

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

This is an English translation of the original Japanese-language document and is provided for convenience only. In all cases, the Japanese-language original shall prevail.

(Securities code: 9024)

June 8, 2020

To our shareholders

Takashi Goto

President and CEO

Seibu Holdings Inc.

1-16-15 Minami-Ikebukuro, Toshima-ku, Tokyo

Notice of the 15th Annual General Meeting of Shareholders

You are hereby notified that the 15th Annual General Meeting of Shareholders of Seibu Holdings Inc. (hereinafter “the Company”) will be held as described below.

With a view to preventing the spread of the novel coronavirus (COVID-19), this year we are asking all shareholders to exercise their voting rights beforehand if possible, via the internet or in writing. We strongly urge you to avoid attending the meeting on the day, regardless of your state of health.

If you kindly agree to exercise your voting rights via the internet or in writing, please review the Reference Documents for the General Meeting of Shareholders provided at the back of this document, and make sure that your votes are submitted no later than 5:00 p.m. on Wednesday, June 24, 2020 (Japan Standard Time).

1. Date and Time: Thursday, June 25, 2020, at 10:00 a.m. (Japan Standard Time)
(The reception desk is scheduled to open at 9:00 a.m.)
2. Venue: Kusunoki Hall, Seibu Daini Building (8th floor)
1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

3. Purpose of the Meeting

Matters to be reported:

1. Business Report, Consolidated Financial Statements and Audit Reports for the Consolidated Financial Statements by the Accounting Auditor and the Audit & Supervisory Board, for the 15th Fiscal Year (from April 1, 2019 to March 31, 2020)
2. Non-consolidated Financial Statements for the 15th Fiscal Year (from April 1, 2019 to March 31, 2020)

Matters to be resolved:

Proposal No. 1: Appropriation of surplus

Proposal No. 2: Election of eight (8) Directors

4. Other Matters Concerning the Meeting

If you vote more than once, either using the voting form or via the internet, only the last vote will be deemed as valid. Moreover, if you vote more than once both through the voting form and via the internet, the vote cast via the internet will be deemed as valid.

- ◎ Please note that any modifications to the Reference Documents for the General Meeting of Shareholders, the Business Report, the Non-consolidated Financial Statements and the Consolidated Financial Statements shall be posted on the Company’s website.

Methods of Exercising Voting Rights

There are the following three methods of exercising your voting rights at the Annual General Meeting of Shareholders.

With a view to preventing the spread of COVID-19, this year we are asking you to exercise your voting rights beforehand by following “1. Exercise of voting rights via the internet” or “2. Exercise of voting rights by mailing the Document for the Exercise of Voting Rights” below, and we strongly urge you to avoid attending the meeting in person, regardless of your state of health.

1. Exercise of voting rights via the internet

Please input your approval or disapproval of the proposals on the website for exercising voting rights designated by the Company.

Deadline for Exercise **5:00 p.m. on Wednesday, June 24, 2020**
(You must complete inputting by 5:00 p.m.)

1-1 How to scan QR code (“Smart Voting”)

- (1) Scan the QR code printed on the lower right corner of the enclosed Document for the Exercise of Voting Rights form.
- (2) Input your approval or disapproval of the proposals in accordance with instructions on the screen.

* Voting using the QR code is available only once. In order to revote, please read “1-2 How to enter Voter Code/Password” below.

1-2 How to enter Voter Code/Password

Please access the website for exercising voting rights (<https://soukai.mizuho-tb.co.jp/>) designated by the Company, and after entering your “voter code” and “password” printed on the enclosed Document for the Exercise of Voting Rights form, input your approval or disapproval of the proposals according to the instructions on the screen. You will need to change your password when accessing the website for the first time.

2. Exercise of voting rights by mailing the Document for the Exercise of Voting Rights

Please indicate your approval or disapproval of the proposals on the enclosed Document for the Exercise of Voting Rights and mail the document without putting stamps.

Deadline for Exercise **5:00 p.m. on Wednesday, June 24, 2020**
(The mail must arrive by 5:00 p.m.)

Please use the contact number below if you have any difficulties when following “1. Exercise of voting rights via the internet” using a smartphone or personal computer.

The Stock Transfer Agency Department of
Mizuho Trust & Banking Co., Ltd.

Internet Help Dial: 0120-768-524 (toll-free in Japan, weekdays from 9:00 a.m. to 9:00 p.m.)

