



Natural hot spring Ryoun no Yu Onyado Nono Aasakusa



Akinomiya hot spring resort - Yukemuri no Yado Inazumi hot spring

Consolidated Financial Results for FY3/20 H1

November, 2019

Takumi Ueda
President

KYORITSU
HOTELS & DORMITORIES

9616

Agenda

- | | | |
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| <u>01</u> | Consolidated Financial Results for six month period ended September 30, 2019 | P. 3 |
| <u>02</u> | Forecast for Consolidated Financial Results for FY3/20 | P.25 |
| <u>03</u> | Progress in Mid-term Management Plan (FY3/18-FY3/22) | P.29 |

*Natural hot spring Sansa no Yu
Dormy Inn Morioka*



**Consolidated
Financial Results
for six month
period ended
September 30, 2019**



Meiji Global Village

Executive Summary

1

The 9th straight year of the increased H1 ordinary profit and the 7th straight year of hitting a highest-ever H1 ordinary profit

2

Newly opened facilities in FY3/20 H1 :

- Dormitory 13 facilities (1,451 rooms), Dormy Inn business 3 facilities (551 rooms)、Resort business 2 facilities (186 rooms)

3

Stable growth in dormitory business : FY3/20 H1 operating profit +3.1% vs. PY

- Occupancy rate at the beginning of FY3/20 was 98.7%, an increase of 1.0pp vs.PY

4

Robust growth in Dormy Inn business : FY3/20 H1 operating profit +19.1% vs. PY

- Decrease in the number of travelers from South Korea was fully offset by the growth in the number of the guests from other countries
- Decrease in RevPAR in the Osaka region was fully offset by our nationwide expansion

5

Raised FY3/20 interim dividend per share to 22 yen with +2 yen vs. PY
The 7th straight year of the increased interim dividend per share

FY3/20 H1 Consolidated Financial Results and KPIs

(Unit: oku yen=100 MM yen)

	FY3/19 H1 Act	FY3/20 H1 Act	vs. PY	
Reveue	792.0	938.1	+146.1	+18.4%
Operating Profit	80.4	90.6	+10.2	+12.7%
Ordinary Profit	78.3	89.7	+11.3	+14.5%
Net Profit	53.1	61.1	+7.9	+14.9%
EPS(Yen)	136.4	156.8	+20.3	+14.9%

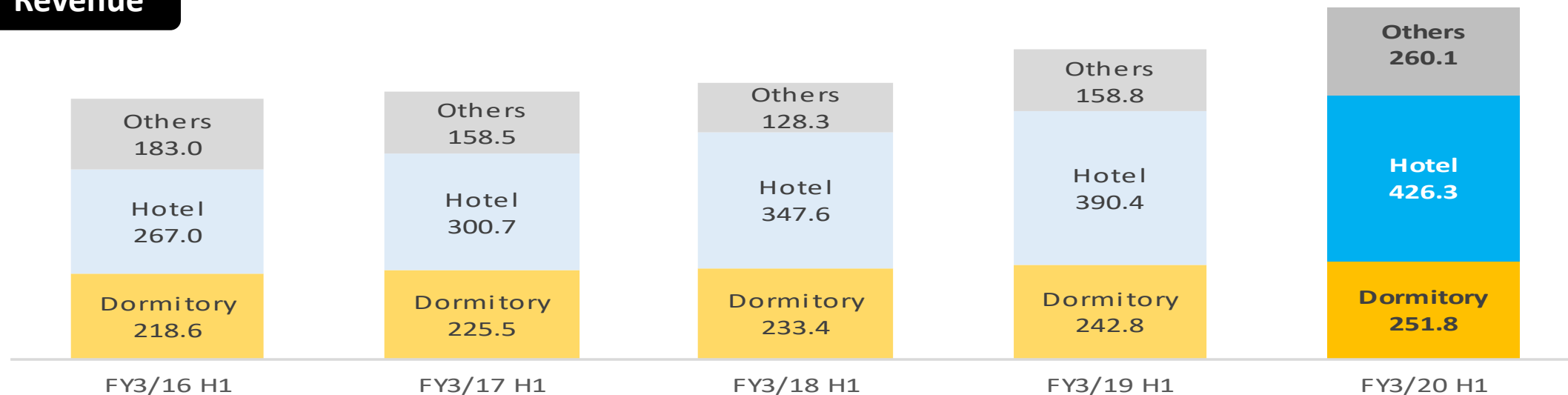
Capital Investments	93.0	110.4	+17.3	+18.7%
Depreciation Expense	22.6	25.0	+2.4	+10.6%
Cash Flow*	75.8	86.2	+10.3	+13.6%
Net D/E Ratio	0.9x	0.8x	-0.0x	-

* Net profit + Depreciation expense

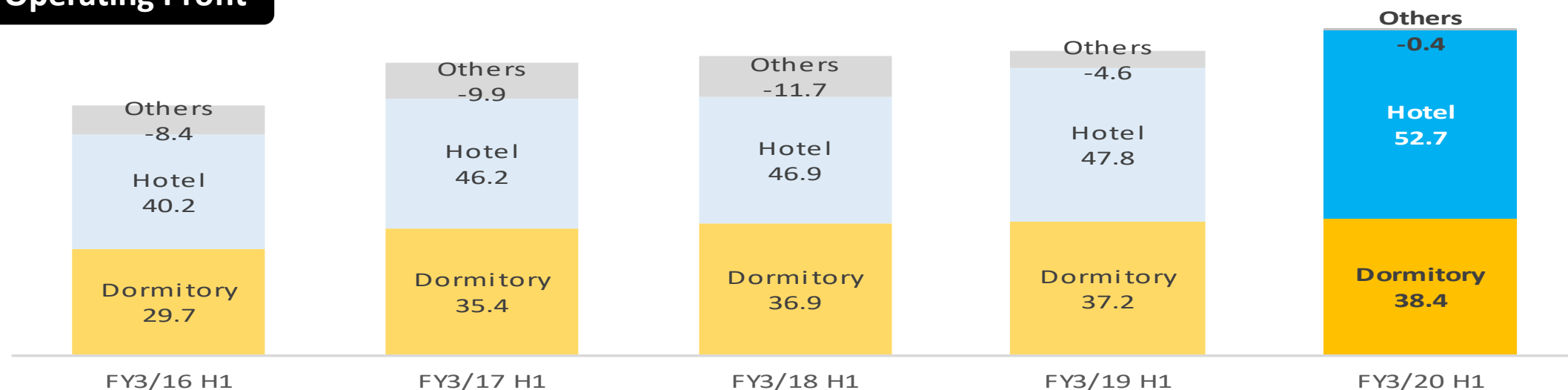
Historical data of H1 Revenue and Operating Profit over the past five years

(Unit: oku yen=100 MM yen)

Revenue



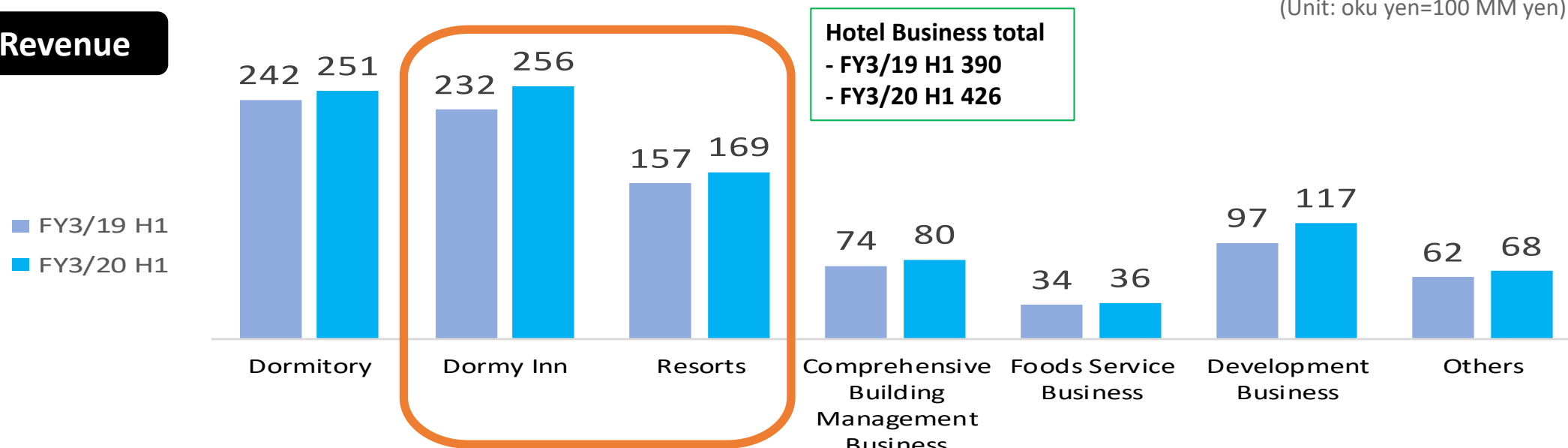
Operating Profit



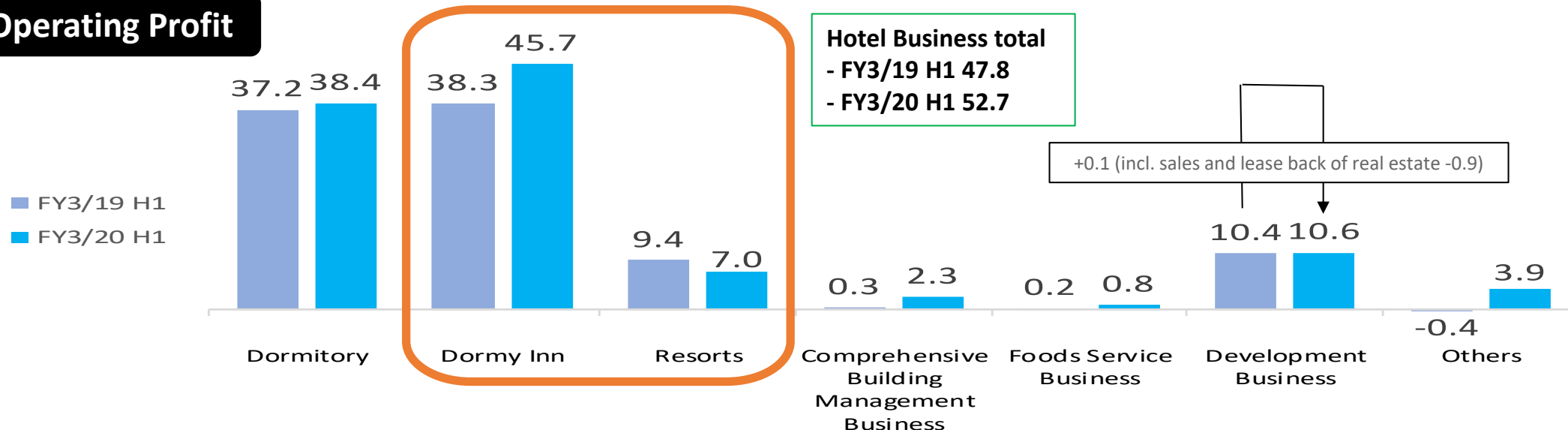
FY3/20 H1 Revenue and Operating Profit by business segment

(Unit: oku yen=100 MM yen)

