

News Releases

March 24, 2003

LIQUIDATION OF RENTAL REAL ESTATES

TAIHEIYO CEMENT CORPORATION (TAIHEIYO) has taken a decision to liquidate its 29 real estates, which are rented to others, on March 25, 2003.

TAIHEIYO's business prospects continue to be adversely affected due to decline in cement demand in the domestic market because of decrease in public works and severe competition in the global market. As a result of this situation, TAIHEIYO has established a new "04 Mid-Term Management Plan" in order to restructure its total investments and business activities with an aim to strengthen its financial structure and business prospects. In view of above, TAIHEIYO has taken decision to liquidate some of its real estates.

Since the rental real estates to be liquidated are situated in various locations, and vary in usages and lease business terms, TAIHEIYO, aiming to obtain maximum profit, has nominated Mitsui Fudosan Co., Ltd (MITSUI), Tokyo, Japan, as its business partner who has experience in real estate liquidation and real estate management know-how, ranging from the basic planning to the maintenance and improvement of the asset value by Special Purpose Company (SPC) after liquidation.

After this liquidation activity, the financial gain for TAIHEIYO is expected to be 13 Billion Yen and an extraordinary profit of about 6.9 Billion Yen shall be incurred.

Incidentally, TAIHEIYO is now revising the earnings forecast figures for FY2003.

Also the other real estate, such as "Toyosu ON Building", is also under consideration for liquidation etc,.

1. Details on Transactions:

- (1) TAIHEIYO shall carry out real estate management and disposal trust for 29 properties, and in return, TAIHEIYO shall obtain trust beneficiary rights.
- (2) TAIHEIYO shall transfer the said trust beneficiary rights to TM Property Y.K. which act as a Special Purpose Company (SPC).

- (3) TAIHEIYO and MITSUI shall jointly set up an asset management company (Trade name: TM ASSET MANAGEMENT CO.,LTD.(TM Corporation),Capitalization: 30 Million Yen, Ratio of share : TAIHEIYO 49%; MITSUI 51%)
- (4) TM Corporation, as the SPC's Asset Manager, shall promote the sale of property at a proper timing and method in order to gain maximum profit from SPC business and improve the asset value by promoting proper asset management.

2. Profile of property to be trusted

- Properties : Makuhari shopping center and others (total 28 properties)
- Transfer value : 2.07 Billion Yen
- Gain on transfer : 6.9 Billion Yen

3. Profile on SPC

- (1) Trade name : TM Property Y.K.
- (2) Location of head office : 2-3-16, Nihonbashi, Muromachi, Chuo-ku, Tokyo
- (3) Name of representative : Mr. AKIRA SUGAI, Director
- (4) Date of establishment : October 12, 2001
- (5) Capitalization : 3 Million Yen
- (6) Major activities : (a) Rental, management, possession, acquisition and sale of real estate.
(b) Acquisition, possession and disposal of trust beneficiary rights
(c) Other associated activities of above (a) and (b).
- (7) Capital relationship with TAIHEIYO : Nil

4. Proposed schedule for the trust and the transfer of trust beneficiary rights

March 25, 200 : Conclusion of trust Contract

March 25, 200 : Conclusion of trust beneficiary rights transfer Contract

March 25, 200 : Transfer of trust beneficiary rights