

FY2017
(Fiscal year ended March 31, 2017)
Financial Results Presentation



May 11, 2017

Keihan Holdings Co., Ltd.

(Tokyo Stock Exchange 1st / Securities Code: 9045 <http://www.keihan-holdings.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 FY2017

Financial Results



Consolidated Statements of Income

Overview of FY2017
(year-on-year
comparison)

- ◆ Both revenue and profits increased due to factors such as the strong passenger revenue of Keihan Electric Railway Co., Ltd. in the transportation business, and the sale of a for-lease property in the real estate business.
- ◆ Operating revenue, operating income, ordinary income, and profit attributable to owners of the parent company all **reached record high for five consecutive terms.**

(Millions of yen)

	FY2016 Results	FY2017 Results	Change	Main factors of changes	October Estimate of FY2017 Results	Change
Operating revenue	300,188	302,917	2,728 (0.9%)	Refer to Segment Information.	300,000	2,917 (1.0%)
Operating income	31,524	32,343	819 (2.6%)		29,300	3,043 (10.4%)
Non-operating income	2,145	2,050	-94			
Non-operating expenses	5,208	4,058	-1,150	Interest expenses -778		
Ordinary income	28,461	30,335	1,874 (6.6%)		27,400	2,935 (10.7%)
Extraordinary income	8,239	5,403	-2,835	Gain on bargain purchase -4,709 Gain on sale of investment securities +2,427		
Extraordinary losses	4,630	4,036	-593	Loss on step acquisitions -2,119 Impairment loss +1,298		
Profit attributable to owners of parent	22,385	22,636	250 (1.1%)		20,000	2,636 (13.2%)
ROA	4.7%	4.8%	0.1pt	ROA: Operating income to total assets		
ROE	11.9%	11.6%	-0.3pt	ROE: Net income to shareholders' equity		
Capital expenditures	31,398	39,173	7,775		45,300	-6,126
Depreciation	17,571	18,074	503		18,300	-225
EBITDA	49,095	50,418	1,322	EBITDA: Operating income + Depreciation	47,600	2,818

Number of consolidated subsidiaries: 39 (two companies less than the previous term), Number of equity-method affiliates: 2 (one company more than the previous term)

Segment Information

◆ The transportation business posted a larger revenue and smaller profits. Both revenue and profits rose in the real estate business, while they both shrank in the retail distribution business. The leisure and service business posted a smaller revenue, but an increase in profits. Other businesses improved their revenue.

(Millions of yen)

	FY2016 Results	FY2017 Results	Change	Change (%)	October Estimate of FY2017 Results	Change	Change (%)
Total operating revenue	300,188	302,917	2,728	0.9%	300,000	2,917	1.0%
Total operating income	31,524	32,343	819	2.6%	29,300	3,043	10.4%

Transportation	Operating revenue	93,562	94,404	841	0.9	93,900	504	0.5
	Operating income	10,193	9,976	-216	-2.1	8,500	1,476	17.4
Real estate	Operating revenue	89,033	94,014	4,980	5.6	90,300	3,714	4.1
	Operating income	13,882	14,491	609	4.4	13,700	791	5.8
Retail distribution	Operating revenue	98,875	98,493	-382	-0.4	99,800	-1,306	-1.3
	Operating income	2,826	2,636	-190	-6.7	2,800	-163	-5.8
Leisure and service	Operating revenue	31,813	30,801	-1,011	-3.2	30,600	201	0.7
	Operating income	4,599	4,755	155	3.4	4,300	455	10.6
Others	Operating revenue	1,755	1,792	36	2.1	1,800	-7	-0.4
	Operating income	-12	74	86	-	0	74	-
Adjustments	Operating revenue	-14,852	-16,588	-1,736	-	-16,400	-188	-
	Operating income	34	408	374	-	0	408	-

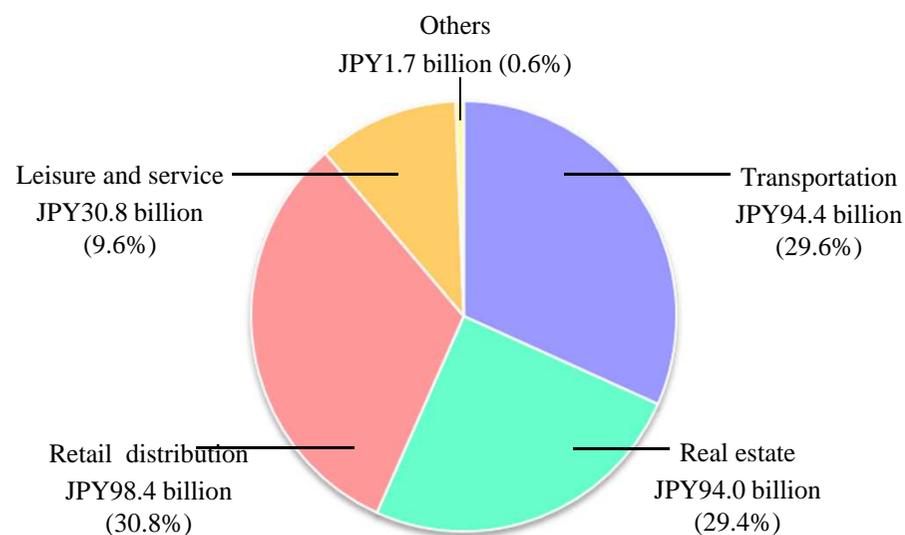
Segment Information (Breakdown)

[Consolidated subsidiaries] 40 companies

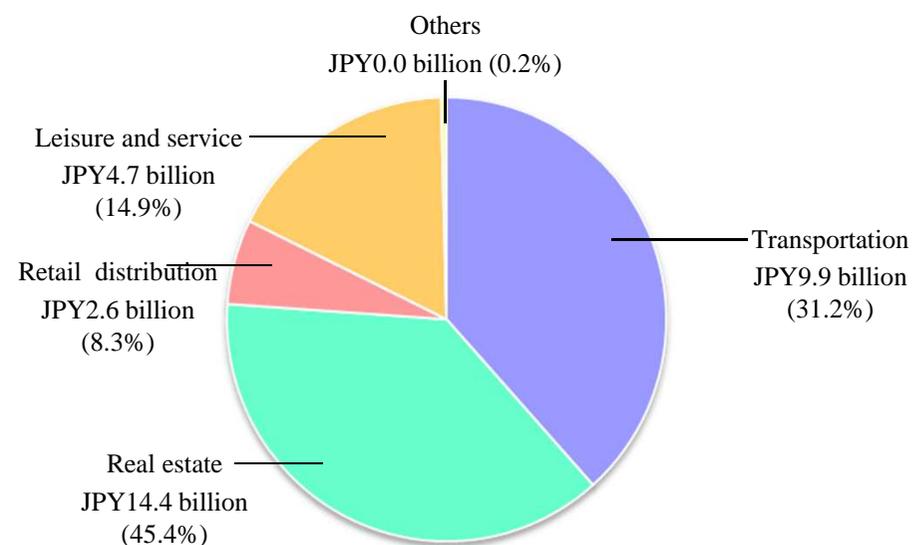
[Equity-method affiliates] 2 companies

Transportation	Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 13 other companies
Real estate	Keihan Holdings Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Keihan Building Co., Ltd., Keihan Asset Management Co., Ltd. and 6 other companies
Retail distribution	Keihan Department Stores Co., Ltd., Keihan The Store Co., Ltd., Keihan Ryutsu Systems Co., Ltd., Biomarket Co., Ltd. and 1 other company
Leisure and service	Hotel Keihan Co., Ltd., Keihan Hotels & Resorts, Biwako Kisen Steamship Co., Ltd. and 5 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.