Revenue



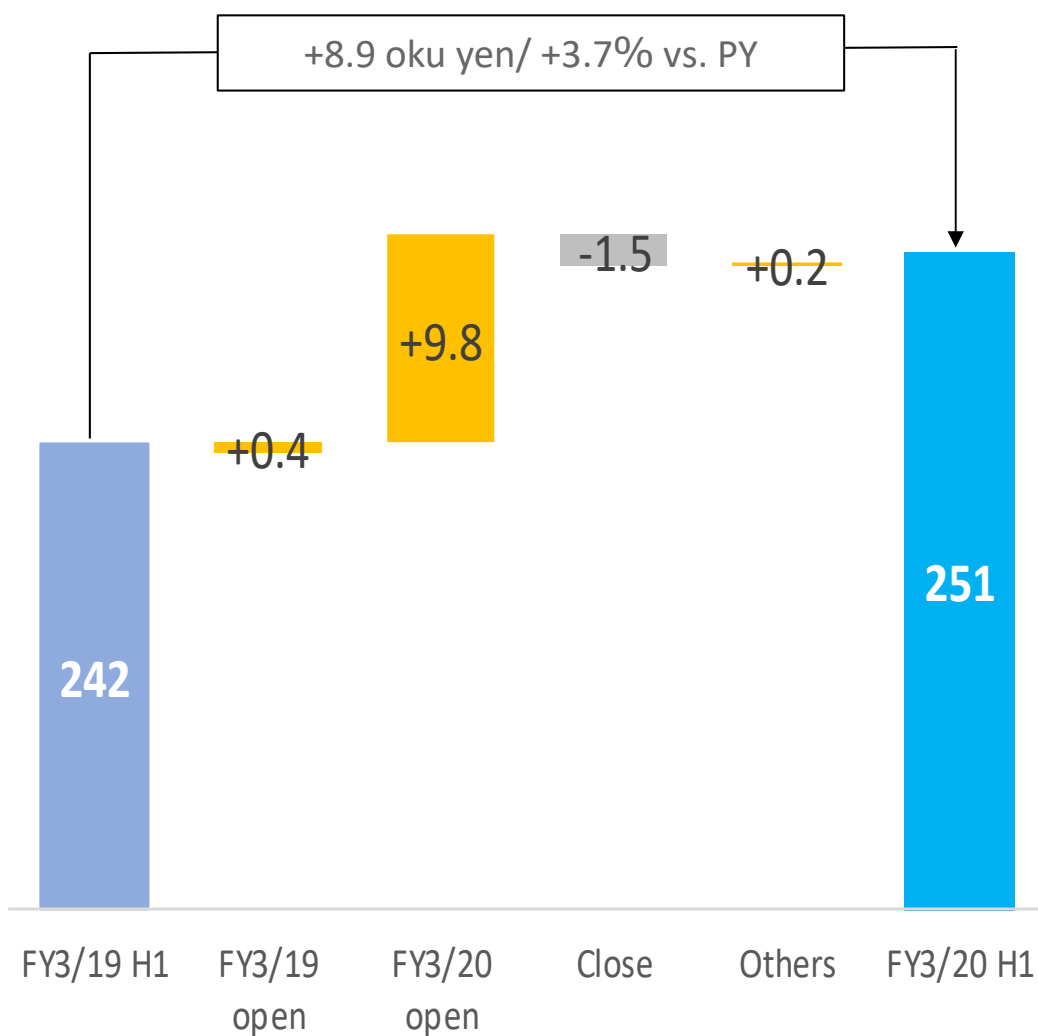
Operating Profit



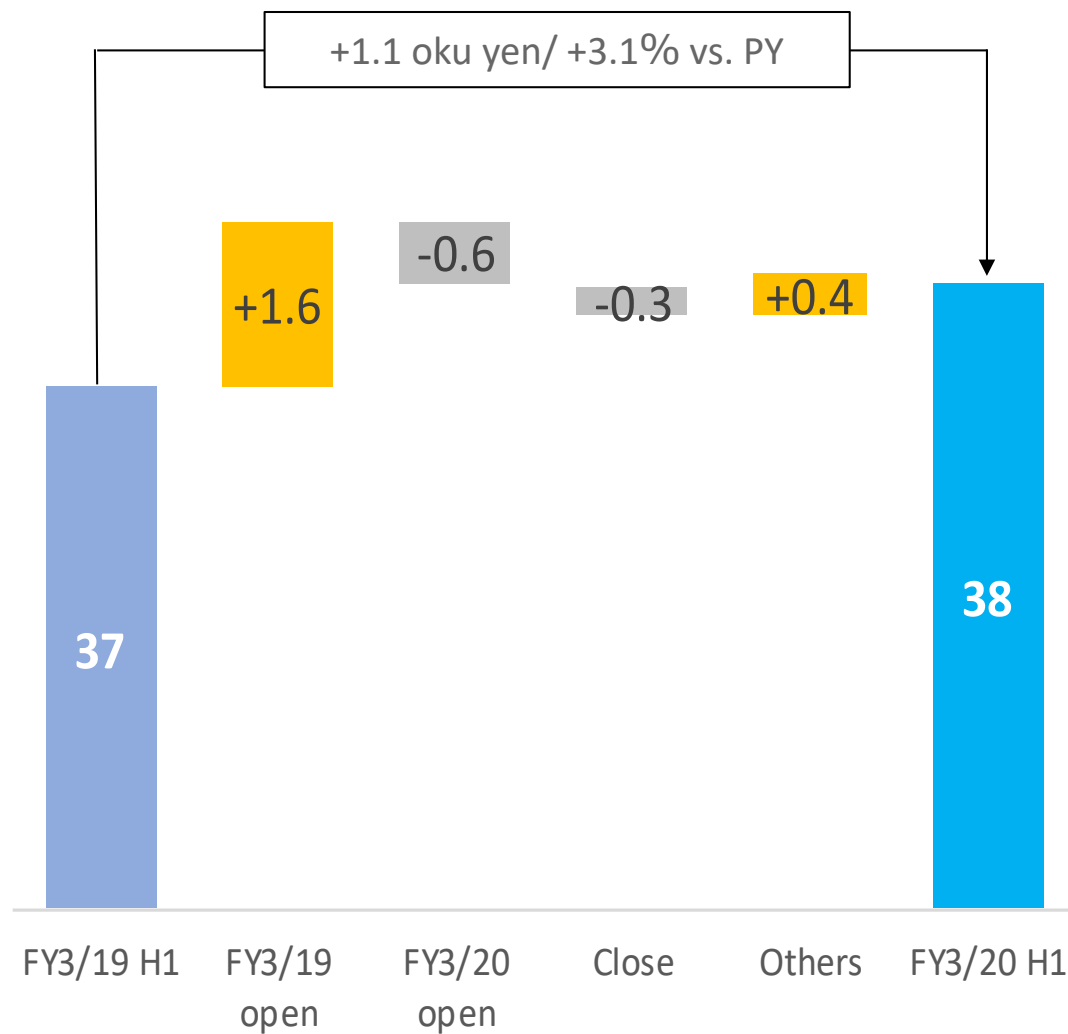
Dormitory Business: FY3/20 H1 Revenue and Operating Profit

(Unit: oku yen=100 MM yen)

Revenue

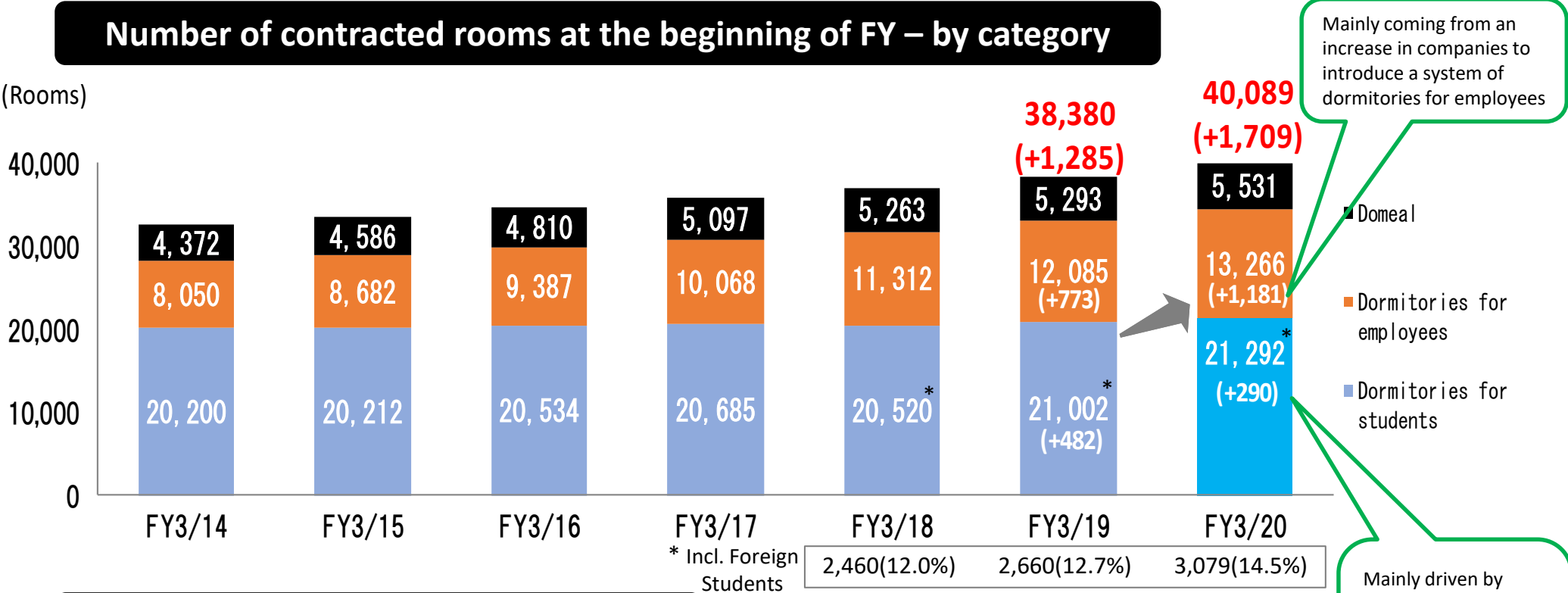


Operating Profit

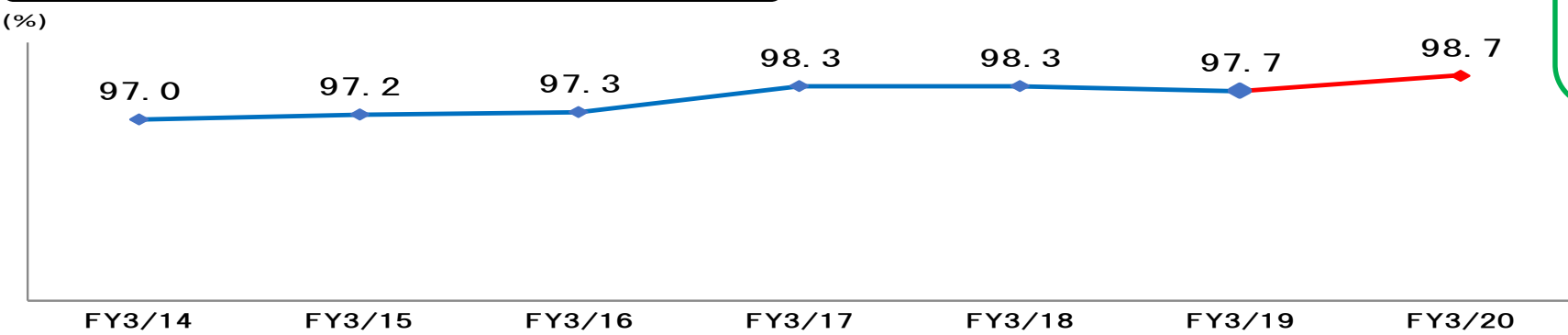


Dormitory Business: Number of contracted rooms and occupancy rate at the beginning of FY (Historical data)