Use of electronic voting platform (for institutional investors)

If you are a nominee shareholder such as a trust bank (including a standing proxy), you are, by making an application for using the voting platform in advance, entitled to use the Electronic Voting Platform operated by ICJ, Inc. established by the Tokyo Stock Exchange, etc., as a method for exercising your voting rights.

3. Exercise of voting rights in attendance at the Annual General Meeting of Shareholders

You are kindly requested to present the enclosed voting form to the receptionist. If unable to attend the General Meeting of Shareholders, you may designate one (1) proxy shareholder with voting rights of the Company to attend the meeting on your behalf, provided that written proof of that individual's right of proxy is submitted.

Date and Time	Thursday, June 25, 2020, at 10:00 a.m. (Japan Standard Time) (The reception desk is scheduled to open at 9:00 a.m.)
Venue	Kusunoki Hall, Seibu Daini Building (8th floor) 1-11-2 Kusunokidai, Tokorozawa-shi, Saitama

You can contribute to brighter society/future by exercising your voting rights online

The mailing costs saved with the “Smart Voting” are donated to the “LIONS CHILD FOUNDATION.”

We at the Seibu Group promote “Sustainability Action*” initiatives. As one of such initiatives, the Seibu Lions are making use of the “LIONS CHILD FOUNDATION” to combine the three components of the fans, the players association and the baseball club to support the creation of an environment in which the children who will bring a brighter society and future can live safely and have dreams.

If you exercise your voting rights via the Internet, using “Smart Voting” etc., as explained in “1. Exercise of voting rights via the internet,” we will donate part of the mailing costs saved to the Fund.

To help create a brighter society and future, we strongly encourage our shareholders to use “Smart Voting” when exercising your voting rights.

What is the “LIONS CHILD FOUNDATION”?

The “LIONS CHILD FOUNDATION” is an initiative whereby the players association and the Lions team raise funds through sales of charity goods and charity auctions, and reserve and donate part of the funds raised for supporting children.

In 2019, part of the funds raised from Lions fans at a charity auction held in 2018, were used to deliver “Lions Original Gloves,” produced based on the advice of Sosuke Genda, a Seibu Lions baseball player, to a total of 341 elementary school age children, including those living in 26 foster care facilities in Saitama Prefecture.

We remain committed to continuing this initiative in the future, in close cooperation with its supporters.

* “Sustainability Action” is a set of the Seibu Group’s initiatives for addressing social issues in view of SDGs. Under these initiatives, consisting of 12 agendas in four categories, the Group seeks to achieve sustainable growth.

Reference Documents for the General Meeting of Shareholders

Proposal No. 1: Appropriation of surplus

The Seibu Group's business activities focus on the Urban Transportation and Regional, the Hotel and Leisure, and the Real Estate business segments, through which we pursue our operational objective of achieving sustainable and strong growth. Accordingly, the Company is committed to strengthening the managerial foundations of the entire Seibu Group and heightening its corporate value, to which end our basic policy on dividends calls for us to improve our financial position by fortifying internal reserves while continuing to deliver consistent dividends.

Moreover, the Seibu Group's Long-Term Strategy sets forth a financial strategy of ensuring returns to our stakeholders coupled with a policy requiring that we optimally balance those returns with investment geared toward achieving growth.

In light of the above, we, for the medium to long term, will strive to distribute profits aiming to further enhance shareholder returns by raising the target consolidated dividend payout ratio to 30%, while continuing to actively make investments for growth.

Regarding the amount of the ordinary dividend per share for the end of our 15th fiscal year, despite the impact on the Company's results from COVID-19, in accordance with our basic policy and financial strategies, it is hereby proposed that the amount be ¥15.00 per share.

If this proposal is approved and passed as proposed, the amount of annual dividends per share including the interim dividend (¥15.00 per share) for the fiscal year ended March 31, 2020 is ¥30.00 per share.

(1) Type of dividend property

Money

(2) Allotment of dividend property and its total amount

¥15.00 per Company's common share

Total: ¥4,846,201,800

(3) Effective date of dividends from surplus

June 26, 2020

Proposal No. 2: Election of eight (8) Directors

Upon the conclusion of this General Meeting of Shareholders, the terms of office of eight (8) Directors, Takashi Goto, Kaoru Takahashi, Tomoyuki Nishii, Ryuichiro Nishiyama, Hisashi Wakabayashi, Masahiko Koyama, Akihisa Uwano, and Masafumi Tsujihiro will expire. In that regard, it is hereby proposed that eight (8) Directors be elected.

The candidates for Director are as follows:

For the Company's Policies and Procedures for Nomination of Candidates for Director and the Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to page 15.

