



Long-Term Vision 2020 and Group Medium-Term Management Plan (FY2015-FY2017)

April 30, 2015

Summary of the Medium-Term Management Plan (FY2012-FY2014)	3
Perspective on the Business Environment	4
New Business Planning Structure	5
Long-Term Vision 2020	6
Medium-Term Management Plan (FY2015-FY2017)	8
Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)	11
Numerical Plan in the Medium-Term Management Plan (FY2015-FY2017)	21
Dividend Policy	23

Basic Policies

Realization of management capitalizing on the value of the area along the Odakyu Line

Principal Results

- Progress with multiple double track construction (Relocation of tracks underground in the Shimokitazawa area)
- Station numbering, installation of Wi-Fi on all lines
- Opening of new commercial facilities (Ebina, Sobudai-mae)
- Entry into the senior residence business
- Entry into the after-school daycare business
- Start of Odakyu Kurashi (livelihood) Support
- Transportation facilities renewal (Hakone)
Hakone Tozan Railway, Hakone Sightseeing Cruise, Hakone Ropeway
- Hotel guestroom renewal (Shinjuku, Hakone)
Hotel Century Southern Tower, Hotel de Yama, Hakone Highland Hotel
- Opening of “Hakone Yuryo”, a hot spring facility for day trippers
- Implementation of measures to attract inbound tourists

Effective utilization of management resources

Principal Results

- Sale of inefficient assets, careful examination of facilities investments
- Achievement of profitability from the hotel business

Financial Targets

Profitability improvement

Set a consolidated profit target of ROE* of 10%.

■ ROE

FY2011 8.9%

➡ **FY2014 11.9%**

*ROE: Net income / Net assets (excluding net unrealized gain on securities)

Maintenance of an appropriate level of interest-bearing debt

Promptly improve the interest-bearing debt to EBITDA ratio.

→ Interest bearing debt of 750.0 billion yen and interest-bearing debt/EBITDA ratio of 7.5 times by FY2016

