

Main Q&A of the Year-End Investor Meeting for FY2020.3

(Prospects of financing and the balance of long-term debts)

Q. What are your prospects of financing and the balance of long-term debts?

A. Since the Company possesses about 760.0 billion yen as funds in hand as of the end of March, we think we have enough funds for the immediate cash-flow management. For the future, we will manage finances appropriately, keeping a close watch on the situation. With regard to the prospect of the balance of long-term debts, since the performance forecast for this fiscal year has not been released, let us refrain from mentioning a specific amount. What we can announce today is that we are not going to make any major changes to our long-term debt position because we have enough funds in hand for the immediate cash-flow management and, even if any need for financing arises in the future, we will use short-term financing in the first instance.

(Monthly profit level)

Q. Could you share with us any information on the profit level in March alone in the fourth quarter of FY2019?

A. The Company does not compile monthly financial results, so we don't have any data to present about the profit level in March alone. We would appreciate your understanding regarding this.

(Construction progress of the Chuo Shinkansen)

Q. What is the outlook for starting construction in the Shizuoka construction area for the Southern Alps Tunnel in the Chuo Shinkansen Project? Also, it is reported that some construction companies have suspended construction work in other areas. Please tell us the current status, especially as to whether there is any delay in construction work.

A. In the Shizuoka construction area for the Southern Alps Tunnel, the construction is actually not proceeding because negotiations with Shizuoka Prefecture are not going smoothly. In order to improve this situation, an advisory committee was established yesterday with the help of the Ministry of Land, Infrastructure,

Transport and Tourism as a mediator. Our company expects that the advisory committee will facilitate progress in solving the problems, but it is still unclear when we will be able to start construction.

Next, concerning the progress of the overall construction, work is proceeding in each area with a tight schedule. Construction is suspended, as you pointed out, in almost half of the construction sites as of today to prevent the spread of COVID-19. However, we don't think such suspension will directly lead to a delay in the overall construction because it has been still less than a month since the suspension commenced and at this point the suspension is scheduled to end on May 6, subject to the declaration of a state of emergency.

(Cost level for FY2020)

- Q. Is there any major change factor in the cost level for FY2020, compared with FY2019?
- A. It is difficult to estimate the cost level for FY2020 under the current circumstances where there is no telling how the outbreak of COVID-19 will affect our revenues. In terms of individual cost items, for example, special factors for FY2019 that increased the cost of maintenance such as the removal work related to the Chuo Shinkansen Project and technology development are expected to disappear in FY2020. However, because there are still various factors that increase or decrease costs, it is impossible to estimate the overall cost for FY2020 at this point. We cannot announce any specific cost estimate here, but in a case where the impact of the spread of COVID-19 extends over a long period of time, we will consider taking flexible measures such as further cost reductions.

(Response to COVID-19 at Group companies)

- Q. Are you going to take relief measures for tenants and other facilities in your station buildings that are affected by COVID-19? Please tell us if you are considering any relief measures for tenants such as a rent reduction/exemption.
- A. Some of our Group companies are greatly affected by COVID-19, depending on the type of industry. Rent reduction/exemption for tenants in the station buildings, etc. in question are being extensively discussed by the government, local public governments, etc. In addition to such measures, we intend to consider taking relief measures including adopting our own measures as necessary so that tenants will be able to stay in business as much as possible.