If this proposal is approved and passed as proposed, the Board of Directors is scheduled to be comprised of eight (8) Directors and four (4) Outside Directors (including one (1) female Outside Director).

Candidate number	Name	Current position and responsibilities in the Company	
1	Takashi Goto	President and Representative Director Compliance Dept.	Reelection
2	Kaoru Takahashi	Director Accounting Dept., Finance Dept.	Reelection
3	Tomoyuki Nishii	Director Corporate Planning	Reelection
4	Ryuichiro Nishiyama	Director President's Office, Administration Dept., Corporate Communication Dept.	Reelection
5	Kimio Kitamura		New candidate
6	Masahiko Koyama	Director	Reelection
7	Akihisa Uwano	Director	Reelection
8	Masafumi Tsujihiro	Director	Reelection Outside Independent

Notes for all eight candidates:

1. No relationships involving special interests exist between any of the candidates and the Company.
2. The age of each candidate is as of June 25, 2020.
3. The number of the Company's shares that each candidate holds includes the number of shares held under the name of the Executive Shareholding Association.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
1	Reelection Takashi Goto February 15, 1949 (71 years old) Number of Years in Office: 14 years	Apr. 1972 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.) Jun. 2000 Managing Officer of The Dai-Ichi Kangyo Bank, Ltd. Sep. 2000 Managing Officer of Mizuho Holdings, Inc. Apr. 2001 Executive Managing Officer of Mizuho Holdings, Inc. Mar. 2003 Executive Managing Officer of Mizuho Financial Group, Inc. Executive Managing Director of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.) Apr. 2004 Vice President and Director of Mizuho Corporate Bank, Ltd. Feb. 2005 Special Adviser of Seibu Railway Co., Ltd. May 2005 President and Representative Director of the company Feb. 2006 Director of Prince Hotels, Inc. (present) President and Representative Director of Seibu Holdings Inc. (present) President and Chief Executive Officer of the Company (present) Jun. 2010 Director and Chairman of Seibu Railway Co., Ltd. (present) <u>Responsibilities in the Company</u> Compliance Department	18,319
		Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%)	
		Important concurrent positions outside the Company: Director and Chairman of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc.	
		[Reason for nomination as Director] Since his taking office of President and Representative Director of the Company, Mr. Takashi Goto has showed strong leadership as a pivotal member of the management team and contributed significantly to improving the Seibu Group's corporate value while drawing on his prior experience. Even under the severe economic situation expected due to the impact of COVID-19 in the future, we are certain that he will show leadership in firmly continuing the business and business development toward "value change" of society in the post COVID-19 era, and will play an essential role toward increasing the medium- to long-term corporate value and shareholder value. Accordingly, we nominate him as a Director.	
		[Message to shareholders from the Director candidate] While we are in the difficult external environment that could be described as a global emergency, the Seibu Group will bring together the total strength of the group to overcome this situation. The Group adheres to its social mission and fulfills its responsibilities to society as it pursues its wide-ranging business activities as a corporate group with a high public profile, by taking Sustainability Action, that is, by addressing issues for a sustainable society. At the same time, I will firmly face rapid changes in social values from a long-term perspective and create new behavior and inspiration of our customers as I strive to sustainably increase corporate value and shareholder value.	

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
2	Reelection Kaoru Takahashi April 30, 1953 (67 years old) Number of Years in Office: 14 years	Apr. 1976 Joined The Japan Development Bank (currently Development Bank of Japan Inc.) Jun. 2002 Director, General Manager of Financial Headquarters of Iwasaki Sangyo Co. Jun. 2004 General Manager, Credit Department of Development Bank of Japan (currently Development Bank of Japan Inc.) May 2005 Corporate Adviser of Seibu Railway Co., Ltd. Dec. 2005 Director, Senior Managing Officer of the company Feb. 2006 Executive Managing Director of Seibu Holdings Inc. Senior Managing Officer of the Company Jun. 2007 Executive Managing Officer of the Company Jun. 2008 Director of the Company (present) Jun. 2010 Executive Managing Officer, Head of Corporate Planning Division of the Company Oct. 2012 Executive Managing Officer, Head of Corporate Planning Division, General Manager, International Business Planning Department of the Company Feb. 2014 Executive Managing Officer, Head of Corporate Planning Division of the Company Apr. 2017 Executive Managing Officer of the Company (present) <u>Responsibilities in the Company</u> Accounting Department, Finance Department	5,571
		Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%) Important concurrent positions outside the Company: None	
		[Reason for nomination as Director] As the person responsible for the Company's accounting and finance, Mr. Kaoru Takahashi has been working to ensure accurate disclosure of financial information, strengthen the financial structure and increase its earning capability, increase the Seibu Group's reliability, and contribute to increasing corporate value. Looking ahead, we are certain that he will contribute to enhancing medium- to long-term corporate value by applying the abundant practical experience he has accumulated to date and by promoting the financial strategies necessary to establish a solid funding structure and business foundation for the Seibu Group, even under a severe economic environment due to COVID-19. Accordingly, we nominate him as a Director.	
		[Message to shareholders from the Director candidate] The Seibu Group will strive to realize a corporate group that supports the lives of its customers in all scenarios in order to create new inspirations in the new era while providing them with unchanging inspirations. While the severe business environment will continue due to the impact of COVID-19 for the time being, I will make every possible effort for solid financing, continue to pursue timely and accurate disclosure of financial information, as well as higher operational efficiency, and strive to increase corporate value and shareholder value under a financial strategy with business development after the subsidence of the pandemic in mind.	

