

(Translation)

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To whom it may concern:

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Announcement Regarding Conversion of Three Consolidated Subsidiaries (atré Co., Ltd., Sendai Terminal Building Co., Ltd. and JR East Rental & Lease Co., Ltd.) into Wholly-owned Subsidiaries through Simplified Share Exchange

East Japan Railway Company (the “Company”) determined today to implement share exchanges pursuant to which the Company will become the wholly-owning parent company resulting from the share exchange and its three consolidated subsidiaries (the “Three Consolidated Subsidiaries”), atré Co., Ltd. (“atré”), Sendai Terminal Building Co., Ltd. (“Sendai Terminal Building”) and JR East Rental & Lease Co., Ltd. (“JR East Rental & Lease”), will become wholly-owned subsidiaries resulting from the applicable share exchange (individually or collectively, the “Share Exchange”), and to issue 205,000 new shares of common stock of the Company to be used for the Share Exchange with atré, by a resolution at the meeting of the Company’s Board of Directors held today with respect the Share Exchange with atré and by the decision of the Company’s Representative Director with respect to the Share Exchange with each of Sendai Terminal Building and JR East Rental & Lease.

As the Share Exchange is a simplified share exchange pursuant to which consolidated subsidiaries will be converted into wholly-owned subsidiaries, certain disclosure items and details have been omitted.

Details

I. Purpose of the Share Exchange

In order to realize the Group Management Vision “Move Up” 2027, the Company and its group companies (the “Group”) strive to appropriately respond to changes in the business environment and build a more efficient consolidated management structure. As part of its organizational restructuring in connection with the above, the Three Consolidated Subsidiaries will become wholly-owned subsidiaries of the Company. The necessity of converting each consolidated subsidiary into a wholly-owned subsidiary is as follows.

(1) atré

Since its establishment in 1990 as its predecessor, The EKIBIRU Development Co. TOKYO, atré, as a group company, has played a central role in the Group’s station building management business by, with train stations at the core, developing and operating a wide variety of shopping centers that connect communities and people, aiming to realize a dazzling city and an appealing lifestyle, and developing a variety of stores tailored to each community.

On the other hand, the spread of COVID-19 in recent years has significantly changed customer preferences and behaviors. In order to respond to these changes, the Company believes that by making

atré its wholly-owned subsidiary, it will be able to further improve the corporate value of the Group by building a more integrated group management structure.

(2) Sendai Terminal Building

Sendai Terminal Building operates a diverse range of businesses including shopping centers, hotels, farms and office buildings, and has played a central role in the Group's business in the Tohoku region. On the other hand, the declining birthrate and aging population are rapidly advancing in the Tohoku region, and in order to respond to changes in the social environment such as the decline in working-age population, the Company believes that by making Sendai Terminal Building its wholly-owned subsidiary, it will be able to further improve the corporate value of the Group by building a more integrated group management structure.

(3) JR East Rental & Lease

JR East Rental & Lease has undertaken the car rental business and car leasing business of the Group, and its business is centered on the provision of rental cars as a means of transportation beyond railroads and stations and the leasing of vehicles mainly consisting of business vehicles for use by the Group and third parties.

In order to enhance its corporate value through further strengthening its relationship with the Company, including by providing seamless and user friendly rental car products through "Eki-net", the Company's seat reservation service, and leveraging the Group's strengths, the Company believes that it is optimal to make JR East Rental & Lease its wholly-owned subsidiary.

II. Summary of the Share Exchange

1. Schedule of the Share Exchange

Date of resolution of the Boards of Directors (atré, Sendai Terminal Building and JR East Rental & Lease)	December 20, 2023
Date of resolution and decision (the Company)	December 20, 2023
Date of execution of share exchange agreements	December 20, 2023
Date of resolution at the meeting of shareholders (JR East Rental & Lease)	December 27, 2023 (scheduled)
Effective date of the Share Exchange	January 10, 2024 (scheduled)

(Notes)

1. Since the Share Exchange is a simplified share exchange for the Company pursuant to the provisions of Article 796, Paragraph 2 of the Companies Act, the Company will implement the Share Exchange without obtaining approval of the share exchange agreements at a general meeting of shareholders. Further, since the Share Exchange is a short-form share exchange for atré and Sendai Terminal Building pursuant to the provisions of Article 784, Paragraph 1 of the Companies Act, each of atré and Sendai Terminal Building will implement the Share Exchange without obtaining approval of the share exchange agreement at a general meeting of shareholders.

