

[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 14, 2019

For Immediate Release

Company Name	Seibu Holdings Inc.
Representative	President & Chief Executive Officer Takashi Goto (Code No.: 9024 First Section of the Tokyo Stock Exchange)
Inquiries	General Manager of Corporate Communication Kiyoto Kawakami (TEL. +81-3-6709-3112)

Regarding the “FY2019-FY2021 Seibu Group’s Medium-term Management Plan”

Seibu Holdings Inc. (the “Company”) hereby announces that we have prepared the three-year “FY2019-FY2021 Seibu Group’s Medium-term Management Plan” (the “newly announced plan”), starting from the fiscal year ending in March 2020.

The newly announced plan is a rolling plan based on the “FY2017-FY2019 Seibu Group’s Medium-term Management Plan,” announced on May 11, 2017. Following on from the current plan (“FY2018-FY2020 Seibu Group’s Medium-term Management Plan,” announced on May 10, 2018), the newly announced plan revises the individual measures and numerical targets in light of changes in the business environment and recent performance trends.

The plan is designed to cement the initiatives that have been taken to date and lead on to a new management phase and management plan.

Over the period of the plan (FY2019-FY2021), the Seibu Group will reap the benefits of its investments to date, and prepare for business expansion by strengthening its financial structure and accelerating its expansion into new business areas and field.

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

End



FY2019-FY2021 Seibu Group's Medium-term Management Plan

"Sustainability & Dynamism SEIBU"

May 14, 2019
Seibu Holdings Inc. (9024)
<http://www.seibuholdings.co.jp/en/>



1

**Positioning of this FY2019-2021 plan
and review of current FY2018-2020 plan**

Positioning of FY2019-2021 Medium-term Management Plan

- ✓ As with the current plan, the newly announced plan is based on the FY2017-FY2019 Medium-term Management Plan.
- ✓ The plan cements our initiatives from FY2017 onward and leads on to a new management phase and management plan.

→ **Harvest the fruit from investments to date and prepare for business expansion by strengthening our financial status and accelerating our expansion into new business areas and fields**



Review of current Medium-term Management Plan

Reflect monitoring results of current plan

- All measures are generally proceeding as planned
- Effects from investments to increase value
 - Emergence of weather volatility, disaster risks, and other factors

Changes in the business environment

- Business environment is generally favorable
- Concern over future slowdown due to uncertain direction of global economy
 - Increasing move toward management reform using digital technology
 - Increasing interest in SDGs and ESG investment, and growing social demand

Points of the new Medium-term Management Plan (FY2019-FY2021) based on reviewing the current plan

- **Provide services that meet customers' needs by strengthening marketing functions**
- **Promote digital management across the Group to increase profitability and productivity**
- **Aim for sustainable growth, working as a united Group to tackle social issues with an awareness of SDGs**
- **Collaborate within and outside the Group and accelerate creation of new business areas and expansion into new fields**



2

Main points of this FY2019-2021 Medium-term Management Plan

- 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 measures

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 have added "Continuously strengthen management foundation" to the five measures in the current plan and will promote initiatives over the next three years based on the following six key measures.

- (1) Strengthen marketing capabilities
- (2) Make effective use of the Group's assets
- (3) Strengthen collaboration inside and outside the Group
- (4) Disciplined and efficient capital expenditure
- (5) Create an organization and corporate culture that brings about innovation
- (6) Continuously strengthen management foundation

① Strengthen marketing capabilities

◆ Paradigm shift

Children



Nicot

- Childcare services
- Children's support programs



inbound



- Transport and tourism stations
- Event train tickets
- Limited service hotel "Prince Smart Inn"



PRINCE SMART INN

Senior



- Membership-based hotel "Prince Vacation Club"
- Hiking and walking events



◆ Digital Marketing

→ Topic 1




- Expand membership bases and develop relationship with loyal customers for Seibu Prince Club

◆ Provide service that meet customer's needs



- New limited express train "Laview"
- Extra-fare reserved seating trains
- Reputation management to improve customer satisfaction

② Effective use of the Group's assets

◆ Large scale developments in central Tokyo area



Takanawa and Shinagawa area



Shiba-koen area

◆ Developments along the Seibu railway line

Tokorozawa area development



- Grand emio Phase II
- West side development



- Refurbishment work on the MetLife Dome area



- Seibu Amusement Park revitalization task force

Seibu Shinjuku line development

- Shinjuku area serves as the gateway to Seibu line
- Utilizing spaces created from continuous grade separation works



