

First Half of FY2015
(Ended September 30, 2014)
Financial Results Presentation



November 12, 2014

Keihan Electric Railway Co., Ltd.

(Tokyo Stock Exchange 1st / Securities Code: 9045 <http://www.keihan.co.jp/>)

[Notes on forecasts]

Descriptions of business forecasts and future prospects are based on current information and certain assumptions about factors that may affect future business. The actual results of operating performance may differ from these forecasts.



Overview of the First Half of FY2015

Financial Results



Consolidated Statements of Income

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Main factors of changes | April 2014 Estimate |
|-------------------|----------------------|----------------------|-------------------|--|------------------------|
| Operating revenue | 131,225 | 128,239 | -2,986 (-2.3%) | Transportation +51, Real estate -3,787, Retail +916, Leisure and service +830, Others +60 | 127,800 |
| Operating income | 13,061 | 13,320 | 259 (2.0%) | Transportation +432, Real estate -1,241, Retail +243, Leisure and service +794, Others -0 | 10,200 |
| Ordinary income | 11,266 | 11,779 | 513 (4.6%) | Non-operating income -5 (Dividends income +32, Miscellaneous income -37) Non-operating expenses -259 (Interest expenses -184, Miscellaneous expenses -75) | 8,500 |
| Net income | 7,737 | 8,152 | 415 (5.4%) | Extraordinary income -254 (Gain on sales of investment securities -616) Extraordinary loss -89 (Loss on sale of fixed assets -96) | 5,800 |

| | | | | | |
|--------------|--------|--------|---------------|---|---|
| EBITDA | 21,307 | 21,750 | 443 (2.1%) | EBITDA: Operating income + Depreciation | - |
| Depreciation | 8,245 | 8,429 | 183 (2.2%) | | - |

[Changes in scope of consolidation and application of the equity method (from the previous fiscal year end)]

Consolidated subsidiaries: 37 companies (No change)

Equity method affiliates: 2 companies (No change)

Consolidated Balance Sheets

(Millions of yen)

| | FY2014 Results | 1H FY2015 Results | Change | Main factors of changes |
|---|-------------------|----------------------|---------------|--|
| Current assets | 147,216 | 149,053 | 1,836 | Land and buildings for sale +17,779 Cash and deposit -10,255 Notes and accounts receivable -8,019 |
| Fixed assets | 523,965 | 522,356 | -1,609 | Tangible fixed assets -1,964 |
| Total assets | 671,182 | 671,409 | 227 | |
| Current liabilities | 179,858 | 198,161 | 18,303 | Short-term loans +20,199 Short-term bonds +13,000 Accounts payable -13,407 |
| Long-term liabilities | 321,459 | 298,293 | -23,166 | Long-term loans -13,069 Bonds -10,125 |
| Total liabilities | 501,318 | 496,455 | -4,862 | |
| Net assets | 169,864 | 174,954 | 5,090 | Retained earnings +4,830 * Equity capital ratio 25.7% (+0.8pt) |
| Total liabilities and net assets | 671,182 | 671,409 | 227 | |
| Interest-bearing debt at end of fiscal period | 321,044 | 329,663 | 8,618 | Short-term bonds payable +13,000 Loans payable +7,130 Bonds -10,165 Long-term accounts payable -1,345 |

* Interest-bearing debt: Loans payable + bonds + short-term bonds payable + accounts payable for Japan Railway Construction, Transport and Technology Agency (JRJT)

Consolidated Statements of Cash Flows



(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Main factors of changes |
|--|----------------------|----------------------|--------|--|
| Operating cash flows | 2,208 | -3,915 | -6,123 | Change in inventories -8,684 Change in notes and accounts receivable +3,178 |
| Investing cash flows | -9,068 | -12,042 | -2,973 | Sales of investment securities -2,506 Sales of fixed assets -630 |
| Financing cash flows | -273 | 5,991 | 6,265 | Change in short-term bonds +14,000 Decrease in bonds -9,889 |
| Net increase (decrease) in cash and cash equivalents | -7,133 | -9,966 | -2,832 | |
| Increase in cash and cash equivalents from merger with non-consolidated subsidiary | - | 10 | 10 | |
| Cash and cash equivalents at end of interim period | 15,669 | 15,875 | 206 | |

Segment Information

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) |
|---------------------|----------------------|----------------------|--------|------------|
| Operating revenue | 131,225 | 128,239 | -2,986 | -2.3% |
| Transportation | 45,056 | 45,108 | 51 | 0.1% |
| Real estate | 31,814 | 28,027 | -3,787 | -11.9% |
| Retail | 45,777 | 46,693 | 916 | 2.0% |
| Leisure and service | 14,035 | 14,865 | 830 | 5.9% |
| Others | 801 | 862 | 60 | 7.6% |
| Elimination | -6,260 | -7,317 | -1,056 | - |
| Operating income | 13,061 | 13,320 | 259 | 2.0% |
| Transportation | 4,613 | 5,046 | 432 | 9.4% |
| Real estate | 6,434 | 5,193 | -1,241 | -19.3% |
| Retail | 1,128 | 1,372 | 243 | 21.6% |
| Leisure and service | 853 | 1,648 | 794 | 93.1% |
| Others | -5 | -5 | -0 | - |
| Elimination | 36 | 66 | 29 | - |

