

Overview of financial results for the fiscal year ended March 31, 2017 and forecasts for the fiscal year ending March 31, 2018

May 11, 2017

Seibu Holdings Inc. (9024)
<http://www.seibuholdings.co.jp/en/>

I . Executive summary

P2

II . Key initiatives of the fiscal year ended March 31, 2017

P7

III. Segment information and key performance indicators

P10

IV. Details on financial results

P22

V . Consolidated earnings forecasts for the fiscal year ending March 31, 2018

P29

VI. Dividends for the current period and the following period

P35

Financial results for the fiscal year ended March 31, 2017

	billions of yen						
	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Previous forecast (February)	Change from previous forecast (Amount / %)	
Operating revenue	508.0	512.0	3.9	0.8%	512.6	(0.5)	(0.1%)
Operating profit	65.9	62.4	(3.4)	(5.3%)	56.3	6.1	10.9%
EBITDA	106.7	108.1	1.4	1.3%	102.7	5.4	5.3%
Ordinary profit	58.5	57.4	(1.0)	(1.8%)	51.3	6.1	12.0%
Profit attributable to owners of parent	57.2	47.5	(9.6)	(16.9%)	42.0	5.5	13.2%

Key points of financial results

■ Operating revenue

-Increased due to an increase in transportation sales and growth in RevPAR for existing hotels and brisk growth of MICE, despite the impact of the halt of operations for seismic reinforcement work at hotels (down 8.2 billion yen YoY), the impact of unfavorable weather, and other factors. The effect of the opening of TOKYO GARDEN TERRACE KIOICHO and the sale of real estate in Hawaii also contributed.

► [Page 3](#)

■ Operating profit

-Decreased due to factors such as the halt of operations for seismic reinforcement work at hotels, recording of one-time expenses, depreciation and the free rent for opening of TOKYO GARDEN TERRACE KIOICHO.

► [Page 4](#)

<Seibu railway/Railway operations>

Sales +0.7% YoY (Commuter passes: +1.5%, Non-commuter passes: +0.1%)

► [Page 11](#)

<Hotel operations>

RevPAR 10,980yen (+4.0% YoY),

City hotels: 11,911yen (+2.8% YoY), Resort hotels: 9,243 yen (+7.1% YoY)

► [Page 13](#)

■ Ordinary profit

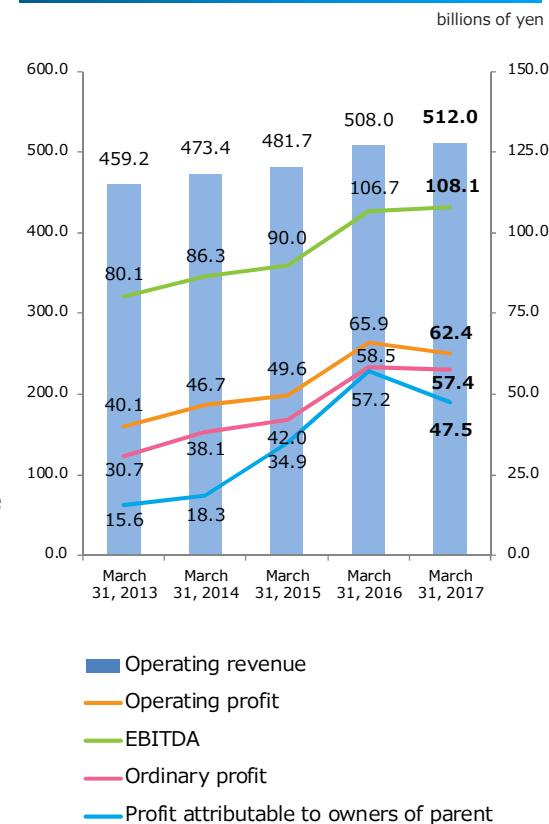
-The YoY decline in ordinary profit contracted compared with operating profit mainly due to (the temporary factor of) recording the share of profit of entities accounted for using equity method related to NW Corporation Inc. (began using equity method this fiscal year).

■ Profit attributable to owners of parent

Decreased 9.6 billion yen YoY due to the above factors and the absence of profit upon recognition of indemnification claims recognized in the previous fiscal year.

► [Page 5](#)

Earnings results



Operating revenue for each segment

billions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Previous forecast (February)	Change from previous forecast (Amount / %)		Details
Urban Transportation and Regional	157.3	156.4	(0.8)	(0.6%)	156.6	(0.1)	(0.1%)	Revenue decreased mainly due to the halt of operations at certain leisure facilities and poor summer sales at pool facilities in leisure facilities along railway lines, as well as the absence of operating revenue from unused portion of multi-service bus cards sold, which was recognized in the previous fiscal year in bus operations, despite the strong transportation sales reflecting a strong employment situation and proactive event activities along railway lines.
Hotel and Leisure	188.0	188.5	0.5	0.3%	187.4	1.1	0.6%	Revenue increased mainly due to growth in RevPAR at existing hotels due to shifting the target market, the start of operations at The Prince Gallery Tokyo Kioicho, and strong trends in MICE. These factors outweighed the impact of the halt of operations at Tokyo Prince Hotel and Grand Prince Hotel Takanawa for seismic reinforcement work (down 8.2 billion yen).
Real estate	49.6	53.7	4.0	8.2%	54.1	(0.3)	(0.6%)	Revenue increased mainly due to strong performance at TOKYO GARDEN TERRACE KIOICHO and existing commercial facilities, offices and residences.
Construction	104.9	114.9	10.0	9.5%	114.1	0.8	0.8%	Revenue increased mainly due to increases in civil engineering work, renovation projects and landscaping contract work.
Hawaii Business	19.3	23.1	3.8	20.0%	23.1	0.0	0.3%	Revenue increased due to the sale of part of the real estate on the Island of Hawaii, and the strong performance of Mauna Kea Beach Hotel and Hapuna Beach Prince Hotel.
Other	37.5	37.2	(0.3)	(0.8%)	37.0	0.2	0.6%	Revenue declined due to a decrease in official baseball games held in March 2017, despite an increase in spectator numbers for the Seibu Lions.
Adjustments	(48.8)	(62.1)	(13.3)	—	(59.7)	(2.4)	—	Mainly internal construction projects within the Group increased.
Consolidated	508.0	512.0	3.9	0.8%	512.6	(0.5)	(0.1%)	

Operating profit and EBITDA for each segment

Operating profit

billions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Previous forecast (February)	Change from previous forecast (Amount / %)		Details
Urban Transportation and Regional	25.8	26.8	0.9	3.6%	26.2	0.6	2.3%	Operating profit increased mainly due to a decline in electric power costs in railway operation.
Hotel and Leisure	20.6	14.0	(6.5)	(31.7%)	13.0	1.0	8.4%	Operating profit decreased for reasons including the impact of the halt of operations for seismic reinforcement work at hotels, the recording of expenses associated with the opening of The Prince Gallery Tokyo Kioicho, and an increase in retirement benefit expenses. Operating profit increased more than forecast due to an increase in revenue from the banquet and accommodation divisions, and the decline in costs.
Real estate	14.5	7.8	(6.6)	(45.7%)	7.0	0.8	12.7%	Although operating profit increased due to the increase in revenue, the decrease was due to factors such as recording of one-time expenses, depreciation and the free rent for opening of TOKYO GARDEN TERRACE KIOICHO. Operating profit increased more than forecast due to the decrease in costs.
Construction	3.6	9.8	6.1	165.9%	6.2	3.6	58.5%	Operating profit increased YoY and more than forecast mainly due to the increase in revenue, and temporary highly profitable construction work.
Hawaii Business	(0.8)	4.2	5.0	—	4.3	(0.0)	(1.2%)	Operating profit increased due to the increase in revenue.
Other	1.0	0.7	(0.3)	(33.5%)	0.4	0.3	80.2%	Operating profit decreased, reflecting a decline due to lower revenue and an increase in expenses associated with increasing the fan base in the Seibu Lions Business.
Adjustments	0.9	(1.1)	(2.0)	—	(0.8)	(0.3)	—	
Cosolidated	65.9	62.4	(3.4)	(5.3%)	56.3	6.1	10.9%	

