

FY2016
(Fiscal year ended March 31, 2016)
Financial Results Presentation



May 13, 2016

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 FY2016
Financial Results



Consolidated Statements of Income



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Main factors of changes | October 2015 Estimate |
|--|-------------------|-------------------|------------------|---|--------------------------|
| Operating revenue | 294,906 | 300,188 | 5,282 (1.8%) | Transportation +3,221, Real estate -421, Retail +674, Leisure and service +2,052, Others +48 | 299,600 |
| Operating income | 29,437 | 31,524 | 2,086 (7.1%) | Transportation +2,106, Real estate -869, Retail -334, Leisure and service +1,300, Others -7 | 28,200 |
| Ordinary income | 27,435 | 28,461 | 1,025 (3.7%) | Non-operating income -664 (Equity in net income of affiliates -1,156, Miscellaneous income +347) Non-operating expenses +397, Interest expenses -349, Miscellaneous expenses +746) | 24,700 |
| Profit attributable to owners of parent | 17,864 | 22,385 | 4,521 (25.3%) | Extraordinary income -13,040 (Contribution for construction -17,775, Gain on bargain purchase +4,368) Extraordinary losses -17,445 (Loss on reduction of non-current assets -16,925, Impairment loss -1,651, Loss on sales of non- current assets -1,614, Loss on step acquisitions +2,119) | 19,200 |

| | | | | | |
|----------------------|--------|--------|-------------------|---|--------|
| ROA | 4.4% | 4.7% | 0.3pt | ROA: Operating income to total assets | — |
| ROE | 10.1% | 11.9% | 1.8pt | ROE: Net income to shareholders' equity | — |
| Capital expenditures | 15,878 | 31,398 | 15,520 (97.7%) | | 45,200 |
| Depreciation | 17,107 | 17,571 | 463 (2.7%) | | 17,600 |
| EBITDA | 46,545 | 49,095 | 2,550 (5.5%) | EBITDA: Operating income + Depreciation | 45,800 |

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

Consolidated subsidiaries: 41 companies (+ 1 company): (New) 2 companies—Osaka Merchandise Mart Corporation (additional purchase of the company's shares), and Keihan Electric Railway Split Preparation (establishment)

Eliminated: 1 company—Juicer Bar Corporation (merged with Keihan Restaurant)

Equity method affiliates: 1 company (- 1 company): (Eliminated) 1 company—Osaka Merchandise Mart Corporation (made into a consolidated subsidiary as a result of the additional purchase of the company's shares)

Consolidated Balance Sheets



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Main factors of changes |
|---|-------------------|-------------------|--------------|---|
| Current assets | 171,449 | 168,510 | -2,938 | Notes and accounts receivable -7,190, Other current assets +4,455 |
| Non-current assets | 492,787 | 501,822 | 9,035 | Buildings and structures +11,044, Land +7,194, Construction in progress +3,957, Investment securities -7,399, Investments in capital -5,130 |
| Total assets | 664,236 | 670,333 | 6,096 | |
| Current liabilities | 192,141 | 152,337 | -39,803 | Short-term loans -37,325, Consumption taxes payable -4,739, Advances received -2,196, Short-term bonds +5,000 |
| Long-term liabilities | 281,581 | 326,204 | 44,623 | Long-term loans +27,196, Bonds +19,853 |
| Total liabilities | 473,722 | 478,542 | 4,819 | |
| Net assets | 190,513 | 191,790 | 1,277 | Retained earnings +18,578, Treasury shares -15,702 * Equity capital ratio 28.2% (-0.1 pt) |
| Total liabilities and net assets | 664,236 | 670,333 | 6,096 | |

| | | | | |
|---|---------|---------|--------|--|
| Interest-bearing debt at end of fiscal period | 311,010 | 325,714 | 14,703 | Bonds +19,847, Short-term bonds +5,000, Loans payable -10,128 |
| Interest-bearing debt/EBITDA multiple (Times) | 6.68 | 6.63 | -0.05 | |
| Net interest-bearing debt/EBITDA multiple (Times) | 6.11 | 6.12 | 0.01 | |

* Interest-bearing debts: Loans payable + bonds + short-term bonds + long-term accounts payable to the Japan Railway Construction, Transport and Technology Agency (JRJT)

Consolidated Statements of Cash Flows



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Main factors of changes |
|--|-------------------|-------------------|---------|---|
| Cash flows from operating activities | 21,459 | 36,334 | 14,875 | Income before income taxes +5,429 Decrease in inventories +18,577 Decrease in notes and accounts receivable-trade +11,376 Decrease in consumption taxes payable -9,341 |
| Cash flows from investing activities | -4,473 | -27,750 | -23,276 | Decrease in income due to sale of non-current assets -15,419 Increase in expenses due to purchase of non-current assets -8,784 |
| Cash flows from financing activities | -16,275 | -5,768 | 10,506 | Increase in bonds +30,018 Increase in short-term bonds +5,000 Purchase of treasury shares -15,656 Decrease in loans payable -10,922 |
| Net increase (decrease) in cash and cash equivalents | 710 | 2,816 | 2,105 | |
| Cash and cash equivalents at beginning of current period | 25,831 | 26,552 | 720 | |
| Increase in cash and cash equivalents from merger with non-consolidated subsidiary | 10 | 4 | -5 | |
| Cash and cash equivalents at end of fiscal period | 26,552 | 29,372 | 2,820 | |

Segment Information



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Change (%) | October 2015 Estimate |
|---------------------|----------------|----------------|--------|------------|-----------------------|
| Operating revenue | 294,906 | 300,188 | 5,282 | 1.8% | 299,600 |
| Transportation | 90,341 | 93,562 | 3,221 | 3.6% | 92,000 |
| Real estate | 89,454 | 89,033 | -421 | -0.5% | 89,100 |
| Retail | 98,200 | 98,875 | 674 | 0.7% | 101,000 |
| Leisure and service | 29,761 | 31,813 | 2,052 | 6.9% | 30,800 |
| Others | 1,707 | 1,755 | 48 | 2.8% | 1,700 |
| Elimination | -14,559 | -14,852 | -292 | — | -15,000 |
| Operating income | 29,437 | 31,524 | 2,086 | 7.1% | 28,200 |
| Transportation | 8,086 | 10,193 | 2,106 | 26.0% | 8,400 |
| Real estate | 14,752 | 13,882 | -869 | -5.9% | 13,100 |
| Retail | 3,161 | 2,826 | -334 | -10.6% | 2,500 |
| Leisure and service | 3,299 | 4,599 | 1,300 | 39.4% | 4,200 |
| Others | -4 | -12 | -7 | — | 0 |
| Elimination | 142 | 34 | -108 | — | 0 |

(Note) Effective from the reported consolidated accounting year, Biomarket Co., Ltd. has been transferred from the “Others” segment to the “Retail” segment due to a change in segment classification. The above comparison is therefore made using the FY2015 figures that are recalculated according to the new segment classification.