③ Collaboration inside and outside the Group

◆ Expanding business areas & Fields

- Initiate SWING business creation program



- Utilize accelerator program



- Take advantage of StayWell's expertise to open new hotels in Japan and overseas

StayWell



◆ Using digital technology

→ Topic 1

- Utilize AI and robots in train stations, hotels and leisure facilities



④ Disciplined and efficient capital expenditure

- ◆ Apply a hurdle rate
- ◆ Rigorously ensure PDCA verification of investments



⑤ Create an organization and corporate culture that brings about innovation

◆ Work style reforms using digital technology

- Flextime system / teleworking
- Satellite office
- New generation hotel system

→ **Topic 1**



◆ Improving employee satisfaction

- Relocating or renovating office



◆ Human resource development and recruitment

- Global communication, studying abroad, promoting diversity management



人がかがやく。
未来がひらく。

みんなでつくる。西武グループダイバーシティ



⑥ Continuously strengthen management foundation

◆ Promote action on sustainability

(initiatives for solving social issues with an awareness of SDGs)

→ **Topic 2**

◆ Strengthen corporate governance



Offensive strategy toward DX (digital transformation)



① Strengthen marketing by digitalizing and sharing customer information

Share and utilize customer information, such as Seibu Prince Club member data

② Strengthen marketing by digitalizing business

Utilize digital technology in business processes such as sales and marketing



③ Create new businesses and services using digitalized customer and business process information

Utilize IoT in development of Prince Smart Inn limited service hotels

Defensive strategy toward DX (digital transformation)



① Automate business processes through visualization and standardization

Utilize AI and robots in train station operations and so forth, introduce buses with advanced safety technologies

Promote i-construction on construction sites, shift to paperless business processes, etc.

② Use systems to increase the sophistication of business processes

Streamline management through figures by introducing a new common accounting system and using a next-generation hotel system, etc.

→ **Construct systems for Group-wide advances such as customer data centralization and utilization techniques, and promote optimal digital management**

Topic 2 Promote action on sustainability (initiatives for solving social issues with an awareness of SDGs)



Aim for sustainable growth, by comprehensively working on 12 agendas in four domains

Safety



◆ Ensure safety and reliability



Environment



- ◆ Greenhouse gas reduction
- ◆ Waste reduction
- ◆ Ensuring water supply
- ◆ Protecting forest and species



Society



- ◆ Invigoration of railroad corridor and local communities
- ◆ Universal design
- ◆ Aging population and low birthrate



Governance (Corporate Culture)



- ◆ Work style reforms
- ◆ Recruiting diverse workforce
- ◆ HRD and HRM
- ◆ Compliance



HRD: Human resource development
HRM: Human resource management

Main projects during this FY2019-2021 Medium-term Management Plan

Seibu Holdings

	FY2019	FY2020	FY2021
Urban Transportation and Regional	◆ 2019.3 New Ltd. Express "Laview" 	◆ During FY2020 SI13 Station renewal 	◆ 2021.3 SW03 Elevating station office 
	Continuous grade separation of SS Line		
	Platform gate (stations w/+100K PAX) by end of FY2020		Platform gate (SI07, SI08, SI09, SI10, SI38) 
	Seibuen Amusement Park Invigoration Project 		
Hotel and Leisure	◆ 2019.7 "Prince Vacation Club" (Sanyo-so, Karuizawa Asama, Villa Karuizawa Asama) 	◆ 2020 Summer "Prince Smart Inn" (Ebisu, Atami)  PRINCE SMART INN	
	◆ 2019 Winter Operation of new hotel in Kyoto (site of old elementary school)	◆ 2020 Summer Prince Hotel Tokyo Bay Shiomi 	
	◆ 2019 Summer ~ "The Prince Akatoki" (London)	◆ 2019 Winter ~ "The Prince Akatoki" (Guangzhou)	Global expansion by StayWell
	Value-up existing Hotels ◆ 2019 Summer (renovation) Shinagawa PH Annex		
Real Estate, others	◆ 2019.6 (provisional) Higashi-Nagasaki South Exit Project 	◆ 2020.6 Grand Emio Tokorozawa Phase II 	◆ 2021.4 Karuizawa PH West / Hot Spring
	◆ 2019.2 DaiyaGate Ikebukuro	◆ 2019.9 Nicot Higashi-Nagasaki 	◆ 2021.3 Dome Area / Ballpark Project 
	◆ 2019.4 Nicot Nerima		◆ During FY2021 Hikone Sta. West Exit (Hotel, Hot Spring)

**③ Revenues, CAPEX and funding plans of this
FY2019-2021 Medium-term Management Plan**

Quantitative targets for the final year of the Medium-term Management Plan (FY2021)