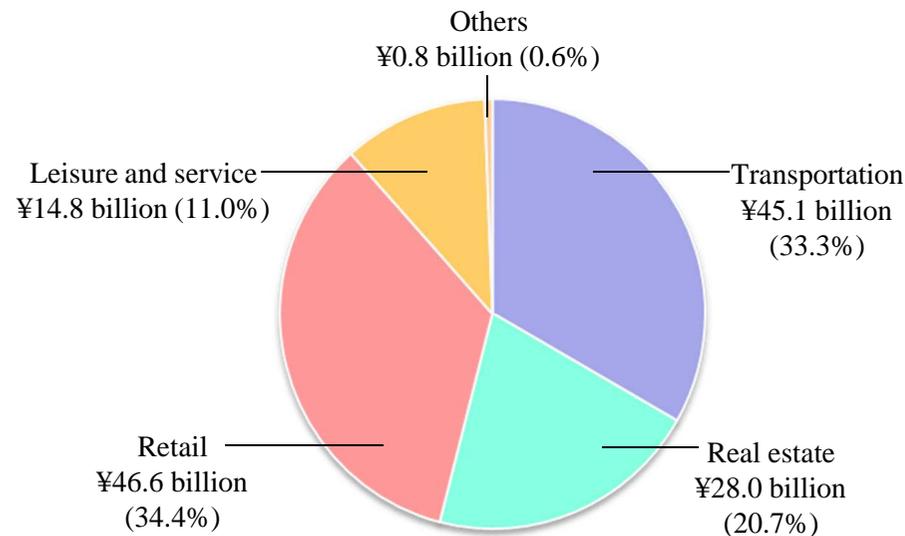
Segment Information (Breakdown)

[Consolidated subsidiaries] 38 companies (Keihan Electric Railway covers both the transportation business and the real estate business)

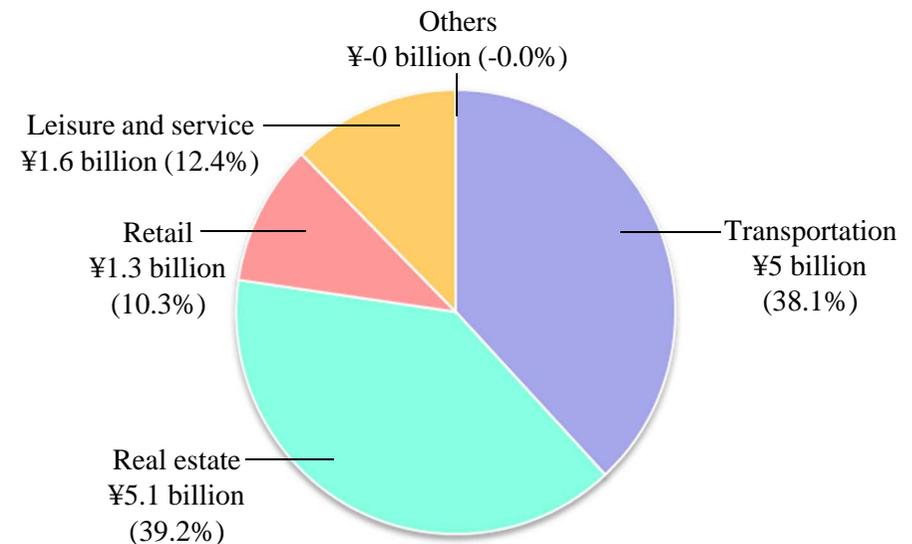
[Equity method affiliates] 2 companies

| | |
|---------------------|---|
| Transportation | Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 12 other companies |
| Real estate | Keihan Electric Railway Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Eastern Kogyo Co., Ltd., and 5 other companies |
| Retail | Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Ryutsu Systems Co., Ltd., and 2 other companies |
| Leisure and service | Hotel Keihan Co., Ltd., Kyoto Tower Co., Ltd., Kyoto Century Hotel Co., Ltd., Biwako Kisen Steamship Co., Ltd., and 6 other companies |
| Others | Keihan Card Co., Ltd. |

<Operating revenue by segment>



<Operating income by segment>



Note: Breakdown of operating revenue and operating income by segment, including intersegment transactions.

Results of Transportation

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | Summary |
|-------------------|----------------------|----------------------|--------|------------|---|
| Operating revenue | 45,056 | 45,108 | 51 | 0.1% | Railway 36,530 (+247) Bus 13,280 (+108) Elimination -4,703 (-304) |
| Operating income | 4,613 | 5,046 | 432 | 9.4% | Railway 4,672 (+440) Bus 342 (-16) |

<< Operating results for transportation (Keihan Electric Railway) >>

| | Number of passengers (Thousands of people) | | | | Passenger transportation revenue (Millions of yen) | | | |
|---------------------|---|-------------------------|--------|---------------|---|-------------------------|--------|---------------|
| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) |
| Non-commuter passes | 71,694 | 71,556 | -138 | -0.2% | 16,608 | 16,625 | 16 | 0.1% |
| Commuter passes | 69,139 | 70,159 | 1,020 | 1.5% | 7,984 | 8,053 | 69 | 0.9% |
| Total | 140,833 | 141,715 | 882 | 0.6% | 24,593 | 24,678 | 85 | 0.3% |

Results of Real Estate

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | Summary |
|-------------------|----------------------|----------------------|--------|------------|---|
| Operating revenue | 31,814 | 28,027 | -3,787 | -11.9% | Real estate 21,887 (-2,637) Construction 7,975 (-1,141) Elimination -1,836 (-8) |
| Operating income | 6,434 | 5,193 | -1,241 | -19.3% | Real estate 5,377 (-1,103) Construction -109 (-49) |

