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ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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August 1, 2019

Consolidated Financial Results for the Three Months Ended June 30, 2019 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
URL: <http://www.seibuholdings.co.jp/en/>
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Scheduled date to file quarterly securities report: August 2, 2019
Scheduled date to commence dividend payments: —
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (teleconference for institutional investors and analysts)

(Note: Millions of yen with fractional amounts truncated, unless otherwise noted)

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results (cumulative) (Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
Three months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
June 30, 2019	144,839	6.3	21,520	6.6	19,446	5.7	14,267	10.7
June 30, 2018	136,259	4.6	20,181	18.6	18,399	23.8	12,892	26.1

Note: Comprehensive income

For the three months ended June 30, 2019: ¥8,595 million [(11.3)%]

For the three months ended June 30, 2018: ¥9,690 million [(18.6)%]

	Basic earnings per share	Diluted earnings per share
Three months ended	Yen	Yen
June 30, 2019	46.13	46.09
June 30, 2018	41.04	41.01

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
June 30, 2019	1,725,294	422,804	24.2
March 31, 2019	1,728,929	422,715	24.1

Reference: Equity (Net assets – Share acquisition rights – Non-controlling interests)

As of June 30, 2019: ¥416,794 million

As of March 31, 2019: ¥416,815 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2019	—	11.50	—	18.50	30.00
Fiscal year ending March 31, 2020	—				
Fiscal year ending March 31, 2020 (Forecast)		15.00	—	15.00	30.00

Note: Revisions to the forecast most recently announced: None

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020
(from April 1, 2019 to March 31, 2020)**

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ending September 30, 2019	294,500	4.0	40,100	(4.7)	36,000	(5.8)
Fiscal year ending March 31, 2020	584,400	3.3	71,000	(3.2)	62,700	(4.2)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Six months ending September 30, 2019	25,800	(0.6)	83.32
Fiscal year ending March 31, 2020	46,200	1.6	149.20

Note: Revisions to the forecast most recently announced: None

*** Notes**

- (1) Changes in significant subsidiaries during the period (changes in specified subsidiaries resulting in the change in scope of consolidation): None
- (2) Application of special accounting for preparing quarterly consolidated financial statements: None
- (3) Changes in accounting policies, changes in accounting estimates, and restatements of prior period financial statements
 - a. Changes in accounting policies due to revisions to accounting standards and other regulations: None
 - b. Changes in accounting policies due to other reasons: None
 - c. Changes in accounting estimates: None
 - d. Restatements of prior period financial statements: None

(4) Number of issued shares (common shares)

a. Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2019	332,462,920 shares
As of March 31, 2019	332,462,920 shares

b. Number of treasury shares at the end of the period

As of June 30, 2019	24,307,811 shares
As of March 31, 2019	22,803,961 shares

c. Average number of outstanding shares during the period (cumulative from the beginning of the fiscal year)

Three months ended June 30, 2019	309,294,771 shares
Three months ended June 30, 2018	314,138,341 shares

Notes: 1. The Company's shares held by the employee stock ownership plan trust account are included in the number of treasury shares at the end of the period (1,795,500 shares as of June 30, 2019 and 283,100 shares as of March 31, 2019). Also, the Company's shares held by the employee stock ownership plan trust account are included in treasury shares that are deducted for calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (653,300 shares for the three months ended June 30, 2019 and 571,540 shares for the three months ended June 30, 2018).

2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in the number of treasury shares at the end of the period (22,120,813 shares as of June 30, 2019 and 22,120,813 shares as of March 31, 2019). Furthermore, the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (22,120,813 shares for the three months ended June 30, 2019 and 22,243,031 shares for the three months ended June 30, 2018).

* Quarterly financial results reports are exempt from audit conducted by certified public accountants or an audit corporation.

* Proper use of earnings forecasts, and other special notes

The forward-looking statements, including earnings forecasts, contained in these materials are based on information available to the Company at the announcement of these materials and on certain assumptions pertaining to factors of uncertainty. These statements may differ from the actual business results.

For further details regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2020), please refer to page 5 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2019."

