

[Translation for Reference]

ENGLISH TRANSLATION OF DOCUMENT IN JAPANESE

This is an English translation of an original document in Japanese and is only provided for convenience. In all cases, the original one takes precedence.

May 10, 2018

For Immediate Release

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Regarding the “FY2018-FY2020 Seibu Group’s Medium-term Management Plan”

Seibu Holdings Inc. (the “Company”) hereby announces that we have prepared the three-year “FY2018-FY2020 Seibu Group’s Medium-term Management Plan” (the “newly announced plan”), starting from the fiscal year ending in March 2019, as a rolling plan based on the “FY2017-FY2019 Seibu Group’s Medium-term Management Plan” (the “previously announced plan”).

The newly announced plan keeps the basic approach of the previously announced plan (theme, basic policies, key issues, etc.) unchanged while revising individual measures based on changes in the business environment and recent performance trends, while rolling forward the numerical plans.

During the period of the plan (FY2018-FY2020), the Seibu Group will continue to expand its existing business fields while creating new business areas for “sustainable and strong growth.”

The highlights of the Plan are as per the attached document.

End

FY2018-FY2020 Seibu Group's Medium-term Management Plan

"Sustainability & Dynamism SEIBU"

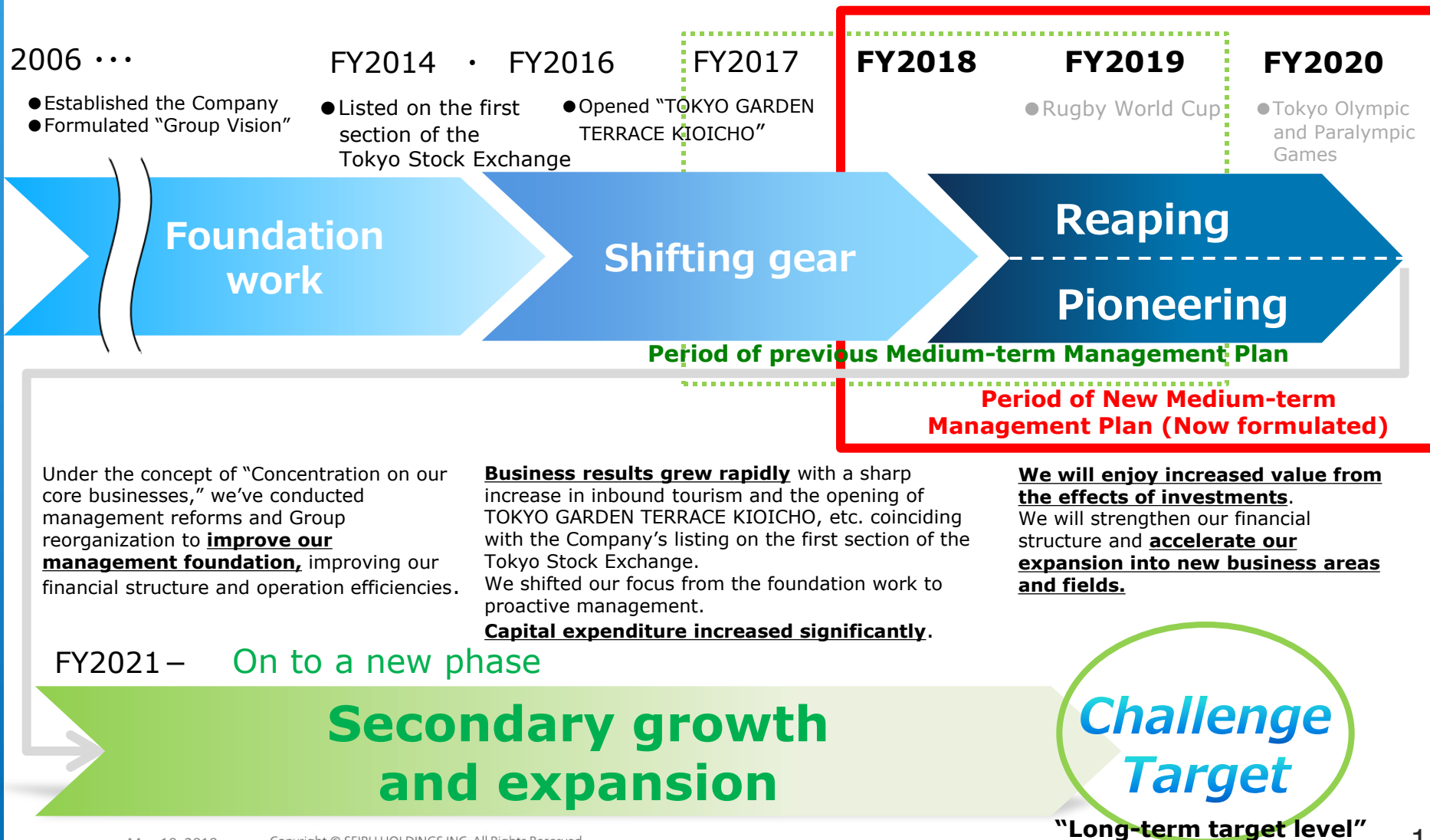
May 10, 2018

Seibu Holdings Inc. (9024)