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities		Number of Company shares owned
3	Reelection Tomoyuki Nishii March 25, 1959 (61 years old) Number of Years in Office: 8 years	Apr. 1982	Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.)	4,001
		Apr. 2007	General Manager of Sales Department No.12 of Mizuho Corporate Bank, Ltd. (currently Mizuho Bank, Ltd.)	
		Apr. 2009	General Manager, General Planning Department of Prince Hotels, Inc.	
Apr. 2010		General Manager, Business Strategy Office No.2, Corporate Planning Department of Seibu Holdings Inc.		
Jun. 2010		Managing Officer, General Manager, Corporate Planning Department and Business Strategy Office No.2 of the Company		
May 2012		Senior Managing Officer of Prince Hotels, Inc.		
Jun. 2012		Director of Seibu Holdings Inc. (present) Senior Managing Officer, General Manager, Corporate Planning Department and Business Strategy Office No.2 of the Company Director of Prince Hotels, Inc.		
Apr. 2015		Senior Managing Officer, General Manager, Corporate Planning Department of Seibu Holdings Inc. Director, Executive Managing Officer of Prince Hotels, Inc.		
Apr. 2017		Senior Managing Officer, Executive General Manager, Corporate Planning of Seibu Holdings Inc.		
Apr. 2018		Senior Managing Officer, Executive General Manager, Corporate Planning, General Manager, Corporate Strategy Department of the Company		
Feb. 2019		Senior Managing Officer, Executive General Manager, Corporate Planning, General Manager, Corporate Strategy Department and Process Innovation Department of the Company		
Apr. 2019		Senior Managing Officer, Executive General Manager, Corporate Planning of the Company Director of Seibu Railway Co., Ltd. (present) Director of Prince Hotels, Inc. (present)		
Aug. 2019		Senior Managing Officer, Executive General Manager, Corporate Planning, General Manager, International Business Planning Department of Seibu Holdings Inc.		
Apr. 2020	Senior Managing Officer, Executive General Manager, Corporate Planning of the Company (present) <u>Responsibilities in the Company</u> Corporate Planning			
Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%)		Important concurrent positions outside the Company: Director of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc.		
[Reason for nomination as Director] As a person in a key position within the corporate planning departments of the Company and its subsidiaries, Mr. Tomoyuki Nishii has proposed and executed the Seibu Group’s long-term strategy and Medium-term Management Plan and contributed to enhancing its corporate value. While taking all possible measures against COVID-19, we are certain that, in the post COVID-19 era, he will contribute to enhancing medium- to long-term corporate value by promoting the strategies for creating new business areas and expanding the existing business fields from new perspectives that accurately capture the changes in the value of society. Accordingly, we nominate him as a Director.				

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
	[Message to shareholders from the Director candidate] The Seibu Group engages in a wide range of business activities over a broad area. A strategy with a medium- to long-term perspective is vital for enhancing corporate value and shareholder value through these businesses. In addition, while it is expected that the social environment will change drastically and the behavior of users will change due to the COVID-19 problem, we will work to further increase our earning capability by creating new innovations with the evolution of various technologies in mind.		

