

Japan Credit Rating Agency, Ltd. (JCR) announces the following credit rating.

Toyo University (security code: -)

<Affirmation>

Long-term Issuer Rating: AA
Outlook: Stable

Rationale

- (1) Toyo University is an incorporated educational institution with Private School Tetsugakukan established by Dr. Enryo Inoue as its origin and operates 1 university, 3 high schools, 3 junior high schools and 1 kindergarten. The core of the institution, Toyo University (the "University"), has 13 faculties and 46 departments on its 5 campuses located in Bunkyo Ward and Kita Ward of Tokyo, Asaka City and Kawagoe City in Saitama Prefecture, and Itakura Town in Gunma Prefecture, where a total of 30,000 students study. Taking its selection by Ministry of Education, Culture, Sports, Science and Technology for the "Super Global University Project" in 2014 as an opportunity, it has been strongly promoting globalization. It was determined that the Faculty of Human Life Design on Asaka Campus would be relocated to the Akabanedai Campus in April 2021.
- (2) As shown by the number of applicants for enrollment in the University exceeding 100,000 for the academic year 2017 and the rising difficulty in passing the entrance examination, the University retains strong capacity to acquire students. Given the steady student recruitment for the 3 faculties and 5 departments that were started in 2017, JCR assumes that Toyo University will be able to secure stable revenue/ expenditure balance before transfer to capital fund, while coping well with the increasing costs for internationalization. Construction costs for expansion of the Akabanedai Campus will be incurred, but the expenditure times are expected to be decentralized. Given this, JCR sees that it will keep a good financial structure. Taking the above into consideration, JCR affirmed rating for Toyo University.
- (3) The University is reorganizing campuses and educational organization in response to changes to the environment in a speedy manner against the background of smooth consensus establishment between corporate and faculty bodies and strong financial base. It is also promoting internationalization as clearly shown by the increasing number of international students, enabling the increasing evaluations from outside the University. It set forth its ambitious plan to increase its position in the world university rankings in its vision "Beyond 2020" to establish an intellectual innovation base. JCR is paying attention to whether it can further increase its competitive strength by improving its quality of education and research, while diversifying its revenue sources including enhancement of acquisitions of donations.
- (4) It will be able to keep an increasing trend of student payment for the time being. While it is necessary to control the excess rate of enrollment capacity, the number of students will increase in line with advances in school year of the new faculties. The costs for expansion of the Akabanedai Campus can be covered by funds on hand, and therefore the financial risk will remain at a low level. Amid the decreasing number of children, trend of the number of applicants for enrollment about suburban campuses should be closely watched. Accumulation of funds for maintenance/ renewal of endowment assets is also an issue facing Toyo University in the medium and long run.

Shigenobu Tonomura, Yosuke Sato

Rating

Issuer: Toyo University

<Affirmation>

Long-term Issuer Rating: AA Outlook: Stable

Rating Assignment Date: January 5, 2018

The criteria used for identifying matters which serve as assumptions for the assessment of the credit status, and the criteria used for setting of grades indicating the results of the assessments of the credit status are published as "Types of Credit Ratings and Definitions of Rating Symbols" (January 6, 2014) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

Outline of methodology for determination of the credit rating is shown as "JCR's Rating Methodology" (November 7, 2014) and "Incorporated Educational Institutions" (April 23, 2015) in Information about JCR Ratings on JCR's website (<https://www.jcr.co.jp/en/>).

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