■ Interest-bearing debt

FY2011 794.2 billion yen

➡ **FY2014 730.3 billion yen**

■ Interest-bearing debt/EBITDA ratio

FY2011 8.4 times

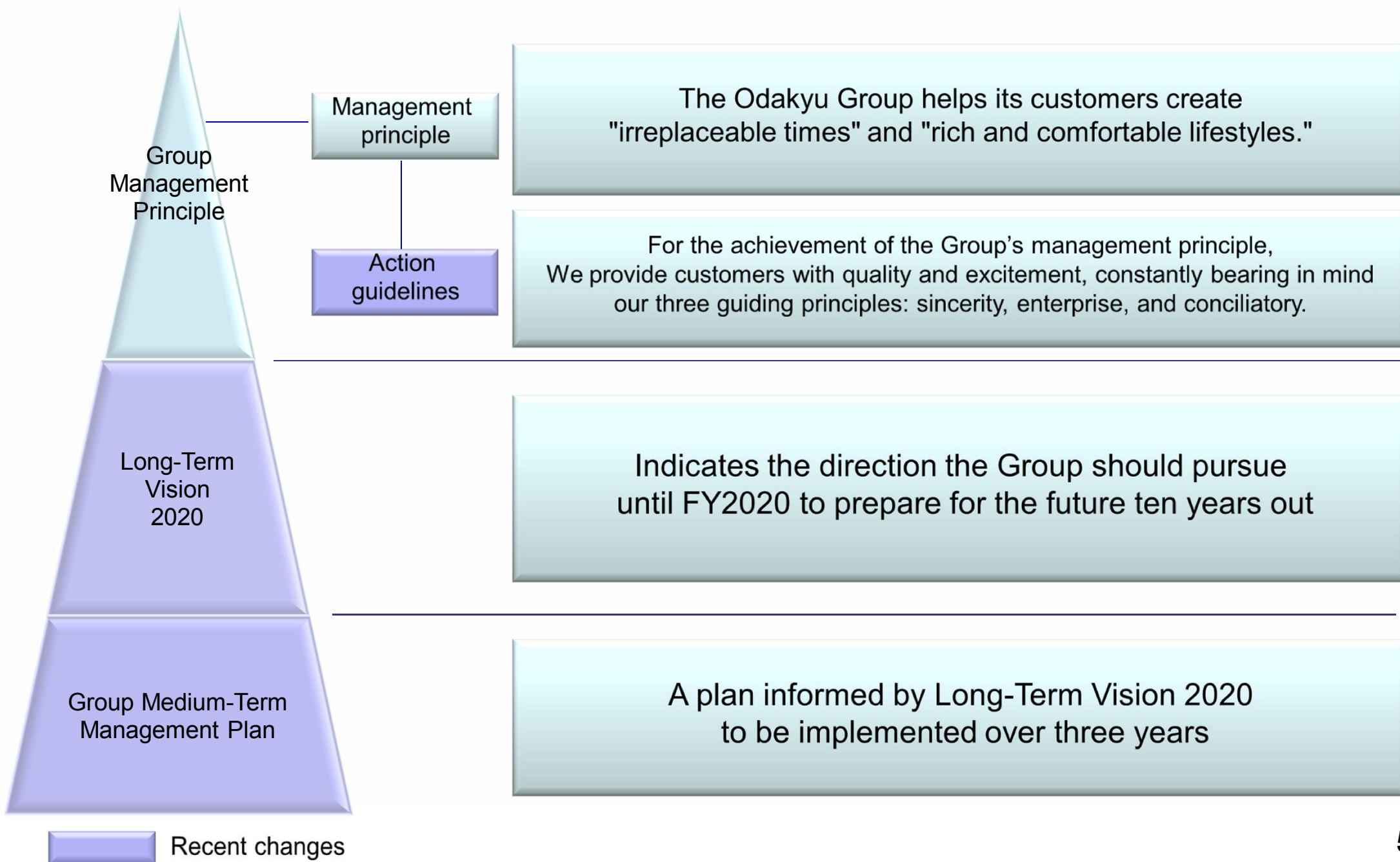
➡ **FY2014 7.6 times**

- Business conditions in Japan are expected to remain stable until the 2020 Tokyo Olympics.
- An increase in the number of inbound tourists is expected.
- An effort will be made to increase the competitiveness of the railway business through completion of multiple double tracks.
- There is concern that the population along the Odakyu line will peak and begin to decline.



Although there is concern about population decline along the Odakyu line, a comparatively favorable business environment is expected until the 2020 Tokyo Olympics.

New Business Planning Structure



Group
Management
Principle

Long-Term
Vision
2020

Group Medium-Term
Management Plan

Basic Policy

Our Challenge

To achieve the Group's management principle of helping customers create "irreplaceable times" and "rich and comfortable lifestyles," we will aspire to become a dynamic corporate group by further strengthening the business infrastructure and sewing and nurturing seeds of growth by FY2020.

Group Growth Strategy

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

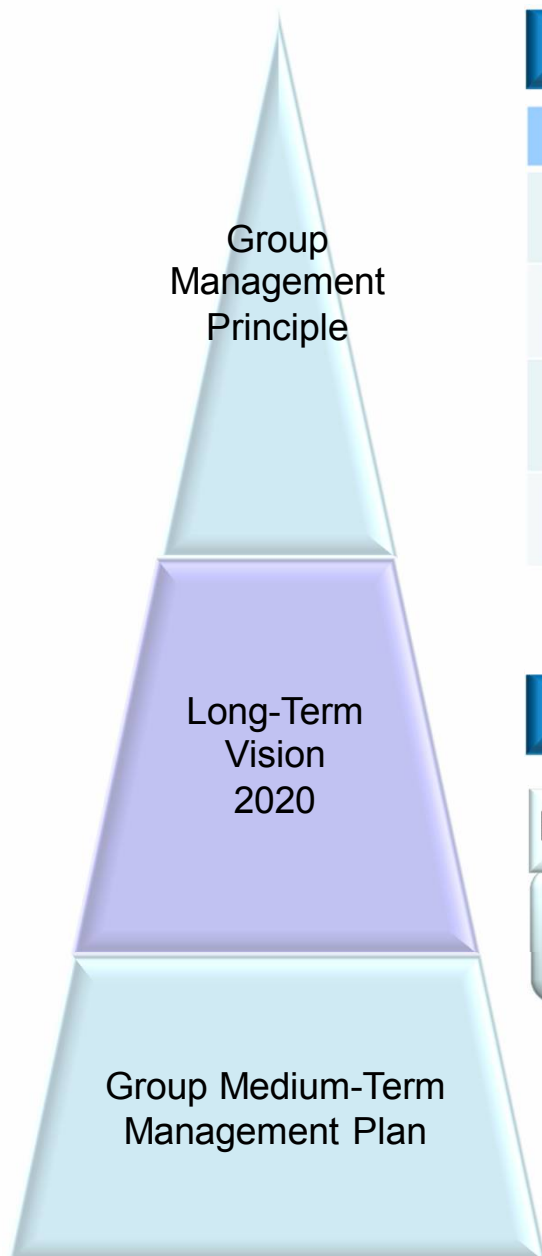
Mission (1) Selective strengthening of existing businesses

Mission (2) Promotion of redevelopment around core stations

Theme II Sew and nurture seeds of growth by FY2020.

Mission (3) Penetration of existing businesses beyond the Odakyu Line

Mission (4) Development of new businesses



Roadmap

Fiscal year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Period of long-term plan	Period of Long-Term Vision 2020						Next long-term business plan			
Period of medium-term plan	Period of medium-term baseline plan			Period of medium-term baseline plan			Period of medium-term baseline plan			
External environment forecast	Stable business conditions expected					Tokyo Olympics	Concern about a decline in the population along the Odakyu line Concern about a post-Olympics business downturn			
	Period especially to strengthen the revenue base and achieve business growth									