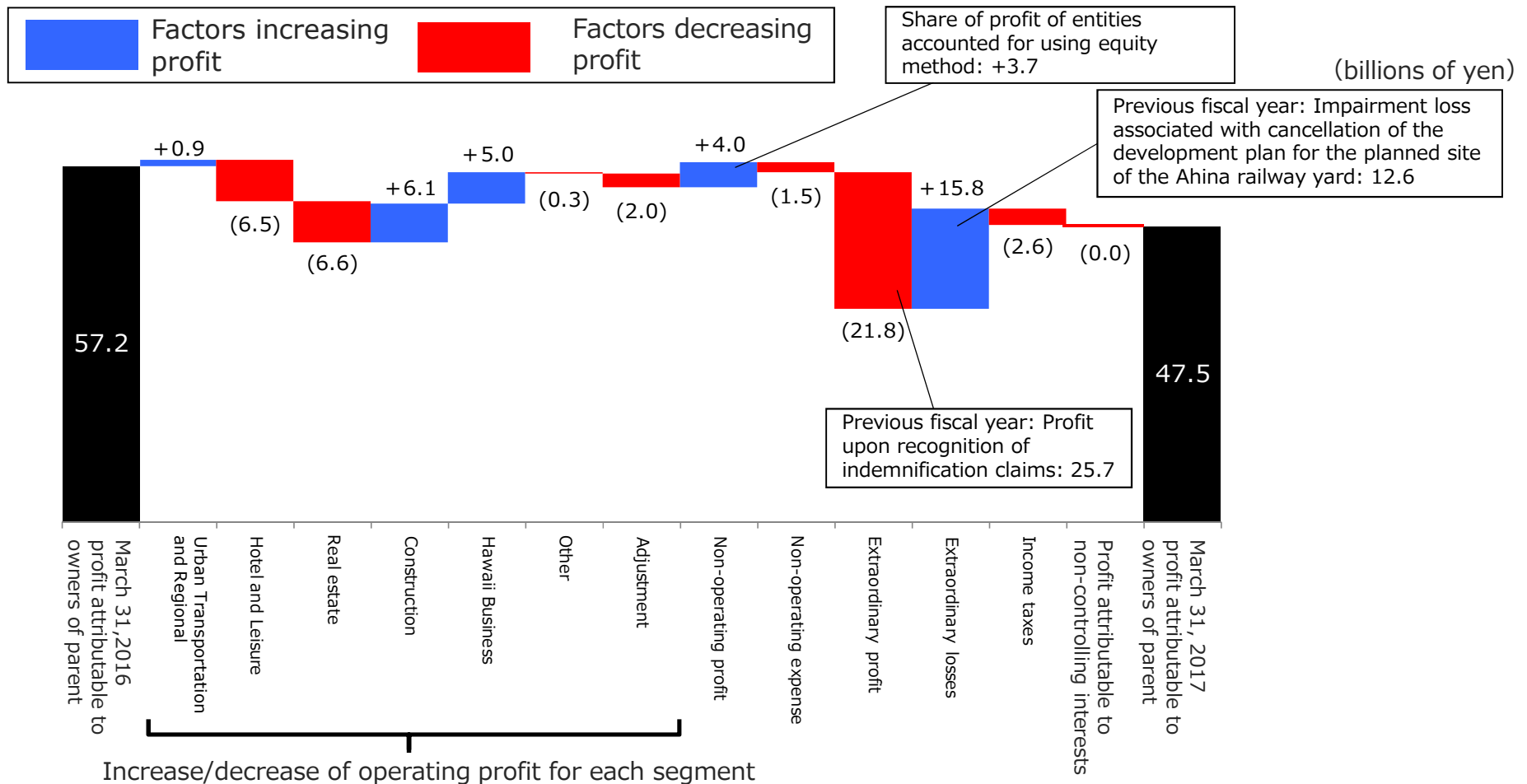
EBITDA

billions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Previous forecast (February)	Change from previous forecast (Amount / %)		Details
Urban Transportation and Regional	46.7	47.4	0.7	1.6%	47.1	0.3	0.8%	
Hotel and Leisure	32.0	26.9	(5.1)	(15.9%)	26.0	0.9	3.7%	
Real estate	18.7	16.2	(2.5)	(13.6%)	15.4	0.8	5.2%	
Construction	4.0	10.2	6.1	152.1%	6.6	3.6	54.7%	
Hawaii Business	1.2	6.0	4.8	390.2%	6.0	0.0	0.7%	
Other	3.6	3.3	(0.3)	(8.8%)	3.1	0.2	8.6%	
Adjustments	0.1	(2.1)	(2.3)	—	(1.5)	(0.6)	—	
Cosolidated	106.7	108.1	1.4	1.3%	102.7	5.4	5.3%	

Profit attributable to owners of parent: Factors increasing/decreasing profit

Operating profit declined due to temporary factors, etc. in the Hotel and Leisure business and the Real estate business. In addition, mainly due to profit upon recognition of indemnification claims recognized in the previous fiscal year, profit attributable to owners of parent declined 9.6 billion yen (down 16.9%) YoY.



I . Executive summary

P2

**II . Key initiatives of the fiscal year
ended March 31, 2017**

P7

**III. Segment information and
key performance indicators**

P10

IV. Details on financial results

P22

**V. Consolidated earnings forecasts for
the fiscal year ending March 31, 2018**

P29

**VI. Dividends for the current period and the
following period**

P35

Key initiatives of the fiscal year ended March 31, 2017

Overall

- The major project "TOKYO GARDEN TERRACE KIOICHO" grand opening
- Launched the "SEIBU PRINCE CLUB emi" membership service for foreign customers
- Expanded the Seibu Holdings shareholder incentives
- Held the "2016 Seibu Group Media FAM Tour" to promote customer attraction among foreign tourists visiting Japan
- Promoted diversity including the construction of the Reemployment Support Network within the Seibu Group

*FAM tour: "Familiarization tour" – an inspection visit tour



TOKYO GARDEN TERRACE KIOICHO

Urban Transportation and Regional

- Tourism train "The Seibu Traveling Restaurant - fifty two seats of happiness" started operation
- Started operation of "S-TRAIN" extra-fare reserved seating trains using new commuter type 40000 series
- Began offering "SEIBU FREE Wi-Fi" at cars of Red Arrow Limited Express
- Conducted renewal construction at Seibu-Chichibu Station
- "Matsurinoyu – the Seibu-Chichibu Station-Front Hot Spring" (opening: April 24, 2017)
- Concluded "the Sister Railway Memorandum of Understanding" with Keretapi Tanah Melayu Berhad for business development and contribution to the local community
- Operated the "Platinum Express", a limited express train with special wrapping to commemorate the registration of Chichibu autumn festival of floats and Kagura and The Float Ceremony at the Kawagoe Hikawa Festival on UNESCO's Representative List of Intangible Cultural Heritage of Humanity
- Started screening Seibu Railway TV commercial "2016 Autumn and Winter – Door Version"
- Introduced IC version of "Student Commuter Pass" at Seibu Bus Co., Ltd.
- Seibu Railway Co., Ltd. acquired part of the shares of Yokohama Arena Co., Ltd., making it a subsidiary