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
4	Reelection Ryuichiro Nishiyama August 30, 1964 (55 years old) Number of Years in Office: 6 years	Apr. 1987 Joined The Dai-Ichi Kangyo Bank, Ltd. (currently Mizuho Financial Group, Inc.) Oct. 2009 General Manager, Corporate Communication Office of Seibu Holdings Inc. Apr. 2010 General Manager, Corporate Communication Department of the Company Apr. 2013 Managing Officer, General Manager, Corporate Communication Department of the Company Managing Officer, General Manager, Corporate Communication Department of Seibu Railway Co., Ltd. Jun. 2013 Director and Senior Managing Officer, General Manager, Corporate Communication Department of the company Jun. 2014 Director of Seibu Holdings Inc. (present) Senior Managing Officer, General Manager, Corporate Communication Department of the Company Apr. 2017 Director and Executive Managing Officer of Prince Hotels, Inc. (present) Nov. 2017 Senior Managing Officer of Seibu Holdings Inc. (present) <u>Responsibilities in the Company</u> President's Office, Administration Department, Corporate Communication Department	6,649
		Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%)	
		Important concurrent positions outside the Company: Director of Prince Hotels, Inc.	
		[Reason for nomination as Director] As the person responsible for the administration and the corporate communication, Mr. Ryuichiro Nishiyama has contributed to enhancing the Seibu Group's corporate value by striving to strengthen the group management function and enhance the corporate image. We are certain that even under the difficult economic conditions expected in the future, he will make every effort to maintain business continuity of the Seibu Group, and will contribute to enhancing medium- to long-term corporate value by strengthening and supervising the Group's management structure and corporate communication strategies in the post COVID-19 era. Accordingly, we nominate him as a Director.	
		[Message to shareholders from the Director candidate] While making every effort to maintain business continuity in response to the worldwide spread of COVID-19, as a corporate group capable of responding appropriately and flexibly to changes in the value of society in the post COVID-19 era, I will enhance our crisis management, continue and change its business, and provide corporate information in a timely and appropriate manner. I will strive to increase the Seibu Group's corporate value based on relationships of trust with all stakeholders including our shareholders.	

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities		Number of Company shares owned
5	New candidate Kimio Kitamura January 6, 1961 (59 years old) Number of Years in Office: - years	Mar. 1984	Joined Seibu Railway Co., Ltd.	15,030
		Jun. 2005	General Manager, Secretary Office of the company	
		Mar. 2006	General Manager, Administration Department of Seibu Holdings Inc.	
		Nov. 2006	General Manager, IPO Department of the Company	
		Jun. 2007	General Manager, IPO Department, General Planning Department of the Company	
		Dec. 2007	General Manager, IPO Department, General Planning Department and J-SOX Office of the Company	
		Jun. 2008	Managing Officer, General Manager, Related Businesses Department and J-SOX Office of the Company	
		Apr. 2010	Managing Officer, General Manager, Personnel Department of the Company	
		Jun. 2010	Director of the Company Senior Managing Officer, General Manager, Personnel Department of the Company Director and Senior Managing Officer, General Manager, Personnel Department of Seibu Railway Co., Ltd.	
		Mar. 2013	Senior Managing Officer, General Manager, Personnel Department and Group Human Resources Development Office, Personnel Department of Seibu Holdings Inc.	
		Jan. 2015	Executive Vice President of Ohmi Railway Co., Ltd.	
		Jun. 2015	President and Representative Director of the company	
		Jun. 2016	Director of Seibu Holdings Inc.	
		Apr. 2020	President and Representative Director of Seibu Railway Co., Ltd. (present)	
Attendance to the meetings of the Board of Directors in FY2019: -		Important concurrent positions outside the Company: President and Representative Director of Seibu Railway Co., Ltd.		
[Reason for nomination as Director] Mr. Kimio Kitamura contributed to the enhancement of the Seibu Group’s corporate value by assuming positions in the corporate planning and personnel departments of the Company, as well as effectively utilizing assets and reviewing existing businesses of Ohmi Railway Co., Ltd. as president of the company since June 2015. He was then appointed as president of Seibu Railway Co., Ltd. in April 2020. We are certain that he will leverage his abundant experience to date and contribute to enhancing the medium- to long-term corporate value of the Seibu Group by undertaking the formulation and execution of medium- to long-term strategies while adapting to changes in the business environment of urban transportation and regional business due to the impact of COVID-19. Accordingly, we nominate him as a Director.				
[Message to shareholders from the Director candidate] As a highly public business that supports customers’ daily lives, Seibu Railway strives to provide comfortable services based on “safety and security” as its social mission. We will fulfill our mission as a social infrastructure even under the influence of COVID-19, grasp the changes in the value of society in the post COVID-19 era, and work on a medium- to long-term growth of the urban transportation and regional business while incorporating new perspectives, aiming to realize the “railway of choice.”				