Number of contracted rooms at the beginning of FY – by category



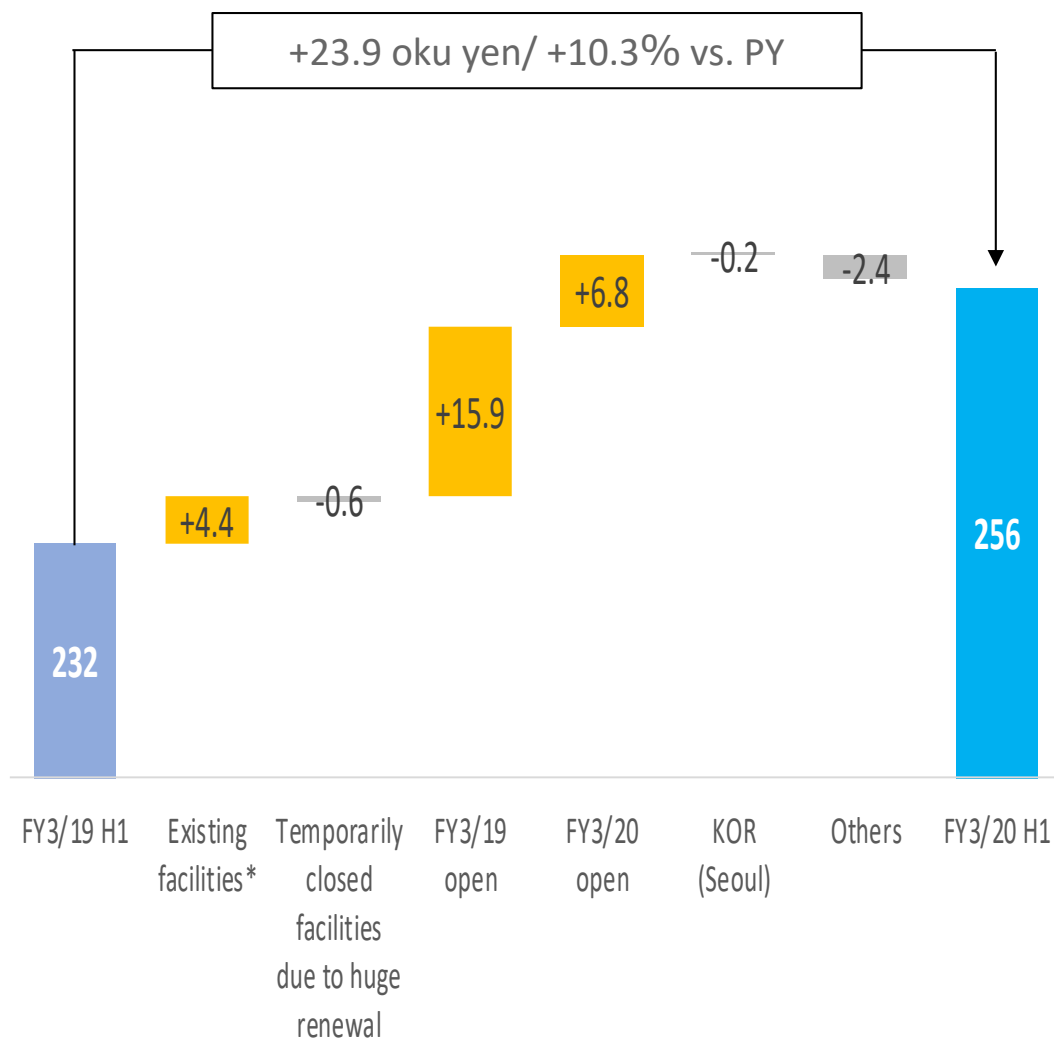
Occupancy rate at the beginning of FY



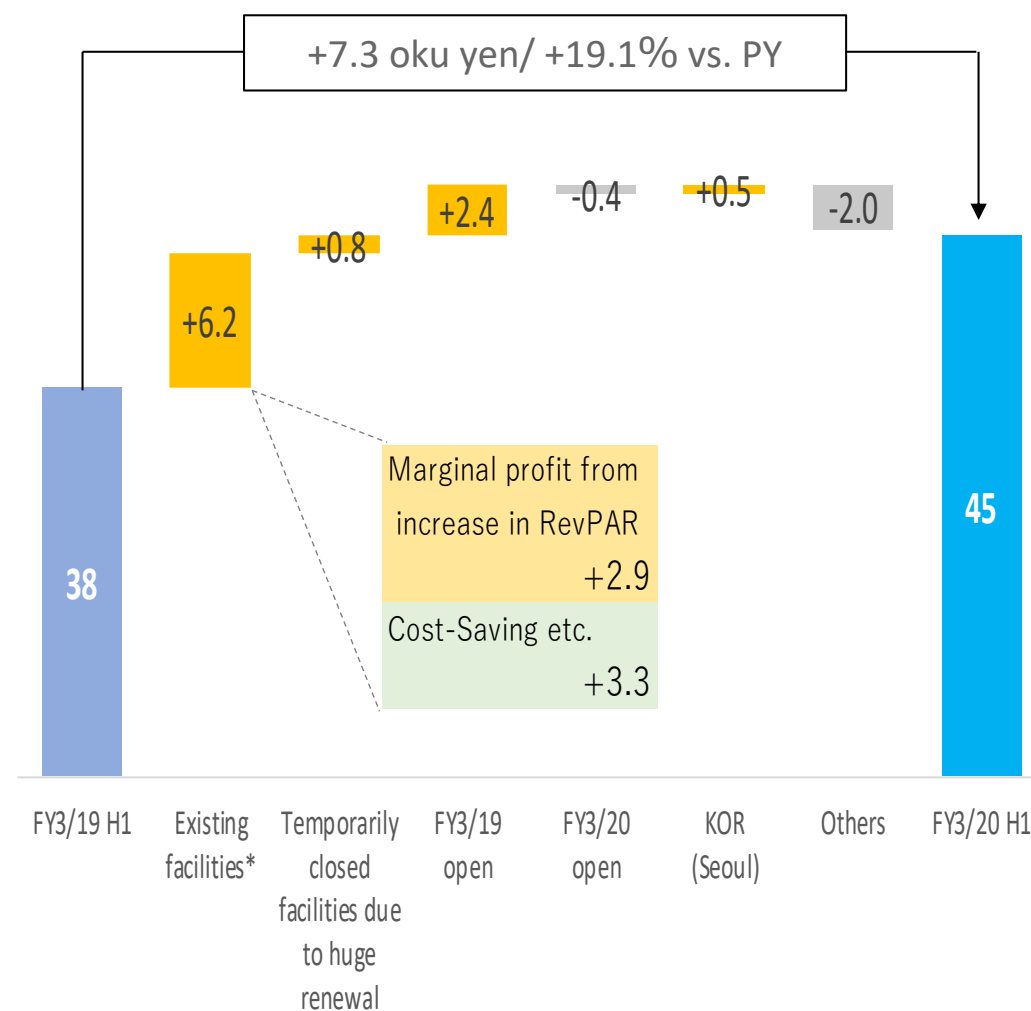
Dormy Inn Business: FY3/20 H1 Revenue and Operating Profit

(Unit: oku yen=100 MM yen)

Revenue

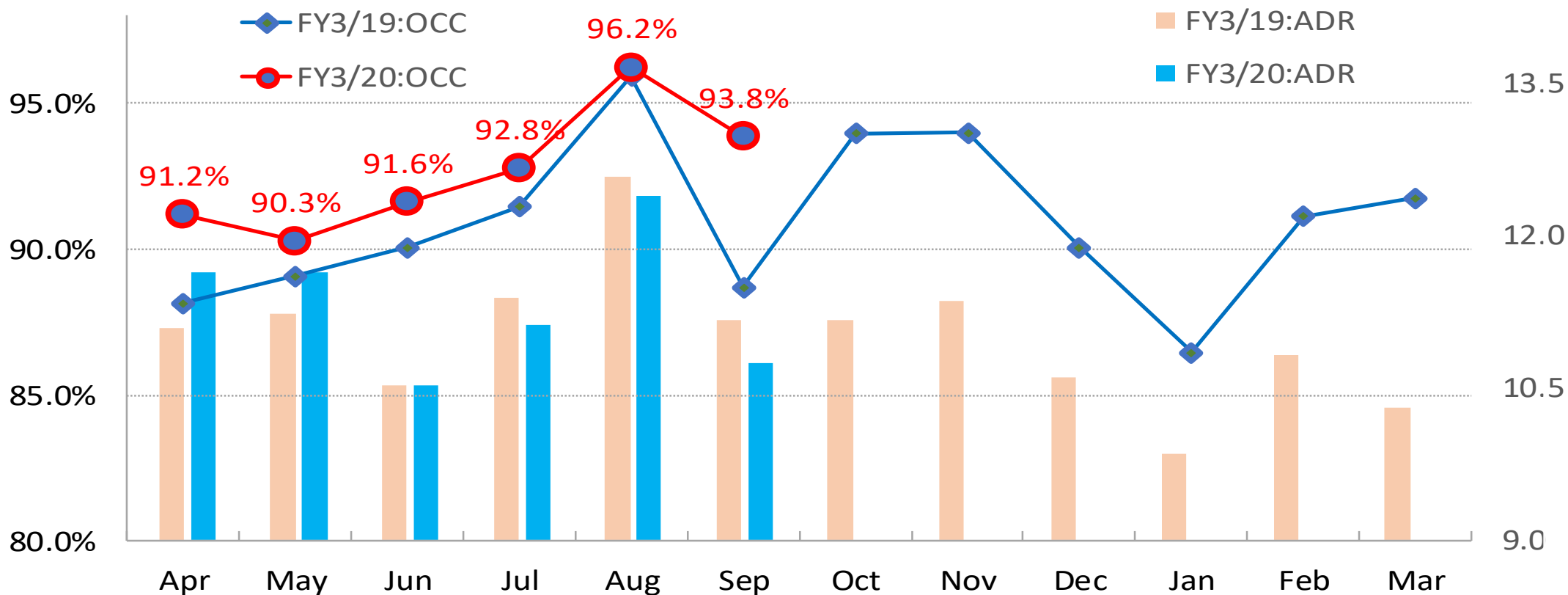


Operating Profit



Dormy Inn Business: Occupancy rate and ADR by month

(Unit: thousand yen)



OCC

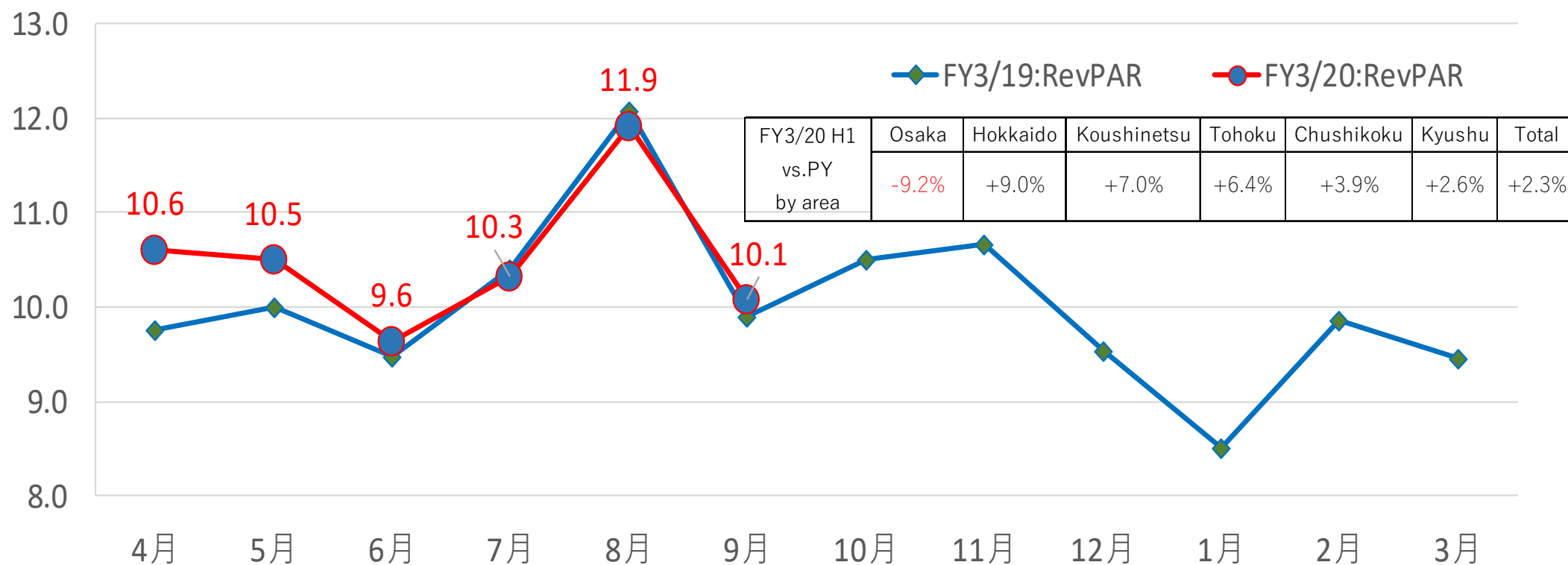
	Q1	Q2	H1	Q3	Q4	Full year
FY3/19 Act	89.1%	92.1%	90.6%	92.7%	89.7%	90.9%
FY3/20 Act	91.0%	94.3%	92.7%			
vs. PY	+1.9pp	+2.2pp	+2.1pp			

ADR(thousand yen)

	Q1	Q2	H1	Q3	Q4	Full year
FY3/19 Act	10.9	11.7	11.3	11.0	10.3	11.0
FY3/20 Act	11.3	11.4	11.3			
vs. PY	+0.3	-0.3	+0.0			

Dormy Inn Business: RevPAR by month

(Unit: thousand yen)