New commuter type 40000 series



External view of Seibu-Chichibu Station building

Key initiatives of the fiscal year ended March 31, 2017

Hotel and Leisure

- Opened The Prince Gallery Tokyo Kioicho
- Renewal opening of Grand Prince Hotel Takanawa and Sunshine City Prince Hotel
- Renewed The Premium Club Floor at The Prince Park Tower Tokyo
- Renewal construction underway at Tokyo Prince Hotel, Oiso Prince Hotel, Grand Prince Hotel Kyoto, Lake Biwa Otsu Prince Hotel, The Prince Hakone Lake Ashinoko, Hakone Yunohana Prince Hotel, and Ryuguden
- Opened New York Office and Sydney Office as overseas sales offices
- Yokohama Hakkeijima Inc. commenced the first overseas aquarium project by a Japanese company in Taoyuan , Taiwan (scheduled to open in January 2020)
- Decided to name the new hotel in Nagoya "Nagoya Prince Hotel Sky Tower" (scheduled to open in October 2017)



The Prince Gallery Tokyo Kioicho

Real estate

- Opened "Kioi Terrace" offices, commercial facilities and "Kioi Residence" residential building at TOKYO GARDEN TERRACE KIOICHO
- Renewal open of in-station commercial facility "Emio Tanashi" and "Emio Higashi-Kurume"
- Launched store-independent tax-exemption services at Karuizawa Prince Shopping Plaza
- Opened "Brick St." after renovation of a commercial facility "American Blvd." situated beneath the overpass at Seibu-Shinjuku Station
- Completed the Shakujii-koen station area development "eminade Shakujii-koen" due to the grand opening of in-station commercial facility "Emio Shakujii-koen"
- Tenants started moving into "emilive Shakujii-koen" near-station rental apartment
- Conducted ground-breaking ceremony for "Tokorozawa Station East Building Plan" (phase I: scheduled to open in spring 2018)



Image of Tokorozawa Station East Building Plan

Hawaii Business

- Sold off part of the real estate of Hapuna Beach Prince Hotel
- Completed full renovation of Hawaii Prince Hotel Waikiki and held renewal opening with the hotel name "Prince Waikiki" (April 1, 2017)



Prince Waikiki guest room

I . Executive summary	P2
II . Key initiatives of the fiscal year ended March 31, 2017	P7
III . Segment information and key performance indicators	P10
IV . Details on financial results	P22
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2018	P29
VI . Dividends for the current period and the following period	P35

Urban Transportation and Regional Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	157,359	156,494	(865)	(0.6%)	
Railway operations	104,939	105,123	183	0.2%	The increase was mainly due to the strong transportation sales reflecting the strong employment situation as well as proactive event activities along railway lines.
Bus operations	25,610	25,531	(79)	(0.3%)	Revenue decreased due to the absence of operating revenue from unused portion of multi-service bus cards sold, which was recognized in the previous fiscal year, despite brisk performance in route bus services.
Leisure facilities along railway lines	21,724	20,798	(925)	(4.3%)	Revenue decreased due to the halt of operations at certain leisure facilities and poor summer sales at pool facilities.
Others	5,085	5,041	(44)	(0.9%)	
Operating profit	25,884	26,804	919	3.6%	Operating profit increased mainly due to a decline in electric power costs in railway operation.
EBITDA	46,738	47,489	750	1.6%	

Urban Transportation and Regional

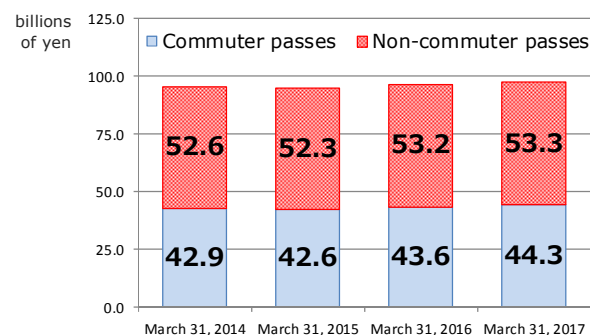
Key operating data of Railway operations

Number of passengers and sales from railway transportation (Seibu Railway Co., Ltd.)

thousands of passengers, millions of yen

		March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
Number of passengers	Commuter passes	391,305	390,084	(0.3%)	399,516	2.4%	405,526	1.5%
	Non-commuter passes	241,099	238,411	(1.1%)	243,176	2.0%	242,893	(0.1%)
	Total	632,405	628,496	(0.6%)	642,693	2.3%	648,420	0.9%
Sales from railway transportation	Commuter passes	42,914	42,673	(0.6%)	43,683	2.4%	44,333	1.5%
	Non-commuter passes	52,649	52,374	(0.5%)	53,286	1.7%	53,356	0.1%
	Total	95,563	95,048	(0.5%)	96,969	2.0%	97,690	0.7%
Other revenue		4,127	4,098	(0.7%)	4,160	1.5%	4,021	(3.3%)
Total net sales		99,691	99,147	(0.5%)	101,130	2.0%	101,711	0.6%

Sales from railway transportation



■ Commuter passes

Increased by 1.5% YoY due to the strong employment situation.

■ Non-commuter passes

Increased by 0.1% YoY due to the proactive event activities along railway lines and revision of limited express fares despite the impact of unfavorable weather, such as typhoons.

Hotel and Leisure Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	188,021	188,544	522	0.3%	
City hotel operations	106,820	105,319	(1,501)	(1.4%)	Revenue increased mainly due to growth in RevPAR at existing hotels due to shifting the target market, the start of operations at The Prince Gallery Tokyo Kioicho, and strong trends in MICE. These factors outweighed the impact of the halt of operations at Tokyo Prince Hotel and Grand Prince Hotel Takanawa for seismic reinforcement work (down 8.2 billion yen).
Resort hotel operations	38,308	38,826	518	1.4%	Revenue increased as increases in RevPAR mainly at hotels in Hakodate-Onuma and the Hakone area that had undergone investments to increase value in the previous fiscal year.
Golf course operations	12,227	12,266	38	0.3%	
Others	30,665	32,132	1,467	4.8%	The increase was mainly due to the opening of Aqua Park Shinagawa after renovation in July, 2015.
Operating profit	20,628	14,092	(6,535)	(31.7%)	Operating profit decreased due to the halt of operations for seismic reinforcement work at hotels, the recording of one-time expenses for the opening of The Prince Gallery Tokyo Kioicho, and an increase in retirement benefit expenses.
EBITDA	32,069	26,969	(5,100)	(15.9%)	

