



(Translation)

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To whom it may concern:

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Notice Regarding Reorganization of Station Building Business and Hotel Business

Kyushu Railway Company (hereinafter, JR Kyushu) announces that, at a Board of Directors meeting held today, it has resolved to establish new intermediate holding companies for its station building business and hotel business. The new holding companies will be established through the implementation of joint stock transfers by wholly owned consolidated subsidiaries of the Company.

JR Kyushu also provides notice that the Board of Directors additionally resolved to split Kokura Terminal Building Inc. by business area (station building business and hotel business). This company split will be implemented in advance of the establishment of the new holding companies. The details are as follows.

1. Background and Objectives

Since its founding, JR Kyushu has centered its operations on “putting the customer first” and being “community-based,” forging a corporate culture that places safety and service at the center of all its businesses. JR Kyushu has worked tirelessly to grow and evolve on a continuous basis while cultivating comprehensive strengths throughout the JR Kyushu Group.

Together with the railway business, the station building and hotel businesses have grown steadily as mainstay operations for JR Kyushu. Currently, the operating environment for these businesses is rapidly becoming more challenging. Both of them are affected by the trend toward a declining birthrate and aging population. Moreover, the station building business faces intensifying competition due to the rapid growth of e-commerce and declining tenant interest in opening new stores, while the hotel business faces a market crowded with competitors and the normalization of labor shortages.

To address these circumstances, the Group will implement reorganization measures centered on the establishment of intermediate holding companies for these two businesses. Through these measures, the Group will revise the management system in the station building and hotel businesses

and facilitate decision-making and operational execution that are more agile and flexible.

In this way, the Group will aim to leverage economies of scale, bolster its marketing capabilities, increase its management efficiency, and enhance its human resources development skills. In addition, the Group will aim to achieve further growth and development through the roll-out of new businesses and the expansion of existing businesses.

2. Companies subject to reorganization

Company name	Business activities	Capital stock	Shareholder composition
Kokura Terminal Building Inc.	Station building business, Hotel business	¥100 million	JR Kyushu: 100%
JR Hakata City Co., Ltd.	Station building business	¥1,150 million	
Nagasaki Terminal Building Inc.		¥480 million	
JR Oita City, Inc.		¥100 million	
Kagoshima Terminal Building Inc.		¥480 million	
JR Kyushu Building Management Co., Ltd.		¥100 million	
JR Kyushu Huis Ten Bosch Hotel Co., Ltd.		Hotel business	
JR Kyushu Hotels Inc.	¥100 million		

3. Overview of reorganization

(1) Split of Kokura Terminal Building Inc. by business

- Establishment of JR Kyushu Station Hotel Kokura Inc., a 100% consolidated subsidiary of the Company, on December 26, 2018 (plan).
- Implementation of absorption-type split, with Kokura Terminal Building Inc. as the company splitting and JR Kyushu Station Hotel Kokura Inc. as the company succeeding in the split. Transfer of Kokura Terminal Building Inc.'s hotel business to JR Kyushu Station Hotel Kokura Inc., on April 1, 2019 (plan).

(2) Establishment of intermediate holding companies

① Company responsible for station building business

- Establishment of JR Kyushu Ekibiru Holdings Inc. through joint stock transfer by six station building companies (including Kokura Terminal Building Inc.) on April 1, 2019 (plan).

② Company responsible for hotel business

- Establishment of JR Kyushu Hotels And Resorts Holdings Inc. through joint stock transfer by three hotel companies (including JR Kyushu Station Hotel Kokura Inc.) on April 1, 2019 (plan).

4. Overview of newly established company

① Intermediate holding company

Company name	JR Kyushu Ekibiru Holdings Inc.	JR Kyushu Hotels And Resorts Holdings Inc.
Location	7-21 Hakataekichuogai, Hakata-ku, Fukuoka	1-12-23 Hakataekihigashi, Hakata-ku, Fukuoka
Representative	President (Plan): Seiichiro Watanabe	President (Plan): Junya Matsumoto
Business activities	Management of station building business	Management of hotel business
Capital stock	¥100 million	¥100 million
Shareholder composition	JR Kyushu: 100%	

② JR Kyushu Station Hotel Kokura Inc.

