March 25, 2025

To Whom It May Concern

Strategic Capital, Inc.
Tsuyoshi Maruki, President &CEO

Re: Shareholder Proposal to WAKITA & CO., LTD (8125)

Strategic Capital, Inc. (hereinafter referred to as "Strategic Capital") is under a discretionary investment contract with INTERTRUST TRUSTEES (CAYMAN) LIMITED SOLELY IN ITS CAPACITY AS TRUSTEE OF JAPAN-UP (hereinafter referred to as the "Fund") and the Fund and Strategic Capital hold over 300 units of voting right of Wakita & Co., Ltd. (hereinafter referred to as "Wakita" or the "Company" as the context requires) over 6 months.

We would like to announce that we exercised our rights to make a shareholder proposal at the upcoming annual shareholder meeting held in the coming May and hereby announce this matter. Details are provided below, but the main points are 1) Set the dividend to 6% DOE, 2) establish a corporate value enhancement and privatization review committee.

Prior to the shareholder proposal, a special campaign website was launched summarizing the issues. In addition to the declining profit margin and capital efficiency in the core construction equipment rental business, the ROE has been stagnant due to holding rental real estate that generate returns below the cost of capital and an excessively high shareholders' equity ratio.
These factors have continued to weigh on valuations. For more details, please visit our campaign website https://stracap.jp/english/8125-WAKITA.pdf.

Details

1. **Details of the proposals**

(1) Appropriation of surplus

Matters concerning year-end dividends

A) Type of dividend
Cash

B) Allocation and the total amount of dividends
The dividend per share of common stock shall be the obtained by multiplying the amount of net assets per share ("calculated in accordance with Guidance 4 of the "Guidance on Accounting Standard for Earnings per Share" including deducting treasury stock from the number of shares issued and outstanding. Rounded down to the nearest decimal.) at the end of the 65th fiscal year by 0.06 ("6% DOE") and deducting the amount of dividend per share of common stock as the appropriation of surplus for the fiscal year ending February 28, 2025 proposed by the Board of Directors ("Board") at the 65th Annual General Meetings ("AGM") and before the AGM in accordance with Article 34 of the Company's Articles of Incorporation ("Company Dividend

Amount") plus the Company Dividend Amount.

The total amount of the dividend shall be the dividend amount per share of common stock multiplied by the number of shares subject to the dividend as of the record date for voting at the AGM.

C) Effective date of dividend payment from surplus

The day after the 65^{th} Annual General Meeting of Shareholders of the Company is held.

In the event that a proposal of the Company's retained earnings is made at the 65^{th} Annual General Meeting of Shareholders, this proposal will be made as an independent and compatible proposal with said proposal.

(2) Revision of the provisions of articles with regard to the establishment of the Corporate Value Enhancement Committee and Privatization Review Committee.

Add the following Article to the current Articles of Incorporation.

CHAPTER IV DIRECTOR AND BOARD OF DIRECTORS

(Corporate Value Enhancement Committee, Privatization Review Committee)

Article 29. The Board shall establish the Corporate Value Enhancement Committee and Privatization Review Committee ("Committee") under the Board to support decision-making by the Board.

The Committee shall consist of all outside directors of the Company.

The Committee may, at its own discretion, appoint external advisors, who shall be independent of the Board of Directors of the Company and may provide advice on the activities of the Committee as set forth in the following paragraph.

The Committee shall be independent of the Board of Directors of the Company, and shall perform the activities set forth in each of the following items from the standpoint of enhancing the corporate value of the Company including going private

1) Gather opinions from shareholders regarding general business (including, but not limited to, reform of the real estate business), financial (including, but not limited to, capital policies such as evaluating and understanding the cost of capital and setting management indicators to improve capital efficiency), and corporate governance policies that improve the Company's corporate value (collectively referred to as "Enhancement Measures".)
2) Provide Corporate Value Enhancement Measures based on the information collected and present to the Board.
3) Explain to shareholders and other stakeholders the Enhancement Measures and any supporting materials presented to the Board
4) In the event of a takeover bid of the Company, the review and determine the merits of the bid as a special committee independent of the acquirer; the success and failure of the proposed acquisition; and the appropriateness of the terms and conditions and the fairness of the procedures.

The Committee shall meet at least once a quarter and may be convened by any member of the

Committee. Resolutions of the Committee shall be adopted based on a majority by the members in attendance where a majority of the eligible voting members are present. Other matters, including details of procedures for convening and holding committee meetings, methods for selecting and dismissing outside advisors, and terms of office, shall be in accordance with the regulations established by the Committee.

Any costs of the activities of the Committee, including the remuneration of its members and external advisors, shall be borne by the Company.

2. Reason for the proposals

(1) Appropriation of the surplus

The proposal seeks to distribute 6% of equity capital as dividends.

The Company's shareholder's equity ratio was approx. 68% (as of Nov. 30, 2024) which is very high. In addition, the Company holds assets unrelated to is core business such as cross-shareholdings. Therefore, we would like to see a 6% DOE (JPY 121 as of Nov 30, 2024) as the shareholder return policy. If the ROE is less than 6%, the dividend payout ratio will exceed 100%, but it will support a policy that will gradually reduce the equity ratio to improve capital efficiency in addition to providing stable shareholder returns.

The current shareholder return policy is a dividend payout ratio of 100%, but the Company's ROE (as of February 28, 2024) was only 3.2%. Without fundamental management reforms, a significant improvement is not expected in the future. Given the excessively high shareholder's equity ratio, a dividend payout ratio of 100% alone is insufficient as a shareholder return policy, and a DOE of 6% should also be introduced.

(2) Revision of the provisions of articles with regard to the establishment of the Corporate Value Enhancement Committee and Privatization Review Committee.

The Company's PBR has been below 1x for a long time and drastic management reform is required.

For example, the Company owned rental real estate with a market value over JPY 54.1B (as of Feb 28, 2024). If these assets were to be transferred to a REIT and the Company or a subsidiary were to become the REITs management company, capital efficiency would improve significantly.

However, despite repeated proposals, the Company has incorporated few of these proposals, leaving the stock price in a slump.

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, the shareholder value cannot be expected to increase. In that case, the Company should privatize.

Therefore, a committee should be established with outside directors as members, to consider measures from a standpoint independent of the Board to enhance shareholder value, including going private.

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