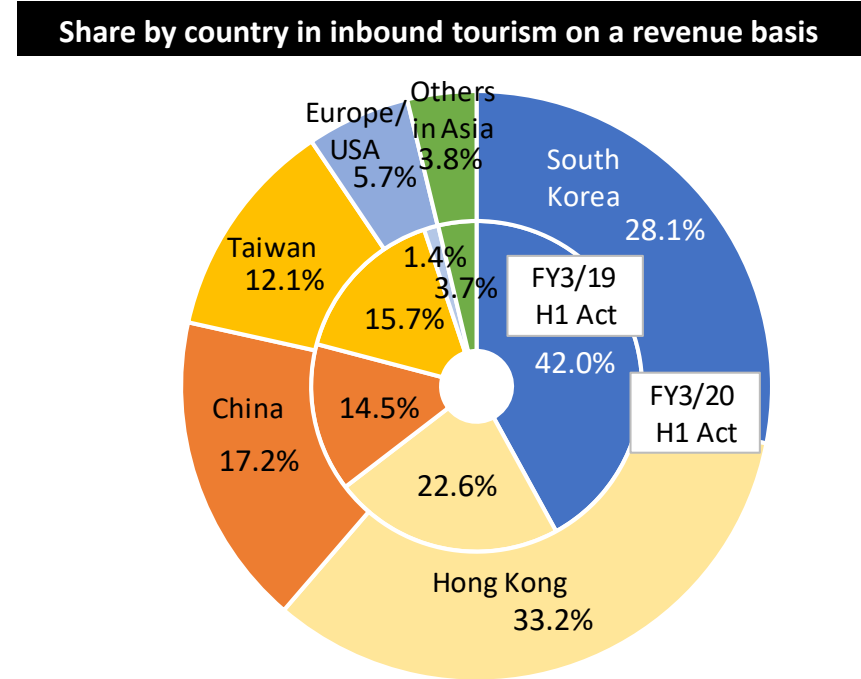
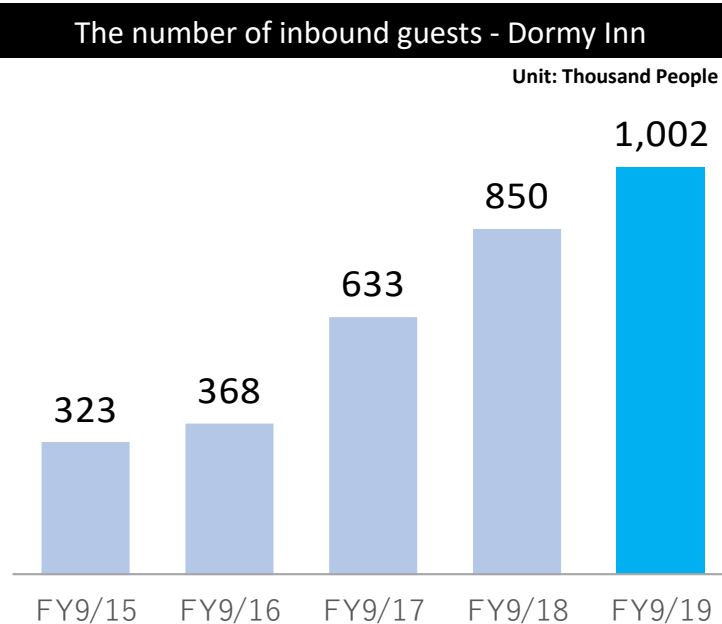
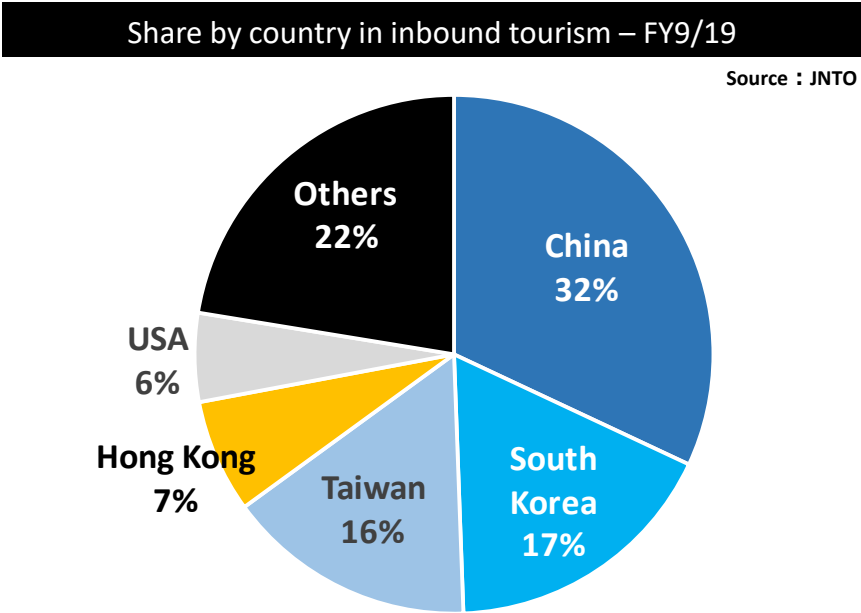
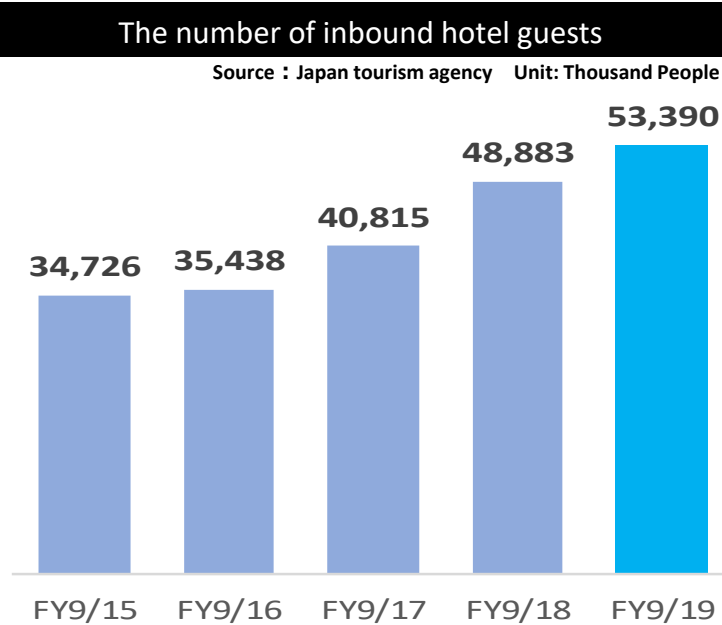


RevPAR (thousand yen)

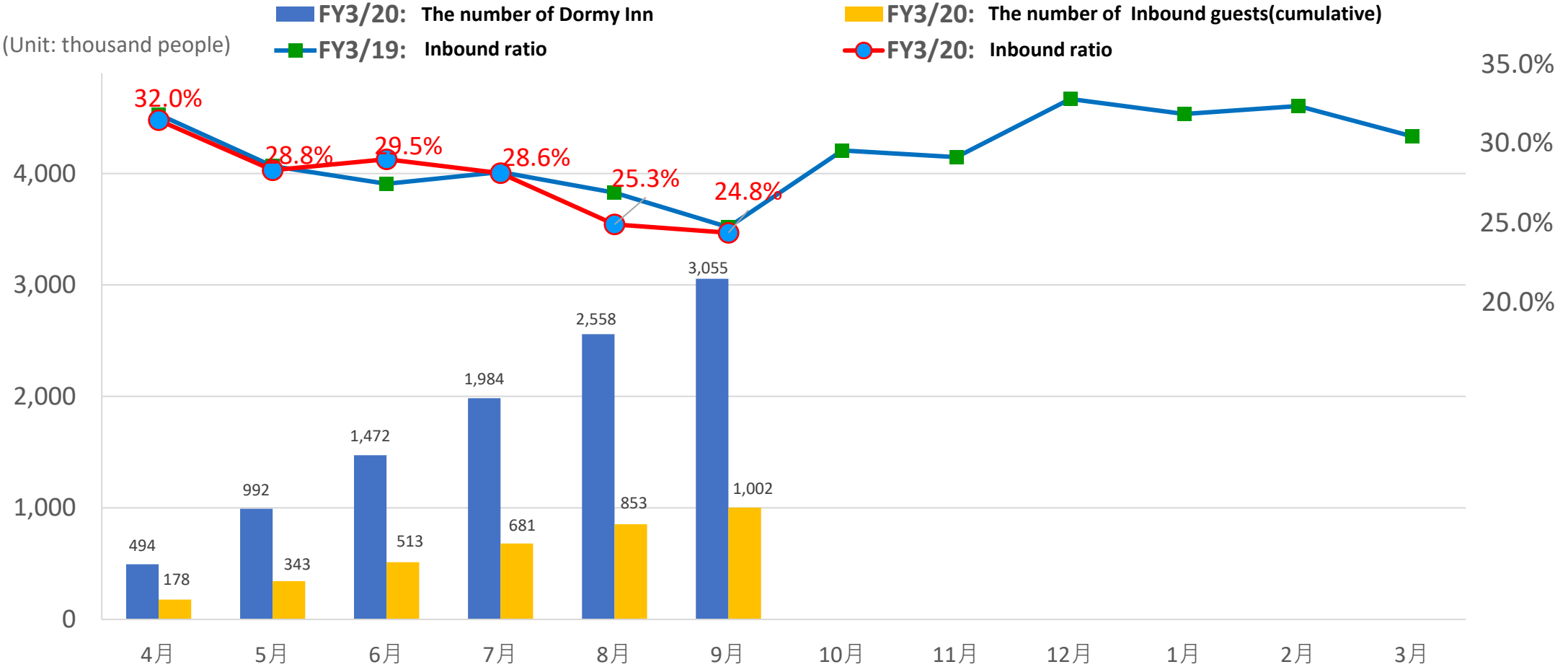
	Q1	Q2	H1	Q3	Q4	Full year
FY3/19 Act	9.7	10.8	10.3	10.2	9.3	10.0
FY3/20 Act	10.3	10.8	10.5			
vs. PY	+0.5	0.0	+0.2			

(Note) Above figures are excl. the impact of facilities that have been opened on and after April 1, 2018 to compare 2 periods of RevPAR on a common basis

Dormy Inn Business: Related data of inbound tourism



Dormy Inn Business: The number of Inbound guests/ Inbound ratio by month



% of Inbound

	Q1	Q2	H1	Q3	Q4	Full year
FY3/19 Act	29. 7%	27. 1%	28. 3%	30. 9%	32. 0%	29. 9%
FY3/20 Act	30. 1%	26. 2%	28. 1%			
vs. PY	+0. 3pp	-0. 9pp	-0. 2pp			

ADR
















(thousand yen)

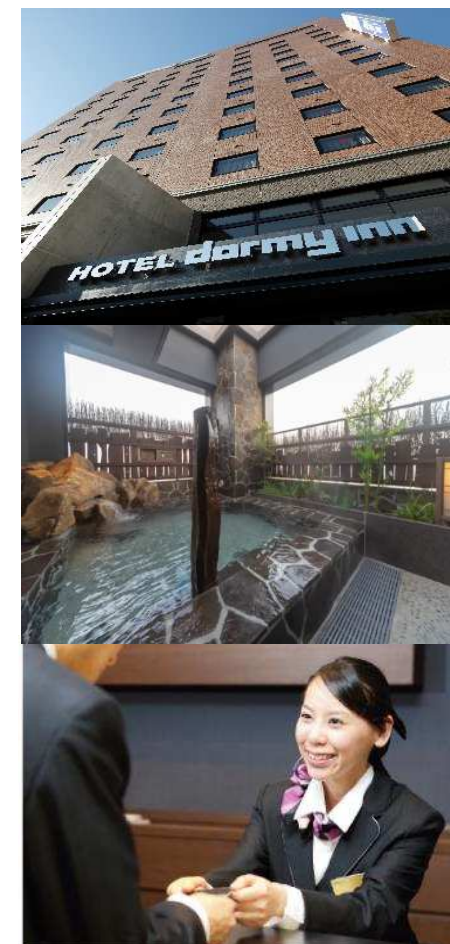
	FY3/19 H1	FY3/20 H1	vs. PY	
Excl. inbound	10. 8	11. 0	+0. 3	+2. 6%
Inbound	13. 2	12. 3	-0. 9	-6. 6%
Difference	+2. 4	+1. 3	-1. 1	

Third-party evaluation on Dormy Inn

Dormy Inn attained first place for the business hotel department at JCSI in 2019

Score of Customer Satisfaction in the Business Hotel Category

Ranking	<u>FY2019</u>	<u>FY2018</u>	<u>FY2017</u>
1	 Dormy Inn 81.7	 Richmond Hotels 81.8	 Richmond Hotels 81.2
2	 Richmond Hotels 81.0	 Dormy Inn 80.0	 Super Hotels 80.7
3	 Comfort Hotels 79.1	 Comfort Hotels 79.0	 Daiwa Roynet Hotels 79.4
4	 Super Hotels 78.5	 Super Hotels 78.3	 Dormy Inn 79.2
5	 Daiwa Roynet Hotels 77.4	 Daiwa Roynet Hotels 77.3	 Comfort Hotels 76.6

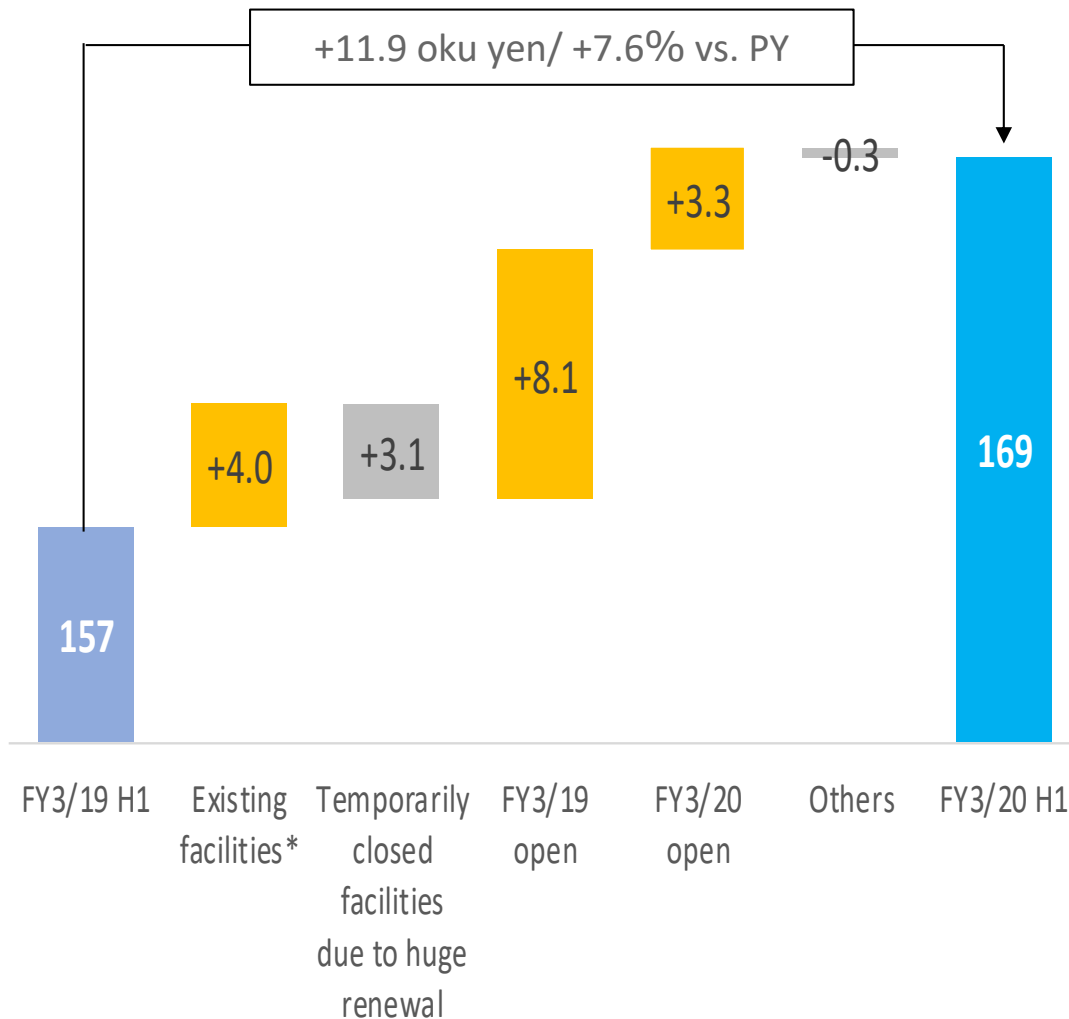


“JCSI(Japanese Customer Satisfaction Index)” is a survey of the customer satisfaction index in the service industries. Japan Productivity Center is conducting a survey at six times per year, approximately 30 industries, about 400 companies are targeted.

