The Meitetsu Group’s Long-term Vision
VISION 2030 ~Seizing the Future~

The Meitetsu Group’s Medium-term Management Plan
BUILD UP 2020

Nagoya Railroad Co., Ltd.
March 26, 2018
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*NOTE: The Company's fiscal year runs from April 1 – March 31, e.g.*

- FY2020 = April 1, 2020 – March 31, 2021
- FY2017 = April 1, 2017 – March 31, 2018
Review of the Current Medium-term Management Plan (FY2015–2017) and Remaining Issues


Basic Policy
Advance toward a new growth stage through the pursuit of dual initiatives: aggressive business expansion and the establishment of a solid management base

Numerical Targets

<table>
<thead>
<tr>
<th></th>
<th>FY2014 results</th>
<th>FY2017 forecasts(^1)</th>
<th>Targets(^2) (initial plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>7.0%</td>
<td>8.2%</td>
<td>8.0% (7.5%)</td>
</tr>
<tr>
<td>ROA</td>
<td>3.6%</td>
<td>4.2%</td>
<td>3.8% (3.5%)</td>
</tr>
<tr>
<td>Net interest-bearing debt / EBITDA ratio</td>
<td>6.2 times</td>
<td>5.2 times</td>
<td>5.5 times (6.0 times)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>16.4%</td>
<td>20.8%</td>
<td>20.0% (20.0%)</td>
</tr>
</tbody>
</table>

1. As of November 2017
2. Targets were revised in November 2016

Progress Made under the Current Plan

1. Advancement of a business strategy for redeveloping the Meitetsu Nagoya Station district
   • Put together and unveiled the Meitetsu Nagoya Station District Redevelopment Plan
   • Promoted discussions and negotiations with government bodies, neighboring land owners, and others

2. Expansion of business domains and advancement into growth fields
   • Began a rehabilitation-focused adult day care business and a business to support families raising children
   • Optimized facilities to accommodate inbound foreign tourists
   • Meitetsu Transportation formed a capital and business alliance with Nippon Express
   • Formed a capital and business alliance with renovation companies to strengthen our real estate business

3. Revitalization of business operations through concerted action with local communities
   • Strengthened railway infrastructure, including earthquake proofing and elevating railways
   • Used social media to deliver information on ad campaigns and local areas

4. Strengthening Group management
   • Conducted comprehensive operations through Groupwide cooperation
   • Made Group financing more efficient
   • Expanded our profitable business foundation by acquiring and developing prime rental assets

Goals achieved
Due to better performance and vastly improved financial soundness, we achieved the establishment of a solid management base as planned. (We expect to meet all numerical targets.)

Goals not achieved
As for aggressive business expansion, although we made some progress by launching several new businesses, there is still work to do, and this will remain an issue for us going forward.
Review of the Meitetsu Group’s Vision for 2020 (Formulated in 2012) and Remaining Issues

The Meitetsu Group’s Vision for 2020 (Formulated in 2012)

― Maintain close ties with the region, centering on the Chubu area, and roll out operations for achieving lifestyles of abundance
― Accurately assess the changes of the times and establish systems capable of prompt response
― Establish a solid management base for coming stages such as redevelopment of the Meitetsu Nagoya Station district
  • Traffic Business: Secure stable earnings
  • Real Estate Business: Strengthen as another source of earnings
  • Create businesses that will be new pillars

Due to better performance and vastly improved financial soundness, we achieved the establishment of a solid management base. We only partially achieved the strengthening of the real estate business and the creation of business that will be new pillars, and these will remain issues going forward.

Our operating environment is changing drastically, amid rapid population decline and graying demographics, as well as a succession of technological changes that were largely unforeseen when the Group’s vision was formulated.

We need to expand our business foundation and reinforce our earnings potential to achieve sustainable growth even as the population continues to rapidly decrease and age.

We will formulate a new long-term management strategy and, based on this strategy, our new medium-term management plan.
The Meitetsu Group’s Long-term Vision (VISION 2030 ~Seizing the Future~) and Long-term Management Strategy
To achieve sustainable growth despite rapid population decline and graying demographics, we formulated a new long-term management strategy and, based on the strategy, a new medium-term management plan.

Our long-lived internal and external message for as long as the company exists

Work to improve the value of the region and give back to the community over the long haul.

The Meitetsu Group’s Future Vision and Path Forward

Management Philosophy
The Meitetsu Group aims to be a trusted top brand beloved by regional communities through our operations that make life easier.

Communicating our focus under the management philosophy and how we will promote our business

Management Policy
Cornerstone of management: Establish a Companywide system to raise customer satisfaction  
Focus of Group management: Create new businesses and strengthen management to outperform the competition  
Ideal culture: Foster a culture where everyone can improve and achieve their full potential  
Requirement for being an ongoing concern: Fully owning our social responsibility

Long-term Vision and Management Strategy
To come closer to realizing its management vision, the Meitetsu Group has newly set a long-term path and accompanying strategy.

Medium-term Management Plan
The Group has newly set a specific plan based on the above-mentioned long-term strategy.
Analysis of the Business Environment

Expected Changes in the Business Environment

1. **Demographic changes in areas along train lines**
   - Overall population decline, a decrease in the working-age population, and an aging population are each gradually accelerating, though at a milder pace than other regions.

2. **Expansion in travelers with the opening of the Linear Chuo Shinkansen maglev line**
   - Demand for office space, retail space, hotels, residences, and other properties will increase in central Nagoya City.

3. **Completion of Meitetsu Nagoya Station District Redevelopment**
   - Convenience will increase, such as better airport access, due to the expansion of Meitetsu Nagoya Station and its rise as a hub for regional traffic.