Segment Information (Transportation)



- ◆ **Railway business**
Revenue grew thanks to the strong passenger revenue of Keihan Electric Railway helped by factors such as an increase in the number of tourists to the Kyoto area. However, profits declined due to factors such as an increase in repair expenses.
- ◆ **Bus business**
Revenue shrank due to reductions in income from chartered bus and regular sightseeing bus services resulting from business downsizing. However, profits grew thanks to factors such as declines in fuel oil expenses.

(Millions of yen)

	Operating revenue				Operating income			
	FY2016 Results	FY2017 Results	Change	Change (%)	FY2016 Results	FY2017 Results	Change	Change (%)
Railway	77,627	77,962	335	0.4%	8,965	8,647	-317	-3.5%
Bus	27,039	26,922	-116	-0.4%	1,136	1,278	141	12.4%
Elimination	-11,103	-10,480	622	-	91	51	-39	-
Transportation total	93,562	94,404	841	0.9%	10,193	9,976	-216	-2.1%

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

	Number of passengers				Passenger transportation revenue			
	FY2016 Results	FY2017 Results	Change	Change (%)	FY2016 Results	FY2017 Results	Change	Change (%)
	Thousands of people	Thousands of people	Thousands of people	%	Millions of yen	Millions of yen	Millions of yen	%
Non-commuter passes	149,616	150,735	1,118	0.7	34,615	34,853	237	0.7
Commuter passes	138,757	140,351	1,593	1.1	16,115	16,307	191	1.2
Total	288,374	291,087	2,712	0.9	50,731	51,160	428	0.8

* Major factors affecting passenger revenue (estimates)

Increase in the number of tourists to the Kyoto area (+JPY 265 million); increase in the number of passengers using Hirakatashi Station (+JPY 137 million); increase in the number of passengers using the Nakanoshima Line (+JPY 53 million)

Segment Information (Real Estate)

◆ Real estate sales business

Revenue increased thanks to the sale of *Fine Centreo City, The Osaka Residence Umeda Ogimachi Koen, Fine Residence Kawagoe* and other apartment units, and the sale of a for-lease property. However, profits declined due to factors such as higher costs.

◆ Real estate leasing business

Both revenue and profits grew thanks to factors such as the full-year contribution of Keihan Building, which became a consolidated subsidiary in the previous year, and the opening of Keihan Yodo Logistics Yard.

◆ Other businesses

Revenue and profits both increased, helped by factors such as the establishment of Keihan Private REIT, Inc. by Keihan Asset Management Co., Ltd. and the commencement of its operations.

(Millions of yen)

	Operating revenue				Operating income			
	FY2016 Results	FY2017 Results	Change	Change (%)	FY2016 Results	FY2017 Results	Change	Change (%)
Real estate	72,285	78,034	5,748	8.0%	13,352	14,220	868	6.5%
Real estate sales	51,562	53,956	2,393	4.6%	4,703	4,576	-127	-2.7%
Real estate leasing service	17,971	20,706	2,734	15.2%	8,454	9,231	777	9.2%
Other businesses	2,751	3,371	620	22.6%	194	412	218	112.4%
Construction	21,535	20,844	-691	-3.2%	442	272	-170	-38.4%
Elimination	-4,788	-4,864	-76	-	87	-1	-89	-
Real estate total	89,033	94,014	4,980	5.6%	13,882	14,491	609	4.4%

Segment Information (Retail distribution)



◆ **Department stores**

Revenue shrank due to factors such as the opening of a competitor in the neighborhood and poor sales of daily food items and women's clothing. However, profits grew due to lower expenses resulting from cost-saving efforts.

◆ **Stores**

Revenue grew thanks to the impact of the opening of a new Shin-Naniwa Daishokudo food hall and a new MUJicom store. However, profits declined due to factors such as expenses incurred for the opening of new stores.

◆ **Shopping mall management**

Both revenue and profits increased thanks to factors such as the impact of the upgrading of the Keihan Mall.

(Millions of yen)

	Operating revenue				Operating income			
	FY2016 Results	FY2017 Results	Change	Change (%)	FY2016 Results	FY2017 Results	Change	Change (%)
Department store	51,016	49,455	-1,560	-3.1%	1	104	102	-
Store	27,897	29,599	1,702	6.1%	1,090	976	-114	-10.5%
Shopping mall management	13,829	13,977	148	1.1%	1,713	1,828	115	6.7%
Others	9,093	8,819	-273	-3.0%	73	-63	-136	-
Elimination	-2,960	-3,358	-397	-	-52	-210	-158	-
Retail distribution total	98,875	98,493	-382	-0.4%	2,826	2,636	-190	-6.7%

<< Department Stores: Sales by store >>

(Millions of yen)

	Moriguchi Store	Hirakata Store	Kyobashi Store	Kuzuha Store	Suminodo Store
FY2017 Results	21,466	6,517	6,861	9,456	4,517
FY2016 Results	22,744	5,600	7,054	10,167	4,856
Change	-1,278	917	-193	-710	-339

* Some of the shops in the Hirakata Store were closed in the previous year due to renovations.

Segment Information (Leisure & Service)



◆ Hotel business

Revenue decreased due to factors such as the closing of the Kyoto Dai-ni Tower Hotel. However, profits rose thanks to the impact of guest room upgrading in refurbished hotels such as Kyoto Century Hotel and Hotel Keihan Kyoto Grande and a reduction in expenses resulting from cost-saving efforts.

* Kyoto Tower, Biwako Hotel and Kyoto Century Hotel were merged on October 1, 2016, and renamed as Keihan Hotels & Resorts.

(Millions of yen)

	Operating revenue				Operating income			
	FY2016 Results	FY2017 Results	Change	Change (%)	FY2016 Results	FY2017 Results	Change	Change (%)
Hotel	27,705	26,874	-830	-3.0%	4,521	4,683	162	3.6%
Leisure	4,318	4,108	-210	-4.9%	284	107	-177	-62.4%
Elimination	-210	-180	29	-	-206	-35	171	-
Leisure & Service total	31,813	30,801	-1,011	-3.2%	4,599	4,755	155	3.4%

<< Hotel occupancy rates >>

	Hotel Keihan						
	Tenmabashi	Kyoto Grande	Universal Tower	Universal City	Kyobashi Grande	Sapporo	Asakusa
FY2017 Results	97.1%	97.9%	94.7%	96.4%	96.6%	97.5%	98.0%
FY2016 Results	88.6%	94.7%	96.7%	97.9%	96.7%	95.8%	96.8%
Year-on-year change	8.5pt	3.2pt	-2.0pt	-1.5pt	-0.1pt	1.7pt	1.2pt
(Reference) Number of rooms	315	320	641	330	214	200	178

	Keihan Hotels & Resorts				
	Biwako Hotel	Kyoto Tower Hotel	Kyoto Dai-ni Tower Hotel	Kyoto Tower Hotel Annex	Kyoto Century Hotel
FY2017 Results	83.6%	96.4%	—%	69.0%	93.2%
FY2016 Results	88.5%	94.3%	75.5%	96.9%	74.0%
Year-on-year change	-4.9pt	2.1pt	—pt	-27.9pt	19.2pt
(Reference) Number of rooms	171	162	—	126	219

* Biwako Hotel and Hotel Keihan Universal Tower renovated their guest rooms. Kyoto Tower Hotel Annex underwent a full renewal (and was temporarily closed from December 12, 2016 to March 22, 2017). Kyoto Dai-ni Tower Hotel was closed as of January 12, 2016.

