

**FY3/19 2Q Financial Results Briefing
Summary of Question and Answer Session**

Q1

The fundamentals for the Kansai Urban Area were 99.3% year on year. Is this because people have refrained from going out due to the intense heat?

A1

In addition to people refraining from going out due to the intense heat, there were other issues reducing the fundamentals that have not been specifically listed as special factors. These include the effects of the typhoons other than Typhoon No. 21(Jebi).

Q2

Inbound demand rose back to the previous year's level in September after the full opening of Kansai International Airport. What is the situation with inbound demand in October?

A2

Inbound demand in October is higher than in the previous year. We will continue working to achieve the full-year targets.

Q3

What are your thoughts about maintenance costs in the next fiscal year and thereafter? Also, regarding the maintenance work that had been planned as of the beginning of this fiscal year, in what manner will that work be reflected in the next fiscal year?

A3

Maintenance costs can be broadly divided into two types — regular maintenance and CAPEX-related removal work. In the first half of the fiscal year, we adjusted the work schedule due to the influence of the natural disasters, and both of these types of work were carried over to the second half. Nonetheless, the regular maintenance will be steadily implemented in the second half. On the other hand, a certain amount of the CAPEX-related removal work will be carried over to the next fiscal year and thereafter.

Q4

The factors behind the lower profits were the VIA INN opening expenses in the retail business and the closure of the Sannomiya terminal building in the hotel business. Excluding these effects, would profits in each of these businesses have increased? Also, in regard to VIA INN, large-scale hotels will also be opened in the next fiscal year. Will expenses continue to increase next year?

A4

We believe that both businesses would have recorded higher profits without the influence of these factors, etc. Note that new hotel openings always generate opening expenses, but these are non-recurring expenses. Of course, over the mid to long term, these hotels will make a contribution to profits.

Q5

For JR West Properties Co., Ltd., would you discuss the current status of initiatives in the medium-term management plan, as well as future plans?

A5

JR West Properties Co., Ltd., and JR WEST REAL ESTATE & DEVELOPMENT COMPANY are working together to advance initiatives, and we think it is important to generate synergies between the two companies. Our initiatives are making progress in accordance with plans.

Q6

In regard to the new Shinkansen lines, there have been reports that the Ministry of Finance is discussing increasing the cost burden that will be borne by the JR companies. What is the view of JR-West regarding this situation?

A6

Under the basic scheme for the new Shinkansen lines, the cost burden is in the form of line usage fees, with the upper limit being the earnings received by the operators of the new Shinkansen lines. We think that this scheme will be maintained.

Q7

I would like to ask about the provision of a shareholder return in the next fiscal year. Assuming that an extraordinary gain will be generated from the application of insurance premiums for the natural disasters in the current fiscal year, will there be a change to the policy of providing a return from final net profits?

A7

There will be no change to our shareholder return policy, which is described in the medium-term management plan. In the final year of the plan, we will aim for a dividend payout ratio of approximately 35%, and over the period of the plan, our yardstick will be a total return ratio of approximately 40%. We will aim to pay stable dividends over the long term.

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