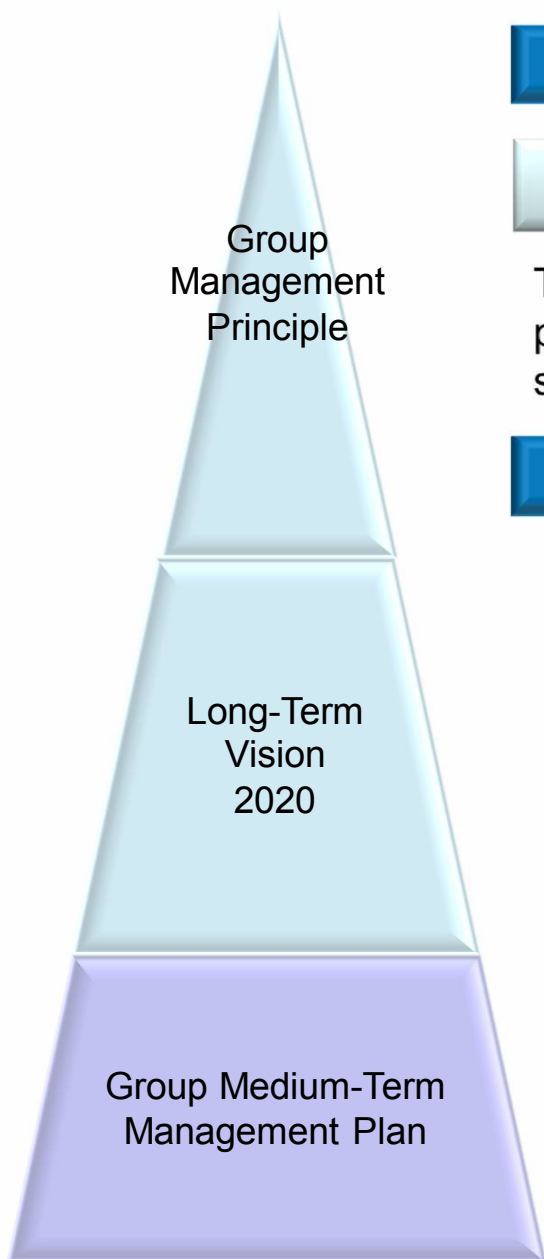
Setting of numerical targets

Consolidated Numerical Targets

Revenue from Operations	EBITDA	IBD/EBITDA Ratio*
600.0 billion yen	100.0 billion yen	7.0 times (maximum)

*Interest-bearing debt to EBITDA ratio

- Set a growth investment budget of 40.0 billion yen (an extent not to exceed an IBD/EBITDA ratio of 7.0 times).
- Strive for efficient management by setting consolidated revenue from operations, EBITDA, and IBD/EBITDA ratio as management indicators and closely watching ROA and ROE.



Positioning

Period for launching a scenario for sustained growth

To realize Long-Term Vision 2020, position the management plan as a three-year action plan to further strengthen the business infrastructure and prepare to sow and nurture seeds of growth.

Numerical Targets

	FY2014 (Actual)	FY2017 (Plan)	FY2020 (Target)
Revenue from operations	518.7 billion yen	546.8 billion yen	600.0 billion yen
EBITDA	96.5 billion yen	94.6 billion yen	100.0 billion yen
IBD/EBITDA ratio	7.6 times	7.6 times	7.0 times (maximum)



Key Measures

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Mission (1) Selective strengthening of existing businesses

- Maximization of the benefits of multiple double tracks and transportation network improvement
- Attraction of inbound foreign tourists and capturing of tourism demand
- Expansion of services that meet diversifying customer needs

Mission (2) Promotion of redevelopment around core stations

- Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations
- Consideration of a redevelopment plan for a Shinjuku Station West Exit area that will prevail in intercity competition



Key Measures

Theme II Sew and nurture seeds of growth by FY2020.

Mission (3) Penetration of existing businesses beyond the Odakyu Line

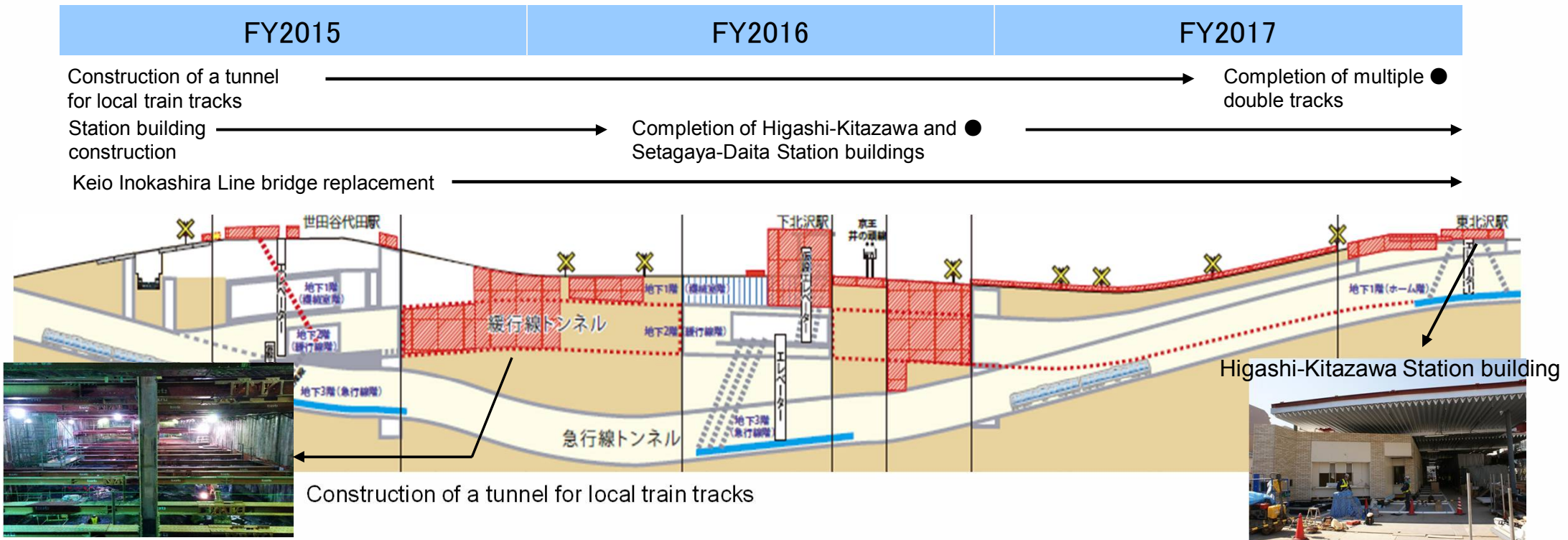
- Opening of resort hotels and lodging-focused hotels
- Stepping up of supermarket openings
- Expansion of restaurant openings, including overseas
- Tie-ups with outside partners and M&As, real estate acquisitions, etc. utilizing the growth investment budget