<<Results by business>>

(Millions of yen)

| | Operating revenue | | | | Operating income | | | |
|-----------------------------|----------------------|----------------------|--------|------------|----------------------|----------------------|--------|------------|
| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) |
| Real estate sales | 15,374 | 12,093 | -3,280 | -21.3% | 2,282 | 812 | -1,469 | -64.4% |
| Real estate leasing service | 8,020 | 8,672 | 651 | 8.1% | 4,136 | 4,508 | 372 | 9.0% |
| Real estate management | 1,129 | 1,121 | -7 | -0.7% | 62 | 56 | -5 | -9.1% |
| Total | 24,524 | 21,887 | -2,637 | -10.8% | 6,480 | 5,377 | -1,103 | -17.0% |

<<Main condominium buildings for sale>>

| Name | Sales amount (Millions of yen) | Number of units sold | Location |
|----------------------------|-----------------------------------|-------------------------|-------------------------|
| Fine Quarter City | 3,324 | 115 | Kita-ku, Osaka-shi |
| Fine Flats Kyoto Yamashina | 1,816 | 48 | Yamashina-ku, Kyoto-shi |
| Fine Flats Nishinomiya | 1,728 | 45 | Nishinomiya-shi, Hyogo |

Results of Retail

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | Summary |
|-------------------|----------------------|----------------------|--------|------------|---|
| Operating revenue | 45,777 | 46,693 | 916 | 2.0% | Department store 24,756 (-1,101) Store 13,238 (+544) Shopping mall management 6,978 (+1,634) Restaurant 3,141 (-215) |
| Operating income | 1,128 | 1,372 | 243 | 21.6% | Department store 3 (-105) Store 493 (+91) Shopping mall management 787 (+276) Restaurant 78 (-19) |

<< Major New Stores >>

| Name | Opening date | Location |
|---|--------------------|-----------------------|
| Juicer Bar, Tobu Kita-senju Store | July 29, 2014 | Adachi-ku, Tokyo |
| UNIQLO, ekimo Umeda Store | April 4, 2014 | Kita-ku, Osaka-shi |
| UNIQLO, Kansai Airport Store | April 1, 2014 | Izumisano-shi, Osaka |
| KUZUHA MALL (renewal open) | March 12, 2014 | Hirakata-shi, Osaka |
| FREST petit, Kuzuha Store | March 12, 2014 | Hirakata-shi, Osaka |
| An3, KUZUHA MALL Store | March 12, 2014 | Hirakata-shi, Osaka |
| Plug-in Drug, Kuzuha Store | March 12, 2014 | Hirakata-shi, Osaka |
| SWEETS BOX, Keihan Kuzuha Store | March 12, 2014 | Hirakata-shi, Osaka |
| UNIQLO, Kintetsu Uehommachi Station Store | February 25, 2014 | Tennoji-ku, Osaka-shi |
| SWEETS BOX, ekimo Namba Store | October 31, 2013 | Chuo-ku, Osaka-shi |
| SWEETS BOX, SEIBU SHINJUKU PePe Store | September 26, 2013 | Shinjuku-ku, Tokyo |

<< Main Stores Closed >>

| Name | Closing date | Location |
|------------------------------------|--------------------|--------------------------------|
| Juicer Bar, Keisei-Tsudanuma Store | September 23, 2014 | Narashino-shi, Chiba |
| An3, Gotenyama Store | August 26, 2014 | Hirakata-shi, Osaka |
| Hakodate Ichiba, Gojo Store | February 28, 2014 | Ukyo-ku, Kyoto-shi |
| Ashikari, Kyoto Yodobashi Store | February 11, 2014 | Shimogyo-ku, Kyoto-shi |
| Hakodate Ichiba, Katsura Store | July 28, 2013 | Nishikyo-ku, Kyoto-shi |
| FREST, Komagawa Store | June 30, 2013 | Higashisumiyoshi-ku, Osaka-shi |

<< Sales of Department Store >> (Millions of yen)

| Store | Sales amount | Change |
|-----------------------|---------------|---------------|
| Moriguchi Store | 10,552 | -821 |
| Hirakata Store | 3,233 | -131 |
| Kyobashi Store | 3,367 | -146 |
| Kuzuha Store | 4,874 | 68 |
| Suminodo Store | 2,448 | -56 |
| Miscellaneous revenue | 279 | -14 |
| Total | 24,756 | -1,101 |

<< Sales of Store >> (Millions of yen)

| Division | Sales amount | Change |
|-----------------------|---------------|------------|
| Store | 5,751 | 223 |
| Convenience store | 2,766 | -80 |
| Kiosk | 286 | -51 |
| Station business | 3,693 | 308 |
| Miscellaneous revenue | 740 | 145 |
| Total | 13,238 | 544 |

Results of Leisure and Service

(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | Summary |
|-------------------|----------------------|----------------------|--------|------------|---|
| Operating revenue | 14,035 | 14,865 | 830 | 5.9% | Hotel 12,644 (+1,082) Leisure 2,309 (-240) |
| Operating income | 853 | 1,648 | 794 | 93.1% | Hotel 1,538 (+841) Leisure 222 (-45) |