<http://www.seibuholdings.co.jp/en/>

Positioning of Medium-term Management Plan (FY2018-FY2020)

The new Medium-term Management Plan (FY2018-FY2020) is synchronized to the management phase laid out in the period of the previous Medium-term Management Plan. The strategies and policies are therefore unchanged, while the individual measures and numerical plans have been rolled forward and formulated.



Basic policies and theme of Medium-term Management Plan (FY2018-FY2020)

The new Medium-term Management Plan (FY2018-FY2020) is synchronized to the management phase laid out in the period of the previous Medium-term Management Plan. The theme, basic policies and key issues are therefore unchanged.

- A three-year plan serving as a road map to the "Challenge Target" -

Theme

"Sustainability & Dynamism" Toward sustainable, dynamic growth

Basic policies

- ✓ Pursue innovations, from a new viewpoint and with speed
- ✓ Establish a growth platform from a long-term perspective

Key issues

To realize sustainable, dynamic growth, we need to focus on addressing the key issues of **"create new business areas"** and **"expand existing business fields"** based on our basic policies.

We will promote initiatives for the following five points as key strategies over the three years.

- (1) Strengthen marketing function
- (2) Make effective use of the Group's assets
- (3) Strengthen collaboration inside and outside the Group
- (4) Conduct rigorous and efficient capital expenditure
- (5) Create an organization and corporate culture conducive to generating innovation

Review of previous Medium-term Management Plan

Progress as planned on various measures

- ✓ Progressed as planned overall on investment plans and measures, based on the management policies.
- ✓ Expanded into new business fields, including through the acquisition of StayWell Hospitality Group Pty Ltd.

Time lag in manifestation of the effects of investments

- ✓ Partial delayed in manifestation of the effects of investments to increase value.

Changes in the business environment

- ✓ Prince Hotels marked a higher RevPAR growth compared with the market, but Tokyo market RevPAR growth slowed due to an increase in supply of new accommodation facilities.
- ✓ Increased momentum on work style reforms, IoT, AI and others.

Points of the new Medium-term Management Plan (FY2018-FY2020) based on review

- Strengthen marketing function and services from the customers' perspective.
- Improve efficiency and productivity using technology and open up new business fields to bolster resilience to changes in the business environment.
- Apply a hurdle rate with an awareness of capital cost and rigorously ensure the verification of investment effects.

Approaches to the key issues

① Strengthen marketing

✓ **Paradigm shift**

- Responding to market diversity; aging population, decreasing birthrates, increasing inbounds, etc.

[Inbound]

- Enrich service products, create tourism routes.
- Responding to accommodation demand.
(Develop Prince Smart Inn)

[Senior]

- Develop Seibu CCRC / PRINCE VACATION CLUB for active seniors and high-net-worth individuals.

[Children]

- Providing safe, fun, experiences.
- Providing nurseries to support young mother.

✓ **Precise grasp of customer demand**

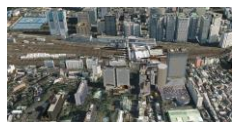
- Effective use and analysis of customer database and big data using ICT.
- Reputation management, such as improving customer satisfaction.
- Expand membership bases and develop loyal customers for Seibu Prince Club, etc.
- Facilities and equipment that can be used safely.
(installation of platform doors on railways, etc.)



② Effective use of the Group's assets

✓ **Promoting effective asset strategy**

- Value-up of business.
 - Promote hotel renovation.
 - (Provisional) Seibu Railway Ikebukuro Building.
 - Phase II of Grand Emio Tokorozawa, and Tokorozawa West Development plan.
- Re-balance portfolio.
 - Takanawa and Shinagawa area.
 - Shibakoen area, etc.
- Concentrating resources to core business.
 - Diversion of Resort assets.
 - Toshimaen area.



③ Collaboration inside and outside the Group

✓ **Expanding business alliances**

- Collaborating strengths and knowhow with companies outside the Seibu Group.
 - Launch accelerator program.
 - Coordinate operations with major companies.
- Compensate deficient areas through external collaboration (new technologies such as AI and automated driving, human resources, etc.)
 - Realize low-cost operations with ICT and AI at facilities such as Prince Smart Inn, etc.
- Share knowhow of Stay Well Hospitality Group Pty Ltd and strengthen overseas development.
- Introduce next-generation hotel system to improve customer convenience and operational efficiency.

