



April 16, 2025

Company Name: Wakita & Co., LTD.  
Representative: Teiji Wakita, President and Representative Director  
(Code number: 8125, Tokyo Stock Exchange Prime Market)  
Contact: Atsuhiko Nariyama, Director, General Manager of  
General Affairs Division  
Phone: 06-6449-1901

## **Notice Regarding the Board of Directors' Opinion on Shareholder Proposal**

As announced in “Announcement of Receipt of Documents concerning Shareholder Proposals” on March 24, 2025, Wakita & Co., LTD. (hereinafter “the Company”) received documents concerning shareholder proposals, as the agenda for the 65th Ordinary General Meeting of Shareholders to be held on May 22, 2025, from INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP and Strategic Capital, Inc., which are shareholders of the Company, on March 21, 2025 (hereinafter “the Shareholder Proposals”). The Company hereby announces that it has resolved the opinion of the Board of Directors of the Company on the Shareholder Proposals at a meeting of its Board of Directors held today. The details are described below.

### **1. Proposing shareholders**

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

### **2. Content of the proposals**

#### **1) Agenda**

- (1) Appropriation of surplus
- (2) Amendment to the Articles of Incorporation concerning the establishment of a Review Committee for Shareholder Value Improvement and Privatization.

#### **2) Content of the agenda**

The content is described in “Content of the Shareholder Proposals” in the attachment.

“Content of the Shareholder Proposals” in the attachment is organized by proposal and presented just as they were submitted by the proposing shareholders.

### 3. Opinion of the Board of Directors of the Company

#### 1) Agenda (1) Appropriation of surplus

##### (1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes this proposal.

The Company considers that returning profits to shareholders is an important task for management. Its basic policy is to pay out stable dividends while considering the necessities to ensure its stable financial status and to meet financing needs for business development.

For the fiscal year ended February 28, 2025, we plan to propose a dividend of 100 yen per common share of the Company at the 65th Ordinary General Meeting of Shareholders scheduled for May 22, 2025, as announced in “Announcement of Dividends of Surplus” on April 11, 2025. If this proposal is approved and passed then, the Company will achieve a payout ratio exceeding 126%, which will further enhance shareholder returns more than before.

To continue to enhance shareholder returns, the Company has established a policy of paying dividends of 100 yen or more each fiscal year for the three years from the fiscal year ending February 28, 2026, to the fiscal year ending February 29, 2028 and plans to implement stable shareholder returns. This policy was presented under “Balancing Growth Investments and Shareholder Returns” in “Notice Concerning Formulation of 2028 Medium-Term Management Plan (FYE2/2026 – FYE2/2028)” announced on April 11, 2025.

##### (2) Reasons

As announced in the “Consolidated Financial Results for the Fiscal Year Ended February 28, 2025 (Japanese GAAP)” on April 11, 2025, the Company intends to set dividends of 100 yen for the fiscal year ended February 28, 2025.

This proposal requests that dividends for the fiscal year ended February 28, 2025 be set at an amount equivalent to 6% DOE. The reasons for the proposal state that, if ROE is less than 6%, the payout ratio will be 100% or more, and through this, the Company should gradually reduce equity and improve capital efficiency. However, as described above, if the Company’s proposal planned to be submitted to the 65th Ordinary General Meeting of Shareholders is approved and passed, the Company will achieve the result of a payout ratio exceeding 126%. Therefore, with this result, the Company believes it is able to achieve further enhanced shareholder returns for improving the Company’s shareholder value, while considering the necessities to ensure its stable financial status and to meet financing needs for business development.

2) Agenda (2) Amendment to the Articles of Incorporation concerning the establishment of a Review Committee for Shareholder Value Improvement and Privatization

(1) Opinion of the Board of Directors of the Company

The Board of Directors of the Company opposes this proposal.

The Company's Board of Directors is comprised of executive directors who are familiar with the Company's business and possess knowledge and experience in areas such as corporate management, industry insight, finance, personnel, and legal affairs, as well as Outside Directors who provide advice and suggestions based on their individual expertise. The Company believes that the Board of Directors makes management decisions and supervises business execution in a way that leads to sustainable improvement in the Company's shareholder value as a listed company and will thus serve the interests of shareholders.

