



FY19.3

Semi-Annual Investors Meeting

December 18, 2018
Kyushu Railway Company



KYUSHU RAILWAY COMPANY



Illegal Activity by JR Kyushu Housing Company



Establishment of Third-Party Committee in Response to Illegal Activity by JR Kyushu Housing Company

Employees of JR Kyushu Housing are alleged to have taken part in the conclusion and execution of construction contracts based on housing sales contracts by encouraging facility owners to falsify documents to be submitted to financial institutions with regard to housing loans. Through this falsification, employees allegedly would have facility owners apply for loans based on a construction contracting amounts that exceed the actual amounts to receive excessive loans from financial institutions.

In response to these allegations, the Board of Directors resolved to establish the Third-Party Committee, which was to be comprised of external specialists, on October 10, 2018.

Results of Third-Party Committee Investigation

- Inappropriate loan applications submitted in 55 of the 71 cases investigated
- Cause of the issues thought to be rooted in a lack of compliance awareness, a warped customer-first mentality, unreliable and insufficient management systems, the pressure felt to achieve targets, incentive compensation, and other factors

Note: The Third-Party Committee determined that the probability of inappropriate loan applications in the condominium operations of JR Kyushu was low.

Impact on Performance

- Rationally estimated amount recorded under “Other” in extraordinary loss in the six-month period ended September 30, 2018
- Impact on performance in the six-month period ended September 30, 2018, projected to be minimal

Illegal Activity by JR Kyushu Housing Company



Measures for Preventing Reoccurrence

1. Instituting rigorous compliance education for the JR Kyushu Group

- Internal training adapted to the housing industry, including specific examples, for all employees of JR Kyushu Housing, etc.

2. Strengthening and enhancing JR Kyushu Housing management systems

- Establishment of Compliance Oversight Department, implementation of check systems, revision of internal regulations, etc.

3. Building an open corporate culture at JR Kyushu Housing

- Revision of personnel system for full-time, regular employees, etc.

4. Implementing effective audits, etc.

- Revision of items subject to audit and system for following up on post-audit improvement items
- Establishment of framework for evaluation by JR Kyushu of the compliance initiatives of Group companies, etc.

5. Reforming the JR Kyushu Housing personnel system

6. Implementing information exchange meetings with suppliers

The JR Kyushu Group apologizes for the inconvenience this incident has caused to its shareholders, investors, and other stakeholders. We are strongly committed to preventing the reoccurrence of such activities.

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Highlights



Results For FY19.3 2Q

- Operating revenues and net income both increased
- Increase operating revenues due to benefits of the consolidation of Caterpillar Kyushu and revenues from sales of condominiums
- Increase in net income as the absence of previously recorded losses associated with the heavy rain in northern Kyushu that occurred in July 2017 and typhoon No. 18 offset the newly recorded losses in relation to the July 2018 heavy rains

Forecasts for FY19.3

- No revision to forecasts announced on August 6, 2018
- Higher operating revenues and lower net income projected
- Increase in operating revenues to result from the benefits of the consolidation of Caterpillar Kyushu as well as from a rise in railway transportation revenues due to the rebound from the impacts of the heavy rain in northern Kyushu that occurred in July 2017 and typhoon No. 18
- Decrease in net income to occur due to higher depreciation costs in the railway business and lower profit margins in the Construction segment

Progress of Mid-term Business Plan

- Targets for operating revenue, EBITDA, and portion of sales from non-railway businesses achieved in FY18.3, the second year of the mid-term business plan
- Capital investment greatly exceeding initial target of ¥190.0 billion

Formulating the next Mid-term Business Plan

- Short-term measures to be formulated while assessing business from a long-term perspective
- Established management foundations to be leveraged while examining next mid-term business plan from various perspectives with the goal of achieving future growth

I . Financial Results for the Six-month Period Ended September 30, 2018

Consolidated Financial Highlights for the Six-Month Period Ended September 30, 2018 (Year on Year)



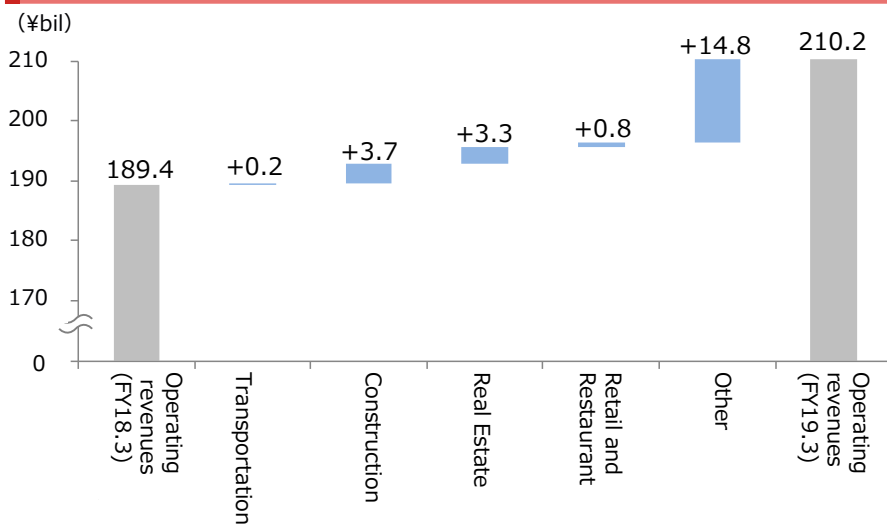
- Operating revenues up for second consecutive year (record high)
- Operating income up for sixth consecutive year (record high)
- Net income attributable to owners of the parent up for second consecutive year (record high)
- EBITDA up for second consecutive year (record high)

(¥bil)

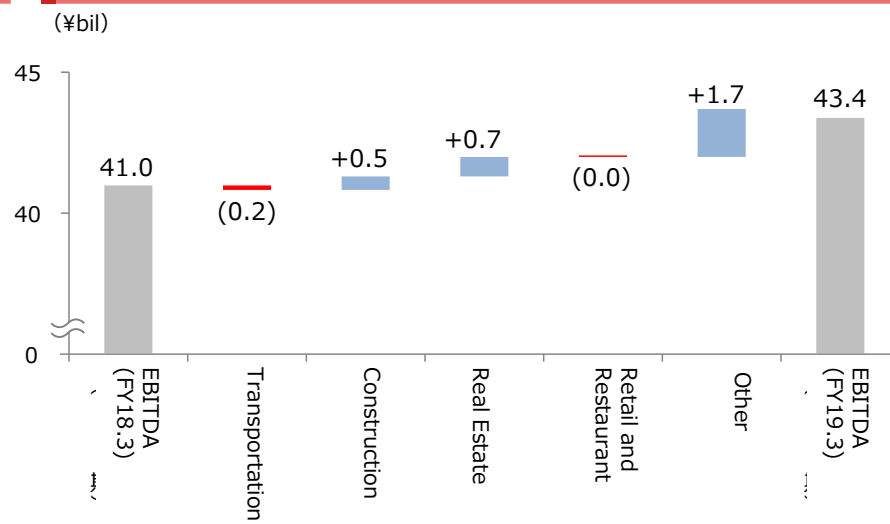
	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY	
Operating revenue	189.4	210.2	20.8	111.0%
Operating income	32.7	33.2	0.4	101.3%
Ordinary income	33.9	35.0	1.0	103.1%
Net income attributable to owners of the parent	22.9	26.2	3.2	114.4%
EBITDA ^(※)	41.0	43.4	2.4	105.8%

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

Change in operating revenue by segment



Change in EBITDA by segment



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.

Consolidated Income Statements



(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Major factors
Operating revenues	189.4	210.2	20.8	111.0%	Increase due to consolidation of Caterpillar Kyushu Increase in revenue from sales of condominiums
Operating expenses	156.6	176.9	20.3	113.0%	Increase due to consolidation of Caterpillar Kyushu Increase in depreciation costs (JR Kyushu)
Operating income	32.7	33.2	0.4	101.3%	
Non-operating income and expenses	1.2	1.8	0.6	151.1%	Increase in gains on investment securities
Ordinary income	33.9	35.0	1.0	103.1%	
Extraordinary gains and losses	(4.9)	(1.0)	3.8	-	Increase in extraordinary gains (insurance income associated with disasters, etc.) Decrease in extraordinary losses (lower disaster expenses, etc.)
Net income attributable to owners of the parent	22.9	26.2	3.2	114.4%	
EBITDA	41.0	43.4	2.4	105.8%	

Segment Information 【Summary】



	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Major factors
Operating revenues	189.4	210.2	20.8	111.0%	
Transportation	89.5	89.7	0.2	100.2%	Increase in railway transportation revenues, etc.
Construction	27.8	31.5	3.7	113.4%	Increase in Shinkansen-related construction, etc.
Real Estate	30.9	34.2	3.3	110.7%	Increase in revenue from sales of condominiums, etc.
(Real Estate Lease)	23.9	25.7	1.7	107.2%	
Retail and Restaurant	51.5	52.3	0.8	101.6%	
Other	28.0	42.9	14.8	153.0%	Consolidation of Caterpillar Kyushu, return to standard level with regard to JR Kyushu Hotel Blossom Naha, etc.
Operating income	32.7	33.2	0.4	101.3%	
Transportation	18.0	16.8	(1.2)	93.2%	Increase in depreciation costs, etc.
Construction	0.6	1.0	0.4	172.6%	
Real Estate	11.7	12.1	0.4	103.8%	
(Real Estate Lease)	11.0	11.3	0.2	102.0%	
Retail and Restaurant	1.8	1.7	(0.0)	95.5%	Increase in personnel costs, etc.
Other	0.6	1.7	1.0	266.1%	Consolidation of Caterpillar Kyushu, return to standard level with regard to JR Kyushu, Hotel Blossom Naha, etc.
EBITDA	41.0	43.4	2.4	105.8%	
Transportation	20.3	20.1	(0.2)	98.7%	
Construction	1.0	1.5	0.5	151.6%	
Real Estate	16.0	16.7	0.7	104.4%	
(Real Estate Lease)	15.3	15.8	0.4	103.2%	
Retail and Restaurant	2.6	2.5	(0.0)	97.3%	
Other	1.1	2.9	1.7	247.9%	

Balance Sheet and Cash Flow Statement



Balance sheet

(¥bil)

	FY18.3	6 months ended September 30, 2018	Increase/ (decrease)	Major Factors
Total Assets	749.3	747.0	(2.2)	
Cash and time deposits	15.0	14.9	(0.0)	
Short-term securities	65.0	54.5	(10.4)	Decrease in negotiable certificates of deposit
Money held in trust	55.7	56.8	1.0	
Property, plant and equipment	390.6	411.0	20.3	Acquisition of land in Kyoto, etc.
Railway business assets	47.2	49.8	2.6	
Interest-bearing debt	87.3	86.6	(0.6)	
Net assets	383.2	404.1	20.9	
Paid-in capital	250.2	250.2	-	
Capital and retained earnings	124.9	144.1	19.1	

Cash flow

(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	Increase/ (decrease)	Major Factors
Cash flows from operating activities	46.9	29.3	(17.6)	Decrease due to collection of receivables (MJR Ropponmatsu, etc.)
Depreciation expense	8.2	10.4	2.1	
Cash flows from investing activities	(39.8)	(16.9)	22.9	Acquisition of securities in FY2018/3 (negotiable certificates of deposit)
Capital expenditures	(45.5)	(47.7)	(2.2)	
Free cash flow	7.1	12.4	5.2	
Cash flows from financing activities	(6.7)	(7.3)	(0.6)	Cash dividends paid
Cash and cash equivalents	54.6	69.4	14.7	

Non-consolidated Income Statements



(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Majour Factors
Operating revenues	104.1	106.6	2.4	102.3%	Increase in revenue from sales of condominiums, etc.
Railway transportation revenues	75.3	75.4	0.0	100.1%	
Other revenues	28.8	31.1	2.3	108.2%	
Operating expenses	77.5	80.4	2.9	103.8%	
Personnel expenses	25.4	24.8	(0.5)	97.7%	
Non-personnel expenses	43.2	45.3	2.1	104.9%	Increase in cost of sales of condominiums, increase in outsourcing expenses, etc.
Energy costs	4.4	4.6	0.2	105.7%	
Maintenance costs	13.3	13.3	(0.0)	99.9%	
Other	25.3	27.2	1.8	107.3%	
Taxes	4.3	4.6	0.2	106.1%	
Depreciation costs	4.4	5.6	1.1	125.3%	
Operating income	26.6	26.1	(0.5)	98.1%	
Non-operating income and expenses	3.3	7.8	4.4	232.8%	Increase in dividend income, etc.
Ordinary income	30.0	34.0	3.9	113.3%	
Extraordinary gains and losses	(4.5)	(0.8)	3.7	-	Increase in proceeds from insurance income, decrease in disaster expenses associated with heavy rain in northern Kyushu and typhoon No. 18, increase in disaster expenses associated with heavy rain in July 2018, etc.
Net income	21.4	27.8	6.3	129.8%	

Non-consolidated Income Statements (Reprint)



(¥bil)

		6 months ended September 30, 2017	6 months ended September 30, 2018	YoY	
Railway business	Operating revenues	83.5	83.4	(0.0)	99.9%
	Operating expenses	65.8	66.8	0.9	101.5%
	Operating income	17.6	16.6	(1.0)	94.1%
Related businesses	Operating revenues	20.6	23.1	2.4	111.9%
	Operating expenses	11.6	13.6	1.9	116.6%
	Operating income	8.9	9.5	0.5	105.9%