④ Rigorous and efficient capital expenditure

✓ **Investments to increase value above the hurdle rate**

- Apply a hurdle rate to rigorously select investments with an awareness of WACC in order to create value.
- Rigorously ensure PDCA verification of investments.

⑤ Create an organization and corporate culture conducive to generating innovation

✓ **Operational reforms, new working style**

- Capital expenditure for improving employee satisfaction (relocate head offices of some companies, rebuild dormitories and offices).
- Introduce shared Group-wide accounting system.
- Implement flextime, teleworking.

✓ **Enhance decision-making and respond to risks**

✓ **Working styles and platform to enable participation of diverse human resources**

•Description with underlines are addition / changes to previous plan.

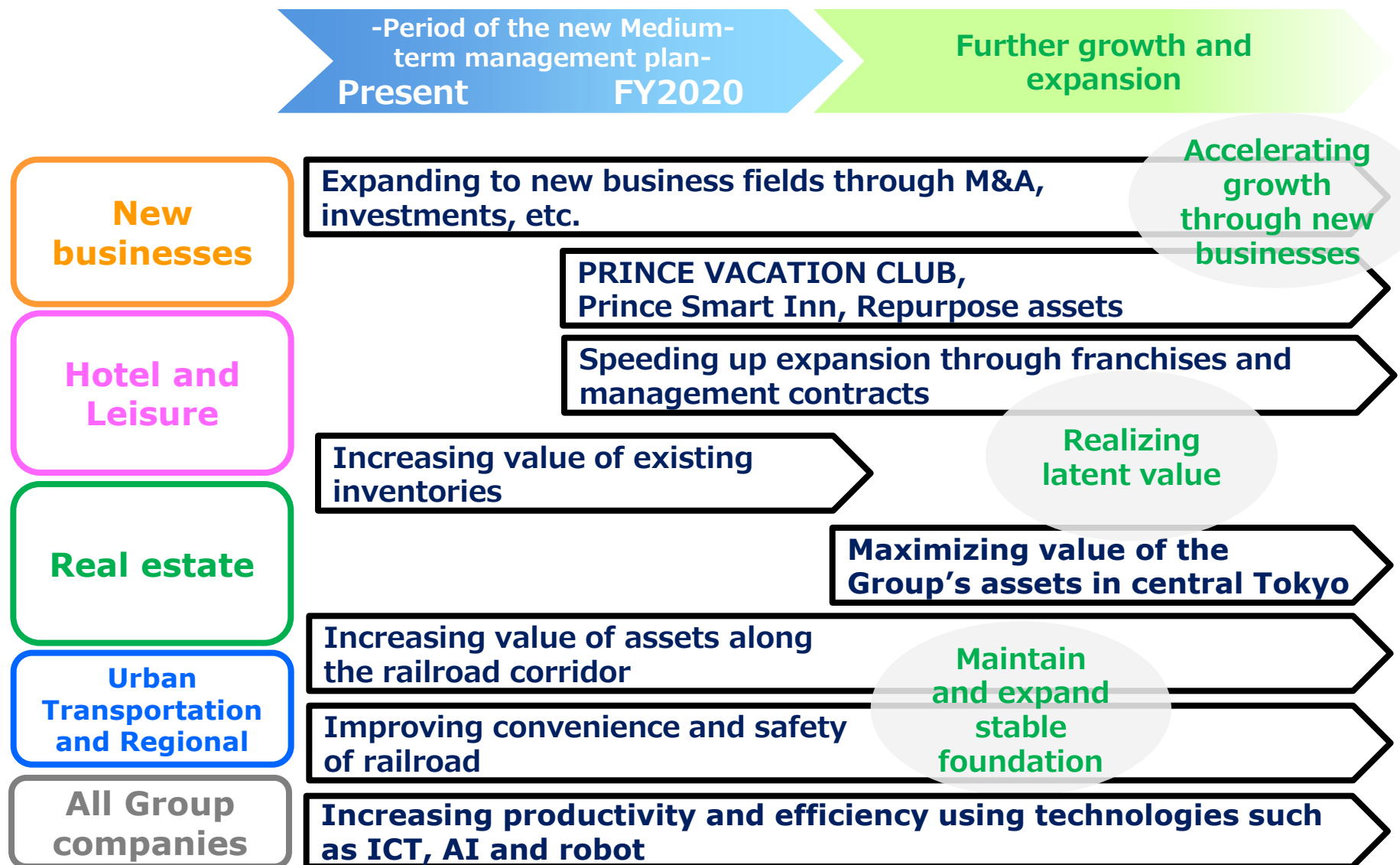


人がかがやく。
未来がひらく。
みんなでつくる。西武グループデザイン

Quantitative targets for the final year of the Medium-term Management Plan (FY2020)

