

FY2010

Financial Results Presentation



May 20, 2010

Keihan Electric Railway Co., Ltd.

(Tokyo Stock Exchange 1st/Osaka Securities 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 FY2010

Financial Results

Consolidated Statements of Income

(Millions of yen)

	2009/3	2010/3	Change	Main factors of changes	2009/11 Estimate
Operating revenue	260,766	254,761	(6,005) (-2.3%)	Transportation -2,821, Real estate +10,992, Retail -9,256, Leisure and service -1,134, Others -3,984	253,100
Operating income	14,687	13,766	(921) (-6.3%)	Transportation -624, Real estate +211, Retail +35, Leisure and service -799, Others +146	11,800
Ordinary income	10,967	9,200	(1,767) (-16.1%)	Non-operating income -560 (Interest income -47, Dividends income -186) Non-operating expenses +284 (Interest expenses +117)	7,100
Net income	7,401	4,498	(2,903) (-39.2%)	Extraordinary income -9,373 (Contribution for construction -9,029) Extraordinary loss -8,108 (Loss on reduction of fixed assets -7,493)	4,500

ROA	1.3%	0.8%	(0.5)	ROA: Net income to total assets	—
ROE	5.7%	3.5%	(2.2)	ROE: Net income to shareholders' equity	—
EBITDA	31,870	31,186	(683) (-2.1%)	EBITDA: Operating income + depreciation	29,000
Depreciation	17,182	17,420	238		17,200
Capital expenditures	39,419	43,853	4,434	Real estate +5,116, Leisure and service +4,281, Transportation -5,130	37,800

[Changes in scope of consolidation and application of the equity method (year-on-year)]

Consolidated subsidiaries: 41 companies (-4 companies): Keihan Fukui International Country Co., Ltd. (transfer of shares), Soil Engineering Co., Ltd. (liquidation), Keihan Building Co., Ltd., Keihan Bus Systems Co., Ltd. (merged into Keihan Electric Railway Co., Ltd.)

Equity method affiliates: 2 companies (No changes)

Consolidated Balance Sheets

(Millions of yen)

	2009/3	2010/3	Change	Main factors of changes
Current assets	138,034	131,166	(6,868)	Notes and accounts receivable -3,595 Land and buildings for sale -2,318
Fixed assets	434,064	458,463	24,399	Property, plant and equipment (newly-purchased buildings, etc.) +23,834 Intangible fixed assets +967 Investments and other assets -403
Total assets	572,098	589,629	17,530	
Current liabilities	178,020	166,510	(11,509)	Current portion of bonds -10,883 Short-term bonds -4,000 Short-term loans +5,238
Long-term liabilities	262,749	290,066	27,317	Bonds +19,729 Long-term loans +9,853 Long-term accounts payable -3,249
Total liabilities	440,769	456,577	15,807	
Net assets	131,329	133,052	1,723	Retained earnings +1,602 *Equity capital ratio 22.2% (-0.4 pt)
Liabilities and net assets	572,098	589,629	17,530	

Interest-bearing debt at end of fiscal period	292,808	310,289	17,481	Loans payable +15,092 Bonds +8,845 Short-term bonds -4,000 Long-term accounts payable -2,456
Interest-bearing debt/EBITDA multiple (Times)	9.2	9.9	0.7	

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

Consolidated Statements of Cash Flows



(Millions of yen)

	2009/3	2010/3	Change	Main factors of changes
Operating cash flows	24,167	20,525	(3,642)	Income before income taxes -3,032 Changes in notes and accounts receivable -5,086 Changes in inventories +2,313
Investing cash flows	(31,926)	(34,660)	(2,734)	Proceeds from sales of fixed assets -6,836 Proceeds from contribution for construction +1,747 Purchase of fixed assets +1,336
Financing cash flows	17,342	14,113	(3,229)	Issuance and redemption of bonds +9,163 Net decrease in short-term bonds -8,000 Decrease in loans payable -4,006
Net increase (decrease) in cash and cash equivalents	9,584	(22)	(9,606)	
Cash and cash equivalents at end of fiscal period	29,018	28,996	(22)	

Segment Information

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	2009/11 Estimate
Operating revenue	260,766	254,761	(6,005)	(2.3)	253,100
Transportation	86,665	83,843	(2,821)	(3.3)	84,100
Real estate	33,416	44,408	10,992	32.9	41,000
Retail	103,921	94,665	(9,256)	(8.9)	96,000
Leisure and service	37,673	36,538	(1,134)	(3.0)	37,200
Others	15,017	11,033	(3,984)	(26.5)	10,700
Elimination	(15,927)	(15,727)	199	—	(15,900)