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1. Qualitative Information Regarding Financial Results for the Three Months Ended June 30, 2019

(1) Explanation of operating results

During the three months ended June 30, 2019, the Japanese economy has recovered gradually with continuing improvement in the employment and income environment, despite continuing apparent weakness of exports. The outlook is unclear, however, particularly given concerns with respect to global economic effects of developments involving trade issues, as well as impacts of uncertainties regarding overseas economies and government policies and volatile financial and capital markets.

Under these conditions, during the three months ended June 30, 2019, the Seibu Group formulated the Seibu Group's Medium-term Management Plan (FY2019-FY2021), a three-year plan for achieving sustainable and dynamic growth necessary to reach the Seibu Group's long-term target. Under this plan, following on from the previous plan (FY2018-FY2020), we addressed the two key issues of "create new business areas" and "expand existing business fields" with the basic policies of "tackling innovation with speed from new perspectives" and "establish a growth platform from a long-term perspective."

Within these activities, in April 2019 we opened the large-scale office building DaiyaGate Ikebukuro. The Company has worked to increase corporate value by relocating its headquarters there, together with two of our Group companies, and developing two major centers together with Tokorozawa. At the same time, we have been promoting workstyle reforms and productivity improvements.

Moreover, as initiatives to address social issues with the SDGs in mind, we have been promoting "action on sustainability," including the formulation of the "Action Plan for the Reduction of Food Waste" at Prince Hotels, and phasing out disposable plastic straws at each Group company.

The Group recorded the following results for the three months ended June 30, 2019. Operating revenue was ¥144,839 million, up ¥8,579 million, or 6.3%, year on year. Operating profit was ¥21,520 million, up ¥1,338 million, or 6.6%, year on year. EBITDA was ¥35,374 million, up ¥2,089 million, or 6.3%, year on year. Ordinary profit was ¥19,446 million, up ¥1,046 million, or 5.7%, year on year, due to increased operating profit. Profit attributable to owners of parent was ¥14,267 million, up ¥1,375 million, or 10.7%, year on year.

Operating results for the three months ended June 30, 2019, in each segment were as follows.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the three months ended June 30, 2019	Year-on-year change	Change (%)	For the three months ended June 30, 2019	Year-on-year change	Change (%)	For the three months ended June 30, 2019	Year-on-year change	Change (%)
Urban Transportation and Regional	41,177	739	1.8	8,511	145	1.7	13,702	103	0.8
Hotel and Leisure	54,799	2,076	3.9	3,601	(174)	(4.6)	7,805	21	0.3
Real Estate	17,983	1,442	8.7	5,664	132	2.4	8,601	526	6.5
Construction	24,815	4,526	22.3	1,112	549	97.5	1,214	555	84.2
Hawaii Business	5,550	553	11.1	140	154	—	829	240	40.8
Other	13,644	1,047	8.3	1,979	580	41.5	2,747	628	29.7
Total	157,971	10,386	7.0	21,009	1,387	7.1	34,901	2,075	6.3
Adjustments	(13,131)	(1,806)	—	510	(49)	(8.8)	472	13	3.0
Consolidated	144,839	8,579	6.3	21,520	1,338	6.6	35,374	2,089	6.3

Notes: 1. Adjustments mainly consist of elimination of inter-company transactions.

2. EBITDA is calculated by adding depreciation and amortization of goodwill to operating profit.

Urban Transportation and Regional

The Urban Transportation and Regional business segment consists of railway operations that include key commuter lines for the greater Tokyo metropolitan area, bus operations that support the transportation needs of our railway passengers, leisure facilities along railway lines, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Change
Operating revenue	40,438	41,177	739
Railway operations	26,637	27,258	621
Bus operations	6,611	6,623	11
Leisure facilities along railway lines	5,325	5,385	59
Others	1,863	1,910	46

In railway operations for the three months ended June 30, 2019, the number of passengers increased by 0.7% year on year (of which commuters decreased by 0.1% and non-commuters increased by 2.0%). The results mainly reflect the strong employment situation, the holding of concerts at the MetLife Dome, sales measures conducted in coordination with facilities along railway lines, such as Moominvalley Park, and the steady capture of leisure demand over the long holiday. Passenger transportation sales increased by 1.4% year on year (of which commuters decreased by 0.2% and non-commuters increased by 2.7%), mainly reflecting an increase of limited express and extra-fare reserved seating trains, as well as the introduction of the new Limited Express train Laview.