Management Benchmarks	FY2017 Result (Fiscal year ended March 2018)	FY2020 Plan (Fiscal year ending March 2021)
Operating revenue (Net sales)	¥530.6 billion	¥592.7 billion
Operating profit	¥64.2 billion	¥72.3 billion
EBITDA (Operating profit before depreciation)	¥115.5 billion	¥131.1 billion
EBITDA margin	21.8%	22.1%
Net interest-bearing debt	¥875.1 billion	¥924.4 billion
Net interest-bearing debt /EBITDA multiple	7.6 times	7.1 times

Medium- to long-term business direction



Major projects during the Medium-term Management Plan (FY2018-FY2020)

FY2018

Extra fare reserved-seating service "Haijima Liner" March 2018



FY2019

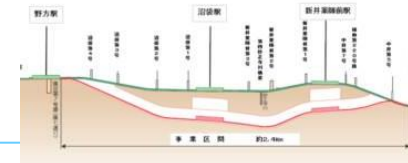
Launch new Limited Express service : spring 2019



Renewal of stations (Seibu-Shinjuku sta., Hanno sta.) Complete in March 2019



FY2020



Moving on to continuous grade-separation work on Shinjuku Line

Capital expenditure for safety and security (platform doors, etc.)



StayWell

StayWell Holdings Pty Ltd

2,229 rooms, 22 hotels in 8 countries (as of March 31, 2018)

Expanding to around 100 hotels over the next 10 years

Undertaking management of a hotel operation at former site of Kiyomizu Elementary School, Kyoto Open in summer 2019



"PRINCE VACATION CLUB Villa Karuizawa Asama" "PRINCE VACATION CLUB karuizawa Asama"

Open in July 2019 Planning to open around 20 facilities across Japan in the future



Yokohama Hakkeijima Taiwan Plan Open in January 2020

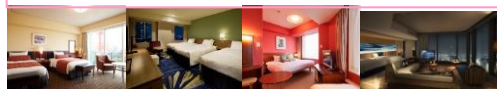


Prince Smart Inn Ebisu Open in summer 2020 Aiming to open around 100 hotels in the medium- to long-term



PRINCE SMART INN

Add value to the existing hotels



Renovation of guestrooms at Sunshine City Prince Hotel Complete in March 2019

Renovation of guestrooms at Shinagawa Prince Hotel Annex Tower Complete in July 2019

Renovation of guestrooms at Grand Prince Hotel New Takanawa Complete in March 2020

Emilive Saginomiya (Rental apartments) From March 2018



(Provisional) Seibu Railway Ikebukuro Building Office/Retail Open in spring 2019



ENVIE-NÉ HŌYA (Condominium) March 2019



(Provisional) Higasi-Nagasaki Station south plan (Rental apartments / retail / childcare) March 2019



Grand Emio Tokorozawa Phase II (Commercial Retail) June 2020



Hakone Lake Ashinoko amphibious Ninja Bus From April 2018



Renovation of The Westin Hapuna Beach Resort Complete in June 2018



MetLife Dome area renewal, and ball park conversion plan Complete in March 2021



Key performance indicators of core businesses

Urban Transportation and Regional Business

Sales from railway transportation (Commuter passes)

FY2017 ⇒ FY2020 Growth +4.2%

Sales from railway transportation (Non-commuter passes)

FY2017 ⇒ FY2020 Growth +2.6%

Hotel and Leisure Business

RevPAR (City hotels)

FY2017 ⇒ FY2020 Growth +13.5%

RevPAR (Resort hotels)

FY2017 ⇒ FY2020 Growth +14.4%

Real estate Business

Rentable area (Commercial retail)

March 2018 ⇒ March 2021 Growth +4.5%

Rentable area (Office / apartment)

March 2018 ⇒ March 2021 Growth +19.4%

Measures for achieving the plan

- ✓ Redevelopments and town developments in Seibu railway line corridor.
- ✓ Reflecting steady employment rate and demographic statistics.
- ✓ Operation of extra-fare reserved seating trains.
- ✓ Launch new Limited Express service.
- ✓ Opening retail facilities and leisure facilities in railway line corridor.
- ✓ Strengthening of promotion and events in railway line corridor.
- ✓ Manifestation of the effects of investments to increase value.
- ✓ Reputation management, such as improving customer satisfaction.
- ✓ Attract customers to direct channels. (in-house)
- ✓ Continuing to strengthen revenue management and shift in target market.
- ✓ (Provisional) Higashi-Nagasaki station south plan.
- ✓ Phase II of Grand Emio Tokorozawa etc.
- ✓ (Provisional) Seibu Railway Ikebukuro Building etc.

