



# FY2018/3 Annual Investors Meeting

May 11, 2018

Kyushu Railway Company



KYUSHU RAILWAY COMPANY



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- Greetings, I am Toshihiko Aoyagi, representative director and president of Kyushu Railway Company. I would like to thank everyone here for taking time out of their busy schedules to join us today.
- I will be covering the topics listed on this contents slide.

## I Financial results for FY2018/3

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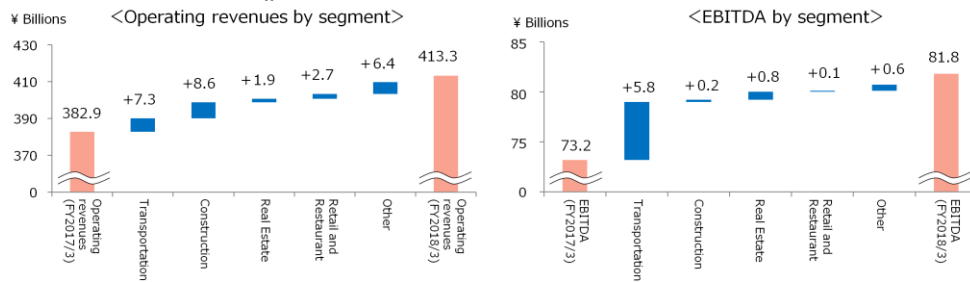
- First, I would like to discuss some of the financial highlights from the fiscal year ended March 31, 2018.
- Please turn to slide 4.

## Consolidated Financial Highlights for FY2018/3 【Year on Year】

- Operating revenues up for the 8th consecutive year (set new record)
- Net income attributable to owners of the parent up for the 2nd consecutive year (set new record)
- EBITDA up for the 5th consecutive year (set new record)

	(Billions of yen)			
	FY2017/3	FY2018/3	YoY	
Operating revenues	382.9	413.3	30.4	108.0%
Operating income	58.7	63.9	5.2	108.9%
Ordinary income	60.5	67.0	6.4	110.7%
Net income attributable to owners of the parent	44.7	50.4	5.6	112.6%
EBITDA	73.2	81.8	8.5	111.7%

Note: EBITDA = operating income + cost of depreciation (excluding depreciation of leased assets held for subleasing purposes)  
The same applies hereafter.



Note: Figures for changes in operating revenues and EBITDA by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated figures.

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- Consolidated operating revenues in the fiscal year ended March 31, 2018, were up ¥30.4 billion year on year as a result of higher revenues from railway passenger traffic stemming from the dissipation of the impacts of the 2016 Kumamoto earthquakes felt in the previous fiscal year as well as earnings contributions from the newly consolidated Caterpillar Kyushu, Ltd.
- Net income attributable to owners of the parent increased ¥5.6 billion as the benefits of higher revenues from railway passenger traffic and reduced extraordinary losses related to the 2016 Kumamoto earthquakes were able to offset the extraordinary losses associated with the heavy rain in northern Kyushu and typhoon No. 18, both of which occurred in 2017.
- EBITDA was up ¥8.5 billion as a result of higher revenues from railway passenger traffic.
- More details on performance can be found on slide 5.
- Next, I would like to talk about segment performance.
- Please turn to slide 6.

# Consolidated Income Statements



(Billions of yen)

	FY2017/3	FY2018/3	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	382.9	413.3	30.4	108.0%	Railway transportation revenues +4.6 Consolidation of Caterpillar Kyushu, Ltd +7.3
Operating expenses	324.1	349.4	25.2	107.8%	Depreciation cost (JR Kyushu) +2.6 Taxes +1.5
Operating income	58.7	63.9	5.2	108.9%	-
Non-operating income and expenses	1.8	3.0	1.2	169.1%	Gains on investment securities + 0.8
Ordinary income	60.5	67.0	6.4	110.7%	-
Extraordinary gains and losses	(4.9)	(2.2)	2.7	-	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +9.0 Increase in disaster expenses due to heavy rain in northern Kyushu and typhoon No. 18 (3.8) Decrease in gain on sales of trusts (3.0)
Net income attributable to owners of the parent	44.7	50.4	5.6	112.6%	-
EBITDA	73.2	81.8	8.5	111.7%	Railway transportation revenues +4.6

## Segment Information (Summary)



(Billions of yen)

	FY2017/3	FY2018/3	YoY	
			Increase / (decrease)	%
Operating revenues	382.9	413.3	30.4	108.0%
Transportation	176.4	183.7	7.3	104.2%
Construction	79.3	88.0	8.6	110.9%
Real Estate	67.4	69.4	1.9	102.9%
(Real Estate Lease)	46.3	49.0	2.6	105.8%
Retail and Restaurant	100.4	103.1	2.7	102.7%
Other	60.9	67.4	6.4	110.6%
Operating income	58.7	63.9	5.2	108.9%
Transportation	25.7	29.2	3.4	113.6%
Construction	5.9	6.2	0.3	105.4%
Real Estate	22.6	23.2	0.5	102.4%
(Real Estate Lease)	19.7	20.6	0.9	104.6%
Retail and Restaurant	3.4	3.6	0.1	105.0%
Other	2.5	2.4	(0.1)	94.8%
EBITDA	73.2	81.8	8.5	111.7%
Transportation	28.5	34.3	5.8	120.5%
Construction	6.7	7.0	0.2	104.4%
Real Estate	31.1	32.0	0.8	102.9%
(Real Estate Lease)	28.2	29.4	1.2	104.4%
Retail and Restaurant	5.1	5.3	0.1	102.8%
Other	3.3	3.9	0.6	118.3%

Note: Figures by segment are prior to eliminating intersegment transactions.  
The same applies hereafter.

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- I will offer an overview of performance in major segments.
- The Transportation segment posted increases in both revenue and income as a result of higher revenues from railway passenger traffic stemming from the dissipation of the impacts of the 2016 Kumamoto earthquakes felt in the previous fiscal year.
- The Real Estate segment achieved higher revenue and income due to strong growth in revenues from real estate leases.
- Although other segments benefited from the consolidation of Caterpillar Kyushu, Ltd, resulting in higher revenue, expenses associated with the opening of JR Kyushu Hotel Blossom Naha led to a decline in profit in these segments.
- We will now move on to discuss non-consolidated performance.
- Please turn to slide 8.

## Financial Position and Status of Cash Flows (consolidated)



(Billions of yen)

Consolidated balance sheets	As of March 31,2017	As of March 31,2018	Increase/ (decrease)
Assets	676.6	749.5	72.9
Current assets	198.6	206.7	8.1
Non-current assets	478.0	542.8	64.7
Liabilities	328.2	366.3	38.1
Current liabilities	134.9	164.7	29.7
Non-current liabilities	193.2	201.6	8.3
Net assets	348.4	383.2	34.7
Equity ratio	50.7%	50.3%	(0.4%)
Net assets per share (¥)	2,144.00	2,357.27	213.28

(Billions of yen)

Consolidated statements of cash flows	FY2017/3	FY2018/3	Increase/ (decrease)
Net cash provided by operating activities	28.5	87.6	59.1
Net cash provided by (used in) investing activities	(18.3)	(68.3)	(50.0)
Free cash flows	10.2	19.3	9.0
Net cash used in financing activities	(0.6)	(9.1)	(8.5)
Change in cash and cash equivalents	9.5	10.1	0.5
Cash and cash equivalents, end of year the period	54.2	64.3	10.1

## Nonconsolidated Income Statements



(Billions of yen)

	FY2017/3	FY2018/3	YoY		Major factors
			Increase/ (decrease)	%	
Operating revenues	212.2	219.7	7.5	103.5%	Revenues from real estate leases +1.6
(Railway transportation revenues)	146.4	151.1	4.6	103.2%	Rebound from impacts of the 2016 Kumamoto earthquakes, etc. +4.6
Operating expenses	168.7	172.9	4.2	102.5%	-
Personnel costs	53.1	51.3	(1.7)	96.7%	Decrease in employee numbers, etc.
Non-personnel costs	102.5	104.3	1.7	101.8%	-
Energy costs	8.0	8.8	0.8	110.1%	-
Maintenance costs	37.8	36.3	(1.4)	96.2%	-
Other	56.6	59.0	2.4	104.3%	-
Taxes	6.0	7.5	1.5	125.9%	Increased taxes on non-current assets, etc
Depreciation costs	7.0	9.6	2.6	137.3%	-
Operating income	43.4	46.7	3.2	107.5%	-
Non-operating income and expenses	4.0	5.5	1.4	136.7%	-
Ordinary income	47.5	52.2	4.7	110.0%	-
Extraordinary gains and losses	(4.2)	(2.3)	1.9	-	Decrease in disaster expenses due to the 2016 Kumamoto earthquakes +9.2 Increase in disaster expenses due to heavy rain in northern Kyushu and typhoon No. 18 (4.0) Decrease in gain on sales of trusts (3.0)
Net income	37.6	41.6	4.0	110.7%	-

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- Non-consolidated operating revenues in the fiscal year ended March 31, 2018, rose ¥7.5 billion year on year. This increase can be attributed to the benefits of higher revenues from apartments as well as from Ropponmatsu 421, which was opened in September 2017, combined with the rise in railway passenger traffic that resulted from the rebound of the impacts of the 2016 Kumamoto earthquakes felt in the previous fiscal year.
- Operating expenses were up ¥4.2 billion year on year due to higher taxes on non-current assets and depreciation.
- As a result of these factors, non-consolidated operating income rose ¥3.2 billion.
- The balance of extraordinary income and losses made for an overall decrease of ¥1.9 billion in net extraordinary losses as a result of lower extraordinary losses related to the 2016 Kumamoto earthquakes. This decrease was achieved despite the recording of extraordinary losses related to heavy rain in northern Kyushu, typhoon No. 18, and a reduction in gain on sales of trusts.
- The end result of these factors was a ¥4.0 billion year-on-year increase in net income.
- Moving on, I would next like to discuss revenues from railway passenger traffic and transportation volumes.
- Please turn to slide 10.