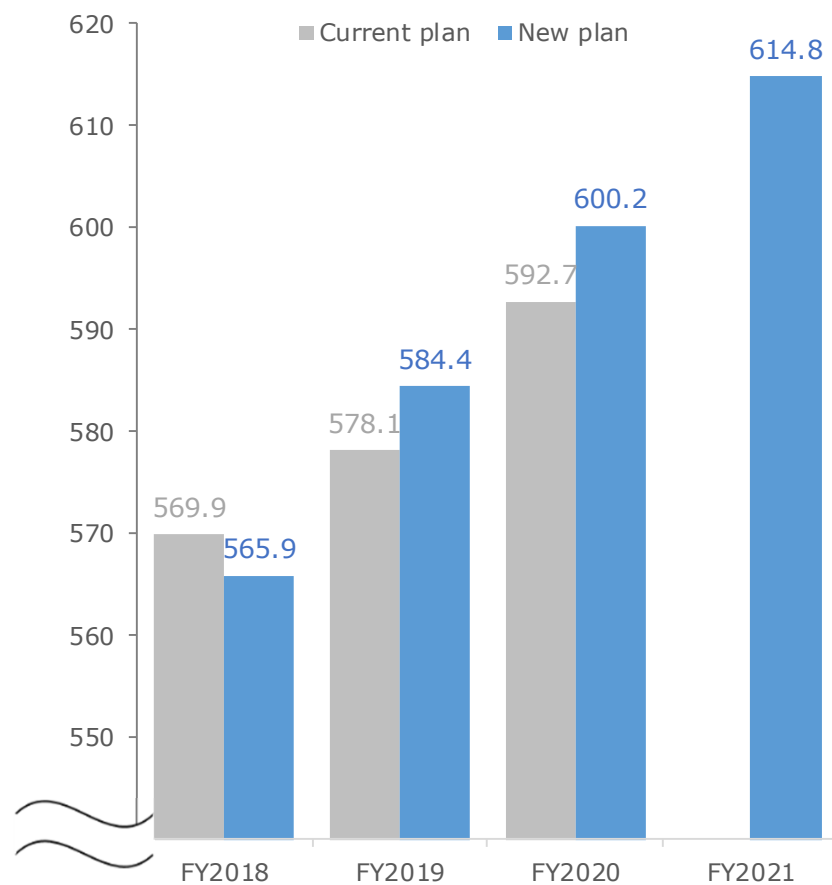
Management index	FY2018 Actual	FY2021 Plan
Operating revenue	565.9 bn	614.8 bn
Operating profit	73.3 bn	75.7 bn
EBITDA	127.3 bn	137.5 bn
EBITDA margin	22.5%	22.4%
Net interest bearing debt	878.5 bn	856.5 bn
Net debt / EBITDA ratio	6.9 x	6.2 x
ROE	11.3%	9.7%

*Figures to do not reflect the impact of the Accounting Standard for Revenue Recognition, which is to be adopted in FY2021