Operating income	14,687	13,766	(921)	(6.3)	11,800
Transportation	6,751	6,127	(624)	(9.3)	5,300
Real estate	7,346	7,557	211	2.9	7,000
Retail	947	982	35	3.7	500
Leisure and service	(58)	(857)	(799)	—	(600)
Others	(178)	(31)	146	—	(400)
Elimination	(120)	(11)	108	—	0

Results of Transportation

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Remarks	2009/11 Estimate
Operating revenue	86,665	83,843	(2,821)	(3.3)	Railway operation 56,448 (-1,075) Bus 23,889 (-1,007) Taxi 4,244 (-745)	84,100
Operating income	6,751	6,127	(624)	(9.3)	Railway operation 6,250 (-351) Bus -247 (-191) Taxi -19 (+36)	5,300
Depreciation	11,126	10,990	(136)	(1.2)		—
Capital expenditures	15,286	10,156	(5,130)	(33.6)	2009/3: New train model of 3000 Series	—

- Due to the outbreak of H1N1 Flu: decreased revenue in Railway operation: more than approx. 400 million yen
decreased revenue in Bus: approx. 180 million yen
- Due to the reduced expressway tolls: decreased revenue in Bus: approx. 130 million yen
- Railway usage charge of Nakanoshima line +1,300 million yen
- Due to the lower unit cost of fuel: fuel charge in Bus and Taxi -510 million yen

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

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	2009/3	2010/3	Change	Change (%)	2009/3	2010/3	Change	Change (%)
Commuter passes	145,709	140,435	(5,274)	(3.6)	17,233	16,565	(667)	(3.9)
Non-commuter passes	144,183	143,316	(866)	(0.6)	34,161	33,937	(223)	(0.7)
Carriage on parcels	—	—	—	—	1	1	(0)	(2.9)
Total	289,893	283,751	(6,141)	(2.1)	51,395	50,504	(891)	(1.7)

*Nakanoshima line (Passengers only using Nakanoshima line): Number of passengers 8,607 thousand people (+4,585 thousand people)
Passenger transportation revenue 778 million yen (+403 million yen)

Results of Real Estate

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Remarks	2009/11 Estimate
Operating revenue	33,416	44,408	10,992	32.9	Real estate sales 28,685 (+9,954) Real estate leasing service 16,623 (+875)	41,000
Operating income	7,346	7,557	211	2.9	Real estate sales 667 (-831) Real estate leasing service 6,849 (+1,006)	7,000
Depreciation	3,560	3,808	248	7.0		—
Capital expenditures	21,332	26,448	5,116	24.0	2010/3: INTAGE Akihabara Building 2009/3: Keihan Dojima Building, Keihan Otemachi Building	—

- Valuation loss of land and buildings for sale: 1,186 million yen (+1,073 million yen) (Recorded as cost of sales)

<< Main condominium buildings for sale >>

Name	Sales amount	Number of units sold	Location
N4. TOWER	6,700	331	Nakanoshima 4-chome, Kita ward, Osaka city
REFFINEZ NISHINOMIYA KITAGUCHI	3,035	111	Nishinomiya city, Hyogo
Fine Residence Yokohama Katakura Park Premier	2,766	72	Kanagawa ward, Yokohama city
Keihan East Rose Town Fine Garden Square	1,199	81	Kyotanabe city and Yawata city, Kyoto

<< New leasing properties >>

Name	Acquired date	Location
INTAGE Akihabara Building	September 2009	Chiyoda ward, Tokyo
Keihan Otemachi Building	March 2009	Chiyoda ward, Tokyo
Keihan Dojima Building	September 2008	Kita ward, Osaka city

Results of Retail

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Remarks	2009/11 Estimate
Operating revenue	103,921	94,665	(9,256)	(8.9)	Department store 50,253 (-3,140) Store 29,646 (-561) Shopping mall management 10,518 (-3) Construction material sales 6,857 (-5,762)	96,000
Operating income	947	982	35	3.7	Department store 61 (-58) Store 291 (-46) Shopping mall management 631 (+99) Construction material sales -27 (+41)	500
Depreciation	1,048	1,029	(18)	(1.8)		—
Capital expenditures	683	685	2	0.3		—

<< New Properties >>

Name	Opening date	Location
UNIQLO Nankai Namba Station Store	October 16, 2009	Chuo ward, Osaka city
SWEETS BOX Nankai Namba Station Store	October 15, 2009	Chuo ward, Osaka city
UNIQLO Namba Walk Store	August 28, 2009	Chuo ward, Osaka city
UNIQLO Keihan Hirakata Store	July 24, 2009	Hirakata city, Osaka
An3 Gotenyama Store	July 13, 2009	Hirakata city, Osaka
SWEETS BOX JR Kyoto Station Store	April 23, 2009	Shimogyo ward, Kyoto city
KiKi Kyobashi	November 28, 2008	Miyakojima ward, Osaka city
UNIQLO Kyoto Station Hachijyo-Guchi Store	October 9, 2008	Shimogyo ward, Kyoto city