Company name	JR Kyushu Station Hotel Kokura Inc.
Location	1-1-1 Asano, Kokurakita-ku, Kitakyushu
Business activities	Operation of JR Kyushu Station Hotel Kokura Inc. and affiliated reception halls and restaurants
Representative	Representative Director (Plan): Shinji Yamashita
Capital stock	¥1 million (through absorption-type split with Kokura Terminal Building Inc., increase to ¥100 million planned for April 1, 2019)
Shareholder composition	JR Kyushu: 100%

Note: In conjunction with the reorganization, the names of three companies will be changed as follows.

Current name	Kokura Terminal Building Inc.	Nagasaki Terminal Building Inc.	Kagoshima Terminal Building Inc.
After change	JR Kokura City Inc.	JR Nagasaki City Inc.	JR Kagoshima City Inc.
Timing of change	April 1, 2019		

5. Future plans

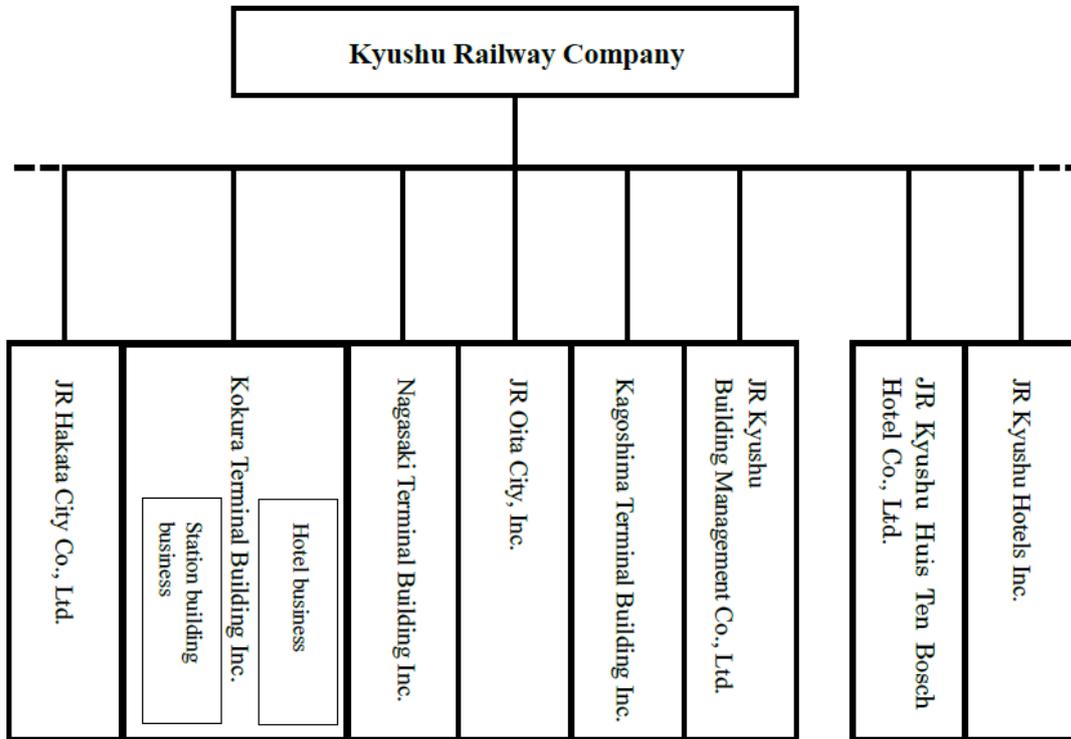
December 26, 2018 (Plan)	JR Kyushu Station Hotel Kokura Inc. — Establishment
April 1, 2019 (Plan)	Kokura Terminal Building Inc. — Transfer of hotel business
	JR Kyushu Ekibiru Holdings Inc. — Establishment (transfer of the shares of six station building companies from JR Kyushu)
	JR Kyushu Hotels And Resorts Holdings Inc. — Establishment (transfer of the shares of three hotel companies from JR Kyushu)

6. Influence on results

This reorganization involves a share transfer by wholly owned consolidated subsidiaries of JR Kyushu, and accordingly the influence on the Company's consolidated results for this fiscal year will be insignificant.

(Reference) Diagram of reorganization

◆ Current organization



◆ April 1, 2019