Year-to-year differences between current plan

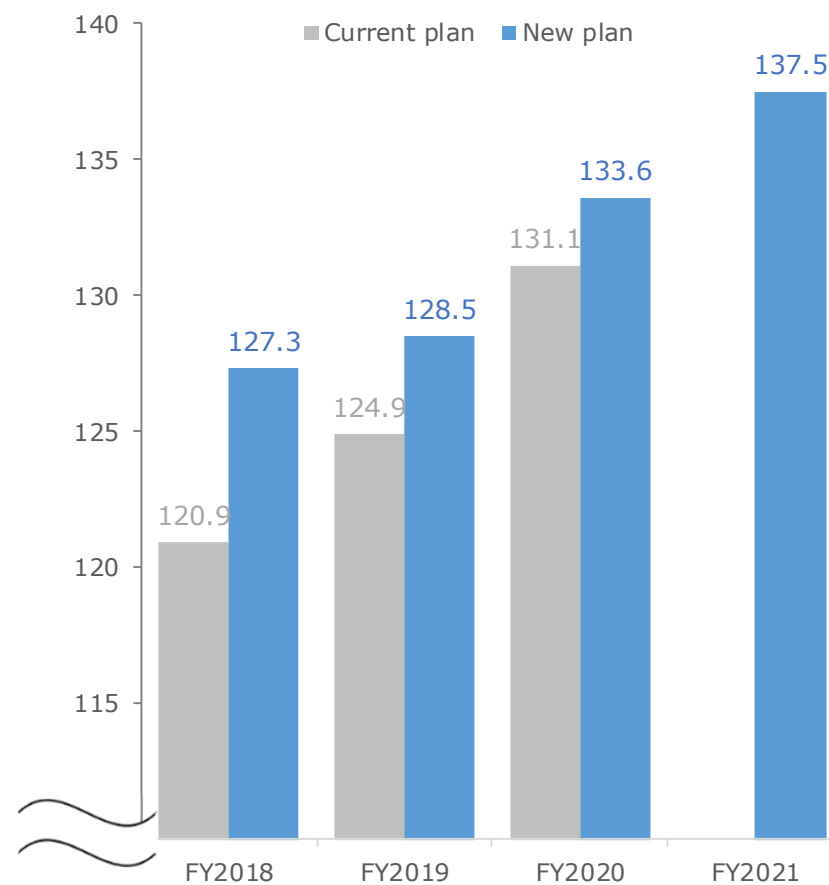
Operating revenue

(billions of yen)



EBITDA

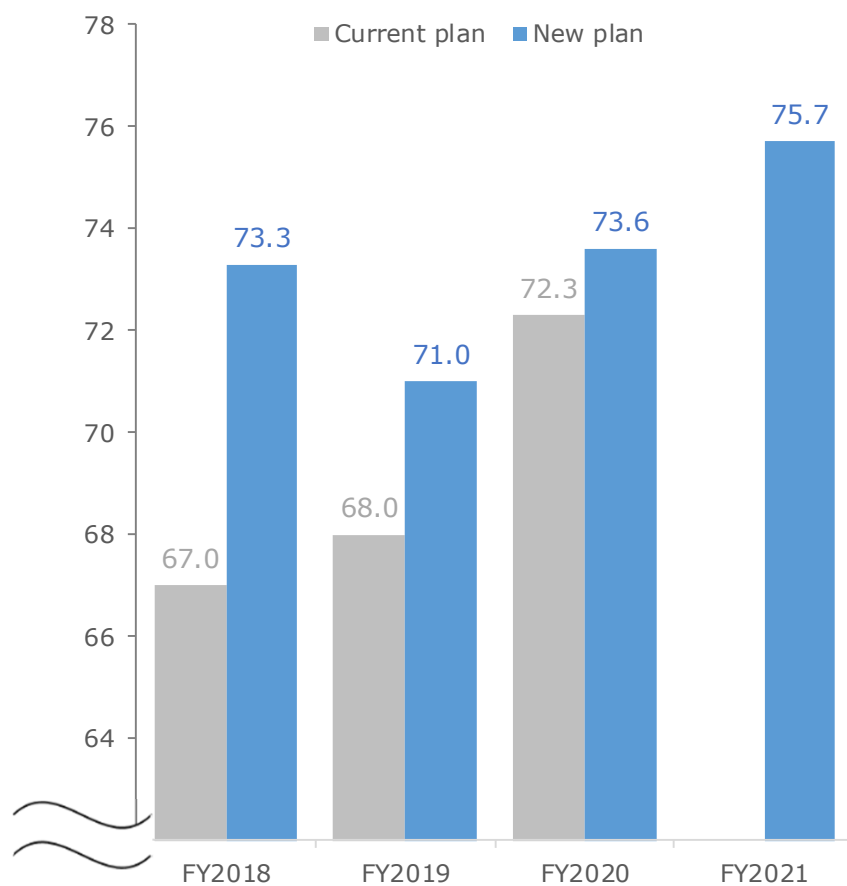
(billions of yen)



