

March 10, 2021

Sojitz Corporation

Sojitz Group Acquires a 100% Ownership Interest  
in a Railcar Leasing Company in North America  
–Contributing to the Realization of a Decarbonized Society via the Rail Industry in  
which Sojitz has over 60 Years of Experience–

Sojitz Corporation (“Sojitz”) has acquired a 100% ownership interest in Southwest Rail Industries Inc. (“SRI”) through Sojitz Corporation of America, a fully-owned subsidiary of Sojitz. SRI is a U.S. company that operates a railcar leasing business\*<sup>1</sup> headquartered in Texas.

SRI was founded in 1998 from the spin-off of a rail leasing company founded by Bob Huette in 1981. SRI leases and manages over 4000 railcars, which mainly consist of tank cars and covered hopper cars. The railcar leasing company’s strength lies in its ability to provide lessees with quality customer service, quick answers and the ability to tailor leases to fit customer’s needs. SRI also has extended services to manage owner operator rail assets and broker excess equipment with our existing customer base. SRI’s railcars transport a variety of ladings such as liquefied petroleum gas (LPG), asphalt, solvents, lube oils, fine chemicals, fertilizers and minerals. SRI has successfully established its customer base throughout the United States and Canada and continues to grow new customer relations every year.



[SRI Tank Car]

In North America, one of the world's largest freight rail markets, rail-based transportation has been essential to both the economy and society, with rail transportation reaching up to 43% of all freight transportation in the U.S.\*<sup>2</sup> Consequently, rail freight volumes have remained stable even during the ongoing COVID-19 pandemic.

Freight rail is well ahead of other modes of transportation in limiting greenhouse gas emissions, with roughly one-eleventh of the carbon footprint (g-CO<sub>2</sub> per ton kilometer) of trucks. Freight rail transportation is one vehicle that can contribute to the realization of a decarbonized society, and freight rail industries and railcar leasing sector are therefore expected to expand with continued mid-to long-term growth.

Sojitz Group has over 60 years of experience in the rail industry. In the North American market Sojitz Group aims to focus on rolling stock services and has recently demonstrated this by acquiring 100% ownership interest in Canada's Cad Railway Industries Limited ("CadRI") in March 2020. CadRI provides MRO\*<sup>3</sup> services for freight cars, passenger cars, and locomotives across North America. SRI will become

Sojitz's third regional hub in North America, alongside CadRI's two major facilities in Eastern and Western Canada—CadRI headquarters in Montreal and Caltrax\*<sup>4</sup> headquarters in Calgary.

Sojitz Group will deliver value-added services to customers through MRO and railcar leasing services and seeks further growth opportunities for SRI through Sojitz Group's markets and customer networks across various industry segments. SRI will continue to increase its presence in the rail car leasing market by growing the existing tank and hopper car fleet as well acquiring additional railcar types to service other industries.

Sojitz Group aims to further expand its railway service business in North America and contribute to the realization of a decarbonized and sustainable society.

\*1 Railcar leasing: A business to lease freight railcars to cargo owners, shippers, or freight railroad operators (lessees)

\*2 Source: United States 2017 Economic Census: Transportation

<https://www.census.gov/content/dam/Census/library/publications/2017/econ/ec17tcf-us.pdf>

\*3 MRO: Maintenance, Qualification, Repair and Overhaul / Remanufacturing / Retrofit services for railcars

\*4 Caltrax Inc.: A Canadian freight car MRO company located in Calgary, Alberta. After Sojitz acquired stake in CadRI (in 2015), CadRI went on acquire Caltrax in 2017.

[Related Information]

[Company Overview – Southwest Rail Industries Inc.]

Established	1998
Headquarters	Weimar, Texas, United States
Main Business	Railcar leasing and management services to customers mainly in chemical, oil & gas, and agricultural sectors. Main freight cargo includes LPG, asphalt, chemicals, and fertilizers.
Website	<a href="http://www.southwestrail.com/">http://www.southwestrail.com/</a>

[Related Release]

“Sojitz Group and JOIN Have Acquired a 100% Ownership Interest in a Rail MRO Company in North America”

<https://www.sojitz.com/en/news/2020/04/20200410.php>

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