# Nonconsolidated Income Statements 【Reprint】



(Billions of yen)

		FY2017/3	FY2018/3	YoY	
				Increase/ (decrease)	%
Railway business	Operating revenues	164.9	171.3	6.3	103.8%
	Operating expenses	139.8	143.0	3.1	102.3%
	Operating income	25.0	28.2	3.1	112.5%
Related businesses	Operating revenues	47.2	48.4	1.1	102.5%
	Operating expenses	28.8	29.9	1.0	103.7%
	Operating income	18.4	18.5	0.1	100.6%

## Railway Transportation Revenues and Performance of Transportation Volume



(Billions of yen)

Railway transportation revenues	FY2017/3	FY2018/3	YoY		Major factors
			Increase/(decrease)	%	
Total	146.4	151.1	4.6	103.2%	
Shinkansen	50.1	54.1	4.0	108.0%	Rebound from impacts of the 2016 Kumamoto earthquakes +2.3
Commuter pass	2.6	2.6	(0.0)	99.7%	
Noncommuter pass	47.4	51.4	4.0	108.5%	
Conventional Lines	96.3	97.0	0.6	100.7%	Rebound from impacts of the 2016 Kumamoto earthquakes +1.1
Commuter pass	29.4	29.6	0.1	100.6%	
Noncommuter pass	66.8	67.3	0.4	100.7%	

(Millions of passenger-kilometers)

Passenger-Kilometers	FY2017/3	FY2018/3	YoY	
			Increase/(decrease)	%
Total	9,191	9,336	145	101.6%
Shinkansen	1,852	2,004	152	108.2%
Commuter pass	196	195	(1)	99.4%
Noncommuter pass	1,655	1,809	153	109.3%
Conventional Lines	7,339	7,331	(7)	99.9%
Commuter pass	4,018	4,011	(6)	99.8%
Noncommuter pass	3,320	3,319	△0	99.9%

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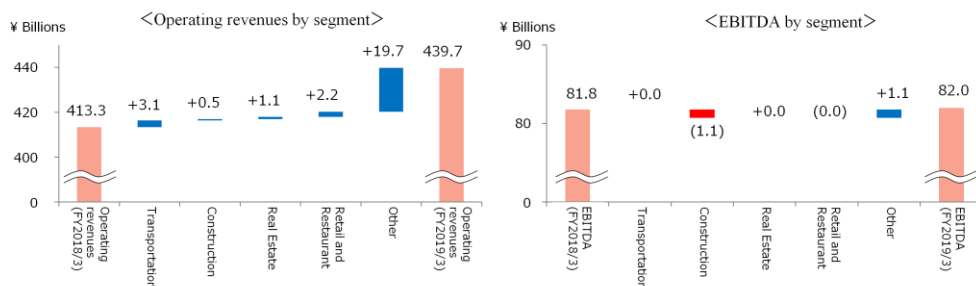
- With this slide, I will explain revenues from railway passenger traffic.
- Revenues from Shinkansen lines grew as the impacts of the 2016 Kumamoto earthquakes dissipated, which, coupled with favorable usage trends, resulted in a ¥4.0 billion year-on-year increase in Shinkansen revenues.
- Revenues from conventional lines also benefited from the dissipation of the impacts of the 2016 Kumamoto earthquakes, but revenue growth in this area was limited to ¥0.6 billion due to the impacts of two natural disasters: heavy rain in northern Kyushu and typhoon No. 18.
- We will now look at our full-year forecasts for the fiscal year ending March 31, 2019.
- Please turn to slide 12.

## II Forecasts for FY2019/3

## Consolidated Financial Highlights for FY2019/3 【Year on Year】

- Operating revenues forecast to increase
- Net income attributable to owners of the parent forecast to decrease
- EBITDA forecast to increase

	Results FY2018/3	Forecasts FY2019/3	(Billions of yen)	
			YoY	
Operating revenues	413.3	439.7	26.3	106.4%
Operating income	63.9	60.7	(3.2)	94.9%
Ordinary income	67.0	62.6	(4.4)	93.4%
Net income attributable to owners of the parent	50.4	47.5	(2.9)	94.2%
EBITDA	81.8	82.0	0.1	100.2%



Note: Figures for changes in operating revenues and EBITDA by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated figures.

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- Consolidated operating revenues are forecast to increase in the fiscal year ending March 31, 2019, as a result of a rise in railway transportation revenues due to the rebound from the impacts of the heavy rain that occurred in northern Kyushu in 2017 and of typhoon No. 18, which struck in the same year, as well as the benefits of the newly consolidated Caterpillar Kyushu, Ltd.
- Net income attributable to owners of the parent, meanwhile, is projected to decline due to the impacts of higher depreciation costs in the railway business as well as a decline in the profit margins of the Construction segment.
- Conversely, EBITDA is forecast to rise as the benefits of the consolidation of Caterpillar Kyushu will outweigh the impacts of lower income in the Construction segment.
- Next, I would like to take a look at our segment forecasts.
- Please turn to slide 14.

## Consolidated Financial Forecasts



(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3	YoY	
			Increase/ (decrease)	%
Operating revenues	413.3	439.7	26.3	106.4%
Operating income	63.9	60.7	(3.2)	94.9%
Ordinary income	67.0	62.6	(4.4)	93.4%
Net income attributable to owners of the parent	50.4	47.5	(2.9)	94.2%
Net income per share(¥)	315.07	296.88	(18.19)	94.2%
EBITDA	81.8	82.0	0.1	100.2%

## Consolidated Financial Forecasts 【By segment】

(Billions of yen)

	Results FY2018/3	Forecasts FY2019/3	YoY	
			Increase/ (decrease)	%
Operating revenues	413.3	439.7	26.3	106.4%
Transportation	183.7	186.9	3.1	101.7%
Construction	88.0	88.6	0.5	100.7%
Real Estate	69.4	70.6	1.1	101.7%
Retail and Restaurant	103.1	105.4	2.2	102.2%
Other	67.4	87.2	19.7	129.3%
Operating income	63.9	60.7	(3.2)	94.9%
Transportation	29.2	27.5	(1.7)	94.1%
Construction	6.2	5.1	(1.1)	81.3%
Real Estate	23.2	22.6	(0.6)	97.4%
Retail and Restaurant	3.6	3.6	(0.0)	98.6%
Other	2.4	2.7	0.2	112.0%
EBITDA	81.8	82.0	0.1	100.2%
Transportation	34.3	34.4	0.0	100.0%
Construction	7.0	5.9	(1.1)	83.4%
Real Estate	32.0	32.1	0.0	100.2%
Retail and Restaurant	5.3	5.3	(0.0)	99.3%
Other	3.9	5.1	1.1	128.8%

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- Let me take a moment to explain the forecasts for our main segments.
- I will touch on our forecasts for the Transportation segment when discussing non-consolidated performance forecasts.
- The Construction segment is anticipated to suffer a decrease in income as profit margins decline in the face of intensified competition.
- Other segments will enjoy higher revenue and income due to the benefits of the newly consolidated Caterpillar Kyushu, Ltd.
- Let us now look at the forecasts for non-consolidated performance.
- Please turn to slide 15.

## Nonconsolidated Financial Forecasts

(Billions of yen)

	Results FY2018/3 A	Forecasts FY2019/3 B	YoY	
			Increase/ (decrease) B-A	% B/A
Operating revenues	219.7	222.8	3.0	101.4%
(Railway transportation revenues)	151.1	151.5	0.3	100.2%
Operating expenses	172.9	178.0	5.0	102.9%
Personnel costs	51.3	49.8	(1.5)	96.9%
Nonpersonnel costs	104.3	108.0	3.6	103.5%
Energy costs	8.8	9.0	0.1	101.5%
Maintenance costs	36.3	38.9	2.5	106.9%
Other	59.0	60.1	1.0	101.7%
Taxes	7.5	8.2	0.6	108.1%
Depreciation costs	9.6	12.0	2.3	123.8%
Operating income	46.7	44.8	(1.9)	95.8%
Nonoperating income and expenses	5.5	5.5	(0.0)	99.6%
Ordinary income	52.2	50.3	(1.9)	96.2%
Extraordinary gains and losses	(2.3)	-	2.3	-
Net income	41.6	41.7	0.0	100.1%

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- Non-consolidated operating revenues are forecast to increase as a result of higher revenues from railway passenger traffic.
- We are also projecting an increase in operating expenses. Personnel expenses will decrease, but the Company will experience higher maintenance costs in relation to compensated track elevation projects along with a rise in depreciation costs.
- Consequently, operating income is slated to decline ¥1.9 billion year on year. However, net income is anticipated to increase due to a decrease in extraordinary losses related to natural disasters.
- With this, I conclude my explanation of our financial results and forecasts.
- We will look next at slide 18.