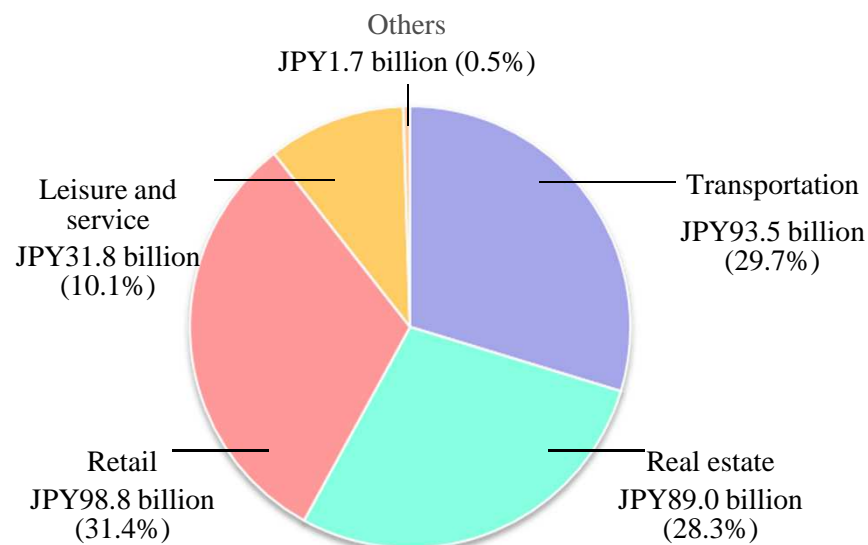
Segment Information (Breakdown)

[Consolidated subsidiaries] 42 companies (Keihan Electric Railway is included in both the transportation business and the real estate business)

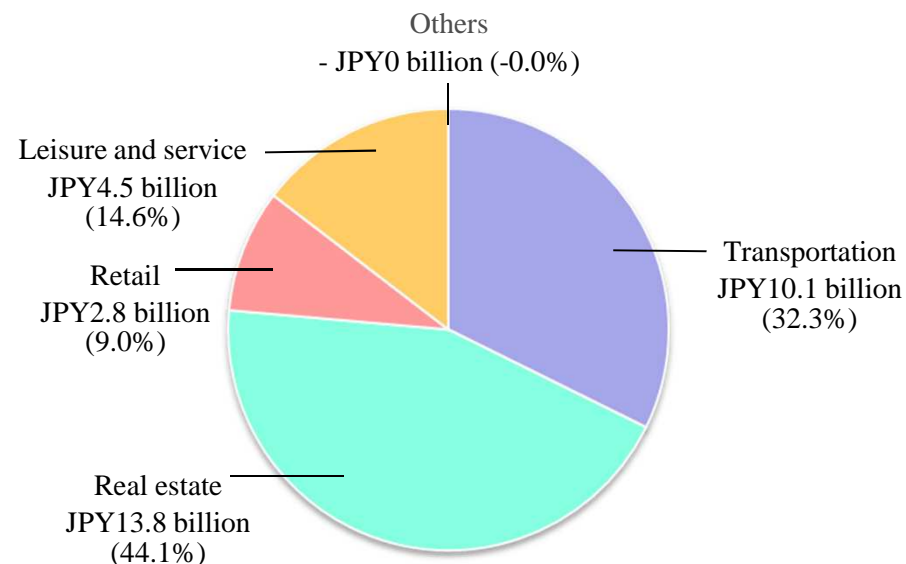
[Equity method affiliates] 1 company

| | |
|---------------------|--|
| Transportation | Keihan Electric Railway Co., Ltd., Keifuku Electric Railroad Co., Ltd., Keihan Bus Co., Ltd., and 14 other companies |
| Real estate | Keihan Electric Railway Co., Ltd., Keihan Dentetsu Real Estate Co., Ltd., Keihan Asset Management Co., Ltd, Osaka Merchandise Mart Corporation and 6 other companies |
| Retail | 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., 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)

| | FY2015 Results | FY2016 Results | Change | Change (%) | Main factors of changes | October 2015 Estimate |
|----------------------|-------------------|-------------------|--------|------------|---|--------------------------|
| Operating revenue | 90,341 | 93,562 | 3,221 | 3.6% | Railway 77,627 (+2,918) Bus 27,039 (+285) Elimination -11,103 (+17) | 92,000 |
| Operating income | 8,086 | 10,193 | 2,106 | 26.0% | Railway 8,965 (+1,601) Bus 1,136 (+501) | 8,400 |
| Depreciation | 10,468 | 10,788 | 320 | 3.1% | | — |
| Capital expenditures | 11,601 | 12,749 | 1,148 | 9.9% | | — |

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

| | Number of passengers (Thousands of people) | | | | Passenger transportation revenue (Millions of yen) | | | |
|---------------------|---|-------------------|--------|---------------|---|-------------------|--------|---------------|
| | FY2015 Results | FY2016 Results | Change | Change (%) | FY2015 Results | FY2016 Results | Change | Change (%) |
| Non-commuter passes | 144,509 | 149,616 | 5,107 | 3.5 | 33,593 | 34,615 | 1,021 | 3.0 |
| Commuter passes | 136,279 | 138,757 | 2,478 | 1.8 | 15,831 | 16,115 | 284 | 1.8 |
| Total | 280,788 | 288,374 | 7,586 | 2.7 | 49,425 | 50,731 | 1,306 | 2.6 |

Results of Real Estate



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Change (%) | Main factors of changes | October 2015 Estimate |
|----------------------|----------------|----------------|--------|------------|--|-----------------------|
| Operating revenue | 89,454 | 89,033 | -421 | -0.5% | Real estate 72,285 (-1,127) Construction 21,535 (+1,900) Elimination -4,788 (-1,193) | 89,100 |
| Operating income | 14,752 | 13,882 | -869 | -5.9% | Real estate 13,352 (-1,023) Construction 442 (+66) | 13,100 |
| Depreciation | 4,242 | 4,333 | 91 | 2.2% | | — |
| Capital expenditures | 2,351 | 13,392 | 11,040 | 469.5% | 2016/03 Construction of Keihan Yodo Logistics Yard and others | — |

<<Results by business>>

(Millions of yen)

| | Operating revenue | | | | Operating income | | | |
|-----------------------------|-------------------|----------------|--------|------------|------------------|----------------|--------|------------|
| | FY2015 Results | FY2016 Results | Change | Change (%) | FY2015 Results | FY2016 Results | Change | Change (%) |
| Real estate sales | 53,840 | 51,562 | -2,277 | -4.2% | 5,558 | 4,703 | -854 | -15.4% |
| Real estate leasing service | 16,926 | 17,971 | 1,045 | 6.2% | 8,643 | 8,454 | -188 | -2.2% |
| Other businesses | 2,646 | 2,751 | 105 | 4.0% | 174 | 194 | 19 | 11.1% |
| Total | 73,413 | 72,285 | -1,127 | -1.5% | 14,376 | 13,352 | -1,023 | -7.1% |

