

JR KYUSHU IR DAY 2022

City-Building in the Nagasaki Area

November 29, 2022

KYUSHU RAILWAY COMPANY

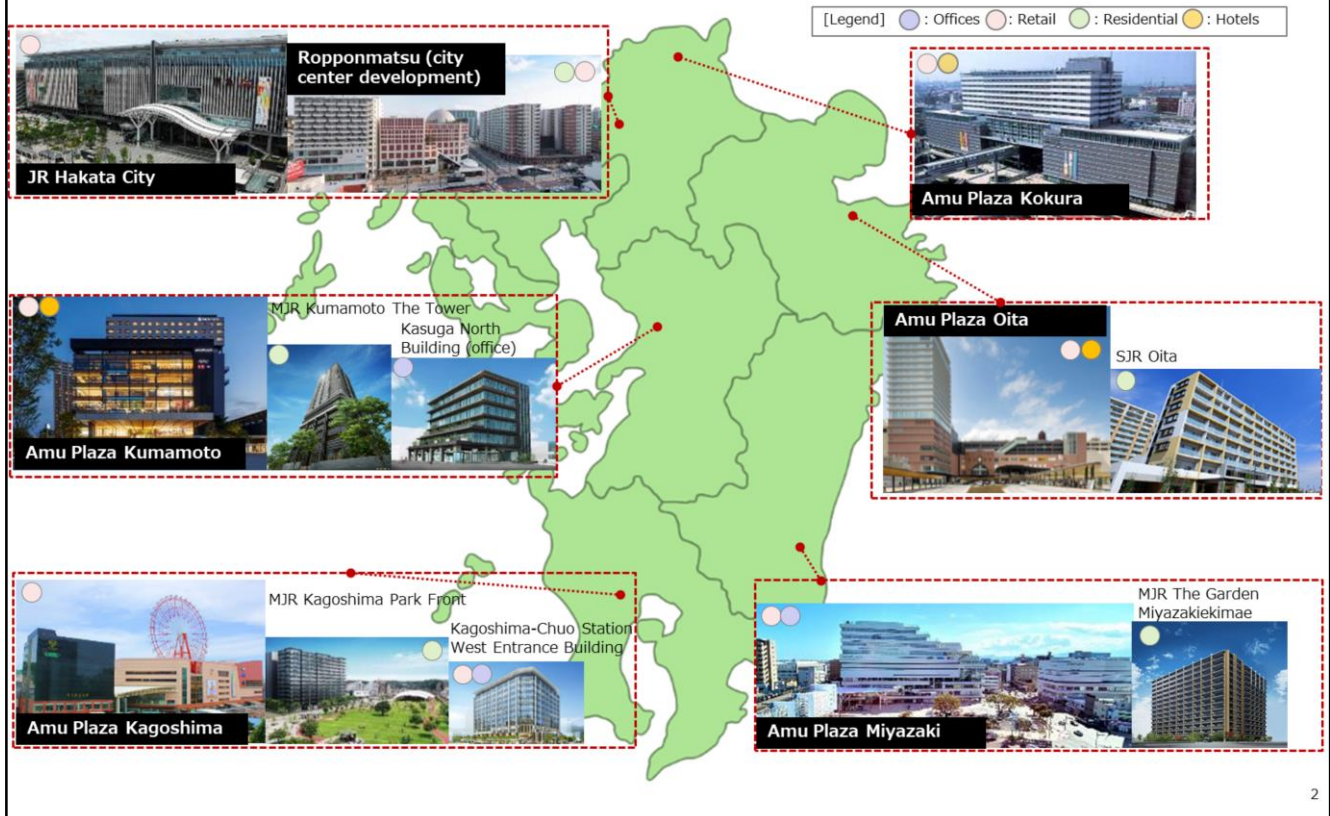
Director and Managing Corporate Officer,

Director General of Business Development Headquarters

Toshihiro Mori

- My name is Toshihiro Mori, the Director General of the Business Development Headquarters.
- In today's presentation, I will talk about city-building initiatives in the Nagasaki area now that the Nishi-Kyushu Shinkansen has opened.

City-Building Where People Want to Live, Work and Visit



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The JR Kyushu Group has been engaged in city-building initiatives in Kyushu, such as not only Hakata, but also Kagoshima, Oita and more recently Miyazaki and Kumamoto.