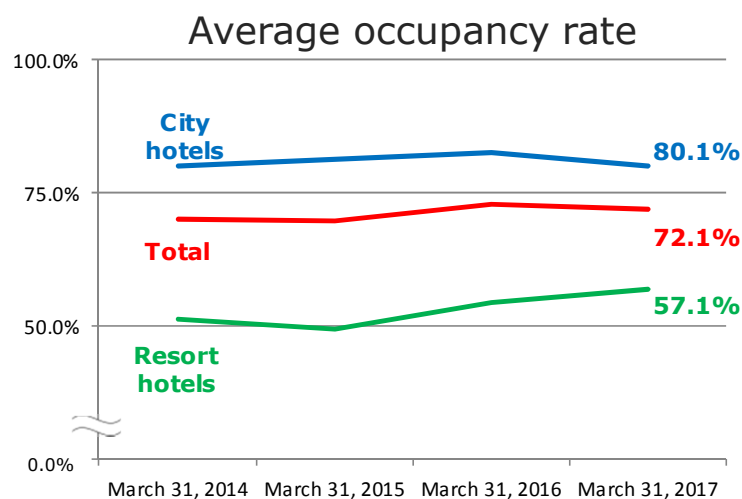
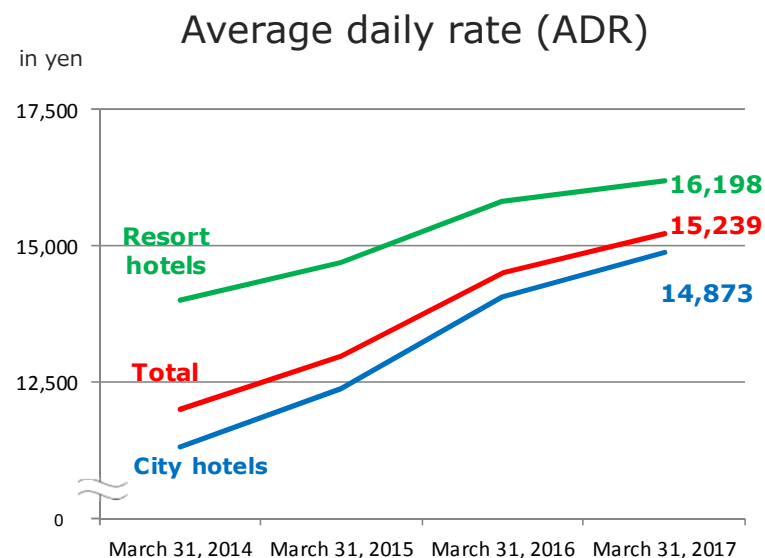
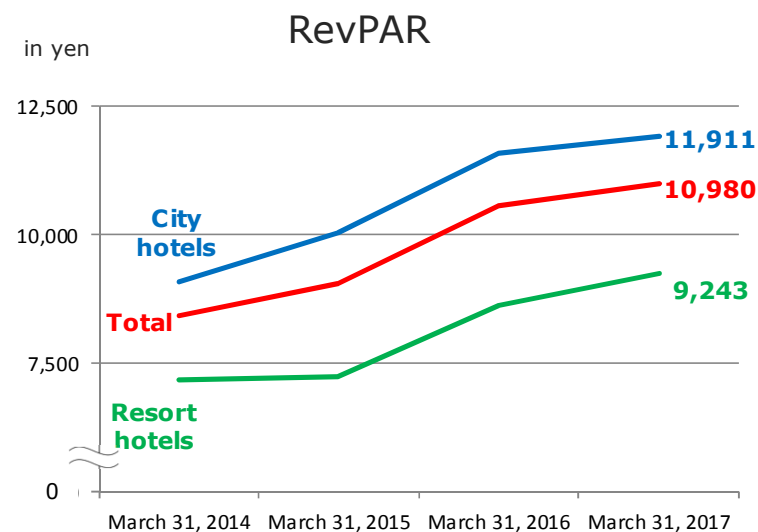
Hotel and Leisure Indicators of hotel operations

Indicators of hotel operations (Prince Hotels, Inc.)

RevPAR, room rates in yen

		March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
RevPAR	City hotels	9,083	10,056	972	11,588	1,532	11,911	323
	Takanawa and Shinagawa area	9,410	10,543	1,133	12,500	1,957	12,873	373
	Resort hotels	7,182	7,245	64	8,626	1,381	9,243	616
	Karuizawa area	14,117	16,432	2,315	18,824	2,392	19,376	552
	Total	8,426	9,045	619	10,562	1,517	10,980	418
Average daily rate (ADR)	City hotels	11,325	12,370	1,045	14,054	1,684	14,873	819
	Takanawa and Shinagawa area	11,076	12,427	1,351	14,429	2,002	14,808	379
	Resort hotels	14,020	14,694	674	15,824	1,130	16,198	375
	Karuizawa area	28,156	30,512	2,356	31,619	1,107	30,894	(725)
	Total	12,005	12,960	955	14,513	1,552	15,239	726
Average occupancy rate	City hotels	80.2%	81.3%	1.1pt	82.5%	1.2pt	80.1%	(2.4pt)
	Takanawa and Shinagawa area	85.0%	84.8%	(0.2pt)	86.6%	1.8pt	86.9%	0.3pt
	Resort hotels	51.2%	49.3%	(1.9pt)	54.5%	5.2pt	57.1%	2.5pt
	Karuizawa area	50.1%	53.9%	3.7pt	59.5%	5.7pt	62.7%	3.2pt
	Total	70.2%	69.8%	(0.4pt)	72.8%	3.0pt	72.1%	(0.7pt)

Hotel and Leisure Indicators of hotel operations



RevPAR increased as the average daily rates increased with the shift to a target market with customer sectors with a higher unit price.

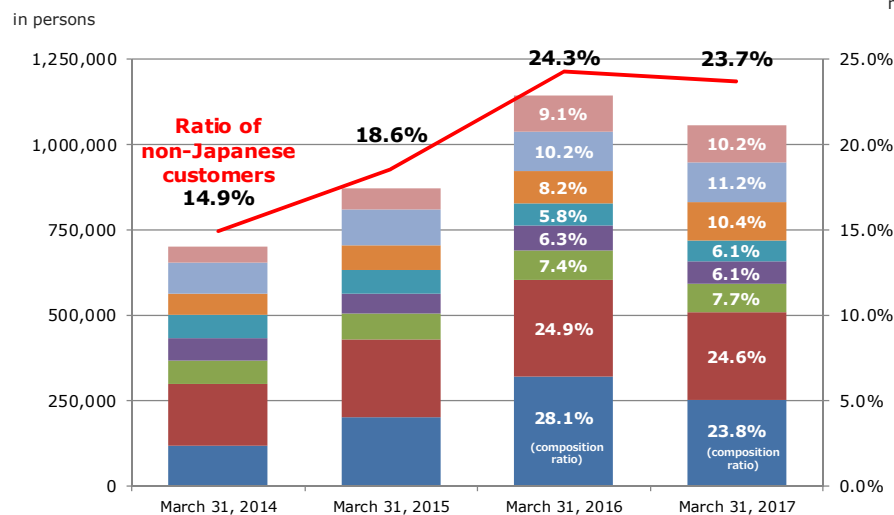
Hotel and Leisure Inbound trends①

(Number of customers, Room revenue)

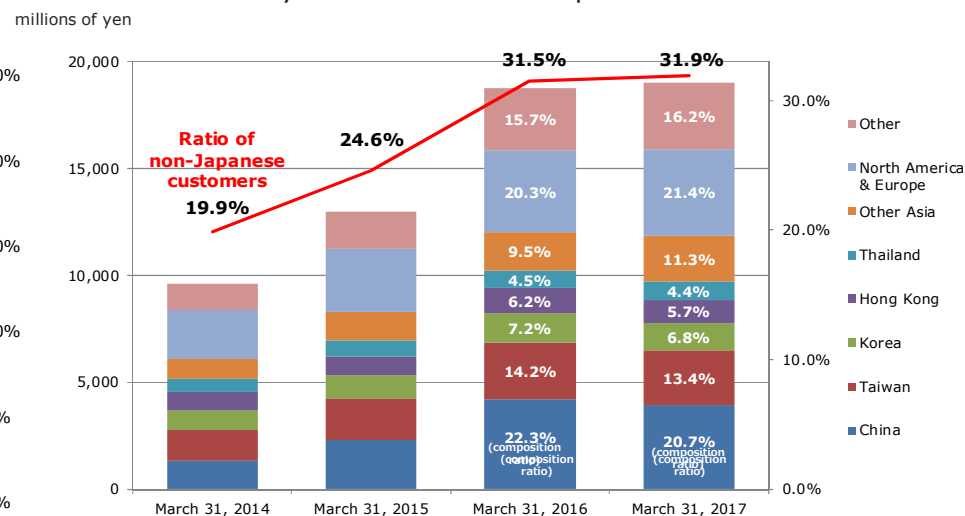
in persons, millions of yen

		March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
Breakdown of our customers	Japanese customers	4,000,308	3,816,942	(183,366)	3,565,316	(251,626)	3,401,013	(164,303)
	Non-Japanese customers	702,364	871,174	168,810	1,142,633	271,459	1,056,658	(85,975)
	Total	4,702,672	4,688,116	(14,556)	4,707,949	19,833	4,457,671	(250,278)
Room revenue	Non-Japanese customers	9,638	13,007	3,369	18,777	5,769	18,999	222