<<Main condominium buildings for sale>>

| | Sales amount (Millions of yen) | Number of units sold | Location |
|---|--------------------------------|----------------------|-------------------------|
| Oji Asukayama, The First Tower & Residence (Tower wing) | 5,574 | 218 | Kita-ku, Tokyo |
| The Kyoto Residence Shijo-Kawaramachi | 5,344 | 99 | Shimogyo-ku, Kyoto City |
| Fine Flats Minamimori-machi | 3,403 | 107 | Kita-ku, Osaka City |
| Fine Flats Tennoji Urbanex | 3,017 | 104 | Tennoji-ku, Osaka City |
| The Osaka Residence Umeda | 2,780 | 71 | Kita-ku, Osaka City |

Results of Retail



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Change (%) | Main factors of changes | October 2015 Estimate |
|----------------------|----------------|----------------|--------|------------|---|-----------------------|
| Operating revenue | 98,200 | 98,875 | 674 | 0.7% | Department store 51,016 (-1,567) Store 27,897 (+781) Shopping mall management 13,829 (-23) Others 9,093 (+1,546) | 101,000 |
| Operating income | 3,161 | 2,826 | -334 | -10.6% | Department store 1 (-506) Store 1,090 (+12) Shopping mall management 1,713 (+180) Others 73 (+17) | 2,500 |
| Depreciation | 1,348 | 1,284 | -63 | -4.7% | | — |
| Capital expenditures | 683 | 1,609 | 926 | 135.5% | | — |

<< Major New Stores >>

| Name | Opening date | Location |
|--|--------------------|-------------------------------|
| SWEETS BOX Subway Shin-osaka Store | March 30, 2016 | Yodogawa-ku, Osaka City |
| An3 Subway Shin-osaka Store | March 30, 2016 | Yodogawa-ku, Osaka City |
| SWEETS BOX Echika Ikebukuro Store | October 13, 2015 | Toshima-ku, Tokyo |
| SWEETS BOX Seibu Ikebukuro Store | September 28, 2015 | Toshima-ku, Tokyo |
| An3 Subway Yodoyabashi Store | September 28, 2015 | Chuo-ku, Osaka City |
| Jackson Beef Steak House | August 1, 2015 | Yawata City, Kyoto Prefecture |
| Juicer Bar Akihabara East-West Free Street Store | July 29, 2015 | Chiyoda-ku, Tokyo |
| MUJI com ekimo Umeda Store | July 17, 2015 | Kita-ku, Osaka City |
| Juicer Bar Yokohama Porta Store | April 29, 2015 | Nishi-ku, Yokohama City |

<< Main Stores Closed >>

| Name | Closing date | Location |
|---|------------------|----------------------------------|
| Udon Café Ashikari Amagasaki Q's Mall Store | January 11, 2016 | Amagasaki City, Hyogo Prefecture |
| Juicer Bar Yodobashi-Akiba Store | October 25, 2015 | Chiyoda-ku, Tokyo |
| Juicer Bar Meieki Termina Store | August 16, 2015 | Nakamura-ku, Nagoya City |
| Saint Marc Matsui-Yamate Store | June 30, 2015 | Yawata City, Kyoto Prefecture |

<< Sales of Department Store >>

(Millions of yen)

| Store | Sales amount | Change |
|-----------------------|--------------|--------|
| Moriguchi Store | 22,744 | 52 |
| Kuzuha Store | 10,167 | -182 |
| Kyobashi Store | 7,054 | -36 |
| Hirakata Store* | 5,600 | -1,126 |
| Suminodo Store | 4,856 | -291 |
| Miscellaneous revenue | 592 | 15 |
| Total | 51,016 | -1,567 |

* Hirakata Store was temporarily closed for renovation.

<< Sales of Store >>

(Millions of yen)

| Division | Sales amount | Change |
|-----------------------|--------------|--------|
| Store | 12,089 | 324 |
| CVS | 5,972 | 521 |
| Kiosks* | — | -519 |
| Station business | 8,238 | 363 |
| Miscellaneous revenue | 1,597 | 90 |
| Total | 27,897 | 781 |

* "Kiosks" have been changed into CVS.

Results of Leisure and Service

(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Change (%) | Main factors of changes | October 2015 Estimate |
|----------------------|----------------|----------------|--------|------------|---|-----------------------|
| Operating revenue | 29,761 | 31,813 | 2,052 | 6.9% | Hotel 27,705 (+1,883) Leisure 4,318 (+182) | 30,800 |
| Operating income | 3,299 | 4,599 | 1,300 | 39.4% | Hotel 4,521 (+1,106) Leisure 284 (+185) | 4,200 |
| Depreciation | 1,042 | 1,145 | 103 | 9.9% | | — |
| Capital expenditures | 1,223 | 3,924 | 2,701 | 220.8% | 2016/03: Guest room renovation and others | — |

<< Hotel occupancy rates >>

| | | FY2015 Results | FY2016 Results | Change | Number of rooms |
|---------------------|--------------------------|----------------|----------------|----------|-----------------|
| Hotel Keihan | Temmabashi | 95.2% | 88.6% | -6.6 pt | 315 |
| | Kyoto | 95.4% | 94.7% | -0.7 pt | 314 |
| | Universal Tower | 92.3% | 96.7% | 4.4 pt | 641 |
| | Universal City | 92.1% | 97.9% | 5.8 pt | 330 |
| | Kyobashi | 96.6% | 96.7% | 0.1 pt | 214 |
| | Sapporo | 97.0% | 95.8% | -1.2 pt | 200 |
| | Asakusa | 96.4% | 96.8% | 0.4 pt | 178 |
| Biwako Hotel | | 86.0% | 88.5% | 2.5 pt | 171 |
| Kyoto Tower | Kyoto Tower Hotel | 94.4% | 94.3% | -0.1 pt | 162 |
| | Kyoto Dai-ni Tower Hotel | 95.6% | 75.5% | -20.1 pt | — |
| | Kyoto Tower Hotel Annex | 98.2% | 96.9% | -1.3 pt | 122 |
| Kyoto Century Hotel | | 93.1% | 74.0% | -19.1 pt | 219 |
| Total | | — | — | — | 2,866 |

*1 Hotel Keihan Temmabashi, Hotel Keihan Kyoto, Hotel Keihan Universal Tower, Biwako Hotel, and Kyoto Century Hotel carried out guest room renovation.

*2 Kyoto Dai-ni Tower Hotel was closed as of January 12, 2016.