Our overall aim in city-building initiatives is to create communities where people want to live, work and visit.

JR Kyushu has increased its brand competitiveness inside and outside Kyushu through the development of built-for-sale and rental condominiums with the MJR and RJR brands.

In addition to residents along our train lines, we have increased our ability to draw in tourists, including foreign tourists, through the development of retail facilities and hotels at terminal stations.

We have created a community that combines workplaces and residences, with the development of office buildings near terminal stations in Hakata, Miyazaki and Kumamoto.

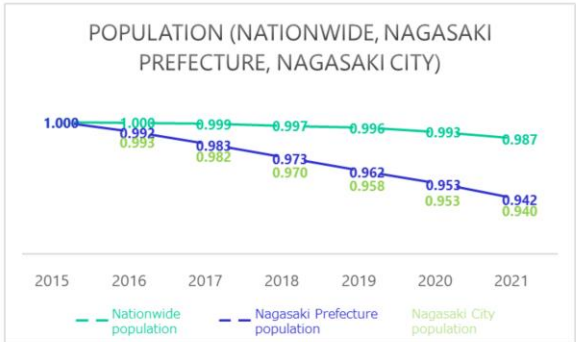
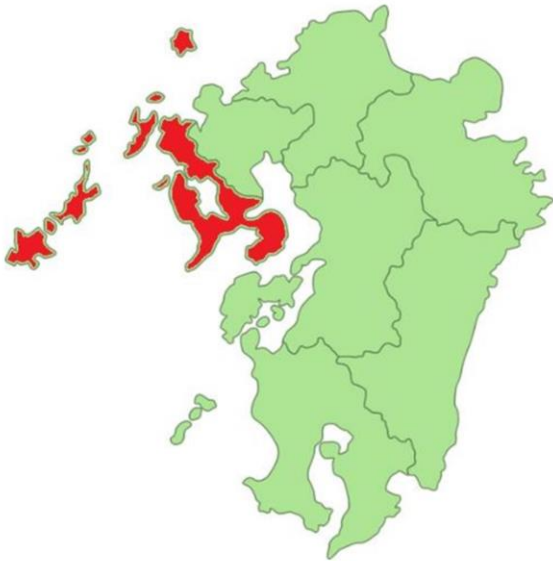
Outline of Nagasaki

	Area (km ²)
Kagoshima Pre.	9,186
Miyazaki Pre.	7,735
Kumamoto Pre.	7,409
Oita Pre.	6,341
Fukuoka Pre.	4,987
Nagasaki Pre.	4,131
Saga Pre.	2,441

Source: Japan in Figures 2022 (MIAC Statistics Bureau)

	Population (thousands) 2020	Change in population (%) 2015-2020
Fukuoka Pre.	5,135	0.7
Kumamoto Pre.	1,738	(2.7)
Kagoshima Per.	1,588	(3.6)
Nagasaki Pre.	1,312	(4.7)
Oita Pre.	1,124	(3.6)
Miyazaki Pre.	1,070	(3.1)
Saga Pre.	811	(2.6)

Source: Japan in Figures 2022 (MIAC Statistics Bureau)



Source: Population Estimates (MIAC Statistics Bureau), Population Movement Survey (Nagasaki Prefecture), Population Estimates by Age and Gender Based on Population Census Results (Nagasaki City)

**Largest rate of population decline in Kyushu
Leading entire nation in population decline**

We are currently targeting the Nagasaki area for city-building initiatives. To begin, I will briefly describe the Nagasaki area.

Nagasaki is the second-smallest area in Kyushu with a population of around 1.3 million people, which ranks in the middle of the seven prefectures in Kyushu.

An important point to note is the rate of decline in population. Nagasaki’s population is shrinking at a rate of just under 5%, the fastest pace within Kyushu.

Both Nagasaki Prefecture and Nagasaki City lead the country in terms of population decline.

Changes in Areas Around Nagasaki Station

- The area around Nagasaki Station, a terminal station, is undergoing considerable change.

Changes Around Nagasaki Station

Aerial photo taken in 2009



Aerial photo taken in 2019



- Here, we can see aerial photos of the area around Nagasaki Station in 2009 and ten years later, in 2019.
- The Nagasaki Prefectural government office moved next to the station (shown at the bottom of the photo on the right), and the new Nagasaki Station is featured in the center of the photo.

