

Paris, 25 March 2025,

Dear Mr. Sugiyama,

Thank you very much for your detailed response and your openness to discuss our proposals aimed at enhancing Keihin's corporate value and governance.

We would first like to inform you that the shareholders we represent now exceed 1% of Keihin's share capital. Additionally, we have initiated discussions with several institutional investors and investment funds who share similar concerns and interest in these governance improvements.

We appreciate your acknowledgment of critical issues such as cost of capital, ROE, and PBR, as well as your openness to potentially discussing share buybacks further.

While we fully respect your cautious approach, we would like to highlight several additional points for your careful consideration, especially given the clear expectations outlined by recent Tokyo Stock Exchange (TSE) reforms.

1. ROE Target and PBR Improvement

We respectfully encourage Keihin to consider setting a clear, quantitative ROE target of around 15%. Several of your direct industry peers have notably improved their PBR through explicit ROE targets and improved capital allocation aligned with recent TSE reforms. Keihin's current market valuation appears relatively low (PBR = 0.5), reflecting market concern about capital efficiency.

2. Share Buybacks and Dividend Policy

While we understand your cautious stance regarding share buybacks, we would respectfully emphasize that accumulating excess cash without clear reinvestment opportunities may negatively influence investor perception. Several of Keihin's direct competitors, including Nikkon Holdings Co. (9072) and Sankyu Inc. (9065), have successfully utilized significant share buybacks and clearly defined dividend policies to improve their PBR and attract greater investor interest.

As of March 18, 2025, these companies have PBR ratios of 1.29 and 1.17, respectively, achieved notably through regular share buybacks with cancellation, as well as consistent dividend increases.

We kindly suggest considering a clearly communicated combined payout ratio (dividends plus share buybacks) of around 50%. Keihin's current payout ratio (~20%)

might be viewed by investors as conservative given the limited high-return reinvestment opportunities currently communicated.

3. Cross-Shareholdings

Cross-shareholdings appear to contribute significantly to Keihin’s current market undervaluation. Investors often find it challenging to fully value these "passive" assets, which tie up capital away from Keihin’s core business, despite its healthy underlying ROE. We respectfully suggest reviewing the returns generated by these holdings in comparison to Keihin’s cost of capital and potentially reallocating such capital toward core business activities with higher return potential.

4. TSE Reforms and Reputational Risks

We note respectfully that Keihin has not explicitly communicated its alignment with recent TSE reforms. Many peer companies have proactively complied and publicly communicated their alignment with these reforms, potentially exposing Keihin to unnecessary reputational risks.

Within the “Warehousing and Harbor Transportation Service” sector, Keihin remains the only TSE-listed company currently classified as “under consideration.” We believe proactive alignment with TSE guidelines would significantly enhance Keihin’s standing with all stakeholders, especially management, investors, and the broader market.

Sector code	Sector	Market segment	Securities code	Company name	Disclosure status	
					Disclosure status in compliance with the request	Change in disclosure status from last month
5200	Warehousing and Harbor Transportation Service	Prime	9066	NISSIN CORPORATION	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9301	Mitsubishi Logistics Corporation	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9302	MITSUI-SOKO HOLDINGS Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9303	The Sumitomo Warehouse Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9304	Shibusawa Logistics Corporation	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9306	Toyo Logistics Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9307	Sugimura Warehouse Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9310	Japan Transcity Corporation	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9312	THE KEIHIN CO.,LTD.	Under consideration	
5200	Warehousing and Harbor Transportation Service	Prime	9319	Chuo Warehouse Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9324	Yasuda Logistics Corporation	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9351	TOYO WHARF & WAREHOUSE CO.,LTD.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9353	SAKURAJIMA FUTO KAISHA,LTD.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9355	RINKO CORPORATION	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9362	HYOKI KAIUN KAISHA,LTD.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9364	Kamigumi Co.,Ltd.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9367	DAITO KOUN CO.,LTD.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Standard	9368	KIMURA UNITY CO.,LTD.	Disclosed	
5200	Warehousing and Harbor Transportation Service	Prime	9381	AIT CORPORATION	Disclosed	

(Source: Tokyo Stock Exchange, February 2025 – List of Companies That Have Disclosed Information Regarding "Action to Implement Management That Is Conscious of Cost of Capital and Stock Price" <https://www.jpx.co.jp/english/equities/follow-up/02.html>)

5. Independence and Potential Risks

Moreover, we believe prudent and proactive capital allocation will reinforce Keihin's long-term independence. Historically, when companies in sectors such as logistics, transportation, or warehousing have been perceived as undervalued, other types of investors—such as activist or private equity funds—have sometimes taken interest. Such investors often focus on unlocking value they believe to be overlooked, notably through addressing assets such as real estate holdings, excess cash, cross-shareholdings, or profitability gaps.

We thus encourage Keihin's management to continue addressing these areas proactively, in order to preserve the company's autonomy and avoid attracting unwanted external pressure.

6. Disclosure of Real Estate Holdings

Enhanced transparency regarding Keihin's real estate holdings would help improve investor understanding and valuation. Regular, detailed disclosures would enhance trust and provide clarity regarding the intrinsic value of your assets. We believe this transparency would be positively received by the investment community.

7. Corporate Website and Management Incentives

Additionally, improvements in communication, including an English-language IR website, would significantly enhance Keihin's global investor engagement. Clearly defined management incentives directly aligned with capital efficiency metrics would also strengthen alignment between management and shareholder interests, further enhancing Keihin's long-term credibility and attractiveness.

We sincerely appreciate your openness to constructive dialogue and look forward to concrete announcements by May 2025. We firmly believe that Keihin's proactive response to these issues will reinforce shareholder confidence and ensure the company's long-term independence and continued success.

Best regards,

Aurélien Beltrame, Franck Cuillerier, César Mourot
On behalf of the French shareholders

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