4. **Expansion in inbound tourism demand**
   - The number of passengers at the Chubu Centrair International Airport will increase.
   - Tourist-driven demand will rise in the Chubu region.

5. **Advancement of leading-edge technologies**
   - These technologies will be used to improve productivity and marketing capabilities.
   - This will spur changes in mobility systems.

6. **Changing and diversifying lifestyles**
   - Lifestyles will continue to change and grow more diverse, as evidenced by the transition from owning to sharing or from real spaces to virtual spaces.

*For more details, see the supplementary materials on pages 39 to 43.*
### Expected Growth Drivers in the Group’s Businesses

<table>
<thead>
<tr>
<th>Expected Growth Drivers</th>
<th>2018 to 2020</th>
<th>2021 to 2026</th>
<th>2027 onward</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Increase in inbound tourism to Japan</td>
<td>2020: 40 million foreign visitors per year</td>
<td>2030: 60 million foreign visitors per year</td>
<td>More travelers are spreading out from the Golden Route (Tokyo, Osaka, Kyoto) and into other regions. The departure and arrival slots at Haneda and Narita airports are expected to approach total saturation by fiscal 2020. Chubu Centrair International Airport will work to accommodate the excess demand, and with a rise in low cost carrier flights, we could see a continual increase in inbound tourists using the airport. ① Increase in passengers using the airport line, the Centrair Limousine, and buses ② Increased hotel demand ③ Increased inbound tourist consumption</td>
</tr>
<tr>
<td>(2) Concentration of the population and progress in redevelopment of central Nagoya City</td>
<td>With the increased convenience of central Nagoya City and changes in lifestyles, more people are choosing to live in the area and, therefore, the redevelopment will be able to continue its steady progress. ① Construction of a tower condominium ② Construction of commercial facilities ③ Stimulation of food and beverage businesses ④ Increase in car-share demand</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Opening of the Linear Chuo Shinkansen maglev line and completion of the Meitetsu Nagoya Station District Redevelopment</td>
<td>2027: Scheduled opening of the Linear Chuo Shinkansen maglev line (Tokyo ↔ Nagoya) Planned completion of the Meitetsu Nagoya Station District Redevelopment and station upgrades</td>
<td>With the opening of the Linear Chuo Shinkansen maglev line, the population within 2-hours travel distance from Nagoya will overtake that from Tokyo, becoming the largest in Japan. This could raise the profile of Nagoya as a center for business and tourism. ① Increase in travelers ② Increase in residents as people move in from other regions, including Tokyo ③ Increase in demand for office space, store space, hotels, residences, and other properties Convenience will increase, such as better airport access, due to the expansion of Meitetsu Nagoya Station and its rise as a hub for regional traffic.</td>
<td></td>
</tr>
</tbody>
</table>
VISION 2030 ~Seizing the Future~

— The Group will continue to enhance regional appeal and create shared value with local residents by promoting better mobility in the communities it serves.

— The Group aims to maintain sustainable growth by actively meeting the changing needs of society and helping people achieve new lifestyles and fuller lives.

Long-term Management Strategy

— We aim to expand the residential population and number of travelers by creating the nicest place to live and the most attractive area to visit in Japan.

— We aim to improve our earnings power by proactively investing and taking on bold challenges in new business fields.

— To maintain sustainable growth even amid population decline and aging demographics, we will actively work to generate innovations and improve productivity through the use of advanced technologies and other means.
03

The Meitetsu Group’s Medium-term Management Plan BUILD UP 2020
Positioning of the Medium-term Management Plan

The new medium-term management plan, BUILD UP 2020, was created to support the first three years of VISION 2030 ~Seizing the Future~ and the long-term management strategy. Under the current medium-term management plan, PLAN123, we aimed to both improve profitability and secure financial stability. Since then, our financial standing has improve significantly, and, under the new plan, we will shift our business axis toward reinforcing our earnings power and expanding our business foundation through active investment in growth.

Plan 120
Final fiscal year: ROE: 7.0% ROA: 3.6% Equity ratio: 16.4% Credit rating (R&I): BBB+ Credit Rating (JCR): A−

Plan 123
Final fiscal year (forecast): ROE: 8.2% ROA: 4.2% Equity ratio: 20.8% Credit rating (R&I): A− Credit Rating (JCR): A

We established a new long-term vision in pursuit of drastic growth.

Roadmap for Growth

- Improve financial standing
- Improve earnings power
- Proactively invest
- Expand business foundation
- Reinforce earnings power

Medium-term Business Plan
BUILD UP 2020

2012–2014: Solidifying our management base
2015–2017: Strategic investment
2018–2020: Reinforcing earnings power
2027: Scheduled opening of the linear maglev line
2030: Drastic growth

We finished solidifying our management base ahead of schedule and will move onto our strategic investment period aimed at expanding our business foundation and reinforcing our earnings power.
With an eye toward 2030, the Group aims to expand its business foundation and reinforce its earnings power through proactive investment to maintain its sustainable growth and to create new appeal and value.

<table>
<thead>
<tr>
<th>Period</th>
<th>FY2018–2020 (three years)</th>
</tr>
</thead>
</table>

**Key Themes**

1. Advance plans to begin work on the Meitetsu Nagoya Station District Redevelopment Project
2. Proactively develop the real estate business in central Nagoya City
3. Work to create appealing areas around the train lines
4. Proactively invest in growth businesses and improve earnings power
5. Further reinforce earnings power of the Group’s businesses
6. Foster an organizational culture that generates innovation and promote initiatives aimed at improving productivity
04 Initiatives for Each Key Theme
Key Theme 1

Advance plans to begin work on the Meitetsu Nagoya Station District Redevelopment Project

We will discuss and negotiate with neighboring land owners, government bodies, and others. We will also continue to consider business plans to redevelop buildings and plans to upgrade transportation facilities to function as a hub.