Consolidated Balance Sheets

(Millions of yen)

	FY2016 Results	FY2017 Results	Change	Main factors of changes
Current assets	168,510	157,655	-10,855	Cash and deposits -6,699 Other current assets -2,595
Non-current assets	501,822	521,976	20,154	Property, plant and equipment +15,672 Deferred tax assets +5,001
Total assets	670,333	679,631	9,298	
Current liabilities	152,337	136,217	-16,120	Current portion of bonds -10,200 Short-term bonds -5,000
Long-term liabilities	326,204	339,959	13,754	Bonds +9,934 Deferred tax liabilities +3,292
Total liabilities	478,542	476,176	-2,365	
Net assets	191,790	203,455	11,664	Retained earnings +19,288, Treasury shares -4,380 * Equity capital ratio 29.5% (+1.3pt)
Total liabilities and net assets	670,333	679,631	9,298	
Interest-bearing debt at end of fiscal period	325,714	314,539	-11,174	Loans payable -5,908, Short-term bonds -5,000, Bonds -265
Interest-bearing debt/EBITDA multiple (Times)	6.63	6.24	-0.39	
Net interest-bearing debt/EBITDA multiple (Times)	6.12	5.87	-0.25	

* Interest-bearing debt: Loans payable + bonds + short-term bonds

Consolidated Statements of Cash Flows



(Millions of yen)

	FY2016 Results	FY2017 Results	Change	Main factors of changes
Cash flows from operating activities	36,334	38,569	2,234	Increase in accrued consumption taxes payable +6,037 Increase in other current liabilities +3,499 Increase in notes and accounts receivable-trade -9,226
Cash flows from investing activities	-27,750	-29,597	-1,847	Increase in expenses due to purchase of non-current assets -5,382 Increase in income from sale of investment securities +5,007
Cash flows from financing activities	-5,768	-20,020	-14,251	Increase in expenses due to repayment of interest-bearing liabilities -25,775 Decrease in expenses due to purchase of treasury shares +11,321
Net increase (decrease) in cash and cash equivalents	2,816	-11,048	-13,864	
Cash and cash equivalents at beginning of current period	26,552	29,372	2,820	
Increase in cash and cash equivalents from merger with non-consolidated subsidiary	4	—	-4	
Cash and cash equivalents at end of fiscal period	29,372	18,324	-11,048	

Segment Information (Capital Expenditure/EBITDA)



■ Capital Expenditure

(Millions of yen)

	FY2016Results	FY2017 Results	Change	October Estimate of FY2017 Results	Change
Transportation	12,749	17,690	4,941	16,600	1,090
Real estate	13,392	16,553	3,160	9,700	6,853
Retail distribution	1,609	2,341	731	3,100	-758
Leisure and service	3,924	1,877	-2,046	2,200	-322
Others	120	34	-85	0	34
Administration of entire company and others	—	675	675	13,700	-13,024
Elimination	-398	—	398	—	—
Total capital expenditure	31,398	39,173	7,775	45,300	-6,126

* Strategic investment posted under “Administration of entire company and others” in the FY2017 result forecasts released in October 2016 is posted under the real estate business for the FY2017 results.

■ EBITDA

(Millions of yen)

	FY2016Results	FY2017 Results	Change	October Estimate of FY2017 Results	Change
Transportation	20,982	20,699	-282	19,400	1,299
Real estate	18,216	19,224	1,007	18,500	724
Retail distribution	4,111	3,913	-197	4,100	-186
Leisure and service	5,745	5,857	111	5,400	457
Others	5	104	99	0	104
Adjustments	34	618	584	200	418
Total EBITDA	49,095	50,418	1,322	47,600	2,818



FY2018 Forecasts



Consolidated Statement of Income (Performance Forecast)



Overview of full-year
performance forecasts
for FY2018
(compared with
FY2017 results)

- ◆ Revenue is expected to increase in the transportation business due to a larger passenger revenue for Keihan Electric Railway, in the retail distribution business thanks to the impact of new store openings, and in the hotel business due to the impact of new hotel openings. However, overall revenue is forecast to shrink due to factors such as the impact of the assignment of subsidiary shares in the transportation business, a reaction to the sale of a for-lease property in FY2017 in the real estate business, and the impact of the temporary closure of hotels due to renovations in the hotel business.
- ◆ In addition to a decline in profits caused by smaller revenue, larger repair and depreciation costs in the transportation business and an increase in expenses for new hotel openings in the hotel business, among other factors, are projected. Profits therefore are forecast to decrease.

(Millions of yen)

	FY2017 Results	New FY2018 full-year forecasts	Change	Change (%)
Operating revenue	302,917	300,000	-2,917	-1.0%
Operating income	32,343	27,000	-5,343	-16.5%
Ordinary income	30,335	24,500	-5,835	-19.2%
Profit attributable to owners of parent	22,636	19,000	-3,636	-16.1%
Capital expenditure	39,173	60,800	21,626	55.2%
Depreciation	18,074	19,000	925	5.1%
EBITDA	50,418	46,000	-4,418	-8.8%
Interest-bearing debt	314,539	329,000	14,460	4.6%
Interest-bearing debt/ EBITDA multiple (Times)	6.24	7.15	0.91	—
Net interest-bearing debt/ EBITDA multiple (Times)	5.87	6.76	0.89	—

Segment Information (Performance Forecasts)



■ Operating Revenue/Operating Income

(Millions of yen)

	2017/03	New FY2018 full-year forecasts	Change	Main factors of changes
Total operating revenue	302,917	300,000	-2,917	
Total operating income	32,343	27,000	-5,343	

Transportation	Operating revenue	94,404	92,100	-2,304	- Impact of the assignment of Keihan Life Support shares - Increase in repair and depreciation costs in the railway business
	Operating income	9,976	8,500	-1,476	
Real estate	Operating revenue	94,014	88,500	-5,514	- Reaction to the sale of a for-lease property in FY2017 in the real estate sales business
	Operating income	14,491	12,500	-1,991	
Retail distribution	Operating revenue	98,493	103,600	5,106	- Impact of new store opening such as the “FREEST Nagao Store” in the store business and the impact of store upgrades in the department store business
	Operating income	2,636	3,000	363	
Leisure and service	Operating revenue	30,801	30,900	98	- Impact of the opening of Hotel Keihan Yodoyabashi and the temporary closure of Kyoto Century Hotel for renovation in the hotel business
	Operating income	4,755	3,900	-855	
Others	Operating revenue	1,792	1,800	7	
	Operating income	74	0	-74	
Adjustments	Operating revenue	-16,588	-16,900	-311	
	Operating income	408	-900	-1,308	

Segment Information (Performance Forecasts)



■ Capital Expenditure

(Millions of yen)

	FY2017 Results	New FY2018 full-year forecasts	Change
Transportation	17,690	16,800	-890
Real estate	16,553	18,400	1,846
Retail distribution	2,341	2,400	58
Leisure and service	1,877	2,800	922
Others	34	0	-34
Administration of entire company and others	675	20,400	19,724
Total capital expenditure	39,173	60,800	21,626