Non-consolidated Statements of Income



(Millions of yen)

| | FY2015 Results | FY2016 Results | Change | Change (%) | Main factors of changes | October 2015 Estimate |
|-----------------------------|-------------------|-------------------|--------|---------------|--|--------------------------|
| Operating revenue | 86,342 | 87,685 | 1,342 | 1.6% | | 88,200 |
| Railway | 52,675 | 54,146 | 1,470 | 2.8% | Number of passengers +2.7% Passenger transportation revenue +2.6% | 53,970 |
| Subsidiary business | 33,666 | 33,538 | -128 | -0.4% | | 34,230 |
| Real estate sales | 15,260 | 15,760 | 499 | 3.3% | | |
| Real estate leasing service | 15,806 | 14,792 | -1,014 | -6.4% | | |
| Leisure | 2,599 | 2,986 | 386 | 14.9% | Number of visitors to Hirakata Park +6.2% | |
| Operating income | 16,512 | 16,985 | 473 | 2.9% | | 16,100 |
| Railway | 7,301 | 8,380 | 1,079 | 14.8% | | 7,450 |
| Subsidiary business | 9,210 | 8,604 | -605 | -6.6% | | 8,650 |
| Real estate sales | 1,268 | 1,075 | -193 | -15.2% | | |
| Real estate leasing service | 7,999 | 7,530 | -468 | -5.9% | | |
| Leisure | -57 | -0 | 56 | — | | |
| Ordinary income | 15,211 | 15,652 | 440 | 2.9% | Non-operating income +466 (Dividends income +235, Miscellaneous income +228) Non-operating expenses +498 (Interest expenses -275, Miscellaneous expenses +774) | 14,600 |
| Net income | 9,250 | 11,466 | 2,216 | 24.0% | Extraordinary income 17,795 (Contribution for construction -17,613) Extraordinary losses -19,258 (Reduction entry of land contribution for construction -17,070) Loss on sales of non-current assets -1,611 Impairment loss -611) | 10,500 |



FY2017 Forecasts



Forecast of Consolidated Business Results



(Millions of yen)

| | FY2016 Results | FY2017 Forecast | Change | Change (%) | Main factors of changes |
|---|-------------------|--------------------|--------|------------|--|
| Operating revenue | 300,188 | 299,500 | -688 | -0.2% | Transportation -162, Real estate -4,033, Retail +6,224, Leisure and service -1,013 |
| Operating income | 31,524 | 26,600 | -4,924 | -15.6% | Transportation -2,593, Real estate -1,482, Retail +373, Leisure and service -799 |
| Ordinary income | 28,461 | 24,500 | -3,961 | -13.9% | Non-operating income -45 Non-operating expenses -1,008 |
| Profit attributable to owners of the parent | 22,385 | 16,500 | -5,885 | -26.3% | Extraordinary income -6,085 Extraordinary losses -2,563 |

| | | | | | |
|---|---------|---------|--------|-------|--|
| Capital expenditure | 31,398 | 46,600 | 15,201 | 48.4% | <Breakdown of capital expenditure> Transportation 13,700 (+950) Real estate 5,200 (-8,192) Retail 3,400 (+1,790) Leisure and service 2,200 (-1,724) Corporate, etc. 22,100 (+22,378) <<Main capital expenditure for FY2016>> (Transportation) Investment in Keihan Electric Railway's railways 7,814 (Real estate) Our investment in real estate 2,757 |
| Depreciation | 17,571 | 18,400 | 828 | 4.7% | |
| EBITDA | 49,095 | 45,000 | -4,095 | -8.3% | |
| Interest-bearing debt | 325,714 | 354,000 | 28,285 | 8.7% | |
| Interest-bearing debt/ EBITDA multiple (Times) | 6.63 | 7.87 | 1.24 | — | |
| Net interest-bearing debt/ EBITDA multiple (Times) | 6.12 | 7.31 | 1.19 | — | |

Forecast of Consolidated Business Results (Segment Information)



(Millions of yen)

| | FY2016 Results | FY2017 Forecast | Change | Change (%) | Main factors of changes |
|---------------------|-------------------|--------------------|--------|------------|---|
| Operating revenue | 300,188 | 299,500 | -688 | -0.2% | |
| Transportation | 93,562 | 93,400 | -162 | -0.2% | Railway -727, Bus -439, Elimination +1,003 |
| Real estate | 89,033 | 85,000 | -4,033 | -4.5% | Real estate sales -5,996 Real estate leasing service +2,320 |
| Retail | 98,875 | 105,100 | 6,224 | 6.3% | Department store +2,662, Store +2,660, Shopping mall management +306 |
| Leisure and service | 31,813 | 30,800 | -1,013 | -3.2% | Hotel -887 |
| Others | 1,755 | 1,800 | 44 | 2.5% | |
| Elimination | -14,852 | -16,600 | -1,747 | — | |

| | | | | | |
|---------------------|--------|--------|--------|--------|--|
| Operating income | 31,524 | 26,600 | -4,924 | -15.6% | |
| Transportation | 10,193 | 7,600 | -2,593 | -25.4% | Railway -1,916, Bus -572 |
| Real estate | 13,882 | 12,400 | -1,482 | -10.7% | Real estate sales -1,384, Real estate leasing service -88 |
| Retail | 2,826 | 3,200 | 373 | 13.2% | Department store +433, Store +68, Shopping mall management -237 |
| Leisure and service | 4,599 | 3,800 | -799 | -17.4% | Hotel -813 |
| Others | -12 | 0 | 12 | — | |
| Elimination | 34 | -400 | -434 | — | |

Share Buyback and Issuance of Euro-Yen Convertible Bonds



Share buyback

Total amount of share buyback (maximum) JPY20 billion
Total number of shares to buy back (maximum) 30 million shares
* 22.05 million shares / JPY17 billion as of April 30, 2016



Issuance of euro-yen convertible bonds (CB)

Total issuance amount JPY20 billion (5 years, no coupon)
Conversion price JPY1,063 (mark-up ratio 38.05%)
* 130% conversion restriction clause

■ Purpose

① Raise ROE through capital restructuring

② Proactively respond to the unraveling of cross shareholding for strategic purposes

Implement a flexible financial strategy in response to changes in the business environment, including the improvement to ROA through a review of the company's assets such as strategically held shares

TOPICS

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

Basic Policy

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

Main Strategies

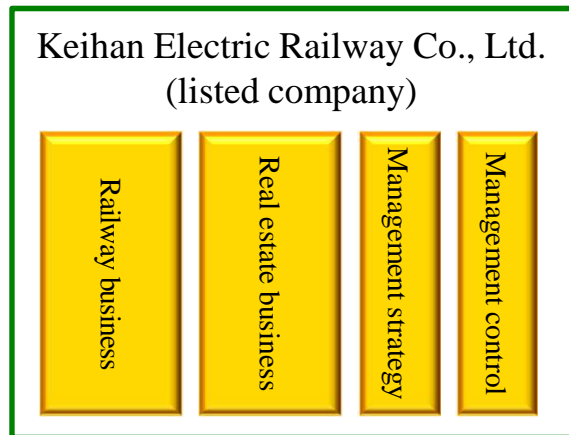
- ◆ Achieve new growth through the creation of sightseeing opportunities
- ◆ Revitalize the areas along the Keihan Railway lines—efforts to redesign the areas along the Keihan Railway lines
- ◆ Create contents to enhance the “value of living”
- ◆ Establish a “steadfast group management” style
 - Transition to a holding company system (April 1, 2016)