A) Create a redevelopment business plan

B) Create a transportation facility upgrade plan

Meitetsu Nagoya Station District Redevelopment Plan (unveiled March 2017)

Overview of the redeveloped facilities (planned)
We strive for a highly convenient, well functioning terminal. We aim to maximize the value of the redeveloped area by using the station’s long north-south layout to form fun, bustling spaces that seamlessly blend into the city in an open way.

We will effectively position and right size specific facilities around the station. These include commercial space, office space, hotels, and residences.

Target schedule
FY2017 onward
Discuss and negotiate with neighboring land owners, government bodies, and others.
Proceed with required city planning procedures.

FY2022
Begin construction.
We aim to finish upgrading the station’s facilities by the time the Linear Chuo Shinkansen maglev line opens.

Outline of planned transportation upgrades (draft)
We aim to improve the convenience of Meitetsu Nagoya Station by expanding both its area and functionality.

By securing additional area to centralize the express bus spaces, we aim to improve the convenience of Meitetsu Bus Center and improve functionality.
Key Theme 2

Proactively develop the real estate business in central Nagoya City

We will work to develop our real estate business in central Nagoya City with an eye toward the increase in city-center residents accompanying changing lifestyles and the opening of the Linear Chuo Shinkansen maglev line.

A) Promote real estate development

① Use assets surrounding Nagoya Station
② Invest in profitable properties and new development

B) Promote related businesses

① Strengthen the real estate management business
Key Theme 2  A) Promote real estate development

① Use assets surrounding Nagoya Station

- **Nakamura-ku, Meieki 4-chome (Hijie-cho)**
  - Land area: 733 m²
- **Nishi-ku, Meieki 1-chome**
  - Land area: 751 m²
- **Nakamura-ku, Meieki 4-chome (Hirokoji-dori)**
  - Land area: 300 m²
  *Acquired in January 2017*
- **Nakamura-ku, Meieki 4-chome (Shimohiroi)**
  - Land area: 6,419 m²
Key Theme 2  A) Promote real estate development

② Invest in profitable properties and new development

We will continue to acquire rental properties (residential and office properties) within Nagoya City (as was done under PLAN123) and will consider participating in development projects in the city center.

Prospective areas

➢ Central Nagoya City, which has high potential for expansion through redevelopment
  (We are also considering using real estate securitization methods.)

➢ Eastern Nagoya City, which is a prime residential area

Prospective uses for each area

<table>
<thead>
<tr>
<th>Prospect area</th>
<th>Acquire profitable properties</th>
<th>Develop</th>
</tr>
</thead>
<tbody>
<tr>
<td>Central Nagoya City (Naka-ku, Nakamura-ku, etc.)</td>
<td>Office Retail Residential</td>
<td>Office Residential</td>
</tr>
<tr>
<td>Eastern Nagoya City (Higashi-ku, Chikusa-ku, Mizuho-ku, Showa-ku, Meito-ku, etc.)</td>
<td>Residential</td>
<td>—</td>
</tr>
</tbody>
</table>

The prospective areas
Key Theme 2  B) Promote related businesses

① Strengthen the real estate management business

➢ Property management business
   (Retail facilities, residences, offices, etc.)
We aim to reinforce our earnings power by working across the Group to make operations more efficient and create management opportunities, including tenant leasing, property management, and building security.

Case study:
Managing the retail spaces within the Fushimi subway station
- We were contracted to manage the spaces along with XYMAX Corporation
- We used our knowledge related to developing and managing the Group's retail facilities.

Business space: B1 concourse
Open period: All of FY2019
Floor area: About 900 m²

Artists conception
We will work to create the nicest places to live and the most popular travel destinations in Japan.

A) Further improve safety, security, convenience, and comfort

B) Promote development of stations and their surroundings

1. Upgrade hub stations in cooperation with local communities
2. Develop and revitalize retail facilities
3. Develop condominiums for sale or rent
4. Renovate or increase asset value in other ways

C) Promote initiatives to create value in communities along train lines

1. Promote tourist spots along train lines in cooperation with local communities
2. Develop caregiving business (emphasizing preventative medicine) and childcare business
3. Develop health- and leisure-related businesses
Key Theme 3  A) Further improve safety, security, convenience, and comfort

We aim to further improve the convenience and comfort of services for travelers in addition to improving safety and security, which form the base of each business we develop, especially the transportation business.

➢ Reinforce basic safety equipment and safety management systems
   — Further reinforce basic safety equipment, including adding anti-seismic reinforcements and making train platforms safer
   — Promote the switch to vehicles with collision avoidance systems (buses, trucks, etc.)
   — Enhance and upgrade employee training to raise awareness of safety

➢ Further improve convenience and comfort of passenger services
   — Renovate station facilities and build new commuter trains
   — Strengthen our customer response capabilities during emergencies
   — Introduce online reservations for first class car tickets

➢ Promote measures to make cities safer
   — Reinforce buildings against earthquakes
   — Promote initiatives to support business continuity and a quick recovery after a major disaster
   — Contribute to and participate in efforts to improve the crisis readiness of communities through our businesses
Key Theme 3  B) Promote development of stations and their surroundings

① Upgrade hub stations in cooperation with local communities

➢ Upgrade stations and develop multipurpose complexes

Jingu-mae Station, Higashi Okazaki Station, Toyotashi Station, and Shin Anjo Station

Development Plan for the Area around Jingu-mae Station

The easily accessible area around the station is close to the historic Atsuta Shrine. Taking advantage of this proximity, we plan to redevelop the area around Jingu-mae Station into a new sophisticated area. We plan to develop highly convenient facilities in the eastern district and are considering development in the western district bordering Atsuta Shrine.