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
6	Reelection Masahiko Koyama April 9, 1956 (64 years old) Number of Years in Office: 2 years	Mar. 1979 Joined Prince Hotels, Inc. Jul. 2005 General Manager of Shinagawa Prince Hotel of the company Jun. 2006 Managing Officer, General Manager of Takanawa and New Takanawa Prince Hotels and Shinagawa Prince Hotel of the company Jun. 2007 Managing Officer, General Manager of Grand Prince Hotel Takanawa and Shinagawa Prince Hotel of the company Jun. 2008 Managing Officer, General Manager of Grand Prince Hotel Takanawa of the company Oct. 2009 Managing Officer, General Manager of Karuizawa Prince Hotel of the company Jun. 2010 Managing Officer, General Manager of Karuizawa Prince Hotel and Karuizawa Golf and Ski of the company Apr. 2015 Executive Managing Officer, Supervisory General Manager of Kyoto and Shiga, Hiroshima, and Miyazaki of the company Apr. 2016 Executive Managing Officer, Supervisory General Manager of West Japan Area of the company Jun. 2016 Director and Executive Managing Officer, Supervisory General Manager of West Japan Area of the company Apr. 2018 Director and Executive Vice President, General Manager, Sales and Marketing Division of the company Jun. 2018 Director of Seibu Holdings Inc. (present) President and Representative Director of Prince Hotels, Inc. (present)	13,077
		Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%)	
		Important concurrent positions outside the Company: President and Representative Director of Prince Hotels, Inc.	
		[Reason for nomination as Director] As President of Prince Hotel and Director of the Company, Mr. Masahiko Koyama has contributed to the enhancement of corporate value of the Seibu Group by successfully capturing earning opportunities targeting new customer segments in the Hotel and Leisure business segment. We are certain that he will contribute to enhancing the medium- to long-term corporate value of the Seibu Group as he will make every effort to maintain business continuity even under the difficult business environment expected in the future, and will undertake the formulation and execution of strategies for the transformation and growth of the Hotel and Leisure business segment given changes in the value of society in the post COVID-19 era. Accordingly, we nominate him as a Director.	
		[Message to shareholders from the Director candidate] While the hotel and leisure industry is in a difficult business environment due to the spread of COVID-19, the executives and employees will work together to increase the robustness of business operations and provide further inspiration to each customer in order to overcome this difficult situation. In addition, I will actively work on to build a system to prevent infectious diseases after the subsidence of the pandemic and to capture demand in anticipation of changes in the value of society.	

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities	Number of Company shares owned
7	Reelection Akihisa Uwano March 9, 1961 (59 years old) Number of Years in Office: 10 years	Mar. 1984 Joined Seibu Railway Co., Ltd. Jun. 2005 General Manager, Operation Administration Department of the company Mar. 2006 General Manager, Administration Department of the company General Manager, Administration Department of Seibu Holdings Inc. Jun. 2007 General Manager, Administration Department and Personnel Department of the Company Jun. 2008 Managing Officer, General Manager, Administration Department and Personnel Department of the Company Apr. 2009 Managing Officer, General Manager, Administration Department, Personnel Department and Secretary Office of the Company General Manager, Secretary Office of Seibu Railway Co., Ltd. Apr. 2010 Managing Officer, General Manager, Administration Department and Secretary Office of Seibu Holdings Inc. Jun. 2010 Director of the Company (present) Senior Managing Officer, General Manager, President's Office of the Company Apr. 2015 Senior Managing Officer of the Company Apr. 2017 President and Representative Director of Seibu Properties Inc. (present)	12,146
		Attendance to the meetings of the Board of Directors in FY2019: 18/19 (94.7%) Important concurrent positions outside the Company: President and Representative Director of Seibu Properties Inc.	
		[Reason for nomination as Director] As the person responsible for the administration, Mr. Akihisa Uwano has contributed to enhancing the Seibu Group's corporate value first by working on to strengthen the Seibu Group's management structure and now by making effective use of the Group's assets in the Real Estate business segment as President of Seibu Properties Inc. and Director of the Company. We are certain that he will contribute to enhancing the medium- to long-term corporate value of the Seibu Group by undertaking the formulation and execution of medium- to long-term strategies for the Seibu Group's Real Estate business segment while adapting to changes in the business environment that have been affected by the spread of COVID-19. Accordingly, we nominate him as a Director.	
		[Message to shareholders from the Director candidate] The Seibu Group leverages its abundant assets throughout Japan, mainly in the greater Tokyo area, to provide high-value-added spaces. Looking ahead, while identifying changes in the social environment that are affected by COVID-19, I will work to realize the earning capability of the Real Estate business segment, which is "a key to improving corporate value," and make full use of our strengths and advantage to proactively engage in real estate development, including complex development of the Group's assets in city centers, aiming to generate further value as a growth driver for the Seibu Group.	