<< Sales of Department Store >>

(Millions of yen)

Store	Sales amount	Change
Moriguchi Store	25,500	(1,889)
Kuzuha Store	9,890	(297)
Kyobashi Store	7,821	(310)
Hirakata Store	6,440	(189)
Miscellaneous revenue	599	(452)
Total	50,253	(3,140)

<< Sales of Store >>

(Millions of yen)

Division	Sales amount	Change
Store	13,111	(725)
Convenience store	5,840	(209)
Kiosk	1,070	(143)
Station business	8,654	482
Miscellaneous revenue	970	34
Total	29,646	(561)

* Station Business

UNIQLO retail stores 1,705 (+711)

Results of Leisure and Service

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Remarks	2009/11 Estimate
Operating revenue	37,673	36,538	(1,134)	(3.0)	Hotel 17,693 (+118) Restaurant 7,663 (-215) Sightseeing ship 2,583 (-270) Automobile maintenance service 1,969 (-393) Welfare for elderly and nursing care 1,362 (+211)	37,200
Operating income	(58)	(857)	(799)	-	Hotel -477 (-377) Restaurant -154 (-194) Sightseeing ship 146 (-6) Automobile maintenance service 107 (-48) Welfare for elderly and nursing care -178 (-214)	(600)
Depreciation	1,298	1,505	207	16.0		-
Capital expenditures	2,080	6,361	4,281	205.8	2010/3: Hotel Keihan Asakusa Rose Life Takanohara	-

<< Room availability >>

		2009/3	2010/3	Change			2009/3	2010/3	Change
Hotel Keihan	Kyobashi	86.2%	84.6%	(1.6)	Hotel Keihan	Universal Tower	48.8%	61.2%	12.4
	Temmabashi	79.9%	72.6%	(7.3)		Sapporo	-	76.7%	76.7
	Kyoto	92.2%	86.6%	(5.6)		Asakusa	-	79.8%	79.8
	Universal City	66.1%	66.6%	0.5					
Biwako Hotel		77.1%	71.6%	(5.5)	Kyoto Tower Hotel		83.3%	88.1%	4.8

Opened on June 6, 2009

Opened on November 21, 2009

<< Welfare for elderly and nursing care >>

Name	Opening date	Location
Rose Life Takanohara	November 1, 2009	Kizugawa city, Kyoto
Moriguchi Day Service Center	May 1, 2009	Moriguchi city, Osaka

Results of Others

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Remarks	2009/11 Estimate
Operating revenue	15,017	11,033	(3,984)	(26.5)	Utility work 7,215 (-3,022) Landscaping 2,475 (+214) Survey and design 2,647 (-573)	10,700
Operating income	(178)	(31)	146	–	Utility work 116 (-185) Landscaping 86 (+53) Survey and design 78 (+53)	(400)
Depreciation	149	86	(62)	(42.0)		–
Capital expenditures	76	217	141	185.3		–

Non-consolidated Statements of Income

(Millions of yen)

	2009/3	2010/3	Change	Change (%)	Main factors of changes	2009/11 Estimate
Operating revenue	76,926	73,400	(3,525)	(4.6)		74,200
Railway operation	54,886	53,909	(976)	(1.8)	Number of passengers -2.1% Passenger transportation revenue -1.7%	54,130
Subsidiary business	22,040	19,491	(2,548)	(11.6)		20,070
Real estate sales	7,826	4,111	(3,715)	(47.5)		4,570
Real estate leasing service	11,925	13,133	1,208	10.1		13,130
Leisure	2,288	2,246	(42)	(1.8)	Number of visitors in Hirakata Park -5.7%	2,370
Operating income	12,241	11,922	(318)	(2.6)		10,760
Railway operation	6,390	6,101	(288)	(4.5)		5,310
Subsidiary business	5,851	5,821	(30)	(0.5)		5,450
Real estate sales	738	(341)	(1,080)	-		(270)
Real estate leasing service	5,544	6,526	981	17.7		6,160
Leisure	(432)	(363)	68	-		(440)
Ordinary income	9,562	6,857	(2,705)	(28.3)	Non-operating income -838 (Dividend income -474) Non-operating expenses +1,547 (Provision for loss on guarantees +1,289)	6,980
Net income	5,089	5,176	86	1.7	Extraordinary income -9,120 (Contribution for construction -8,858) Extraordinary loss -11,321 (Reduction entry of land contribution for construction -7,419)	6,030



Business Results Forecast of FY2011



Forecast of Consolidated Business Results (1)

(Millions of yen)