Map of Areas

Plan to develop new condominiums (M’s City Jingu-mae)

Eastern District Development Overview (slated to open FY2020)

We will develop facilities that serve as the center of daily life for local residents and station passengers.

Location: Nagoya City, Atsuta-ku, Sanbonmatsu-cho
Land area: About 6,700 m²
Floor area: About 13,500 m²
Purposes: Retail facilities and rental residences

➢ Promote business of elevating railroads

Construction to elevate railroads around
• Chiryu Station
• Kitayama Station
• Hotei Station

Artist’s conception of elevated railroads around Chiryu Station

➢ Promote efforts to make areas barrier-free
Key Theme 3  B) Promote development of stations and their surroundings

② Develop and revitalize retail facilities
Tokoname Station (slated for FY2018)
Konan Station (slated for FY2018)
Ozone Station (slated for FY2020)
Meitetsu Ichinomiya Station (under consideration)

Ozone Station Retail Facility Development Plan
(slated to open spring 2020)
Location: Nagoya City, Higashi-ku
Floor area: About 2,217 m²
Divisions: 15 (planned)
Purposes: Retail, food and beverage, services

③ Develop condominiums for sale or rent
➢ Continue development of meLiV brand rental condominiums
  We will offer high-quality residential environments with easy train access.
  Built:
  Iwakura (FY2015, 43 condos)  Sako (FY2016, 72 condos)  Horita (FY2017, 56 condos)
  Planned:
  Otagawa (to be built Feb. 2019, 49 condos)  Ozone (to be built Mar. 2019, 36 condos)

➢ Develop condominiums for sale
  M’s City Chiryu, the Tower
  (to be built Oct. 2018, 100 condos)
  The Group is selling condos as residences for the Chiryu Station Northern District Phase 1 Urban Area Redevelopment Project.
  M’s City Jingu-mae (see page 21)
  (to be built Aug. 2019, 186 condos)
  We plan to further improve the daily convenience of the location with the development of the area around Jingu-mae Station.

④ Renovate or increase asset value in other ways

We will promote initiatives to create new appeal and value in the community by, for example, improving building designs and taking advantage of local resources in cooperation with residents.

First project: SUMU INUYAMA (FY2017)
Renovation of Inuyama Station’s West Building (Estación Inuyama)
    • Designer rental condos (for women and families raising children)
    • Parent-child café
    • Baked goods specialty store

➢ Collaboration with Eight Design

In October 2017, the Group began a capital and business alliance with Eight Design, whose business focuses on design. We are collaborating on possible projects to renovate existing properties along Meitetsu rail lines, as well as possible expansion into new business fields.

Overview of Eight Design
Location: Showa-ku, Nagoya City, Aichi Pref.
Founded: January 2010
Business: Renovating residences and rental properties
  Converting existing buildings
  Designing stores and offices
(Reference) Key Theme 3  B) Promote development of stations and their surroundings

- Upgrading hub stations in cooperation with local communities
- Developing and revitalizing retail facilities
- Developing condominiums for sale or rent
- Renovating or increasing asset value in other ways

[Map of Meitetsu stations and surrounding areas]
① Promote tourist spots along train lines in cooperation with local communities

- Uncover tourist attractions (temples, shrines, parade floats, industries, etc.) along train lines, boost their appeal, and reinforce efforts to spread information about them.

- Develop and promote ad campaigns to draw tourists to sites and attractions along train lines.
  — Build a new framework for rolling out campaigns to local governments and collaborating with communities.
Key Theme 3  C) Promote initiatives to create value in communities along train lines

② Develop caregiving business (emphasizing preventative medicine) and childcare business

Leveraging the Meitetsu brand, promote businesses that support people’s health, childcare, and other aspects of their daily lives.

- Rehabilitation-oriented adult day care services
  - Meitetsu Life Support Co., Ltd. (founded June 2017)
    - We formed a business alliance with Internet Infinity, Inc., which is an expert in rehabilitation-oriented adult daycare services.
    - 3 stores as of FY2017
    - We plan to open 30 stores over the 3 years between FY2018 and 2020.

- Support for families raising children
  - Meitetsu Smile Plus Co., Ltd. (founded Nov. 2017)
    - After school business
    - Small-scale childcare business (including onsite daycares)
    - In the near term, we plan to open 20 after school businesses and 20 small-scale daycares.

③ Develop health- and leisure-related businesses

We will create community spaces and help make areas along train lines more appealing by providing daily leisure spots.

- Hot spring business
  - The first hot spring location is slated to open in the summer of 2019.
  - Location: Imure, Toyohashi City, Aichi Pref.
  - Land area: Around 5,917 m²
Key Theme 4

Proactively invest in growth businesses and improve earnings power

Work to improve earnings power through proactive investment and bold ventures into new business fields.