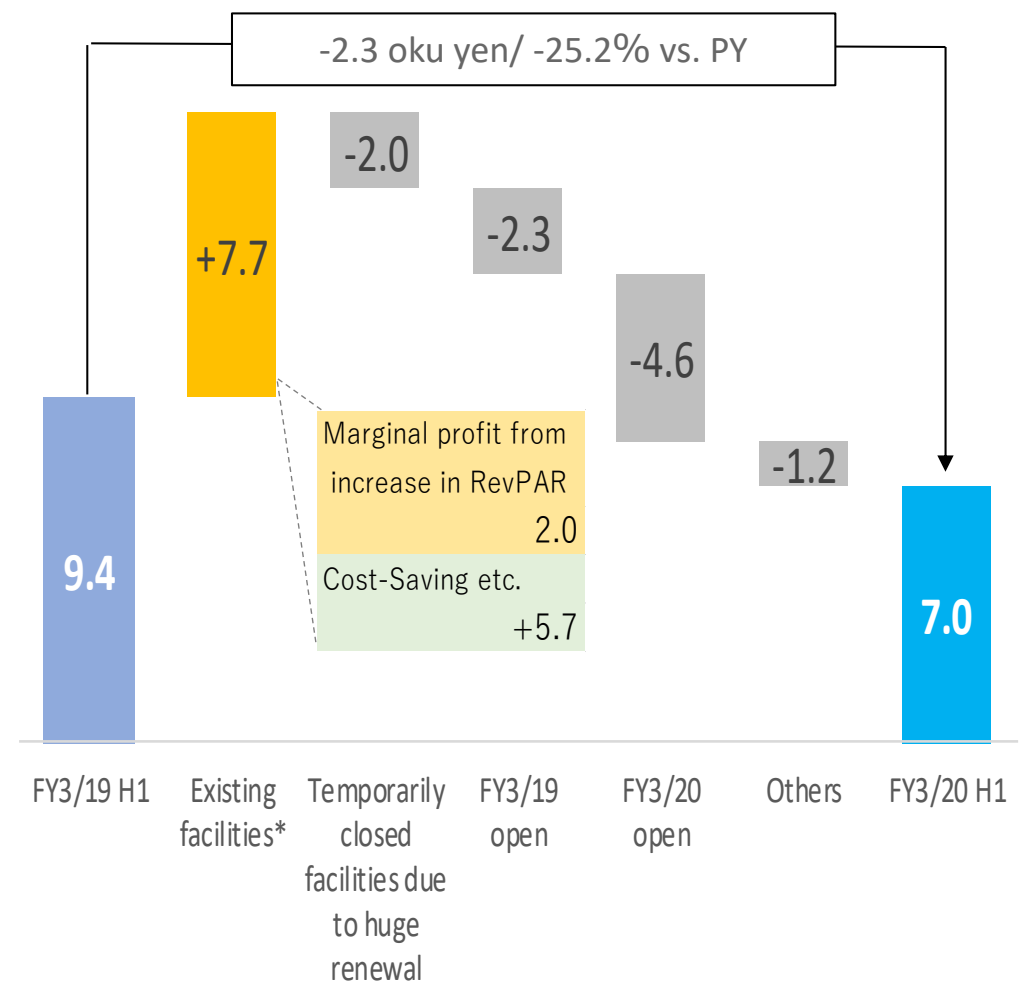
Resort Business: FY3/20 H1 Revenue and Operating Profit

(Unit: oku yen=100 MM yen)

Revenue

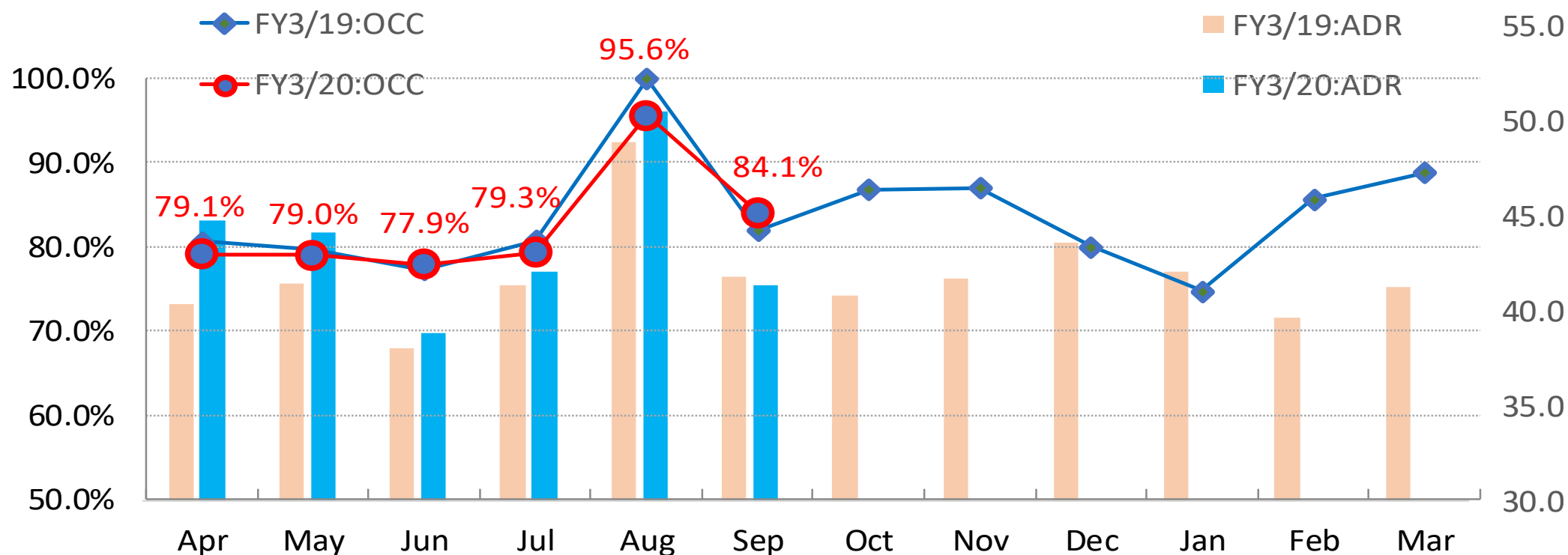


Operating Profit



Resort Business: Occupancy rate and ADR by month

(Unit: thousand yen)



OCC

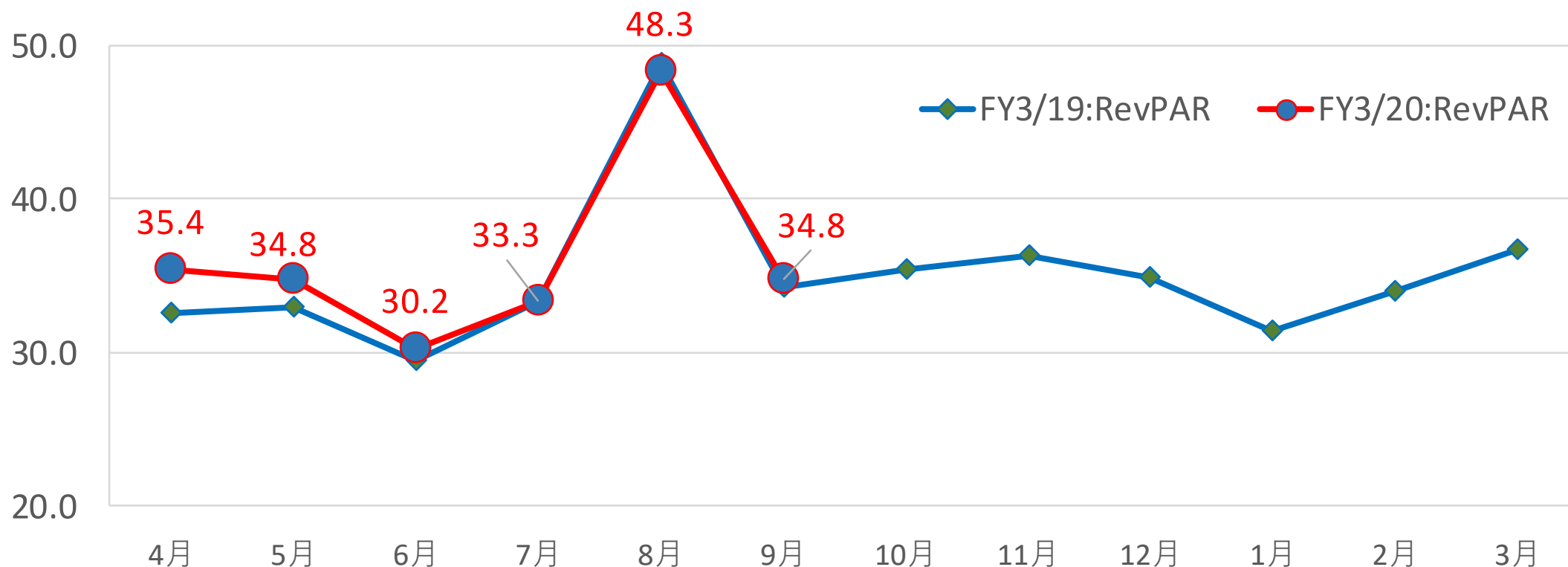
	Q1	Q2	H1	Q3	Q4	Full year
FY3/19	79.2%	87.6%	83.4%	84.6%	83.0%	83.6%
FY3/20 Act	78.7%	86.4%	82.7%			
vs. PY	-0.5pp	-1.2pp	-0.8pp			

ADR(thousand yen)

	Q1	Q2	H1	Q3	Q4	Full year
FY3/19	40.0	44.4	42.3	42.0	41.0	41.9
FY3/20 Act	42.7	45.0	43.9			
vs. PY	+2.7	+0.6	+1.6			

Resort Business: RevPAR by month

(Unit: thousand yen)



RevPAR (thousand yen)

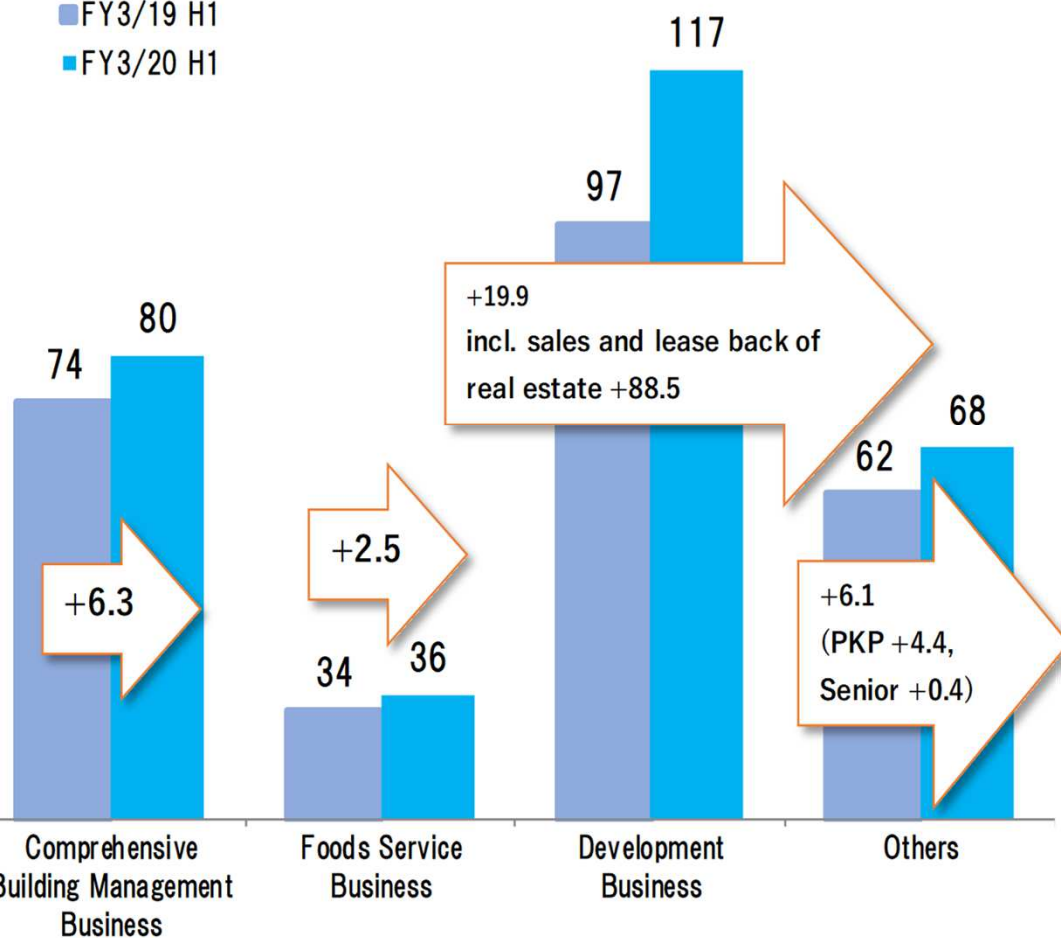
	Q1	Q2	H1	Q3	Q4	Full year
FY3/19	31.7	38.9	35.3	35.5	34.0	35.1
FY3/20 Act	33.6	38.9	36.3			
vs. PY	+1.9	0.0	+1.0			