	FY2010 Results	FY2011 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	254,761	252,200	(2,561)	(1.0)	Real estate -4,835 Retail 1,809
Operating income	13,766	13,500	(266)	(1.9)	Transportation -580 Real estate -458 Leisure and service 1,059
Ordinary income	9,200	8,300	(900)	(9.8)	Non-operating income -263 Non-operating expenses +371
Net income	4,498	4,900	401	8.9	Extraordinary income -935 Extraordinary loss -2,154

Capital expenditures	43,853	36,100	(7,753)	(17.7)	[Breakdown of capital expenditures] Transportation 16,700 (+3,791) Real estate 13,900 (-12,652) Retail 4,500 (+3,646) Leisure and service 500 (-3,361) Corporate, etc. 500 (+823)
Depreciation	17,420	17,700	279	1.6	
EBITDA	31,186	31,200	13	0.0	
Interest-bearing debt	310,289	317,400	7,110	2.3	<< Main capital expenditures for FY2011 >> (Transportation) Investment on our railway 10,733 (Real estate) Investment on our real estate 13,900 (Retail) Keihan Department Suminodo Store 1,629
Interest-bearing debt / EBITDA multiple (Times)	9.9	10.2	0.3	-	

* Since new accounting standards for disclosing segment information will be applied from FY2011, both the results for FY2010 and the forecast for FY2011 have been revised according to the new segment classification.

Forecast of Consolidated Business Results (2)

<< By segment >>

(Millions of yen)

	FY2010 Results	FY2011 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	254,761	252,200	(2,561)	(1.0)	
Transportation	96,543	96,500	(43)	(0.0)	Railway operation -549 Station service management +261
Real estate	53,335	48,500	(4,835)	(9.1)	Real estate sales -4,998 Real estate leasing service +127
Retail	93,290	95,100	1,809	1.9	Department store +1,403 Store +134
Leisure and service	22,485	23,100	614	2.7	Hotel +698
Others	1,249	1,200	(49)	(3.9)	
Elimination	(12,143)	(12,200)	(56)	-	

Operating income	13,766	13,500	(266)	(1.9)	
Transportation	5,980	5,400	(580)	(9.7)	Railway operation -797 Station service management +165
Real estate	7,458	7,000	(458)	(6.1)	Real estate sales -335 Real estate leasing service +11
Retail	1,057	800	(257)	(24.3)	Department store +132 Store -195
Leisure and service	(359)	700	1,059	-	Hotel +871
Others	(359)	(400)	(40)	-	
Elimination	(11)	0	11	-	

Forecast of Non-Consolidated Business Results



(Millions of yen)

	FY2010 Results	FY2011 Forecast	Change	Change (%)	Main factors of changes
Operating revenue	73,400	74,300	899	1.2	
Railway operation	53,909	53,240	(669)	(1.2)	Number of passengers -0.9% Passenger transportation revenue -1.0%
Subsidiary business	19,491	21,060	1,568	8.0	
Real estate sales	4,111	5,100	988	24.1	
Real estate leasing service	13,133	13,600	466	3.6	
Leisure	2,246	2,360	113	5.0	
Operating income	11,922	10,980	(942)	(7.9)	
Railway operation	6,101	5,210	(891)	(14.6)	
Subsidiary business	5,821	5,770	(51)	(0.9)	
Real estate sales	(341)	(470)	(128)	-	
Real estate leasing service	6,526	6,580	53	0.8	
Leisure	(363)	(340)	23	-	
Ordinary income	6,857	7,040	182	2.7	Non-operating income -172 Non-operating expenses -1,298
Net income	5,176	4,400	(776)	(15.0)	Extraordinary income -1,449 Extraordinary loss -839

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

	Number of passengers (Thousands of people)				Passenger transportation revenue (Millions of yen)			
	FY2010 Results	FY2011 Forecast	Change	Change (%)	FY2010 Results	FY2011 Forecast	Change	Change (%)
Commuter passes	140,435	138,025	(2,410)	(1.7)	16,565	16,174	(391)	(2.4)
Non-commuter passes	143,316	143,237	(80)	(0.1)	33,937	33,843	(94)	(0.3)
Carriage on parcels	-	-	-	-	1	1	(0)	(1.2)
Total	283,751	281,262	(2,490)	(0.9)	50,504	50,018	(486)	(1.0)

TOPICS

**Towards the Next 100 Years with a
‘Progressive Spirit’**

Towards the Next 100 Years

~ Learn the Spirit of Business Creation and Starting Period



□ Addressing the efforts toward Environmental Conservation, Social Contribution, and Coexistence with Communities.