Furthermore, in operations of leisure facilities along railway lines, Toshimaen performed strongly in response to aggressive promotions and sales measures.

In other areas, we made vigorous efforts to attract events at Yokohama Arena.

As a result of these initiatives, the Urban Transportation and Regional business segment recorded operating revenue of ¥41,177 million, an increase of ¥739 million, or 1.8%, year on year. Segment operating profit increased by ¥145 million, or 1.7%, year on year to ¥8,511 million. EBITDA was ¥13,702 million, an increase of ¥103 million, or 0.8%, year on year.

Hotel and Leisure

The Hotel and Leisure business segment consists of city hotel operations, resort hotel operations, golf course operations, and others. Operating revenues for each of these operations were as follows.

(Millions of yen)

	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Change
Operating revenue	52,723	54,799	2,076
City hotel operations	32,525	33,597	1,071
Resort hotel operations	8,574	9,077	502
Golf course operations	3,598	3,519	(78)
Others	8,024	8,605	581

Note: City hotel operations include mainly hotels located in the central commercial areas of major cities or in the vicinity of transportation terminals. Resort hotel operations mainly include hotels located in sightseeing areas or summer resorts across Japan.

In the accommodation division of hotel operations, the Company steadily implemented revenue management*¹. As a result, RevPAR*² increased year on year at both city and resort hotels. Revenue also increased with a contribution from the steady capture of leisure demand over the long holiday. In the banquet division, MICE*³ generated brisk sales, while the restaurants division performed strongly, mainly due to aggressive sales strategies at urban hotels.

- *1 Revenue management is a method for maximizing profit by providing services to customers at prices that are seasonally appropriate based on demand forecasts.
- *2 RevPAR: Revenue Per Available Room. RevPAR is calculated by dividing total room sales for a given period by the aggregate number of days per room for which each room was available during such period.
- *3 MICE: Meetings, Incentive travel, Convention, Exhibition/Events. MICE is a general term for business events that draw in visitors, such as corporate business meetings, incentive and research travel held by companies, conventions of international organizations, groups, and academic societies, and exhibitions, trade fairs, and other events.

In addition, at StayWell Holdings Pty Ltd, revenue increased with a contribution from AB Hotels Ltd., which was acquired in the previous fiscal year, and new hotel openings. Moreover, Yokohama Hakkeijima Sea Paradise performed solidly having succeeded in capturing leisure demand over the long holiday.

As a result of these initiatives, the Hotel and Leisure business segment recorded operating revenue of ¥54,799 million, an increase of ¥2,076 million, or 3.9%, year on year. However, segment operating profit decreased by ¥174 million, or 4.6%, year on year to ¥3,601 million mainly due to an increase in expenses for future growth. EBITDA was ¥7,805 million, an increase of ¥21 million, or 0.3%, year on year.

Real Estate

The Real Estate business segment consists of leasing operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)			
	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Change
Operating revenue	16,541	17,983	1,442
Leasing operations	11,541	11,976	434
Others	4,999	6,007	1,007

In leasing operations, DaiyaGate Ikebukuro, which opened in April 2019, contributed to revenue growth. In addition, Karuizawa Prince Shopping Plaza performed briskly due to aggressive promotion and sales measures.

In other initiatives, continuing from the previous fiscal year, the Company sold condominium units nearby Hōya Station on the Seibu Ikebukuro Line.

As a result of these initiatives, the Real Estate business segment recorded operating revenue of ¥17,983 million, an increase of ¥1,442 million, or 8.7%, year on year. Segment operating profit was ¥5,664 million, an increase of ¥132 million, or 2.4%, year on year. EBITDA was ¥8,601 million, an increase of ¥526 million, or 6.5%, year on year.

Construction

The Construction business segment consists of construction operations and others. Operating revenues for each of these operations were as follows.

(Millions of yen)			
	For the three months ended June 30, 2018	For the three months ended June 30, 2019	Change
Operating revenue	20,288	24,815	4,526
Construction operations	13,707	18,349	4,641
Others	6,580	6,466	(114)

Note: Construction operations include net sales of sideline business of Seibu Construction Co., Ltd. Seibu Construction Co., Ltd. leases some of its real estate holdings, and the associated net sales are included in operating revenues of Construction operations.