# Nonconsolidated Financial Forecasts 【Reprint】



(Billions of yen)

		Results FY2018/3	Forecasts FY2019/3	YoY	
				Increase/ (decrease)	%
Railway business	Operating revenues	171.3	174.0	2.6	101.6%
	Operating expenses	143.0	147.5	4.4	103.1%
	Operating income	28.2	26.5	(1.7)	93.9%
Related businesses	Operating revenues	48.4	48.8	0.3	100.8%
	Operating expenses	29.9	30.5	0.5	102.0%
	Operating income	18.5	18.3	(0.2)	98.8%



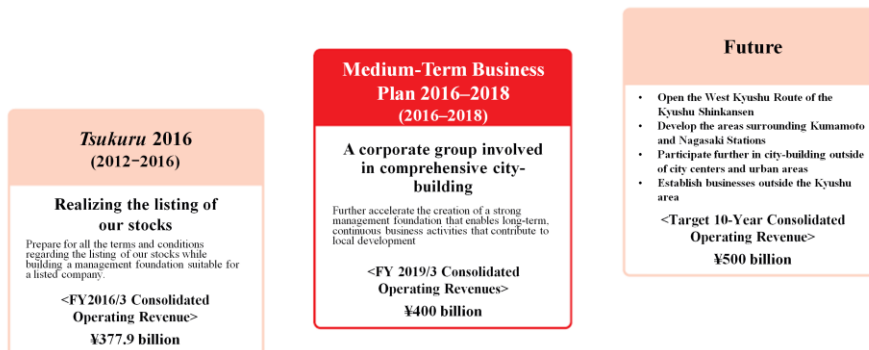
### **III Business Initiatives Under Medium-Term Business Plan**

## Position of the Medium-Term Business Plan 2016–2018



Aiming to be a kind and robust corporate group involved in comprehensive city-building

- Actively promoting city-building through strong railway construction and diverse businesses and further solidifying business foundations in Kyushu
- Steadily moving forward with preparations for developing the areas surrounding Kumamoto and Nagasaki Stations, with a focus on invigorating the Kyushu area
- Examining ways to earnestly take on the challenge of invigorating Japan and Asia

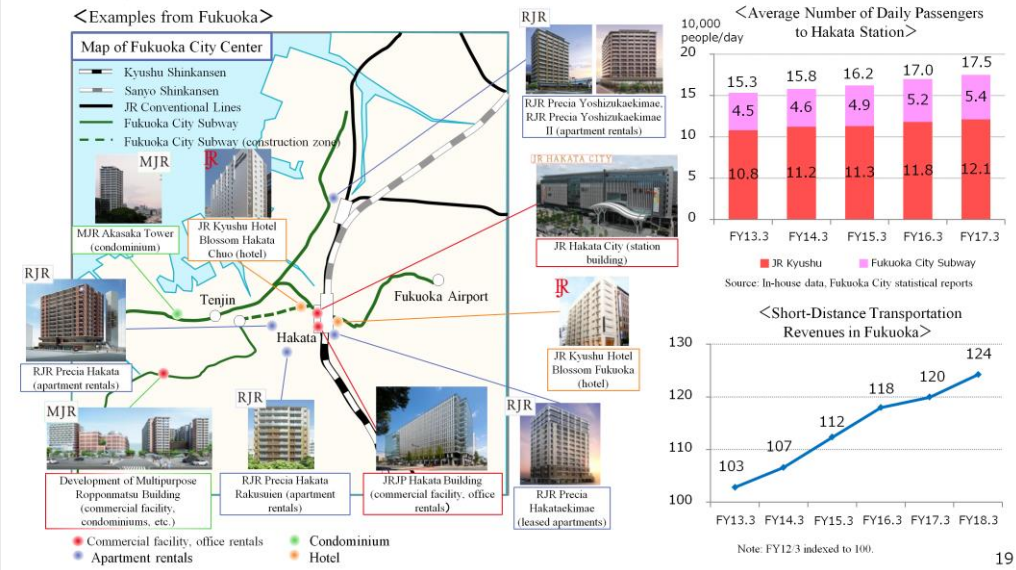


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- The fiscal year ending March 31, 2019, will be the final year of the JR Kyushu Group Medium-Term Business Plan 2016–2018. I would thus like to discuss some of the business initiatives that will be implemented under this plan.

## Creating Synergies Between Businesses through City-Building

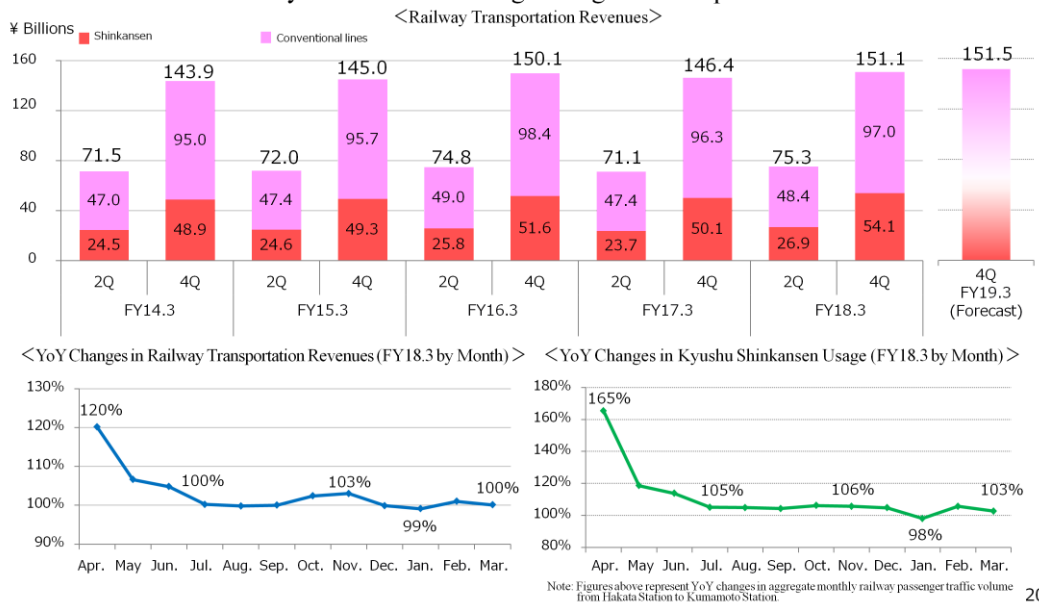
- Development of versatile businesses that leverages the security and trust and customer attraction capabilities cultivated in the railway business
- Contribution of city-building to increased ridership and short-distance transportation in railway business



- In all of the businesses of JR Kyushu, we are looking to foster inter-business synergies through city-building activities centered on train stations that leverage the security and trust and customer attraction capabilities cultivated in our railway business.
- Our initiatives in Fukuoka City serve as a good example of the Company's city-building activities. Looking at these initiatives, we will see that our development projects, which are centered on railways and integrate station buildings, office buildings, condominiums, and hotels, have been contributing to the brisk movement of people throughout the region. These efforts have also had a positive impact on our railway business.
- I would now like to look at initiatives in the railway business.
- Please turn to the next slide.

# Strong Railway Business as the Foundation for All Business

- Stable railway transportation revenues following establishment of position as an important transportation method connecting all of Kyushu
- Strong JR Kyushu brand known for safety and reliability in Kyushu to be cultivated by operating safe and reliable railway business and fostering trusting relationships with communities



- The railway business serves as the foundation for all of the JR Kyushu Group's businesses. In this business, we have been securing stable revenues from railway passenger traffic as an important provider of transportation that connects all of Kyushu.
- In the fiscal year ended March 31, 2018, revenues from railway passenger traffic reached a record high as the impacts of the 2016 Kumamoto earthquakes dissipated and as we collected the returns from various revenue-boosting measures. This impressive feat was achieved despite the impacts of natural disasters, namely the heavy rain in northern Kyushu and typhoon No. 18.
- Please turn to the next slide.

# Initiatives in the Railway Business—Bolstering Profitability



- Further increase train usage and bolster profitability by encouraging the use of the “JR Kyushu Internet Reservation Service” and actively promoting policies focused on inbound demand

## <Internet Strategy>

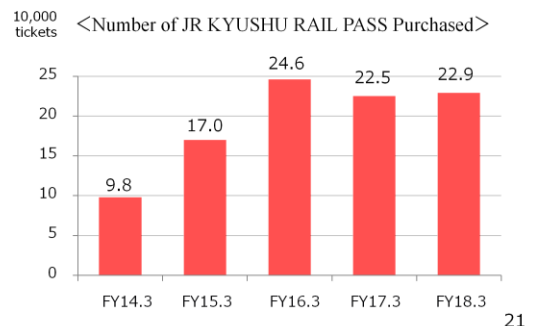
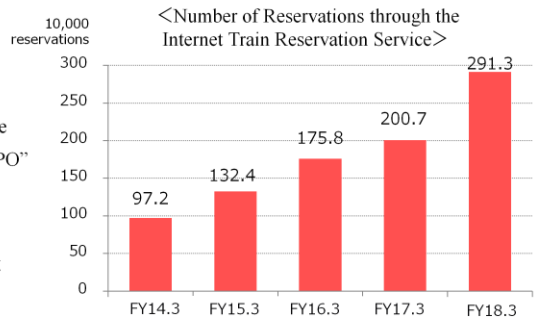
- ✓ Accelerate shift toward Internet reservations
  - May 2017: Introduction of payment service at convenience stores and other locations
    - ⇒ Enhancing convenience and encouraging use of online booking service
  - July 2017: Commencement of the JR Kyushu Point System “JR KYUPO” Points
    - ⇒ Enhancing the attractiveness of accruing points through an integrated point and campaign, encouraging use of online booking service
- ✓ Bolster profitability by promoting yield management