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 business to enhance the value of “community” and “living”
- ◆ Hotel and leisure businesses to create sightseeing opportunities

Transition to a Holding Company System

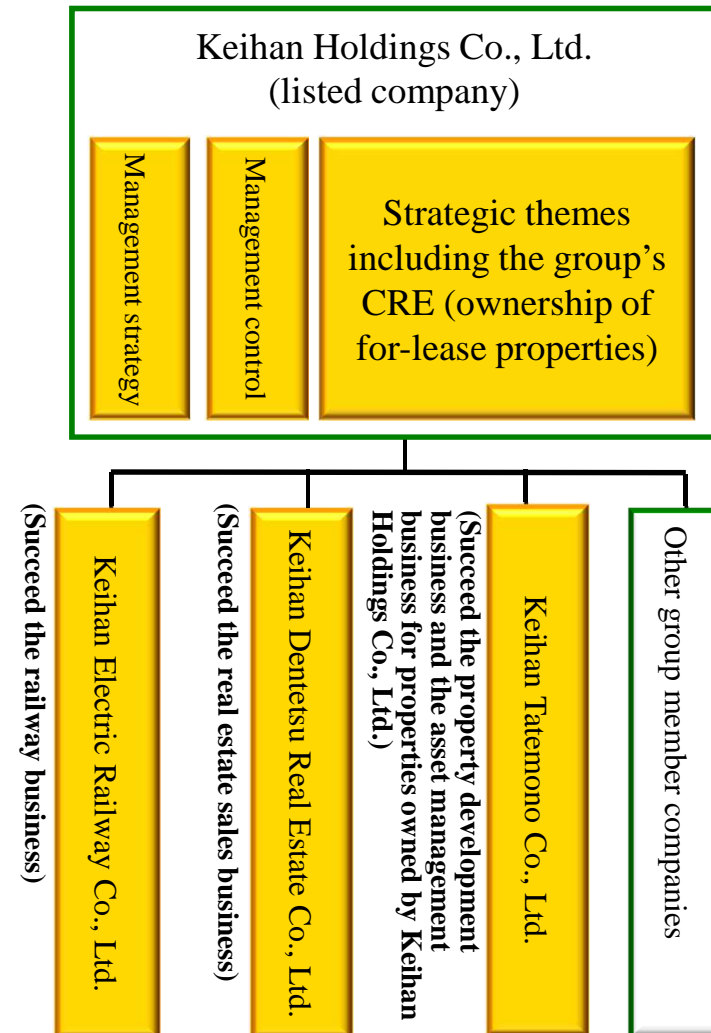
Up to March 31, 2016



Keihan Group member companies

- Divest the railway business and real estate sales business into wholly owned subsidiaries
 - Transfer the asset management and real estate development functions for for-lease properties owned by the company to a wholly owned subsidiary
- ⇒ Keihan Holdings Co., Ltd. is to make investments in for-lease properties including redevelopment and new acquisitions from the viewpoint of optimization for the entire group (promote the group's CRE)

Group management structure from April 1, 2016



Keihan Holdings' Roles

①

Implement cross-sectional strategies for a wide variety of group businesses

②

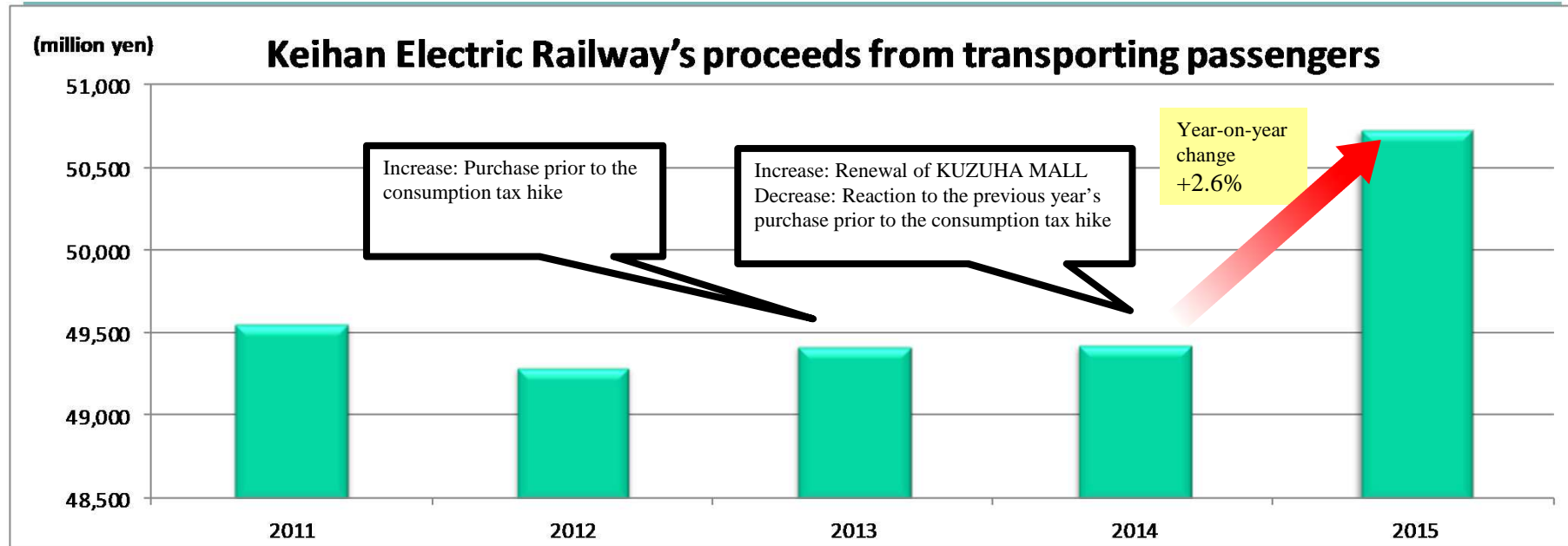
Create new business models including alliances with companies from different industries

③

Make an effective allocation of management resources including business properties to expand priority businesses

Play the above roles from the perspective of optimization for the entire group in order to achieve further growth