Railway business



Transportation Revenues

(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Major Factors
Total	75.3	75.4	0.0	100.1%	
Commuter pass	16.5	16.6	0.0	100.5%	
Non-commuter pass	58.7	58.7	(0.0)	99.9%	
Shinkansen	26.9	27.5	0.5	102.1%	<ul style="list-style-type: none"> • Basic trend (approx. 101%) • Increase due to broadcast of Segodon period drama • Increase due to three-day weekend in September 2018
Commuter pass	1.3	1.3	0.0	101.7%	
Non-commuter pass	25.5	26.1	0.5	102.1%	
Conventional Lines	48.4	47.9	(0.4)	99.0%	<ul style="list-style-type: none"> • Basic trend (approx. 100%) • Decrease due to heavy rain in July 2018 • Decrease due to rebound from favorable weather in 2017 rainy season
Commuter pass	15.2	15.2	0.0	100.4%	
Non-commuter pass	33.2	32.6	(0.5)	98.3%	

Passenger-Kilometers

(Millions of passenger-kilometers)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY	
Total	4,758	4,725	(32)	99.3%
Commuter pass	2,207	2,210	2	100.1%
Non-commuter pass	2,550	2,515	(34)	98.6%
Shinkansen	998	1,020	21	102.2%
Commuter pass	101	102	1	101.1%
Non-commuter pass	896	917	20	102.3%
Conventional Lines	3,760	3,705	(54)	98.5%
Commuter pass	2,106	2,107	1	100.0%
Non-commuter pass	1,654	1,598	(55)	96.6%

II. Forecasts for FY19.3

Consolidated Financial Highlights for FY19.3

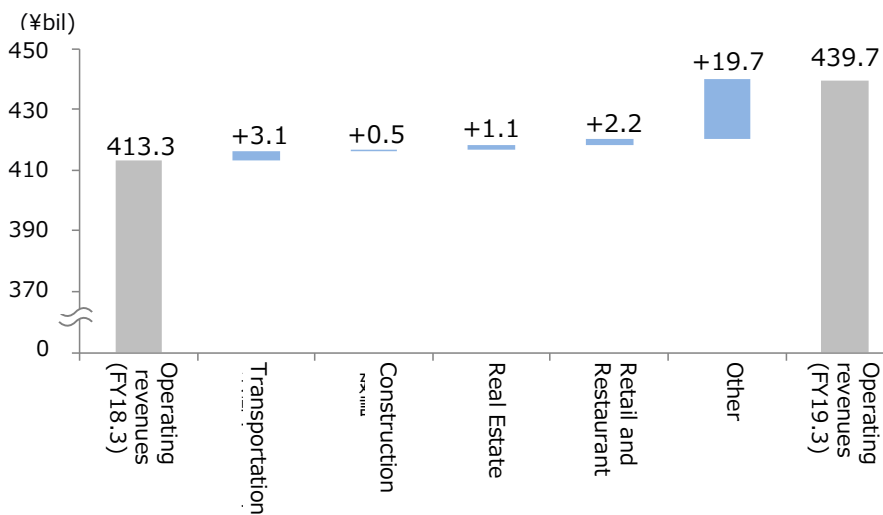


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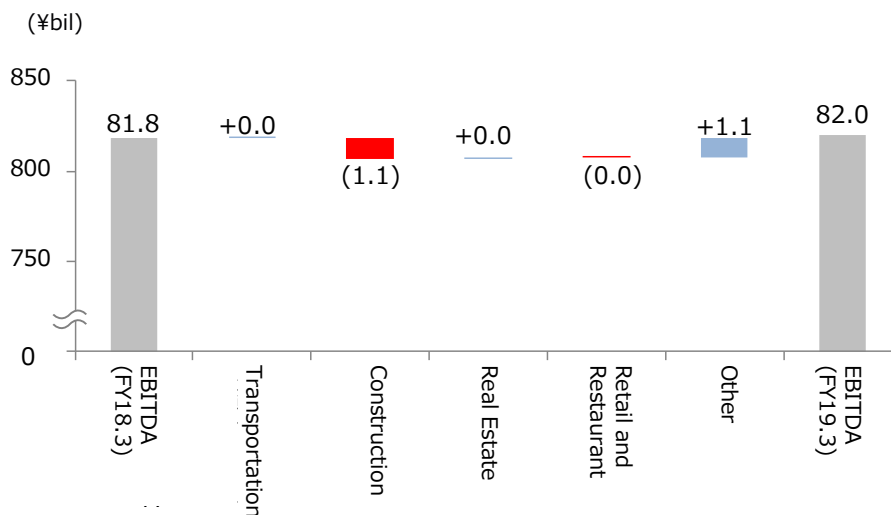
	Results FY18.3	Forecasts FY19.3 (12/13)	YoY	
Operating revenue	413.3	439.7	26.3	106.4%
Operating income	63.9	60.7	(3.2)	94.9%
Ordinary income	67.0	62.6	(4.4)	93.4%
Net income attributable to	50.4	47.5	(2.9)	94.2%
Net income per share (yen)	315.07	296.88	(18.19)	94.2%
EBITDA	81.8	82.0	0.1	100.2%

Note: Forecasts for the fiscal year ending March 31, 2019, remain unchanged from those announced on August 6, 2018.

Change in operating revenue by segment



Change in EBITDA by segment



Consolidated Financial Forecasts (By segment)



(¥bil)

	Results FY18.3	Forecasts FY19.3 (12/13)	YoY	
Operating revenue	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)	49.0	51.6	2.5	105.3%
Other	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)	20.6	20.6	(0.0)	99.7%
Other	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)	29.4	30.0	0.5	101.8%
Other	5.3	5.3	(0.0)	99.3%
Other	3.9	5.1	1.1	128.8%

Note: Forecasts for the fiscal year ending March 31, 2019, remain unchanged from those announced on August 6, 2018.
The same applies hereafter.

Non-consolidated Financial Forecasts

(¥bil)

	Results FY18.3	Forecasts FY19.3 (12/13)	YoY	
Operating revenue	219.7	222.8	3.0	101.4%
Railway transportation revenues	151.1	151.5	0.3	100.2%
Shinkansen	54.1	55.0	0.8	101.6%
Conventional Lines	97.0	96.5	(0.5)	99.5%
Other revenues	68.5	71.3	2.7	104.0%
Operating expenses	172.9	178.0	5.0	102.9%
Personnel expenses	51.3	49.8	(1.5)	96.9%
Non-personnel expenses	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%
Non-operating 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%

Non-consolidated Financial Forecasts (Reprint)



(¥bil)

		Results FY18.3	Forecasts FY19.3 (12/13)	YoY	
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. Segment Information



KYUSHU RAILWAY COMPANY

Transportation Segment



Transportation Segment performance

(¥bil)

	6 months ended September 30, 2018	6 months ended September 30, 2019	YoY	
Operating revenues	89.5	89.7	0.2	100.2%
Operating expenses	18.0	16.8	(1.2)	93.2%
Depreciation costs	2.3	3.2	0.9	141.3%
EBITDA	20.3	20.1	(0.2)	98.7%

Forecasts FY19.3	YoY	
186.9	3.1	101.7%
27.5	(1.7)	94.1%
6.9	1.7	133.1%
34.4	0.0	100.0%

Positive factors

Increase in passenger revenues

- Rise in Shinkansen passengers
- Online booking
- Inbound tourism
- Urban area demand

Decrease in expenses

- Personnel costs (decrease due to retirement of senior employees)

Technological innovation and streamlined business operations

- Introduced energy-saving rolling stock
- Expanded Smart Support Stations

Negative factors

Depopulation

- Decrease in conventional line passengers

Increase in expenses

- Depreciation expense (increase of ¥3bil/year during 3-Year business plan period)
- Fuel costs (crude oil, FX, etc.)
- End to special tax treatment (end of FY19.3)

Natural disasters

- Recovery costs
- Steady implementation of further safety investments

FY19.3 initiatives

Increase passenger revenues

- Enhance yield management
- Strategic tie-up with Alibaba Group

Recover from disasters

- Resume train service on the Kyudai Main Line

Technological innovation and streamlined business operations

- Introduce energy-saving train cars
- Expand Smart Support Stations
- Reorganize railway subsidiaries

Initiatives in the Railway Business

—Pursuing Efficient Business Operations



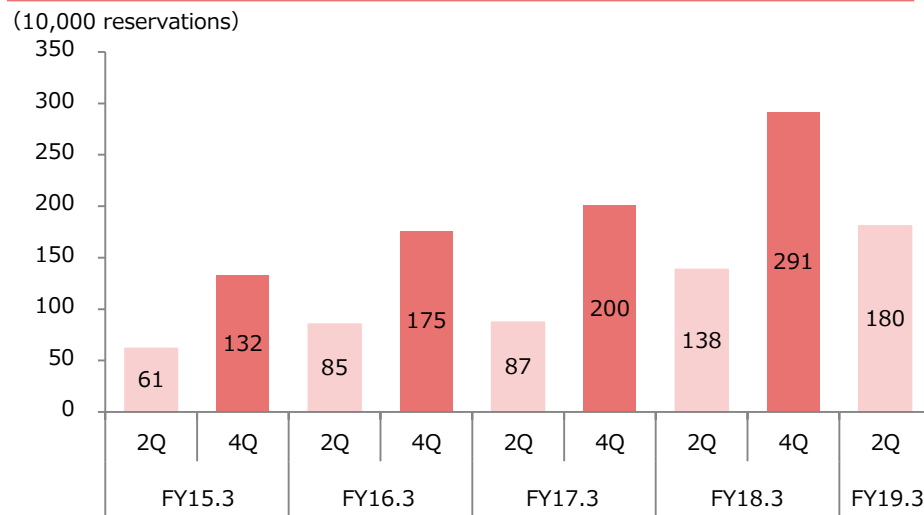
- Further increase train usage and bolster profitability by encouraging the use of the “JR Kyushu Internet Reservation Service” and actively promoting policies focused on inbound demand

Improvement of Profitability by Promoting Yield Management

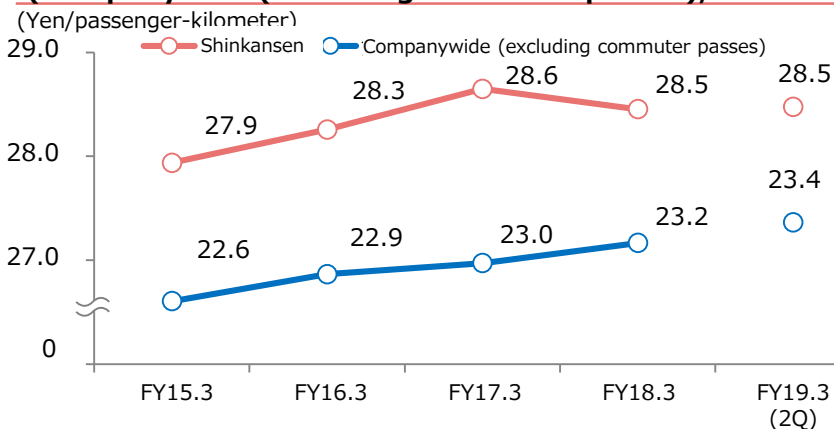
Accelerate shift toward Internet reservations

- Improve Shinkansen usage rates
 - ⇒ Usage rate of approx. 50% on segment between Hakata Station and Kumamoto Station
- Eliminate four-sheet paper tickets
 - ⇒ Transition to Internet reservations
- Introduce services allowing for payment at convenience stores, etc.
 - ⇒ Improve convenience
- Link services with JR KYUPO point service
 - ⇒ Increase appeal of point service by integrating points and implementing campaigns
- Launch advance seat reservation services for inbound visitors to Japan
 - ⇒ Allow for seats to be reserved prior to arriving in Japan (¥1,000)
- Abolish ticket sales windows
 - ⇒ Utilize freed-up space within stations for further development (e.g. FM in Hakata Station), reduce personnel costs

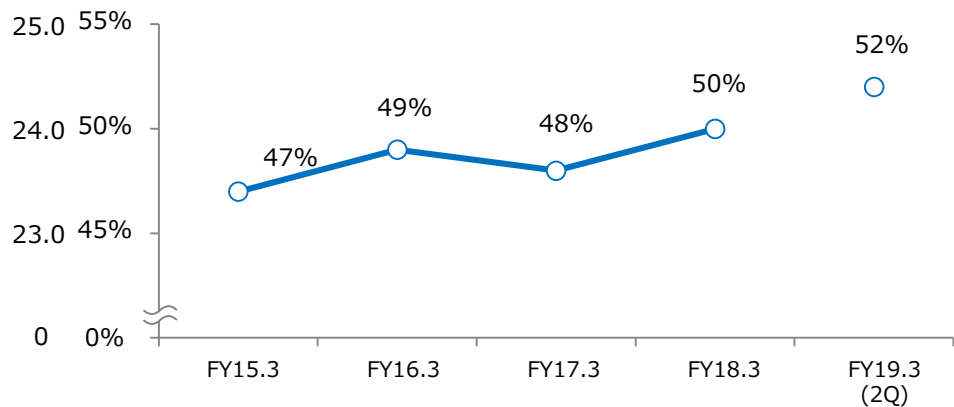
Number of Reservations through the Internet Train Reservation Service



Yield (Companywide (excluding commuter passes), Shinkansen)



Kyushu Shinkansen Usage Rate (Hakata Station–Kumamoto Station)