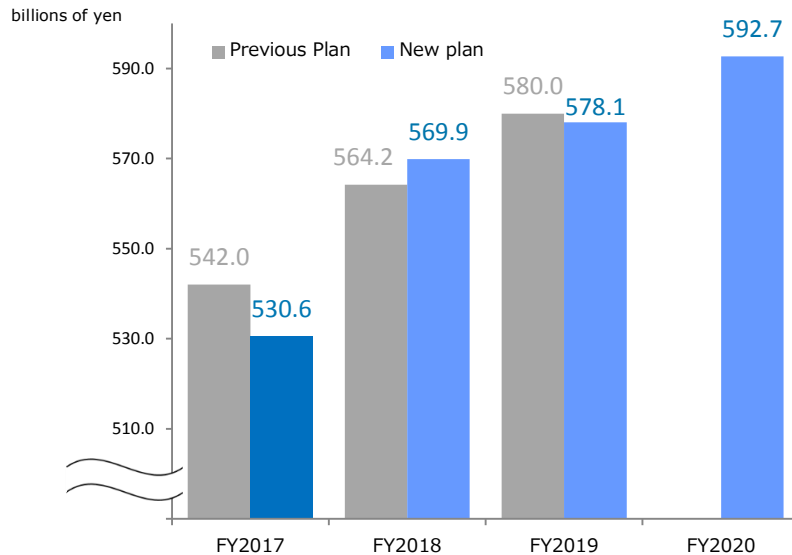
Consolidated quantitative plans

billions of yen

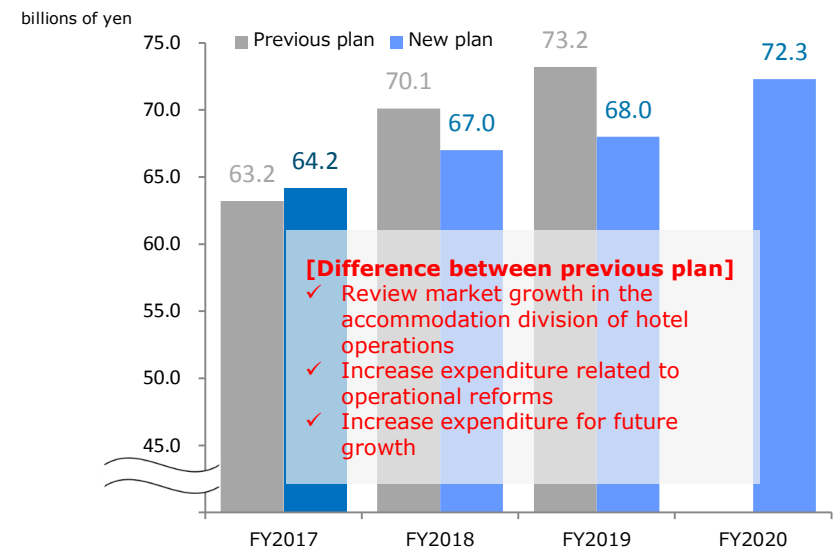
	FY2017 Actual	FY2018 Budget			FY2019 Plan			FY2020 Plan		Three year change
			YoY	Difference from previous plan		YoY	Difference from previous plan		YoY	
Operating revenue	530.6	569.9	39.3	5.7	578.1	8.2	(1.9)	592.7	14.6	62.1
Operating profit	64.2	67.0	2.7	(3.1)	68.0	1.0	(5.2)	72.3	4.3	8.0
EBITDA	115.5	120.9	5.3	(3.7)	124.9	4.0	(6.7)	131.1	6.2	15.5
Ordinary profit	55.4	58.1	2.6	(3.5)	59.5	1.4	(5.7)	64.2	4.7	8.7
Profit attributable to owners of parent	42.9	43.6	0.7	(1.4)	43.6	0.0	(4.4)	47.2	3.6	4.3
EBITDA margine	21.8%	21.2%			21.6%			22.1%		0.3pt
Total assets	1,671.9	1,728.4	56.4	(38.1)	1,781.6	53.2	(13.8)	1,803.7	22.1	131.7
Equity	389.5	427.8	38.3	0.6	461.1	33.3	(7.9)	497.8	36.7	108.3
ROE	11.5%	10.7%			9.8%			9.8%		(1.7pt)
Net interest-bearing debt	875.1	883.3	8.2	(29.8)	925.8	42.5	(8.7)	924.4	(1.4)	49.3
Capital investment	89.9	116.2	26.3	(0.3)	112.6	(3.6)	10.5	95.4	(17.2)	5.5
Net interest-bearing debt/EBITDA multiple	7.6	7.3			7.4			7.1		(0.5)

Difference between previous plan (FY2017-FY2019)

