



February 19, 2019

To whom it may concern

Company name: Keikyu Corporation

Representative: Kazuyuki Harada,

President & Representative Director

Cord number: 9006 (Tokyo Stock Exchange First Section)

Contact: Public Relations and Press Department

Tel: +81-3-3280-9122

### Notice of Reduction in Additional Fares

Keikyu Corporation hereby announces reductions in the additional fares, scheduled for October 1, 2019.

#### 1. Background

In order to recover capital expenditures, etc. for the works required to extend the Airport Line and boost the transport capacity of the Line, Keikyu Corporation (“the Company”) charges additional fares on top of the basic fares when boarding/alighting at stations between the section that stretches from Tenkū bashi Station to Haneda Airport Domestic Terminal Station on the Airport Line (additional fare section), and the section comprising the other stations. The number of Airport Line passengers using the additional fare section has risen steadily, and the revenue from the additional fares, etc. has resulted in satisfactory progress towards recovering capital expenditures, etc. Accordingly, the additional fares will be reduced.

#### 2. Implementation details

##### (1) Reduction in Additional Fares

For the standard passenger tickets and commuter passes for work and school that include the additional fare, each will be reduced by a set amount from the current amount.

[The amounts revised of additional fares / Adult fares]

Type	Current fare	Revised fare	The amount revised
Standard passenger fare	170 yen	50 yen	-120 yen
Fare for commuter-pass passengers (1 month of commuting to work)	6,220 yen	1,830 yen	-4,390 yen
Fare for commuter-pass passengers (1 month of commuting to school)	2,030 yen	600 yen	-1,430 yen

(2) Discontinuation of a portion of specific fares

Previously a 20–30 yen discount had been applied to the fares for the following section, which were calculated according to the distance a passenger travels within the section (in kilometers), but the fares will be discontinued at the same time as the above-mentioned reduction in the additional fares.

(Applicable section)

Any travel made from Haneda Airport Domestic Terminal Station or Haneda Airport International Terminal Station to Anamori-inari Station, Ōtorii Station, Kōjiya Station or Keikyū Kamata Station.

[Comparison of fares]

Upper row: basic fare

Lower row: fare including additional fare

\*Figures in parentheses show fares in 10-yen units

Section (example)	Current fare	Revised fare	The amount revised
Haneda Airport International Terminal Station	113 yen (120 yen)	133 yen (140 yen)	+20 yen
–Ōtorii Station	283 yen (290 yen)	183 yen (190 yen)	-100 yen
Haneda Airport Domestic Terminal Station	165 yen (170 yen)	195 yen (200 yen)	+30 yen
–Keikyū Kamata	335 yen (340 yen)	245 yen (250 yen)	-90 yen

3. Date of implementation

October 1, 2019

4. Other

With regard to the revisions to the railway fares following the planned increase in the consumption tax to 10%, which is scheduled to become effective from October 1, 2019, we intend to apply for permission from the Ministry of Land, Infrastructure, Transport and Tourism to revise railway fares.

[Appended materials]

(Reference 1) Supplementary materials in relation to the additional fares

(Reference 2) Q&A in relation to reductions in the additional fares

[Appended materials]

(Reference 1) Supplementary materials in relation to the additional fares

1. Fare system

Fares on Japanese railways are regulated by the Railway Business Act, and approval must be sought, and permission obtained, from the Ministry of Land, Infrastructure, Transport and Tourism, when their upper limits are set and revised.

2. What are “additional fares”?

Additional fares are fees imposed with the aim of recovering the significant amount of a capital expenditure that arises mainly in relation to the opening, etc. of new railway lines and added to the standard railway fares for any travel made within the additional fare section.

In addition, in order to recover the capital expenditures, etc. for the works required to extend the Airport Line and boost its transport capacity, Keikyu Corporation (“the Company”) charges additional fares when boarding/alighting at stations between the section that stretches from Tenkubashi Station to Haneda Airport Domestic Terminal Station on the Airport Line (additional fare section), and the section comprising the other stations.