■ EBITDA

(Millions of yen)

	FY2017 Results	New FY2018 full-year forecasts	Change
Transportation	20,699	19,800	-899
Real estate	19,224	17,400	-1,824
Retail distribution	3,913	4,400	486
Leisure and service	5,857	5,000	-857
Others	104	0	-104
Adjustments	618	-600	-1,218
Total EBITDA	50,418	46,000	-4,418

Operating Results for Transportation (Performance Forecasts)



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

■ Number of passengers

	FY2017 Results	New FY2018 full-year forecasts	Change	Change (%)
	Thousands of people	Thousands of people	Thousands of people	%
Non-commuter passes	150,735	150,575	-160	-0.1
Commuter passes	140,351	140,784	432	0.3
Total	291,087	291,359	271	0.1

■ Passenger transportation revenue

	FY2017 Results	New FY2018 full-year forecasts	Change	Change (%)
	Millions of yen	Millions of yen	Millions of yen	%
Non-commuter passes	34,853	35,020	166	0.5
Commuter passes	16,307	16,360	52	0.3
Total	51,160	51,380	219	0.4

TOPICS

Progress Status of Keihan
Group's Medium-Term
Management Plan
“Bravely Pursuing Creation”

Keihan Group's Medium-Term Management Plan (FY2016 – FY2018)



Basic Policy

Keihan Group's Determination to Take on
Challenges at the "Second Foundation Stage"
– Bravely Pursuing Creation –

Main Strategies

- ◆ Achieve new growth through the creation of sightseeing opportunities
- ◆ Revitalize the areas along the Keihan Railway lines—efforts to redesign the areas along the Keihan Railway lines
- ◆ Create contents to enhance the "value of living"
- ◆ Establish a "steadfast group management" style

Strengthen the Management Foundation

- ◆ Continuous measures to revitalize railway transportation toward regaining the glory of railway transportation
- ◆ Real estate business as the engine of the group's growth
- ◆ Retail distribution business to enhance the value of "community" and "living"
- ◆ Hotel and leisure businesses to create sightseeing opportunities

Overview of Keihan Group's Medium-Term Management Plan (Measures Taken)

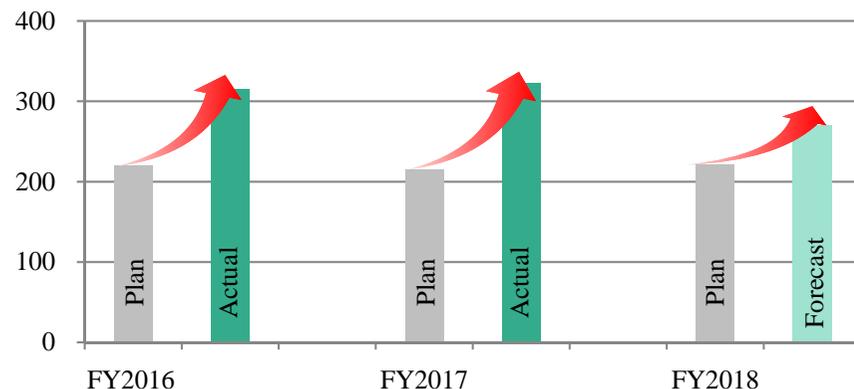


	Qualitative goals	Measures taken
Main Strategies	Achieve new growth through the creation of sightseeing opportunities	<ul style="list-style-type: none"> ■ Project to open a new hotel in the area in front of Kyoto Station <ul style="list-style-type: none"> • Renovation of Kyoto Century Hotel • Starting the construction of a new hotel ■ Development of Kyoto Tower as a global base for tourism <ul style="list-style-type: none"> • Opening of Kansai Tourist Information Center Kyoto • Opening of KYOTO TOWER SANDO
	Revitalize the areas along the Keihan Railway lines—efforts to redesign the areas along the Keihan Railway lines	<ul style="list-style-type: none"> • Make proposals to Hirakata City to promptly build and revitalize a community and promote settlement. • Participation in the Hirakata Station area revitalization council • Conclusion of a triparty agreement (Keihan Holdings Co., Ltd., Hirakata City and SO-TWO Inc.) for the prompt implementation of the redevelopment of the areas around Hirakata Station.
	Create contents to enhance the “value of living”	<ul style="list-style-type: none"> • BIOSTYLE Project: Started the construction of a commercial complex in Shijo-Kawaramachi, Kyoto. • Made cafe co. a subsidiary.
	Establish a “steadfast group management” style	<ul style="list-style-type: none"> • Transition to a holding company system
Strengthen the Management Foundation	Continuous measures to revitalize railway transportation toward regaining the glory of railway transportation	<ul style="list-style-type: none"> • Introduced a new automatic brake for trains. • Upgraded Gion-shijo Station. • Improved the nodes between Hankyu Railway Sain Station and Randen Railway Sai Station. • Introduced the next-generation, comprehensive search portal, Keihan Group Bus Navi.
	Real estate business as the engine of the group's growth	<ul style="list-style-type: none"> • Continue short-term turnover-type sales business (Kansai, Tokyo metropolitan areas, and Sapporo). • Made Osaka Merchandise Mart Corporation (currently Keihan Building) a wholly-owned subsidiary. • Acquired Kyoto Shijo Kawaramachi Building. • Opened Keihan Yodo Logistics Yard. • Established Keihan Private REIT, Inc.
	Retail distribution business to enhance the value of “community” and “living”	<ul style="list-style-type: none"> • Upgraded Keihan Department Store Hirakata. • Opened a new Shin-Naniwa Daishokudo food hall as part of the development project of in-station facilities of Shin-Osaka Station. • Upgraded the Keihan Mall. • Opened FREST Nagao Store.
	Hotel and leisure businesses to create sightseeing opportunities	<ul style="list-style-type: none"> • Renovated hotels. • Introduced Grande, a new brand of Hotel Keihan.

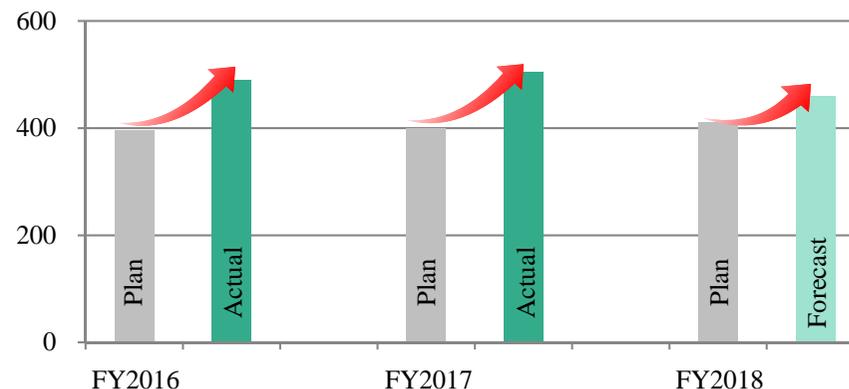
Overview of Keihan Group's Medium-Term Management Plan (Comparison of Quantitative Targets)