Other Businesses: FY3/20 H1 Revenue and Operating profit

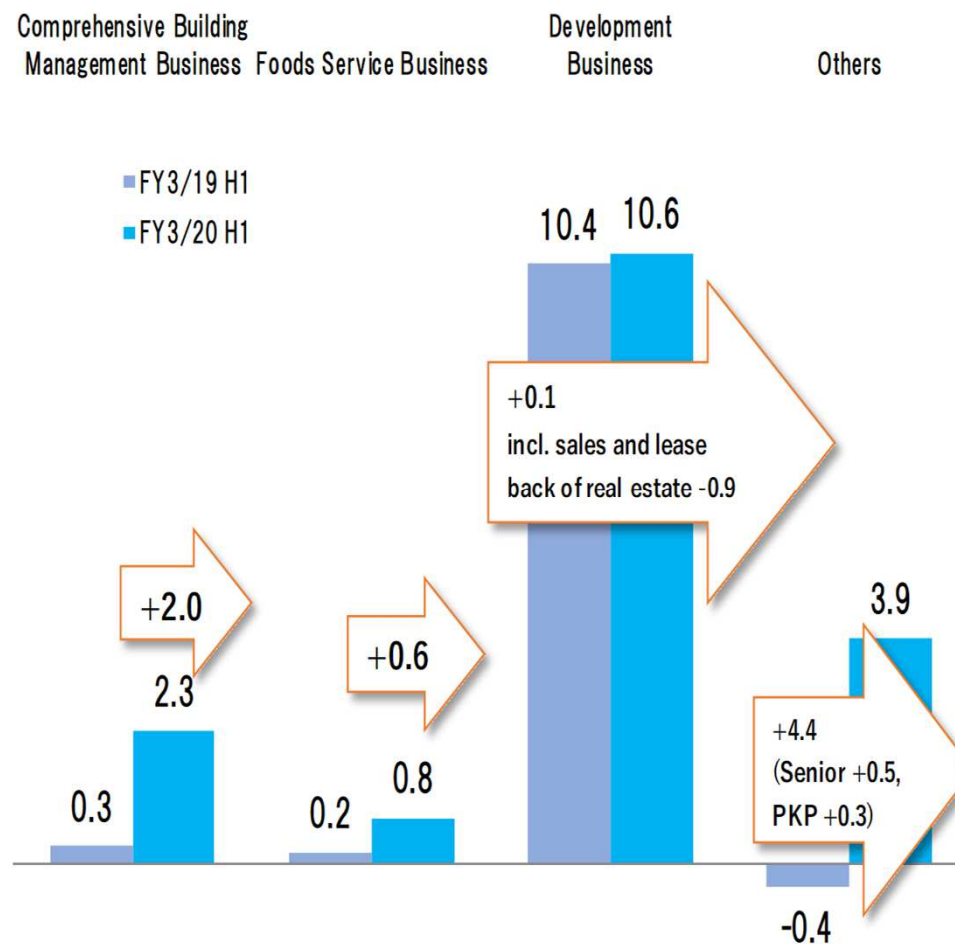
(Unit: oku yen=100 MM yen)

Revenue : +13.0% vs. PY

■ FY3/19 H1
■ FY3/20 H1



Operating profit : +67.6% vs. PY



Balance Sheet

As of Sep 30, 2018

Assets 200.4 bn yen	Liabilities 124.0 bn yen
Cash and deposits 20.3 bn yen	Interest-bearing liabilities 86.9 bn yen
	*Including 19.9 bn yen in convertible bond
Non-current assets 156.3 bn yen	Net Assets 76.4 bn yen
	Treasury shares -0.3 bn yen

As of Mar 31, 2019

Assets 202.5 bn yen (+2.1 bn yen)	Liabilities 122.9 bn yen (-1.1 bn yen)
Cash and deposits 16.6 bn yen (-3.7 bn yen)	Interest-bearing liabilities 82.9 bn yen (-4.0 bn yen)
	*Including 19.9 bn yen in convertible bond
Non-current assets 160.7 bn yen (+4.4 bn yen)	Net Assets 79.5 bn yen (+3.1 bn yen)
	Treasury shares -0.3 bn yen

As of Sep 30, 2019

Assets 208.9 bn yen (+6.4 bn yen)	Liabilities 124.5 bn yen (+1.6 bn yen)
Cash and deposits 20.4 bn yen (+3.8 bn yen)	Interest-bearing liabilities 89.7 bn yen (+6.8 bn yen)
	*Including 19.9 bn yen in convertible bond
Non-current assets 160.5 bn yen (-0.2 bn yen)	Net Assets 84.3 bn yen (+4.8 bn yen)
	Treasury shares -0.3 bn yen

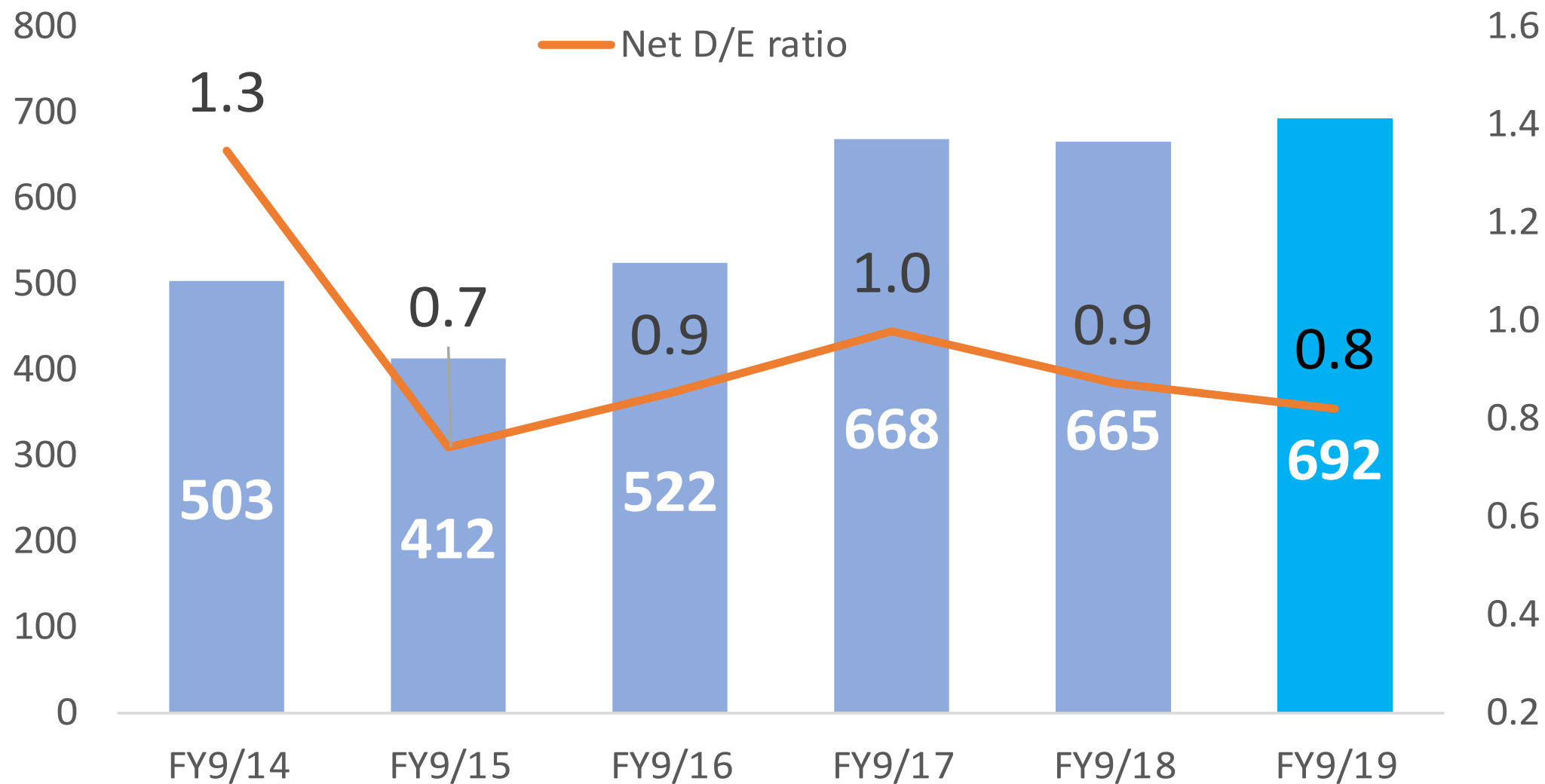
Interest-bearing debt and Net D/E ratio

(oku yen=100 MM yen)

Interest-bearing debt (Net)

Net D/E ratio

(*.*x)



Our efforts against ESG

• Enhancing Corporate Governance System

➤ Appointment of outside directors

Outside director (not Audit and Supervisory Board Member, 1 director) : New position created in June, 2019. Former commissioner of the Japan tourism agency. Personnel with seasoned knowledge of Japan transport/ tourism administration

Outside director (Audit and Supervisory Board Member, 2 directors) : Personnel with seasoned knowledge of finance, accounting, corporate management and economics

— Above 3 members have been already listed in TSE as “independent executive”. They attend our BOD meeting regularly and monitor our management health carefully with some constructive opinions.

➤ Setting aside enough time for our shareholders to give a lot of thought to the bills of our shareholders meeting through early electronic disclosure of notice of shareholders’ meeting

• Gender Equality



➤ Appointment of the first female director for us in the shareholders meeting to be held in June, 2019

➤ Underlying upward trend in the ratio of female full-time employees (47.5% at the end of Mar, 2019, +4.9pp compared to the end of Mar, 2016)

➤ Moderately upward trend in both the ratio of female management positions to all management positions and that of female management positions to female full- employees

• Affordable and Clean Energy



➤ Investment in renewables

— Actively participating in “local production of electricity for local consumption” by Nakanojo, Gunma (local government)

➤ Activities for Environmental Conservation

— Environmental practice of “WECO*” as a Dormy Inn original effort

— The Introduction of business card made from limestone

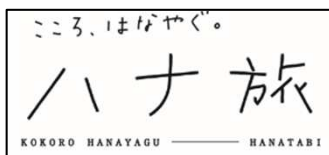
• An effort to seek an environmental conservation by limiting a scope of our cleaning task under customers’ request

Awareness of our company

- Distributed corporate TV commercials to live broadcasting of the Hakone Ekiden
– undoubtedly one of the well-known Ekiden races held in Japan



- Distributed corporate commercials through the terrestrial/ internet/ radio program we sponsored



たまむすび

- Distributed TV commercials of Kyoritsu Resort “La Vista” in Hokkaido and Kyushu region

- Broadcasting the PR video of Kyoritsu Resort

- Acting as an official sponsor of the Japan Women’s Football League in 2019,

We have signed an official sponsorship agreement with the “Nadeshiko League”, where strong and healthy women shine brightly.

We will eagerly support popularization activities meant to convey dreams of achievement and feelings of inspiration from the hard-playing athletes in the “Nadeshiko League” to as many people as possible.