In this proposal, it is stated that the "Review Committee for Shareholder Value Improvement and Privatization" shall "be comprised of Outside Directors of the Company" and that the committee may "appoint external advisors at its discretion." However, the Company believes that including individuals with various knowledge as Outside Directors, and having them provide advice and suggestions that benefit shareholders, contribute to increasing the Company's shareholder value, without taking the trouble of establishing a new body.

(2) Reasons

The Company has always referred to the opinions of shareholders received at General Meetings of Shareholders, financial results briefings, interviews, etc., and obtained advice from external advisors as necessary. Based on the opinions and advice, the Company's Board of Directors makes decisions regarding business measures, financial measures, and corporate governance measures from the perspective of sustainably increasing the Company's shareholder value. In addition, in the event of a takeover bid of the Company, an appropriate structure for considering the bid can be established based on the details, etc. of the bid. Therefore, the Company considers the establishment of a new body such as the "Review Committee for Shareholder Value Improvement and Privatization" suggested in this proposal unnecessary.

Furthermore, the use of a real estate investment trust ("REIT"), which is cited as an example for drastic management reforms in the reasons for the proposal, means that the Company would withdraw from the real estate leasing business that it currently operates, and change the nature of its business to real estate management. However, the Company has identified the real estate business, including the real estate leasing business, as an important business continuing to generate stable revenue under its 2028 Medium-Term Management Plan announced in April 2025. The Company considers that continuing the real estate leasing business will contribute to stable shareholder returns in the future.

End of Document

(Attachment “Content of the Shareholder Proposals”)

\* The content is organized by proposal and presented just as they were submitted by the proposing shareholders.

Content of the proposals:

Where formal adjustments (including, but not limited to, the amendment of article numbering) become necessary to the chapters or articles presented in 2 below (hereinafter “the Proposals for Amendment to the Articles of Incorporation”) due to the adoption or rejection of another Proposal at this Ordinary General Meeting of Shareholders (including proposals by the Company), the chapters and articles of the Company’s Articles of Incorporation under the Proposals for Amendment to the Articles of Incorporation shall be considered as if the necessary adjustments had already been made. See <https://stracap.jp/english/wp-content/uploads/2025/03/Shareholder-Proposal-to-WAKITA-CO.-LTD-8125.pdf> or the Campaign Websites link at the top right of the Strategic Capital, Inc. homepage: <https://stracap.jp/english/>. All figures presented in the shareholder proposals are based on the consolidated financial statements unless otherwise indicated.

## 1. Appropriation of surplus

Matters concerning year-end dividends

### (1) Type of dividend property

Cash

### (2) Allotment of dividend property to the shareholders and total amount of dividends

Use the dividend per common share based on the proposal concerning the appropriation of surplus made by the Company’s Board of Directors and adopted in the 65th Ordinary General Meeting of Shareholders (hereinafter “the Company’s Appropriation of Surplus Proposal”), and the appropriation of surplus (including a scheduled appropriation) at the end of February 2025 adopted by the day of the 65th Ordinary General Meeting of Shareholders in accordance with Article 34 of the Company’s Articles of Incorporation, as the amount of dividend per common share determined by the Company’s Board of Directors (hereinafter collectively referred to as “the Company’s Dividend Amount”). Deduct the Company’s Dividend Amount from the amount of net assets per share (the number of treasury shares is deducted from the number of shares issued, and the figure is calculated in accordance with the Accounting Standards Board of Japan Guidance No. 4, Guidance on Accounting Standard for Earnings Per Share) at the end of the 65th fiscal year (rounded down to the nearest whole number; the same applies hereinafter) multiplied by 0.06 (hereinafter “the Amount Equivalent to 6% DOE”), add the result to the Company’s Dividend Amount, and pay it as a dividend.

The total amount of dividends is the dividend amount multiplied by the number of shares eligible for dividends as of the record date of voting rights in the Company’s 65th Ordinary General Meeting of Shareholders.

### (3) Effective date of appropriation of surplus

The day after the 65th Ordinary General Meeting of Shareholders of the Company is held.

If a proposal on the appropriation of surplus is made by the Company in the 65th Ordinary General Meeting of Shareholders, this Proposal shall be an additional proposal that is independent from the said proposal, and is compatible with the said proposal.