[Efforts with local governments in our area]

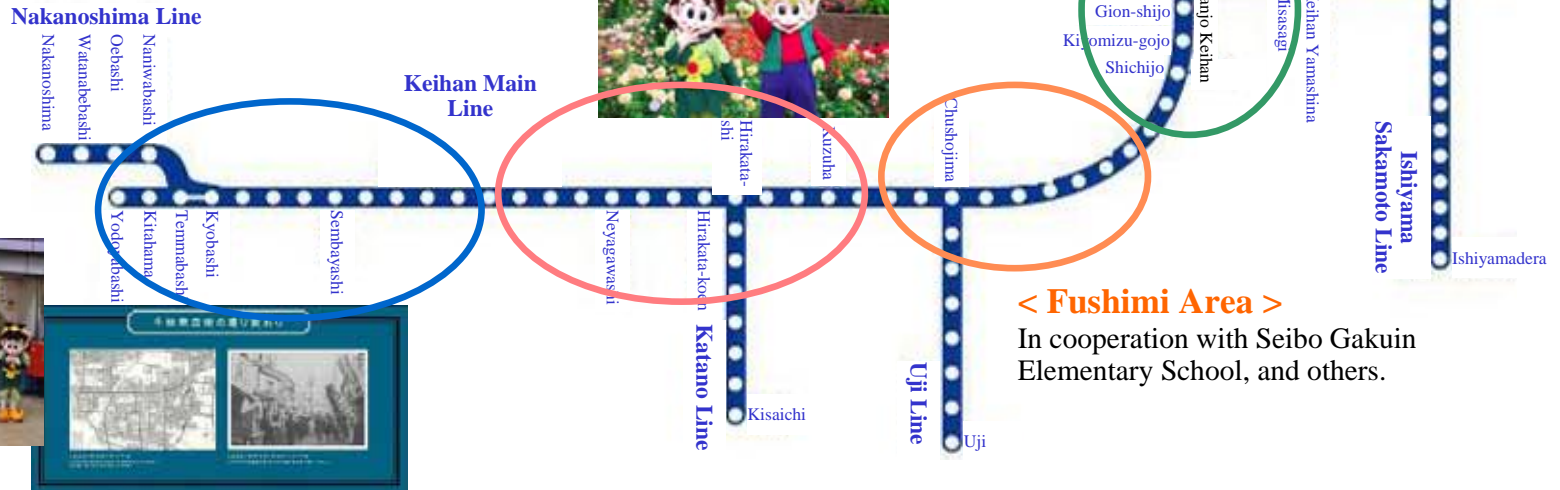
< Osaka Area >

In cooperation with Asahi ward of Osaka city, Asahi ward Shopping Streets Association, Sembayashi shopping street, Josho Gakuen, Osaka Institute of Technology, and others.



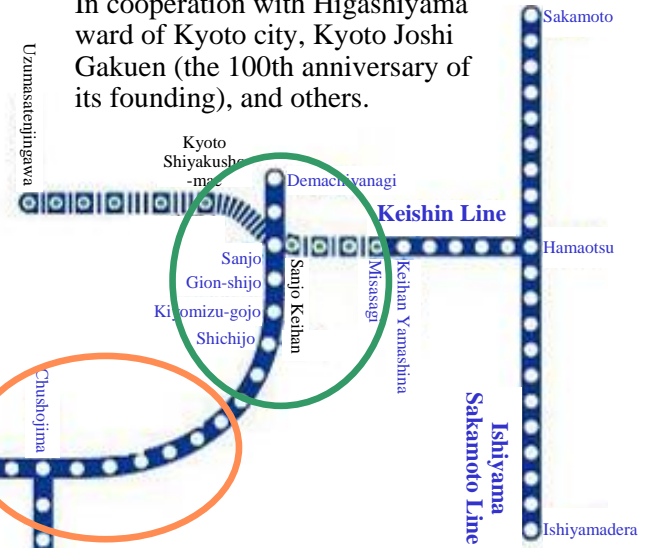
< Hirakata Area >

In cooperation with Neyagawa city, Neyagawa High School (the 100th anniversary of its founding), Hirakata city, and others.



< Kyoto Area >

In cooperation with Higashiyama ward of Kyoto city, Kyoto Joshi Gakuen (the 100th anniversary of its founding), and others.



< Fushimi Area >

In cooperation with Seibo Gakuin Elementary School, and others.

[Kohri Hyakunen-Zakura (Kohri Centennial Cherry Blossoms)]

We have planted 100 cherry trees for our 100th railway-opening anniversary within the Naritasan Osaka Betsuin site. We will work to realize the dream of our founders to make this area famous as a cherry blossom viewing spot, and also improve the attractiveness of the Keihan domain area.