- Enhancement of IR activities – participating in various IR events

- IR activities for domestic investors: Some briefing sessions for individual and institutional investors, participating in IR fairs and one-on-one meeting with investors, etc.
- IR activities for overseas investors: IR Road Show, participating in some IR conferences - 5 times in FY3/19

Further improvement in customer satisfaction

■ Setting up and enhancement of comprehensive customer network

- Utilization of comprehensive customer database that leads to very kind hospitality
 - ✓ Customer data makes it possible to provide each customer with higher-quality service
 - ✓ Use historical information on usage by customer as an effective way of marketing and take thorough countermeasures to secure customer information
- Designing a membership program so that customers can use our company over an extended period of time
 - ✓ Make most valued customers understand our business and service better/ Grant some privileges/services to them
- Starting point program so that our customers can enjoy the benefits by using of our site to reserve our hotels. The number of members of our site at the end of Sep, 2019 was 750 thousand people, increasing +37.2% compared to the end of March, 2018.
 - ✓ Arranged a tie-up with “d point” program produced by NTT DOCOMO – very easy to earn and use “points”
 - ✂ Made “earning” and “using” d point service available in “November 2018” and “April 2019”, respectively

■ Developed the application of “Domico” for residents of our dormitories

- Gradually expanded this operation from FY3/20

- Made it possible to apply for and cancel the board service at our dormitories on the day with simple method “by mobile phone”
- In addition, made it possible to file the notification of sleepover with dormitory “by mobile phone”

Forecast for Consolidated Financial Results for FY3/20



Scene of dormitory for students



*Kotohira hot spring
Onyado Shikishimakan*

FY3/20 Consolidated Financial Forecast and KPIs

(Unit: oku yen=100 MM yen)

	FY3/19 Act	FY3/20 Forecast	vs. PY	
Revenue	1,628.1	1,830.0	+201.8	+12.4%
Operating Profit	145.6	157.0	+11.3	+7.8%
Ordinary Profit	143.2	154.0	+10.7	+7.5%
Net Profit	95.6	102.0	+6.3	+6.6%
EPS(Yen)	245.4	261.6	+16.1	+6.6%

Capital Investments	174.8	153.4	-21.4	-12.3%
Depreciation Expense	47.5	50.0	+2.4	+5.0%
Cash Flow*	143.2	152.0	+8.7	+6.1%
DPS (Yen)	45	47	+2.0	+4.4%
DPR	18.3%	18.0%	-0.4pp	-

* Net profit + Depreciation expense

* Incl. negative impact of 14.5 oku yen vs. PY – opening expense +4.5 oku yen, huge renewal expense, etc. +8.0 oku yen and system modification fee +2.0 oku yen for customer satisfaction improvement

Key assumptions in FY3/20 Forecast

Dormitory Business

- Occupancy rate at the beginning of FY3/20: 98.7%, +1.0pp vs. PY
- Number of contracted rooms at the beginning of FY3/20: 40,089, +4.5% vs. PY

Dormy Inn Business

- Number of hotels/rooms planned to open in FY3/20:
 - 7 hotels/ 1,535 rooms (+11.6%)
- RevPAR (thousand yen): 10.3, +3.0% vs. PY

Resort Business

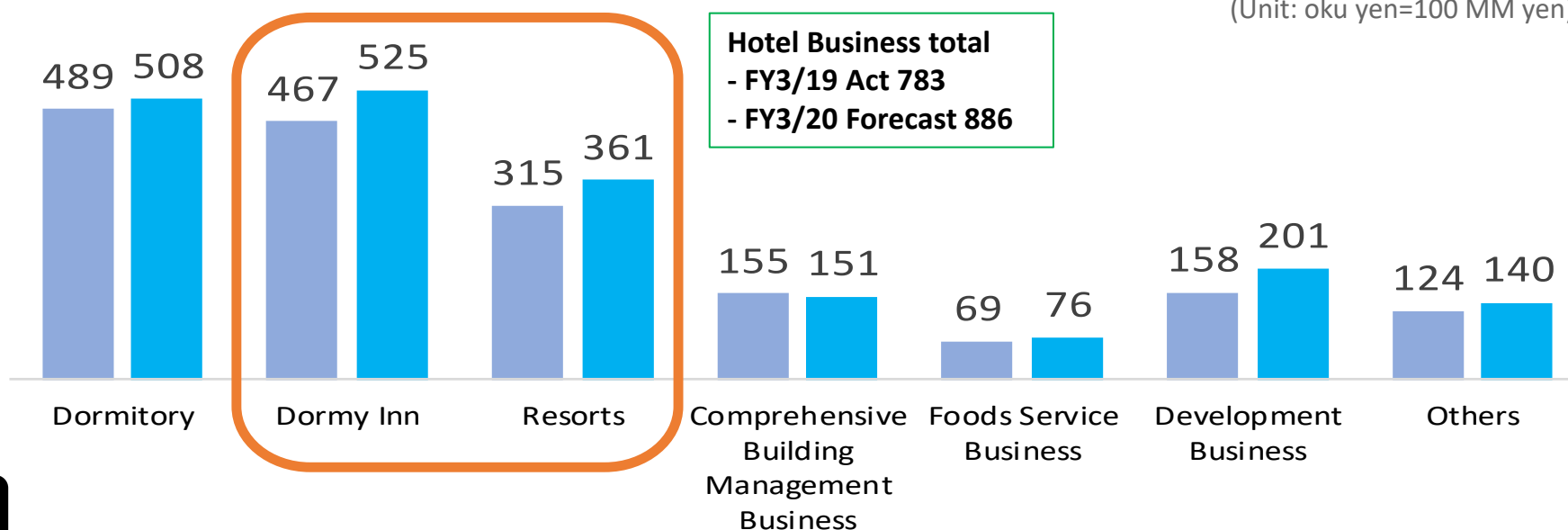
- Number of hotels/rooms planned to open in FY3/20:
 - 3 hotels/ 241 rooms (+9.1%)
- RevPAR (thousand yen): 36.7, +4.8% vs. PY

FY3/20 Forecast - Revenue and Operating profit by business segment

(Unit: oku yen=100 MM yen)

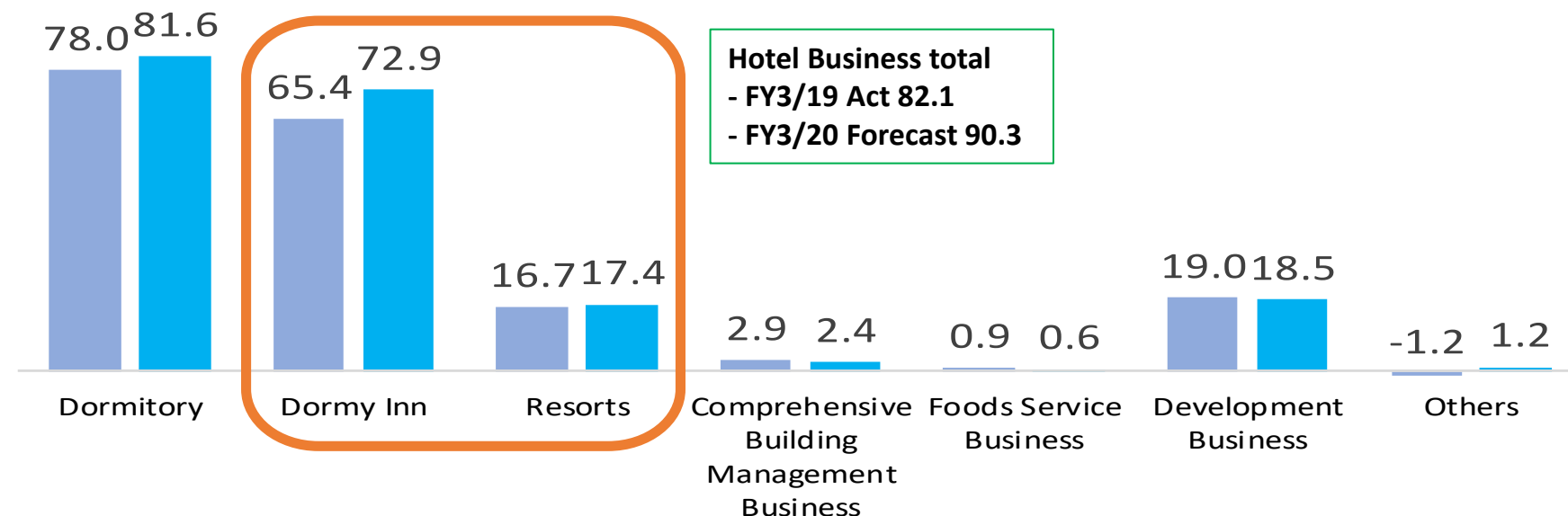
Revenue

■ FY3/19 Act
■ FY3/20 Forecast



Operating Profit

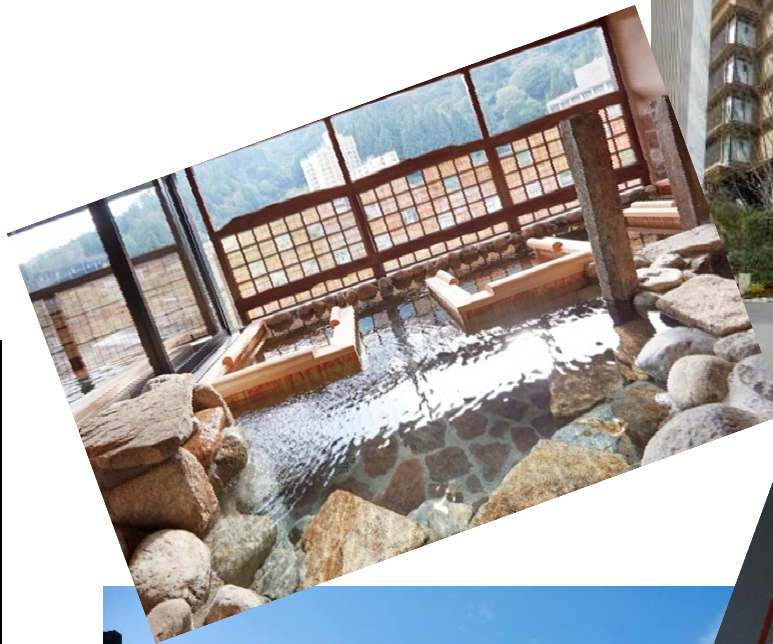
■ FY3/19 Act
■ FY3/20 Forecast



FY3/20 Development Plan

	FY3/18 実績		FY3/19 実績		FY3/20 計画	
Dormitory	+10 facilities	+963 rooms	+14 facilities	+1,780 rooms	+15 facilities	+1,575 rooms
	Noda ANNEX, Senjunakamachi, Tsunashimaekimae, Higashiosaka, Maihama, Minamikoshigaya, Irinaka II, Koroen, Kotoni II, Pedal Hanakoganei		Waseda, Hikifune, Keiotsunashima, Tsurugashima, Omoromachi, Kaihinmakuhari, Tokorozawa, Hakataekiminami II, Kokuraekimae, Hokudaimae2, Hanazonomarutamachi, Ryuokuchikouen3, Ookurayama, Shounanfujisawa II		Sendaihigashiguchi V, Motoyama, Osakatenma, Kagoshima, Tenjinminami, Kobe, Ichigaya, Komagome, Meidai global village, Setagayatodoroki, Kamishakujii, Minamiurawa, Dokkyodaigakumae, Kyotogoshominami, Kanazawaekinishi	
Dormy Inn	+9 facilities	+1,571 rooms	+9 facilities	+1,530 rooms	+7 facilities	+1,535 rooms
	PREMIUM Kanda, Miyazaki, global cabinGL Suidobashi, Kofumarunouchi, Izumo, EXPRESS Sendai-Seaside, Nono Nara, Kochi, Matsuyama		Honhachinohe, Osakatanimachi, Korakuen, Oita, global cabin Hamamatsu, global cabin Yokohamachukagai, Takamatsuchuokoenmae, PREMIUM Namba ANNEX, PREMIUM Osakakitahama		Maebashi Apr Fukui Jun Morioka Jul Nono Asakusa Oct Kawasaki Jan Furano Feb Mito Mar	
Resorts	+4 facilities	+253 rooms	+2 facilities	+171 rooms	+3 facilities	+241 rooms
	Keiun (Izumo), Tsukiyo no Usagi (Izumo), Le Chien Kyu-Karuizawa, Suiun (Gora)		La Vista Kirishima (Kagoshima), Shirakawago (Gifu)		Echigoyuzawa Apr (Niigata) Kotohira (Kagawa) Sep Inazumi (Akita) Nov	

*Echigo Yuzawa hot spring
Yukemuri no Yado Yuki no Hana*



Progress in Mid-term Management Plan (FY3/18 - FY3/22)



*Nankishirahama
Hamachidori no Yu Kaishu*

Key quantitative targets of mid-term management plan and progress report

Name of MMP

Kyoritsu Jump Up Plan

Outline

1. Customer satisfaction improvement

- Produce products and services that lead to better customer satisfaction, raise customers' assessment of the Company and get greater trust

2. Advanced development

- Expand business bases and build a solid business foundation

Key Quantitative Targets/ Development Plan

Key Quantitative Targets	Starting FY for Mid-term Management Plan (FY3/17)
Revenue	1,358 oku yen
Operating Profit	118 oku yen
Net D/E Ratio	0.9x
DPR	16.8%
ROE	11.7%

Progress at the end of FY3/19
1,628 oku yen(CAGR: +10%)
146 oku yen(CAGR: +11%)
0.8x
18.3% - projection
12.6%

Final FY of Mid-term Management Plan (FY3/22)
2,200 oku yen(CAGR: +10%)
190 oku yen(CAGR: +10%)
Maintain lower than 1.0x for securing financial health
Advance gradually to more than 20%
More than 10%

Development Plan	Starting point for Mid-term Management Plan (At the end of Mar, 2017)
Dormitory	37,000 rooms
Dormy Inn	10,200 rooms
Resort	2,200 rooms

Progress at the end of FY3/20 H1 (FY3/18 - FY3/20 H1 end / cumulative)
- Opened: 4,194 rooms - Already decided: Around 5,700 rooms (Progression rate: 81%)
- Opened: 3,652 rooms - Already decided: Around 9,000 rooms (Progression rate: 100%)
- Opened: 610 rooms - Already decided: Around 1,500 rooms (Progression rate: 107%)

Final FY of Mid-term Management Plan (At the end of Mar, 2022)
7,000 rooms
9,000 rooms
1,400 rooms

