

August 31, 2022

New Initiatives in the Private REIT and Asset Management Businesses –Toward Improving Capital Efficiency and Sustainable Growth–

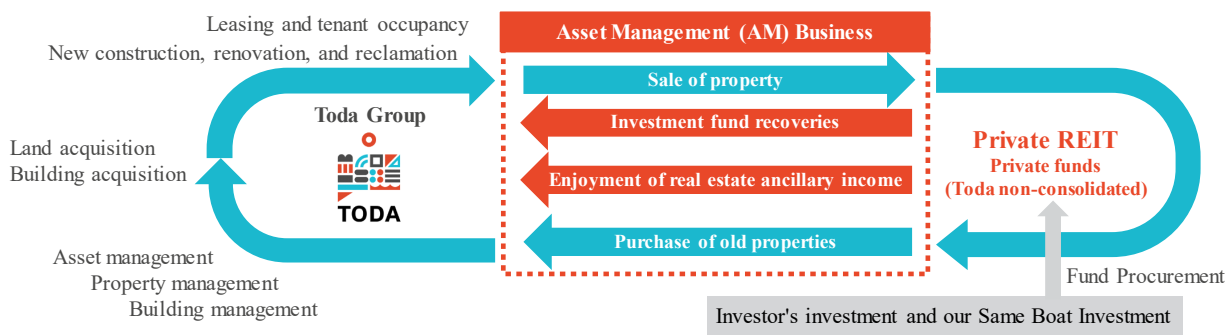
Toda Corporation (Head Office: Chuo-ku, Tokyo; President: Otani Seisuke) has decided to engage in private REIT and Asset Management (AM) Businesses that leverage the Group’s strengths with the aim of improving capital efficiency and growing the real estate business. Private REIT will be structured around 2025 with the aim of achieving Assets Under Management (AUM) of ¥100 billion at an early stage. During fiscal 2022, we plan to form a private placement fund to secure properties incorporated in the private REIT and to obtain the necessary permits and approvals for the business.

In “the Medium-Term Management Plan 2024 Rolling Plan” announced in May 2022, we have set out to strengthen our business portfolio through investment in growth and to improve capital efficiency in order to secure a ROE 8% over the medium-to-long term. The private REIT and Asset Management Businesses will be part of these ongoing efforts.

Purpose of Business

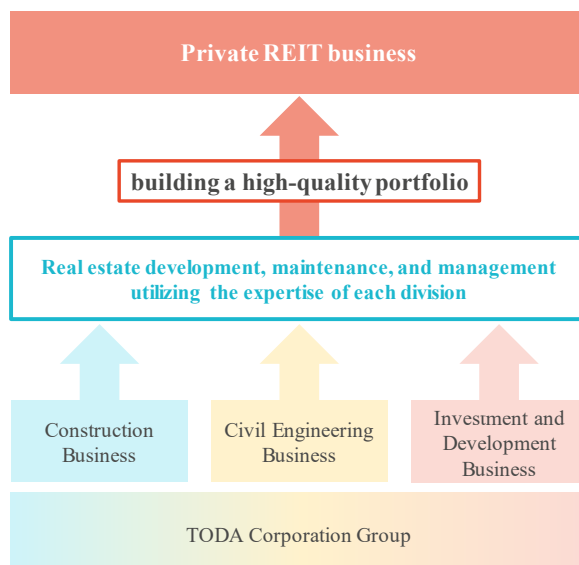
Improving Capital Efficiency and Growing the Real Estate Business through a Circular Model

- By developing real estate at our company and then selling it to private REIT, we will be able to recover the invested funds at an early stage and use them for the next investment, thereby we will continue to grow our real estate business while reducing the expansion of real estate on our balance sheet and the increase in interest-bearing debt.



Expansion of the Cooperation among the Three Businesses, Construction, Civil Engineering, and Investment & Development

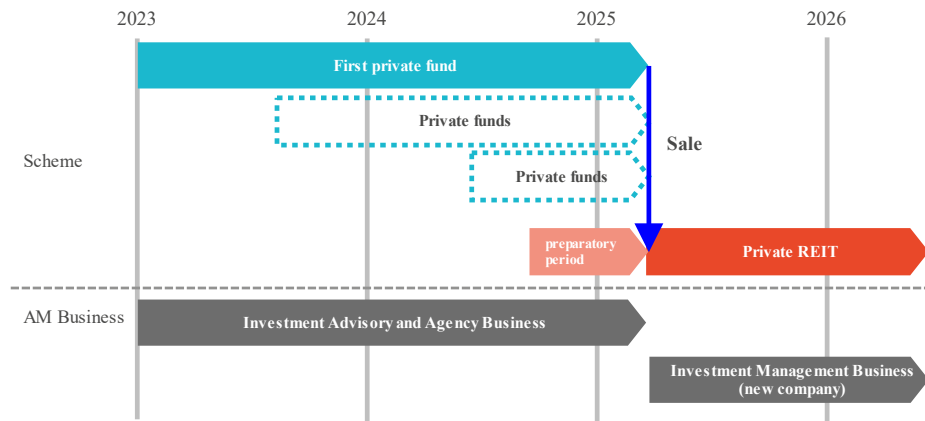
- Through the supply of properties to private REIT, we aim to further expand our trinity business model through construction, civil engineering, and investment & development. We will develop high-quality, sustainable real estate in favorable locations based on the experience and expertise of each division, including land readjustment projects (over 450ha nationwide), construction and development of diverse assets, and acquisition of environmental performance evaluations, etc.
- The entire Toda Group will engage in renovation, repair work and building management for developed properties.



Future plans

Upcoming Events

In order to secure properties for inclusion in private REIT, we plan to establish multiple private funds by 2025. In conjunction with the formation of such funds, we will commence an AM business within our company. Toward the establishment of an AM company in charge of private REIT asset management, we will recruit and train personnel necessary for the business, develop the organizational structure and proceed for obtaining permits and licenses.



●What is REIT?

This is a securitized Real Estate Investment Trust that raises funds from investors, acquires real estate, and distributes the income from leasing the property to investors. There are listed REIT (closed-end type) listed on stock exchanges and unlisted private REIT (open-end type) that operate indefinitely.

●What is Private Placement Funds?

This is a real estate securitization product in which a limited liability company or other SPC is formed to acquire real estate and distribute the income from leasing the real estate through silent partnership investments and preferred securities. Usually they are structured with a fixed term.

●What is AM Business?

This is a business that makes decisions or provides advice on the purchase, sale, maintenance and operation of assets (= Asset Management) entrusted by REIT or funds and receives compensation.

※This release is intended to publicly announce the Group's efforts to improve capital efficiency and growth through its private REIT and AM businesses and is not prepared for the purpose of soliciting investments or any similar act, whether in Japan or abroad.