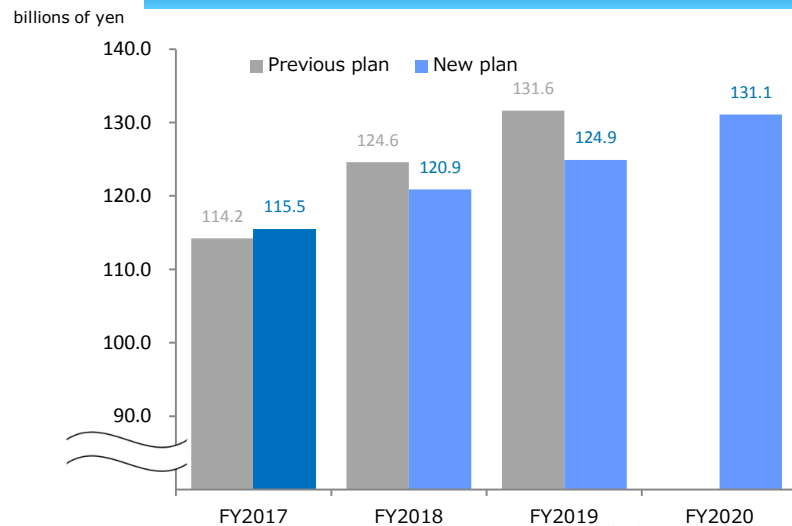
Operating revenue



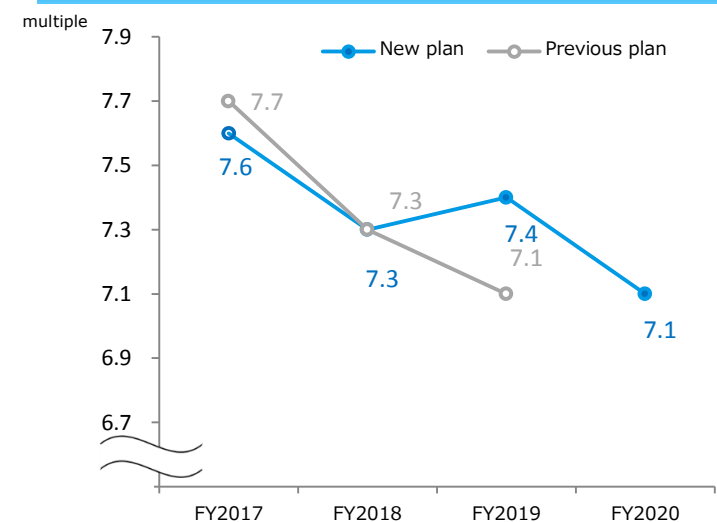
Operating profit



EBITDA



Net interest-bearing debt/EBITDA multiple



Plan for each segment

billions of yen

Operating revenue plan for each segment

	FY2017 Actual	FY2018 Budget	YoY	Difference from previous plan	FY2019 Plan	YoY	Difference from previous plan	FY2020 Plan	YoY	Three year change
Urban transportation and Regional	162.0	163.3	1.2	(1.2)	164.8	1.5	(1.5)	166.6	1.8	4.5
Hotel and Leisure	204.8	221.8	16.9	0.9	231.3	9.5	(0.3)	242.5	11.2	37.6
Real estate	62.2	67.3	5.0	(0.7)	65.5	(1.8)	(1.7)	66.4	0.9	4.1
Construction	100.0	109.5	9.5	3.8	111.7	2.2	4.5	112.9	1.2	12.9
Hawaii Business	15.3	21.1	5.7	2.1	22.5	1.4	1.8	23.5	1.0	8.1
Other	39.4	39.6	0.2	0.9	39.7	0.1	0.5	40.5	0.8	1.1
Adjustments	(53.3)	(52.7)	0.7	(0.1)	(57.4)	(4.7)	(5.2)	(59.7)	(2.3)	(6.3)
Consolidated	530.6	569.9	39.3	5.7	578.1	8.2	(1.9)	592.7	14.6	62.1

Operating profit plan for each segment

	FY2017 Actual	FY2018 Budget	YoY	Difference from previous plan	FY2019 Plan	YoY	Difference from previous plan	FY2020 Plan	YoY	Three year change
Urban transportation and Regional	27.2	26.0	(1.3)	(0.9)	26.2	0.2	(1.1)	26.4	0.2	(0.9)
Hotel and Leisure	17.2	19.9	2.6	(1.7)	21.5	1.6	(3.3)	24.6	3.1	7.3
Real estate	15.8	17.0	1.2	0.1	15.8	(1.2)	0.2	15.9	0.1	0.1
Construction	4.7	4.6	(0.2)	0.5	4.9	0.3	0.4	5.1	0.2	0.3
Hawaii Business	(2.0)	0.0	2.0	(0.6)	1.0	1.0	(0.4)	1.3	0.3	3.3
Other	1.0	0.0	(1.0)	(0.1)	(0.6)	(0.6)	(0.3)	(0.4)	0.2	(1.4)
Adjustments	0.0	(0.5)	(0.6)	(0.4)	(0.8)	(0.3)	(0.7)	(0.6)	0.2	(0.7)
Consolidated	64.2	67.0	2.7	(3.1)	68.0	1.0	(5.2)	72.3	4.3	8.0