Year-to-year differences between current plan

Operating profit

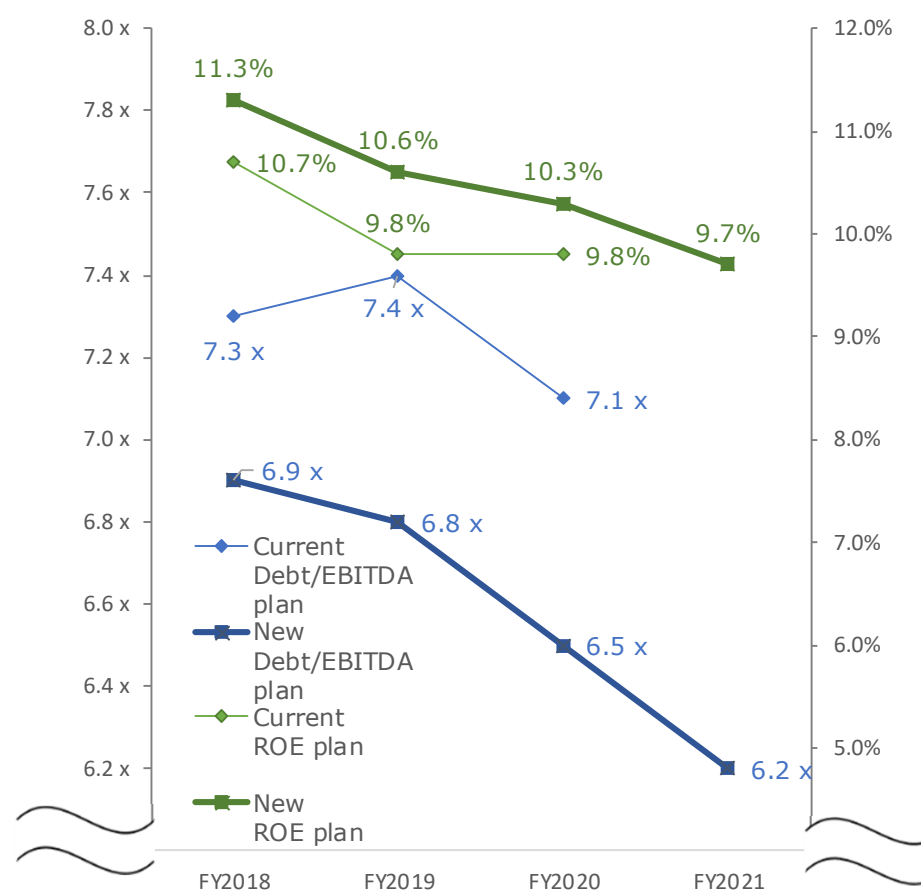
(billions of yen)



Net Debt / EBITDA ratio, ROE

(ratio)

(%)



Key performance indicators of core businesses



Urban transportation and regional business

Sales from railway transportation (commuter passes)

FY2018 ⇒ 2021 Growth +2.7%

Sales from railway transportation (non-commuter passes)

FY2018 ⇒ 2021 Growth +1.8%

Hotel & Leisure business

RevPAR (City hotels)

FY2018 ⇒ 2021 Growth +15.7%

RevPAR (Resort hotels)

FY2018 ⇒ 2021 Growth +19.2%

Real estate business

Rentable area (Commercial retail)

March 2019 ⇒ March 2022 Growth +6.3%

Rentable area (Office / apartment)