## <Inbound Demand Initiatives>

- ✓ Promote sales of the JR KYUSHU RAIL PASS
  - Coordinate with overseas travel agencies and airlines
- ✓ Improve convenience through introduction of online booking service
  - Launch JR KYUSHU RAIL PASS Online Booking site exclusively for rail pass holders
    - ⇒ Provision of rail pass purchase and advanced seat reservation services

### <JR KYUSHU RAIL PASS results for FY18.3>

	FY18.3	Compared with last year	Compared with two years ago
Number of passes issued	229,605	101.9%	93.1%
Revenues (millions of yen)	2,216	100.5%	94.2%



- As one facet of our yield management efforts, we are promoting usage of our “JR Kyushu Internet Reservation Service.” To this end, we will work to improve the convenience and appeal of this service by allowing payments to be made at convenience stores and integrating the points earned with other services.
- At the same time, we are working to take advantage of inbound demand by coordinating with overseas travel agencies and airlines to promote sales of the JR KYUSHU RAIL PASS, a product that is offered exclusively to inbound visitors to Japan and that allows for unlimited usage of trains within Kyushu.
- In addition, we implemented measures in relation to our exclusive booking site for rail pass holders aimed at boosting revenues by addressing diversifying customer needs. Specific measures included allowing for advanced purchases of rail passes and reservations of seats.
- Please turn to the next slide.

## Initiatives in the Railway Business —Pursuing Efficient Business Operations



- Pursue technological innovation and efficient business operations to respond flexibly to rapidly changing operating environment and diversifying customer needs

### <Development of Next-Generation Rolling Stock>

- ✓ Develop suburban-type rolling stock that utilize new technologies to support JR Kyushu's future

#### 【JR Kyushu's No. 1 Energy-Saving Rolling Stock】

##### ■ 821 series AC suburban-type rolling stock

- Reduced electricity consumption achieved by utilizing cutting-edge full SiC technologies
- Safe and reliable transportation realized by installing system redundancy with regard to main transformers (CI) and backup power suppliers (SIV)

#### 【First JR Kyushu Rolling Stock of its Type】

##### ■ YC1 series storage battery-equipped diesel-electric (hybrid) rolling stock

- JR Kyushu's first diesel-electric rolling stock equipped with state-of-the-art energy-saving technologies that effectively use power from storage batteries
- Efficient operation realized through storage battery assist



【YC1 series storage battery-equipped diesel-electric (hybrid) rolling stock】

【821 series AC suburban-type rolling stock】



### <Streamlining of Business Operation System>

- ✓ Expand Smart Support Station

#### 【Overview】

- Provides customers with ideal services based on usage opportunities
- Entails installing cameras, intercoms, and other equipment in stations to enable support center operators to conduct remote surveillance to ensure safety and provide guidance to customers over intercoms

#### 【Introduction Schedule】

- March 2015: Stations between Saitozaki Station and Umi Station (14 stations excluding Kashii Station and Chojabaru Station)
- March 2017: Stations between Wakamatsu Station and Shinnyu Station (11 stations excluding Orio Station)
- March 2018: Oita area (3 stations)



- In the railway business, we are pursuing technological innovation and efficient business operations in order to enable the Company to respond more flexibly to the rapidly changing operating environment and to diversifying customer needs.
- On this slide, you will find information regarding major initiatives to this end, namely, the development of next-generation rolling stock and the expansion of Smart Support Station.
- JR Kyushu is engaged in the development of suburban-type rolling stock that utilize new technologies and will therefore be instrumental in supporting the future of the Company. These rolling stock are anticipated to contribute to reduced costs in the future as our standard model.
- Looking ahead, we will continue to improve the safety and service quality we offer customers while also pursuing technological innovation and promoting efficient business operations.
- I would now like to discuss the natural disasters that occurred in the fiscal year ended March 31, 2018, and the impacts these disasters had on our performance.
- Please turn to the next slide.

# Recovery from Natural Disasters (Heavy Rain in Northern Kyushu and Typhoon No. 18)



## <Heavy rain in northern Kyushu>

- ✓ Time of occurrence
  - July 2017
- ✓ Details on major damages
  - Kyudai Main Line  
Bridge wash away, etc.
  - Hitahikosan Line  
Bridge deformations, track wash away, damaged railway crossing facilities, etc.
- ✓ Recovery details
  - Kyudai Main Line (segment between Teruoka and Hita)  
Scheduled to resume train service on July 14, 2018
- ✓ Impact on FY2018/3 business performance
  - Disaster-damage losses of ¥1.7 billion (¥1.3 billion of which recorded as provision for loss on disaster)



## <Typhoon No. 18>

- ✓ Time of occurrence
  - September 2017
- ✓ Details on major damages
  - Nippo Main Line  
Rock and debris influx between Usuki Station and Tsukumi Station, flooding, ballast wash away, and fractured power poles
  - Houhi Main Line  
Fallen trees, rock and debris influx, ballast wash away, collapsed embankments, etc.
- ✓ Recovery details
  - Nippo Main Line: Resumed train service in December 2017
  - Houhi Main Line: Resumed train service in October 2017
- ✓ Impact on FY2018/3 business performance
  - Disaster-damage losses of ¥2.1 billion (¥1.3 billion of which recorded as provision for loss on disaster)



■ Washed away Kagetsugawa Bridge between Teruoka Station and Hita Station, Kyudai Line (left) and reconstructed site in April 2018 (right)



■ Rocks and debris on the Nippo Main Line between Tsukumi Station and Usuki Station (left) and reconstructed site in March 2018 (right)

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- The heavy rain that occurred in northern Kyushu in July 2017 caused damages centered on the Kyudai Main Line and the Hitahikosan Line. These damages include tracks as well as the Kagetsugawa Bridge being washed away.
- In addition, typhoon No. 18 damaged railroad facilities on the Nippo Main Line and the Houhi Main Line when it struck Kyushu in September of last year.
- We have since managed to resume train operations on the Houhi Main Line and Nippo Main Line, in October and December, respectively. We are moving ahead with the restoration of the Kyudai Main Line with the aim of resuming operations on this line on July 14, 2018.
- Moreover, these natural disasters resulted in extraordinary losses of approximately ¥3.8 billion.
- Please turn to the next slide.

## Real Estate Segment Driving Growth and Evolution

- Important segment comprising real estate lease and sales operations and accounting for approximately 40% of consolidated EBITDA
- Develops operations focused on station buildings and other commercial facilities, office buildings, and condominiums in Kyushu and other areas
- Generates approximately 90% of segment EBITDA through real estate lease business

<EBITDA of Real Estate Segment>

¥ Billions



Note: Figures by segment are prior to eliminating intersegment transactions.

### Real Estate Sale

<Condominiums>



### Real Estate Lease

<Station and office buildings>



<Rental apartments>



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- The Real Estate segment drives the growth and evolution of the Group. This segment comprises real estate lease and sales operations and thus develops important businesses that account for approximately 40% of consolidated EBITDA.
- In the real estate lease business, we handle station buildings and other commercial facilities, office buildings, and rental apartments. This business accounts for approximately 90% of the Real Estate segment's EBITDA.
- The real estate sale business generates stable revenues by selling condominiums in areas throughout Kyushu.
- In the fiscal year ending March 31, 2019, we anticipate that the Real Estate segment will see a year-on-year increase in EBITDA supported by stable performance in the real estate lease business.
- Please turn to the next slide.

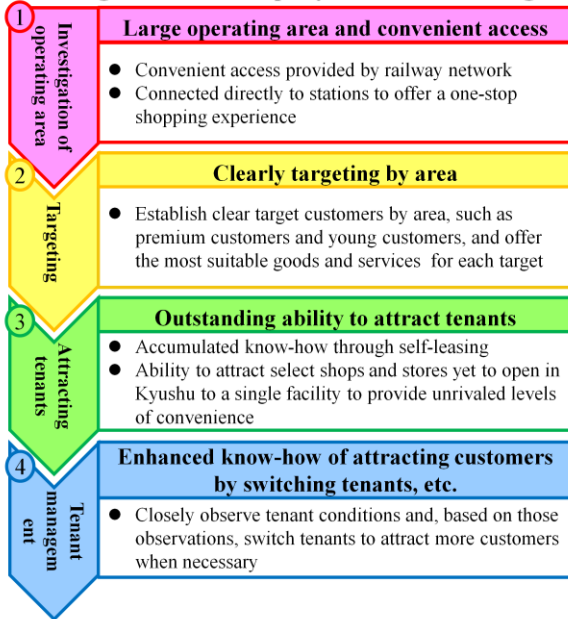


# Initiatives in the Station Building Business

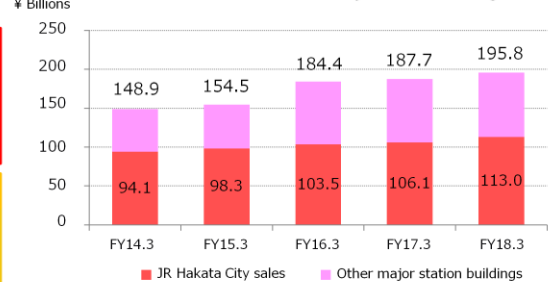


- Carry out attractive and lively city-building centered on train stations and rooted in local communities
- Maximize synergistic effects with the railway business with the aim of improving the value of our stations and station buildings

## <Strengths of the Company's Station Buildings>



## <Performance of Tenant Sales at Major Station Buildings>



\* Major station buildings: AMU PLAZA Kokura, AMU PLAZA Nagasaki, AMU PLAZA Kagoshima, JR Oita City



Artist rendition of completed Kumamoto Station Building

### ◆ Overview of Plan for Kumamoto Station Building

- Lot area: 19,000 m<sup>2</sup>
- Total floor space: 107,000 m<sup>2</sup>
- Commercial space: 37,000 m<sup>2</sup>
- Number of floors: 1 belowground, 12 aboveground
- Uses: Commercial facilities, multiplexes, hotels, etc.
- Schedule (tentative): Commence construction of station building in spring of 2019  
Open station building in spring of 2021

- The Company's station building business promotes highly attractive and lively city-building activities centered on station buildings. These activities are largely conducted in the areas surrounding major stations in Kyushu. In this way, we are working to improve the Group's value and invigorate local economies.
- By generating high levels of earnings through the use of our operational expertise and marketing strategies, we have continued to achieve growth in this business since the founding of the Company.
- We will continue to advance these initiatives in the future in order to bolster our already high profitability and contribute to the invigoration of communities.
- Please turn to the next slide.