A) Expand and strengthen domestic and inbound tourism businesses
   ① Proactively invest in hotels and tourist facilities
   ② Strengthen operations and services for capturing inbound tourism-driven demand

B) Expand and strengthen the daily living support business
   ① Actively expand business aimed at seniors
   ② Actively expand business that supports child rearing

C) Proactively adapt to the sharing economy
   ① Proactively expand sharing businesses that dovetail with the parking lot business
   ② Proactively enter new sharing business fields

D) Develop new business fields
   ① Actively enter new businesses
   ② Actively incorporate new leading-edge technologies
Key Theme 4  A) Expand and strengthen domestic and inbound tourism businesses

① Proactively invest in hotels and tourist facilities

➢ Hotel business strategy
  — Rebuild and renovate existing hotels
    • Meitetsu Inuyama Hotel (under consideration)
    • Gifu Grand Hotel (under consideration)
  — Open new locations in the Shoryudo area
  — Expand and strengthen limited-service hotels

New Centrair Hotel Building
(to open Fall 2018)
Number of stories: 11 aboveground
Number of guest rooms: 160
We are considering opening more new locations in key areas.

Meitetsu Inn Nagoya Kanayama Annex
(to open Fall 2018)
Number of stories: 13 aboveground
Number of guest rooms: 168
Each year, we plan to add 1 new location to our Meitetsu Inn brand, a limited-service hotel.

➢ Tourism Business Strategy
  — Take measures to improve appeal of the Shinhotaka Ropeway (under consideration), such as renovating mountain top areas
  In addition, we are also considering other strategic investments to increase the value of tourist facilities in key areas.

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Key Areas

1. Centrair International Airport
   Gateway to the Shoryudo area
2. Inuyama
   Key tourist area along train lines
3. Hida and Takayama
   Tourist spot in the Shoryudo area
4. Minami Shinshu
   We will leverage existing assets to prepare for the new maglev line.
5. Kanazawa
   The Group’s northern edge in the Shoryudo area
Key Theme 4  A) Expand and strengthen domestic and inbound tourism businesses

② Strengthen operations and services for capturing inbound tourism-driven demand

➢ Establish a welcoming environment
  — Enhance station facilities and amenities (including expanding the number of stations with free WiFi)
  — Enable multilingual passenger services
  — Accept many different payment methods
  — Establish tourist information centers (including at the Chubu Centrair International Airport in FY2018)
  — Enhance destination travel packages
    • Use rail companies, bus companies, and travel agencies within the Group
    • Consider expanding nationwide through business alliances

Case study:

Destination bus tours by Nohi Bus (Nohi Noriai Jidosha Co., Ltd.)

These travel packages mainly include roundtrip bus tickets and fees for each tourist facility. Many of their tours incorporate various facilities and tourist spots, including the popular world heritage site Shirakawago, the Tateyama Kurobe Alpine Route, and the Group’s Shinhotaka Ropeway.

➢ Further enhance intermodal transport

➢ Strengthen operations through digital marketing and external collaboration
  (including with online travel agencies and low cost carriers)

➢ Consider expanding business designed for wealthy individuals
Key Theme 4  B) Expand and strengthen the daily living support business

We promote businesses, which support the daily lives of seniors and families with children, to capture new demand arising from changes in society, namely the rapid graying of the population and the increasing numbers of working women.

① Actively expand business aimed at seniors

Meitetsu Life Support Co., Ltd.

- Users
  - Travel, hiking, culture schools, food delivery, pharmacies, etc.

- Users’ families
  - Supervision services, renovations, relocating, using vacant houses, etc.

- Caregivers, medical staff, care managers, nurses, nursing care workers, etc.
  - Identify unmet needs during caregiving and medical support

② Actively expand business that supports child rearing

Meitetsu Smile Plus Co., Ltd.

- Users
  - Childcare workers, educators, daycare worker, kindergarten teachers, etc.

- Users’ guardians
  - House cleaning, relocating from apartments to condos or houses, etc.

- Identify unmet needs while providing childcare support

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Key Theme 4  C) Proactively adapt to the sharing economy

① Proactively expand sharing businesses that dovetail with the parking lot business

We will proactively expand our car-sharing business in response to the trend, especially among seniors and young people, of moving to city centers and living without cars.

➢ Expand Meitetsu Kyosho’s car-sharing business

Car-share member and vehicle targets

<table>
<thead>
<tr>
<th></th>
<th>FY2017 forecast</th>
<th>FY2020 targets</th>
<th>Change vs. FY2017</th>
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<tbody>
<tr>
<td>Car-share members</td>
<td>24,000</td>
<td>32,000</td>
<td>133%</td>
</tr>
<tr>
<td>Owned vehicles</td>
<td>393</td>
<td>500</td>
<td>127%</td>
</tr>
</tbody>
</table>

Reference: Expanded Meitetsu Kyosho’s parking lot business

Parking space and parking lot targets

<table>
<thead>
<tr>
<th></th>
<th>FY2017 forecast</th>
<th>FY2020 target</th>
<th>Change vs. FY2017</th>
</tr>
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<tbody>
<tr>
<td>Parking spaces</td>
<td>68,000</td>
<td>84,000</td>
<td>124%</td>
</tr>
<tr>
<td>Parking lots</td>
<td>3,100</td>
<td>4,600</td>
<td>148%</td>
</tr>
</tbody>
</table>

➢ Entered Tokyo Metropolitan Area
— Established Kanto branch in 2016
— Targeting 500 parking lots in Kanto by FY2020
  (2.5 times FY2017 figure)

➢ Considered proactive M&A
— Acquired Park O from Bike O & Company Ltd. (Nov. 2011)

➢ Installed more EV and PHV chargers at parking lots

② Proactively enter new sharing business fields

Leveraging our strength in developing diverse service businesses, we aim to enter a bike-sharing business and a new sharing business that makes use of vacant houses.
Key Theme 4  D) Develop new business fields

① Actively enter new businesses

We aim to proactively enter new businesses, beginning with the drone business.