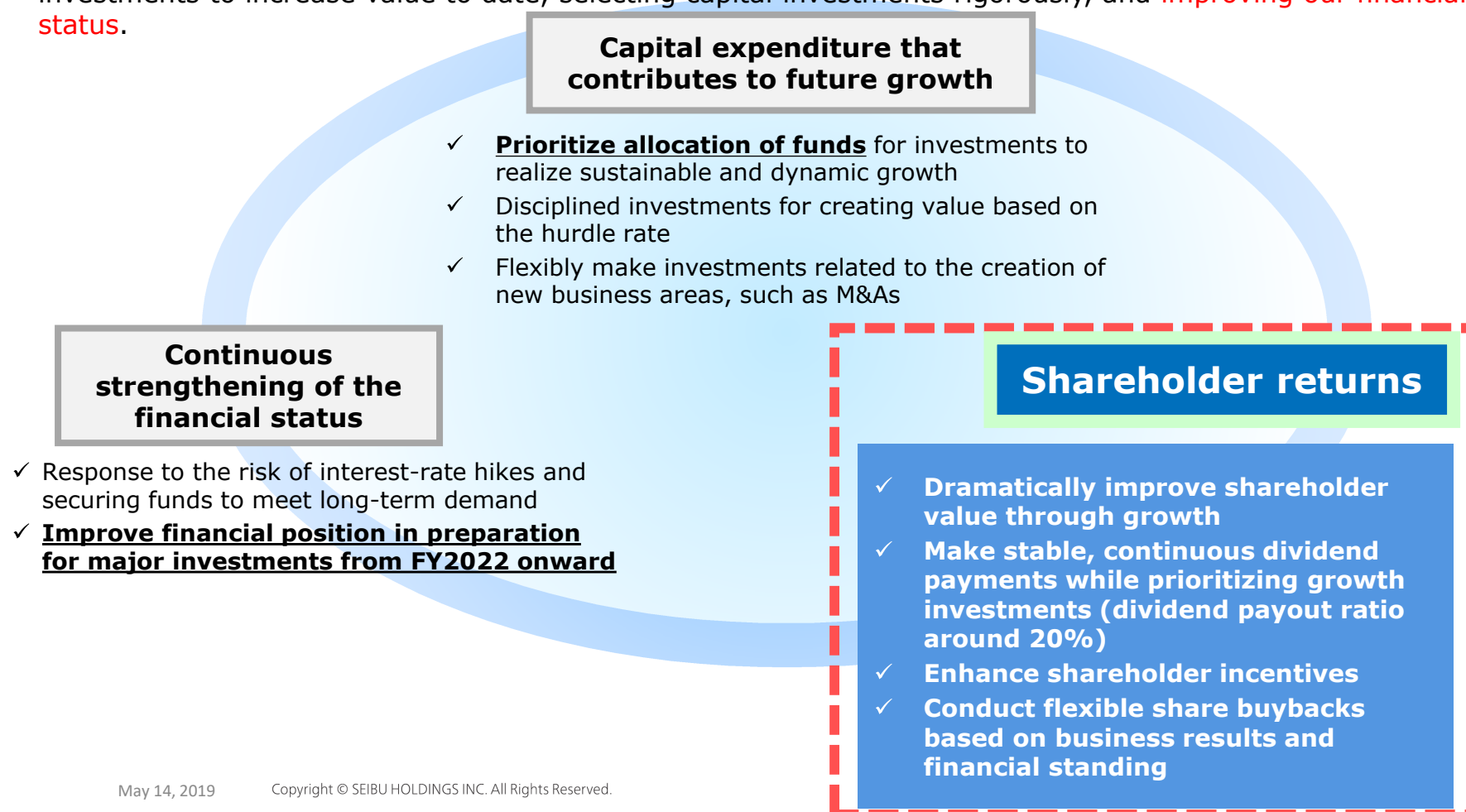
March 2019 ⇒ March 2022 Growth +1.9%

Measures for achieving the plan

- ✓ Redevelopments and town developments in Seibu railway line corridor.
Opening North exit of Hibarigaoka Station, DaiyaGate Ikebukuro, (Provisional) Higashi-Nagasaki South Plan
- ✓ Collaboration between leisure facilities such as Metsa village or MetLife Dome and Retail facilities.
- ✓ Launch new Limited Express service, "Laview".
- ✓ Consider renewal of Shinjuku Line Limited Express.
- ✓ Continuing to strengthen revenue management and shift in target market.
- ✓ Attract customers to direct channels. (in-house)
- ✓ Reputation management, such as improving customer satisfaction
- ✓ Effects from investments to increase value
- ✓ Promote digital marketing
- ✓ (Provisional) Higashi-Nagasaki station south plan.
- ✓ Phase II of Grand Emio Tokorozawa etc.

Financial strategy and shareholder return policy

- ✓ Prioritize capital investments that contribute to future growth and pursue ongoing increases in shareholder returns while considering aspects such as the balance between the status of capital investment and our financial status.
- ✓ **Increase the current guideline for the dividend payout ratio from 15% to 20%,** targeting a ratio to 30% in the mid-to-long term.
- ✓ **Over these three years, prepare for major investments from FY2022 onward** by reaping the benefit of investments to increase value to date, selecting capital investments rigorously, and **improving our financial status.**