<< Hotel occupancy rates >>

| | | 1H FY2014 Results | 1H FY2015 Results | Change | Number of rooms |
|---------------------|--------------------------|----------------------|----------------------|---------|--------------------|
| Hotel Keihan | Kyobashi | 87.7% | 96.1% | 8.4 pt | 214 |
| | Temmabashi | 93.0% | 94.2% | 1.2 pt | 317 |
| | Kyoto | 99.3% | 96.5% | -2.8 pt | 286 |
| | Universal City | 82.9% | 85.1% | 2.2 pt | 330 |
| | Universal Tower | 88.4% | 87.3% | -1.1 pt | 641 |
| | Asakusa | 95.8% | 96.3% | 0.5 pt | 178 |
| | Sapporo | 95.8% | 96.1% | 0.3 pt | 200 |
| Biwako Hotel | | 81.6% | 84.2% | 2.6 pt | 171 |
| Kyoto Tower | Kyoto Tower Hotel | 83.0% | 97.2% | 14.2 pt | 162 |
| | Kyoto Dai-ni Tower Hotel | 89.7% | 96.0% | 6.3 pt | 303 |
| | Kyoto Tower Hotel Annex | 95.6% | 98.3% | 2.7 pt | 122 |
| Kyoto Century Hotel | | 89.1% | 91.8% | 2.7 pt | 220 |
| Total | | - | - | - | 3,144 |

Non-consolidated Statements of Income



(Millions of yen)

| | 1H FY2014 Results | 1H FY2015 Results | Change | Change (%) | Summary | April 2014 Estimate |
|-----------------------------|-------------------------|-------------------------|--------|---------------|---|---------------------------|
| Operating revenue | 42,978 | 40,883 | -2,095 | -4.9% | | 39,300 |
| Railway | 26,217 | 26,283 | 65 | 0.3% | Number of passengers +0.6% Passenger transportation revenue +0.3% | |
| Subsidiary business | 16,760 | 14,599 | -2,161 | -12.9% | | |
| Real estate sales | 8,012 | 5,048 | -2,964 | -37.0% | Sales of condominium buildings -2,970 (Fine City Osaka-jo Koen -5,407) (Fine Quarter City +2,659) | |
| Real estate leasing service | 7,339 | 7,994 | 654 | 8.9% | | |
| Leisure | 1,408 | 1,557 | 148 | 10.5% | Number of visitors to Hirakata Park +4.8% | |
| Operating income | 9,432 | 9,051 | -381 | -4.0% | | 7,700 |
| Railway | 3,851 | 4,188 | 337 | 8.8% | | |
| Subsidiary business | 5,581 | 4,862 | -718 | -12.9% | | |
| Real estate sales | 1,780 | 589 | -1,191 | -66.9% | | |
| Real estate leasing service | 3,716 | 4,075 | 358 | 9.7% | | |
| Leisure | 83 | 197 | 114 | 137.4% | | |
| Ordinary income | 8,798 | 9,111 | 313 | 3.6% | Non-operating income +525 (Dividends income +357) (Reversal of allowance for doubtful accounts +215) Non-operating expenses -169 (Interest expenses -151) | 7,400 |
| Net income | 6,417 | 6,362 | -54 | -0.9% | Extraordinary income -570 (Gain on sales of investments securities -616) (Contribution for construction +41) Extraordinary loss +35 (Reduction entry of land contribution for construction +40) | 5,500 |



FY2015 Forecasts



Forecast of Consolidated Business Results

(Millions of yen)

| | FY2014 Results | FY2015 Forecast | Change | Change (%) | Main factors of changes | April 2014 Estimate |
|---|-------------------|--------------------|--------|---------------|--|------------------------|
| Operating revenue | 289,203 | 286,400 | -2,803 | -1.0% | Transportation -961, Real estate -5,479, Retail +1,672, Leisure and service +1,276, Others +1,662 | 285,200 |
| Operating income | 25,085 | 24,300 | -785 | -3.1% | Transportation -628, Real estate -1,971, Retail +554, Leisure and service +1,246 | 22,100 |
| Ordinary income | 21,457 | 21,100 | -357 | -1.7% | Non-operating income +222, Non-operating expenses -206 | 18,600 |
| Net income | 14,420 | 15,000 | 579 | 4.0% | Extraordinary income +18,649, Extraordinary loss +18,089 | 12,800 |
| Capital expenditure | 31,179 | 24,900 | -6,279 | -20.1% | [Breakdown of capital expenditure] Transportation 14,700 (+4,109) | 24,700 |
| Depreciation | 16,603 | 17,200 | 596 | 3.6% | Real estate 7,300 (-9,984) | 17,300 |
| EBITDA | 41,688 | 41,500 | -188 | -0.5% | Retail 1,000 (-891) | 39,400 |
| Interest-bearing debt | 321,044 | 318,300 | -2,744 | -0.9% | Leisure and service 1,600 (-22) | 317,000 |
| Interest-bearing debt / EBITDA multiple (Times) | 7.70 | 7.67 | -0.03 | - | Corporate etc. 300 (+509) | 8.0 |
| | | | | | <<Main capital expenditure for FY2015>> (Transportation) Investment on our railway 9,460 (Real estate) Investment on our real estate 7,200 | |

Forecast of Consolidated Business Results (Segment Information)