Proceeds from Transporting Passengers



◆ Income increase for the third consecutive fiscal year

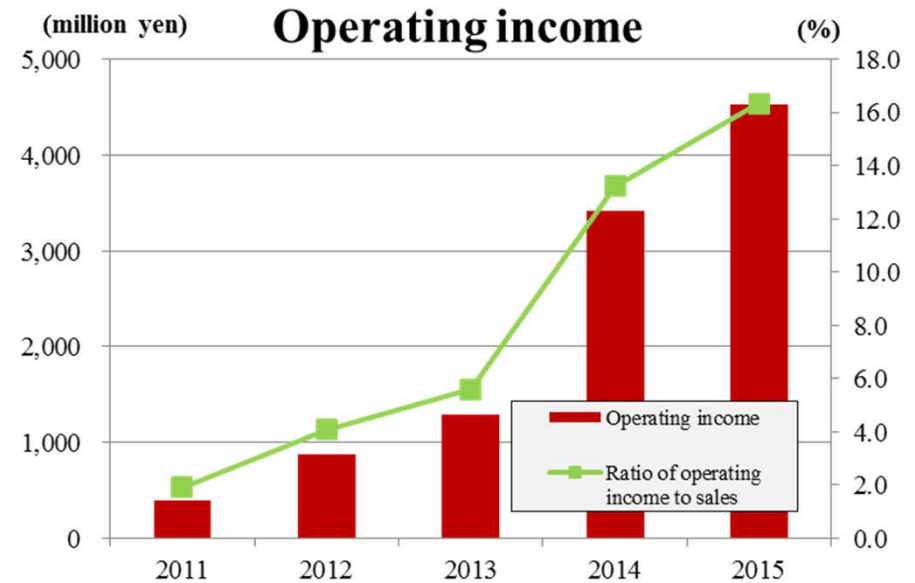
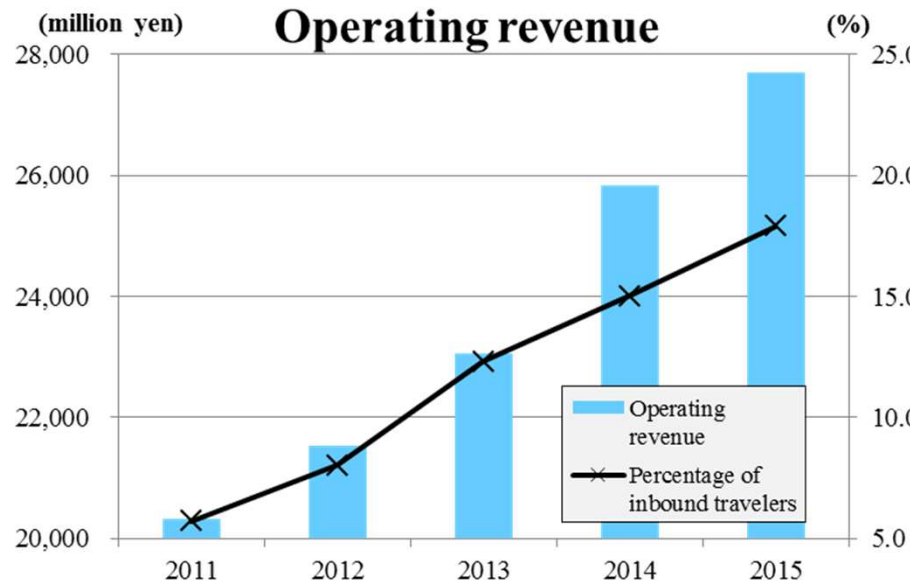
- Increase in the number of tourists heading toward Kyoto
- Increase in the number of passengers using Fushimi-Inari Station
(Increase in the number of visitors to Fushimi Inari Taisha Shrine)
- Increase in the number of passengers using Uji Station
(Completion of the Heisei Repair of Hoo-do Hall [national treasure] of Byodoin Temple)
- Renewal of KUZUHA MALL (March 2014)
- Increase as a reaction to the previous year's income decrease due to the consumption tax hike (FY2015)

◆ Group Companies' Railway Business (FY2015; year-on-year comparison)

- Eizan Electric Railway Co., Ltd.
Proceeds from transporting passengers: up 6.3%
- Keifuku Electric Railroad Co., Ltd.
Proceeds from transporting passengers: up 9.1%

Impact of Inbound Travelers

Hotel Business



Other Group Member Companies

(FY2015; year-on-year comparison)

- Kyoto regular tour buses
Number of passengers on tour buses designed for foreign travelers: up 34.0%

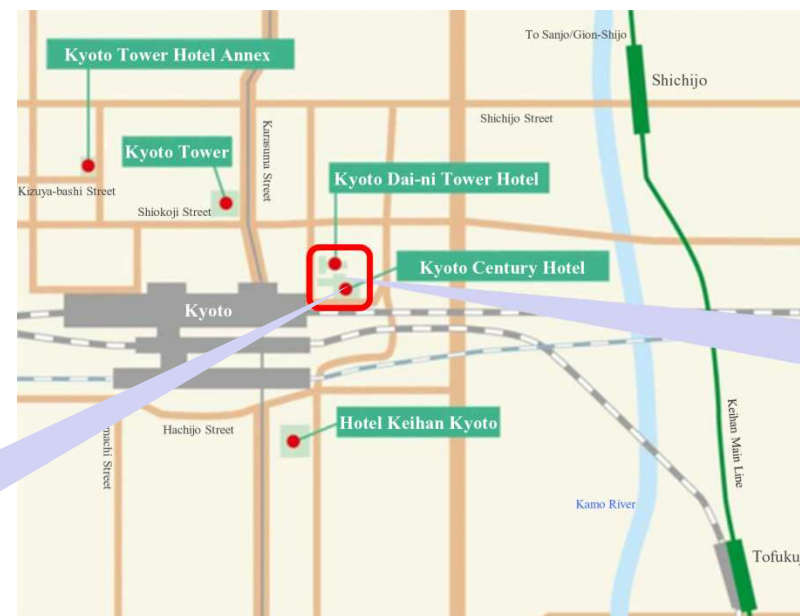
- Osaka Aqua-Bus (Santa Maria Aqua Liner)
Number of foreign travelers to Japan: 2.1-fold

Achieve new growth through the creation of sightseeing opportunities



Project to open a new hotel in the area in front of Kyoto Station

- We will aim to open the Keihan Group's flagship hotel, fitting for the global market, by promoting the integrated redevelopment of Kyoto Century Hotel and Kyoto Dai-ni Tower Hotel.
- We will implement renewal for Hotel Keihan Kyoto, Kyoto Tower, and Kyoto Tower Hotel Annex, thereby enhancing the earning power of the area in front of Kyoto Station.