➢ Enter the drone business

— Drone school business
  (school slated to open spring 2018)

— Service businesses related to the school

② Actively incorporate new leading-edge technologies

➢ Strengthen Nakanihon Air Service’s survey and measurement business
  — Install and develop new measurement devices
  — Use drones and advanced spatial data technologies

➢ Proactively participate in self-driving vehicle trials

➢ Consider diversifying payment methods using fintech

Reference: Roadmap for the industrial revolution of the skies
(released May 2017)

<table>
<thead>
<tr>
<th>Year</th>
<th>Level 1: Controlled flight within line of sight</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017 onward</td>
<td>Flight within line of sight (not controlled)</td>
</tr>
<tr>
<td>Around 2018</td>
<td>Level 3: Flight beyond line of sight in unpopulated areas (no operator)</td>
</tr>
<tr>
<td>Around the 2020s</td>
<td>Level 4: Flight beyond line of sight in populated areas (third-party airspace)</td>
</tr>
<tr>
<td></td>
<td>• Deliver packages to distant islands and mountain areas</td>
</tr>
<tr>
<td></td>
<td>• Survey disaster areas, searches, etc.</td>
</tr>
<tr>
<td></td>
<td>• Urban transport, security</td>
</tr>
<tr>
<td></td>
<td>• Evacuation guide after disaster, etc.</td>
</tr>
</tbody>
</table>

Source: the Public-Private Council for Adjusting the Environment for Drones

Laser measurement drone TOKI*
*Developed by Nakanihon Air Service
Key Theme 5

Further reinforce earnings power of the Group’s businesses

We will work to strengthen our earnings power and improve our profitability in part by revising business models and structures and conducting capital investment in Group businesses.

A) Take various measures to improve profitability

➢ Proactively conduct capital investment to help improve profitability
➢ Acquire new customers and revise and create business models
➢ Strengthen marketing using big data

B) Improve profit margins by revising business structure

➢ Switch to a business model that provides high value-added products and services
➢ Make transport more efficient through the optimal placement of locations, including sales and business offices
➢ Improve profit margins by revising businesses that overlap with Group companies

Artist’s rendering of Meitetsu Transportation’s sales office
Key Theme 6

Foster an organizational culture that generates innovation and promote initiatives aimed at improving productivity

We will work to generate innovation and improve productivity to ensure sustainable growth despite population decline and graying demographics.

A) Foster workplaces and environments where diverse personnel can easily work

- **Promote diversity**
  - Promote an active female workforce (cultural reforms, establishment of various systems, active recruitment)
  - Targets for the 5 years between FY2016 and 2020 (Nagoya Railroad)
    - Percentage of women hired: 30% overall, at least 10% for rail transport jobs
    - Double the number of women in management roles (assistant manager and higher)
  - Hire more seniors (expand roles available to seniors)

- **Promote health and productivity management**
  - Strengthen safety and health management systems

- **Promote work reforms**
  - Strengthen management of working hours and correct lengthy work times

B) Make capital investments and use technology to improve productivity

- **Realize more sophisticated operations and improve productivity by using ICT, AI, RPA, and other technologies to improve added value and make work more efficient**

- **Invest in upgrades to improve operational efficiency**

Reference: Establishment of onsite daycares (March 2018)
- Meitetsu Daycare Station
  - Meieki Poppo-en

Reference: Meitetsu Kyosho, Toyohashi Rail Road, Toyotetsu Bus
Selected in the Certified Health & Productivity Management Organization Recognition Program for 2018 by the Ministry of Economy, Trade and Industry and the Nippon Kenko Kaigi
05 Numerical Targets
Numerical Targets

- Targets in the medium-term management plan (consolidated basis)

<table>
<thead>
<tr>
<th></th>
<th>FY2017 forecasts*</th>
<th>FY2020 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
<td>¥45.5 billion</td>
<td>¥50.0 billion</td>
</tr>
<tr>
<td>EBITDA (operating income + depreciation and amortization)</td>
<td>¥85.0 billion</td>
<td>¥93.0 billion</td>
</tr>
</tbody>
</table>

*As of November 2017

Reference indices: FY2020
- ROE (net income / shareholders’ equity) About 8%
- ROA (operating income / total assets) About 4%
- Net interest-bearing debt*/EBITDA ratio About 5 times
- Equity ratio About 25%

*Net interest-bearing debt: interest-bearing debt − cash, deposits, and short-term investment securities

- Dividend Policy
  Maintain stable dividends while comprehensively considering business performance and operating environment

- Profit level targeted in Vision 2030~Seizing the Future~ (consolidated basis)

<table>
<thead>
<tr>
<th>FY2030</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating Income</td>
</tr>
</tbody>
</table>
To ensure sustained growth despite an accelerating decrease in the population and graying demographics, we will make investments aimed at increasing productivity and cultivating new business fields. In particular, we will expand growth and strategic investments that help propel earnings power to ¥70.0 billion under BUILD UP 2020 from a projected ¥34.6 billion under PLAN123.

**Increase in Investment**

- **Strategic investment (¥34.6 billion)**
- **Investment for upgrades (¥115.9 billion)**
- **₹200.0 billion**
  - Growth and strategic investments (¥70.0 billion)
  - Investment for upgrades (¥130.0 billion)

- **PLAN123 forecast (FY2015–2017)**
- **BUILD UP 2020 (FY2018–2020)**

- Rebuild hotels and open new ones
- Pursue multipurpose development at hub stations
- Acquire profitable properties
- Enter new businesses
- Conduct R&D on incorporating advanced technologies
- Etc.
Supplementary Materials
Review of the Current Medium-term Management Plan

Achievement of numerical targets under the current medium-term management plan (FY2015–2017)

We expect to achieve all numerical targets outlined in the current medium-term management plan.

