

Principal Questions and Answers from the Teleconference for Institutional Investors and Analysts (Financial Results) for the First Half of the Fiscal Year Ending March 31, 2020

Q1: About the impact of the start of Sotetsu-JR through service

What are the Company's thoughts on the impact of through service by Sagami Railway Co., Ltd. and East Japan Railway Company, scheduled to start in November?

- Although we think there will be a certain degree of impact on the Company, judging from published details, we think that the impact will be minor because the difference in fares for identical sections is large, among other factors.

Q2: About department stores

Duty-free sales are currently slowing down. What is the outlook for the third quarter and beyond?

- In light of the trade friction between the U.S. and China and deceleration of the Chinese economy and accompanying foreign exchange trends, deterioration of consumer sentiment, and intensification of competition with other department store operators to acquire customers, we recognize that a sense of uncertainty about the future is growing.
- We will strive to implement measures to increase customer loyalty while continuing to closely watch inbound foreign tourist trends.

Q3: About real estate sales

The Company has reviewed the sales plan for real estate sales in the recently revised forecast of financial results. What was the reason for the review?

- Although we forecast sales in line with the plan for the Ebina condominium tower, for which unit sales will be highest this fiscal year, we have revised the sales plan because we are having difficulty in selling some suburban properties.

Reference information: Odakyu Real Estate unit sales (FY2019 forecast/individual residences)

	Current forecast	April forecast	Change
Detached houses	127	145	-18
Condominiums	281	290	-9
Land	25	19	+6
Total	433	454	-21

Q4: About the hotel business

What is the situation with the hotel average daily rate (ADR) figures presented in the Results Briefing Materials?

- Although the ADR figures are generally favorable, they declined year on year at some hotels in the Hakone area.

Q5: About the Medium-Term Numerical Plan

Although in the Medium-Term Management Plan as of April 2019 the plan was to increase operating income in the current fiscal year and next fiscal year, in the recently revised forecast of financial results the figure for FY2019 has been revised downward. What is the probability of achieving the FY2020 operating income target?

- We will consider the future profit plan in light of changes in the business environment that we did not anticipate when planning, such as raising of the eruption warning level in the vicinity of Owakudani, the impact of Typhoon No. 19 (Typhoon Hagibis), and changes in inbound tourism trends.

Q6: About the impact of Typhoon No. 19

What is the amount of profit impact from suspension of service on some sections of Hakone Tozan Railway?

- It is difficult to answer at this time because the outlook for the timing of restoration of service and the cost of restoration is uncertain.

Q7: About the impact of Typhoon No. 19

What was the impact on the companies in the Hakone area?

- Although service on some sections of Hakone Tozan Railway remains suspended, we resumed operation of all lines of the Hakone Ropeway on October 26. In addition, we are providing transfer transportation using operation of replacement buses and regular route buses.
- I hear that some hotel and tour cancellations have occurred since immediately after the typhoon. We will continue to closely watch the situation while appropriately disseminating information.

Note: This document is not a word-for-word transcription of questions and answers at the result briefing, but a summary prepared by the Company that contains additions and revisions.