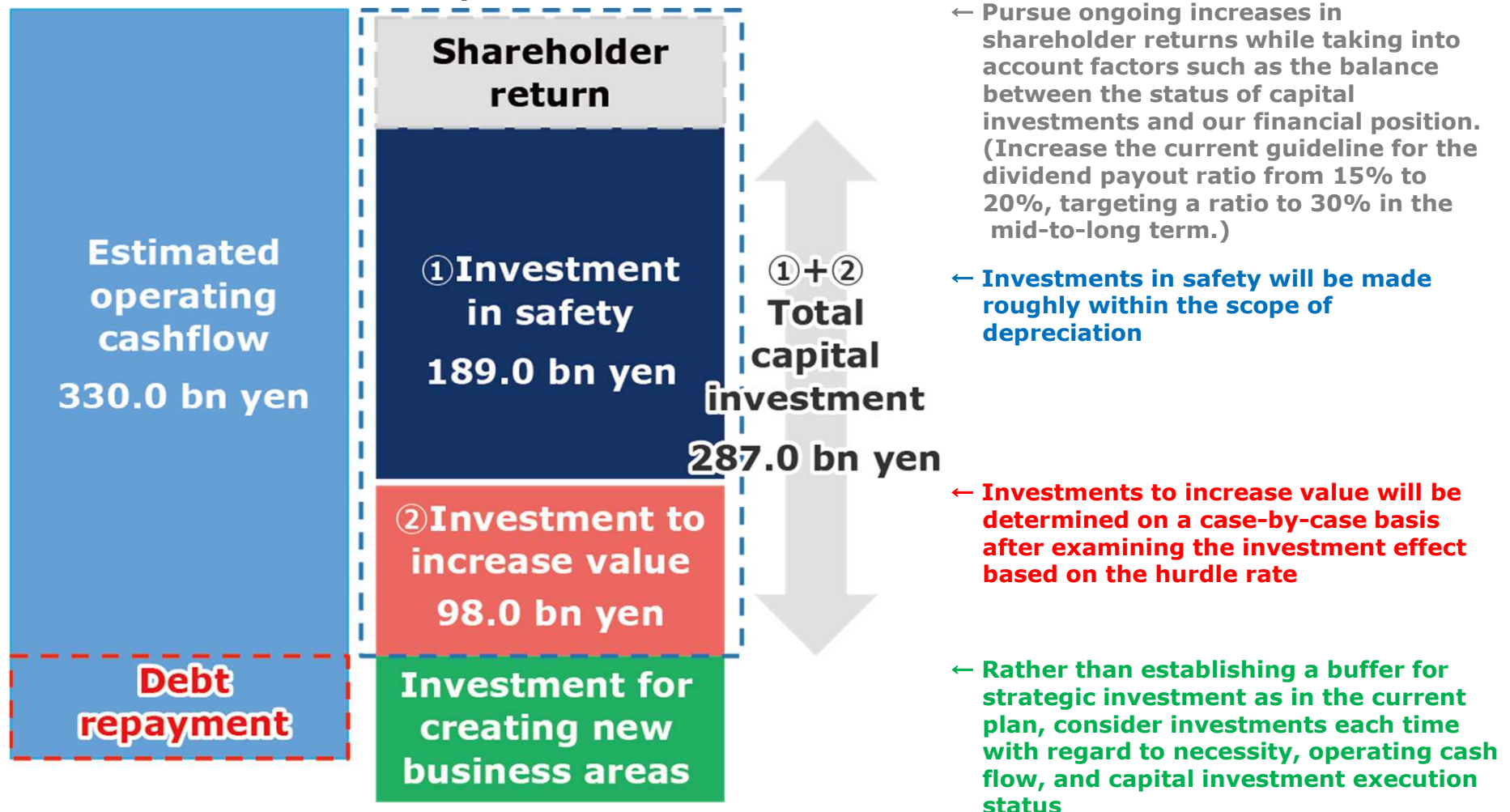


Use of funds during the period of the Medium-term Management Plan (Image)

Image (Three year total)

- ✓ Prepare for major investments from FY2022 onward by selecting capital investments rigorously and improving financial position.

(Total of 3 years)



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

④ Appendix

Consolidated quantitative plans

billions of yen

	FY2018 Actual	FY2019 Budget			FY2020 Plan			FY2021 Plan		Three year change
			YoY	Difference from current plan		YoY	Difference from current plan		YoY	
Operating revenue	565.9	584.4	18.5	6.3	600.2	15.8	7.5	614.8	14.6	48.9
Operating profit	73.3	71.0	(2.3)	3.0	73.6	2.6	1.3	75.7	2.1	2.4
EBITDA	127.3	128.5	1.2	3.6	133.6	5.1	2.5	137.5	3.9	10.2
Ordinary profit	65.4	62.7	(2.7)	3.2	66.3	3.6	2.1	68.9	2.6	3.5
Profit attributable to owners of parent	45.4	46.2	0.7	2.6	48.4	2.2	1.2	49.0	0.6	3.5
EBITDA margin	22.5%	22.0%			22.3%			22.4%		(0.1pt)
Total assets	1,728.9	1,743.2	14.3	(38.4)	1,791.3	48.1	(12.4)	1,807.2	15.9	78.3
Equity	416.8	450.9	34.1	(10.2)	488.5	37.7	(9.3)	526.4	37.9	109.6
ROE	11.3%	10.6%			10.3%			9.7%		(1.6pt)
Net interest-bearing debt	878.5	874.1	(4.4)	(51.7)	862.3	(11.8)	(62.1)	856.5	(5.8)	(22.0)
Capital investment	83.3	99.3	16.0	(13.3)	93.0	(6.3)	(2.4)	94.7	1.7	11.4
Net interest-bearing debt/EBITDA ratio	6.9 x	6.8 x			6.5 x			6.2 x		(0.7 x)

Consolidated quantitative plans by segments

Operating revenue by segments

(billions of yen)