# Initiatives in the Apartment Business

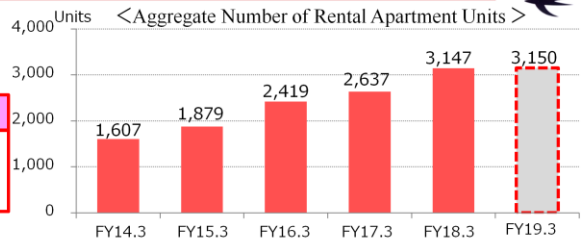
## <Rental Apartments>

- Secure stable profits by promoting new business development

### RJR Series

- High-grade apartments capitalizing on JR Kyushu's condominium expertise
- Steady growth of 400–500 units a year

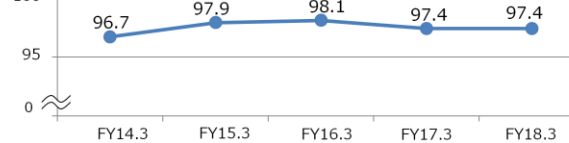
Name	Grand Precia Shibaura
Location	Shibaura, Minato Ward, Tokyo
Total number of units	234
Access	10-minute walk from Tamachi Station
Total floor space	Approx. 11,800 m <sup>2</sup>
Start of move-in availability (tentative)	December 2018



Notes: Figures are as of March 31 of each fiscal year

Target at time of medium-term business plan establishment

## <Rental Apartment Occupancy Rates>



Notes: 1. Figures are averages as of the end of each month.

2. Figures exclude new properties in the first year after opening and newly acquired properties.

## <Condominiums>

- Proactively advance business and steadily develop large-scale properties

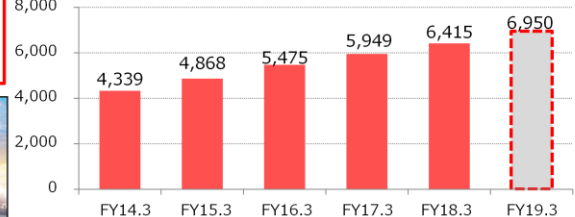
### MJR Series

- Established position in Kyushu as popular brand of quickly selling out condominiums
- Steady turnover numbers of approximately 500 units a year planned

Name	MJR The Garden Kagoshima-Chuo
Location	Kagoshima City, Kagoshima Prefecture
Total number of units	472



## <Aggregate Number of Condominium Units>



Notes: Figures are as of March 31 of each fiscal year

Target at time of medium-term business plan establishment

- I will next explain some of the initiatives in the apartment business.
- The number of rental apartments we handle is growing alongside related sales, and occupancy rates remain high.
- Going forward, we will move ahead with new development projects centered on urban areas with the aim of securing stable profits.
- In condominium sales, we have established a position in Kyushu as a popular brand that quickly sells out condominiums. We hope to expand our market share going forward through new development projects.
- Please turn to the next slide.

# Other Business Initiatives



## < Hotel Business >

- Expand chain through development of hotels mainly consisting of guest rooms for overnight stays

J.D. Power, 2017 Japan Hotel Guest Satisfaction Index Study, 9,000 to less than 15,000 yen per night segment  
**JR Kyushu Hotels rated No. 1 in customer satisfaction**

<<About J.D. Power>>  
 J.D. Power is an international customer satisfaction survey and consulting specialist headquartered in Costa Mesa, California in the United States. Each year, J.D. Power administers quality and customer satisfaction surveys to millions of consumers and businesses around the world.

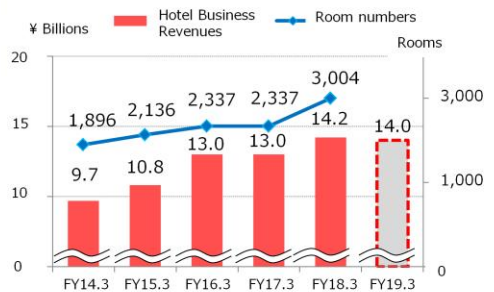


<Blossom Shinjuku>

JR Kyushu Hotels rated No. 1 in customer satisfaction in the 9,000 to less than 15,000 yen per night segment of J.D. Power's 2017 Japan Hotel Guest Satisfaction Index Study

JR Kyushu Hotel Blossom Shinjuku granted 2 Pavilion rating in hotel section of MICHELIN GUIDE Tokyo 2018

## <Hotel (Ryokan) Business Revenues and Room Numbers>



Note: Figures include service apartment operations. (Service apartment operations are included in the Real Estate segment.)

## <Seniors Business>

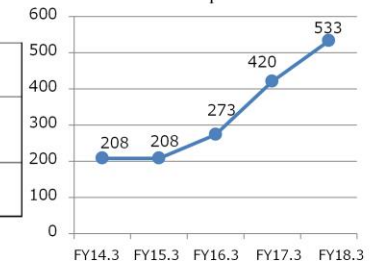
- Development of residences for seniors while pursuing undeniable safety and security
- SJR series of condominiums for seniors utilizing comprehensive strength of JR Kyushu Group



<SJR Ropponmatsu>

Start of move-in availability	September 2017
Number of units	113
	92 standard rooms 21 care service rooms
Total floor space	Approx. 9,643 m <sup>2</sup>

## <SJR Series Apartment Units>



- With this slide, we will look at initiatives in other businesses, specifically the hotel business and the seniors business.
- Advances in the hotel business include opening JR Kyushu Hotel Blossom Naha in Okinawa during June 2017 and acquiring service apartments in Bangkok, Thailand in December of the same year. These initiatives have resulted in us operating a total 16 facilities with more than 3,000 rooms in this business.
- At the same time, we saw steady growth in business revenues amid a sharp increase in non-Japanese visitors stemming from a rise in inbound travel demand.
- In the seniors business, meanwhile, we operate the SJR brand of apartments designed specifically for senior citizens.
- Under this brand, we opened SJR Ropponmatsu in September 2017 as part of the Ropponmatsu development project.
- The number of units we handle in the seniors business has continued to grow since its inception.
- Please turn to the next slide.

# Major Development Pipeline



- Continue to strengthen profitability through large-scale developments
- Without being limited to areas surrounding train stations, actively pursue development in urban areas as a “city-building” company
- Promote expansion outside of the Kyushu area, including Tokyo and Okinawa



**Ropponmatsu Development Project**  
 (Eastern area) Opened in September 2017  
 Total floor space: Approx. 37,000 m<sup>2</sup>  
 Uses: Commercial facilities  
 (Western area) Turnover completed in April 2017  
 Uses: Condominiums, etc.  
 Number of units: 351



**Shama Lakeview Asoke Bangkok**  
 Acquired in December 2017  
 Total floor space: Approx. 51,000 m<sup>2</sup>  
 Units: 429



**Hakata Ekimae 2-Chome Complex (provisional name)**  
 Scheduled for opening in fall 2019  
 Total floor space: Approx. 1,590 m<sup>2</sup>  
 Units: 238

**MJR / RJR Sakaisuji Honmachi Tower**  
 Scheduled for completion at end of February 2021  
 Total floor space: Approx. 47,470 m<sup>2</sup>  
 Uses: Condominiums, apartments  
 Number of floors: 37 aboveground  
 Units: 296 condominium units, 144 apartment units

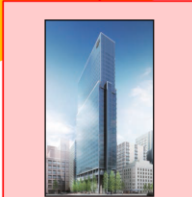


**Nagasaki Station area development project**  
 Lot area: Approx. 48,000 m<sup>2</sup>  
 (including area below elevated tracks)

## Others

- ◆ **RJR Precia Tenjin South**  
 Scheduled for completion in February 2020  
 Total floor space: Approx. 15,500 m<sup>2</sup>  
 Uses: Integrated apartment building  
 Units: 202
- ◆ **Minami Kyushu Development Projects (schedule undecided)**
  - Kagoshima-Chuo Station West Exit
  - Area surrounding Kagoshima Station
  - Miyazaki Station West Exit
  - Area surrounding Kagoshima Rolling Stock Depot

Today



**Shinbashi 1-chome hotel project**  
 Stated to open in Fall 2019  
 Total floor space: Approx. 10,400 m<sup>2</sup>  
 Total number of rooms: 267



**Kumamoto Station Building**  
 Scheduled to commence construction of station building in spring of 2019  
 Scheduled to open station building in spring of 2021  
 Total floor space: Approx. 107,000 m<sup>2</sup>  
 Number of floors: 1 belowground, 12 aboveground  
 Uses: Commercial facilities, multiplexes, hotels, etc.