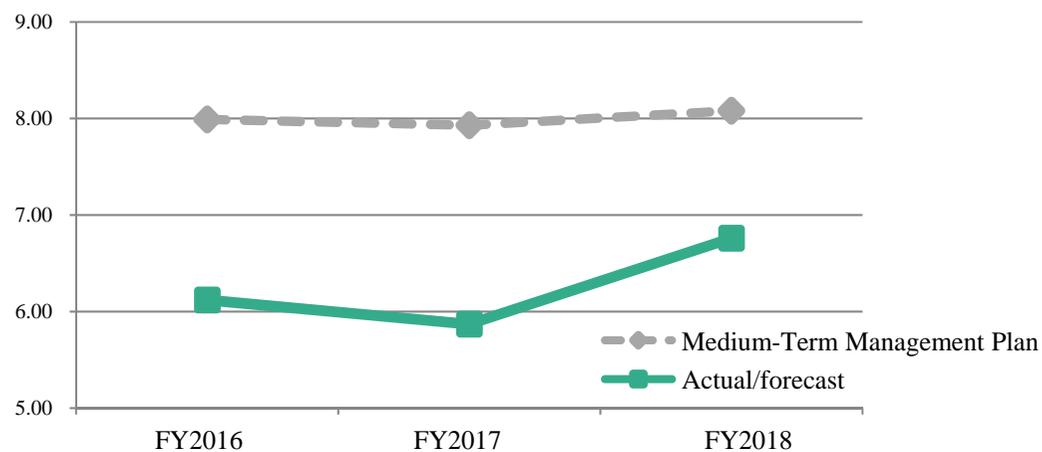
(In 100 million yen) **Consolidated operating income**



(In 100 millions yen) **Consolidated EBITDA**



(Times) **Net interest-bearing debt / EBITDA multiple**



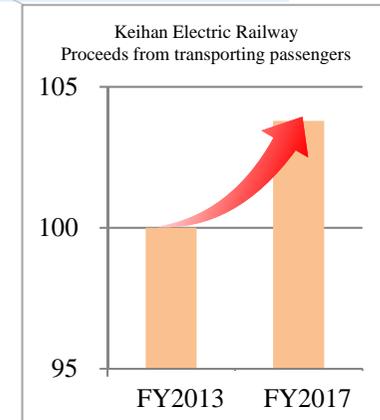
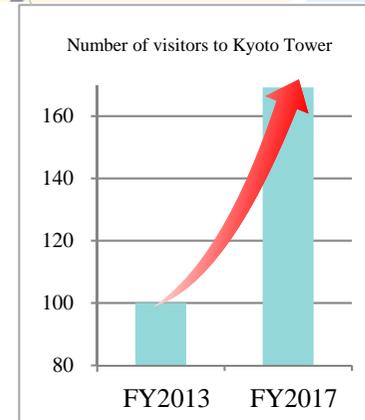
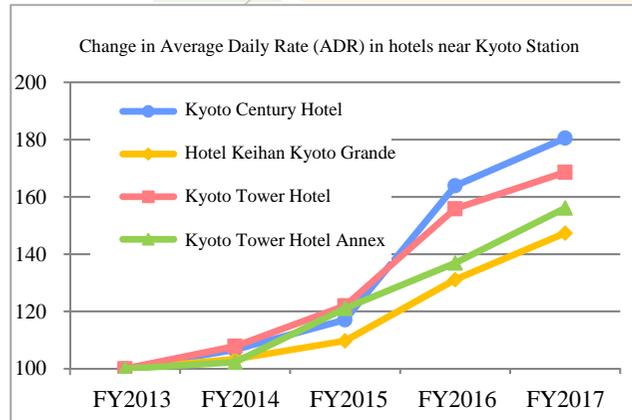
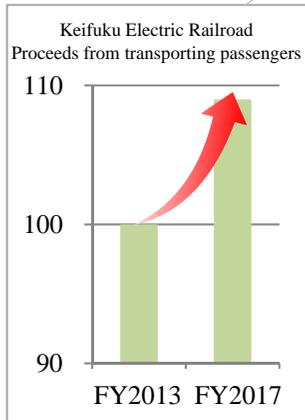
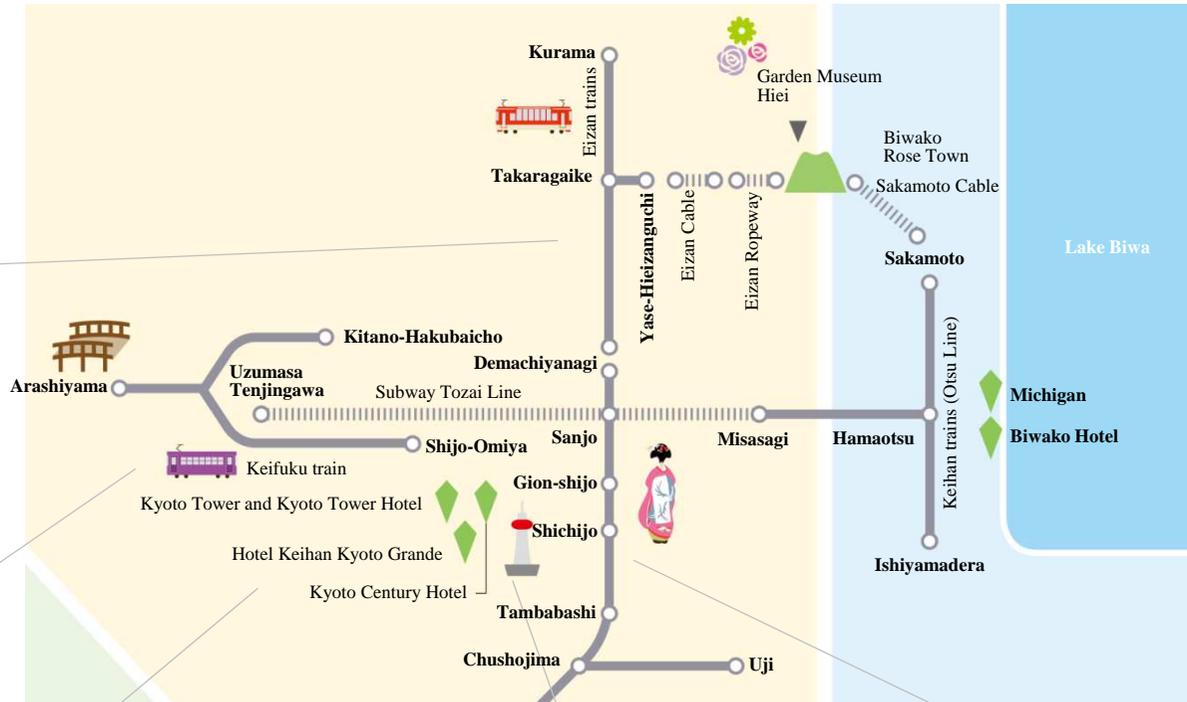
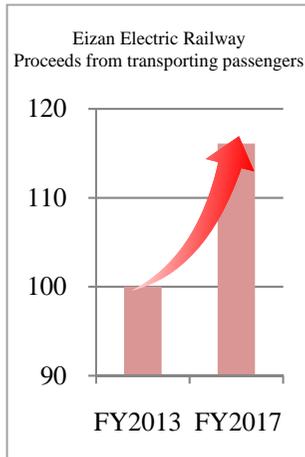
Healthy results that steadily exceed the targets.

Aim to further increase profits under the next medium-term management plan.