(Millions of yen)

| | FY2014 Results | FY2015 Forecast | Change | Change (%) | Main factors of changes | April 2014 Estimate |
|---------------------|-------------------|--------------------|--------|---------------|---|------------------------|
| Operating revenue | 289,203 | 286,400 | -2,803 | -1.0% | | 285,200 |
| Transportation | 89,661 | 88,700 | -961 | -1.1% | Railway +1,168 Bus -45 Elimination -2,084 | 88,100 |
| Real estate | 88,179 | 82,700 | -5,479 | -6.2% | Real estate sales -4,149 Construction -3,464 Real estate leasing service +627 Elimination +1,067 | 82,100 |
| Retail | 95,427 | 97,100 | 1,672 | 1.8% | Shopping mall management +3,117 Store +1,008 Department store -2,083 | 99,700 |
| Leisure and service | 27,423 | 28,700 | 1,276 | 4.7% | Hotel +1,604 Leisure -323 | 28,000 |
| Others | 1,637 | 3,300 | 1,662 | 101.6% | | 1,700 |
| Elimination | -13,125 | -14,100 | -974 | — | | -14,400 |
| Operating income | 25,085 | 24,300 | -785 | -3.1% | | 22,100 |
| Transportation | 6,928 | 6,300 | -628 | -9.1% | Railway -397 Bus -221 | 5,400 |
| Real estate | 14,571 | 12,600 | -1,971 | -13.5% | Real estate sales -2,543 Real estate leasing service +807 Construction -347 | 12,100 |
| Retail | 2,445 | 3,000 | 554 | 22.7% | Shopping mall management +512 Store +179 Department store -139 | 2,800 |
| Leisure and service | 1,153 | 2,400 | 1,246 | 108.1% | Hotel +1,236 Leisure +36 | 1,800 |
| Others | -0 | 0 | 0 | — | | 0 |
| Elimination | -13 | 0 | 13 | — | | 0 |

Forecast of Non-Consolidated Business Results

(Millions of yen)

| | FY2014 Results | FY2015 Forecast | Change | Change (%) | Main factors of changes |
|---------------------|-------------------|--------------------|--------|------------|--|
| Operating revenue | 85,996 | 86,300 | 303 | 0.4% | |
| Railway operation | 52,721 | 52,300 | -421 | -0.8% | Number of passengers -0.7% Passenger transportation revenue -0.6% |
| Subsidiary business | 33,275 | 34,000 | 724 | 2.2% | |
| Operating income | 15,000 | 15,200 | 199 | 1.3% | |
| Railway operation | 6,525 | 6,170 | -355 | -5.4% | |
| Subsidiary business | 8,475 | 9,030 | 554 | 6.5% | |
| Ordinary income | 12,838 | 13,700 | 861 | 6.7% | Non-operating income +399 Non-operating expenses -263 |
| Net income | 9,082 | 9,800 | 717 | 7.9% | Extraordinary income +18,625 Extraordinary loss +18,525 |

<< Forecast of operating results for transportation (Keihan Electric Railway) >>

| | Number of passengers (Thousands of people) | | | | Passenger transportation revenue (Millions of yen) | | | |
|---------------------|---|--------------------|--------|---------------|---|--------------------|--------|---------------|
| | FY2014 Results | FY2015 Forecast | Change | Change (%) | FY2014 Results | FY2015 Forecast | Change | Change (%) |
| Non-commuter passes | 144,758 | 143,721 | -1,037 | -0.7% | 33,565 | 33,367 | -198 | -0.6% |
| Commuter passes | 136,060 | 135,250 | -810 | -0.6% | 15,859 | 15,753 | -106 | -0.7% |
| Total | 280,819 | 278,971 | -1,848 | -0.7% | 49,424 | 49,120 | -304 | -0.6% |

TOPICS

Progress of FY2015 Initiatives

Basic Policy

Building the foundations for a strong Keihan for the next 100 years

Corporate Strategy

Strengthen the operating structure through extensive efficiency gains

◆ Operating divisions

Create an efficient operating system through a radical review of the business structure

- Overhaul business approaches
- Restructure and integrate businesses in the Group
- Exit unprofitable businesses or businesses with limited potential

◆ Administrative divisions

Achieve extensive efficiency gains through cost control

- Create a lean head office at Keihan Electric Railway by reducing the size of administrative divisions
- Reduce costs in administrative divisions at Group companies

Revitalize areas along the Keihan Railway lines

◆ Push ahead with site development

- Push ahead with the creation of highly livable areas by developing strategic sites such as the KUZUHA MALL second-stage development plan in order to ensure areas along our lines continue to be chosen by the public well into the future

◆ Implement our Kyoto strategy

- Establish a position as the leading company in Kyoto
- Customers always associate Keihan with Kyoto

◆ Promote new businesses to develop areas along rail lines

- Promote lifecycle support businesses

Revitalize areas along the Keihan Railway lines

KUZUHA MALL second-stage development

◆ Current situation after the renewal

- Increase in the number of visitors by approximately 20% since the renewal and the increase in floor space
- Considerable increase in the number of visitors coming to the mall by railway
Increase in the number of passengers getting on and off at Kuzuha Station by approximately 15% from the previous year



Promote new businesses to develop the areas along our railway lines

◆ Lifecycle support businesses

Establish an environment that is supportive of child-rearing and also friendly to senior citizens

- Attract a culture center and a childcare facility to Kuzuha Station

<Asahi Culture Center, Asahi JTB/Cultural Exchange School, Kuzuha Class>

Opened: October 1, 2014 (grand opening)