* The number of years in office as Director is the period upon the conclusion of this General Meeting of Shareholders.

Candidate number	Name (Date of birth)	Career summary, position and responsibilities		Number of Company shares owned
8	Reelection Outside Independent Masafumi Tsujihiro July 5, 1958 (61 years old) Number of Years in Office as Outside Director: 2 years	Apr. 1981	Joined DIAMOND, Inc.	1,011
	Apr. 2001	Editor-in-Chief of DIAMOND, Inc.		
	Sep. 2004	Director of Marketing Bureau of DIAMOND, Inc.		
	Jun. 2006	Director of DIAMOND, Inc.		
	Jun. 2014	Outside Director of Prince Hotels, Inc.		
	Apr. 2015	Professor, Faculty of Economics at Teikyo University (present)		
	Apr. 2018	Director of Seibu Railway Co., Ltd. (present)		
	Jun. 2018	Outside Director of the Company (present)		
	Apr. 2020	Director of Prince Hotels, Inc. (present)		
	Attendance to the meetings of the Board of Directors in FY2019: 19/19 (100%)	Important concurrent positions outside the Company: Director of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc. Professor, Faculty of Economics at Teikyo University		
[Reason for nomination as Outside Director] Mr. Masafumi Tsujihiro possesses a high degree of expertise, abundant experience and keen insight with respect to Japanese economy and corporate management, gained through his longstanding experience as Editor-in-Chief of an economics magazine and his current position as Professor, Faculty of Economics at Teikyo University. He makes statements in the Board of Directors from an expert perspective regarding management judgement and direction based on the economic trends and his opinions contribute to the vitalization of the Company’s Board of Directors and the sustainable growth of the Seibu Group. We are certain that he will continue to contribute to maximizing the medium- to long-term corporate value of the Seibu Group. Accordingly, we nominate him as an Outside Director.				
[Message to shareholders from the Outside Director candidate] To ensure the sustainable growth of the Seibu Group while carrying out its social responsibility, we must grasp the needs of the market accurately and provide services. In the post COVID-19 era, what society demands from companies will certainly make a significant change. I will contribute to ensuring that the Seibu Group will make full use of my experience and knowledge to “create the inspiration of our customers” based on a new idea, while adapting to changes in the value of society.				

* Mr. Tsujihiro is Director (non-executive) of the Company's subsidiaries Seibu Railway Co., Ltd. and Prince Hotels, Inc. Moreover, he was an Outside Director of the Company's subsidiary Prince Hotels, Inc. from June 2014 to March 2018.

* The Company and Mr. Tsujihiro have concluded an agreement limiting the liability for damages under Article 423, paragraph 1 of the Companies Act of Japan, to the minimum amount stipulated in Article 425, paragraph 1 thereof. If his reelection is approved, the Company will continue the said agreement with him.

* The Company has designated Mr. Tsujihiro as independent officer in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered him as such with the Exchange. If his reelection is approved, he will be registered as independent director again.

* The number of years in office as Outside Director is the period upon the conclusion of this General Meeting of Shareholders.

<Reference> Policies and Procedures for Nomination of Candidates for Director

When nominating the candidates for the position of Director, the Board of Directors nominates candidates for reelection following deliberation of whether the individual deserves to be reelected on the basis of his/her contribution to corporate value and other aspects of the Company during his/her term of office. New candidates for election are nominated following deliberation of whether the individual has outstanding character and insight, and is a talented individual who can contribute to increasing corporate value.

The Board of Directors makes decisions after having consulted with the Nomination Advisory Committee, among whose members are four outside Directors forming a majority, to ensure objectivity and transparency concerning the decision of candidates for the position of Director.