Businesses in Kyoto Area



* Based on FY2013 as 100



Main Strategy

Achieve new growth through the creation of sightseeing opportunities



◆ Enhance tourism business in places such as areas around Kyoto Station

■ Full renewal of commercial facilities in Kyoto Tower Building

Renewed the floor design to make it more suitable for a global base that welcomes domestic and overseas tourists as well as local customers. The shops range from classic souvenir shops to well-established local stores waiting to be discovered.

- Name: KYOTO TOWER SANDO
- Opening date: April 14, 2017
- Number of shops: 55
- Floor structure: First basement floor Food hall
First floor Kyoto's souvenir shops
Second floor Participation-type workshops



■ Opening of a special *inari zushi* shop in Fushimi-inari Station

Offering traditional, Kyoto-style *inari zushi*, the shop aims to become a new specialty shop of Fushimi-inari, a popular spot for inbound tourists. It plans to open more shops in major terminal stations mainly alongside the Keihan railway lines.

- Name: Fushimi Inari Senbon Inari
- Opening date: April 5, 2017



Main Strategy

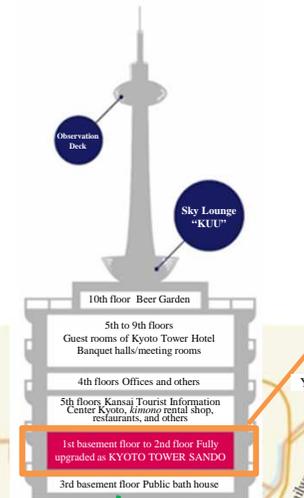
Achieve new growth through the creation of sightseeing opportunities



◆ Full renovation of Kyoto Tower Hotel Annex

Fully renovated guest rooms to create a comfortable and functional space with the aim of differentiating the hotel from other existing hotels. A lounge bar is located on the first floor where guests can relax as if they were in their own lounge.

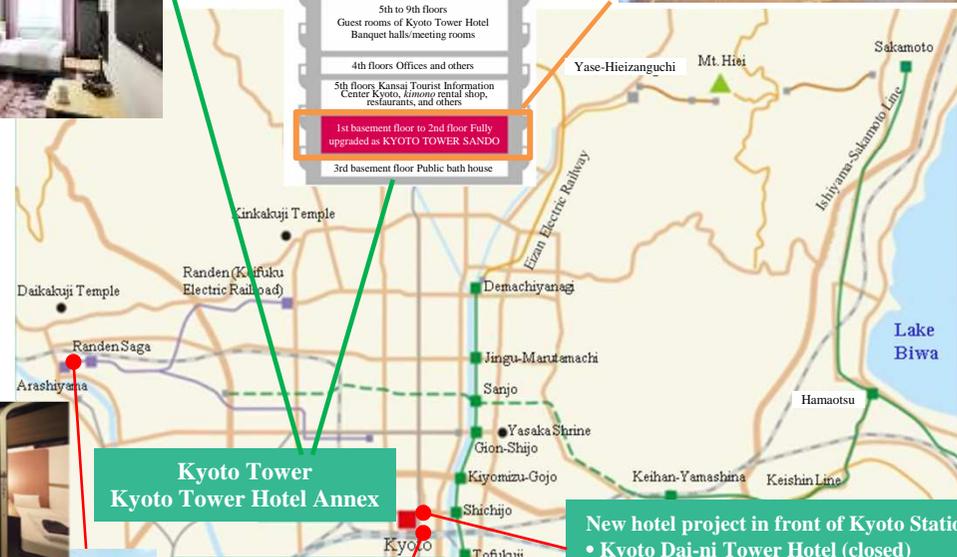
- Opening date: March 23, 2017
- Number of guest rooms: 126 (123 before renovation)



◆ Create a compact hotel in a facility directly connected to Arashiyama Station

Introduce a compact hotel, First Cabin, in Arashiyama Station's Hannari Hokkori Square. Mainly targeting female tourists, most of the rooms are for exclusive use by female guests.

- Opening date: March 2018 (scheduled)
- Number of cabins: 90 to 100 (scheduled)



Kyoto Tower
Kyoto Tower Hotel Annex

Hotel Keihan Kyoto
Grande

New hotel project in front of Kyoto Station
• Kyoto Dai-ni Tower Hotel (closed)
• Kyoto Century Hotel

◆ New hotel project in front of Kyoto Station

Start building works for the development of a flagship hotel of the Keihan Group to cater to the global market.

- Opening: FY2019 (scheduled)



Arashiyama Station Hannari
Hokkori Square
First Cabin Kyoto-Arashiyama
(provisional name)



Fushimi-inari
Station
Senbon Inari

Main Strategy

Revitalize the areas along the Keihan Railway lines— efforts to redesign the areas along the Keihan Railway lines



◆ Redevelopment of Hirakatashi Station and its surrounding areas

- With a focus on improving the “value of living” in the areas along the Keihan Railway lines centered on Hirakatashi Station, we will redesign and revitalize the areas by implementing a strategy that integrates hardware and software.
- As the highest priority project, we will revitalize Hirakatashi Station, which is the largest station between Kyoto and Osaka, and make it a station capable of serving as the gateway to a core city. In addition, we will actively make proposals on and participate in the scheduled redevelopment of the areas surrounding the station promoted by Hirakata City.

■ Concentrate urban functions on a site adjacent to the station

- Neatly concentrate urban functions at a site surrounded by the Keihan Main Line and Keihan Katano Line.
- Create a hybrid and convenient facility directly connected to a station to promote the prompt implementation of community building.
- Play a part in creating an attractive community and revitalize the areas surrounding Hirakatashi Station.



- #### ■ Profile of Hirakata City
- Population: 404,963 (as of December 2016)
 - Great medical system as a healthy medical care city
 - Has a cluster of administrative organs for northern Osaka areas
 - Five universities located in the city
 - Became a core city in 2014

- #### ■ Profile of Hirakatashi Station
- Number of passengers using Hirakatashi Station each day: 93,369 (third-largest number among all stations on the Keihan lines)
 - Approximately 15 minutes to Kyobashi, Osaka
 - Approximately 27 minutes to Gion-shijo, Kyoto



Main Strategy

Create contents to enhance the “value of living”



◆ Create contents under the theme “BIOSTYLE”

■ Start the construction of a commercial complex in Shijo-Kawaramachi, Kyoto

- Address: Inaricho (Kawaramachi-dori Shijo Sagaru), Shimogyo-ku, Kyoto City
- Scheduled to open in: Spring 2019
- Building size: Nine above-ground floors; total floor area of 27, 337 square meters
 - 1st to 2nd floors: Eat Zone (e.g., *marché*, restaurants)
 - 3rd floor: Care Zone (e.g., spa, cosmetics)
 - 4th to 9th floors: Stay Zone (a hotel with approx. 170 guest rooms)



Facility's facade (image)

■ Activities to spread BIOSTYLE

[Outdoor event focusing on *foods* in the BIOSTYLE: *marché*'s BIO-ICHI (market) in front of Sanjo Station—delicious market for the soul and body]

- First market: November 5, 2016 Theme: Bistro
Number of participating vendors: Approx. 30
- Second market: March 25, 2017 Theme: cafe
Number of participating vendors: Approx. 20

■ Future development (plan)

[Entry to new businesses]

- Consider directly operating a beauty salon business
- Consider independently developing, manufacturing, and selling organic skin care, hair care, and body care products, soaps, and the like
- Plan to expand content creation starting from Shijo-Kawaramachi



**Strengthen the Management Foundation
Continuous measures to revitalize railway transportation toward regaining
the glory of railway transportation**



◆ Introduction of Premium Cars with reserved seats to limited express trains

Convert the sixth car of each of ten eight-car 8000 Keihan limited express trains into a Premium Car. With guaranteed seats, which is great for commuting and sightseeing, the carriage provides a high-quality moving space. With a special attendant for the carriage, we will offer a service that is one level higher.

