

(Translation)

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President: Tatsuo Kijima  
(Code number: 9021; stock listings: First  
Sections of Tokyo and Nagoya Stock  
Exchanges, Fukuoka Stock Exchange)  
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**Notice Concerning the Acquisition of Shares in Ryoju Properties Co., Ltd.  
(Conversion to Subsidiary)**

West Japan Railway Company (“JR-West” or the “Company”) hereby provides notice that it has concluded a share transfer agreement to acquire 70% of total shares outstanding in Ryoju Properties Co., Ltd. (hereinafter, “Ryoju Properties”) from Ryoju Facility and Properties Co., Ltd. (hereinafter, “Ryoju F&P”), which is wholly owned by Mitsubishi Heavy Industries, Ltd. (hereinafter, “MHI”).

Under this agreement, a company split (absorption-type company split) will be conducted on January 1, 2017, with regard to the real estate business of Ryoju F&P, with Ryoju F&P as the splitting company and Ryoju Properties as the succeeding company in the corporate split. As of that date, Ryoju F&P will hold 70% of the shares in Ryoju Properties, with 30% held by MHI. Thereafter, on February 1, 2017, JR-West will acquire the 70% of shares in Ryoju Properties held by Ryoju F&P.

1. Reason for the share acquisition

The JR-West Group Medium-Term Management Plan 2017, which the Company unveiled in March 2013, calls for non-railway operations to account for 40% of consolidated operating revenues by the year ending March 31, 2023. As part of this objective, the Company views the real estate business as a core business for the Group in terms of leveraging owned assets, enhancing passenger convenience and the value of railway belts, and having a high level of affinity with the transportation business.

Based on this belief, the Company is developing areas around its railway lines, as well as in promising markets outside its railway service areas and away from its railway lines. JR-West is also expanding its condominium sales business and working to reinforce the leasing business to secure a stable source of earnings.

Ryoju Properties is engaged in the condominium sales business in the Tokyo metropolitan area and other promising markets. The company also owns high quality lease properties in good locations. JR-West believes that acquiring shares in Ryoju Properties will mean obtaining locations that will provide an impetus for promoting its real estate business in the Tokyo metropolitan area. JR-West also anticipates that this move will enable it to configure a business portfolio that will lead to future business growth and stability. Furthermore, the Company expects that the partnership resulting from its joint investment with MHI will promote development through further real estate acquisitions.

Going forward, while fully respecting its partnership with MHI, the JR-West Group aims to leverage its expertise to enhance the business value of Ryoju Properties and expand and reinforce the real estate business.

## 2. Overview of the transferring subsidiary (Ryoju Properties Co., Ltd.)

(1)	Name	Ryoju Properties Co., Ltd.	
(2)	Location	5-34-6 Shiba, Minato-ku, Tokyo	
(3)	Name and position of representative	Kenichi Okubo, President	
(4)	Businesses	Real estate leasing, real estate subdivision and sale, others	
(5)	Capital	¥50 million	
(6)	Established	July 15, 2016	
(7)	Principal shareholders and ownership ratios	Ryoju Facility and Properties Co., Ltd.: 100%	
(8)	Relationships between the listed company and this company	Capital relationships	Not applicable.
		Personnel relationships	Not applicable.
		Transactional relationships	Not applicable.
(9)	Consolidated operating performance and consolidated financial position of this company during the most recent three years		
	As Ryoju Properties was established on July 15, 2016, the company is currently in its first fiscal year. No fiscal period has been completed.		

## 3. Overview of the counterparty in the share acquisition

(1)	Name	Ryoju Facility and Properties Co., Ltd.	
(2)	Location	5-34-6 Shiba, Minato-ku, Tokyo	
(3)	Name and position of representative	Kenichi Okubo, President	
(4)	Businesses	Real estate leasing; real estate subdivision and sale; design, execution and management of civil engineering and construction work; management, operation, maintenance and other outsourced operations related to factories and welfare facilities	
(5)	Capital	¥250 million	
(6)	Established	January 1, 2016	
(7)	Net assets	¥43,536 million	
(8)	Total assets	¥107,404 million	
(9)	Principal shareholders and ownership ratios	Mitsubishi Heavy Industries, Ltd.: 100%	
(10)	Relationships between the listed company and this company	Capital relationships	Not applicable.
		Personnel relationships	Not applicable.
		Transactional relationships	Not applicable.
		Status of related parties	Not applicable.

4. Number of shares to be acquired, acquisition price and ownership before and after the acquisition

(1)	Number of shares owned prior to transfer	0
(2)	Number of shares acquired	175,000 (Number of voting rights: 175,000)
(3)	Acquisition price	¥97,000 million
(4)	Number of shares owned after transfer	175,000 (Number of voting rights: 175,000) (Percentage voting rights: 70.0%)

5. Schedule

(1)	Agreement date	October 31, 2016
(2)	Share transfer date	February 1, 2017

6. Future outlook

JR-West is currently evaluating the impact on its future consolidated operating performance. The Company will promptly provide notice if any information requiring disclosure is determined.

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