◆ Progress Status

[Kyoto Dai-ni Tower Hotel]

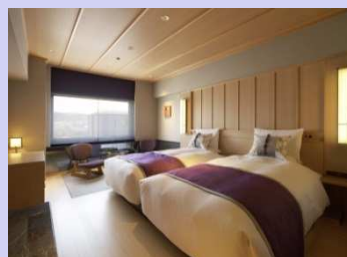
Closed for the construction of a new hotel (January 12, 2016)

[Kyoto Century Hotel]

Completed a full renewal (in March 2016)

Adopted the "BIO-Style" concept advocated by

Keihan Holdings



Kyoto Century Hotel's "Kyo Premium" room

Working on the project toward the grand opening scheduled in 2018

Create contents to enhance the “value of living”

Create contents under the theme “BIO-Style”

“BIO-Style” is a lifestyle aimed at achieving a healthy, beautiful, and high-quality life and contributing to a recycling-oriented society. We will aim to establish “BIO-Style” as Keihan’s new brand, in addition to “safety and peace of mind.”

◆ Establishment of a project promotion section

We established a new section for the promotion of the BIO-Style project in July 2015. The section is promoting this Group-wide project.



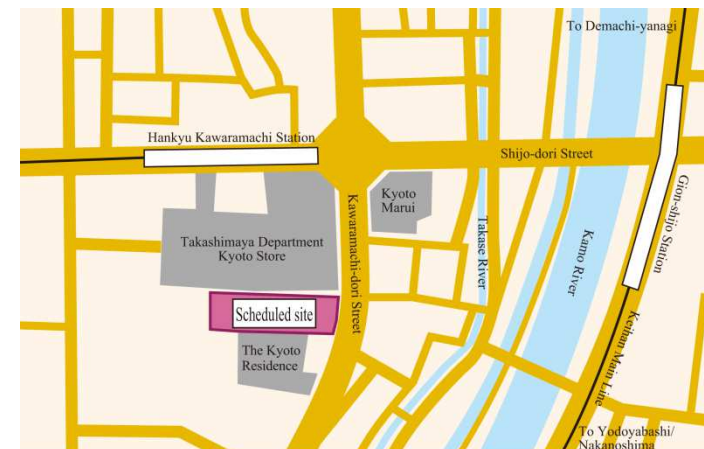
BIO-Style Kyoto/Shijo-Kawaramachi Project (conceptual image)

Promotion of BIO-Style Kyoto/Shijo Kawaramachi Project

- We offer “BIO-Style” contents in a complex to be constructed in Shijo-Kawaramachi, the center of Kyoto.
- We plan to create a flagship facility consisting of a hotel, relaxation services, organic shops, cafés and so forth.

Consolidation of the BIO-Style brand

We plan to implement branding activities to improve the recognition of the BIO-Style brand and to identify potential customers before the opening of the flagship facility.



Map of areas surrounding the scheduled site of BIO-Style Kyoto/Shijo-Kawaramachi

Continuous measures to revitalize railway transportation toward regaining the glory of railway transportation



Achieve synergy with the strategy to create sightseeing opportunities

◆ Renewal of Gion-shijo Station

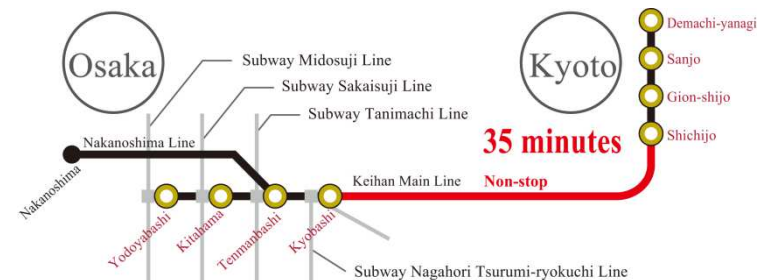
- Open a Tourist Information Center (on April 28, 2016)
 - Cater to the tourist information needs of domestic and overseas visitors
 - Subcontract Rakutabi Co., Ltd., which is familiar with the history and culture of Kyoto and has a strong track record in providing tourist information in Kyoto
 - In addition to the area surrounding Gion-shijo Station, provide tourist information mainly in the areas alongside Keihan Railway lines in Kyoto, Osaka and Shiga to promote the use of railways
- Expand commercial facilities (scheduled to be opened one by one)
 - Expand the floor area of commercial facilities and recreate stores and commercial merchandises in order to attract more people and improve our earning power through enhanced convenience for daily living and tourism
 - In addition to catering to daily needs, we plan to set up confectionary shops that sell popular souvenirs from Kyoto, cafés, and so forth



Tourist Information Center at Gion-shijo Station
(conceptual image)

◆ Change to the Keihan Line timetable (March 19, 2016)

- Implemented as part of the strategies to revitalize the areas along the Keihan Railway lines and to achieve new growth through the creation of sightseeing opportunities
 - Reduce the traveling time of limited express trains
 - Regularly operate the rapid-transit limited express, “Rakuraku,” which does not stop at any stations between Kyobashi and Shichijo, on weekdays and holidays



Scheduled to introduce the “Keihan Limited Express Premium Car” (provisional name) in 2017 to revitalize railway transportation

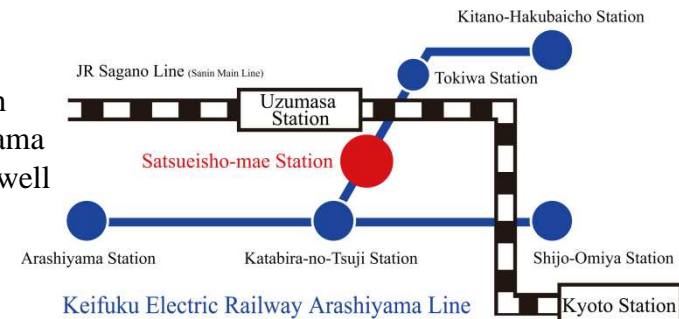
Continuous measures to revitalize railway transportation toward regaining the glory of railway transportation



Achieve synergy with the strategy to create sightseeing opportunities

◆ Keifuku Electric Railroad Co., Ltd. creates a new station, “Satsuei-sho-mae,” on the Arashiyama Line

- Location: 1-5 Uzumasa Kamino-dan-cho, Ukyo-ku, Kyoto City
 - Using the connection to Uzumasa Station on the JR Sagano Line (Sanin Main Line), improve access to the world’s cultural heritage sites along the Arashiyama Line such as the Golden Pavilion, Ryoan-ji Temple, and Ninna-ji Temple, as well as access to JR Kyoto Station
 - Improve access to the Toei Kyoto Studio Park (Toei Uzumasa Eigamura)
- Opening date: April 1, 2016



Contribute to the creation of sightseeing opportunities through enhanced transportation networks

Measures to improve passenger services

◆ Make Fukakusa Station and its paths barrier free

- Nearest station to the Fukakusa Campus of Ryukoku University
 - The number of students increased following the relocation of the Faculty of Intercultural Communication from Shiga Prefecture in April 2015.
- Joint project with Kyoto City as a comprehensive railway station improvement project
- Use commencement date: March 31, 2016
- Improve convenience and safety by widening platforms and using barrier-free designs