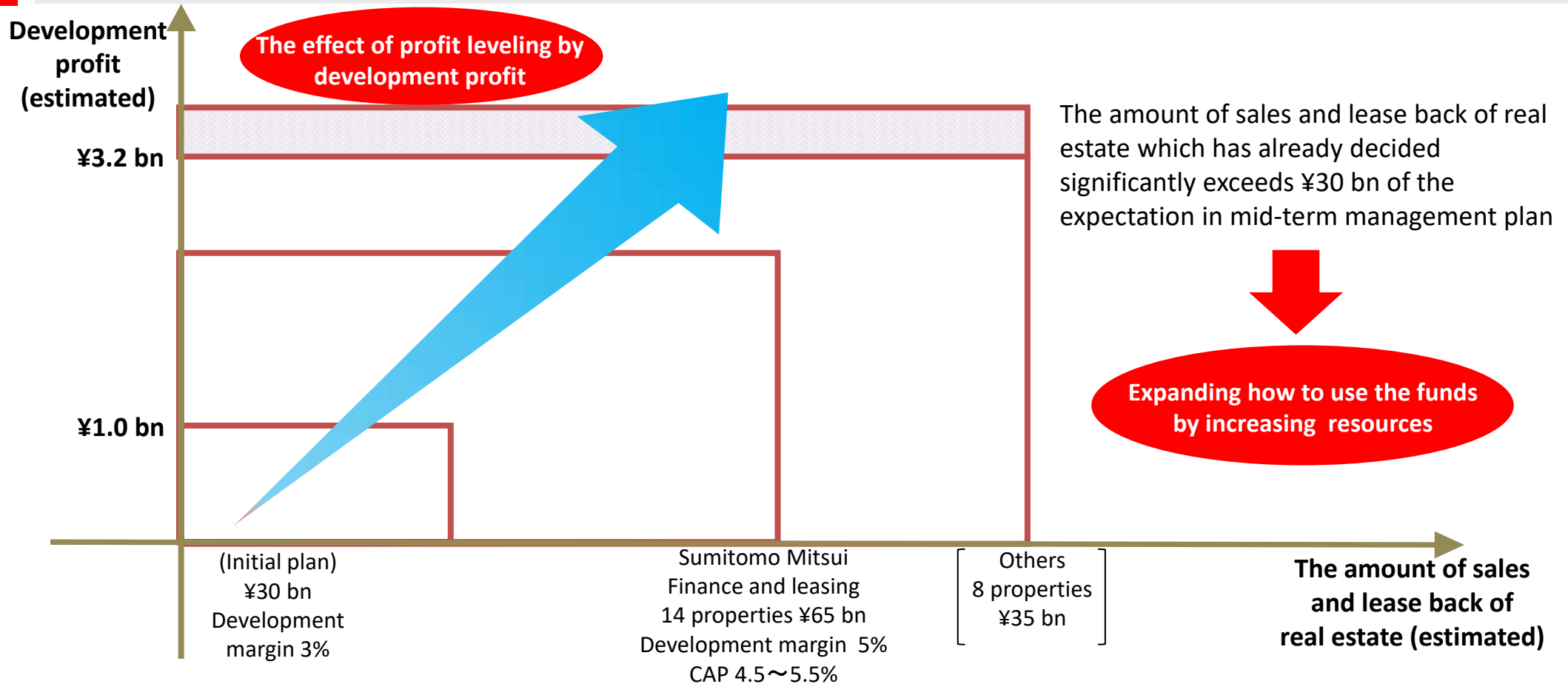
Development plan of dormitories and hotels leading to sustainable growth

	FY3/18 Results		FY3/19 Results		FY3/20 Plan		FY3/21 Plan		FY3/22 Plan	
Dormitory	+10 facilities*	+963 rooms*	+14 facilities*	+1,780 rooms*	+15 facilities*	+1,575 rooms*	+13 facilities*	+1,027 rooms*	+4 facilities*	+401 rooms*
FY3/17 : 463 facilities /37,000 rooms	Available facilities	473 facilities	Available facilities	485 facilities	Available facilities	493 facilities	Available facilities	505 facilities	Available facilities	507 facilities
	Lease ratio	88.5%	Lease ratio	88.5%	Lease ratio	87.4%	Lease ratio	87.7%	Lease ratio	87.4%
	Available rooms	38,166 rooms	Available rooms	39,450 rooms	Available rooms	40,632 rooms	Available rooms	41,561 rooms	Available rooms	41,721 rooms
MTMP**7,000 rooms →Already decided Around 5,700 rooms Progression rate 81%	Noda ANNEX, [L]Senjunakamachi, [L]Tsunashimaekimae, Higashiosaka, [L]Maihama, [L]Minamikoshigaya, [L]Irinaka II, [L]Koroen etc.		[L]Waseda, [L]Hikifune, [L]Keiotsunashima, [L]Tsurugashima, Omoromachi, [L]Kaihinmakuhari, [L]Tokorozawa, [L]Hakataekiminami II , [L]Kokuraekimae etc.		[L]Sendaihigashiguchi V , [L]Motoyama, [L]Osakatenma, [L]Kagoshima, [L]Kobe, [L]Ichigaya, [L]Komagome, Meidai global village, [L]Setagayatodoroki etc.		[L]Sapporokita, [L]Nippori, [L]Sendaihigashiguchi, [L]Nagoyanissin, [L]Hamadayama, [L]Komazawakoen, [L]Esakakoen etc.		[L]Sakado II , Niigata II , [L]Kyoto Kuinabashi, [L]Hiraoekimae	
Dormy Inn	+9 facilities	+1,571 rooms	+9 facilities*	+1,530 rooms*	+7 facilities	+1,535 rooms	+9 facilities	+2,151 rooms	+11 facilities	+2,242 rooms
FY3/17 : 64 facilities /10,200 rooms	Available facilities	72 facilities	Available facilities	80 facilities	Available facilities	87 facilities	Available facilities	96 facilities	Available facilities	107 facilities
	Lease ratio	98.8%	Lease ratio	98.9%	Lease ratio	99.0%	Lease ratio	99.2%	Lease ratio	99.3%
	Available rooms	11,811 rooms	Available rooms	13,248 rooms	Available rooms	14,783 rooms	Available rooms	16,934 rooms	Available rooms	19,176 rooms
MTMP**9,000 rooms →Already decided Around 9,000 rooms Progression rate 100%	[L]PREMIUM Kanda, [L]Miyazaki, [L]global cabin Suidobashi, [L]Kofumarunouchi, [L]Izumo, [L]EXPRESS Sendai-Seaside, [L]Nono Nara, [L]Kochi, [L]Matsuyama		[L]Honhachinohe, [L]Osakatanimachi, [L]Korakuen, [L]Oita, [L]global cabin Hamamatsu, [L]global cabin Yokohamachukagai, [L]Takamatsuchukoenmae, [L]PREMIUM Namba ANNEX, [L]PREMIUM Osakakitahama		[L]Maebashi, [L]Fukui, [L]Morioka, [L]Nono Asakusa, [L]Kawasaki, [L]Furano, [L]Mito		[L]Nono Kyotoshichijo, [L]Kobe, [L]PREMIUM Ginza, [L]Ikebukuro, [L]Nagasakiekimae, [L]Toyohashi, [L]Gotenba, [L]Fukuyama, [L]Nono Kanazawa		[L]Nono Matsumoto, [L]Nono Sendai, [L]Tokyo bay(Toyosu), [L]Hiroshima ANNEX, [L]Enoshima, [L]Nono Yodoyabashi, [L]Okayama, [L]Nono Matsue, [L]Nono Kumamoto, [L]Nono Asakusabettei, [L]Yokohama,	
Resorts	+4 facilities	+253 rooms	+2 facilities	+171 rooms	+3 facilities	+241 rooms	+6 facilities	+486 rooms	+5 facilities	+359 rooms
FY3/17 : 24 facilities /2,200 rooms	Available facilities	29 facilities	Available facilities	31 facilities	Available facilities	34 facilities	Available facilities	40 facilities	Available facilities	45 facilities
	Lease ratio	58.7%	Lease ratio	60.2%	Lease ratio	61.7%	Lease ratio	60.4%	Lease ratio	66.9%
	Available rooms	2,478 rooms	Available rooms	2,649 rooms	Available rooms	2,890 rooms	Available rooms	3,376 rooms	Available rooms	3,735 rooms
MTMP**1,400 rooms →Already decided Around 1,500 rooms Progression rate 107%	Keiun (Izumo), Tsukiyo no Usagi (Izumo), [L]Le Chien Kyu-Karuizawa, [L]Suiun (Gora)		[L]La Vista Kirishima (Kagoshima), [L]Shirakawago (Gifu)		[L]Echigoyuzawa (Niigata), [L]Kotohira (Kagawa), Inazumi (Akita)		[L]La Vista Kusatsu (Gunma), [L]Nasushiobara Rengetsu(Tochigi), [L]Wakuraonsen (Ishikawa), Kikuyabettei Suigetsu (Shizuoka) etc.		[L]Kawazu Onsen (Shidsuoka), [L]Ninnaji (Kyoto), [L]La Vista Hakodate bay ANNEX, [L]Jozankei etc.	
Lease ratio (Total)	89.4%		89.7%		89.1%		89.3%		89.8%	

* The number of increase in development facilities/rooms (not available facilities/rooms at the end of FY) ** Mid-term Management Plan

(Note) Red-highlighted parts mean the development facility with higher inbound ratio than our average. Underlined parts mean the developing facilities for sales and lease back of real estate not only complied with but also planned. [L] parts mean the facilities for lease.

Acceleration of Sales and Lease Back of Real Estate



[Mid-term Management Plan]

Investments
in
development

¥140 bn

Raising
Funds

Operating CF / Financing

¥110 bn

Sales and lease
back of real estate

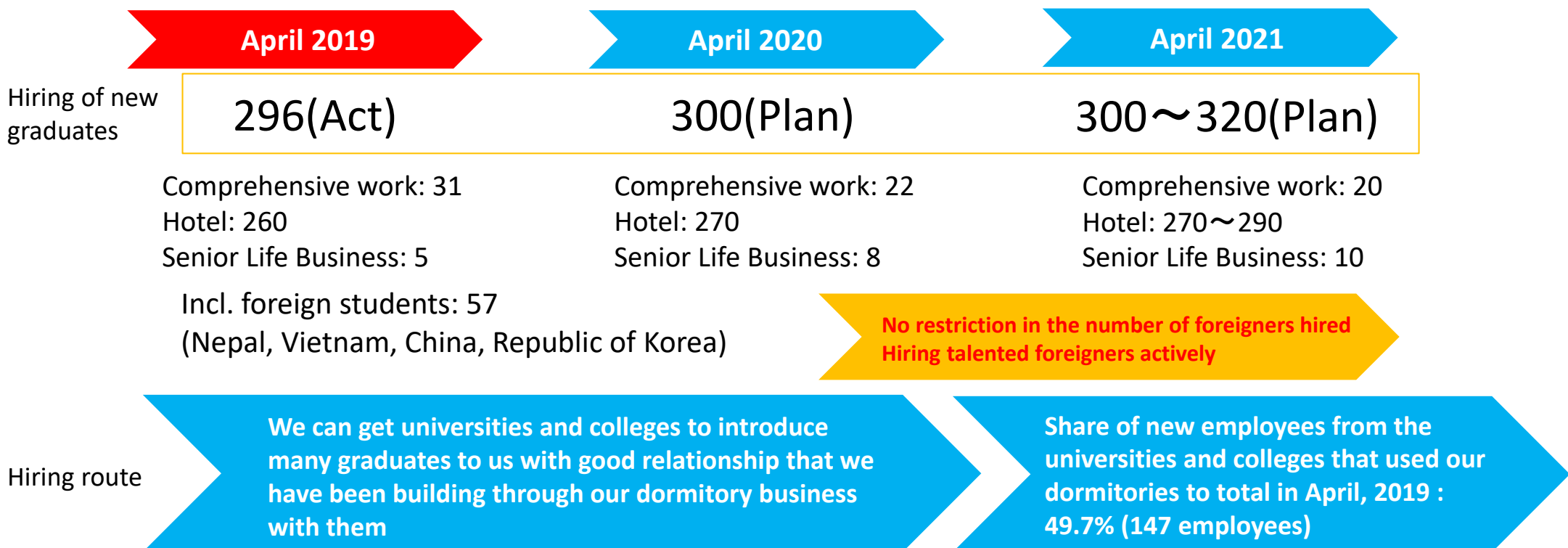
¥30 bn

Generating profit from further
strengthening of business foundation

Additional investments in development

Exceeding the amount of sales and
lease back of real estate expected
in mid-term management plan
¥20~30 bn

Stable hiring of personnel



Dormy Inn

- Staff for foreigners
 - Supported by our own call-talkers
 - Always positioning our counter clerk (available for English, Chinese and Korean guidance) at Dormy Inn in the Tokyo and Kansai region where the inbound ratio is higher than the others
- Staff for cleaning / linen exchange
 - For 18 hotels of Dormy Inn : In house (taking advantage of our high recruitment ability/ hiring without making any distinction according to people's nationality/ providing the highest quality education from us directly)
 - For the other hotels of Dormy Inn : Outsourcing (more than one outsourcing companies per 1 facility)
 - Promoting the efficiency of cleaning/ linen exchange without diminishing the quality through work restructuring

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Further accelerating priority measures of FY3/18-FY3/22 Mid-term Management Plan and delivering stellar results

Thank you!