2. In accordance with the provisions of Article 234 of the Companies Act and other applicable laws and regulations, with respect to shareholders of the Three Consolidated Subsidiaries who will receive fractional shares constituting less than one share of the Company's common stock in connection with the Share Exchange, the Company will sell such number of the Company's shares equal to the sum of all such fractional shares (any fractional shares constituting less than one share in such sum will be disregarded) and will deliver the proceeds from such sale to applicable shareholders in proportion to the number of such fractional shares.

2. Method of the Share Exchange

The Share Exchange is a share exchange pursuant to which the Company will become the wholly-owning parent company and each of the Three Consolidated Subsidiaries will become a wholly-owned subsidiary.

3. Allotment of Shares in the Share Exchange

(1) atré

	Company (wholly-owning parent company resulting from the Share Exchange)	atré (wholly-owned subsidiary resulting from the Share Exchange)
Exchange ratio in the Share Exchange	1	1,171
Number of shares to be delivered through the Share Exchange	487,136 shares of common stock of the Company (expected)	

(Notes)

1. Allotment ratio of shares

For the shareholders of atré registered or recorded in the shareholders register of atré as of the close of the day immediately preceding the effective date of the Share Exchange, the Company will allot and deliver the Company's shares at a rate of 1,171 shares of common stock of the Company to 1 share of common stock of atré. However, no such allotment of shares through the Share Exchange will be made with respect to shares of atré held by the Company.

2. Shares to be delivered through the Share Exchange

With respect to the shares of the Company to be delivered through the Share Exchange, the Company plans to use 282,136 shares of treasury stock held by the Company and 205,000 shares of newly issued stock.

3. In the event that any treasury stock (including any treasury stock to be acquired by way of the purchase of shares in connection with any stock purchase request by dissenting shareholders pursuant to Article 785, Paragraph 1 of the Companies Act, which may be exercised upon the Share Exchange) is outstanding as of the time immediately prior to the effectiveness of the Share Exchange, atré plans to cancel all of such treasury stock as of the time immediately prior to the effectiveness of the Share Exchange by a resolution of the board of directors of atré to be held by the day immediately preceding the effective date. As a result, the number of shares to be allotted and delivered through the Share Exchange may be amended due to the cancellation of atré's treasury stock or other reasons.

(2) Sendai Terminal Building

	Company (wholly-owning parent company resulting from the Share Exchange)	Sendai Terminal Building (wholly-owned subsidiary resulting from the Share Exchange)
Exchange ratio in the Share Exchange	1	3.2
Number of shares to be delivered through the Share Exchange	24,704 shares of common stock of the Company (expected)	

(Notes)

1. Allotment ratio of shares

For the shareholders of Sendai Terminal Building registered or recorded in the shareholders register of Sendai Terminal Building as of the close of the day immediately preceding the effective date of the Share Exchange, the Company will allot and deliver the Company's shares at a rate of 3.2 shares of common stock of the Company to 1 share of common stock of Sendai Terminal Building. However, no such allotment of shares through the Share Exchange will be made with respect to shares of Sendai Terminal Building held by the Company.

2. Shares to be delivered through the Share Exchange

With respect to the shares of the Company to be delivered through the Share Exchange, the Company plans to use treasury stock held by the Company, and does not plan to issue new shares.

3. In the event that any treasury stock (including any treasury stock to be acquired by way of the purchase of shares in connection with any stock purchase request by dissenting shareholders pursuant to Article 785, Paragraph 1 of the Companies Act, which may be exercised upon the Share Exchange) is outstanding as of the time immediately prior to the effectiveness of the Share Exchange, Sendai Terminal Building plans to cancel all of such treasury stock as of the time immediately prior to the effectiveness of the Share Exchange by a resolution of the board of directors of Sendai Terminal Building to be held by the day immediately preceding the effective date. As a result, the number of shares to be allotted and delivered through the Share Exchange may be amended due to the cancellation of Sendai Terminal Building's treasury stock or other reasons.

(3) JR East Rental & Lease

	Company (wholly-owning parent company resulting from the Share Exchange)	JR East Rental & Lease (wholly-owned subsidiary resulting from the Share Exchange)
Exchange ratio in the Share Exchange	1	54.2
Number of shares to be delivered through the Share Exchange	25,474 shares of common stock of the Company (expected)	

(Notes)

1. Allotment ratio of shares

For the shareholders of JR East Rental & Lease registered or recorded in the shareholders register of JR East Rental & Lease as of the close of the day immediately preceding the effective date of the Share Exchange, the Company will allot and deliver the Company's shares at a rate of 54.2 shares of common stock of the Company to 1 share of common stock of JR East Rental & Lease. However, no such allotment of shares through the Share Exchange will be made with respect to shares of JR East Rental & Lease held by the Company.