Changes Around Nagasaki Station

Nagasaki Stadium City planned to open in 2024



Nishi-Kyushu Shinkansen
opened on September 23, 2022



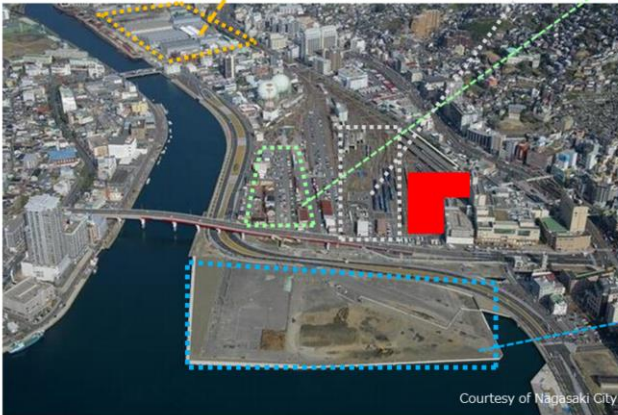
Move of Nagasaki Police Department in 2020



MICE facility opened in 2021



Move of Nagasaki Prefecture's government building in 2018



- The area has changed even more since 2019.
- The Nagasaki Police Station moved there in 2020, and the Dejima Messe Nagasaki, a MICE facility, opened nearby in 2021. On September 23, 2022, the Nishi-Kyushu Shinkansen commenced operations.
- In 2024, plans call for opening the Nagasaki Stadium City, with a soccer stadium and arena, hotel and retail complex.
- The New Nagasaki Station Building will open in the center of this area of development.

New Nagasaki Station Building

Fall 2023 Opening



JR Kyushu Group Aims to Build Cities Where People Want to Live, Work and Visit

- The New Nagasaki Station Building is scheduled to open in fall 2023.
- In the development of this building, the JR Kyushu Group aimed to create a community where people want to live, work and visit.

New Nagasaki Station Building

Building Cities Where People Want to Live, **Work and Visit**



Complex building as a new landmark in Nagasaki



- The New Nagasaki Station Building is a retail, hotel and office complex that will become a new landmark in Nagasaki.
- The building's design blends in with its surroundings, and was built using bricks and other materials commonly used in Nagasaki.
- A large plaza will also be built as a place for local residents to meet and rest.

New Nagasaki Station Building (Retail)

Building Cities Where People Want to Live, Work and Visit



BLOCK PLAN



- Now I will talk about the retail section of the New Nagasaki Station Building.
- Floors 1 through 4, and a part of the fifth floor, are for retail.
- Our aim is to create a retail facility that can be enjoyed by anyone and everyone, from urban dwellers, families and tourists to business people, office workers and students. We are currently working to lease out the retail space.
- Amu Plaza, an existing building near the station, will remain, and a new deck connecting it to the new station building will be built to increase the flow of people between the two buildings in a bid to generate synergies.
- Leasing has been going quite well, and tenants have high hopes for the new retail space.

New Nagasaki Station Building (Hotel)

Building Cities Where People Want to Live, Work and Visit

Opening in early 2024

[New hotel] Floors 7-13



Partnership with Marriott International
High-hospitality hotel for the world's wealthy



- Next, I will talk about the hotel, which will be on floors 7 through 13 in the New Nagasaki Station Building.
- The Nagasaki Marriott Hotel will open as the first international brand hotel for the JR Kyushu Group.
- It will have about 200 guest rooms, including suite rooms and rooms with balconies. The hotel plans to have several interesting supplementary facilities, such as an all-day dining restaurant, lobby lounge and fitness center.
- In partnership with Marriott International, JR Kyushu aims to create a high-hospitality hotel that caters to the wealthy of the world.

Garden × Office

Green Work Place

**One of region's largest floor areas
(approx. 1,000 tsubo)**

**Attractive office space for companies
setting up new offices in Nagasaki**



- Next, I will describe the office section on floors 5 and 6 of the New Nagasaki Station Building.
- One floor of office space is roughly 1,000 tsubo, one of the largest in Nagasaki City. We plan to have a 500-tsubo rooftop terrace on the fifth floor.
- The offices are directly connected to the retail area on the lower floors via elevators. The building is designed for people to work, eat out and have fun. Greenery makes the area even more pleasant. Our aim is to provide offices that facilitate communications internally and externally.
- Tenant leasing of the offices has been even smoother than we had expected.