Note: Schedules are subject to change.

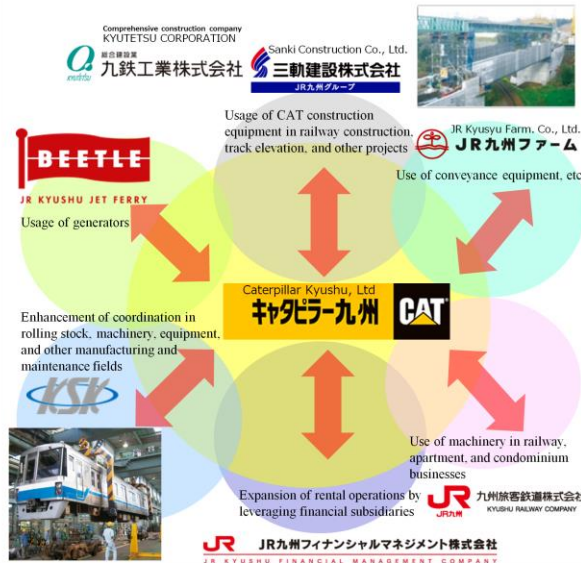
- The major projects in our development pipeline are shown on this slide.
- Although our focus remains on Kyushu, we have also extended our pipeline outside of this region to develop projects that capitalize on JR Kyushu’s strengths in other regions.
- Looking beyond the period of the current Medium-Term Business Plan, we are planning the development of Hakata Ekimae 2-Chome Complex, which will primarily consist of hotels, a hotel in the Shinbashi area of Tokyo, as well as a few large-scale development projects in Kyushu, specifically the Kumamoto Station Building and Nagasaki Station area development project.
- Please turn to the next slide.

# New Businesses and Tackling Challenges Outside of the Kyushu Area



## <New Business Initiatives>

- ✓ Conversion of Caterpillar Kyushu, Ltd into subsidiary in October 2017
- ✓ Expansion of operations founded on the safety and services fostered in the Group's railway business in new, non-railway business fields
- ✓ Creation of synergies in construction, machinery maintenance, finance, and other fields through coordination with existing Group businesses



## <Business Initiatives Outside the Kyushu Area>

- ✓ Entry into service apartment business in Thailand to expand operations in Asia

Location	Bangkok, Thailand
Lot area	Approx. 5,200 m <sup>2</sup>
Structure / Scale	Reinforced concrete / 32 aboveground floors (Tower A) Reinforced concrete / 27 aboveground floors (Tower B)
Units	429 (TowerA: 230, TowerB: 199)
Floor space	Approx. 51,000 m <sup>2</sup>



<Shama Lakeview Asoke Bangkok>

- ✓ Operations commenced under Shama brand in April 2018 through business alliance with ONYX



- New business initiatives included the acquisition of stock in Caterpillar Kyushu, which took place in October 2017. This company will be used to perform construction based on orders from the Group as well as for expanding rental operations by leveraging financial subsidiaries and generating synergies through enhanced coordination in rolling stock, machinery, equipment, and other manufacturing and maintenance fields.
- Moving forward, we will continue to examine M&A activities as an option in fields that are peripheral to our existing businesses as well as in fields where we will be able to capitalize on the strengths of the JR Kyushu Group.
- As part of our efforts to tackle challenges outside of the Kyushu area, we entered into the service apartment business in Thailand with an eye to expanding operations in Asia. We kicked off our operations in this field under the Shama brand in April 2018 through a business alliance with ONYX Hospitality Group, an international company active in China and Southeast Asia.
- Through the process of conducting sales activities aimed at non-Japanese customers and engaging in other aspects of this business, we hope to gain fresh new insight that can be of use in operations in Japan.
- Next, please turn to slide 31.

## IV Progress of the Medium-Term Business Plan

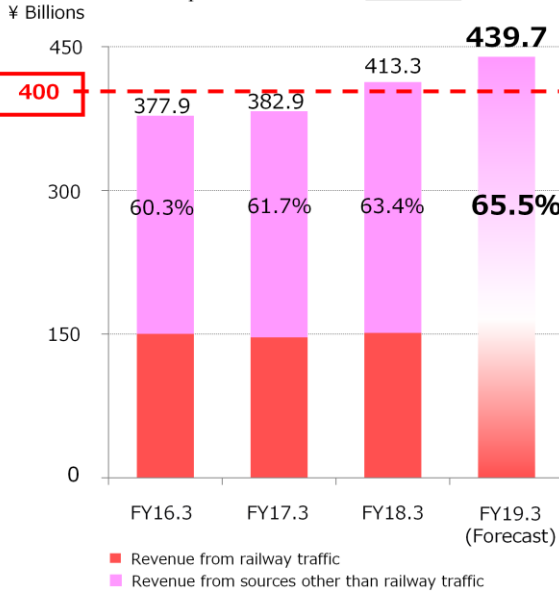
# Target Management Indicators



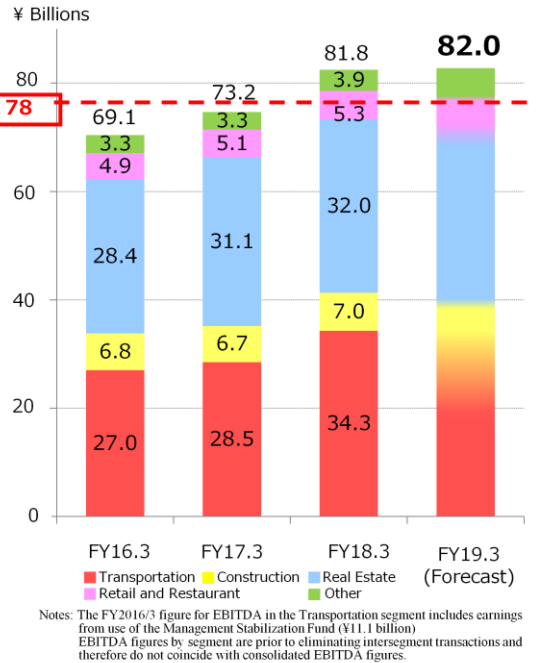
## ◆ Target Indicators (FY 2019/3)

<Operating Revenues: ¥400.0 billion>

Share of operating revenues not from railway transportation revenue: Over 62%



<EBITDA: ¥78.0 billion>



Notes: The FY2016/3 figure for EBITDA in the Transportation segment includes earnings from use of the Management Stabilization Fund (¥1.1 billion). EBITDA figures by segment are prior to eliminating intersegment transactions and therefore do not coincide with consolidated EBITDA figures.

- The Medium-Term Business Plan targets consolidated operating revenues of ¥400.0 billion and consolidated EBITDA of ¥78.0 billion in the fiscal year ending March 31, 2019.
- We succeeded in achieving our targets for operating revenues and EBITDA in the fiscal year ended March 31, 2018, the second year of the plan.
- The fiscal year ending March 31, 2019, will be the final year of the current Medium-Term Business Plan. As indicated in our performance forecasts, in this year we aim to generate operating revenues and EBITDA that exceed the levels seen in the fiscal year ended March 31, 2018.
- Please turn to the next slide.

# Target Management Indicators

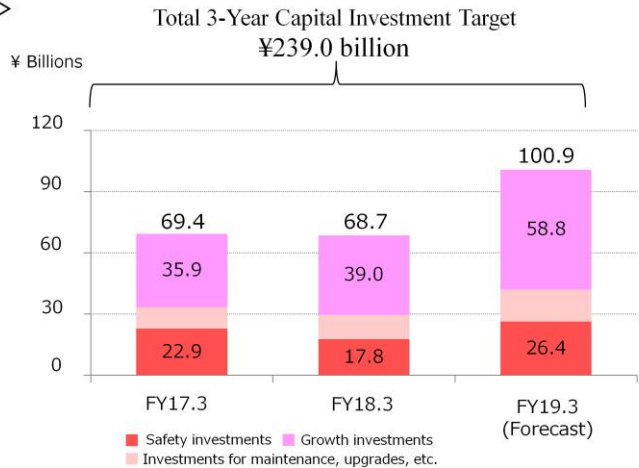


## <Capital Investment Amounts[Reference]>

¥190 billion  
(FY 2017/3–2019/3 totals)

(Main details)

- Investments to improve safety in the railway business      ¥65 billion
- Growth investments      ¥80 billion



## <Major Growth Investments under Medium-Term Business Plan>

- Ropponmatsu development project
- JR Kyushu Hotel Blossom Naha
- Shinbashi 1-chome hotel project
- Hakata Ekimae 2-Chome Complex (provisional name)
- Apartment rentals  
RJR Oita Ekimae II  
Grand Precia Shibaura, etc.



■ Ropponmatsu development project



■ Hakata Ekimae 2-Chome Complex (provisional name)



■ Shinbashi 1-chome hotel project

- The next subject I want to touch on is capital investment.
- Over the three-year period of the Medium-Term Business Plan, we had initially intended to conduct a total of ¥190.0 billion worth of investments on a consolidated basis. Of this amount, ¥65.0 billion was to be directed toward investments to improve safety in the railway business while ¥80.0 billion had been earmarked for growth investments.
- However, given that we conducted ¥75.0 billion in growth investments during the first two years of the plan, we now expect that the three-year total for growth investments will be higher than the projected ¥80.0 billion.
- Major growth investments under the Medium-Term Business Plan are listed on this slide.
- In the fiscal year ending March 31, 2019, the final year of the Medium-Term Business Plan, growth investments will be focused on the real estate lease business, and we are projecting a three-year total for capital investments of ¥239.0 billion, much higher than initially projected by the plan.
- While making continuous investments in improving safety as necessary to reinforce the foundation of our core railway business, we will actively carry out growth investments that contribute to future urban development and invigorate local communities.
- Please turn to the next slide.