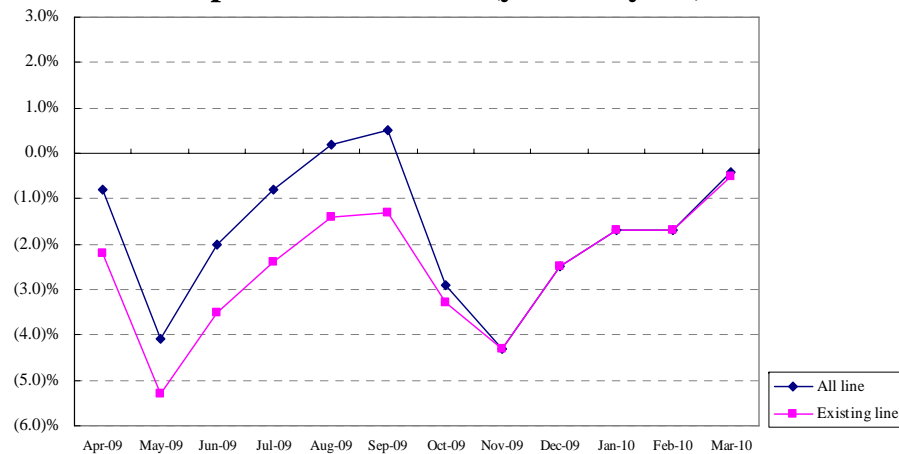


Current Challenges and Policies

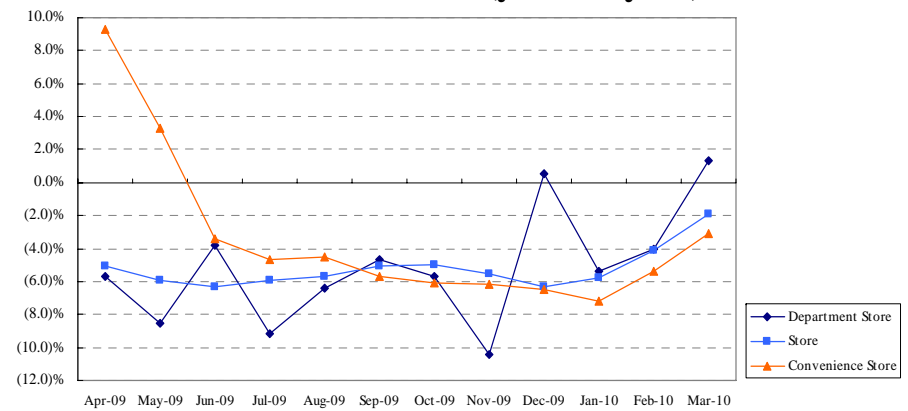
Current state

Severe year-on-year losses in transportation revenue and retail and hotel sales are continuing, but in early 2010 signs of business recovery were visible along with the Kansai economic recovery.

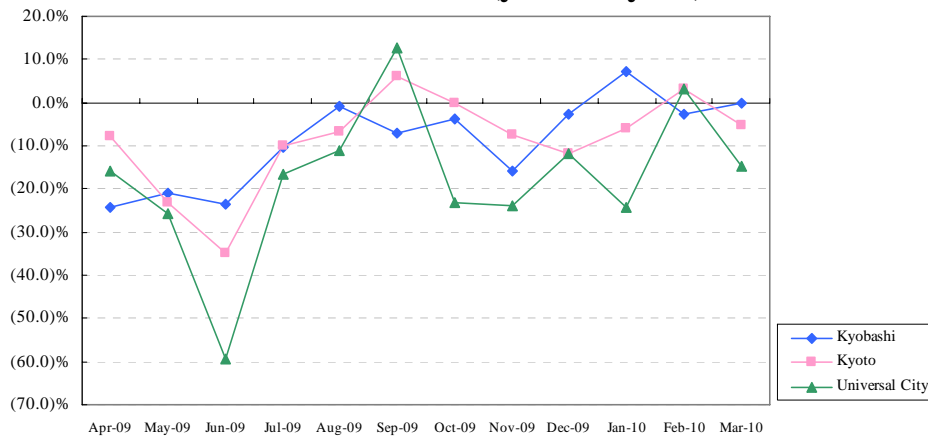
Transportation revenue (year-on-year)



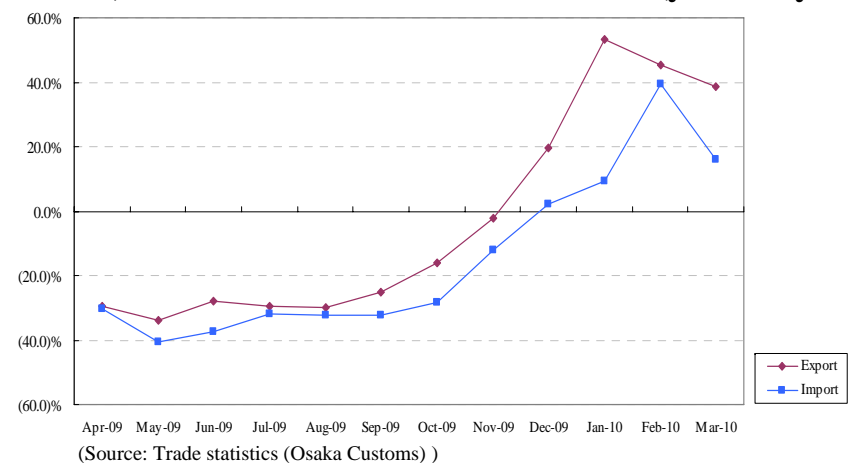
Sales for retail business (year-on-year)