Mission (4) Development of new businesses

- Deployment of a new real estate supply model
- Deployment of a coordination business utilizing real estate
- Opening of department stores and supermarkets in new formats
- Development of e-commerce

Maximization of the benefits of multiple double tracks and transportation network improvement

Schedule of multiple double track construction



Consideration and implementation of measures to maximize the benefits of multiple double tracks

- Start of mutual through operation on three lines with Tokyo Metro Chiyoda Line and JR Joban Line Local service (diagram revision)
- Conversion to ten-carriage local trains on suburban sections
- Consideration of a strategic diagram after completion of multiple double tracks
- Information dissemination centering on publicity of the benefits of multiple double tracks to promote inflow and outflow prevention
- Linkage with bus routes aimed at network improvement



Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

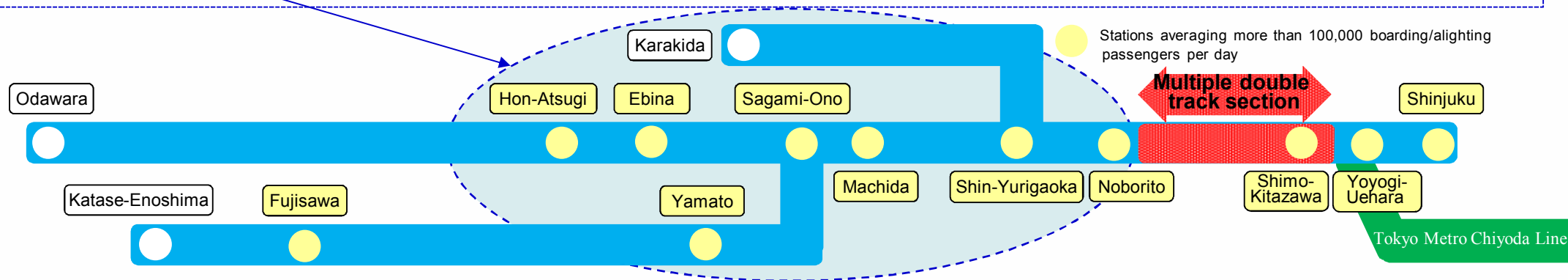
Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Maximization of the benefits of multiple double tracks and transportation network improvement

Greater convenience from an increase in the number of trains operated

Increase in rapidity, primarily during morning rush hours

- Urban area and commuting area expansion from shortening of travel times
- Improved access to Shinjuku and eastern Tokyo
- Increased comfort from relief of congestion



Seek to increase population inflow by fully manifesting the benefits of multiple double tracks and further rejuvenating the area along the Odakyu Line.

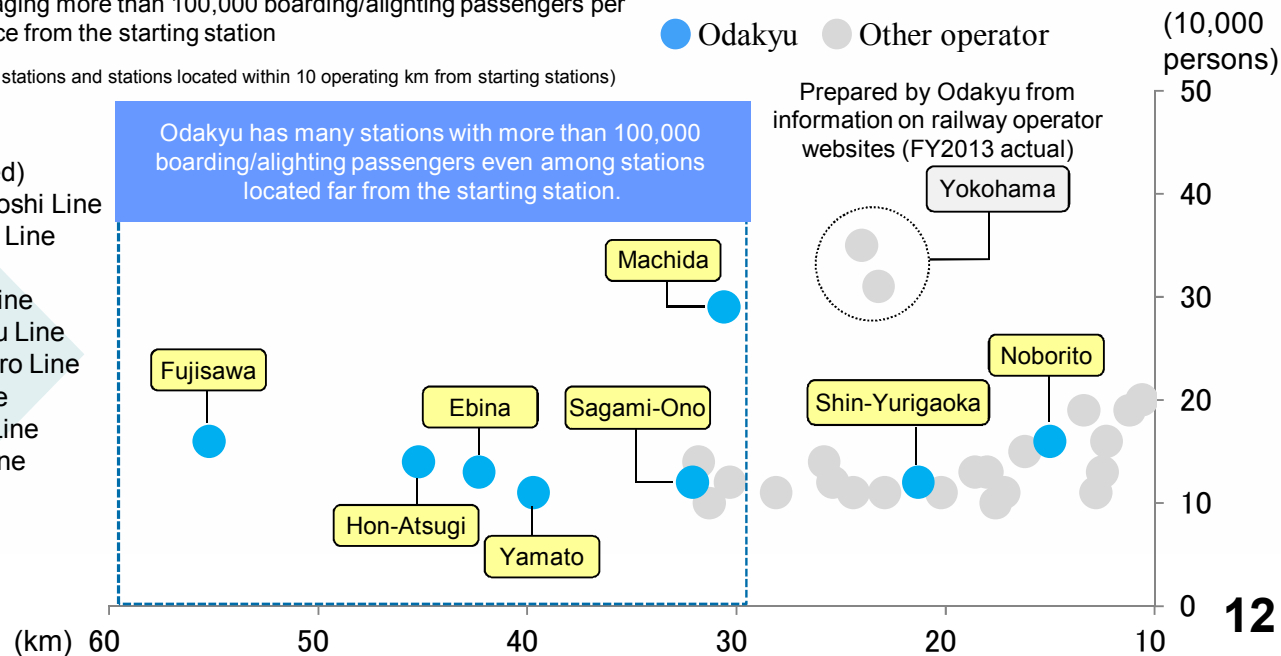
- Odakyu Line stations averaging more than 100,000 boarding/alighting passengers per day (FY2014 actual)
*Starting from Shinjuku