<table>
<thead>
<tr>
<th></th>
<th>FY2014 results</th>
<th>FY2015 results</th>
<th>FY2016 results</th>
<th>FY2017 forecast&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Targets&lt;sup&gt;2&lt;/sup&gt; (initial plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>ROE</td>
<td>7.0%</td>
<td>8.7%</td>
<td>7.7%</td>
<td>8.2%</td>
<td>8.0% (7.5%)</td>
</tr>
<tr>
<td>ROA</td>
<td>3.6%</td>
<td>4.2%</td>
<td>4.1%</td>
<td>4.2%</td>
<td>3.8% (3.5%)</td>
</tr>
<tr>
<td>Net interest-bearing debt/EBITDA ratio</td>
<td>6.2 times</td>
<td>5.5 times</td>
<td>5.3 times</td>
<td>5.2 times</td>
<td>5.5 times (6.0 times)</td>
</tr>
<tr>
<td>Equity ratio</td>
<td>16.4%</td>
<td>18.1%</td>
<td>18.7%</td>
<td>20.8%</td>
<td>20.0% (20.0%)</td>
</tr>
</tbody>
</table>

1. As of November 2017
2. Targets were revised in November 2016

Reference:

<table>
<thead>
<tr>
<th></th>
<th>FY2014 results</th>
<th>FY2015 results</th>
<th>FY2016 results</th>
<th>FY2017 forecast&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Targets&lt;sup&gt;2&lt;/sup&gt; (initial plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DOE</td>
<td>1.6%</td>
<td>1.6%</td>
<td>1.5%</td>
<td>1.5%</td>
<td>1.5%–2.0% (1.5%–2.0%)</td>
</tr>
</tbody>
</table>

(Billions of yen)

<table>
<thead>
<tr>
<th></th>
<th>FY2014 results</th>
<th>FY2015 results</th>
<th>FY2016 results</th>
<th>FY2017 forecast&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Targets&lt;sup&gt;2&lt;/sup&gt; (initial plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating revenue</td>
<td>609.3</td>
<td>610.1</td>
<td>599.5</td>
<td>608.0</td>
<td></td>
</tr>
<tr>
<td>Operating income</td>
<td>38.0</td>
<td>44.8</td>
<td>44.1</td>
<td>45.5</td>
<td></td>
</tr>
<tr>
<td>Ordinary income</td>
<td>35.7</td>
<td>44.3</td>
<td>46.1</td>
<td>46.5</td>
<td></td>
</tr>
<tr>
<td>Net profit attributable to owners of the parent</td>
<td>17.7</td>
<td>24.5</td>
<td>23.4</td>
<td>27.0</td>
<td></td>
</tr>
<tr>
<td>Capital investment</td>
<td>44.8</td>
<td>49.3</td>
<td>48.1</td>
<td>53.1</td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>38.7</td>
<td>38.9</td>
<td>38.7</td>
<td>39.5</td>
<td></td>
</tr>
<tr>
<td>Net interest-bearing debt</td>
<td>477.4</td>
<td>459.2</td>
<td>440.6</td>
<td>438.0</td>
<td></td>
</tr>
</tbody>
</table>
Expected Changes in the Operating Environment

Demographic changes in areas along train lines

Three gradual trends (overall population decline, a decrease in the working-age population, and an aging population) are each accelerating, though at a milder pace than other regions.

Projected population change (vs. 2015)

<table>
<thead>
<tr>
<th></th>
<th>2025</th>
<th>2030</th>
<th>2035</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Along Meitetsu lines</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(2%)</td>
<td>(4%)</td>
<td>(7%)</td>
</tr>
<tr>
<td>Working age (aged 15 to 64)</td>
<td>(4%)</td>
<td>(6%)</td>
<td>(11%)</td>
</tr>
<tr>
<td>Aged 65 and over</td>
<td>8%</td>
<td>10%</td>
<td>14%</td>
</tr>
<tr>
<td><strong>Japan</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(5%)</td>
<td>(8%)</td>
<td>(11%)</td>
</tr>
<tr>
<td>Working age (aged 15 to 64)</td>
<td>(8%)</td>
<td>(12%)</td>
<td>(17%)</td>
</tr>
<tr>
<td>Aged 65 and over</td>
<td>8%</td>
<td>9%</td>
<td>10%</td>
</tr>
<tr>
<td><strong>Tokyo metropolitan area</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(2%)</td>
<td>(4%)</td>
<td>(7%)</td>
</tr>
<tr>
<td>Working age (aged 15 to 64)</td>
<td>(4%)</td>
<td>(8%)</td>
<td>(14%)</td>
</tr>
<tr>
<td>Aged 65 and over</td>
<td>10%</td>
<td>14%</td>
<td>20%</td>
</tr>
<tr>
<td><strong>Kansai region</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>(5%)</td>
<td>(8%)</td>
<td>(12%)</td>
</tr>
<tr>
<td>Working age (aged 15 to 64)</td>
<td>(7%)</td>
<td>(11%)</td>
<td>(17%)</td>
</tr>
<tr>
<td>Aged 65 and over</td>
<td>6%</td>
<td>6%</td>
<td>8%</td>
</tr>
</tbody>
</table>

- The market will shrink in each field of the Group’s businesses.
- As the working-age population decreases, it will become more difficult to secure labor.

This will have a huge impact on the Group’s entire business.