- Investment amount: Approx. JPY 1.6 billion
- Start operating on: August 20, 2017 (scheduled)
- Price: 400 or 500 yen
 - * The price will differ depending on the travel distance.
 - A separate ticket needs to be purchased.
- Number of seats: 40
- How to purchase tickets: A Premium Car ticket can be purchased through a special website or at stations where limited express trains stop.



Outside of a Premium Car and attendants (image)



Inside of a Premium Car (image)



◆ Introduction of a *liner* train with reserved seats only during rush hours on weekday mornings

We will introduce a liner train—a new service that guarantees every passenger a seat during the morning rush hours.

The non-stop service to Kyobashi with reserved seats will make commuting more comfortable.

- Operation starts on: August 21, 2017 (scheduled)
- Price: 300 yen *A separate ticket must be purchased.
- Number of seats: Approx. 400
- How to purchase tickets: A liner ticket can be purchased through a special website or at stations where limited express trains stop.
- Operating hours: Two trains (from Hirakatashi and Kuzuha Stations) to Yodoyabashi Station during morning rush hours on weekdays



Strengthen the Management Foundation
Continuous measures to revitalize railway transportation toward
regaining the glory of railway transportation



◆ **Introduce sightseeing carriages on Eizan Electric Railway**

Boldly expressing the mystical atmosphere of Mount Hiei and Mount Kurama using the motif of ovals.

- Operation to start in: Spring 2018

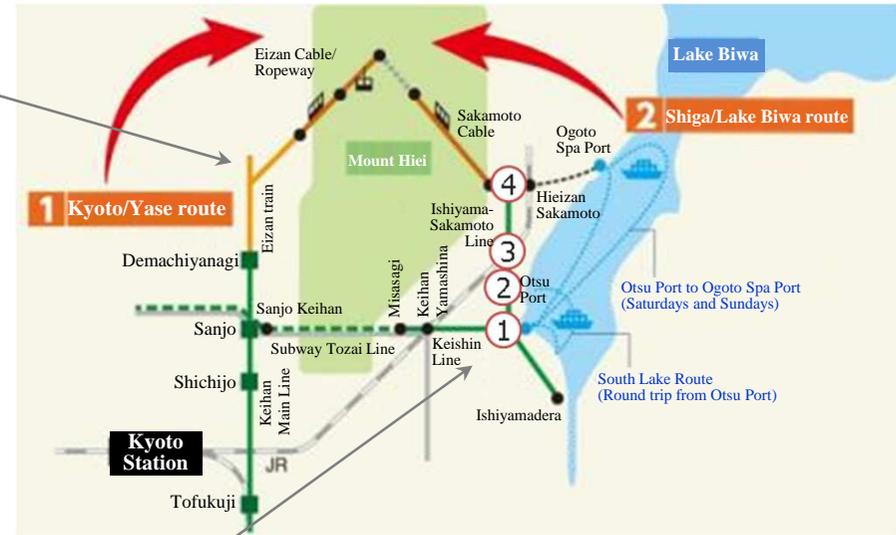


Train for sightseeing (image)

◆ **Rename four stations on the Keihan Railway Otsu Line**

Promote smoother movements and transfers of customers visiting Lake Biwa and Mount Hiei as well as local residents.

- When: Around March 2018
- Details: (1) Hamaotsu → Biwako-hamaotsu
 (2) Bessho → Otsu-shiyakusho-mae
 (3) Ojiyama → Keihan-otsukyo
 (4) Sakamoto → Sakamoto-hieizanguchi



⇒ Aim to revitalize the sightseeing route connecting Kyoto, Mount Hiei and Lake Biwa.

Strengthen the Management Foundation

Real estate business as the engine of the group's growth



◆ Main condominiums to be sold in the term ended March 31, 2018

Property name, location, number of units for sale	Scheduled to be posted in	Property name, location, number of units for sale	Scheduled to be posted in
Fine City SENRI TSUKUMODAI (Suita City, Osaka Prefecture: 250 units*)	March 2018	Fine City Yokohama Egasaki RENAI* (Tsurumi-ku, Yokohama City: 338 units*)	March 2018
Fine City HIRAKATA (Hirakata City, Osaka Prefecture: 203 units)	March 2018	Fine Residence Ichigao Diasta (Aoba-ku, Yokohama City: 59 units*)	March 2018
The Parkhouse Nakanoshima Tower* (Kita-ku, Osaka City: 894 units*)	March 2018	Fine City Sapporo Kotoni (Nishi-ku, Sapporo City: 84 units)	March 2018
Fine City Oji-Kamiya River & Forest (Adachi-ku, Tokyo: 319 units)	March 2018	Fine City Higashi Sapporo (Shiroishi-ku, Sapporo City: 62 units)	March 2018
Fine City Higashi-Matsudo Mall & Residence (Matsudo City, Chiba Prefecture: 382 units*)	March 2018	Grand Sunriant Ropponmatsu* (Chuo-ku, Fukuoka City: 52 units*)	March 2018

* Joint project; the number of units is the total number of units.

The number of units and the timing of posting of the above properties may change.



Fine City SENRI TSUKUMODAI



Fine City Yokohama Egasaki RENAI

Strengthen the Management Foundation

Real estate business as the engine of the group's growth



◆ Development and block leasing of a commercial building in Tokyo

Develop a commercial building on land owned by Keihan Real Estate Co., Ltd. in Kyobashi 2-chome, Chuo-ku, Tokyo and lease the entire building to First Cabin, a compact hotel chain.

- Tenant: First Cabin Kyobashi
- Address: 7-8 Kyobashi 2-chome, Chuo-ku, Tokyo



- Opening: April 2017
- Building size: Nine above-ground floors
- Number of cabins: 238



Strengthen the Management Foundation

Retail distribution business to enhance the value of “community” and “living”



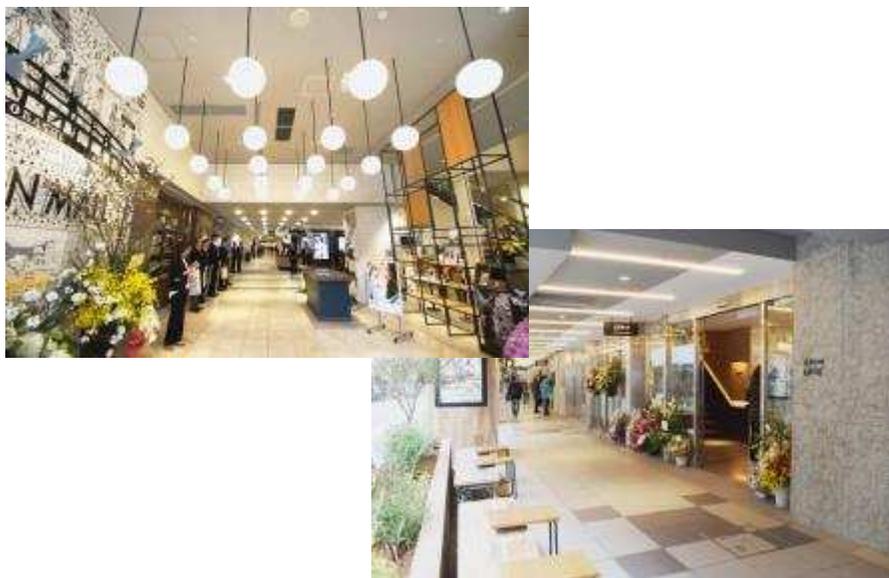
◆ Upgrade of Keihan Mall

Upgrade of a shopping mall directly linked to Kyobashi Station, the largest terminal of the Keihan Electric Railway lines.