Operating kilometers*	Station Name	Boarding / alighting passengers
—	Shinjuku	488,021
3.5 km	Yoyogi-Uehara	243,222
4.9 km	Shimo-Kitazawa	114,669
15.2 km	Noborito	159,445
21.5 km	Shin-Yurigaoka	123,894
30.8 km	Machida	289,013
32.3 km	Sagami-Ono	126,479
39.9 km	Yamato	114,295
42.5 km	Ebina	135,861
45.4 km	Hon-Atsugi	147,887
55.4 km	Fujisawa	159,074

- Stations averaging more than 100,000 boarding/alighting passengers per day by distance from the starting station
(Excluding starting stations and stations located within 10 operating km from starting stations)

(Lines compared)

- Tokyu Denentoshi Line
- Tokyu Toyoko Line
- Keio Line
- Keiky Main Line
- Seibu Shinjuku Line
- Seibu Ikebukuro Line
- Tobu Tojo Line
- Tobu Isezaki Line
- Keisei Main Line
- Sotetsu Line



Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Attraction of inbound foreign tourists and capturing of tourism demand

Enhancement of product competitiveness

- Multilingualization of the Hakone Freepass pamphlet
- Consideration of special railway tickets for foreigners

- Planning of shops for inbound tourists



No. of Odakyu Sightseeing Service Center users *1
+ 37.3 % Record level
(FY2014 actual)

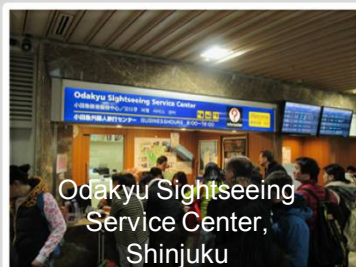
Strengthening of promotion

- Information dissemination using overseas media
- Participation in overseas international travel fairs
- Campaigns (Chinese New Year, China's National Day holiday, etc.)
- Web and SNS content enhancement



Preparation of a reception structure

- Enhancement of Odakyu Sightseeing Service Center
- Interpreting service multilingualization and area expansion
- Odakyu Free Wi-Fi introduction (area expansion)
- Improvement of the customer service level, including service in foreign languages
- Muslim-friendly services
- Expansion of tax-free service



Sales channel expansion

- Sales of the Hakone Freepass by overseas travel agents
- Renewal of English-language support on e-Romancecar *2
- Closer cooperation with external travel agents



Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Attraction of inbound foreign tourists and capturing of tourism demand

Initiatives in the Hakone area

Large-scale capital expenditures of approx. 20 billion yen

- Hakone Yumoto Station building improvement
- Deployment of new train carriages on Hakone Tozan Railway
- Renewal of hotels
- Ropeway renewal
- Deployment of new sightseeing boat
- Etc.



No. of Hakone Freepass tickets sold in FY 2014 (YoY change)

0.87 Million tickets +15.4% *New ticket sales record

November 2015 (planned)
Opening of a commercial facility
(Hakone Tozan Vierge vacant site)

December 2015 (planned)
Opening of a Japanese café
and traditional souvenir shop
(Hakone-machi Port)



- Consideration of deployment of new ropeway gondolas
- Consideration of new boat construction
- Consideration of deployment of new buses at Hakone Tozan Bus
- Enhancement of high-speed bus transportation (between central Tokyo and Hakone)

Initiatives in the Enoshima / Kamakura area

- Recognition of the winter event Shonan-no-houseki (Jewel of Shonan) as one of the three major illumination events in the Kanto area (Enoshima SeaCandle: observation lighthouse)
- Holding of events in Enoshima year round
- Tourism partnership agreement tie-up with Taiwan Railway (inbound tourism initiative)
- Shonan FUJISAWA Concierge opened



No. of Enoshima-Kamakura Freepass tickets sold in FY 2014 (YoY change)

0.2 Million tickets +15.1% *New ticket sales record for the current format(1day pass)

- Consideration of deployment of new train carriages
- Enhancement of information dissemination on "Enokama-Navi"*
- Partial renewal of Enoshima events

