

The History of Seibu in Photos (Part 2)

IV The Rebuilding Period (2004–2016)

Prince Hotels Concentrates on Its Core Business

Anticipating a changing hotel market. What the inbound market holds for the future

2007

Branding strategy

The Seibu Group's hotel business goes back its founder, Yasujiro Tsutsumi, and his developments in Hakone and Karuizawa. The resort hotels were run by Kokudo, while the urban hotels were operated by Prince Hotels, Inc. following the spin-off of Seibu Railway's hotel division in 1956. While Prince Hotels later became a wholly owned subsidiary of Kokudo, there was no overall, unified strategy for how each hotel was run.

In the Group reorganization of 2006, Prince Hotels became a wholly owned subsidiary of Seibu Holdings, and management reforms were undertaken to concentrate on the core business. The company's 167 locations were reduced to the current 93 through sales, closings and suspensions of businesses. On the "concentration" side, in 2007 Prince Hotels divided its properties into three categories according to grade, and invested in increasing their value in response to the role expectations for each.

"The Prince" can be considered the new Prince Hotels flagship brand. It currently consists of five properties, including The Prince Park Tower Tokyo, 33 stories high and with 603 guest rooms, and The Prince Hakone Ashinoko, which stands on the banks of Lake Ashinoko.

"Grand Prince Hotels" represent an ideal of the high value-added, multipurpose urban hotel. They include properties in Tokyo's Takanawa, as well as Kyoto and Hiroshima.

"Prince Hotels" can be adapted to business, resort and

leisure use. Though casual, they also offer a fulfilling experience.

Prince Hotels works to maximize the potential of each of these brands, enhancing the value of each hotel's presence while enabling the three brands to develop organically.

Inbound Market

The Japanese government has established a target of increasing the number of foreign visitors to Japan from the current 19.74 million (as of 2015, per the Japan Tourism Agency), to 40.0 million by 2020. Following suit, Prince Hotels is aiming to make even greater strides.

Having an accurate grasp of what this growing number of customers from overseas is looking for will, going forward, lead to an increase in repeat visitors. As part of that effort, Prince Hotels is focusing on the hiring of non-Japanese employees and expanding the number of facilities offering free Wi-Fi, and will further strengthen steps to capture a greater share of the demand for visitors to Japan from overseas.

Partnerships with overseas hotel chains are another strategic move in developing the inbound market.

In 2013, Prince Hotels announced a partnership with global hotel chain Marriott International, based in the U.S. state of Maryland, followed by a partnership with Starwood Hotels & Resorts Worldwide, based in Connecticut. By doing so, Prince Hotels is steadily building a platform for reaching out to the world with the Prince brand.



The Prince Villa Karuizawa opened in July 2014 under the "The Prince" brand



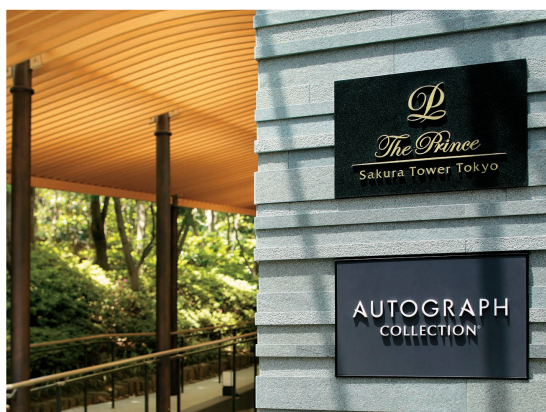
Grand Prince Hotel Kyoto, one of the hotels under the "Grand Prince" brand



New Furano Prince Hotel is part of the "Prince" brand.

Partnerships with Foreign-owned Hotel Chains

Marriot



The Prince Hotel Sakura Tower is a member of the "Autograph Collection."

In September 2013, with the opening of the newly renovated The Prince Sakura Tower Tokyo, Prince Hotels announced a partnership with Marriott International, a U.S.-based firm with headquarters in Maryland. The company operates worldwide, with 18 brands and hotel collections. The Prince Sakura Tower Tokyo became the first hotel in Japan to join Marriott's Autograph Collection, an exclusive group of distinctive luxury hotels.

Utilizing Marriott's global sales network, Prince Hotels is working to communicate the appeal of its "The Prince" brand worldwide.

Starwood



January 21, 2016 partnership signing ceremony with Starwood Hotels

In January 2016, Prince Hotels partnered with Starwood Hotels & Resorts Worldwide, a U.S.-based firm with headquarters in Connecticut. The company's Luxury Collection ranks highest among its 11 brands, and includes more than 100 famous hotels with distinctive appeal in terms of their history, culture and natural surroundings. The Prince Gallery Tokyo Kioicho, opened on the site of the former Grand Prince Hotel Akasaka, has been added to this Luxury Collection, Starwood's most exalted brand category.

An Expanding Share of the MICE Market

In 2010, Prince Hotels rolled out its PRINCE TOKYO MICE CITY PROJECT, and today continues testing ways to assist with the needs of customers across a variety of business occasions.

Urban hotels are not the only properties playing a lead role in developing the MICE market (the acronym stands for "Meetings, Incentives, Conventions and Exhibitions"). Prince Hotels resort properties have also established a reputation for hosting conventions, international conferences and other business events. In 2011, the Karuizawa Prince Hotel was the focus of attention when it began offering a unique service designed for extended-stay business use, its "Stay Cool While You Work" summer resort plan.



The G7 Hiroshima Foreign Ministers' Meeting attended by Foreign Minister Kishida

An advertisement in the May 27, 2016 edition of the *Nihon Keizai Shimbun* also featured the G7 Hiroshima Foreign Ministers' Meeting, held at Grand Prince Hotel Hiroshima, under the headline, "With Rich Experience in International Conferences, Prince Hotels leads Japan's MICE Market."