<Ouchi de Hoiku [childcare] Stela, Keihan Kuzuha School>

(childcare service by monthly contract/temporary childcare service)

Opened: October 1, 2014 (pre-opening)

April 1, 2015 (grand opening)

<Classy Family Concierge Kansai, Kuzuha Office> (homemaker service)

Opened: October 1, 2014 (grand opening)

Push ahead with the creation of highly livable areas by developing strategic sites along our railway lines



Asahi Culture Center



Ouchi de Hoiku Stela

Revitalize areas along the Keihan Railway lines



Implement our Kyoto strategy

◆ Kyoto Regular Tour Bus

Introduce buses with *geiko*, *maiko*, and *tayu* designs

- Express three images of Kyoto – elegance, comfort, and allure – to support efforts to disseminate the culture of Kyoto in the style of *kagai* (*geisha* district), which has been designated as one of Kyoto City’s intangible cultural assets
- Use these buses for our popular year-round one-day standard Kyoto Regular Tour Bus courses, as well as for our premium series incorporating special visits to temples/shrines in Kyoto and special experiences

(*geiko*)



(*maiko*)



(*tayu*)



New vehicle designs

◆ Kyoto promotion poster

Run an advertising poster campaign with the slogan “In Kyoto, on Keihan.”

- Run an image advertisement campaign mainly outside areas along our railway lines, as part of our efforts to build up our image as being synonymous with Kyoto

Attract many more sightseers to Kyoto



in KYOTO, on KEIHAN.



Revitalize areas along the Keihan Railway lines

Promote new businesses to develop areas along our railway lines

◆ Enter the organic food market and present a new lifestyle



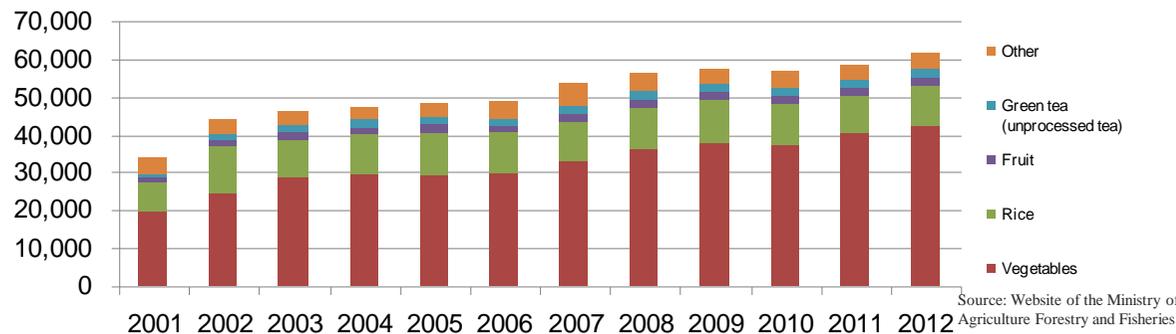
Acquire Biomarket Co., Ltd.

| Home delivery business | Wholesale business |
|--|--|
| Operate the home delivery service of Bio Marche, and provide vegetables, all of which are JAS organic vegetables, as well as 500 varieties of organic processed food and other products Deliver these products to approximately 8,000 members in Tokyo, Saitama, Nagoya, Osaka, Kyoto, Hyogo, Hiroshima, Fukuoka and other prefectures, in cooperation with group companies | Sell organic agricultural produce, mainly vegetables, as well as organic processed food under the “Bio Marche” brand, mainly to department stores, food service operators, etc. Sell organic agricultural produce to food makers, and promote joint development of private brand products |



Organic JAS logo

(t) Changes in quantities of graded organic agricultural produce in Japan



Provide high-quality organic products on a stable basis with many more customers, not only in areas along the Keihan lines but also in other parts of Japan, and expand sales
Strive to contribute to improving the environment, by developing the organic agricultural business and helping realize a recycling-oriented society, both of which are policies currently promoted by the national government



Revitalize areas along the Keihan Railway lines

Promote new businesses to develop areas along our railway lines

◆ Promote lifecycle support businesses

Open Rose Life Kyoto

<Facility outline>

Location: 1-23 Takada-cho, Mibu-higashi, Nakagyo-ku, Kyoto-shi

Business: Residential facility with nursing care services for senior citizens (assisted living facility for senior citizens for a fee)

* Facility providing services covered by Kyoto City's nursing care insurance (General-type specified facility)

Facility outline: 1st floor – shared zone

2nd to 6th floors – residential zone

No. of residential rooms with nursing care services – 90

(capacity – 90 persons)

Living, dining, bathroom, etc.

* Residential area

2nd to 5th floors: approx. 20 m² per room

6th floor: approx. 42 m² per room

Opened: November 1, 2014

Keihan Group's third assisted living facility for senior citizens for a fee

Keihan Group's first senior-citizen support project promoted in Kyoto City



Business Strategy – Transportation –

Ensure safety and peace of mind

◆ Renewal of the 6000 series

Implement barrier-free measures, introduce a beautiful design, and perform energy-saving measures

- Implement barrier-free measures, such as securing space for wheelchair users, as well as installing in-vehicle liquid-crystal information indicators, and door chimes.
- Renew the interior design based on that of our latest vehicle
- Use LEDs for in-vehicle lighting, front headlights, and train direction indicators



Inside a 6000 series vehicle after the renewal

Develop services in accordance with customers' needs

◆ Introduce a special autumn timetable

Increase the number of our non-stop Raku Raku Keihan express services between Kyobashi and Shichijo