2. Shares to be delivered through the Share Exchange

With respect to the shares of the Company to be delivered through the Share Exchange, the Company plans to use treasury stock held by the Company, and does not plan to issue new shares.

3. In the event that any treasury stock (including any treasury stock to be acquired by way of the purchase of shares in connection with any stock purchase request by dissenting shareholders pursuant to Article 785, Paragraph 1 of the Companies Act, which may be exercised upon the Share Exchange) is outstanding as of the time immediately prior to the effectiveness of the Share Exchange, JR East Rental & Lease plans to cancel all of such treasury

stock as of the time immediately prior to the effectiveness of the Share Exchange by a resolution of the board of directors of JR East Rental & Lease to be held by the day immediately preceding the effective date. As a result, the number of shares to be allotted and delivered through the Share Exchange may be amended due to the cancellation of JR East Rental & Lease’s treasury stock or other reasons.

4. Treatment of stock options and bonds with stock options in connection with the Share Exchange
Not applicable.

III. Method of calculations with respect to allotment of shares in the Share Exchange

In order to ensure the fairness and appropriateness of the calculation of the share exchange ratio to be used in the Share Exchange as described in II.3 “Allotment of Shares in the Share Exchange”, the Company appointed PwC Advisory LLC, a third party organization independent of the Company and the Three Consolidated Subsidiaries, to calculate the share exchange ratio of the Company and the Three Consolidated Subsidiaries. Such third party organization calculated the share value of the Company, which is a listed company, using the market price method, and the share value of the Three Consolidated Subsidiaries, which are private companies, using the comparable company analysis method, and DCF method (atré and Sendai Terminal Building) or DDM method (JR East Rental & Lease).

The calculation results of the share exchange ratio for each of the Three Consolidated Subsidiaries calculated under each calculation method, assuming that the per share value of the Company is 1, are as follows.

The calculation does not assume a significant increase or decrease in earnings or a significant change in assets and liabilities of the Company and the Three Consolidated Subsidiaries.

- (1) atré

Calculation method		Calculation results of share exchange ratio
Company	atré	
Market price method	Comparable company analysis method	872 to 1,410
	DCF method	1,131 to 1,258

- (2) Sendai Terminal Building

Calculation method		Calculation results of share exchange ratio
Company	Sendai Terminal Building	
Market price method	Comparable company analysis method	2.29 to 4.38
	DCF method	2.59 to 3.27

- (3) JR East Rental & Lease

Calculation method		Calculation results of share exchange ratio
Company	JR East Rental & Lease	
Market price method	Comparable company analysis method	42.11 to 57.82
	DDM method	42.94 to 54.60

The Company and the Three Consolidated Subsidiaries decided the allotment ratio in the Share Exchange upon consultation between the parties by reference to the applicable calculation results of the share exchange ratio.

IV. Overview of the parties to the Share Exchange

	Wholly-owning parent company resulting from the Share Exchange	
(1) Name	East Japan Railway Company	
(2) Location	2-2, Yoyogi 2-chome, Shibuya-ku, Tokyo	
(3) Representative	Yuji Fukasawa	
(4) Description of business	Transportation business, retail & services business, real estate & hotels business and others	
(5) Amount of share capital	200 billion yen	
(6) Date of incorporation	April 1, 1987	
(7) Number of issued and outstanding shares	377,932,400 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding ratio	(As of September 30, 2023)	
	The Master Trust Bank of Japan, Ltd. (as Trustee)	13.21%
	Custody Bank of Japan, Ltd. (as Trustee)	3.93%
	The JR East Employees Shareholding Association	3.51%
	Mizuho Bank, Ltd.	3.44%
	MUFG Bank, Ltd.	2.16%
	Nippon Life Insurance Company	2.12%
	Sumitomo Mitsui Banking Corporation	1.81%
	STATE STREET BANK WEST CLIENT – TREATY 505234	1.80%
	Mitsubishi UFJ Trust and Banking Corporation	1.32%
	JP MORGAN CHASE BANK 385781	1.30%
(10) Financial position and operating results of the last fiscal year		
Fiscal year	Fiscal year ended March 31, 2023 (consolidated)	
Net assets	2,497,713 million yen	
Total assets	9,351,899 million yen	
Net assets per share	6,566.64 yen	
Operating revenues	2,405,538 million yen	
Operating income	140,628 million yen	
Ordinary income	110,910 million yen	
Profit attributable to owners of the parent	99,232 million yen	
Earnings per share	263.38 yen	