* Sightseeing website of Enoshima / Kamakura area

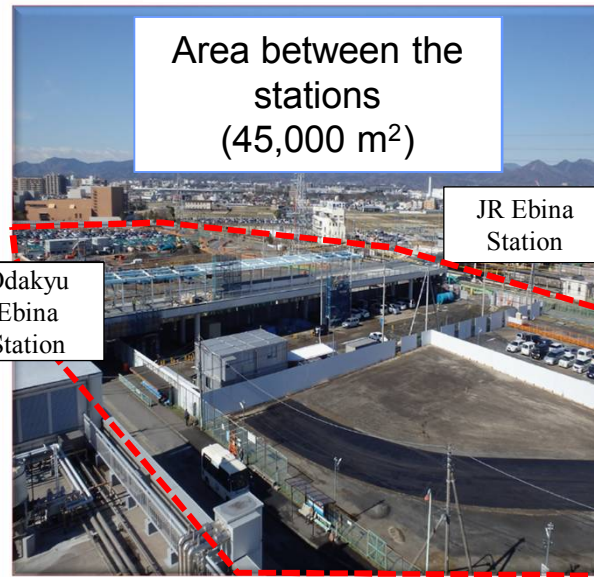
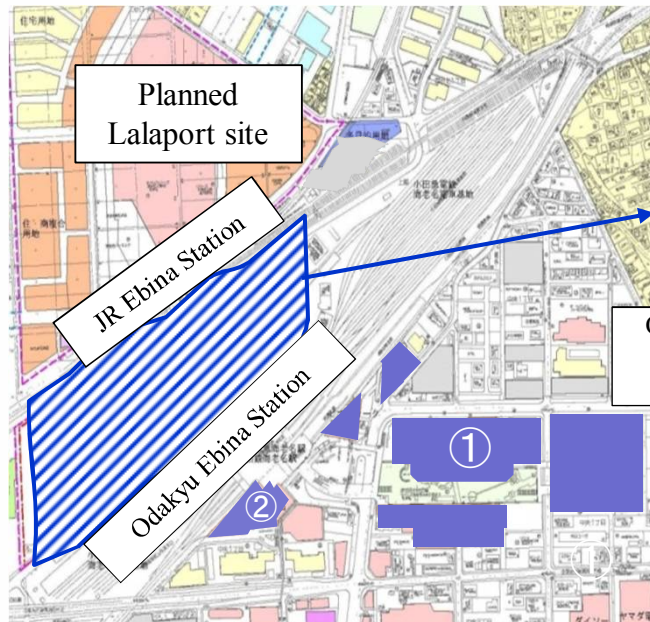


Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Consideration and Promotion of redevelopment plans for areas around Odakyu Line core stations

Consideration and promotion of development between the stations in Ebina



FY2015

- Master plan formulation (planned)

FY2016

- Completion of foundation work (planned)
- Start of building construction (planned)

FY2017

(Other main Odakyu-owned properties)

1) Vina Walk

Opened: 2002

Rentable space: Approx.

65,000 m²

(including Vina Front)



2) Vina Front

Opened: 2014



[Principal future projects by other parties]

Autumn 2015: Opening of Lalaport Ebina (planned)

FY 2018: Opening of JR East/Sotetsu direct service (planned)

FY 2019: Opening of Tokyu/Sotetsu direct service (planned)

Implementation of a plan to use the space above the tracks in the Shimo-Kitazawa area



FY2015 start of construction in part of the area west of Circular Route 7

Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

Theme I Maximize Group revenue along the Odakyu Line after completion of multiple double tracks.

Consideration of a redevelopment plan for the Shinjuku Station West Exit area to prevail in intercity competition

Odakyu properties in the vicinity of Shinjuku Station West Exit

Odakyu HALC



Odakyu Department Store (Main Store)

Odakyu Department Store (Main Store)
Segment: Merchandising
Opened: 1967 (Main Store)
Rentable space: Approx. 61,000 m²

Shinjuku Mylord
Segment: Real Estate
Opened: 1984
Rentable space: Approx. 8,600 m²



Odakyu HALC
Segment: Merchandising
Opened: 1962
(acquired in 2000)
Rentable space: Approx. 26,000 m²

(Underground) Odakyu Ace
Segment: Real Estate
Opened: 1966
Rentable space: Approx. 3,100 m²



Shinjuku Subaru Building
Segment: Real Estate
Opened: 1966
(acquired in 2011)
Rentable space: Approx. 12,000 m²



Principal Measures in the Medium-Term Management Plan (FY2015-FY2017)

Theme II Sew and nurture seeds of growth by FY2020.

Deployment of a new real estate supply model

■ Reoda Kyodo



Further development

■ Reoda Seijo



Serviced residences for the elderly

■ Reno Gran Higashirinkan (condominium)



(Formerly rental apartments)

■ HOSHI NO TANI DANCHI (rental apartments)



(Formerly company housing)

Renovation business

Rental housing

New subdivision

Promotion of relocation in areas along the Odakyu Line

Renovation

Custom-built homes

One-stop service



Area expansion



Deployment of a coordination business utilizing real estate

■ HOTEL KANRA KYOTO (Opened 2010)

Design hotel opened in a converted aged education facility



■ EDIT YOKOHAMA (Opened April 2015)

Business hotel with restaurant, shops, and serviced offices



■ RICOH Future House (Planned opening in summer 2015)

Complex based on the concept "community planning" that has a café-restaurant, event and seminar area, and hands-on museum of science and technology