- Reduce the required time between Kyobashi and Shichijo from approx. 40 minutes to 35 minutes
- Operate some services as connections to Hieizan, Kurama/Kibune, and Ohara



Raku Raku Keihan express

◆ Launch a new route of the Direct Express Choku Q Kyoto services, and increase the number of express services

- Launch a new route connecting the USJ area and the Hirakata area
- Extend the route to Kyoto City, with an expectation for growth in demand for Kyoto sightseeing by users of accommodation facilities around USJ, such as Hotel Keihan Universal Tower



Choku Q Kyoto bus

Business Strategy – Real Estate –

Continue to focus on short-term turnover businesses

◆ Sales of major properties

<Oji-Asukayama THE FIRST TOWER& RESIDENCE>

Location: 1-1-3 Horifune, Kita-ku, Tokyo

Completed: January 2016 (tower building), October 2014 (residential building)

Tower building: 1 underground floor and 29 above-ground floors, 230 apartments

Residential building: 1 underground floor and 7 above-ground floors, 55 apartments



THE RESIDENCE HIGASHIMIKUNI

<THE RESIDENCE HIGASHIMIKUNI>

Location: 1-1-6 & 7 Juhachijo, Yodogawa-ku, Osaka-shi

Completed: February 2016

1 underground floor and 15 above-ground floors, 304 apartments

Initiatives to enhance profitability

◆ Strategically replace portfolio assets and invest in real estate funds

◆ Construct the Keihan Yodo Logistics Yard

Construct a logistics facility as part of our efforts to enhance the profitability of our real estate leasing service

Total floor area: approx. 42,700 m²

Scheduled to be opened in the spring of 2016

◆ Expand the condominium management and property management businesses

Breakdown of properties under our management

Office buildings 21

Leasing condominiums 10 (305 apartments)

Owner-occupied condominiums 140 (9,461 apartments) (As of November 12, 2014)

Business Strategy – Retail –

Initiatives to enhance profitability

◆ Utilize our know-how and increase the number of property management contracts

Keihan The Store Co., Ltd. selected as the company expected to operate and manage the shopping area inside Shin-Osaka Station of the Midosuji Line of the Osaka Municipal Transportation Bureau

◆ Newly opened stores

<SWEETS BOX>

- JR Musashi-Urawa Store (temporary name)
(scheduled to open in December)

<UNIQLO>

- Kansai International Airport's main building in the departure area for international flights on the 3rd floor of the 1st terminal (scheduled to open in March 2015)

<Juicer Bar>

- Tobu Kita-senju Store (July 29)

◆ Closed stores

- An3 Gotenyama Store (August 26)
- Juicer Bar, Keisei-Tsudenuma Store (September 23)
- Juicer Bar, Tokyu Minami-Machida Store (October 19), and some other stores

Conceptual image of the shopping area of Shin-Osaka Station



Expand property management business

◆ Increase the number of property management contracts

Breakdown of our property management contracts: commercial facilities – 18 contracts (as of November 1, 2014)

Strive to obtain many more large-scale contracts and establish a stable fee business

Business Strategy – Leisure and Service –

Initiatives to target tourism-related demand

◆ Attract USJ visitors to our facilities

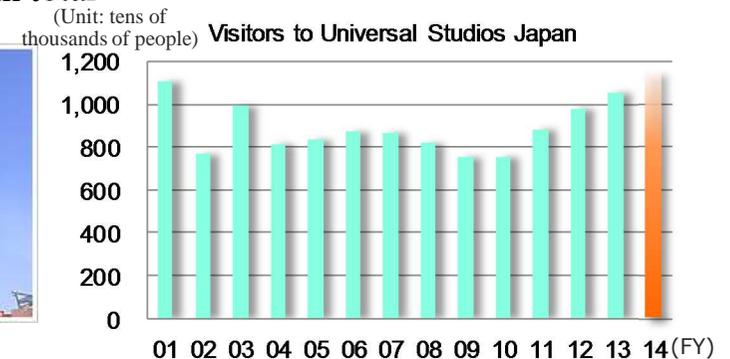
- USJ attracting 1.46 million visitors in October, continuing to break its single-month visitor record for three straight months
- USJ expected to mark a record high in terms of the number of annual visitors, mainly due to the continued effects of the opening of the new Harry Potter area
- Keihan striving to maximize the revenues of our two hotels designated as USJ official hotels, which are some of the largest in the area around USJ, with approximately 1,000 rooms in total



Hotel Keihan Universal Tower



Hotel Keihan Universal City



Source: Based on a wide variety of media reports

◆ Create sightseeing opportunities by using the attractiveness of Lake Biwa

- Designated as the management operator of the Yanagasaki Lakeside Park, a municipal park of Otsu City, in March 2014
- Promote measures to create sightseeing opportunities by enhancing the attractiveness of cruises on Lake Biwa, specifically, enhancing the attractiveness of regular cruises involving the Yanagasaki Lakeside Park Port, and developing new Lake Biwa cruise services involving Biwako Otsukan, a heritage of industrial modernization