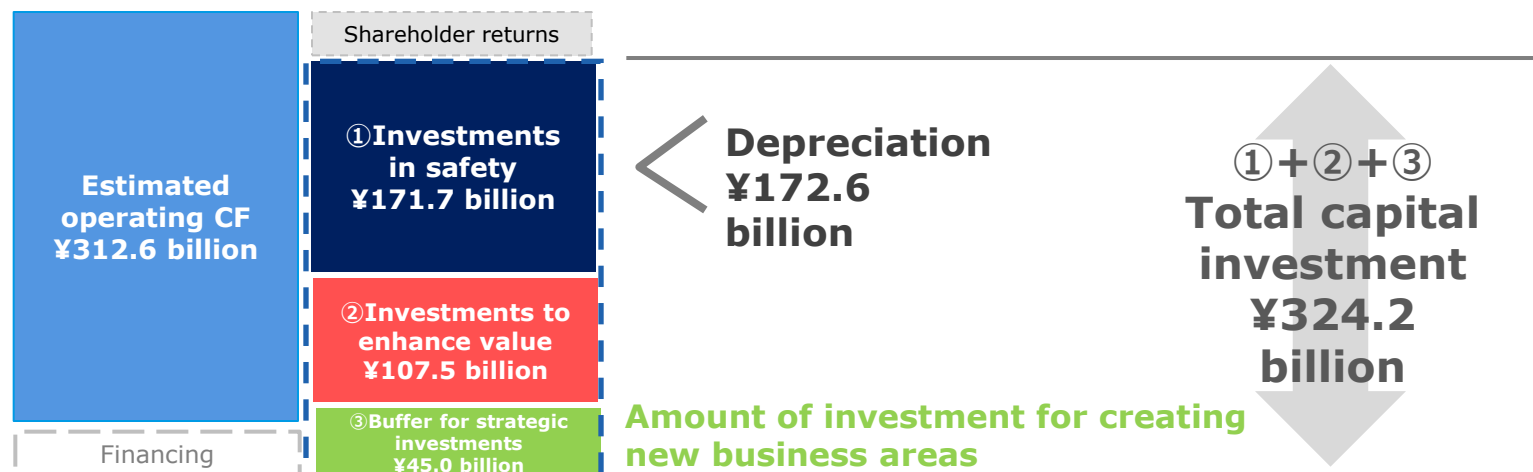
EBITDA plan for each segment

	FY2017 Actual	FY2018 Budget	YoY	Difference from previous plan	FY2019 Plan	YoY	Difference from previous plan	FY2020 Plan	YoY	Three year change
Urban transportation and Regional	49.0	47.7	(1.4)	(1.3)	48.1	0.4	(1.5)	48.9	0.8	(0.2)
Hotel and Leisure	32.7	36.2	3.5	(2.0)	38.2	2.0	(3.7)	41.8	3.6	9.1
Real estate	25.0	27.0	1.9	0.1	27.1	0.1	(0.3)	27.5	0.4	2.4
Construction	5.1	5.1	(0.1)	0.5	5.4	0.3	0.4	5.6	0.2	0.4
Hawaii Business	0.0	2.7	2.6	(0.6)	4.0	1.3	(0.4)	4.4	0.4	4.3
Other	3.9	3.1	(0.9)	(0.3)	2.8	(0.3)	(0.9)	3.5	0.7	(0.5)
Adjustments	(0.5)	(0.9)	(0.4)	(0.1)	(0.7)	0.2	(0.3)	(0.6)	0.1	(0.1)
Consolidated	115.5	120.9	5.3	(3.7)	124.9	4.0	(6.7)	131.1	6.2	15.5

Note: Monetary amounts are rounded down to one-tenth of a billion and the changes are rounded to the nearest one-tenth of a billion

Use of funds during the period of the Medium-term Management Plan (Image)