Busy plaza near the train station



- This slide is about the New Kamome Plaza situated between the existing Amu Plaza and the New Nagasaki Station Building.
- The plaza is a place where local residents can go to relax, and also a welcoming space for visitors, a venue for locals and visitors to interact. We will create bustling areas around the station.

Collaborative city-building agreement with Nagasaki City

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Members: Committee for City-Building Near Nagasaki Station ,
Association of Retail Stores Near Nagasaki Station ,
Nagasaki International Tourism and Convention Association,
Premier New Nagasaki Co., Ltd. Hotel New Nagasaki, Matsufuji Shoji Co., Ltd. ,
Nagasaki Broadcasting Company, JR Nagasaki City Co., Ltd.

Building Cities Where People Want to Live, Work and Visit



Property name	Units	Date built
MJR Urakami Green & Towers	78	2012/2
MJR Dejima Bayside Tower	52	2013/2
MJR Urakami Precious Garden	116	2014/12
MJR Manzaimachi	89	2015/8
RJR Precia Miyoshimachi	60	2008/11
RJR Precia Urakami Station South	130	2023/2

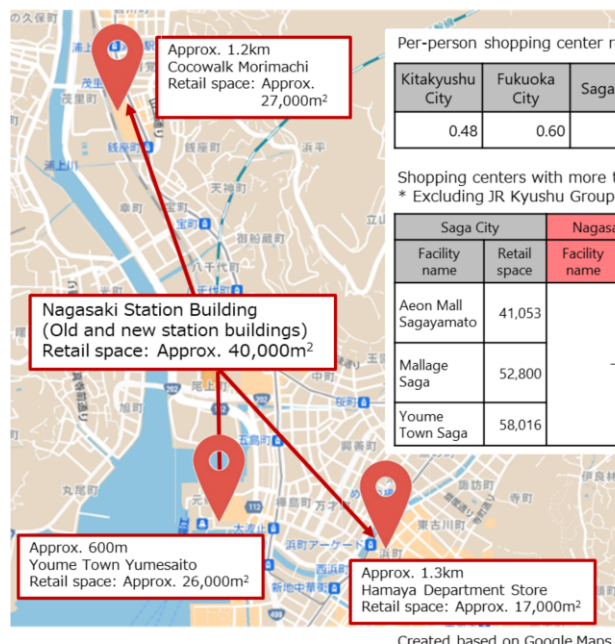


- The new station building features retail and office spaces, in addition to a hotel, but our intention is to create a community where it is easy to live.
- The Nagasaki area has five rental and built-for-sale condominium buildings that were constructed in the past. A new 130-unit rental condominium building is currently being constructed at Urakami Station, which is next to Nagasaki Station.
- There are also plans to construct a retail complex with rental condominiums on land next to Urakami Station.
- As outlined in our Medium-term Business Plan, the JR Kyushu Group's approach to city-building is to provide complex value that reflects the abundance of areas near terminal stations and along train lines.
- Combined with the New Nagasaki Station Building, we are incorporating elements into building cities where people want to live, work and visit in the Nagasaki area.

Potential of Nagasaki

- So far, I have discussed the JR Kyushu Group's city-building initiatives in the Nagasaki area. Next, I will talk about the potential of Nagasaki that we see as a Group.

Potential (Retail)



Per-person shopping center retail space in major cities of Kyushu

Kitakyushu City	Fukuoka City	Saga City	Nagasaki City	Kumamoto City	Oita City	Miyazaki City	Kagoshima City
0.48	0.60	0.76	0.38	0.48	0.65	0.55	0.52