Initiatives in the Railway Business

—Pursuing Efficient Business Operations



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

⇒ Provide rail pass purchase and advanced seat reservation services

<JR KYUSHU RAIL PASS results>

	6 month period ended September 30, 2018	YoY (%)	YoY difference
Number of passes issued	115,537	103.0%	3,373
Revenues (millions of yen)	1,098	101.7%	18

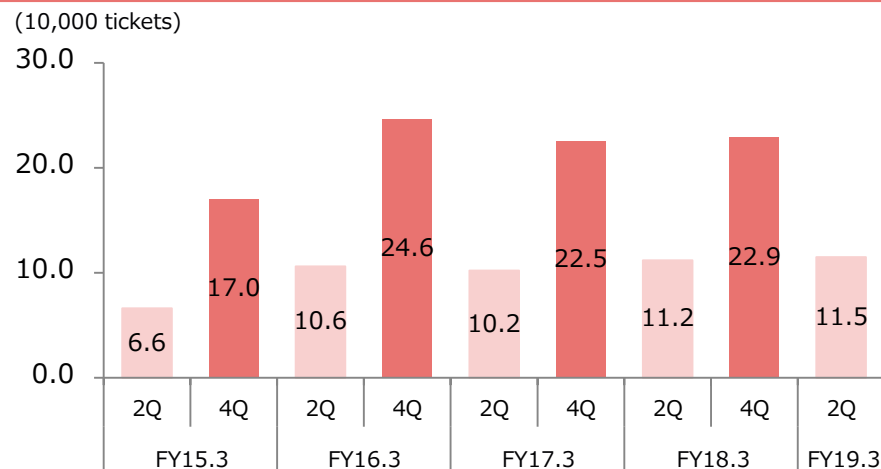
Strategic Alliance with the Alibaba Group (July 2018)

- Launch project for attracting 1 million visitors to Kyushu
- Offer JR Kyushu products through the Alibaba Group's Fliggy travel website to increase number of Chinese tourists to Japan
- Aim to attract 1 million visitors to Kyushu from China in FY24.3 (including 500,000 by the Alibaba Group)

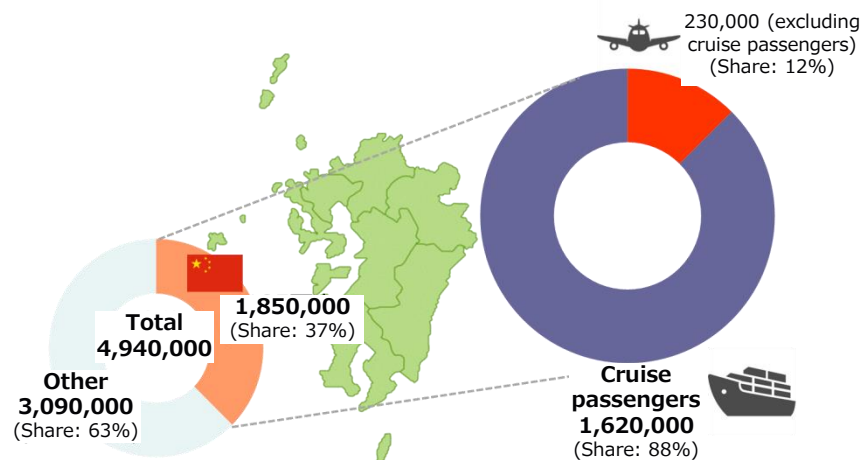
⇒ Commence project in second half of 2018

	JR	Alibaba Group
Pre-trip	<ul style="list-style-type: none"> Sample route proposals D&S Train and other resource provision Kyushu travel product procurement support 	<ul style="list-style-type: none"> Big data-powered identification of Chinese tourists that are highly likely to visit Japan Collaboration with partners to receive customer referrals to sell travel products
During trip	<ul style="list-style-type: none"> Support for introduction of Alipay at JR Kyushu Group companies and other local companies 	<ul style="list-style-type: none"> Convenience improvement of payment services provided by installing Alipay infrastructure and customer attraction support for Alipay-using affiliates

Number of JR KYUSHU RAIL PASS Purchased



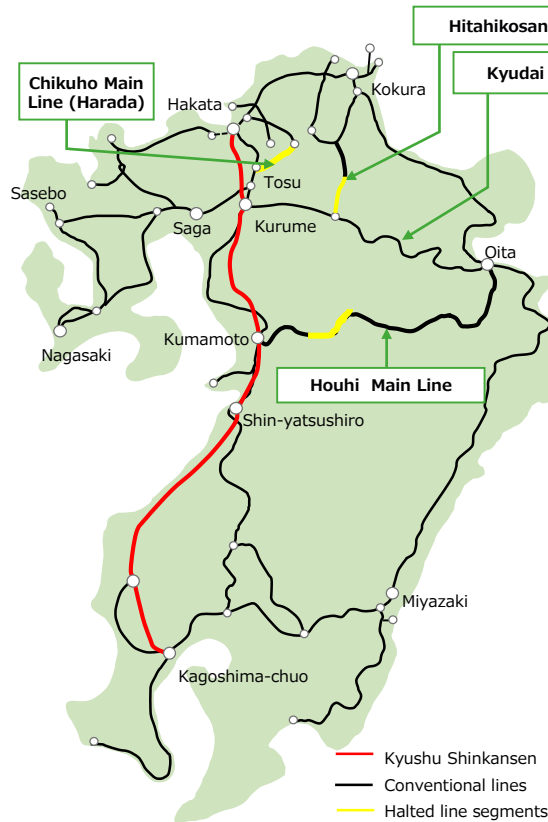
Chinese Tourists Visiting Kyushu (2017)



Vast majority of Chinese tourists visiting Kyushu do so as part of cruise tours

Source: Kyushu District Transport Bureau, Ministry of Land, Infrastructure, Transport and Tourism

Natural Disasters—Kumamoto Earthquakes, July 2017 Heavy Rain in Northern Kyushu, and July 2018 Heavy Rain



	Kumamoto earthquakes	July 2017 heavy rain in northern Kyushu	July 2018 heavy rain
Time of occurrence	April 2016	July 2017	July 2018
Major damages	Kyushu Shinkansen <ul style="list-style-type: none"> • Derailment of out-of-service trains Houhi Main Line <ul style="list-style-type: none"> • Slope failures, rock and debris influx, fallen rocks, foundation deformations, etc. 	Kyudai Main Line <ul style="list-style-type: none"> • Bridge wash away, etc. Hitahikosan Line <ul style="list-style-type: none"> • Bridge deformations, track wash away, damaged railway crossing facilities, etc. 	Chikuho Line <ul style="list-style-type: none"> • Track deformations and rock and debris influx Hisatsu Line <ul style="list-style-type: none"> • Slope failures, etc. Chikuho Main Line (Harada) <ul style="list-style-type: none"> • Collapsed embankments between Katsuragawa Station and Harada Station, collapse of cut land, etc.
Currently halted line segments	<ul style="list-style-type: none"> • Houhi Main Line (Higo-Ozu Station–Aso Station) 	<ul style="list-style-type: none"> • Hitahikosan Line (Soeda Station–Yoake Station) 	<ul style="list-style-type: none"> • Chikuho Main Line (Harada) (Katsuragawa Station–Harada Station)
Recovery status	<ul style="list-style-type: none"> • Recovery work being advanced to resume operations while coordinating with prefectural and natural government slope construction measures (timing of operation resumption undecided) 	<ul style="list-style-type: none"> • See below (timing of operation resumption undecided) 	<ul style="list-style-type: none"> • Recovery work being advanced to resume operations with target resumption date of March 31, 2019
Impact on business performance	<ul style="list-style-type: none"> • Approx. ¥9.0 billion in disaster expenses recorded in FY17.3 (approx. ¥6.0 billion of which recorded as provision for loss on disaster) 	<ul style="list-style-type: none"> • Approx. ¥1.7 billion in disaster expenses recorded in FY18.3 (¥1.3 billion of which recorded as provision for loss on disaster) 	<ul style="list-style-type: none"> • Approx. ¥1.7 billion in disaster expenses recorded in FY19.3 2Q (¥1.6 billion of which recorded as provision for loss on disaster)



Recovery of Kyudai Main Line achieved on July 14, 2018

Progress of Recovery of Hitahikosan Line

- April 2018: First meeting of the Hitahikosan Line Recovery Committee
 - May and July 2018: Meetings of the Recovery Measure Examination Committee → Estimated cost of recovery lowered from initial ¥7.0 billion to ¥5.6 billion
 - October 2018: Second meeting of the Hitahikosan Line Recovery Committee
- Following matters to be examined and discussed over a period of no more than a year
1. Initiatives assuming utilization of Act on Improvement of Railroads and Rail Tracks
 2. Examination of potential forms of support by regional public organizations and other entities as part of long-term operation plan to ensure ongoing operation of line after recovery

Real Estate Segment



Real Estate Segment performance

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY			Forecasts FY19.3	YoY	
Operating revenue	30.9	34.2	3.3	110.7%		70.6	1.1	101.7%
(Real Estate Lease)	23.9	25.7	1.7	107.2%		51.6	2.5	105.3%
Operating income	11.7	12.1	0.4	103.8%		22.6	(0.6)	97.4%
(Real Estate Lease)	11.0	11.3	0.2	102.0%		20.6	(0.0)	99.7%
Depreciation expense	4.3	4.5	0.2	106.2%		9.5	0.6	107.5%
(Real Estate Lease)	4.3	4.5	0.2	106.1%		9.4	0.5	106.5%
EBITDA	16.0	16.7	0.7	104.4%		32.1	0.0	100.2%
(Real Estate Lease)	15.3	15.8	0.4	103.2%		30.0	0.5	101.8%

(¥bil)

Positive factors

- Increased tenant sales at major station buildings
- Opening Ropponmatsu Development Project and Higo Yokamon Ichiba
- Increased stock of rental apartments
- Entry into service apartment business in Thailand
- Introduced payment methods for inbound tourists

Negative factors

- Suspending new projects due to overheating market
- Fluctuation in lot prices due to change in area mix for condominium business
- Increase in personnel costs due to tight supply and demand in labor market
- Renovation of station buildings

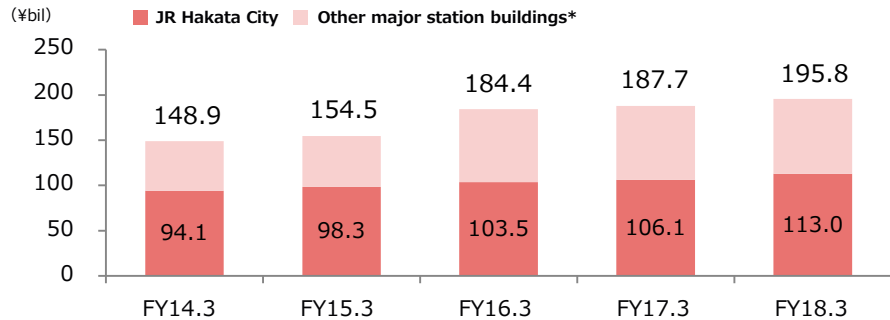
FY19.3 initiatives

- Open Grand Precia Shibaura, a new rental apartment
- Full contribution of service apartment business in Thailand
- Progress in future-oriented development
 - Kumamoto Station area redevelopment
 - MJR/RJR Sakaisuji Honmachi Tower in Osaka
 - Minami Kyushu Development Projects
 - Nagasaki Station area redevelopment

Initiatives in the Real Estate Leasing Business



Performance of Tenant Sales at Major Station Buildings



* Other major station buildings: AMU PLAZA Kokura, AMU PLAZA Nagasaki, AMU PLAZA Kagoshima, JR Oita City

Initiatives for Improving Ability to Attract Customers

- 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
- Renovate station buildings through tenant replacements, etc.

46 tenants replaced at JR Hakata City over the period from February to April 2017

22 tenants replaced at JR Oita City in March 2018

- Hold events at station plazas, etc.