Number of non-Japanese customers by country and ratio of non-Japanese customers



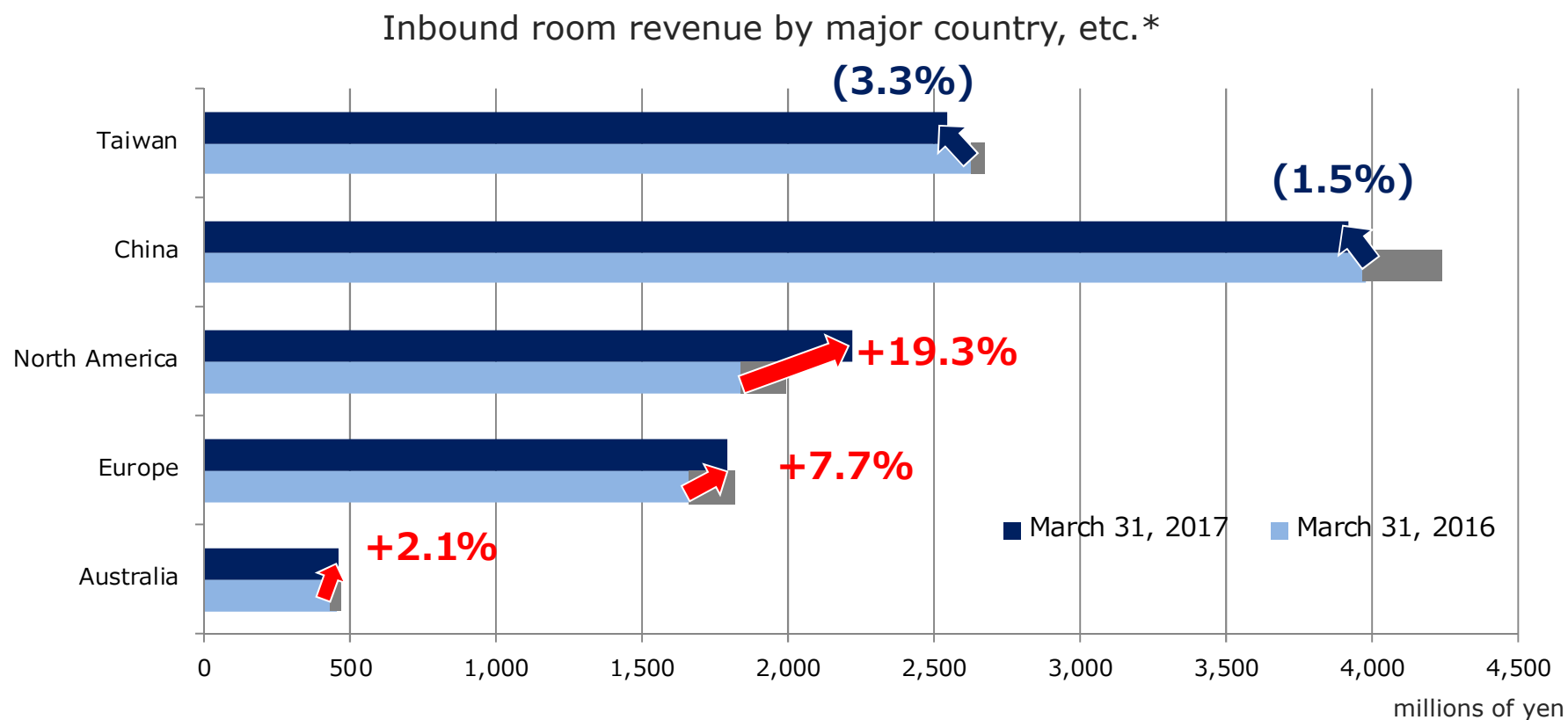
Room revenue of non-Japanese customers by country and ratio of non-Japanese customers



Hotel and Leisure Inbound trends②

(Inbound room revenue by major country, etc.)

To illustrate market change, on room revenue basis,* revenue decreased from Taiwan (-3.3% YoY) and China (-1.5% YoY), but **increased from North America (+19.3% YoY), Europe(+7.7% YoY), and Australia(+2.1% YoY). This indicates a steady increase in customers from areas with higher unit prices.**



*Basis omitting effect of operations halted for seismic reinforcement work(■ in graph)

Real estate Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	49,690	53,771	4,080	8.2%	
Leasing operations	31,265	35,447	4,181	13.4%	Revenue increased mainly due to strong performance at TOKYO GARDEN TERRACE KIOICHO and existing commercial facilities, offices and residences.
Others	18,424	18,323	(100)	(0.5%)	
Operating profit	14,528	7,889	(6,639)	(45.7%)	Although operating profit increased due to the increase in revenue, the decrease was due to factors such as recording of one-time expenses, depreciation and the free rent for opening of TOKYO GARDEN TERRACE KIOICHO.
EBITDA	18,760	16,201	(2,559)	(13.6%)	

in thousands of square meters

		March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
Leasing space as of March, 31	commercial retail	215	229	13	234	5	239	4
	office/residential	59	60	0	60	0	166	106
Vacancy rate for leasable space as of March, 31	commercial retail	1.0%	1.1%	0.1pt	1.0%	(0.1pt)	0.7%	(0.3pt)
	office/residential	6.7%	10.0%	3.3pt	14.0%	4.0pt	3.1%	(10.9pt)

Construction Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	104,983	114,996	10,012	9.5%	
Construction operations	79,484	88,578	9,094	11.4%	Revenue increased mainly due to increases in civil engineering work and renovation projects.
Others	25,498	26,417	918	3.6%	The increase was mainly due to further progress in landscaping contract work.
Operating profit	3,694	9,825	6,130	165.9%	Operating profit increased mainly due to increased revenue, and temporary highly profitable construction work.
EBITDA	4,048	10,206	6,158	152.1%	

Status of orders received by the Construction operations

millions of yen

	March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
Orders carried over from the previous fiscal year	58,012	62,321	4,309	84,335	22,014	99,069	14,733
Orders received during the period	73,057	92,037	18,981	94,045	2,007	79,080	(14,964)
Orders carried over to the next period	62,321	84,335	22,014	99,069	14,733	89,755	(9,313)

Hawaii Business Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	19,303	23,167	3,864	20.0%	Revenue increased due to the sale of part of the real estate on the Island of Hawaii, and the strong performance of Mauna Kea Beach Hotel and Hapuna Beach Prince Hotel.
Operating profit	(836)	4,250	5,086	—	Operating profit increased due to the increase in revenue.
EBITDA	1,233	6,044	4,811	390.2%	

Average occupancy rate and average dairy rate of Hotel

	March 31, 2014	March 31, 2015	YoY change	March 31, 2016	YoY change	March 31, 2017	YoY change
Average occupancy rate	69.7%	72.6%	2.9pt	73.4%	0.8pt	69.2%	(4.2pt)
Average daily rate (JP Yen)	19,639	23,610	3,971	29,146	5,536	27,815	(1,331)
Average daily rate (US \$)	225.74	231.47	5.73	243.29	11.82	252.86	9.57

Other Business Overview

millions of yen

	March 31, 2016	March 31, 2017	YoY change (Amount / %)		Details
Operating revenue	37,543	37,228	(314)	(0.8%)	Revenue declined due to a decrease in official baseball games held in March 2017, despite an increase in spectator numbers for the Seibu Lions.
Operating profit	1,083	720	(362)	(33.5%)	Operating profit declined, reflecting a decline due to lower revenue and an increase in expenses associated with increasing the fan base in the Seibu Lions Business.
EBITDA	3,691	3,366	(324)	(8.8%)	