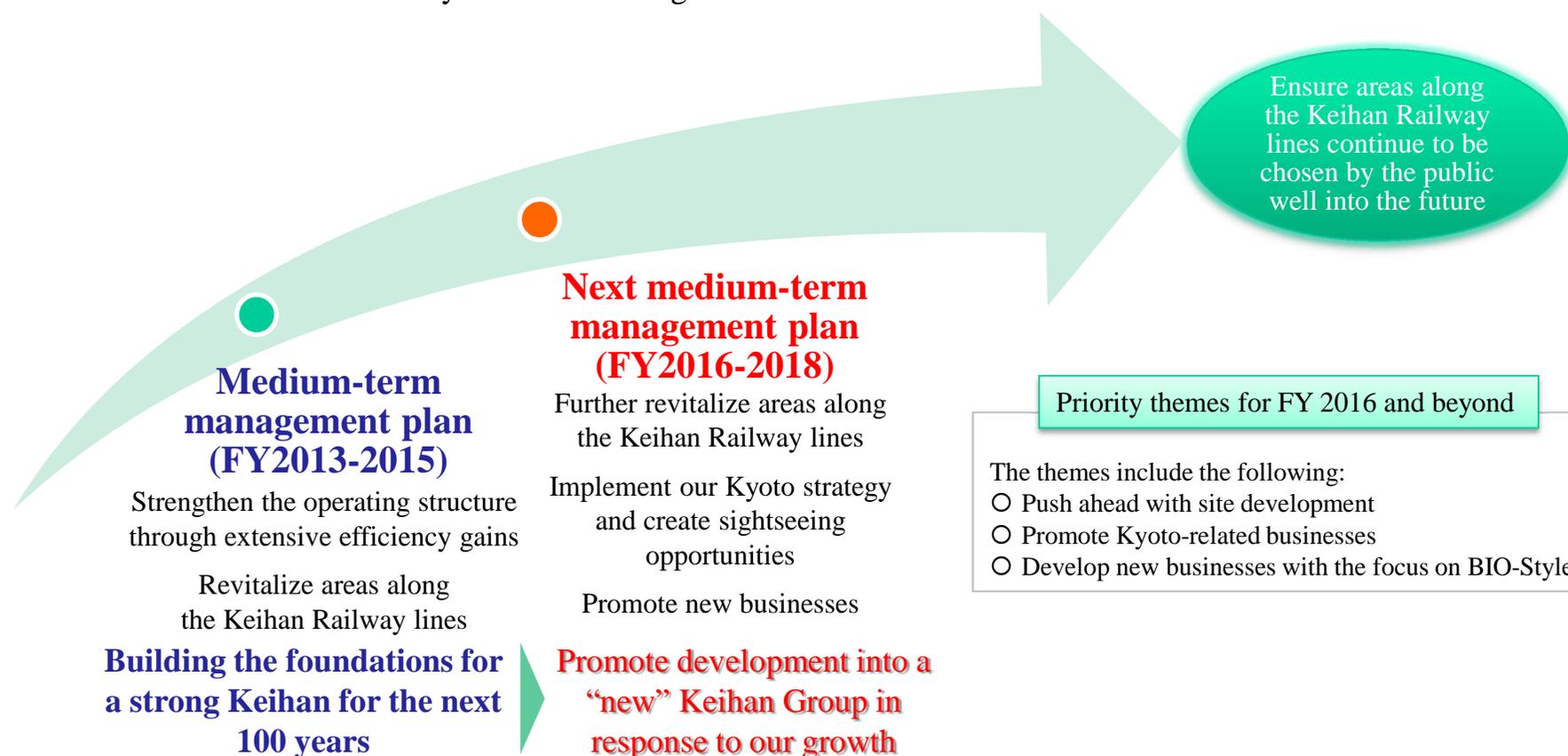


Biwako Otsukan

Transitioning to the next medium-term management plan (FY2016-2018)



In the next medium-term management plan, in order to develop competition with areas along other railway lines amidst the decrease in population, we will strive to re-brand areas along the Keihan Railway lines, and actively create sightseeing opportunities by utilizing the potential of sightseeing spots in these areas, which are some of the best in the world and feature many attractive settings.



Details of the next medium-term management plan are currently being formulated (business portfolio, initiatives, quantitative targets, etc.); we plan to announce the full plan before the end of FY2015.

Efforts to be promoted under the next medium-term management plan (FY2016-2018)

Develop new businesses with the focus on BIO-Style

◆ Create BIO-Style, a lifestyle to be proposed by the Keihan Group

Promote the BIO-Style Kyoto/Shijo-Kawaramachi Project, a construction plan for a complex in Shijo-Kawaramachi, Kyoto, to disseminate the “BIO-Style” lifestyle

- Propose the “BIO-Style” lifestyle based on various themes, such as a healthy and high-quality lifestyle, diverse forms of harmony with the natural environment, and environmental preservation, and develop “BIO-Style” as a new business axis for the Keihan Group
- Operate a flagship facility consisting of a hotel, a relaxation service store, an organic product store, and other functions, in Shijo-Kawaramachi, Kyoto

<Facility outline>

<Concept>

BIO-Style of Kyoto

Space where you can feel the four seasons with your five senses and appreciate mental and physical comforts

Facility components: Hotel, relaxation service store, an organic product store & café, and a space to disseminate the “BIO-Style” lifestyle

Location: Inari-cho, Shijo-kudaru, Kawaramachi-dori, Shimogyo-ku, Kyoto-shi

Structure outline: Ground area: approx. 3,800 m²
Total floor area: approx. 24,500 m² (1 underground floor and nine above-ground floors)

Opens: FY2018 (scheduled)



Conceptual image of the completed structure
(external appearance)