Hakata Farmers' Market

Hikari no Machi-Hakata



Illumination light-up ceremony (JR Hakata City)

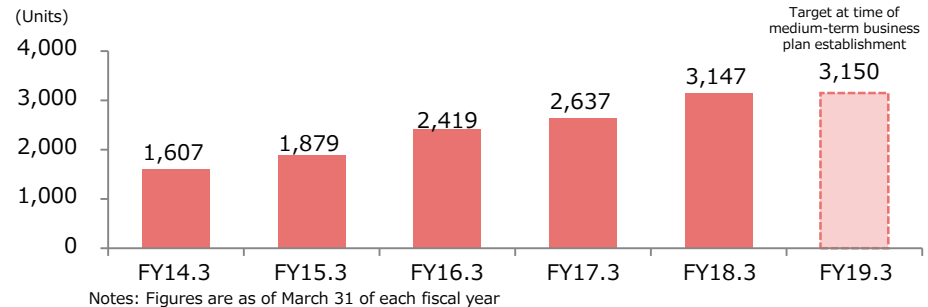
Rental Apartments

- Secure stable profits by promoting new business development
- Develop high-grade apartments capitalizing on JR Kyushu's condominium expertise
- Achieve steady growth of 400–500 units a year

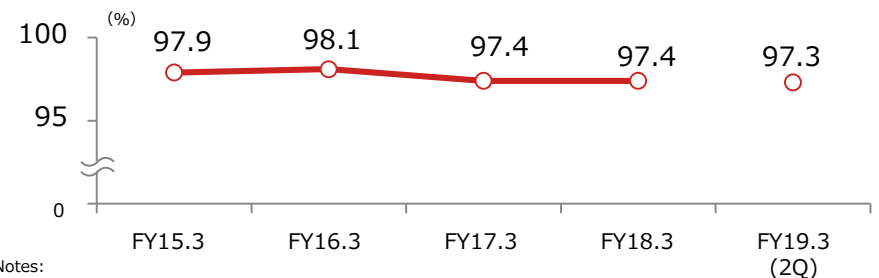
Property	Grand Precia Shibaura
Location	Shibaura, Minato-ku Tokyo
Total units	234 units
Closest station	10 min. walk to Tamachi station
Floor space	Approximately 11,800 m ²
Move-in date	December 2018



Aggregate Number of Rental Apartment Units



Rental Apartment Occupancy Rates



Major Development Pipelines



Kumamoto Station Area Development (Spring 2021)

Kumamoto Station Building

Lot area: 19,000m² (including area below elevated tracks)
 Total floor space: 107,000m² (same scale as JR Oita City)
 Commercial space : 37,000m² (same scale as AMU PLAZA Kagoshima)
 Number of floors : 1 belowground, 12 aboveground
 Uses:
 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.
 Schedule (tentative):
 Start of station building construction scheduled for spring 2019
 Commencement of station building operations scheduled for spring 2021



Nagasaki Station
area development
project

Kumamoto Station
area Development
Project

Minami Kyushu
Development Project
(Kagoshima)

Minami Kyushu (Miyazaki) Development Project (Opening in Fall 2020)

JR Miyako Twin Building (tentative, joint development project with Miyakohgroup)

Commercial facility name: AMU PLAZA Miyazaki

Lot area: Approx. 7,300 m²
 Total floor space: Approx. 37,700 m²
 Commercial and office space: Approx. 20,200 m²
 Uses:
 Potentially integrated development of commercial areas, movie theaters, office buildings, etc.
 Schedule (tentative): Opening in fall 2020



Minami Kyushu (Kagoshima) Development Project

Kagoshima-Chuo Station West Exit

Lot area: Approx. 8,500 m²
 Uses: Potentially integrated development of commercial areas, office buildings, residential areas, etc.
 Schedule: Undecided

Kagoshima Station area

Lot area: Approx. 14,000 m²
 Schedule: Undecided

Area surrounding Kagoshima Rolling Stock Depot

Lot area: Approx. 12,000 m²
 Schedule: Undecided

Nagasaki Station Area Development Project

Lot area: Approx. 48,000 m² (including area below elevated tracks)
 Uses: Commercial areas, office buildings, hotels, etc.
 Schedule: Undecided



Retail and Restaurant Segment



Retail and Restaurant Segment performance

(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Forecasts FY19.3	YoY	
Operating revenue	51.5	52.3	0.8	101.6%	105.4	2.2	102.2%
Operating income	1.8	1.7	(0.0)	95.5%	3.6	(0.0)	98.6%
Depreciation expense	0.8	0.8	0.0	101.7%	1.7	0.0	100.8%
EBITDA	2.6	2.5	(0.0)	97.3%	5.3	(0.0)	99.3%

Positive factors

- Active development of new stores
- Increase in store visits and spending due to inbound tourism
- Expansion into Tokyo area
- Entry into new business categories

Negative factors

- Increase in personnel costs due to tight supply and demand in labor market
- Decrease in new opportunities due to concern over store conditions
 - Hard to acquire new properties
 - Drop in gross margin
 - Closure of unprofitable stores

FY19.3 initiatives

- Improve segment profitability through scrap and build
- Continue to strengthen inbound tourism initiatives
- Enter into new business categories
- Streamline business operations
 - Introduce self-checkout on a trial basis
 - Consider RPA

Construction Segment



Construction Segment performance

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY		Forecasts FY19.3	YoY	
Operating revenue	27.8	31.5	3.7	113.4%	88.6	0.5	100.7%
Operating income	0.6	1.0	0.4	172.6%	5.1	(1.1)	81.3%
Depreciation expense	0.3	0.4	0.0	117.9%	0.8	(0.0)	100.0%
EBITDA	1.0	1.5	0.5	151.6%	5.9	(1.1)	83.4%

(¥bil)

Positive factors

- Increase in demand due to strong economic conditions
- Ample order opportunities (Hokuriku and Nagasaki Shinkansen, etc.)

Negative factors

- Increase in personnel costs due to tight supply and demand in labor market
- Rise in building material costs
- Drop in profit margin due to intensifying competition

FY19.3 initiatives

- Increase ex-group orders
- Accelerate expansion outside of Kyushu

Other Segment



Other Segment performance

(¥bil)

	6 months ended September 30, 2017	6 months ended September 30, 2018	YoY	
Operating revenue	28.0	42.9	14.8	153.0%
Operating income	0.6	1.7	1.0	266.1%
Depreciation expense	0.5	1.2	0.6	225.7%
EBITDA	1.1	2.9	1.7	247.9%

Forecasts FY19.3	YoY	
87.2	19.7	129.3%
2.7	0.2	112.0%
2.4	0.8	154.8%
5.1	1.1	128.8%

Positive factors

- Continued to benefit from tailwinds for hotel business
- Opened JR Kyushu Hotel Blossom Naha
- Increase in inbound tourism mainly affecting hotels in Hakata and Shinjuku
- Promoted domestic tourism for retired individuals
- Group synergies achieved by consolidating Caterpillar Kyushu

Negative factors

- Increase in personnel costs due to tight supply and demand in labor market

FY19.3 initiatives

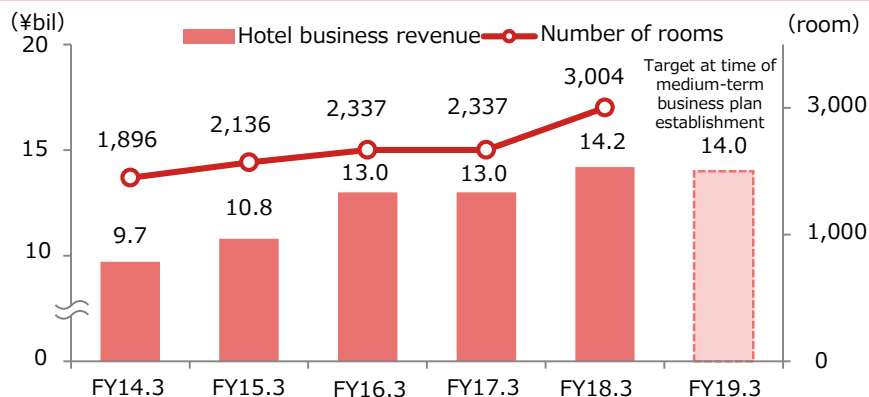
- Capture solid inbound demand
- Achieve group synergies by consolidating Caterpillar Kyushu

Other Segment



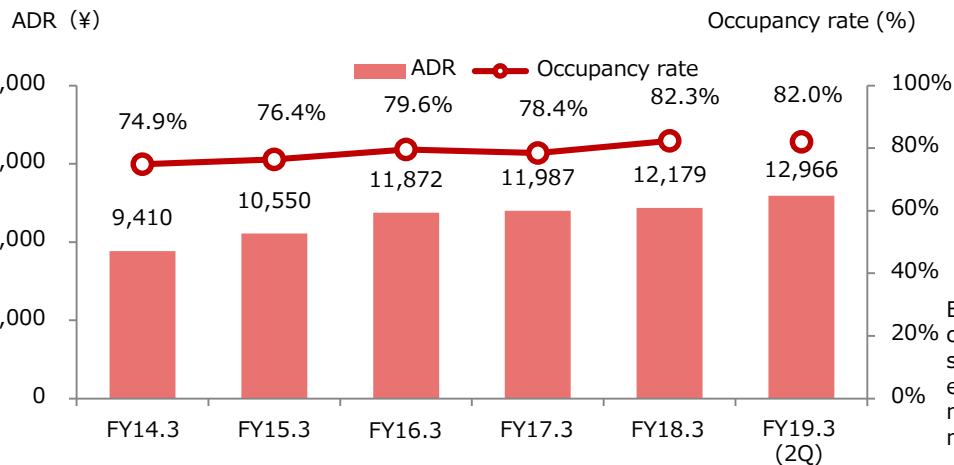
Initiatives in the hotel business

Hotel (Japanese inn) business revenue and no. of rooms



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

Occupancy and Average Daily Rate (ADR)



Initiatives of Caterpillar Kyushu

New Business Initiatives

- Consolidated Caterpillar Kyushu, Ltd. in October 2017 (pre-acquisition performance: operating revenue of ¥28bn and operating income of ¥600m)
- Expanding new, non-railway business fields based on the safety and services cultivated in the Group's railway business
- Creating synergies in construction, machinery maintenance, finance, and other fields through coordination with existing Group businesses



九鉄工業株式会社



Usage of CAT construction equipment in railway construction, track elevation, and other projects



Usage of generators



Use of conveyance equipment, etc.

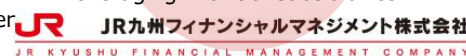


キャタピラ-九州 CAT



Enhancement of coordination in rolling stock, machinery, equipment, and other manufacturing and maintenance fields

Expansion of rental operations by leveraging financial subsidiaries



Use of machinery in railway, apartment, and condominium businesses





IV. Progress of The Mid-term Business Plan and Preparation for The Next Mid-term Business Plan



KYUSHU RAILWAY COMPANY

JR Kyushu Group: Positioning Statement



Railway business positioned as the foundation for all group operations

“Safety and Loyalty”, “Customer Attraction Capabilities”, and “Solid EBITDA”

Cultivated the above advantages in the railway business and now developing diversified group operations around railway stations in prime locations



Review of the JR Kyushu Group Mid-Term Business Plan 2016–2018



Current Mid-Term Business Plan

Next Mid-Term Business Plan

FY17.3

FY18.3

FY19.3

FY20.3 and Beyond

Kumamoto earthquakes (Apr. 2016)
Listing on stock exchange (Oct. 2016)

Heavy rain in northern Kyushu (July 2017)

Heavy rains (July 2018)

● Introduction of next-generation rolling stock (821 series, YC1 series)

- Start of operation of DENCHA dual energy charge trains (Oct. 2016)
- Commencement of Kawasemi Yamasemi D&S Train service (Mar. 2017)
- Introduction of Smart Support Stations on Chikuho Main Line, excluding Orio Station and the segment between Wakamatsu Station and Shinnyu Station [2nd case] (Mar. 2017)

- Commencement of service of renovated 811 series rolling stock (Apr. 2017)
- Introduction of services allowing for payment for Internet reservations to be made at convenience stores (May 2017)
- Integration of point services into JR KYUPO (Jul. 2017)
- Commence of demonstration tests for lightweight platform screen doors (Nov. 2017)
- Revision of timetables, including introduction of Smart Support Stations in Oita [3rd case](Mar. 2018)

- End of sales of four-sheet paper tickets (May 2018)
- Reorganization of railway business subsidiaries (Jul. 2018)
- Start of Wi-Fi services on Kyushu Shinkansen (Jul. 2018)
- Resumption of service on Kyudai Main Line (Jul. 2018)
- Strategic alliance with the Alibaba Group (Jul. 2018)

- Ropponmatsu development project (Sep. 2017)

- Kumamoto Station area development product (spring 2021)
- Miyazaki Station West Exit joint development project (fall 2020)
- Nagasaki Station area development (undecided)
- Kagoshima Station area development (undecided)

- JRJP Hakata Building (Apr. 2016)
- Hirakawacho Center Building (Sep. 2016)

- RJR Precia Hakata (Feb. 2017)

- Higashi Jujo Rental Apartments (Jun. 2017)
- RJR Precia Oita Ekimae II (Feb. 2018)
- RJR Precia ChiyoKenchoguchi Ekimae (Feb. 2018)
- RJR Precia Nishikoen Bayside (Mar. 2018)
- RJR Precia Takeshita I (Mar. 2018)

- Park Square Takenotsuka (Jul. 2018)
- RJR Precia Shin-Yokohama (Oct. 2018)
- Grand Precia Shibaura (Dec. 2018)
- RJR Precia Oita Ekimae III (Feb. 2019)
- RJR Precia Korimoto II (Feb. 2019)
- RJR Precia Hakataekiminami (Mar. 2019)

- RJR Precia Takeshita II (Feb. 2020)
- RJR Precia Ropponmatsu (Mar. 2020)
- RJR Precia Tenjin South (Apr. 2020)

- MJR/RJR Sakaisuji Hommachi Tower (Mar. 2021)

- MJR Uehonmachi (Jul. 2016)
- MJR Ropponmatsu (Mar. 2017)
- MJR Toso (Mar. 2017)

- MJR Kyudai Gakkentoshi Residence (Apr. 2017)
- MJR Akasaka Tower (Nov. 2017)
- MJR The Garden Oe (Mar. 2018)

- MJR Kuhonji Terrace (Aug. 2018)
- MJR The Garden Kagoshima-Chuo (Aug. 2018 / Mar. 2019)
- MJR Onojyo Ekimae (Mar. 2019)
- MJR Sakurazaka The Residence (Mar. 2019)
- MJR Shimizucho (Mar. 2019)
- MJR Oitaekimae The Residence (Mar. 2019)

- MJR Shin-Oe (Jul. 2019)
- MJR Meinohamaekiminami (Aug. 2019)
- MarkS City Futsukaichi (Mar. 2020, joint development project)
- MJR The Garden Miyazakiekimae (Mar. 2020, joint development project)
- MJR The Garden Kami-Kumamotoekimae (Mar. 2020, joint development project)
- MJR Chihaya Branchera (Dec. 2020)