In construction operations, the Company undertook construction work for public works, private residential buildings and renovation projects. We also took a rigorous approach to managing orders received and costs as part of efforts to improve our profit margin.

As a result, the Construction business segment recorded operating revenue of ¥24,815 million, an increase of ¥4,526 million, or 22.3%, year on year. Segment operating profit was ¥1,112 million, up ¥549 million, or 97.5%, year on year. EBITDA was ¥1,214 million, an increase of ¥555 million, or 84.2%, year on year.

Hawaii Business

In the Hawaii business segment, revenue increased with a contribution from the Westin Hapuna Beach Resort, which reopened after renovation in June 2018. We also saw solid performance in the accommodation division and the food and beverage division due to aggressive sales measures at the Prince Waikiki.

As a result of these initiatives, the Hawaii business segment recorded operating revenue of ¥5,550 million, an increase of ¥553 million, or 11.1%, year on year. Segment operating profit was ¥140 million, an increase of ¥154 million from an operating loss of ¥14 million in the same period of the previous fiscal year, and EBITDA was ¥829 million, up ¥240 million, or 40.8%, year on year.

Other

In the Seibu Lions business, the number of spectators increased year on year, mainly due to implementing various sales measures, while we worked actively to hold concerts at the MetLife Dome.

Furthermore, in the Ohmi business, the Tsuchiyama Service Area performed briskly, partly due to the opening of a new route of the Shin Meishin Expressway.

As a result of these initiatives, the Other businesses segment recorded operating revenue of ¥13,644 million, an increase of ¥1,047 million, or 8.3%, year on year. Segment operating profit was ¥1,979 million, up ¥580 million, or 41.5%, year on year, and EBITDA was ¥2,747 million, up ¥628 million, or 29.7%, year on year.

(2) Explanation of consolidated earnings forecasts and other forward-looking statements

The consolidated earnings forecasts for the six months ending September 30, 2019 and the fiscal year ending March 31, 2020 are unchanged from the forecasts announced on May 14, 2019.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	26,549	24,652
Notes and accounts receivable - trade	69,394	68,913
Land and buildings for sale in lots	8,431	7,461
Merchandise and finished goods	1,462	1,459
Costs on construction contracts in progress	10,274	12,184
Raw materials and supplies	3,042	3,176
Other	15,410	14,281
Allowance for doubtful accounts	(52)	(55)
Total current assets	134,512	132,074
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	561,167	560,928
Machinery, equipment and vehicles, net	63,435	62,981
Land	729,368	730,020
Leased assets, net	4,652	8,191
Construction in progress	58,955	61,727
Other, net	24,735	24,027
Total property, plant and equipment	1,442,314	1,447,877
Intangible assets		
Leased assets	8	13
Other	23,507	22,921
Total intangible assets	23,516	22,934
Investments and other assets		
Investment securities	74,689	66,853
Long-term loans receivable	317	318
Retirement benefit asset	31,388	31,024
Deferred tax assets	12,832	15,118
Other	9,931	9,667
Allowance for doubtful accounts	(572)	(574)
Total investments and other assets	128,587	122,408
Total non-current assets	1,594,417	1,593,220
Total assets	1,728,929	1,725,294

(Millions of yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and accounts payable - trade	30,907	23,445
Short-term borrowings	165,274	148,729
Lease obligations	653	1,136
Income taxes payable	8,517	6,058
Advances received	50,033	64,712
Provision for bonuses	5,862	11,347
Other provisions	2,701	2,532
Asset retirement obligations	15	14
Other	103,273	76,588
Total current liabilities	367,238	334,565
Non-current liabilities		
Bonds payable	30,000	30,000
Long-term borrowings	684,616	711,065
Long-term accounts payable to Japan railway construction, transport and technology agency	18,668	18,660
Lease obligations	1,538	4,967
Deferred tax liabilities	106,931	106,093
Deferred tax liabilities for land revaluation	12,208	12,211
Provision for retirement benefits for directors (and other officers)	738	713
Other provisions	522	220
Retirement benefit liability	31,716	32,228
Asset retirement obligations	2,129	2,133
Liabilities from application of equity method	16,368	16,056
Other	33,536	33,573
Total non-current liabilities	938,976	967,925
Total liabilities	1,306,214	1,302,490
Net assets		
Shareholders' equity		
Share capital	50,000	50,000
Capital surplus	110,274	110,271
Retained earnings	253,199	261,732
Treasury shares	(53,922)	(56,635)
Total shareholders' equity	359,551	365,368
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	19,365	13,798
Revaluation reserve for land	18,562	18,560
Foreign currency translation adjustment	5,415	5,909
Remeasurements of defined benefit plans	13,921	13,157
Total accumulated other comprehensive income	57,264	51,426
Share acquisition rights	504	491
Non-controlling interests	5,394	5,518
Total net assets	422,715	422,804
Total liabilities and net assets	1,728,929	1,725,294