## 2. Amendment to the Articles of Incorporation concerning the Establishment of a Review Committee for

## Shareholder Value Improvement and Privatization

Add the following article to the current Articles of Incorporation.

### Chapter 4 Directors and Board of Directors

(Review Committee for Shareholder Value Improvement and Privatization)

Article 29. The Board of Directors shall establish a Review Committee for Shareholder Value Improvement and Privatization (hereinafter “the Committee” in this Article) under the Board of Directors to support decision-making by the Board of Directors.

2. The Committee shall be comprised of all Outside Directors of the Company.

3. The Committee may appoint external advisors at its discretion, and such external advisors may provide the Committee with advice regarding the activities of the Committee as set forth in the following paragraph from a standpoint independent of the Company’s Board of Directors.

4. The Committee shall be independent from the Company’s Board of Directors and shall carry out the activities including the Company’s going private specified below in order to improve the Company’s shareholder value.

(1) Hearing opinions from shareholders, regarding general business measures (including, but not limited to, reform of the real estate business), financial measures (including, but not limited to, capital policies such as evaluating and understanding cost of capital and setting management indicators to improve capital efficiency), and corporate governance measures and measures for going private (hereinafter collectively referred to as “shareholder value improvement measures”) that contribute to improving the Company’s shareholder value

(2) Considering measures to improve shareholder value based on collected information and presenting said measures to the Board of Directors

(3) Providing explanations to shareholders and other stakeholders concerning shareholder value improvement measures presented to the Board of Directors and reference materials provided to the Board of Directors in relation with said presentations

(4) In the event of a takeover bid of the Company, reviewing and determining the propriety of the bid; and the validity of the terms and conditions and the fairness of the procedures thereof, as a special committee independent of the acquirer as well as the success and failure of the proposed acquisition.

5. The Committee shall meet at least once a quarter, and may be convened by any Committee member. Resolutions by the Committee shall be passed by a majority vote in the presence of a majority of the members who may participate in the resolutions. In addition, details of procedures for convening and holding committee meetings, methods of appointing and dismissing external advisors, terms of office, and other matters shall be determined by the Regulations of the Review Committee for Shareholder Value Improvement and Privatization established by the Committee.

6. The Company shall bear the costs necessary for the activities of the Committee, including compensation for members and external advisors.

Reasons for the proposals:

#### 1. Appropriation of surplus

This is a proposal that aims to convert 6% of equity into dividends.

As of the end of November 2024, the Company's equity ratio was approximately 68%, which is very high. In addition, the Company holds assets unrelated to its core business, such as cross-shareholdings. Therefore, the Company should set a shareholder return policy of 6% DOE (121 yen at the end of November 2024).

If ROE is less than 6%, the payout ratio will exceed 100%, and through this, the Company should gradually reduce equity and improve capital efficiency, as well as demonstrate a policy of providing stable shareholder returns.

While the Company's current shareholder return policy is to maintain a 100% payout ratio, the Company's ROE as of February 29, 2024 was only 3.2%. Without fundamental management reforms, a significant improvement is not expected in the future. Given the Company's excessively high equity ratio, a payout ratio of 100% alone is insufficient, and a DOE of 6% should also be introduced as a shareholder return policy.

2. Amendment to the Articles of Incorporation concerning the establishment of a Review Committee for Shareholder Value Improvement and Privatization

The Company's PBR has been below 1 for a long time, and drastic management reforms are necessary. For example, as of the end of the FY ended February 29, 2024, the Company owned rental properties with a market value of 54.1 billion yen. If these assets were transferred to a real estate investment trust (hereinafter "REIT") at a reasonable price, and the Company or its subsidiary were to become a REIT operating company, capital efficiency of the Company would improve greatly.

However, despite repeated shareholder proposals for such measures, the Company has incorporated few of these proposals and has left the share price in the doldrums.

The Tokyo Stock Exchange has made it clear that it will be placing an emphasis on the quality of listed companies as opposed to the quantity, and an increasing number of companies have been going private due to rising listing costs. As long as the Company continues its current policy, its shareholder value cannot be expected to increase. In that case, the Company should go private.

Therefore, a committee should be established with Outside Directors as members, to review measures from a standpoint independent of the Board of Directors to improve the Company's shareholder value, including going private.

End of Document