3. Basic approach to when the period of additional fares will end

The additional fares may be continued until the recovery of the capital expenditures have been fully completed, but may be reduced or discontinued at the discretion of railway operator management even before the recovery has been completed. (As per the 2013 notification from the Ministry of Land, Infrastructure, Transport and Tourism)

4. Progress in percentage recovered of the company

As of the end of FY2017, the percentage recovered had reached 76.3%.

	Cumulative	[FY2017]
Capital expenditures (A)	Approx. ¥70.0 billion	
Facility expenses, interest expenses, etc. (B)	Approx. ¥35.5 billion	[Approx. ¥0.9 billion]
Revenue from additional fares (C)	Approx. ¥77.5 billion	[Approx. ¥5.9 billion]
The amount of the capital expenditures recovered from basic fare revenue (D)*	Approx. ¥3.0 billion	[Approx. ¥0.3 billion]
Percentage recovered (C+D)/(A+B)	76.3%	

\*The profit/loss of railway business × percentage of total railway revenues generated by additional fare section

[Appended materials]

(Reference 2) Q&A in relation to reductions in additional fares

Q1. What was the reason for designating October 1, 2019 as the date for implementing the reduction in additional fares?

A1. Additional fares are applied in order to recover capital expenditures, etc. for the works required to extend the Airport Line including works for construction of the tunnel that goes directly underneath Haneda Airport and for construction to boost the transport capacity of the Line. In addition to the steady progress made in the recovery of these expenditures, etc., the number of passengers using Haneda Airport is rising every year, and the number of visitors is expected to increase further due to increase of inbound demand, the 2019 Rugby World Cup, and the 2020 Tokyo Olympics and Paralympics. As a public transportation institution with close links to regional communities, our goal, in addition to making access to Haneda Airport more convenient and increasing the number of passengers using Haneda Airport, is to revitalize the areas around Haneda Airport and along Keikyu railway lines.

Q2. Might it be possible in the future to implement a further reduction in additional fares?

A2. Going forward we will consider this, having taken into account the impact of this reduction in the additional fares, as well as such factors as trends in passenger numbers for Haneda Airport.

Q3. What will be the impact on revenues and profits?

A3. For FY2020, in which the effect will be felt for the full year, we assume that the impact is reasonably estimated to be around ¥2.5 billion. While we expect a decline in revenue from the additional fares (approximately ¥4.0 billion), on the other hand we project an increase in revenue (approximately ¥1.5 billion) from a rise in air traveler passenger numbers and an increase in users of the Company's railway lines from lowering the standard passenger fare component for passengers boarding/alighting in the additional fare section. Also, regarding FY2019, because there will be an impact on only half of FY2020, we have assumed that the impact will also be more or less halved, but we will implement various measures to minimize the effects.

Q4. What measures are you taking with regard to lower revenue?

A4. We expect the new redevelopment planned for the area (Zones 1 and 2) near Haneda Airport to result in an increase in the non-resident population thanks to visitors and workers in the area around the airport. In addition, we expect the number of users to expand more than originally anticipated, due to the completion of the connecting road to Tonomachi in Kawasaki City, and due to the strengthening of linkages to Sengakuji and to Shinagawa, which will be the locations of the stations from which the Chuo Shinkansen (SCMAGLEV) will start. In order to maximize these business opportunities, the Company will work on long-term initiatives such as setting up lead tracks to the Airport Line, and expanding functions of Shinagawa Station, while in the short-term promoting the use of trains with reserved seating, and bolstering sales of tickets with special benefits, so as to capture more passengers. We believe that, as a result of reducing the additional fares, the value of the Company's Airport Line as a public transport

system will increase, leading to further stimulation of demand. So, by promoting the development of hotels and condominiums in the area around Haneda Airport, we aim to raise the non-resident population within the zones along the Company's railway lines, and capture this demand to increase passengers on the Company's railway lines, thus minimizing the impact of the reductions in the additional fares.

Q5. What will be the impact on the Keikyu Group's Integrated Management Plan?

- A5. When the management plan was drawn up, it was assumed that there would be progress made in recovering capital expenditures, etc. by means of additional fares, and it was anticipated that these additional fares would be reduced in the future, so we believe that the impact on the published targets for FY2020 will be negligible.