I . Executive summary	P2
II . Key initiatives of the fiscal year ended March 31, 2017	P7
III . Segment information and key performance indicators	P10
IV . Details on financial results	P22
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2018	P29
VI . Dividends for the current period and the following period	P35

Summary of consolidated statement of income

millions of yen

	March 31, 2016	March 31, 2017	YoY change	Details
Operating revenue	508,081	512,009	3,927	Urban Transportation and Regional: -0.8 billion yen, Hotel and Leisure: +0.5 billion yen, Real estate: +4.0 billion yen, Construction: +10.0 billion yen, Hawaii Business: +3.8 billion yen, Other: -0.3 billion yen
Operating profit	65,956	62,456	(3,499)	Urban Transportation and Regional: +0.9 billion yen, Hotel and Leisure: -6.5 billion yen, Real estate: -6.6 billion yen, Construction: +6.1 billion yen, Hawaii Business: +5.0 billion yen, Other: -0.3 billion yen
Non-operating income	2,845	6,871	4,026	Share of profit of entities accounted for using equity method: +3.7 billion yen (see page 23)
Non-operating expenses	10,275	11,856	1,580	Interest expenses: +1.2 billion yen
Ordinary profit	58,525	57,472	(1,053)	
Extraordinary income	30,919	9,066	(21,853)	(Previous fiscal period) Profit upon recognition of indemnification claims 25.7 billion yen
Extraordinary losses	23,864	8,005	(15,858)	Impairment loss: (Current fiscal period) 0.7 billion yen (Previous fiscal period) 14.2 billion yen
Profit before income taxes	65,581	58,533	(7,047)	
Income taxes	8,293	10,898	2,605	Income taxes - current: +0.7 billion yen Income taxes - deferred: +1.8 billion yen (Current fiscal period: Recording of deferred tax assets by Prince Hotels -4.0 billion yen; Previous fiscal period: Reversal of deferred tax liabilities due to change in tax rate -5.4 billion yen)
Profit	57,288	47,634	(9,653)	
Profit attributable to non-controlling interests	80	70	(10)	
Profit attributable to owners of parent	57,207	47,564	(9,643)	

Non-operating income and expenses and extraordinary income and losses

millions of yen

	March 31, 2016	March 31, 2017	YoY change	Details
Operating profit	65,956	62,456	(3,499)	
Non-operating income	2,845	6,871	4,026	
Interest and dividend income	697	757	59	
Subsidy to keep a bus on a regular route	819	842	22	
Share of profit of entities accounted for using equity method	—	3,729	3,729	Recorded in relation to NW Corporation becoming an equity-method associate from the current period (temporary factor)
Other	1,327	1,541	214	
Non-operating expenses	10,275	11,856	1,580	
Interest expenses	9,464	10,693	1,229	
Share of loss of entities accounted for using equity method	83	—	(83)	
Other	727	1,162	435	
Ordinary profit	58,525	57,472	(1,053)	
Extraordinary income	30,919	9,066	(21,853)	
Gain on sales of non-current assets	1,302	3,543	2,240	(Current fiscal period) Sales of land (Shin-Sugita)
Contribution for construction	2,896	2,891	(5)	
Subsidy income	112	343	230	
Gain on sales of investment securities	234	21	(212)	
Profit upon recognition of indemnification claims	25,775	—	(25,775)	Recorded profit upon recognition of indemnification claims against former management members
Gain on step acquisitions	—	1,501	1,501	Valuation difference on existing shareholdings associated with conversion of Yokohama Arena Co., Ltd. into a consolidated subsidiary
Other	597	765	167	
Extraordinary losses	23,864	8,005	(15,858)	
Impairment loss	14,215	760	(13,455)	(Previous fiscal period) Impairment loss due to the decision to cancel of the development plan for the planned site for Ahina railway yard: 12.6 billion yen
Loss on sales of non-current assets	146	17	(128)	
Loss on retirement of non-current assets	2,011	3,166	1,155	
Reduction entry of land contribution for construction	2,846	2,739	(106)	
Loss on reduction of non-current assets	93	323	229	
Loss on sales of investment securities	4	0	(4)	
Loss on valuation of investment securities	0	0	0	
Litigation loss	3,539	62	(3,476)	(Previous fiscal period) Recorded litigation cost upon final and binding judgment
Other	1,007	934	(72)	
Profit before income taxes	65,581	58,533	(7,047)	

Summary of consolidated balance sheet

millions of yen

	March 31, 2016	March 31, 2017	Change	Details
Total assets	1,553,092	1,627,868	74,776	
Current assets	136,813	126,702	(10,111)	Cash and deposits +6,654 Other -19,035 (collection of indemnification claims, etc.)
Non-current assets	1,416,278	1,501,166	84,887	Property, plant and equipment and intangible assets +94,580 Net defined benefit asset -9,578
Total liabilities	1,160,443	1,267,735	107,292	
Current liabilities	317,855	366,590	48,735	Increase in short-term loans payable +23,892 Advances received +5,463 Other +18,935 (increase in accounts payable for capital investment)
Non-current liabilities	842,587	901,144	58,556	Increase in long-term loans payable +33,586 Bonds payable +10,000 Liabilities from application of equity method +17,277 (NW Corporation, an equity-method associate)
Total net assets	392,649	360,133	(32,515)	
Equity	391,415	355,322	(36,093)	Treasury shares -62,447 (regarding shares of the Company held by NW Corporation, the Group's equity ownership portion was recorded as treasury shares, and acquisition of treasury shares) Remeasurements of defined benefit plans -13,317 Retained earnings +41,176
Interest-bearing debt	843,745	909,104	65,358	
Net interest-bearing debt	821,328	880,032	58,704	Mainly new construction costs paid for TOKYO GARDEN TERRACE KIOICHO
Equity-to-asset ratio	25.2%	21.8%	(3.4pt)	
D/E ratio (times)	2.2	2.6	0.4	
Net interest-bearing debt / EBITDA (times)	7.7	8.1	0.4	

Consolidated cash flows

	millions of yen			
	March 31, 2016	March 31, 2017	YoY change	Details
Operating activities	75,757	92,418	16,660	(Previous fiscal period) Payment, etc. of compensation for damage associated with final and binding judgement
Investing activities	(76,334)	(133,931)	(57,596)	
Purchase of property plant and equipment and intangible assets	(79,662)	(135,318)	(55,656)	Completion of TOKYO GARDEN TERRACE KIOICHO Seismic reinforcement and renovation works for hotels, etc.
Proceeds from sales of property, plant and equipment and intangible assets	1,212	4,537	3,324	
Proceeds from contribution received for construction	5,149	6,560	1,410	
Financing activities	(877)	48,162	49,040	Increase in loans payable and issuance of bonds
Cash and cash equivalents at beginning of the period	22,596	21,085	(1,511)	
Cash and cash equivalents at the end of the period	21,085	27,551	6,466	
Free cash flow	(576)	(41,513)	(40,936)	
Interest-bearing debt	843,745	909,104	65,358	

Capital investment in each segment

millions of yen

	March 31, 2016	March 31, 2017	YoY change	List of main investments
Urban Transportation and Regional	25,779	27,342	1,563	• Project on a continuous grade-separation work between Nakai and Nogata Stations (ongoing) • Project on a continuous grade-separation work on Higashi-Murayama Station area (ongoing) • Introduced new commuter type 40000 series
Hotel and Leisure	14,707	32,567	17,860	• Seismic reinforcement work and renovation (Tokyo Prince Hotel, Grand Prince Hotel Takanawa) • Opened The Prince Gallery Tokyo Kioicho
Real estate	30,656	73,107	42,451	• Opened TOKYO GARDEN TERRACE KIOICHO • (Provisional) Seibu Railway Ikebukuro Building (ongoing) • Tokorozawa Station East Building Plan (ongoing) • Shakuji-koen station area development
Construction	628	441	(186)	
Hawaii Business	1,681	7,453	5,771	• Full renovation of Prince Waikiki
Other	2,746	3,090	343	• (Ohmi business) Retail complex in front of Moriyama station (ongoing)
Adjustments	4,410	(5,087)	(9,497)	• Adjustment of transactions between Group companies
Total capital investment	80,609	138,915	58,305	