## Returns to Shareholders



### ◆ Dividend Policy

Until FY 2019/3, we will aim for stable dividends per share with a consolidated payout ratio at a level of approximately 30% as the standard guideline.

### ◆ Annual Dividend Amount per Share and Payout Ratio

- Planned dividend of **¥83.00 per share** for FY2018/3
- Planned dividend of **¥83.00 per share** for FY2019/3

	Annual dividend amount per share	Consolidated dividend payout ratio
FY2017/3 * For half fiscal year	¥38.50	13.8%
FY2018/3	¥83.00 (Interim: ¥39.00, Year-end: ¥44.00)	26.3%
FY2019/3 (Forecast)	¥83.00	28.0%

33

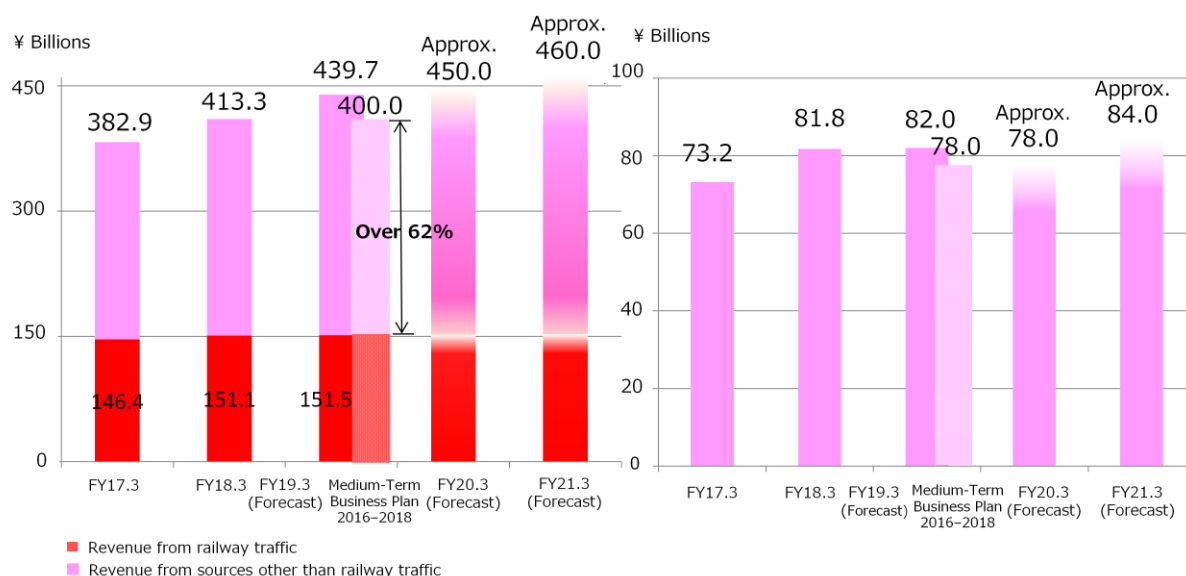
- I will now discuss shareholder returns.
- We have adopted a basic policy of issuing stable per share dividends by targeting a consolidated payout ratio at a level of approximately 30% until the fiscal year ending March 31, 2019.
- Based on the Company's performance in the fiscal year ended March 31, 2018, we have decided to propose a year-end dividend of ¥44 per share for this year, an increase of ¥5 above the previous dividend forecast. This proposal will be submitted to the General Meeting of Shareholders for approval.
- As for the fiscal year ending March 31, 2019, we currently plan to issue an annual dividend of ¥83 per share, the same as for the fiscal year ended March 31, 2018.
- Please turn to the next slide.

# Medium-Term Outlook (Reference)



## <Consolidated Operating Revenues>

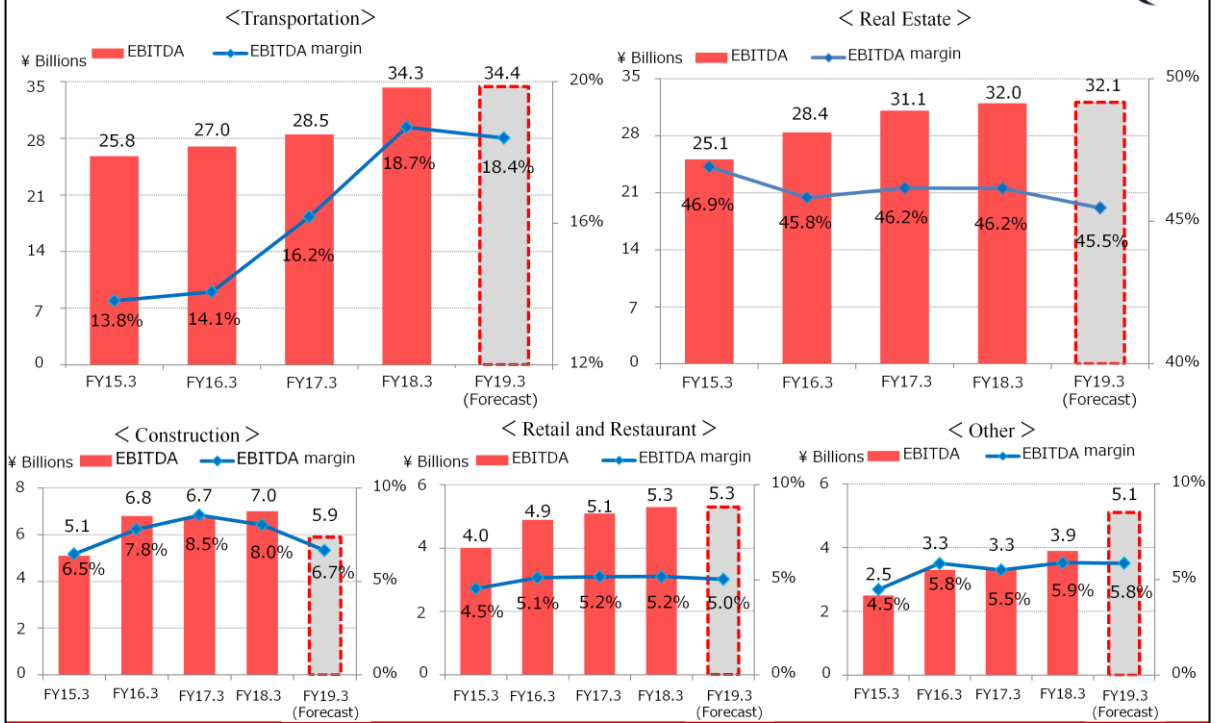
## <Consolidated EBITDA>



- We are currently in the process of formulating the numeric forecasts and other provisions of the next Medium-Term Business Plan, and we look to announce this plan when the timing is appropriate. For the time being, I would like to briefly explain our forecasts leading up to the fiscal year ending March 31, 2021.
- Assuming we move forward with the measures laid out in the current Medium-Term Business Plan, our medium-term outlook projects that EBITDA should decline in the fiscal year ending March 31, 2020, as a result of the abolishment of the special tax measures that the Company has benefited from previously. Nevertheless, EBITDA in the fiscal year ending March 31, 2021, is forecast to be higher than in the fiscal year ended March 31, 2018.
- Under the guidance of the JR Kyushu Group Medium-Term Business Plan 2016–2018, we succeeded in building solid operation foundations to support the continuation of our business activities over the long term and even achieved listing on the stock market. As for the next Medium-Term Business Plan, we aim to gear the plan toward utilizing these operating foundations in the pursuit of future growth.
- This concludes my presentation. I thank you for your attention.

# Appendix

# EBITDA by Segment

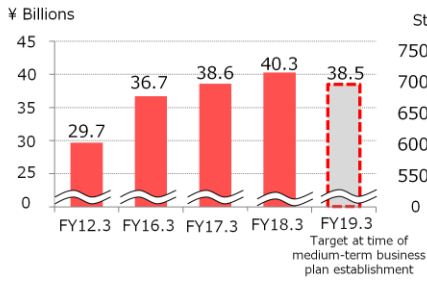


Notes: Figures for the Transportation segment EBITDA up to and including FY2016/3 contain earnings from use of the Management Stabilization Fund (¥12.5 billion in FY2015/3, and ¥11.1 billion in FY2016/3).  
 Figures by segment are prior to eliminating intersegment transactions.

# Progress of Business Initiatives Under Medium-Term Business Plan

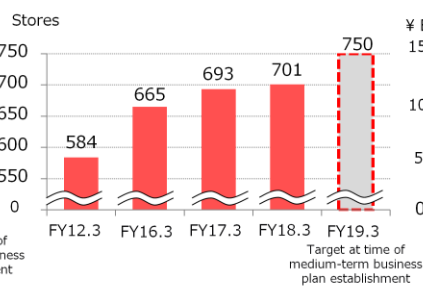


<Station Building Business Revenues>



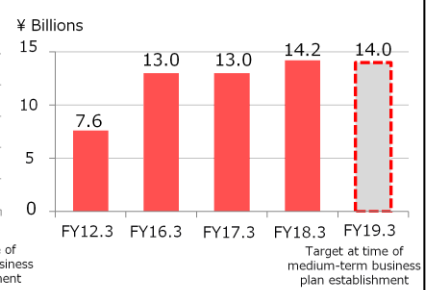
Note: Figures represent total business revenues from six station building operating subsidiaries and the JRJP Hakata Building.