- JR Kyushu Hotel Blossom Naha (Jun. 2017)
- Shama Lakeview Asoke Bangkok (Dec. 2017)

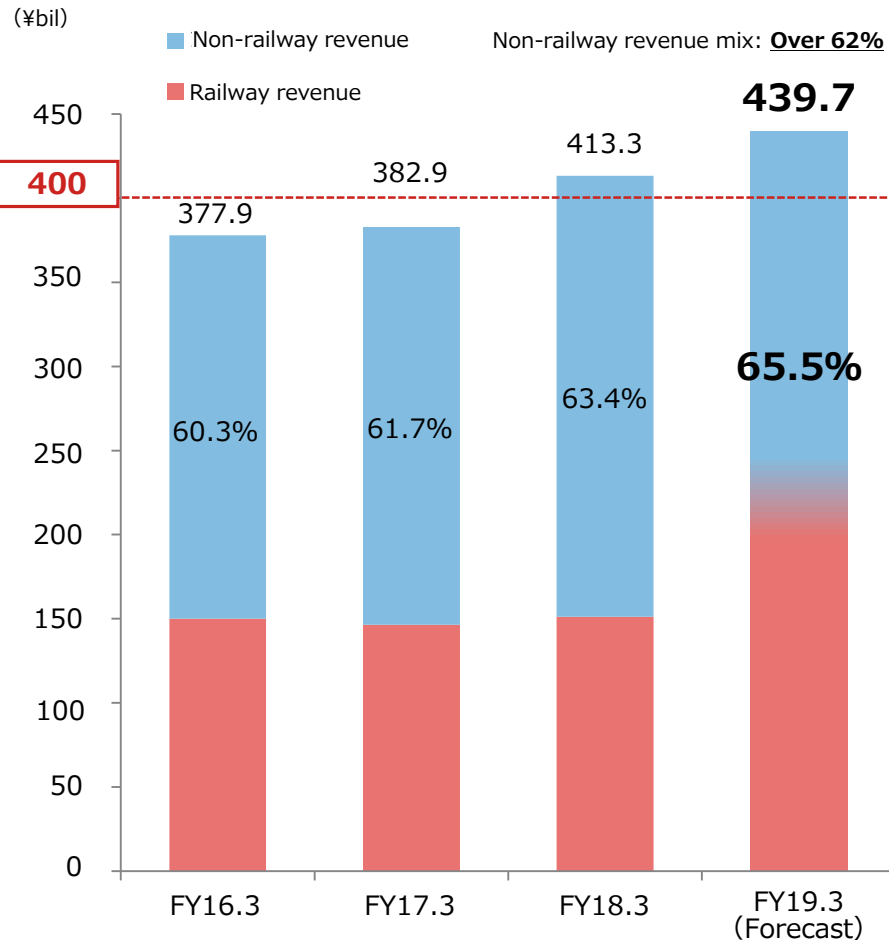
- Hakata Ekimae 2-Chome Complex (fall 2019, provisional name)
- Shinbashi 1-chome hotel project (fall 2019)

Financial Targets

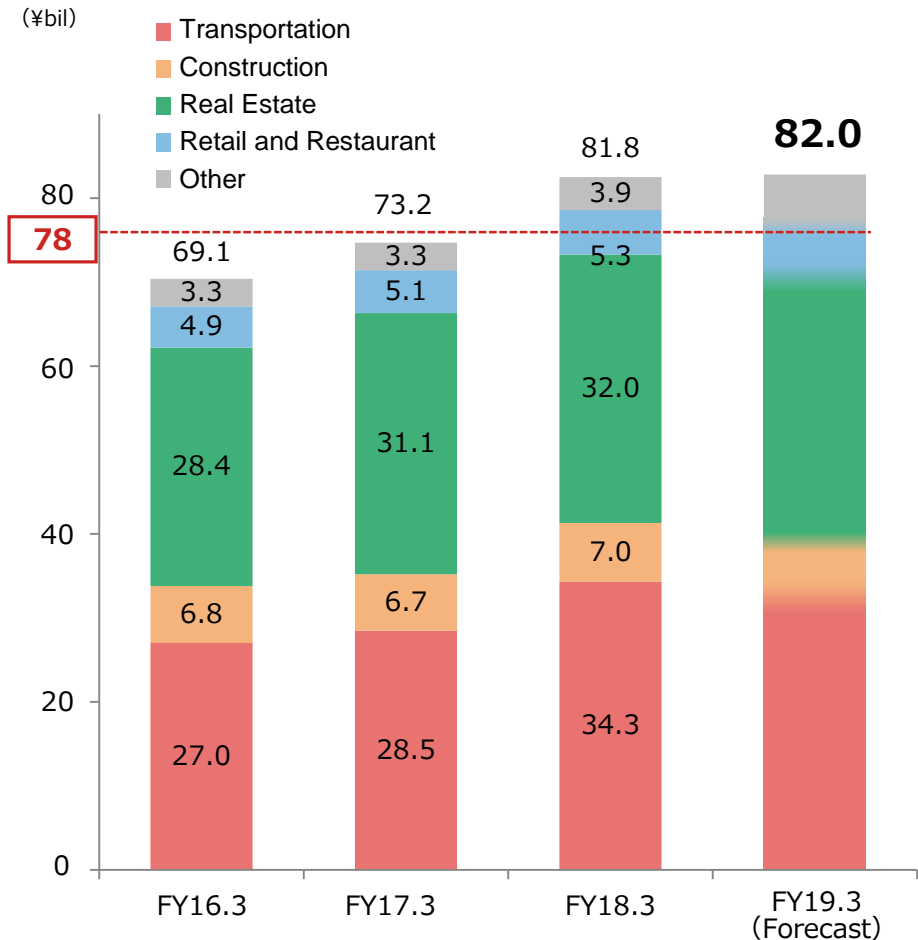


Earnings forecasts

Operating Revenues: ¥400 billion



EBITDA: ¥78 billion



Notes: The FY16.3 figure for EBITDA in the Transportation segment includes earnings from use of the Management Stabilization Fund (¥11.1 billion). EBITDA figures by segment are prior to eliminating intersegment transactions and therefore do not match consolidated EBITDA figures

Target Management Indicators



Capital Expenditures & Investments [Reference]

Total amounts for FY17.3-FY19.3 (initial plan)

¥190 billion

(Major investments)

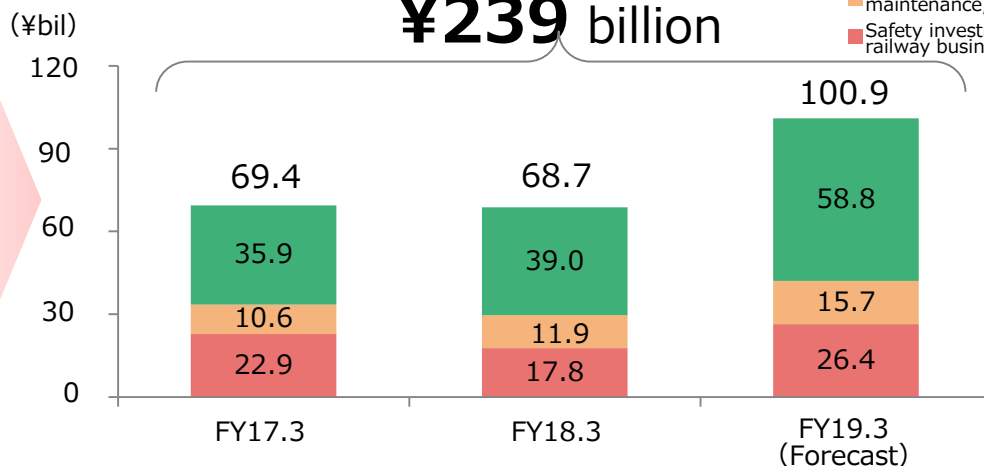
Safety Investments
for the railway business **¥65 billion**

Growth investments **¥80 billion**

Total 3-Year Capital Expenditures &
Investments (estimates)

¥239 billion

■ Growth investments
■ Investments for
maintenance, upgrades, etc.
■ Safety investments for
railway business



Major Growth Investments under the Business Plan

- Ropponmatsu development project
- JR Kyushu Hotel Blossom Naha
- Shimbashi 1-chome hotel project
- Hakata Ekimae 2-Chome Complex (provisional name)

Rental apartments:

- RJR Oita Ekimae II
- Grand Precia Shibaura

etc.



Ropponmatsu development project



Hakata Ekimae
2-Chome Complex
(provisional name)



Shimbashi 1-chome
hotel project



Dividend Policy

Until FY19.3, 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

- Dividend of **¥83.0 per share** for FY18.3
- Planned dividend of **¥83.0 per share** for FY19.3
 - * Interim dividend of **¥41.5 per share** for FY19.3

	Annual dividend amount per share	Consolidated dividend payout ratio
FY18/3	83 yen	26.3%
FY19/3 (Forecast)	83 yen	28.0%

Overview of Current Mid-term Business Plan



(FY17.3-FY19.3)

Target management figures and progress

	Target FY19.3	Results FY18.3	Progress
Operating revenue	¥400 billion	¥413.3 billion	103.3%
EBITDA	¥78.0 billion	¥81.8 billion	104.9%

	By FY19.3	Results FY18.3
Payout ratio	Approx. 30%	26.3%

(Reference)	Initial plan	Current expected amount	Increase
Capital expenditures	¥190 billion	¥239 billion	¥49 billion

Results of Mid-term business plan

Strong performance in Shinkansen and urban areas in the railway business

- Capturing inbound demand
- Managing yield through online booking

Growth in station buildings and urban development business

- Opening new properties on schedule
- Improving profitability of existing properties

Developed new business by acquiring construction equipment company

Generated free cash flows
Maintained high ROE

Progress in key businesses

	(million passenger-km)	FY16.3	FY18.3
Railway passenger-km	(Shinkansen)	1,929	2,004
	(Conventional lines)	7,448	7,331

Station building business revenues	¥36.7 billion	¥40.3 billion
Hotel business revenues	¥13 billion	¥14.2 billion
Aggregate number of apartment units	2,419 units	3,147 units
Aggregate number of condominium units	5,475 units	6,415 units
Number of retail stores and restaurants	665	701

Issues carried over to next Mid-term business plan

Earnings improvement in railway business

- Transport disruptions due to natural disasters
- Considering the overall status of tired local lines

Building pipeline in urban development business

- Continue to develop group-owned property
- Participating in large-scale urban redevelopment opportunity

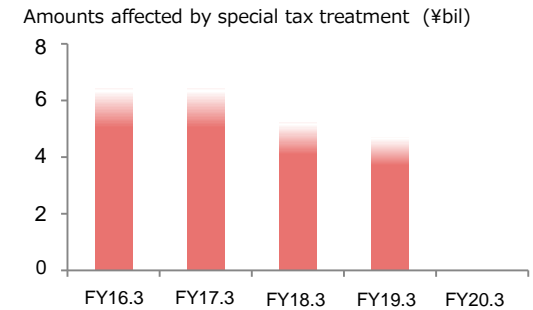
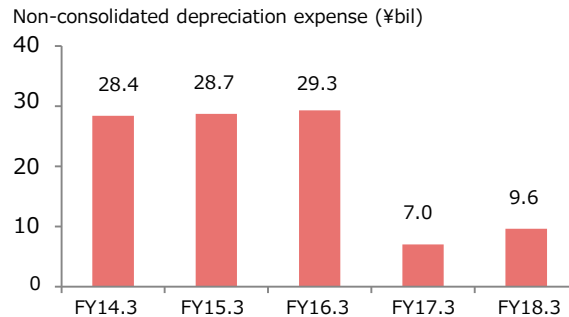
Utilization of
financial leverage

Our View: Quest for Sustainable Growth



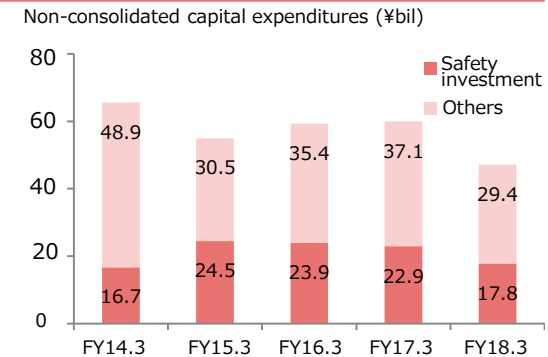
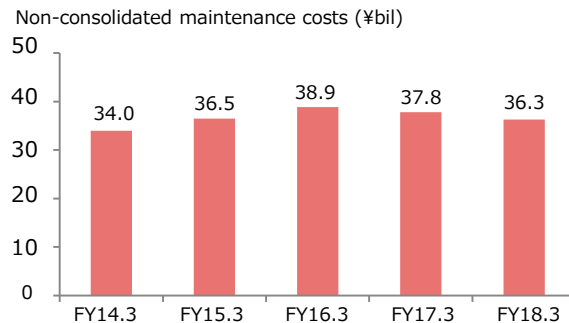
Changes in cost structure (JR Kyusyu)

- Gradual increase in depreciation expense after mark-down of railway assets
- Expiration of special tax treatment
- Boost productivity by reducing personnel