Sales for Hotel Keihan (year-on-year)



(Reference) Trade statistics in Osaka Customs (year-on-year)



**Our business is on track for recovery,
but the impact of the economic recession will continue.**



To adequately correspond to our business changes,
we will focus on establishing a robust business base.

First, we will prioritize the system so as to better endure the severe business environment (i.e. fortify our core business).



We will put our business back on the path of realizing the growth for
our vision as early as possible.

Positioning of Our Business and Prioritized Measures in FY2011



Positioning of Our Business in FY2011

Placing more emphasis on establishing a robust business base.

We will invest in future growth by paying attention to the recovery of earning ability for existing businesses (operating cash flow) and changes in financial health.

Prioritized Measures in FY2011

Enforcement of Business Base	Distinction and concentration of business and assets Reorganization and integration for management efficiency Reinforcement of profitability Promotion of efficiency measures	▶	We are promoting our core businesses, especially railways, department stores, and hotels.
Realization of Growth	Establishment of future revenue base -- Efforts to acquire new real estate for leasing Promotion of the area strategy (Nakanoshima, Kyoto, Kuzuha)	▶	We will invest in future growth by paying attention to changes in financial health.

Security Measures

Establishing the overhead crossing near Yodo Station
Adequate operation of our security management system
Reinforcement of check functions and implementation of training
Adequate facility investment plan (Renewal, new construction, etc.)

Service Improvement

Implementation of IC card cooperative service with JR WEST

JR WEST began sales of ICOCA passes for transfer between JR WEST and Keihan Lines in May 2010.

Keihan Railways will start selling these passes by the end of 2011.

Barrier-free implementation

Renewal of 8000 series express trains

Provision of barrier-free access, smooth boarding/deboarding, and superior comfort inside the trains

Expanding the inner station business

Improvement of Profitability and Efficiency

Promoting short-term efficiency

Reducing labor and repair costs

Reviewing the cost structure from both mid- and long-term viewpoints

To establish an efficient operation system, we are reviewing the personnel arrangement and formulating zero-based business improvement measures.

Aggressive promotion of passenger invitation measures

- Sales of special tickets in cooperation with other companies
- Promotion of park & ride and cycle & ride systems

Accepted and started the Kyoto-City Transportation Bureau station business

Accepted seven station businesses in total: 3 in FY2011, 2 in FY2012, and 2 in FY2013

Enforcement of Business Base (Department store)



Management Environment

Steep decline in operating revenue

- Operating revenue in FY2010: 10.6% decrease from FY2008
- In the FY2010 account settlement, we posted on impairment loss on Moriguchi Store assets.
Extraordinary losses: 740 million yen

Business challenges and correspondence

Response to declining operating revenue

Improvement of break-even point by reducing operating expenses

- Large reduction of labor costs (reduction of bonuses, efficient personnel arrangement, etc.)
- Absorption of labor costs through opening the Suminodo Store with existing personnel (Autumn 2010)
- Improvement of gross profit margin of the directly-managed fresh food sales space (Loss reduction, review of purchasing method, etc.)

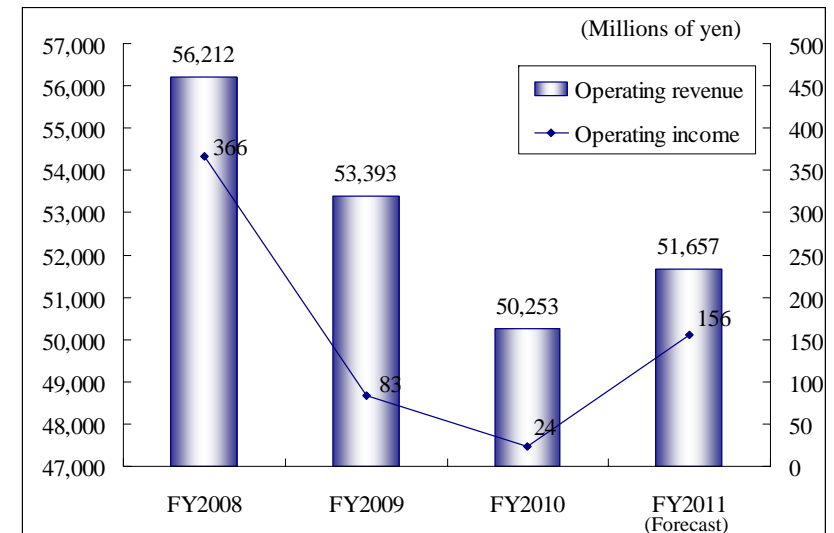
Response to greatly expanding the sales space in urban department stores (Problem for 2011)