Active deployment along and beyond the Odakyu Line

Opening of department stores and supermarkets in new formats, development of e-commerce, stepping up of supermarket openings

Opening of small stores (department stores)

- Opening of satellite stores and small stores in new formats



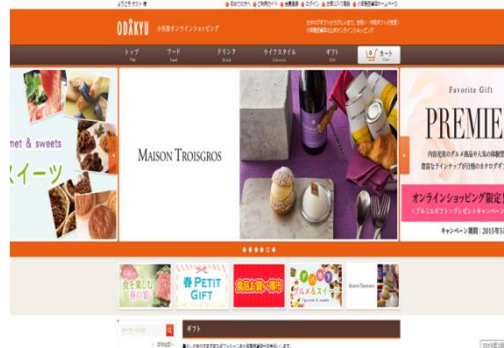
Flexible new store opening adapted to location characteristics (supermarkets)

- Development of a new business model to cope with urban sites and increase efficiency of small store operation
- Opening of new stores, renewal of existing stores



Strengthening of original merchandising and e-commerce (department stores)

- Rebuilding and strengthening of original merchandising
- Line expansion and qualitative improvement of merchandise sold by e-commerce



Optimization of in-station businesses

- Development in accordance with the different needs of each station by means such as combining new businesses



Opening of resort hotels and lodging-focused hotels

■ Resort hotels

→ Resort hotel expansion in the Hakone area



■ Lodging-focused hotels

→ Operation of upper-class hotels utilizing the Hotel Century Southern Tower business model



Expansion of restaurant openings, including overseas

■ Penetration of existing formats beyond the Odakyu Line



Hakone Soba Tamachi-Shibaura

■ Development of new formats, M&As



Akane Saryo



Al dente

■ Opening of restaurants overseas

→ Opening of restaurants in ASEAN countries

Hawaiian Pancake Factory
AEON Mall Phnom Penh



M&As, real estate acquisitions, etc. utilizing the growth investment budget


The Business Planning Department, a specialized organization established in FY2014, takes the lead in the following initiatives.

Consideration and implementation of M&As that will contribute to business scale expansion

- Existing business fields
Consideration and implementation of M&As that will contribute to expanding the scale of existing businesses, mainly restaurants, hotels, and supermarkets
- New business fields
Consideration and implementation of M&As in fields related to existing businesses from which medium- to long-term growth can be expected

【Specific example (FY2014 M&A project)】
Acquisition of a portion of the shares of UDS Ltd., which operates a real estate renovation business and overseas business (consolidated as a subsidiary)

Purpose of acquisition:	Activation of line development after completion of multiple double tracks and creation of business opportunities beyond the Odakyu Line
No. of shares acquired	8,100 shares (90% of shares issued and outstanding)



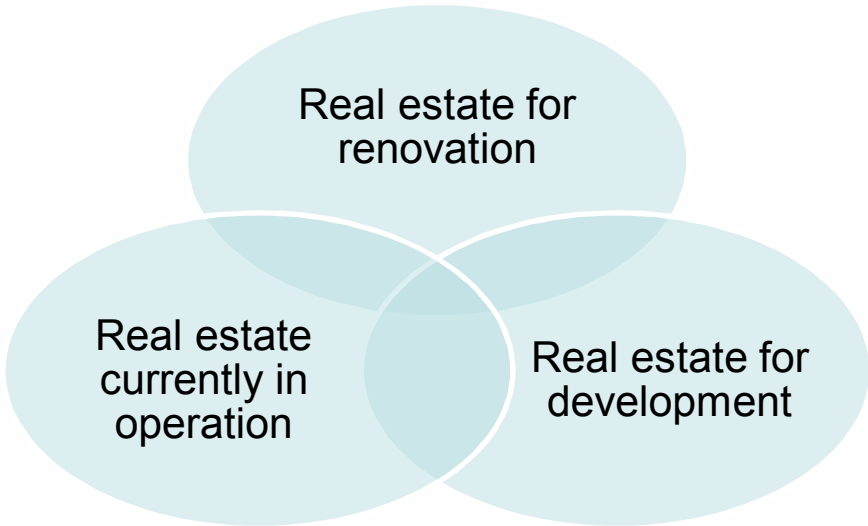
Capitalization	375 million yen
Sales:	1,648 million yen (FY ended December 2014)

Formulation and implementation of overseas expansion plans

- Formulation and implementation of overseas expansion plans for restaurants and other existing businesses
Countries targeted for expansion: ASEAN countries, USA etc.
(Including intra-Group collaboration and support for Group companies)

Acquisition of real estate to maximize Group revenue

- Real estate targeted for acquisition



Obtain the following benefits from acquisition of these types of real estate.