(2) Quarterly consolidated statements of income and comprehensive income**Quarterly consolidated statement of income (cumulative)**

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Operating revenue	136,259	144,839
Operating expenses		
Operating expenses and cost of sales of transportation	106,533	112,467
Selling, general and administrative expenses	9,544	10,851
Total operating expenses	116,078	123,319
Operating profit	20,181	21,520
Non-operating income		
Interest income	16	6
Dividend income	446	445
Subsidy to keep a bus on a regular route	127	113
Foreign exchange gains	219	—
Other	210	204
Total non-operating income	1,020	769
Non-operating expenses		
Interest expenses	2,551	2,500
Share of loss of entities accounted for using equity method	45	49
Other	205	293
Total non-operating expenses	2,802	2,843
Ordinary profit	18,399	19,446
Extraordinary income		
Gain on sales of non-current assets	13	11
Contribution for construction	6	252
Subsidy income	59	50
Gain on sales of investment securities	—	10
Other	17	—
Total extraordinary income	97	324
Extraordinary losses		
Loss on sales of non-current assets	5	—
Loss on retirement of non-current assets	189	362
Tax purpose reduction entry of contribution for construction	6	245
Loss on tax purpose reduction entry of non-current assets	44	38
Loss on valuation of investment securities	618	20
Other	2	—
Total extraordinary losses	866	666
Profit before income taxes	17,629	19,104
Income taxes - current	5,130	5,986
Income taxes - deferred	(528)	(1,316)
Total income taxes	4,602	4,670
Profit	13,027	14,434
Profit attributable to non-controlling interests	135	167
Profit attributable to owners of parent	12,892	14,267

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit	13,027	14,434
Other comprehensive income		
Valuation difference on available-for-sale securities	1,850	(5,567)
Revaluation reserve for land	—	(1)
Foreign currency translation adjustment	(4,101)	494
Remeasurements of defined benefit plans, net of tax	(1,086)	(765)
Total other comprehensive income	(3,337)	(5,839)
Comprehensive income	9,690	8,595
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,556	8,429
Comprehensive income attributable to non-controlling interests	134	165

(3) Notes to quarterly consolidated financial statements**Notes on premise of going concern**

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information**I. For the three months ended June 30, 2018 (from April 1, 2018 to June 30, 2018)**

Information about operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Urban Transporta- tion and Regional	Hotel and Leisure	Real Estate	Construction	Hawaii Business	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	40,438	52,723	16,541	20,288	4,997	12,597	147,584	(11,324)	136,259
Segment profit (loss)	8,366	3,775	5,531	563	(14)	1,399	19,621	559	20,181

Notes: 1. "Other" consists of the Izuhakone business, Ohmi business and Seibu Lions business.

2. Adjustments for segment profit (loss) of ¥559 million mainly consist of elimination of inter-company transactions.

3. Segment profit (loss) has been reconciled with operating profit in the quarterly consolidated statement of income.

II. For the three months ended June 30, 2019 (from April 1, 2019 to June 30, 2019)

Information about operating revenue and profit (loss) by reportable segment

(Millions of yen)

	Urban Transporta- tion and Regional	Hotel and Leisure	Real Estate	Construction	Hawaii Business	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	41,177	54,799	17,983	24,815	5,550	13,644	157,971	(13,131)	144,839
Segment profit	8,511	3,601	5,664	1,112	140	1,979	21,009	510	21,520

Notes: 1. "Other" consists of the Izuhakone business, Ohmi business and Seibu Lions business.

2. Adjustments for segment profit of ¥510 million mainly consist of elimination of inter-company transactions.

3. Segment profit has been reconciled with operating profit in the quarterly consolidated statement of income.