



THE SUMITOMO WAREHOUSE Co., LTD.

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May 12, 2017

Dear Sirs and Madams,

Company name: The Sumitomo Warehouse Co., Ltd.
Representative: Takanori Ono, President
Security ID Code: 9303 (Listed on 1st section of TSE)
Reference: Akihito Nagata,
General Manager, Business Promotion Dept.

Notice on New Medium-term Business Plan “Challenge 120” toward 120th Year of the Foundation

We are pleased to inform you that our group has a new medium-term business plan beginning in fiscal year 2017 and ending in fiscal year 2019, which marks the 120th year of the foundation. We hereby present the summary of the plan.

During this period, we aim to attain sustainable growth of profit and enhance our enterprise value by taking on new challenges to further advance our business bases while maintaining financial stability. Moreover, we will continue to be a company that contributes to and is trusted by society, and will follow our growth strategy, focusing on the long-term horizon.

1. Main Business Strategies

We will try to enhance our earning capacity in domestic logistics and real estate businesses, accelerate global business expansion, and proactively create new businesses.

(1)Enhancing domestic bases in the logistics business

We promote the reconstruction of the warehouse facilities and introduce advanced logistics technologies utilizing artificial intelligence (AI), the Internet of Things (IoT), and robotics to further streamline operations and provide our customers with high value-added services.

(2)Expanding overseas logistics businesses

We enhance overseas businesses by accelerating development of new bases mainly in Southeast Asia, whose markets are expected to develop, and expanding of our overseas network. In addition, we increase our warehouses facilities etc. and enrich our overseas logistic services, including international transportation outside Japan and local transport in overseas.

(3)Proactive investments in real estate businesses

We acquire new properties around the Tokyo metropolitan area proactively as well as promote the redevelopment project on the land we own in Minamihorie, Nishi-ku, Osaka-shi, so that we can expand long-term stable revenue sources.

(4)Challenges for new business areas

We will develop new services that would be the cornerstones of our group in the next generation, looking ahead to the future of our group.

2. Business Performance Targets on Consolidated Basis

Unit: 100 million yen

	2019 (Final year)	
Operating revenue	1,900	
Operating income	120	
Planned Investments (in total for 3 years)	Total amount	600
	(for businesses related to logistics	350)
	(for real estate, etc.	250)

3. Basic Policies for Capital Management

(1) Policies related to shareholder return

i) Corporate dividend

Our dividend policy shall be changed as follows:

(till FY2016) Target payout ratio is 40% of net income on a non-consolidated basis.

(from FY2017)Target payout ratio is 35% of net income on a consolidated basis, provided that we aim to maintain an annual payout of ¥15 per share as our target, regardless of the profit level.

ii) Expeditious share buyback

In order to further enhance shareholder return, we will repurchase approximately 10 million own shares over the next three years, provided that the total amount shall be up to ¥10 billion. The specific time and method of repurchasing the shares will be disclosed immediately after the decision by a board resolution.

(2) Policy on cancellation of treasury stock

The treasury stock held by us at present shall be cancelled expeditiously, provided that the number of such shares which are or would be necessary for the definite purposes such as transfer of treasury stock by exercising stock options (approximately 1% of the total number of issued shares) shall be continuously held by us. Additionally, treasury stock acquired in a certain fiscal year in the future shall be cancelled by the end of the year in principle.

The details on the cancellation will be disclosed immediately after the decision by a board resolution.

Note: The information and contents stated herein are based on the preconditions and assumptions we think reasonable at present and we do not undertake the plans and/or targeted figures in the future herein specified will be attained nor the strategies and/or policies herein stated will be implemented. Please note that the actual performance may differ from those stated herein depending on various factors including future changes in business environments.