Depreciation in each segment

millions of yen

	March 31, 2016	March 31, 2017	YoY change	Details
Urban Transportation and Regional	20,853	20,684	(168)	
Hotel and Leisure	11,441	12,876	1,435	Increase due to hotel renewal
Real estate	4,232	8,312	4,079	Increase due to completion of TOKYO GARDEN TERRACE KIOICHO
Construction	353	381	27	
Hawaii Business	2,069	1,794	(275)	
Other	2,607	2,645	38	
Adjustments	(812)	(1,036)	(223)	
Total depreciation	40,745	45,658	4,912	

I . Executive summary	P2
II . Key initiatives of the fiscal year ended March 31, 2017	P7
III . Segment information and key performance indicators	P10
IV . Details on financial results	P22
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2018	P29
VI . Dividends for the current period and the following period	P35

Consolidated earnings forecasts for the fiscal year ending March 31, 2018

billions of yen	March 31, 2017	March 31, 2018 (forecast)	YoY change	September 30, 2016	September 30, 2017 (forecast)	YoY change
Operating revenue	512.0	542.0	5.9%	251.1	269.8	7.4%
Operating profit	62.4	63.2	1.2%	30.0	35.2	17.0%
EBITDA	108.1	114.2	5.6%	51.8	59.8	15.4%
Ordinary profit	57.4	54.6	(5.0%)	29.3	30.7	4.8%
Profit attributable to owners of parent	47.5	40.8	(14.2%)	25.1	21.9	(13.0%)

■ Operating revenue: ¥542.0 billion

Operating revenue to increase mainly due to the following: In the Urban Transportation and Regional business, an increase in railway transportation revenue and the opening of Matsurinoyu- the Seibu-Chichibu Station-Front Hot Spring; in the Hotel and Leisure business, manifestation of the effects of investments to increase value and increase in RevPAR due to enhanced revenue management; and in the Real estate business, an increase in rental revenue of TOKYO GARDEN TERRACE KIOICHO.

■ Operating profit: ¥63.2 billion

Operating profit to increase due to the increase in operating revenue, despite an increase in expenses such as electric power costs, fuel costs and utilities costs following a rise in crude oil prices.

■ Ordinary profit: ¥54.6 billion

Decline in ordinary profit mainly reflecting the recording of a temporary share of profit of entities accounted for using equity method in fiscal year ended March 31, 2017.

■ Profit attributable to owners of parent: ¥40.8 billion

Decline in profit attributable to owners of parent due to the decline in ordinary profit as well as the absence of gain on sale of non-current assets of Seibu Railway Co., Ltd. for the fiscal year ended March 31, 2017.

Note: The consolidated earnings forecasts are based on information available to the company at the announcement.
Actual earnings results may differ from the forecast figures due to various factors going forward.

Consolidated earnings forecasts for the fiscal year ending March 31, 2018

Operating revenue for each segment

billions of yen	March 31, 2017	March 31, 2018 (forecast)	YoY change	September 30, 2016	September 30, 2017 (forecast)	YoY change
Urban Transportation and Regional	156.4	162.9	4.1%	78.4	82.7	5.4%
Hotel and Leisure	188.5	210.7	11.8%	92.9	105.1	13.1%
Real estate	53.7	60.9	13.3%	26.1	28.7	9.6%
Construction	114.9	107.4	(6.6%)	47.5	49.0	3.0%
Hawaii Business	23.1	19.5	(15.8%)	8.1	8.5	4.8%
Other	37.2	38.2	2.6%	22.6	23.4	3.1%
Adjustments	(62.1)	(57.6)	—	(24.8)	(27.6)	—

Operating profit for each segment

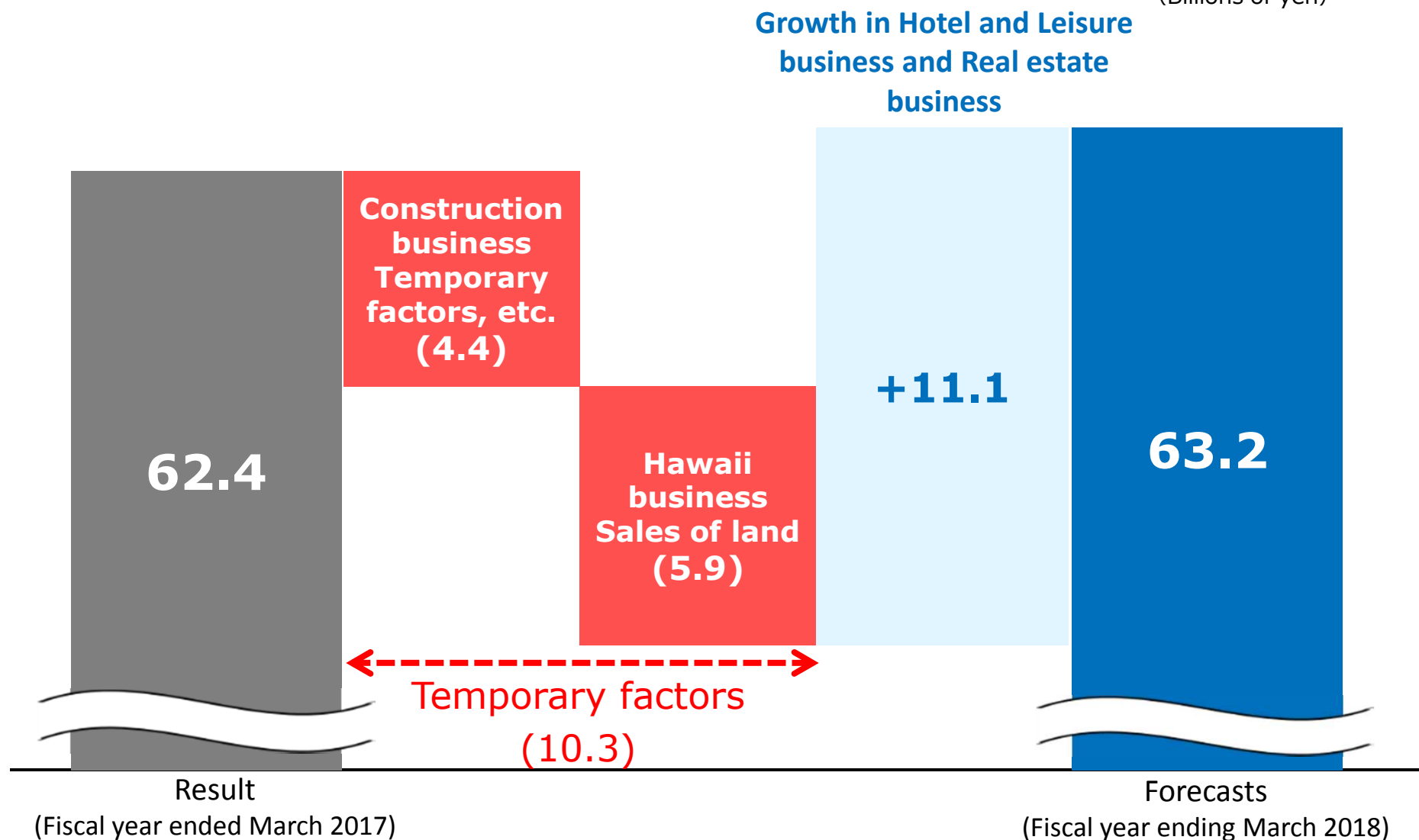
billions of yen	March 31, 2017	March 31, 2018 (forecast)	YoY change	September 30, 2016	September 30, 2017 (forecast)	YoY change
Urban Transportation and Regional	26.8	26.8	(0.0%)	15.8	16.5	4.2%
Hotel and Leisure	14.0	19.0	34.8%	7.9	9.8	22.7%
Real estate	7.8	14.2	80.0%	2.9	6.7	130.8%
Construction	9.8	4.0	(59.3%)	1.9	1.0	(49.2%)
Hawaii Business	4.2	(0.4)	—	(0.5)	(0.5)	—
Other	0.7	0.3	(58.3%)	2.1	2.0	(5.2%)
Adjustments	(1.1)	(0.7)	—	(0.1)	(0.3)	—