- (1) Creation of business opportunities for Group companies
 - (2) Smooth implementation of rail line development

- Means of utilization
Hotels, commercial facilities, offices, residences

Numerical Plan in the Medium-Term Management Plan (FY2015-FY2017)

(unit: million yen)	FY2014 (result)	FY2015 (forecast)	FY2016 (plan)	FY2017 (plan)
Revenue from operations	518,715	537,700	541,000	546,800
Operating income	49,858	51,000	50,400	45,700
Ordinary income	44,098	44,500	43,400	38,100
Net income attributable to the owners of parent	30,147	27,200	27,200	23,400
Capital expenditures	54,612	64,600	55,200	65,100
Depreciation	46,691	47,400	48,500	48,900
EBITDA	96,549	98,400	98,900	94,600
Interest-bearing debt	730,375	719,100	700,000	718,000
Interest-bearing debt/EBITDA ratio	7.6	7.3	7.1	7.6

- Forecasted decrease in operating income in FY2017 due to factors including higher costs accompanying completion of multiple double tracks, despite a revenue increase, mainly from the Merchandising and Real Estate segments
- Forecasted decrease in net income attributable to the owners of parent accompanying completion of recording of extraordinary income from reversal of the reserve for expansion of railway transport facilities since FY2015
- Forecasted temporary increase due to transfer of assets in FY2017 accompanying completion of multiple double tracks, despite a decrease in the balance of interest-bearing debt

[Reference*]

ROA (%)	4.1	4.2	4.1	3.7
ROE (%)	11.9	9.9	9.2	7.4

- Forecasted temporary decline reflecting lower profit due to factors including higher costs accompanying completion of multiple double tracks in FY2017

*ROA: Operating income / Total assets (excluding net unrealized gain on securities) *ROE: Net income attributable to the owners of parent / Net assets (excluding net unrealized gain on securities)

Numerical Plan in the Medium-Term Management Plan (FY2015-FY2017)

By Segment



(million yen)

		FY2014 (result)	FY2015 (forecast)	FY2016 (plan)	FY2017 (plan)
	Transportation	171,277	171,400	172,300	171,400
	Merchandising	222,684	228,500	232,600	238,600
	Real Estate	60,843	72,500	71,400	70,400
	Other Businesses	100,215	101,600	100,100	102,100
	Elimination	△ 36,305	△ 36,300	△ 35,400	△ 35,700
	Total revenue from operations	518,715	537,700	541,000	546,800
	Transportation	29,150	30,100	29,100	23,400
	Merchandising	3,160	4,000	4,400	4,900
	Real Estate	11,577	11,600	11,700	11,400
	Other Businesses	5,809	5,200	5,000	5,800
	Elimination	161	100	200	200
	Total operating income	49,858	51,000	50,400	45,700

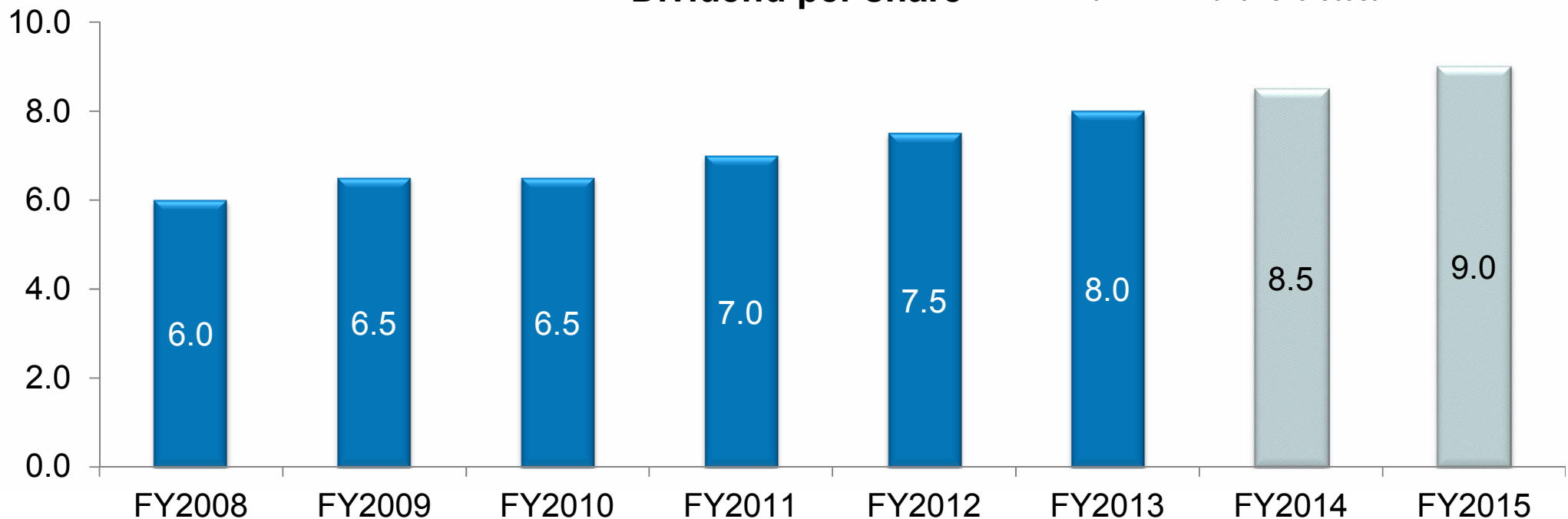
Dividend payout ratio (FY2013-)

The Company intends to use internal reserves for vigorous investment in the priority fields and the growth fields in an effort to improve financial performance. The Company's basic policy for returning profits to shareholders is to maintain stable dividend payment as a result of improved performance with a dividend payout ratio of approx.30%.

(Unit:Yen)

Dividend per share

* FY2014 – FY2015 is forecast



Remarks

Figures concerning the company's business plans, future forecasts and strategies other than historical facts are forward-looking statements reflecting management's view. Please note, since the forward-looking statements are based on information currently available, the actual results may differ from these forecasts.