	Wholly-owned subsidiary resulting from the Share Exchange	
(1) Name	atré Co., Ltd.	
(2) Location	1-18, Ebisu 4-chome, Shibuya-ku, Tokyo	
(3) Representative	Hiroyuki Takahashi	
(4) Description of business	Shopping center operations business	
(5) Amount of share capital	1,630 million yen	
(6) Date of incorporation	April 2, 1990	
(7) Number of issued and outstanding shares	5,219 shares	
(8) Fiscal year-end	March 31	

(9) Major shareholders and shareholding ratio	(As of December 20, 2023)	
	East Japan Railway Company	92.01%
	Musashino City	5.98%
	Musashino Chamber of Commerce	1.99%
(10) Financial position and operating results of the last fiscal year		
Fiscal year	Fiscal year ended March 31, 2023	
Net assets	49,078 million yen	
Total assets	92,487 million yen	
Net assets per share	9,405,603.93 yen	
Operating revenues	41,866 million yen	
Operating income	2,332 million yen	
Ordinary income	2,530 million yen	
Profit	1,377 million yen	
Earnings per share	264,081.99 yen	

Wholly-owned subsidiary resulting from the Share Exchange		
(1) Name	Sendai Terminal Building Co., Ltd.	
(2) Location	1-1, Chuo 1-chome, Aoba-ku, Sendai-shi, Miyagi	
(3) Representative	Tetsushiro Matsuzaki	
(4) Description of business	Hotel business and shopping center operation business	
(5) Amount of share capital	1,800 million yen	
(6) Date of incorporation	April 5, 1976	
(7) Number of issued and outstanding shares	224,999 shares	
(8) Fiscal year-end	March 31	
(9) Major shareholders and shareholding ratio	(As of September 30, 2023)	
	East Japan Railway Company	96.56%
	NIPPON HOTEL Co., Ltd.	2.67%
	Yamagata Prefecture	0.27%
	Yamagata City	0.27%
	JR EAST TOHOKU SOUGOU SERVICE Co., Ltd.	0.23%
(10) Financial position and operating results of the last fiscal year		
Fiscal year	Fiscal year ended March 31, 2023	
Net assets	5,828 million yen	
Total assets	27,154 million yen	
Net assets per share	25,906.41 yen	
Operating revenues	17,363 million yen	
Operating income	742 million yen	
Ordinary income	802 million yen	
Profit	567 million yen	
Earnings per share	2,523 yen	

Wholly-owned subsidiary resulting from the Share Exchange		
(1) Name	JR East Rental & Lease Co., Ltd.	
(2) Location	85 Kanda-neribeicho, Chiyoda-ku, Tokyo	
(3) Representative	Kazuo Horie	
(4) Description of business	Rental car business and car lease business	
(5) Amount of share capital	165 million yen	
(6) Date of	March 14, 1991	

incorporation	
(7) Number of issued and outstanding shares	3,300 shares
(8) Fiscal year-end	March 31
(9) Major shareholders and shareholding ratio	(As of September 30, 2023) East Japan Railway Company 85.8% JTB Corp. 10.6% JR East Niigata City Create Inc. 3.6%
(10) Financial position and operating results of the last fiscal year	
Fiscal year	Fiscal year ended March 31, 2023
Net assets	1,437 million yen
Total assets	8,716 million yen
Net assets per share	435,648.48 yen
Operating revenues	7,630 million yen
Operating income	328 million yen
Ordinary income	334 million yen
Profit	316 million yen
Earnings per share	95,999 yen

V. Status after the Share Exchange

There will be no changes to the name, location, name and title of the representative, description of business, amount of share capital or fiscal year-end of the Company due to the Share Exchange.

VI. Future outlook

The Company's shares of common stock will be delivered to the Company's consolidated subsidiaries, NIPPON HOTEL Co., Ltd., JR EAST TOHOKU SOUGOU SERVICE Co., Ltd. and JR East Niigata City Create Inc., through the Share Exchange. However, after the effective date of the Share Exchange, the Company plans to acquire an aggregate of 27,368 shares of common stock of the Company through dividends in kind from each such subsidiary.

The Company does not expect the Share Exchange to have a material impact to the consolidated financial results of the Company, but will promptly announce any matters that should be disclosed in the future.