Shopping centers with more than 30,000 m² of retail space

* Excluding JR Kyushu Group facilities, Fukuoka City, Kitakyushu City

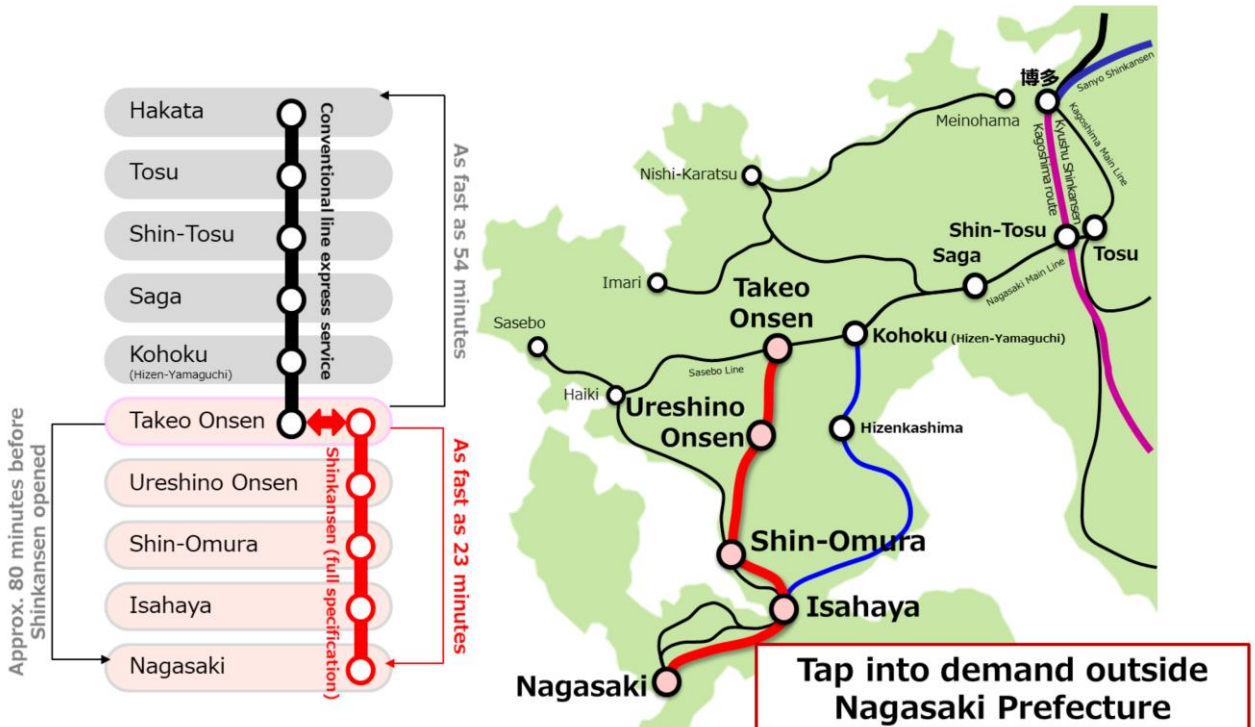
Saga City		Nagasaki City		Kumamoto City		Oita City		Miyazaki City		Kagoshima City	
Facility name	Retail space	Facility name	Retail space	Facility name	Retail space	Facility name	Retail space	Facility name	Retail space	Facility name	Retail space
Aeon Mall Sagayamato	41,053	—		Tsuruya Department Store	76,592	TOKIWA Wasada Town	65,567	Miyako City	32,000	Aeon Mall Kagoshima	78,000
Mallage Saga	52,800			Yume Town Hamasen	44,264	Park Place Oita	117,437	Aeon Mall Miyazaki	84,000		
Yume Town Saga	58,016										

Source: JR Kyushu, based on data from Japan Council of Shopping Centers' Nationwide List of Shopping Centers, websites of local governments

Room for more retail facilities
One of region's largest retail facilities

- First, let's look at retail.
- Compared with other major cities in Kyushu, Nagasaki City has smaller retail space at shopping centers on a per-person basis.
- Moreover, Nagasaki City does not have any shopping centers with retail space in excess of 30,000 meters squared. We think there is room for more retail facilities in Nagasaki.
- Combined with the existing Amu Plaza, we will develop one of the largest retail complexes in the region.

Potential (Retail)



- In addition, we expect the scope of potential retail customers to expand as a result of the shorter time it takes to travel to Nagasaki City, thanks to the Nishi-Kyushu Shinkansen that commenced services in September.
- From Takeo Onsen Station, which is located in the southwest area of Saga Prefecture, it now takes only 23 minutes at shortest to travel to Nagasaki Station. We anticipate a larger number of visitors from areas outside Nagasaki Prefecture.