<Retail and Restaurant Store Numbers>

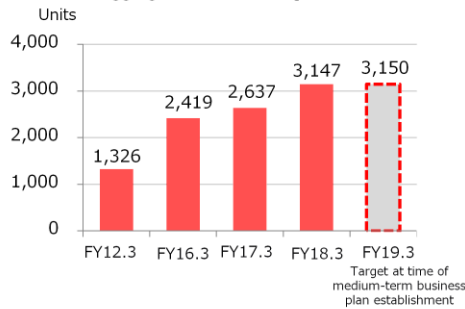


Note: Figures are as of the end of each fiscal year.

<Hotel (Ryokan) Business Revenues>

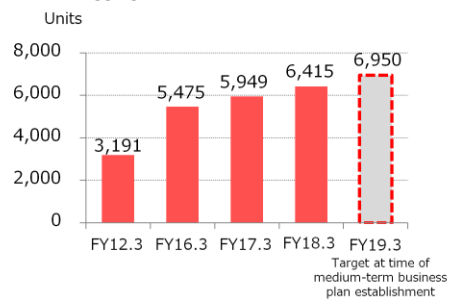


<Aggregate Number of Apartment Units>



Note: Figures are as of the end of each fiscal year.

<Aggregate Number of Condominium Units>



Note: Figures are as of the end of each fiscal year.

# Peripheral Business Initiatives



## < Rental Apartments >

Name	Location	Timings (Acquisition / Start of move-in availability)	Units
Higashi Jujo Rental Apartments	Kita Ward, Tokyo	June 2017	182
RJR Precia Oita Ekimae II	Oita City	February 2018	130
RJR Precia ChiyoKenchoguchi Ekimae	Hakata Ward, Fukuoka City	February 2018	132
RJR Precia Nishikoen Bayside	Chuo Ward, Fukuoka City	March 2018	45
RJR Precia Takeshita I	Hakata Ward, Fukuoka City	March 2018	21
Grand Precia Shibaura	Minato Ward, Tokyo	FY2019/3	234
RJR Precia Korimoto II	Kagoshima City	FY2019/3	142
RJR Precia Hakata Eki Minami	Hakata Ward, Fukuoka City	FY2019/3	139
RJR Precia Oita Ekimae III	Oita City	FY2019/3	78

## < Condominiums >

Name	Location	Start of move-in availability	Units
MJR Kyudai-Gakkentoshi Residence	Nishi Ward, Fukuoka City	April 2017	161
MJR Akasaka Tower	Chuo Ward, Fukuoka City	November 2017	172
MJR The Garden Oe	Chuo Ward, Kumamoto City	March 2018	193
MJR Kuhonji Terrace	Chuo Ward, Kumamoto City	August 2018	64
MJR The Garden Kagoshima-Chuo	Kagoshima City	Phase I: August 2018 Phase II: March 2019	472
MJR Onojo Ekimae	Onojo City, Fukuoka Prefecture	March 2019	52
MJR Sakurazaka the Residence	Chuo Ward, Fukuoka City	March 2019	26
MJR Shimizucho	Kagoshima City	March 2019	51
MJR Oita Ekimae the Residence	Oita City	March 2019	70

# Major Properties



Asset type	Name	Location	Timings (Opening / Acquisition)	Floor space / Units / Rooms	Tenant sales (FY2017/3)	Major tenants
Commercial facility (Station building)	AMU PLAZA Kokura	Kokura Kita Ward, Kita Kyusyu	Mar. 1998	Approx. 48,500㎡	¥ 12.1 billion	UNITED ARROWS, Francfranc, etc.
	AMU PLAZA Nagasaki	Onoemchi, Nagasaki City	Sep. 2000	Approx. 58,500㎡	¥ 20.9 billion	TOKYU HANDS, MUJI, UNITED CINEMAS, etc.
	AMU PLAZA Kagoshima	Chuocho, Kagoshima City	Sep. 2004	Approx. 65,000㎡	¥ 26.4 billion	TOKYU HANDS, ZARA, Cinema Kagoshima Mitte 10, etc.
	JR Hakata City	Hakata Ward, Fukuoka	Mar. 2011	Approx. 240,000㎡	¥ 113.0 billion	Hankyu Department Store, TOKYU HANDS, T-Joy Hakata, etc.
	JR Oita City	Kanamemachi, Oita City	Apr. 2015	Approx. 154,000㎡	¥ 23.3 billion	TOKYU HANDS, TOHO CINEMAS, etc. Renovation completed on March 2, 2018
Commercial facility (Inner-City)	Ropponmatsu 421, etc.	Chuo Ward, Fukuoka	Sep. 2017 * Partly opened October	Approx. 37,000㎡	-	TSUTAYA, STARBUCKS, Kyushu University Law School, Fukuoka City Science Museum, SJR Ropponmatsu, etc.
Office buildings	Akasaka Sanno Center Building	Chiyoda Ward, Tokyo	Acquired in Mar. 2011	Approx. 5,000㎡	-	-
	Nibancho Center Building	Chiyoda Ward, Tokyo	Acquired in Mar. 2014	Approx. 44,000㎡	-	-
	JRJP Hakata Building	Hakata Ward, Fukuoka	Opened in Apr. 2016	Approx. 44,000㎡	-	-
	Hirakawacho Center Building	Chiyoda Ward, Tokyo	Acquired in Sep. 2016	Approx. 8,000㎡	-	-
Rental apartments	RJR Precia Oita Ekimae II	Oita City, Oita Prefecture	Feb. 2018	130	-	-
	RJR Precia Hakata	Hakata Ward, Fukuoka	Feb. 2017	218	-	-
	Total of 34 buildings including the above					
Hotels	JR Kyushu Hotel Blossom Hakata Chuo	Hakata Ward, Fukuoka	Apr. 2013	247	-	-
	JR Kyushu Hotel Blossom Shinjuku	Shibuya Ward, Tokyo	Jul. 2014	239	-	-
	JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	Jun. 2017	218	-	-
	Shama Lakeview Asoke Bangkok	Bangkok, Thailand	Acquired in Dec. 2017	429	-	Operations commenced under new brand in April 2018
	Total of 16 buildings including the above					

# Overview of Major Development Pipelines



Name	Location	Timings	Floor space / Lot area / Units / Rooms	Additional comments (uses, etc.)
Kumamoto Station area development	Kumamoto City	March 2018: Scheduled start of operations in area under elevated tracks Spring 2019: Scheduled start of station building construction Spring 2021: Scheduled commencement of station building operations	Lot area: Approx. 70,000 m <sup>2</sup> (including area below elevated tracks) Total floor space: Approx. 107,000 m <sup>2</sup> (station building)	Area below elevated tracks: Commercial area Station building: Commercial area, movie theaters, hotels (200 rooms), etc. Multilayered parking lots: 2,100 parking spaces Residential areas: MJR, RJR, SJR, etc.
Nagasaki Station area development	Nagasaki City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 48,000㎡ (including area below elevated tracks)	Promotion of development in area surrounding station out of consideration for Shinkansen opening and change to elevated tracks for conventional lines; Potentially integrated development of commercial areas, hotels, office buildings, etc.
Minami Kyushu Development Projects				
Kagoshima-Chuo Station West Exit	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 8,500㎡	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
Kagoshima Station area	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 14,000㎡	—
Miyazaki Station West Exit	Miyazaki City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 7,000㎡	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
Area surrounding Kagoshima Rolling Stock Depot	Kagoshima City	Undecided * Scheduled for opening in FY2020/3 or later	Lot area: Approx. 12,000㎡	—
Hakata Ekimae 2-Chome Complex (provisional name)	Hakata Ward, Fukuoka	Scheduled for opening in fall 2019	Lot area: Approx. 1,590㎡	Integrated building development centered on hotels (238 rooms)
RJR Precia Tenjin South	Chuo Ward, Fukuoka	Scheduled for completion in February 2020	Lot area: Approx. 15,000㎡	Integrated apartment building (202 units)
MJR / RJR Sakaisuji Honmachi Tower	Chuo Ward, Osaka	Scheduled for completion at end of February 2021	Lot area: Approx. 47,470㎡	Condominiums, apartments (296 condominium units, 144 apartment units)
Shinbashi 1-home hotel project	Minato Ward, Tokyo	Scheduled for opening in fall 2019	Total number of rooms: 267 (planned) Total floor space: Approx.10,400㎡	Integrated development of office buildings and hotels, joint development projects with NTT Urban Development Hotel owner: Kyushu Railway Company Hotel operator: JR Kyushu Hotels Inc.

\* Schedules are subject to change 40



## Forward-Looking Statements

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These materials contain forward-looking statements concerning business forecasts, targets, etc. of the JR Kyushu Group.

The Company decided on these forward-looking statements based on the available information, as well as Company estimates and assumptions, at the time these materials were created. Please note that actual performance can vary greatly depending on the impact of various factors such as the economic environment in Kyushu as well as greater Japan and overseas, the condition of the real estate market, the progress of each individual project, changes in laws and regulations, and a wide range of other risks.

These materials can be viewed on our corporate website.  
[http://www.jrkyushu.co.jp/company/ir\\_eng/library/earnings/](http://www.jrkyushu.co.jp/company/ir_eng/library/earnings/)