The concept is to create a shopping mall that can satisfy customers who spend only 30 minutes there as distinct from the Kita and Minami districts.

* No. 1 in number of users (approximately 170,000 users per day (2015))
Combined with the JR and Osaka Municipal Subway lines, approximately 470,000 people use Kyobashi Station.

- Opening date: March 17, 2017
- Number of stores: Approx. 170 (including “K Buratto” and “KiKi Kyobashi”)



◆ Situation of the business operations of cafe co.

(which became a subsidiary in December 2016)

Participate in the upgrading and opening of the group’s commercial facilities and contribute to the supply of new contents for the “revitalization of the areas alongside the Keihan railway lines” and the “creation of sightseeing opportunities” utilizing its strength which is their design skills.

- Keihan Mall (March)
- KYOTO TOWER SANDO (April)
- Fushimi Inari Senbon Inari (April)

In addition, open more shops alongside the Keihan railway lines and elsewhere in the directly operated food service business.

<Alongside the Keihan railway lines>

- March: Three stores in total including stores in Keihan Mall and Keihan Temmabashi Panante
- May: One store in Keihan City Mall

<Elsewhere>

- April: One store in Yokohama Bay Quarter



“BROWN BAKERY/CAFE/BAR” (Keihan Mall)

Further promote the development of new business styles and the expansion of business combining management resources of the Keihan Group.

Strengthen the Management Foundation

Retail distribution business to enhance the value of “community” and “living”



◆ Further improve the quality of in-station shopping business

■ Upgrade of Keihan Temmabashi Panante, a commercial facility within Keihan Temmabashi Station

An array of restaurants and cafés focusing on tastes and cost performance are on offer near Temmabashi Station, which is close to Osaka Castle, and the number of whose users has been increasing in recent years.

- Opening date: March 21, 2017
- Number of shops: 17

■ Other new shop openings

- [MUJicom] Opening of CRYSTA Nagahori Store (February 2)
- SWEETS BOX Shapo Funabashi Store (April 26)



Keihan Temmabashi Panante

◆ Opening of a new supermarket store, FREST Nagao Store

Open a new supermarket store in an area with many families and a growing population to offer safe, secure, high-quality and fresh products. This is the second FREST store—following the FREST Matsui-Yamate store—to be opened in an area outside the areas along the Keihan railway lines. We will endeavor to expand the supermarket chain in the areas along the Keihan railway lines as well as their surrounding areas.

- Opening date: March 24, 2017
- Address: Nagao Motomachi 2-chome, Hirakata City, Osaka
(Five minutes on foot from JR Gakkentoshi Line Nagao Station)



FREST Nagao Store

Strengthen the Management Foundation Hotel and leisure businesses to create sightseeing opportunities



◆ Increase hotel openings

■ Opening of Hotel Keihan Yodoyabashi

Accommodation-only hotel in an excellent location with good access to major spots in Osaka City and direct train routes to tourist spots such as Osaka Castle and Kyoto. The booking situation is strong.

- Opening date: July 28, 2017
- Address: 4-6 Kitahama 2-chome, Chuo-ku, Osaka City
- Size: Eleven above-ground floors; 210 rooms

■ Other scheduled opening

- Hotel Keihan Tsukiji Ginza Grande (provisional name) (scheduled to open in autumn 2018)
- In addition, we will work on opening hotels near stations in major government ordinance cities.



◆ Improvement to existing hotels in terms of both software and hardware

In Biwako Hotel, the upgrading of guest rooms, which has received very positive responses, is continuing to further improve its earnings power.

Other renovations planned for the existing hotels were completed.

■ Progress of guest room upgrades in Biwako Hotel

- Completed 11th and 12th floors: Luxury Floor Aqua
- 7th through 10th floors: Deluxe Floor Lumina
- To be started 6th floor: 21 rooms (from June 2017)



Deluxe Floor Lumina



Luxury Floor Aqua

Progress Status of Major Strategic Investment Projects



Medium-Term Management Plan
 ← “Bravely Pursuing Creation” →

			FY2016	FY2017	FY2018	FY2019	
Main Strategies	Creation of sightseeing opportunities	New hotel in the area in front of Kyoto Station			● Construction starts (2017)	Scheduled opening (FY2019)	
		Upgrade of Kyoto Tower	● Opening of a tourist information office (June 2015)		● Opening of KYOTO TOWER SANDO (April 2017)		
	Revitalization of areas along the Keihan railway lines	Redevelopment of Hirakatashi Station and surrounding areas			● Participation in the Hirakatashi Station area revitalization council Conclusion of a triparty agreement (October 2016)		
	Contents creation	Development of a BIOSTYLE, a commercial complex in Shijo-Kawaramachi			● Construction starts (2017)	Scheduled opening (spring 2019)	
Strengthen the Management Foundation	Transportation	Premium cars				Scheduled launch (August 2017)	
	Real estate	Keihan Yodo Logistics Yard	Opening (April 2016)				
		Toranomon 1-chome district Type -1 Urban Area Redevelopment Project			● Works start (FY2017)	Scheduled opening (FY2020)	
		First Cabin Kyobashi			Opening (April 2017)		
	Retail distribution	Shin-Naniwa Daishokudo food hall in Shin-Osaka	Opening (March 2016)				
		Upgrading of Keihan Mall			● Upgrading of Keihan Mall (March 2017)		
	Leisure and service	New openings and upgrades of hotels		● Upgrading of Kyoto Century Hotel (March 2016)			
				● Upgrading of Hotel Keihan Kyoto (March 2016)			
			● Upgrading of Kyoto Tower Hotel Annex (March 2017)				
				● Scheduled opening of Yodoyabashi Tsukiji Ginza Grande (July 2017)			
					Scheduled opening of Tsukiji Ginza Grande (autumn 2018)		

(Reference) Notice on Governance and Shares



◆ Transition to a Company with a Supervisory Committee

[Purpose of Transition]

- Achieve speedier decision-making by delegating a significant portion of decision-making concerning important business execution to directors.
- Further improve the effectiveness of audits and supervision by giving the director responsible for auditing and so forth a vote at the Board of Directors.

⇒ The further enhancement of our corporate governance structure will result in the sustainable growth of the group and improvement of our corporate value.

[Timing of Transition]

- After the 95th Annual General Meeting of Shareholders scheduled in June 2017 (on the condition that the transition is approved by the General Meeting of Shareholders)

◆ Change to the minimum trading unit and consolidation of shares

[Overview]

- Transition the minimum trading unit of common shares from 1,000 shares to 100 shares pursuant to the “Action Plan for Consolidating Trading Unit” stipulated by stock exchanges throughout Japan.
- At the same time, consolidate shares in the ratio of 5 to 1 to adjust the investment unit to an appropriate level.

[Effective date]

- October 1, 2017 (on the condition that this is approved by the 95th Annual General Meeting of Shareholders scheduled in June 2017)