EBITDA for each segment

billions of yen	March 31, 2017	March 31, 2018 (forecast)	YoY change	September 30, 2016	September 30, 2017 (forecast)	YoY change
Urban Transportation and Regional	47.4	48.4	1.9%	25.8	26.9	4.1%
Hotel and Leisure	26.9	34.2	26.8%	13.9	17.1	22.3%
Real estate	16.2	23.5	45.1%	6.7	11.3	66.2%
Construction	10.2	4.5	(55.9%)	2.1	1.2	(44.0%)
Hawaii Business	6.0	1.8	(70.2%)	0.3	0.5	30.9%
Other	3.3	3.2	(5.0%)	3.3	3.4	1.0%
Adjustments	(2.1)	(1.4)	—	(0.6)	(0.6)	—

Changes of operating profit for the fiscal year ending March 31, 2018 (YoY)

(Billions of yen)



Capital investment in each segment for the fiscal year ending March 31, 2018

(millions of yen)

	March 31, 2017	March 31, 2018	YoY change	List of main investments
Urban Transportation and Regional	27,342	33,700	6,358	• Project on a continuous grade-separation work between Nakai and Nogata Stations (ongoing) • Project on a continuous grade-separation work on Higashi-Murayama Station area (ongoing) • Construction of new commuter type 40000 series
Hotel and Leisure	32,567	35,200	2,633	• Building spa facilities at Oiso Prince Hotel • Shinagawa Prince Hotel Annex Tower (renovation of guestrooms, lobby, restaurant) • The Prince Park Tower Tokyo (renovation of lobby lounge) • Grand Prince Hotel Kyoto (renovation of guestrooms, lobby, restaurant, etc.) • Construction of new club house at Hokkaido Country Club
Real estate	73,107	29,800	(43,307)	• (Provisional) Seibu Railway Ikebukuro Building (ongoing) • Tokorozawa Station East Building Plan (ongoing) • emilive Saginomiya
Construction	441	700	259	
Hawaii Business	7,453	6,200	(1,253)	• Full renovation of Prince Waikiki
Other	3,090	6,700	3,610	• (Ohmi business) Retail complex in front of Moriyama station
Buffer for strategic investments	—	15,000	15,000	
Adjustments	(5,087)	1,900	6,987	
Total capital investment	138,915	129,200	(9,715)	

Key railway operating data forecasts

(thousands of passengers, millions of yen)

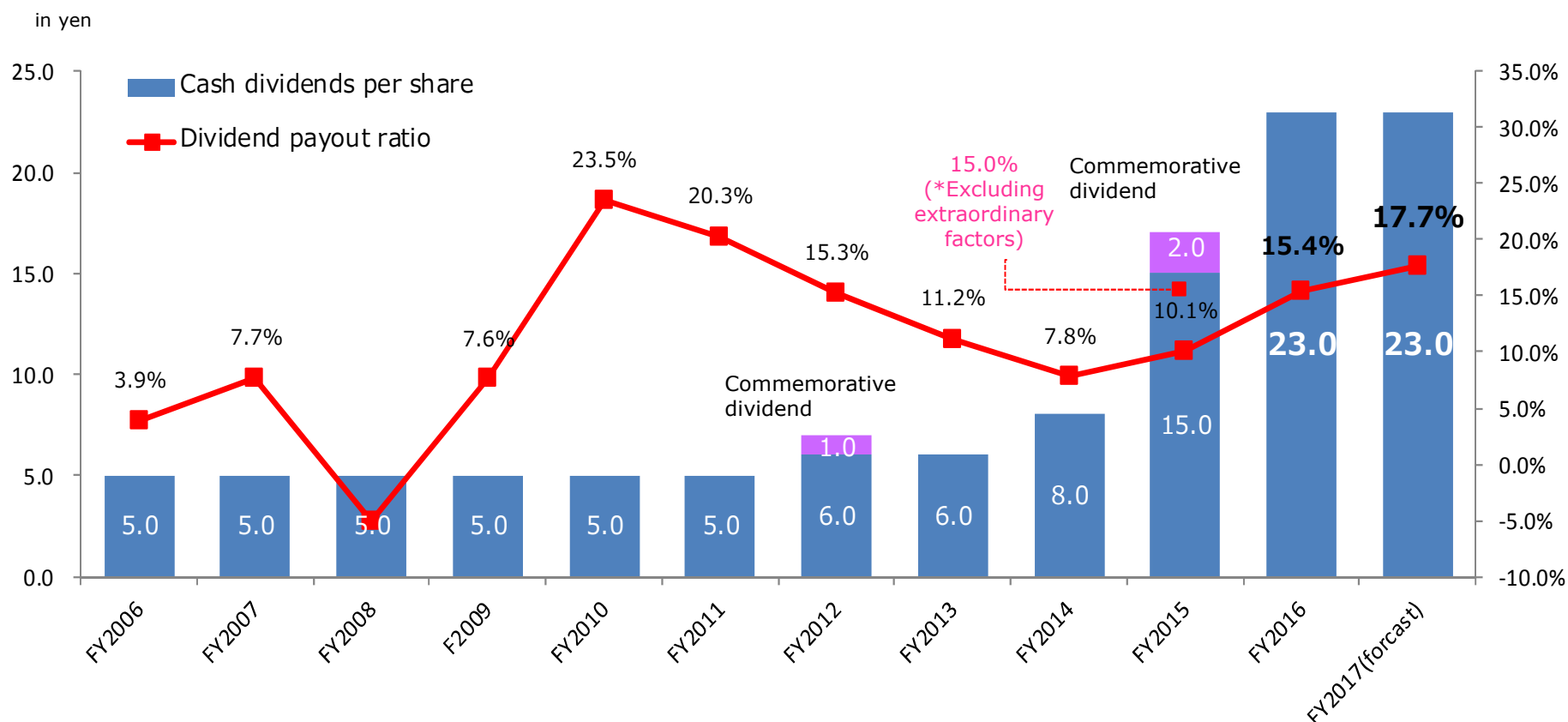
Railway operations (Seibu Railway Co., Ltd.)		March 31, 2017	March 31, 2018 (forecast)	YoY change
Number of passengers	Commuter passes	405,526	411,658	1.5%
	Non-commuter passes	242,893	245,625	1.1%
	Total	648,420	657,284	1.4%
Sales from railway transportation	Commuter passes	44,333	45,045	1.6%
	Non-commuter passes	53,356	54,291	1.8%
	Total	97,690	99,337	1.7%

I . Executive summary	P2
II . Key initiatives of the fiscal year ended March 31, 2017	P7
III . Segment information and key performance indicators	P10
IV . Details on financial results	P22
V . Consolidated earnings forecasts for the fiscal year ending March 31, 2018	P29
VI . Dividends for the current period and the following period	P35

Dividends for the current period and the following period

Make stable, continuous dividend payments (dividend payout ratio around 15%)

Maximize shareholder value by aggressively making investments that contribute to growth



*Extraordinary factors: Impairment loss associated with the decision to cancel the development plan for Ahina railway yard, profit upon recognition of indemnification claims, and tax rate changes