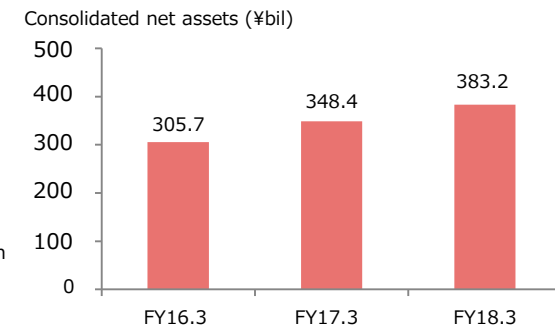
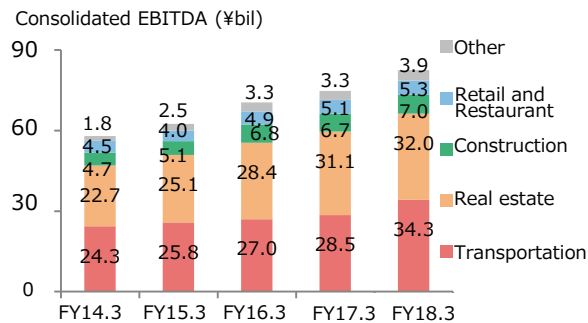
Build railway infrastructure to withstand natural disasters

- Strong railway network lasting into the future
- Intensive engineering works to recover from natural disasters
- Launch next-generation train cars with improved environmental performance

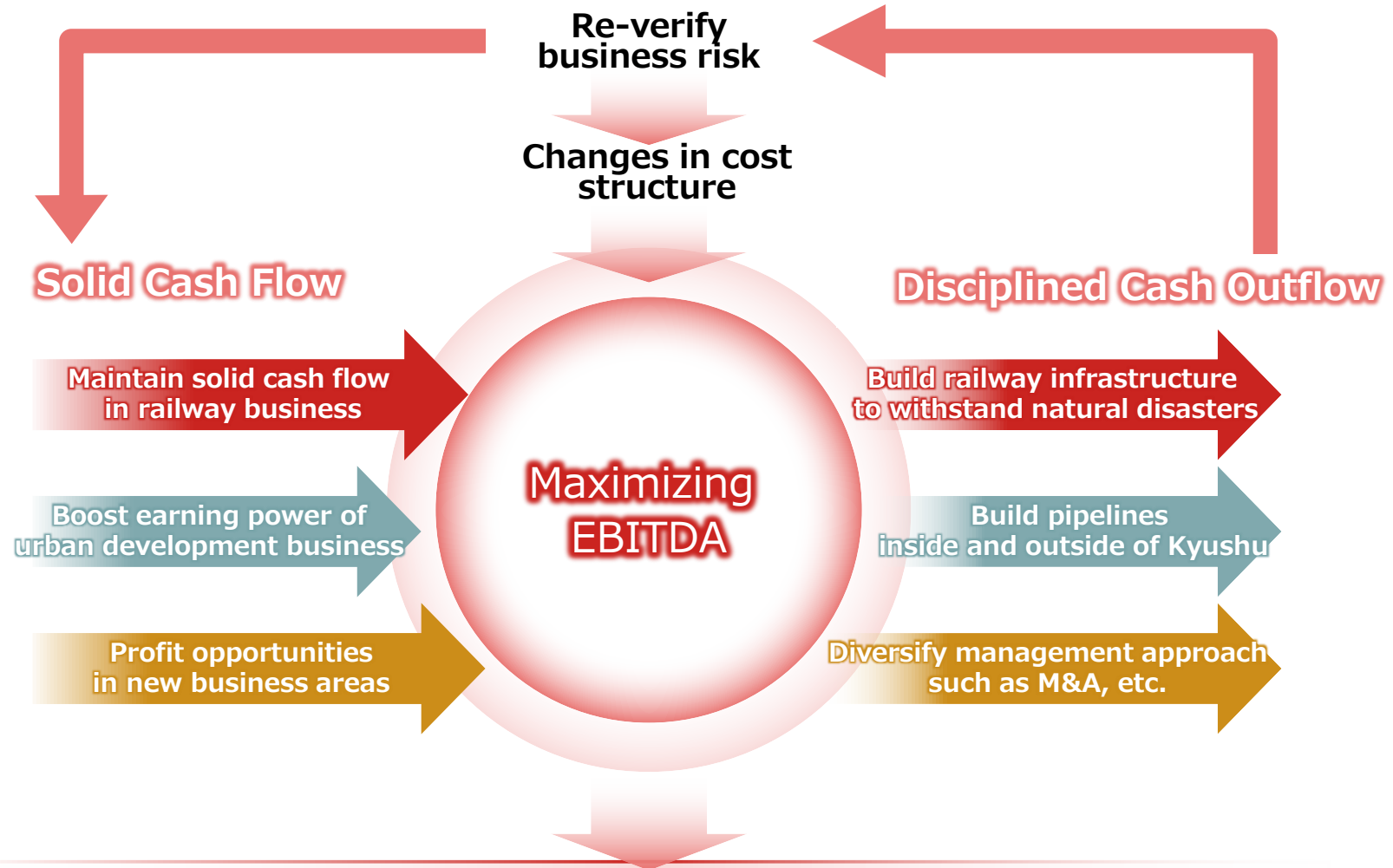


Focus on cash flow management

- Enhance ability to generate cash flows through railways and urban development
- Priority allocation for capital expenditures to ensure sustainable growth
- Utilize sufficient debt capacity and capture investment opportunities



Formulating the Next Mid-term Business Plan



Managerial discretion and self-accountability through complete privatization
Financial management in consideration of debt capacity
Profit distribution to shareholders commensurate with the group's growth stage



APPENDIX



KYUSHU RAILWAY COMPANY

Changes in Cost Structure



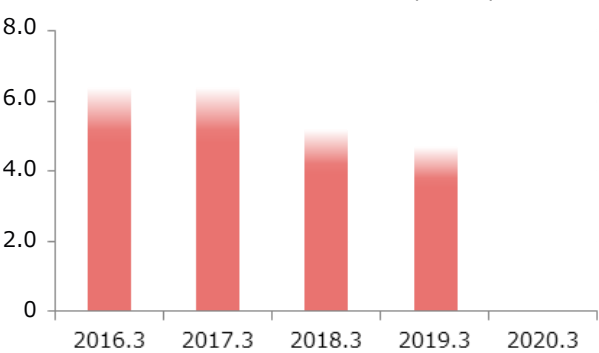
Abolishment of Special Tax Measures

- Abolishment of special tax measures (special tax breaks implemented following the privatization of Japanese National Railways and provisions extending the period of these breaks) effective March 31, 2019 (period extending provisions abolished effective March 31, 2017)
- Inability to accurately calculate tax reduction amount as tax amounts are based on evaluations by municipal governments
- Amount of impact on performance in FY19.3 estimated to be approximately ¥4.0 billion (to be recorded under taxes and non-personnel expenses)

	Details of special tax measure					Affected line items
	Taxation category	Taxation standard				
		Up to FY17.3	FY18.3	FY19.3	FY20.3	
Period extending provisions	Property tax and city planning tax	3/5	Abolished	Abolished	Abolished	Taxes
Tax breaks following privatization of Japanese National Railways	Property tax and city planning tax	1/2	3/5	3/5	Abolished	・ JR Kyushu: Taxes ・ JRTT*: Non-personnel expenses
Capital proportion	Corporation tax	Additional paid-in capital, capital stock	(Capital stock + Additional paid-in capital) × 3/4	(Capital stock + Additional paid-in capital) × 1/2	Abolished	Taxes

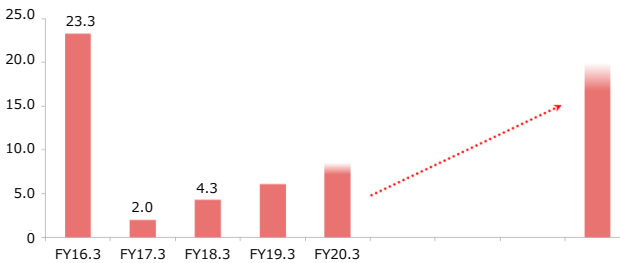
*Taxes levied on Shinkansen (bullet train)-related assets leased from Japan Railway Construction, Transport and Technology Agency (JRTT)

Taxes on fixed assets and urban development plans



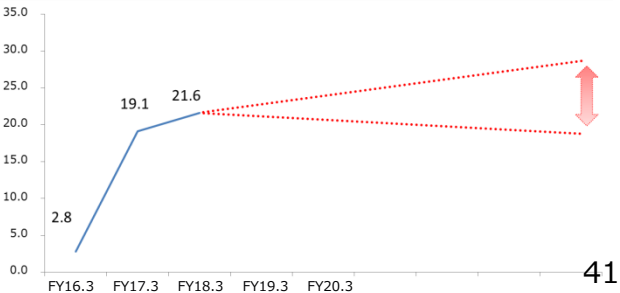
Depreciation Costs

- Decrease in depreciation costs in conjunction with impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) recorded on March 31, 2016
- Capital investment of between ¥25.0 billion and ¥30.0 billion a year conducted in railway business after impairment losses
- Gradual increase in depreciation costs going forward due to continuation of current trends (risk for upturns stemming from rolling stock upgrades)



Income Tax Rate

- Disparity between tax burden and effective tax rate (30.7% in FY18.3) due to significant temporary differences associated with impairment losses (income used for taxation purposes lower than income used for accounting purposes)
- Gradual increase in tax rates as temporary differences associated with impairment losses resulted in the recording of new deferred tax assets
- Current trends to continue over foreseeable future but long-term trends undetermined

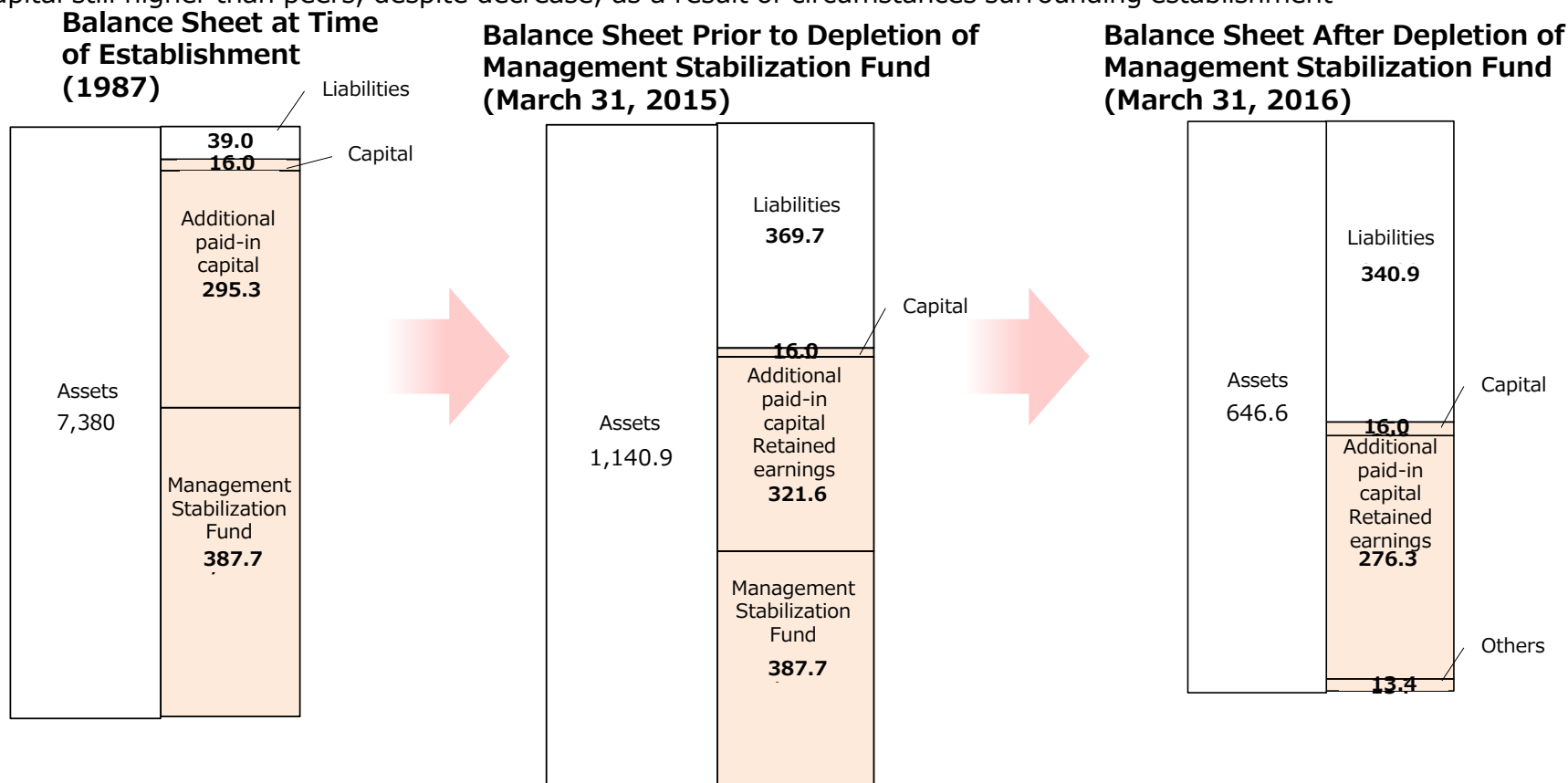


JR Kyushu's Capital Structure

- Capital calculated as difference between assets and liabilities at time of privatization of Japanese National Railways in 1987
- JR Kyushu established with excessive levels of capital (additional paid-in capital) due to low levels of liabilities
Note: The three JR companies on the Honshu Japanese mainland had limited capital due to inheriting liabilities from Japanese National Railways.
- Management Stabilization Fund (¥387.7 billion) depleted in FY16.3 to direct funds to Shinkansen lease fees (prepaid expenses)

Impairment losses on fixed assets held in the railway business (approximately ¥520.0 billion) stemming from depletion of the Management Stabilization Fund

⇒ Capital still higher than peers, despite decrease, as a result of circumstances surrounding establishment



Net Cash on September 30, 2018



Overview of Net Interest-Bearing Debt

Net Interest-Bearing Debt on March 31, 2018*1

(¥mil)

Interest bearing debt		Cash and cash equivalents				
Borrowings		Cash and deposits	Securities	Money held in trust		Net interest-bearing debt
8,732.4	-	1,506.4	6,507.7	5,578.3	=	-4,860.0

Net Interest-Bearing Debt on September 30, 2018

(¥mil)

Interest bearing debt		Cash and cash equivalents				
Borrowings		Cash and deposits	Securities	Money held in trust		Net interest-bearing debt
8,665.5	-	1,498.6	5,459.5	5,687.2	=	-3,979.8

Note: Net interest-bearing debt is essentially zero when accounting for debt used to fund railway business investments that will not be used to repay borrowings.