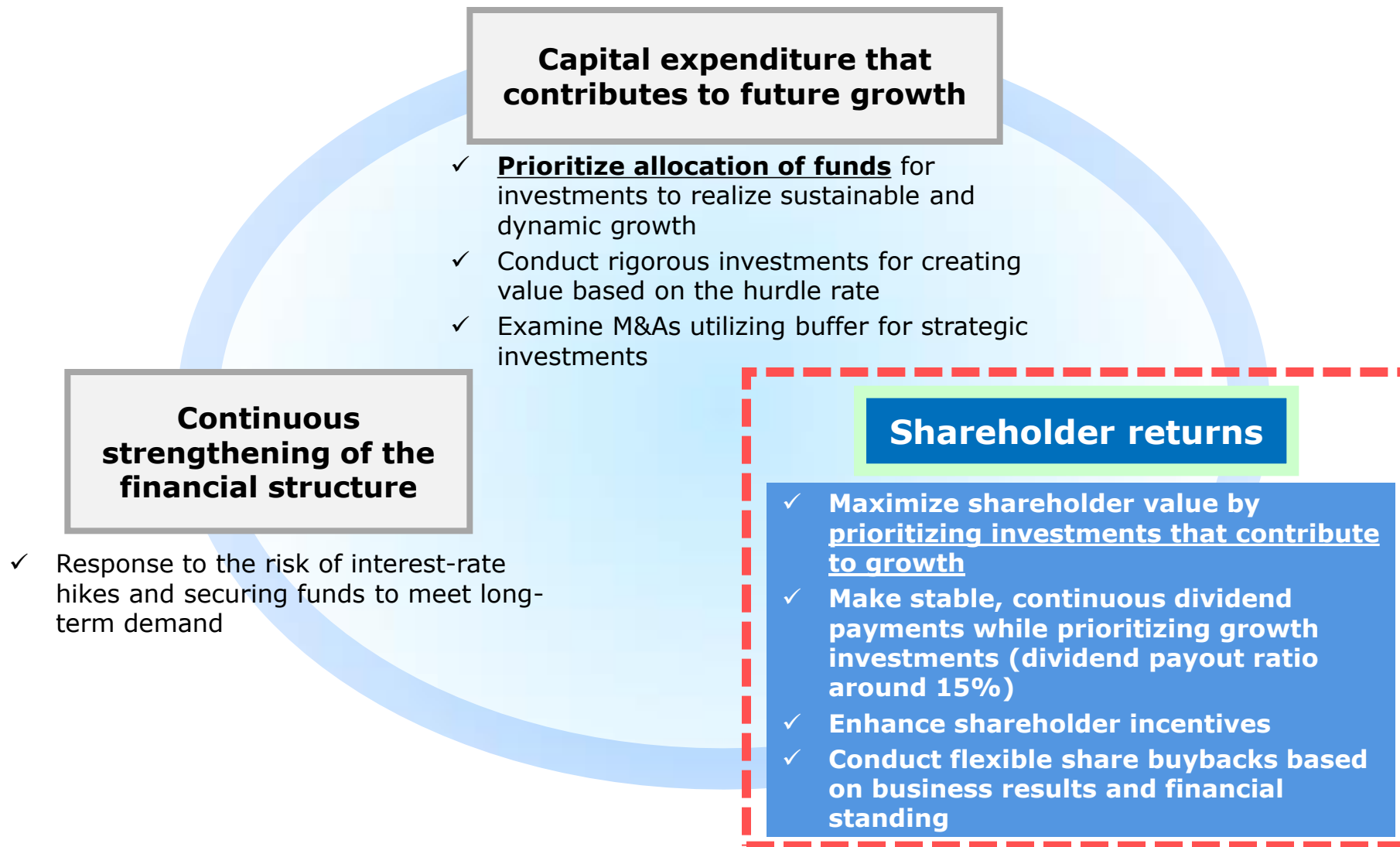
Image (Three year total)



- ✓ Investments in safety will be made within the scope of depreciation.
- ✓ We plan to carry out capital expenditure for purposes other than strategic investment, depending on the estimated operating cash flow.
- ✓ Capital expenditure exceeding the estimated operating cash flow will rely on financing.
- ✓ Investments to enhance value will be made after examining the investment effect based on the hurdle rate.

Capital investment plan for each segment

billions of yen	FY2017 Actual	FY2018 Budget	YoY	FY2019 Plan	YoY	FY2020 Plan	YoY	Three year change
Urban transportation and Regional	32.0	35.3	3.3	37.1	1.8	32.3	(4.8)	0.3
Hotel and Leisure	23.5	22.0	(1.5)	23.9	1.9	18.9	(5.0)	(4.6)
Real estate	27.0	31.1	4.1	16.7	(14.4)	10.7	(6.0)	(16.3)
Construction	0.5	0.6	0.1	0.4	(0.2)	0.3	(0.1)	(0.2)
Hawaii Business	5.3	4.2	(1.1)	3.2	(1.0)	1.5	(1.7)	(3.8)
Other	4.2	5.4	1.2	14.4	9.0	11.7	(2.7)	7.5
Strategic investments	—	15.0	15.0	15.0	—	15.0	—	15.0
Adjustments	(2.6)	2.6	5.2	1.9	(0.7)	5.0	3.1	7.6
Consolidated	89.9	116.2	26.3	112.6	(3.6)	95.4	(17.2)	5.5



⇒ The policies for shareholder returns during this management period based on Seibu Group's financial strategy are as follows.

Disclaimer

The forward-looking statements contained in these materials are based on currently available information and certain assumptions deemed reasonable by the Company.

Therefore, please note that actual results may differ due to various factors in the future.