	FY2018	FY2019			FY2020			FY2021		
	Actual	Budget	YoY	Difference from current plan	Plan	YoY	Difference from current plan	Plan	YoY	Three year change
Urban transportation and Regional	163.0	166.1	3.0	1.3	167.6	1.5	1.0	167.5	(0.1)	4.4
Hotel & Leisure	219.8	234.0	14.2	2.7	249.1	15.1	6.6	260.8	11.7	41.0
Real Estate	69.6	66.1	(3.6)	0.6	66.7	0.6	0.3	67.3	0.6	(2.4)
Construction	109.6	108.6	(1.1)	(3.1)	110.1	1.5	(2.8)	111.4	1.3	1.7
Hawaii Business	19.0	25.4	6.3	2.9	23.6	(1.8)	0.1	24.6	1.0	5.5
Other	41.9	40.8	(1.1)	1.1	41.3	0.5	0.8	42.6	1.3	0.7
Adjustment	(57.3)	(56.6)	0.7	0.8	(58.2)	(1.6)	1.5	(59.4)	(1.2)	(2.1)
Consolidated	565.9	584.4	18.5	6.3	600.2	15.8	7.5	614.8	14.6	48.9

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

Operating profit by segments

(billions of yen)

	FY2018	FY2019			FY2020			FY2021		
	Actual	Budget	YoY	Difference from current plan	Plan	YoY	Difference from current plan	Plan	YoY	Three year change
Urban transportation and Regional	27.0	25.6	(1.5)	(0.6)	25.5	(0.1)	(0.9)	24.6	(0.9)	(2.5)
Hotel & Leisure	19.7	20.9	1.2	(0.6)	26.3	5.4	1.7	28.1	1.8	8.4
Real Estate	20.0	17.0	(3.1)	1.2	16.1	(0.9)	0.2	16.4	0.3	(3.7)
Construction	5.8	5.4	(0.5)	0.5	5.3	(0.1)	0.2	5.5	0.2	(0.4)
Hawaii Business	(1.3)	2.1	3.5	1.1	0.7	(1.4)	(0.6)	1.1	0.4	2.5
Other	1.2	(0.2)	(1.5)	0.4	(0.4)	(0.2)	0.0	(0.8)	(0.4)	(2.1)
Adjustment	0.6	0.2	(0.4)	1.0	0.1	(0.1)	0.7	0.8	0.7	0.2
Consolidated	73.3	71.0	(2.3)	3.0	73.6	2.6	1.3	75.7	2.1	2.4

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

Consolidated quantitative plans by segments

EBITDA by segments

(billions of yen)

	FY2018	FY2019			FY2020			FY2021		
	Actual	Budget	YoY	Difference from current plan	Plan	YoY	Difference from current plan	Plan	YoY	Three year change
Urban transportation and Regional	48.7	48.3	(0.5)	0.2	49.0	0.7	0.1	48.8	(0.2)	0.0
Hotel & Leisure	36.0	37.8	1.7	(0.4)	43.8	6.0	2.0	46.2	2.4	10.1
Real Estate	30.4	28.7	(1.7)	1.6	28.2	(0.5)	0.7	28.8	0.6	(1.6)
Construction	6.3	5.9	(0.4)	0.5	5.9	0.0	0.3	6.0	0.1	(0.3)
Hawaii Business	1.2	5.0	3.8	1.0	3.6	(1.4)	(0.8)	4.1	0.5	2.9
Other	4.3	3.1	(1.2)	0.3	3.5	0.4	0.0	4.2	0.7	(0.1)
Adjustment	0.2	(0.3)	(0.5)	0.4	(0.4)	(0.1)	0.2	(0.6)	(0.2)	(0.8)
Consolidated	127.3	128.5	1.2	3.6	133.6	5.1	2.5	137.5	3.9	10.2

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

CAPEX by segments

(billions of yen)

	FY2018	FY2019		FY2020		FY2021		
	Actual	Budget	YoY	Plan	YoY	Plan	YoY	Three year change
Urban transportation and Regional	32.6	40.3	7.7	37.3	(3.0)	34.9	(2.4)	2.3
Hotel & Leisure	13.4	24.3	10.9	28.4	4.1	39.5	11.1	26.1
Real Estate	26.5	15.2	(11.3)	12.5	(2.7)	13.9	1.4	(12.6)
Construction	0.4	1.3	0.9	0.8	(0.5)	0.8	0.0	0.4
Hawaii Business	3.6	1.6	(2.0)	0.9	(0.7)	0.8	(0.1)	(2.8)
Other	4.7	15.0	10.3	12.3	(2.7)	3.7	(8.6)	(1.0)
Adjustment	2.2	1.6	(0.6)	0.8	(0.8)	1.1	0.3	(1.1)
Consolidated	83.3	99.3	16.0	93.0	(6.3)	94.7	1.7	11.4

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

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.