Potential (Tourism)

Port calls by cruise ships operated by foreign and Japanese companies

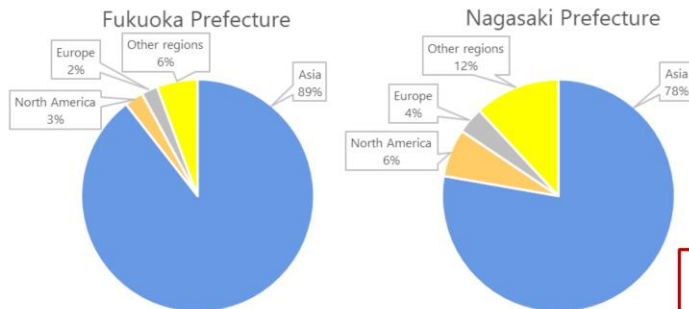
2015		2016		2017		2018		2019	
Port name	Times	Port name	Times	Port name	Times	Port name	Times	Port name	Times
Hakata	259	Hakata	328	Hakata	326	Hakata	279	Naha	260
Nagasaki	131	Nagasaki	197	Nagasaki	267	Naha	243	Hakata	229
Yokohama	125	Naha	193	Naha	224	Nagasaki	220	Yokohama	188
Naha	115	Yokohama	127	Yokohama	178	Yokohama	168	Nagasaki	183
Kobe	97	Kobe	104	Ishigaki	132	Hirara	143	Ishigaki	148

Source: Number of Cruise Ship Passengers Visiting Japan and Port Calls by Cruise Ships in Japan in 2019 (Ministry of Land, Infrastructure and Transport)



Photo courtesy of Nagasaki Prefecture Convention and Tourism Association
Permission to use photo received from Roman Catholic Archdiocese of Nagasaki

Ratio of Visitors by Foreign Country in 2019



Source: Overnight Travel Statistics Survey (2019) (Ministry of Land, Infrastructure and Transport)



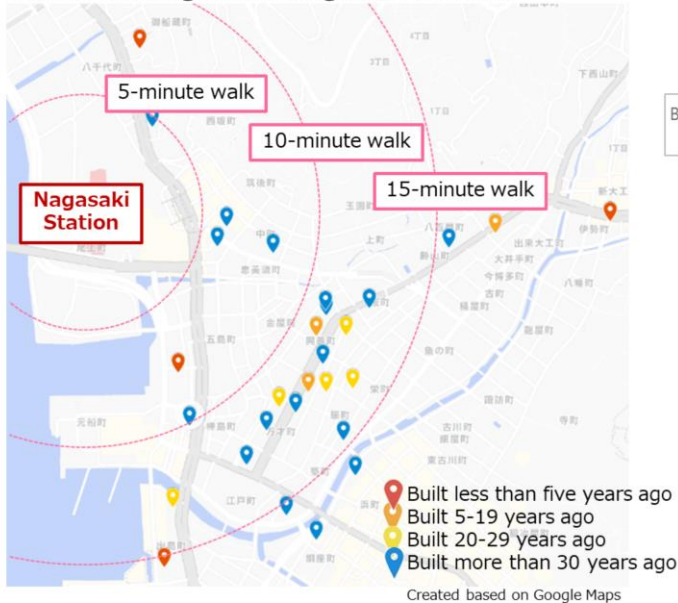
Photo courtesy of Nagasaki Prefecture Convention and Tourism Association

Draw in more wealthy tourists from Asia, Europe, and the U.S. with unique culture and reputation

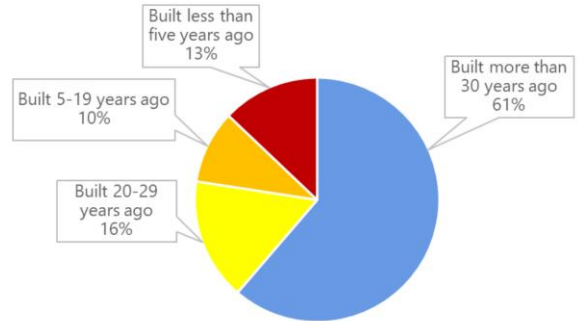
- Next, let's look at tourism.
- Nagasaki is a top-class destination in Japan for cruise ships, in terms of the number of port calls.
- Based on the number of hotel guests from foreign countries, compared with Fukuoka Prefecture, Nagasaki Prefecture sees a larger number of foreign tourists from Europe and the United States. Nagasaki's source of competitiveness is its unique culture and well-known name due to its Christian culture since feudal times and lantern festival.
- As demand from foreign tourists recovers and strengthens, we expect Nagasaki to draw wealthy tourists from Asia, Europe and the United States. The Nagasaki Marriott Hotel will play a large role in attracting these tourists.