1. Cities, wards, towns, and villages along Meitetsu rail lines
2. Tokyo, Kanagawa, Saitama, and Chiba prefectures
3. Osaka, Kyoto, Hyogo, and Nara prefectures

Sources:
- National Institute of Population and Social Security Research
- Japan: Estimates for the Future Population of Japan (as of January 2012, based on births and deaths)
- Along Meitetsu lines, Tokyo metropolitan area, Kansai region: Estimates for the Future Population of Japan by Region (as of March 2013)
Despite concerns about the accelerating concentration of population in the Tokyo metropolitan area due to economic convergence, the population within a two-hour travel distance from Nagoya will soar to the largest in Japan after the opening of the new Linear Chuo Shinkansen maglev line (Tokyo⇔Nagoya), overtaking Tokyo. In conjunction, the number of people visiting the region for business, tourism, or other purposes is expected to expand. The anticipated increase in demand for offices, retail space, hotels, residences, and other properties will present a good opportunity for growth.

Change in population within travel distance after the opening of the new shinkansen line (from Nagoya, rail lines + roads)

Current

After the opening of the shinkansen line (Tokyo⇔Nagoya)

Residential environment

Residences in the Nagoya region boast large floor areas and short commute times.

Total floor area per residence by distance from regional center

Source: Mitsubishi UFJ Research and Consulting Co., Ltd.

Percentage of 1-hour or more commute times by distance from regional center

Source: 2013 Housing and Land Survey (Ministry of Internal Affairs and Communications)
Expansion in inbound tourism demand

The government has set a target of ¥15 trillion in travel-related consumer spending and 60 million inbound foreign travelers to Japan by 2030. In the areas along the Group’s train lines, we expect a further increase in foreign visitors to Japan with the new terminal at the Chubu Centrair International Airport and the broadening of visits to regional areas beyond the Golden Route.

<table>
<thead>
<tr>
<th></th>
<th>2016 results</th>
<th>2020 targets</th>
<th>2030 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>Foreign travelers to Japan</td>
<td>24,040,000</td>
<td>40,000,000</td>
<td>60,000,000</td>
</tr>
<tr>
<td>Consumer spending by foreign travelers to Japan</td>
<td>¥3.7 trillion</td>
<td>¥8 trillion</td>
<td>¥15 trillion</td>
</tr>
<tr>
<td>Return foreign travelers to Japan</td>
<td>14,260,000</td>
<td>24,000,000</td>
<td>36,000,000</td>
</tr>
</tbody>
</table>

Source: Japan National Tourism Organization
Consumption Trend Survey for Foreigners Visiting Japan (Japan Tourism Agency)
5 Advancement of leading-edge technologies

It is increasingly likely that productivity will improve and business fields will expand by using rapidly advancing leading-edge technology, such as AI, IoT, ICT, and self-driving vehicles.

Examples of uses of leading-edge technology

- Use AI, IoT, ICT, and self-driving vehicles to vastly improve productivity.
- Use big data to enable more finely customized marketing.
- Use ICT and fintech to expand business fields.
- As self-driving technology becomes more common, accident prevention will become easier, further improving transport safety.

Interconnected technologies
Expected Changes in the Operating Environment

Changing and diversifying lifestyles

In tandem with the advancement of technology, lifestyles could continue to change and grow more diverse, as evidenced by the transition from owning to sharing or from real spaces to virtual spaces.

Example: Aichi Prefecture

Current: Lifestyles dependent on using cars
Future: Lifestyles expected to possibly shift toward urban living without cars

• Fewer youths have driver’s licenses

People aged 39 and under with driver’s licenses fell 16.0%.
(In the same period, the population aged 39 and under fell 10.0%.)

Number of people with driver’s license by age group (Aichi Pref.)

- 60 and over
- 50s
- 40s
- 30s
- 20s
- Under 20

(Millions of people)

<table>
<thead>
<tr>
<th>12/31/2008</th>
<th>12/31/2012</th>
<th>12/31/2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>50s</td>
<td>40s</td>
<td>30s</td>
</tr>
<tr>
<td>4</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
</tbody>
</table>

Sources: Driver’s License Statistics (National Police Agency) and Population Estimates (Ministry of Internal Affairs and Communications)

• Car sharing more common as lifestyles change

Currently, the increase in car sharing in Aichi Prefecture is slower than in Tokyo or Kansai.

Car sharing is expected to become more common going forward.

Number of car-sharing vehicles by prefecture

<table>
<thead>
<tr>
<th></th>
<th>12/31/2014</th>
<th>12/31/2017</th>
<th>Increase in number of vehicles</th>
</tr>
</thead>
<tbody>
<tr>
<td>Tokyo</td>
<td>5,401</td>
<td>9,859</td>
<td>83%</td>
</tr>
<tr>
<td>Osaka</td>
<td>2,339</td>
<td>3,938</td>
<td>68%</td>
</tr>
<tr>
<td>Kanagawa</td>
<td>1,562</td>
<td>2,688</td>
<td>72%</td>
</tr>
<tr>
<td>Aichi</td>
<td>838</td>
<td>1,265</td>
<td>51%</td>
</tr>
<tr>
<td>Hyogo</td>
<td>802</td>
<td>1,306</td>
<td>63%</td>
</tr>
<tr>
<td>Japan</td>
<td>14,032</td>
<td>25,993</td>
<td>85%</td>
</tr>
</tbody>
</table>

Source: carsharemap.jp

• Changing lifestyles primarily among seniors and youths

As demographics gray and more young people eschew driving, lifestyles could shift more toward living in city centers without cars.

The Group recognizes the business opportunity presented by capturing new demand arising from changing lifestyles, beginning with car sharing.

Reference: On the Changing Relationship between Cities and Cars in the Tokai Region (Bank of Japan, Nagoya Branch)
In addition to factual past events, this document includes future projections, which contain risks and uncertainty. Please be advised that actual outcomes may vary based on a variety of factors.