Fukakusa Station and its paths after renewal (conceptual image)

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



Continue sales business with a focus on short-term turnover

◆ Main condominiums to be sold in the term ended March 31, 2017 and thereafter

| Property name, location, number of units for sale | Scheduled to be posted in |
|---|---------------------------|
| Fine City Sapporo, The Tower Odori Park Chuo-ku, Sapporo City 116 units | March 2017 |
| The Osaka Residence Umeda-Ogimachi Park Kita-ku, Osaka City 69 units | March 2017 |
| Fine Centreo City Naniwa-ku, Osaka City 142 units | March 2017 |
| The Kyoto Residence Gosho-Minami* Nakagyo-ku, Kyoto City 43 units* | March 2017 |
| Fine City Koshien Nishinomiya City, Hyogo Prefecture 145 units* | March 2017 |
| Fine City Higashi-Matsudo Mall & Residence Matsudo City, Chiba Prefecture 382 units* | March 2018 |
| Fine City Oji-Kamiya River & Forest Adachi-ku, Tokyo 319 units | March 2018 |
| Umeda Toyosaki Ultra High-rise Quake-proof Tower Project* Kita-ku, Osaka City 312 units* | March 2019 |
| Kitahama The Tower* Chuo-ku, Osaka City 311 units* | March 2019 |
| Imagine Terrace Project* Tsurumi-ku, Yokohama City 338 units* | March 2019 |

* 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 Higashi-Matsudo Mall & Residence (conceptual image)



Kitahama The Tower (conceptual image)

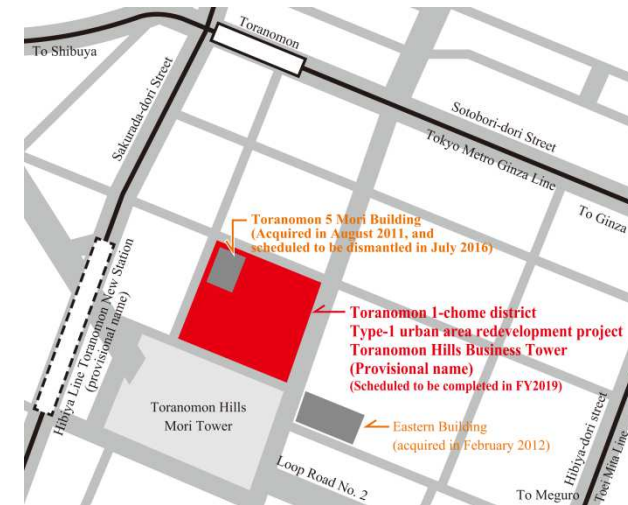
Real estate business as the engine of the group's growth



Enhance the real estate leasing business

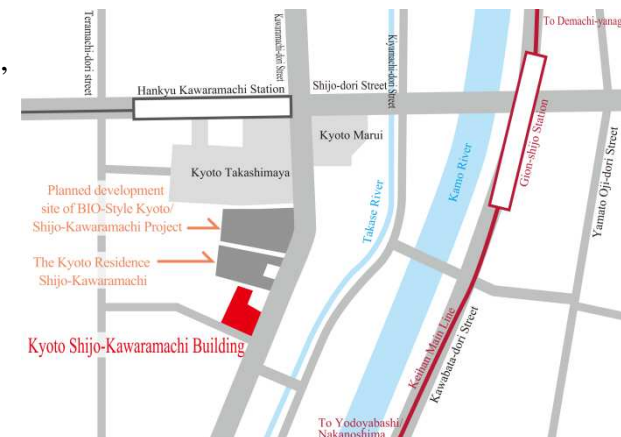
◆ Participation in the Toranomon 1-chome district Type-1 urban area redevelopment project

- We participate in the redevelopment project under the initiative of Mori Building Company in the Toranomon area, where redevelopment and rebuilding are progressing.
- Construction is scheduled to commence in FY2017 and to be completed in FY2020.
- A 36-story office tower with approximately 94,000 square meters of large office space and approximately 6,300 square meters of commercial facilities
- Toranomon New Station on the Hibiya Line (provisional name; scheduled to start operating in FY2021)
It will be connected to Toranomon Station on the Ginza Line.



◆ Acquisition of Kyoto Shijo-Kawaramachi Building

- Location: 338 Tominaga-cho, 2-chome Matsubara-agaru, Kawaramachi-dori, Shimogyo-ku, Kyoto City
(Six minutes on foot from Keihan Electric Railway Gion-Shijo Station and three minutes on foot from Hankyu Electric Railway Kawaramachi Station)
- Acquisition date: March 31, 2016 (beneficial interest in trust)
- Total floor area: 9,701.04 square meters
- Building size: Steel-framed, reinforced concrete, flat-roofed structure with one underground floor and nine above-ground floors
- Completed in: November 1982
- Investment amount: approximately JPY2.5 billion



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



Further improve the quality of in-station shopping business

◆ Develop in-station shopping business at Shin-Osaka Station on the Midosuji Line

- Keihan The Store Co., Ltd. is entrusted with and has started “in-station” developer business at Shin-Osaka Station on the Midosuji Line operated by the Osaka Municipal Transportation Bureau (March 30, 2016).
- Name: Shin Naniwa Daishokudo
Number of stores: 11
Estimated sales: JPY1.5 billion a year
Number of passengers: Approximately 130,000 a day at Osaka Municipal Subway Shin-Osaka Station (actual figure in FY2014)



Shin Naniwa Daishokudo

Steady performance at a faster pace than the plan

◆ Opening of “MUJI com” stores

- Operate the first in-station small MUJI outlet in Osaka Prefecture, “MUJI com ekimo Umeda Store,” under a licensed store agreement with Ryohin Keikaku Co., Ltd. (July 2015)
- Average sales per day rose 30% from the time of opening, increasing revenues steadily.
- On the back of the strong performance of Umeda Store, there is a plan to open a store in Namba Walk (in late May 2016).



MUJI com ekimo Umeda Store

Hotel and leisure businesses to create sightseeing opportunities



Raise the quality of our existing hotels in terms of both facilities and contents

◆ Enhance competitiveness through renewals

[Capture visitors to USJ]

- Hotel Keihan Universal Tower
 - Renovation of 343 guest rooms was completed (17th to 30th floors)
 - Renovation of 298 guest rooms is scheduled (5th to 16th floors)
 - (To be completed by the end of FY2017)



Hotel Keihan Universal Tower
“Deluxe Family” room



Hotel Keihan Kyoto “Garden
Junior Suite Room—Zen—“

[Hotel Keihan Kyoto]

- Created 34 new guest rooms
 - Created a new “Superior Floor” on the 13th floor (26 rooms)
 - Two Garden Junior Suite Rooms “Zen” (March 1)

The latest reservation situation remains strong.