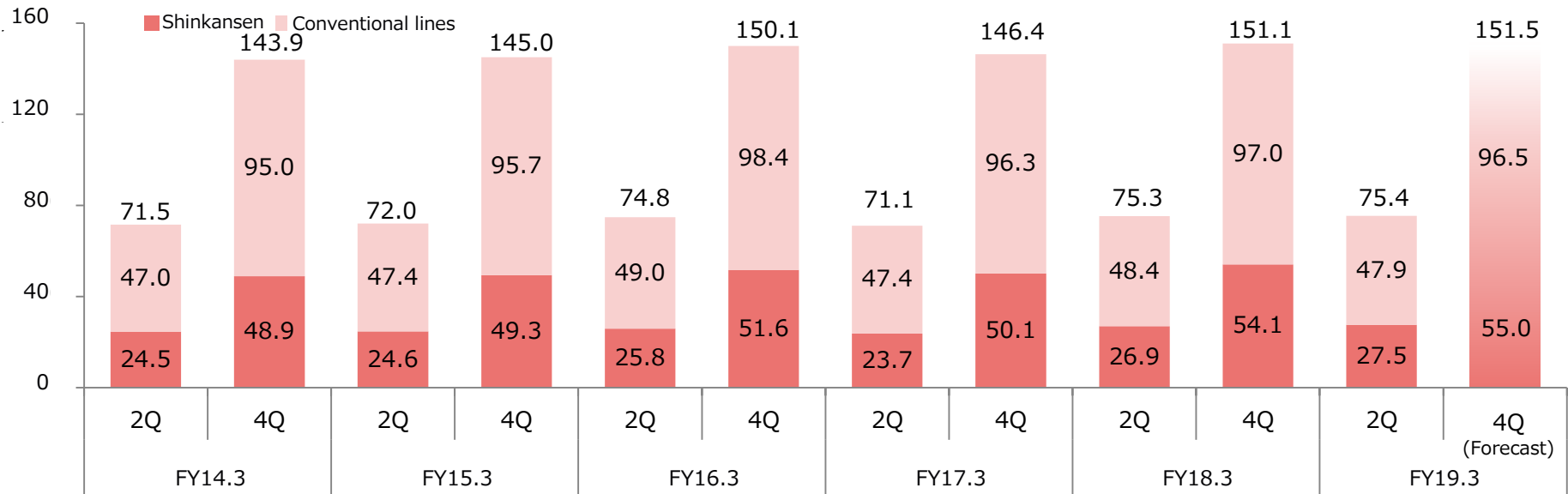
*1. Net-interest bearing debt excludes liability for retirement benefits.

Strong Railway Business as the Foundation for All Business

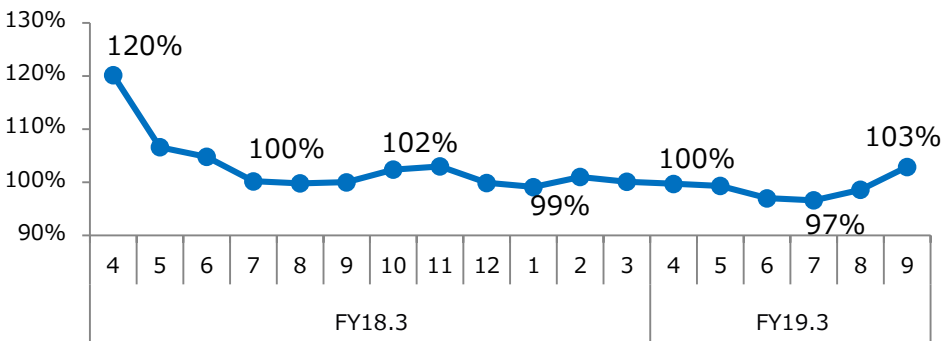


- Stable revenues from railway passenger traffic following establishment of position as an important transportation method connecting all of Kyushu
- Strong JR Kyushu brand known for safety and reliability in Kyushu to be cultivated by operating safe and reliable railway business and fostering trusting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

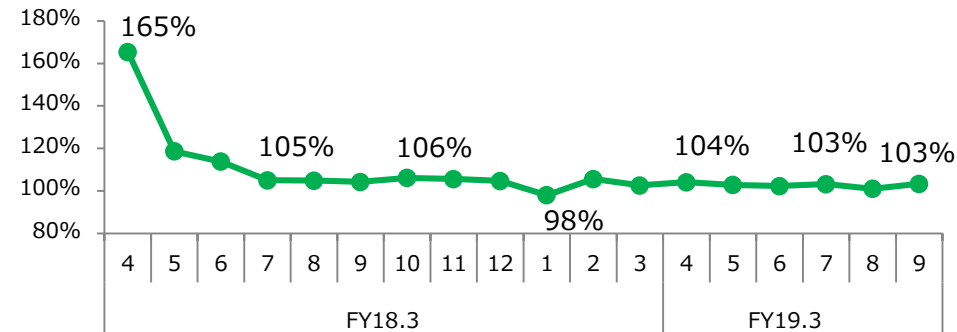
Railway Transportation Revenues



YoY Changes in Revenues from Railway Passenger Traffic (by Month)



YoY Changes in Kyushu Shinkansen Usage (by Month)



Note: Figures above represent YoY changes in aggregate monthly railway passenger traffic volume from Hakata Station to Kumamoto Station.

Fukuoka: Fastest Growing City in Japan

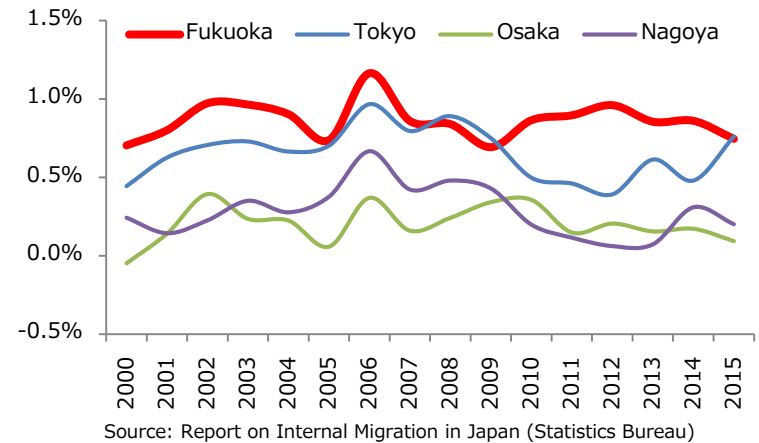


- The Fukuoka metropolitan area, the center of Kyushu's economy, has maintained economic prosperity in recent years

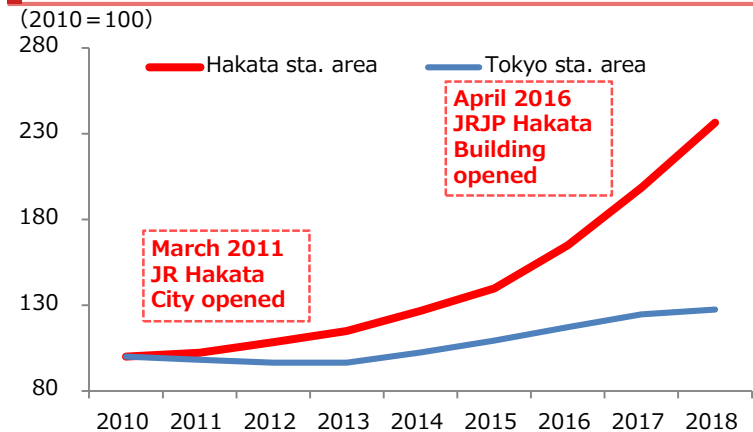
[JR Kyushu's development projects]



Population growth of major cities in Japan (2000 ~ 2015)



Land price trend around Hakata Station

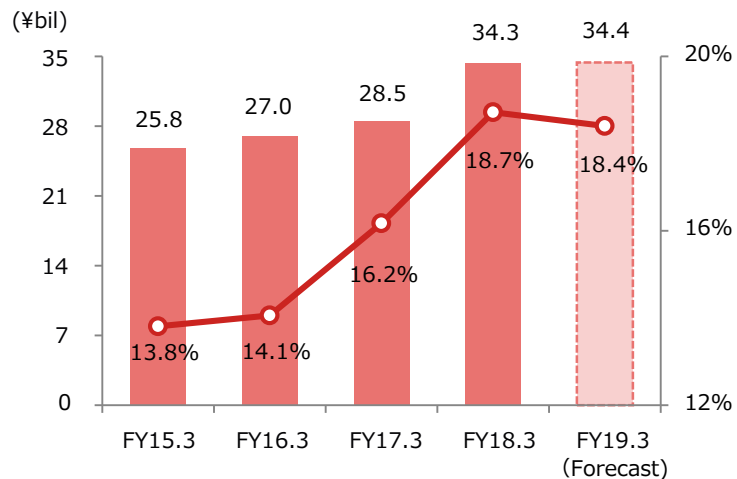


Source: Ministry of Land, Infrastructure, Transport and Tourism

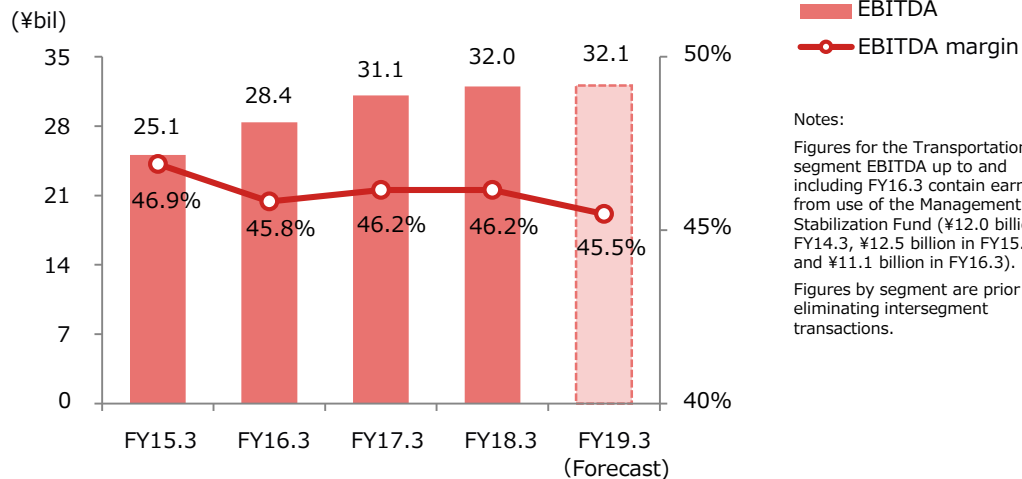
EBITDA by Segment



Transportation



Real Estate

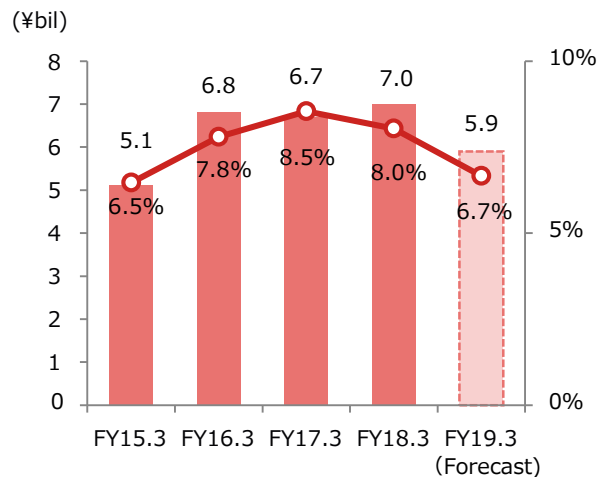


Notes:

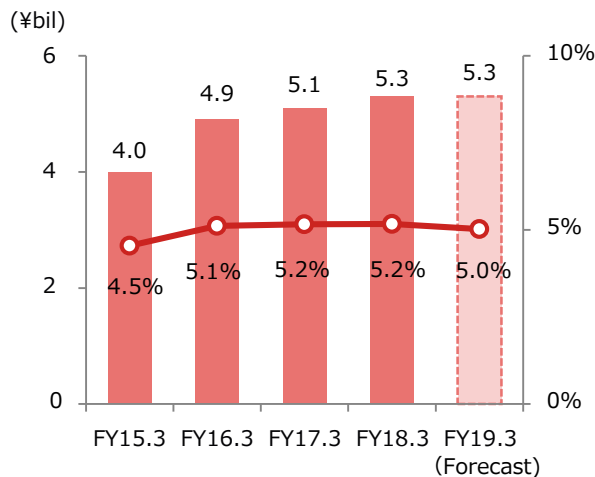
Figures for the Transportation segment EBITDA up to and including FY16.3 contain earnings from use of the Management Stabilization Fund (¥12.0 billion in FY14.3, ¥12.5 billion in FY15.3, and ¥11.1 billion in FY16.3).