MD reconstruction taking advantage of the store nearest the location

- Large-scale renewal of sales space

Moriguchi Store: Reconstructing the ladies fashion section, centered on a large cosmetics zone with 12 brands newly introduced
⇒ Targeting ladies in their 30s and 40s in the Keihan domain area

Kyobashi Store: Six new brands to be targeted at female office workers ⇒ Strengthening fashion sensitivity and price responsiveness



* Suminodo Store (tentative name) is included for the calculation of FY2011 (Forecast).

Enforcement of Business Base (Hotel)

Changes in External Environment

- Declining business and leisure demands due to the economic recession
- Decreasing inbound traffic due to the global recession and yen appreciation
- Falling room charge due to fierce competition
 - ⇒ Although there have been slight signs of recovery in room availability, the room charge recovery is expected to take time.

Income and expenditure improvement measures

Fortification of sales activities

- **Fortification of attracting more visitors via the Web site**
- **Fortification of inbound sales, agent sales, and group lodging sales**
- **Promotion of loyal customer membership measures**
 - Private: Member's club (Started member recruitment in June 2009)
 - Corporate: Special corporate membership (Started member recruitment in September 2009)



Cost reduction and improving business efficiency

Promotion of standardization and business efficiency improvement for the hotel management system (Chain operation)

Enforcement of Business Base

Distinction and concentration of business and assets

- Dissolution: Soil Engineering Co., Ltd. (April 2009)
- Transfer of shares: Keihan Fukui International Country Co., Ltd. (August 2009)
- Transfer of Business: Daisen Lake Hotel (March 2010)

Reorganization and integration for management efficiency

- Merger by absorption of Keihan Building Co., Ltd. and Keihan Bus Systems Co., Ltd. (October 2009)
- Reorganization of three restaurant business companies (April 2010)
 - Merger by absorption of Keihan Ever Nice Co., Ltd. into Keihan Restaurant Co., Ltd.
 - Division by absorption of stores directly managed by Juicer Bar Corporation Co., Ltd. into Keihan Restaurant Co., Ltd.
 - ⇒ Juicer Bar Corporation Co., Ltd. has concentrated on the franchiser.

Considering competitiveness and future potential, we will continue to aggressively promote such activities.

Reinforcement of profitability

- Expansion of existing station stores and opening new stores
 - Expansion of store space in the Tambabashi Station area
 - New stores opened: 3 UNIQLO stores and 3 SWEETS BOX stores (Results in FY2010: 3 stores for UNIQLO and 2 stores for SWEETS BOX)
- Cooperation with events and promotion of town-development in Nakanoshima area

Realization of Growth

Real estate

Acquisition of new lease properties

We plan to acquire new leasing properties in order to forge a management base for future growth and stability while closely examining such properties.



Keihan Dojima Building



INTAGE Akihabara Building

Promotion of new condominium sales

- Participation in building reconstruction for the Senri Momoyamadai 2nd housing complex

We will learn various skills through participation in the reconstruction project.

[Property summary]

Number of units for sale: 798

Completion and delivery: in 2011/2012 (planned)

- Condominium sales in Morinomiya-cho, Chuo ward, Osaka city

[Property summary]

Number of units for sale: to be determined

Completion and delivery: after 2012 (planned)



Realization of Growth

Retail

Expansion of commercial property management business

We have accepted on trust the operation and property management for “Hawks Town Mall” and will work on this project with an eye to renewal.

We will continue to acquire property management business for 10 domestic facilities of the same class.



[Summary of accepted facility]

Location: 2-2-1 Jigyohama, Chuo ward, Fukuoka city
 Store area: Approx. 45,000m²
 Number of tenants: Approx. 100 stores
 Opening date: April 2000

[Acceptance summary]

Acceptance starting date: April 19, 2010
 Business entruster: Hawks Town Corporation
 Business content: Facility management and operation, tenant leasing, reporting, etc.

Keihan Department Suminodo Store (tentative name) is to be opened in Autumn 2010.

As a core tenant department store within a shopping center, we will aim for it to become a community-based store with emphasis on supplying daily needs in a friendly and festive atmosphere, while maintaining high quality standards.

=>We will develop a highly profitable model that can also be applied to other existing stores.