Potential (Offices)

Office Buildings near Nagasaki Station



Age of office buildings near Nagasaki Station

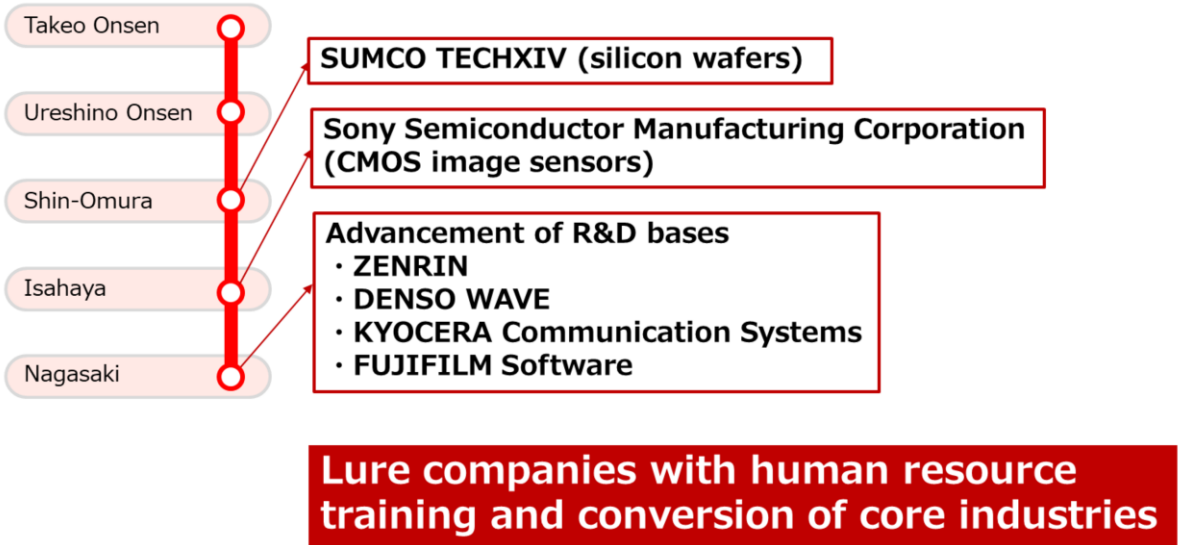


Prime location directly next to Nagasaki Station
Lure companies with latest equipment competing with older office buildings

- Next, we take a look at offices.
- Office buildings near Nagasaki Station are concentrated in a 10-15 minute walkable radius, and most of these buildings are quite old.
- JR Kyushu's office building will have direct access to Nagasaki Station and feature business continuity planning equipment and the latest air conditioning systems, which will help lure companies to the building.

Expect Stronger Demand for Offices

Ongoing Boost from Opening of Nishi-Kyushu Shinkansen



- We also expect demand for office space.
- In recent years, semiconductor-related plants and corporate R&D centers have been gathering in Nagasaki Prefecture. Universities in Nagasaki Prefecture have been engaging in joint research with companies, leading to the development of human resources.
- As the industrial base transitions to new fields, such as AI and semiconductor-related industries, we expect new companies to come to Nagasaki.



New Nagasaki Station Building Fall 2023 Opening

**JR Kyushu Group Aims to
Build Cities Where People
Want to Live, Work and Visit**

- In conclusion, we are confident that the New Nagasaki Station Building will become an expression of our approach to city-building , and demonstrate the potential of the Nagasaki area.

Ongoing Boost from Opening of Nishi-Kyushu Shinkansen



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- In the month since the Nishi-Kyushu Shinkansen opened on September 23, average daily sales at the Nagasaki Kaido Kamome Market, which was already open, increased about 50%.
- Passengers on the Takeo Onsen—Nagasaki Station route of the Nishi Kyushu Shinkansen were 102% of the 2018 level.
- We believe this boost will continue with the opening of the New Nagasaki Station Building in 2023 and the opening of the Marriott Hotel in early 2024.
- I hope you are excited to see city-building in Nagasaki with the aim of building cities where people want to live, work and visit.