Figures by segment are prior to eliminating intersegment transactions.

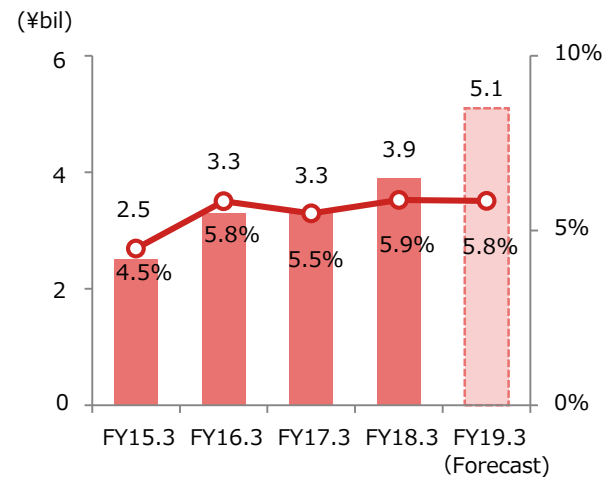
Construction



Retail and Restaurant



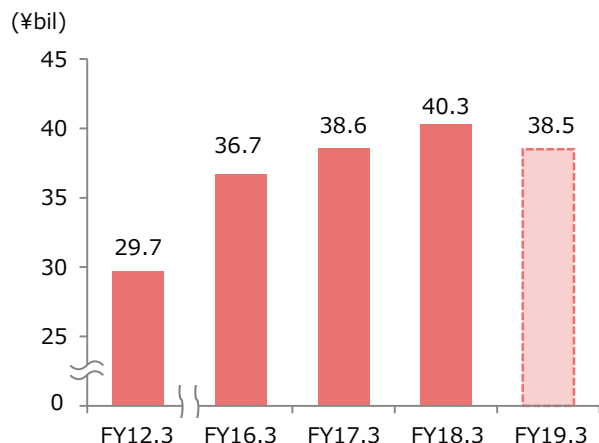
Other



Progress of Business Initiatives Under Medium-Term Business Plan



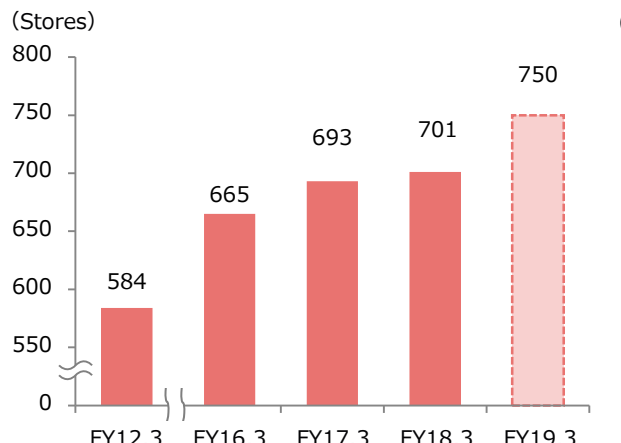
Station Building Business Revenues



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

Target at time of medium-term business plan establishment

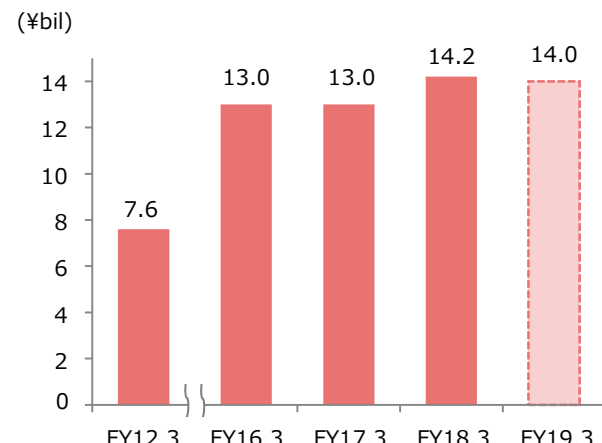
Retail and Restaurant Store Numbers



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

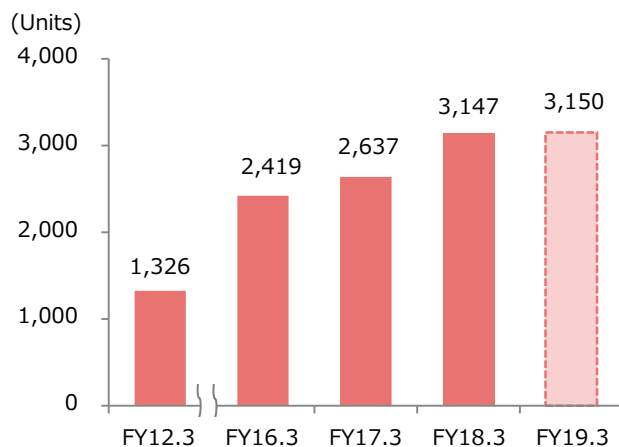
Target at time of medium-term business plan establishment

Hotel (Ryokan) Business Revenues



Target at time of medium-term business plan establishment

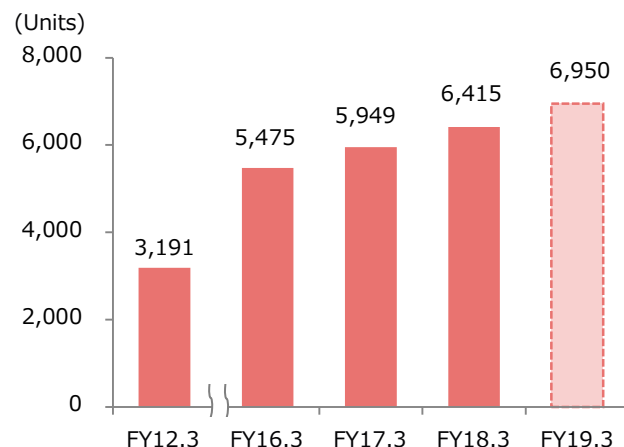
Aggregate Number of Apartment Units



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

Target at time of medium-term business plan establishment

Aggregate Number of Condominium Units



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

Target at time of medium-term business plan establishment

Peripheral Business Initiatives



Rental Apartments

Name	Location	Acquisition Move-in date	Units
Higashi Jujo Rental Apartments	Kita Ward, Tokyo	Jun 2017	182
RJR Precia Oita Ekimae II	Oita City	Feb 2018	130
RJR Precia ChiyoKenchoguchi Ekimae	Hakata Ward, Fukuoka City	Feb 2018	132
RJR Precia Nishikoen Bayside	Chuo Ward, Fukuoka City	Mar 2018	45
RJR Precia Takeshita I	Hakata Ward, Fukuoka City	Mar 2018	21
Grand Precia Shibaura	Minato Ward, Tokyo	Dec 2018	234
RJR Precia Korimoto II	Kagoshima City	Feb 2019	142
RJR Precia Oita Ekimae III	Oita City	Feb 2019	78
RJR Precia Hakata Eki Minami	Hakata Ward, Fukuoka City	May 2019	139

Condominiums

Name	Location	Delivery date	Units
MJR Kyudai- Gakkentoshi Residence	Nishi Ward, Fukuoka City	Apr 2017	161
MJR Akasaka Tower	Chuo Ward, Fukuoka City	Nov 2017	172
MJR The Garden Oe	Chuo Ward, Kumamoto City	Mar 2018	193
MJR Kuhonji Terrace	Chuo Ward, Kumamoto City	Aug 2018	64
MJR The Garden Kagoshima-Chuo	Kagoshima City	I : Aug 2018 II : Mar 2019	472
MJR Onojyo Ekimae	Onojo City, Fukuoka Prefecture	Mar 2019	52
MJR Sakurazaka the Residence	Chuo Ward, Fukuoka City	Mar 2019	26
MJR Shimizucho	Kagoshima City	Mar 2019	51
MJR Oita Ekimae the Residence	Oita City	Mar 2019	70

Major Properties



Asset type	Name	Location	Opening/ Acquisition	Floor space Units Rooms	Tenant sales FY18.3	Major tenants
Commercial facility (Sta. buildings)	AMU PLAZA Kokura	Kokura Kita Ward, Kitta Kyusyu	Mar 1998	Approx. 48,500m ²	¥12.1 bil	UNITED ARROWS, Francfranc, etc.
	AMU PLAZA Nagasaki	Onoemachi, Nagasaki City	Sep 2000	Approx. 58,500m ²	¥20.9 bil	TOKYU HANDS, MUJI, UNITED CINEMAS, etc.
	AMU PLAZA Kagoshima	Chuocho, Kagoshima City	Sep 2004	Approx. 65,000m ²	¥26.4 bil	TOKYU HANDS, ZARA, Cinema Kagoshima Mitte 10, etc.
	JR Hakata City	Hakata Ward, Fukuoka City	Mar 2011	Approx. 240,000m ²	¥113.0 bil	Hankyu Department Store, TOKYU HANDS, T-Joy Hakata, etc.
	JR Oita City	Kanamemachi, Oita City	Apr 2015	Approx. 154,000m ²	¥23.3 bil	TOKYU HANDS, TOHO CINEMAS, etc. Renovation completed on March 2, 2018
Commercial facility (Inner-City)	Ropponmatsu 421, etc.	Chuo Ward, Fukuoka City	Sep 2017 Partly opened in October	Approx. 37,000m ²	–	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. 5,000m ²	–	–
	Nibancho Center Building	Chiyoda Ward, Tokyo	Acquired in Mar 2014	Approx. 44,000m ²	–	–
	JRJP Hakata Building	Hakata Ward, Fukuoka City	Opened in Apr 2016	Approx. 44,000m ²	–	–
	Hirakawacho Center Building	Chiyoda Ward, Tokyo	Acquired in Sep 2016	Approx. 8,000m ²	–	–
Apartment rentals	RJR Precia Oita Ekimae II	Oita City, Oita Prefecture	Feb 2018	130 Units	–	–
	RJR Precia Hakata	Hakata Ward, Fukuoka City	Feb 2017	218 Units	–	–
Total of 34 buildings including the above						
Hotels	JR Kyushu Hotel Blossom Hakata Chuo	Hakata Ward, Fukuoka City	Apr 2013	247 Rooms	–	–
	JR Kyushu Hotel Blossom Shinjuku	Shibuya Ward, Tokyo	Jul 2014	239 Rooms	–	–
	JR Kyushu Hotel Blossom Naha	Naha City, Okinawa Prefecture	Jun 2017	218 Rooms	–	–
	Shama Lakeview Asoke Bangkok	Bangkok, Thailand	Acquired in Dec 2017	429 Rooms	–	Operations commenced under new brand in April 2018
Total of 16 buildings including the above						

Overview of Major Development Pipelines



Name		Location	Schedule	Floor space/Lot area Units Rooms	Notes
Kumamoto Station area development		Kumamoto City	Area below elevated tracks opened in Mar 2018 Sta. building: scheduled for commencing construction in spring 2019, opening in spring 2021	Lot area: Approx. 70,000m ² (including area below elevated tracks) Floor space: Approx. 107,000m ² (sta. building)	Area below elevated tracks: Commercial area Sta. 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	Lot area: Approx. 48,000m ² (including area below elevated tracks)	Promotion of development in area surrounding station out of consideration for Shinkansen opening and change to elevated tracks for local lines; Potentially integrated development of commercial areas, hotels, office buildings, etc.
Minami Kyushu Development Projects	Kagoshima-Chuo Station West Exit	Kagoshima City	Undecided	Lot area: Approx. 8,500m ²	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
	Kagoshima Station area	Kagoshima City	Undecided	Lot area: Approx. 14,000m ²	—
	Miyazaki Station West Exit	Miyazaki City	Scheduled for commencing construction in spring 2019 Scheduled to open in fall 2019	Lot area: Approx. 7,300m ²	Potentially integrated development of commercial areas, office buildings, residential areas, etc.
	Area surrounding Kagoshima Rolling Stock Depot	Kagoshima City	Undecided	Lot area: Approx. 12,000m ²	—
Hakata Ekimae 2-Chome Complex (provisional name)		Hakata Ward, Fukuoka City	Scheduled to open in fall 2019	Lot area: Approx. 1,590m ²	Integrated building development centered on hotels (238 rooms)
RJR Precia Tenjin South		Chuo Ward, Fukuoka, City	Scheduled to be completed in February 2020	Floor space: Approx. 15,000m ²	Integrated apartment building (202 units)
MJR/RJR Sakaisuji Honmachi Tower		Chuo Ward, Osaka City	Scheduled to be completed at end of February 2021	Floor space: Approx. 47,470m ²	296 condominium units 144 apartment units
Shimbashi 1-chome hotel project		Minato Ward, Tokyo	Scheduled to open in fall 2019	267 rooms planned Floor space: Approx. 10,400m ²	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.

Note: Schedules are subject to change

Forward-Looking Statements



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 may 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.

IR materials can be viewed on our corporate website:

http://www.jrkyushu.co.jp/company/ir_eng/library/earnings/