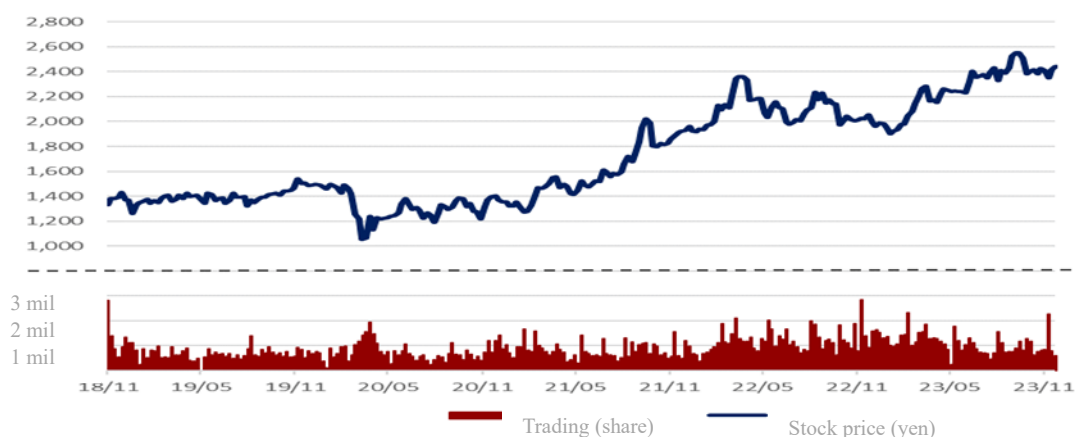
The Sumitomo Warehouse Co., Ltd.

Action to Implement Cost of Capital and Stock Price Conscious Management

1. Analysis of Current Situation

(1) Stock price and PBR (Price Book-value Ratio)

[Trends in the Company's stock price]



[Trends in the Company's PBR]

The Company's PBR has remained below 1x.



Since the formula “PBR = ROE (Return on Equity) × PER (Price-earnings Ratio)” is established, we recognize the need to work on improving “earning power” (ROE) and “expected value” (PER) in order to improve the PBR level.

(2) ROE (Return on Equity)

Our ROE has been in the 10% range for the last two fiscal years (FYE March 2022 and FYE March 2023); however, in light of the ROE forecast for FYE March 2024, we recognize that we need to secure an ROE level that exceeds the cost of shareholders' equity.

[Our ROE trends]

Fiscal Year Ended Mar. 31, 2019	3.8%
Fiscal Year Ended Mar. 31, 2020	5.2%
Fiscal Year Ended Mar. 31, 2021	4.8%
Fiscal Year Ended Mar. 31, 2022	10.0%
Fiscal Year Ended Mar. 31, 2023	10.7%

[Cost of Shareholders' Equity]

Cost of shareholders' equity = risk-free rate + β × market risk premium

2. Plan

(1) Policy

- (i) The Company will progressively implement the business strategies set forth in the Fifth Medium-Term Business Plan for the Sumitomo Warehouse Group for the period from fiscal year 2023 to fiscal year 2025 and improve its ability to generate profits.
- (ii) We will continue to provide substantial shareholder returns and aim to maintain a suitable capital structure.
- (iii) Through dialogue with shareholders and investors and increased disclosure of information, we will strive to gain an understanding of the Group's future growth potential and contribute to the evaluation of a fair share price.

(2) Objectives

- (i) We aim to achieve an ROE of 7% during the period of the Fifth Medium-Term Business Plan, while maintaining a sound financial base.
- (ii) The Company will pay a minimum annual dividend of 100 yen per share, with a target dividend on equity ratio (DOE) of around 3.5% to 4.0%, taking into consideration improvements in profitability in each fiscal year.
- (iii) By March 2028, we aim to reduce our cross-shareholdings by approximately 10 billion yen (equivalent to approximately 10% of the book value at the end of March 2022), of which approximately 6 billion yen (equivalent to 6% of the book value at the end of March 2022) is targeted to be reduced during the period of the Fifth Mid-Term Business Plan.

(3) Initiatives

(i) Improvement of profit-generating ability through aggressive business investments

While maintaining a sound financial base, we will promote aggressive business investments valued at 85 billion yen over the three-year period of the Fifth Medium-Term Business Plan.

- Logistics Business

We will continue to invest in warehouses, which form the business foundation, and establish a competitive advantage through digitization and automation of operations and promotion of DX.

- Real Estate Business

We will improve profitability by replacing our real estate holdings for lease, etc. In addition, by expanding into sales, we aim to develop our business with an awareness of capital efficiency.

(ii) Maintain a suitable capital structure

In addition to returning profits to shareholders through dividends, the Company will flexibly implement treasury share acquisitions, taking into consideration economic conditions, market trends, business investments, as well as profit levels.

At the Board of Directors meeting held on August 4, 2023, the Company resolved to acquire and cancel Treasury Shares up to 750,000 shares or 2 billion yen worth of shares (acquisition period: from August 7, 2023 to December 22, 2023).

(iii) Increased dialogue with and disclosure of information to shareholders and investors

We will promote active dialogue with shareholders and investors through individual IR meetings, etc., and increase the disclosure of information on our corporate website, etc.

END

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