

Resort Hotels

40 unique resort facilities around Japan

Sales

¥55.7 billion (Y-on-Y +4.0%)

Operating income

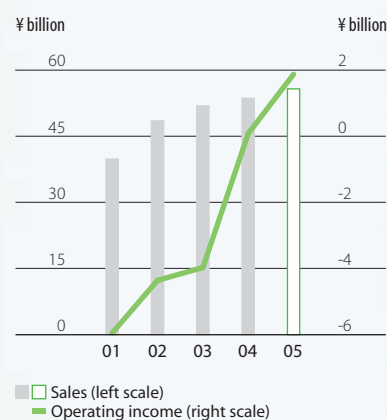
¥1.8 billion (Y-on-Y +2,202.1%)

Per capita overnight trips and numbers of days per hotel visit have been on a downward trend in Japan, and hotel and traditional inn bankruptcies remain at a high level. However, per household travel expenditures increased in 2004.

The Company's Royal Hotels worked to enhance customer satisfaction through high service standards based on extensive training of employees and creating menus making full use of local ingredients with the theme "Food safety and health." Occupancy rates increased 0.7 percentage points over the previous fiscal year thanks to the development of special plans for day-use customers and the widening of our range of new marriage ceremony styles.



Sales and operating income



29 hotels
10 golf courses



“Bow Wow Land” — for vacations with your dog

In the fiscal 2005, in light of the pet boom, as a new experiment to enable guests to enjoy longer resort stays, the Kushimoto Royal Hotel established within the hotel a “Bow Wow Land,” comprising a dog hotel and dog run. In the future, we intend to establish resort hotels where guests will be able to stay with their pets and to develop these hotels throughout Japan.

Traditional New Years’ foods, which are popular year in, year out, are growing as a business generating solid profits thanks to the limited production volume. The Company is also expanding its anniversary plans and member system, and, through each hotels’ gourmet club and the strengthening of sales promotions, will offer plans and services that encourage customers to use its facilities numerous times over the long term.

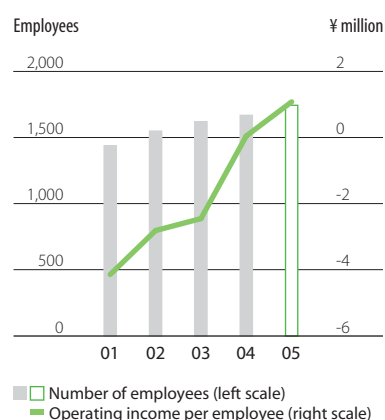
“40 Resort*,” providing a higher quality resort environment

As a future area for business expansion, based on “40 Resort” facilities, which combine hotel and golf accommodations, the Company is working to provide services that caters meticulously to individual customers’ different origins, age brackets, visit plans, and meal details. The aim is to increase per-customer spending.

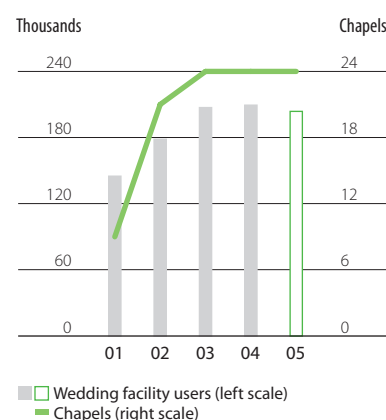
Also, at the ten golf courses the Company manages nationwide, the Company is aggressively expanding sales directed towards seniors and ladies in the courses’ shops, hosting competitions to which professional golfers have been invited. We will also make full use of our golf courses, tennis courts, fitness clubs, resort condominiums, and mountain cabin areas, and sports clubs managed by Nippon Athletic Service Co., Ltd., a new group company member, to offer a pleasant resort experience similar to those provided in Europe and America.

* including the Lake Yamanaka Fujisan Royal Cottages

Resort Hotels: Number of employees and operating income per employee



Daiwa Royal Hotels: Number of wedding facility users and number of chapels



Daiwa Royal Hotels: Number of guests and room occupancy rates