<Reference> Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

The Company will determine to be independent any person who, in addition to meeting the independence standards specified by the Tokyo Stock Exchange, does not fall under any of the following:

- (1) a person who executes business (“executive”) of “a business partner where consolidated net sales to the business partner account for 2% or more of the Company’s consolidated net sales in any of the last three fiscal years”;
- (2) an executive of “a business partner where net sales to the Company account for 2% or more of the business partner’s net sales in any of the last three fiscal years”;
- (3) an executive of “a lender from which the Company borrows funds that account for 2% or more of the Company’s consolidated total assets in any of the last three fiscal years”;
- (4) an executive of “a major shareholder or investor of the Company with an equity ownership interest of 10% or more in any of the last three fiscal years”;
- (5) a consultant, accounting professional, or legal professional who receives remuneration of more than ¥10 million a year from the Company in any of the last three fiscal years;
- (6) a person who receives donation or subsidies from the Company in the annual average amount of more than ¥10 million over the last three fiscal years or an executive of such an organization; and
- (7) a spouse or relative within the second degree of kinship of a Director, etc. of the Company and its consolidated subsidiaries.

Business Report

(From April 1, 2019 to March 31, 2020)

1. Status of the corporate group

(1) Progress and results of operations

1) Review of the fiscal year ended March 31, 2020

During the fiscal year ended March 31, 2020, the Japanese economy showed a gradual underlying recovery trend with continuing improvement in the employment and income environment. The outlook remained unclear, however, particularly given concerns over the impact of volatile financial and capital markets and various developments in overseas economies such as the matters related to trade issues, the direction of the Chinese economy, the UK leaving the EU, the state of affairs over the Middle East region, as well as the trend of consumer sentiment in Japan following the consumption tax increase. At this time, the outbreak of COVID-19 is becoming increasingly severe in countries worldwide, which has caused a sharp deterioration in business conditions. Furthermore, with no projection for when the pandemic will be brought under control, extremely adverse conditions are expected to continue.

Under these conditions, during the fiscal year ended March 31, 2020, 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, 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. (Tokorozawa is a residential suburb northwest of Tokyo located at the intersection of Seibu's two main railway lines: the Seibu Ikebukuro line and the Seibu Shinjuku line. Both lines run from central Tokyo to Saitama Prefecture.) At the same time, we have been promoting workstyle reforms and productivity improvements.

The Seibu Group has also been aggressively promoting "Sustainability Action," initiatives geared towards the realization of a sustainable society, as part of its contribution to solving issues faced by society with the SDGs in mind. The Seibu Group has formulated "The Seibu Group's Environmental Policy" and pushed forward with its initiatives for reducing its environmental footprint and preserving the environment. Moreover, the Seibu Group issued "Green Bonds" in the form of domestic wholesale bonds as part of its fundraising efforts for introducing new energy-saving train cars and implementing its solar power station construction business. This was a first in the land transport industry.

Furthermore, the Saitama Seibu Lions won the Pacific League title, a professional baseball league, for a second successive year.

From late January 2020, the Group saw impacts from the spread of COVID-19, including reduced demand for leisure as people refrained from going out and organizers refrained from holding events, and a decrease in inbound tourism. Under these conditions, the Group implemented a range of measures to prevent infection of customers and employees, and to prevent the spread of infection, such as changing its business by temporarily suspending operation of leisure facilities and implementing teleworking among employees.

The Group recorded the following results for the fiscal year ended March 31, 2020, reflecting the above impacts from the spread of COVID-19 from late January 2020 onward. Operating revenue was ¥554,590 million, down ¥11,349 million, or 2.0%, year on year. Operating profit was ¥56,823 million, down ¥16,508 million, or 22.5%, year on year. EBITDA was ¥114,535 million, down ¥12,794 million, or 10.0%, year on year.

Ordinary profit was ¥48,770 million, down ¥16,644 million, or 25.4%, year on year, due to the decrease in operating profit. Profit attributable to owners of parent was ¥4,670 million, down ¥40,787 million, or 89.7%, year on year, mainly due to the recording of impairment loss.

2) Operating results by segment for the fiscal year ended March 31, 2020

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the year ended March 31, 2020	Change from previous year	Change (%)	For the year ended March 31, 2020	Change from previous year	Change (%)	For the year ended March 31, 2020	Change from previous year	Change (%)
Urban Transportation and Regional	161,168	(1,919)	(1.2)	23,367	(3,719)	(13.7)	45,472	(3,292)	(6.8)
Hotel and Leisure	209,153	(10,647)	(4.8)	8,054	(11,687)	(59.2)	25,434	(10,642)	(29.5)
Real Estate	66,340	(3,310)	(4.8)	18,146	(1,949)	(9.7)	29,924	(495)	(1.6)
Construction	111,771	2,081	1.9	5,637	(253)	(4.3)	6,088	(226)	(3.6)
Hawaii Business	22,485	3,396	17.8	511	1,888	—	3,293	2,087	173.1
Other	41,547	(384)	(0.9)	604	(648)	(51.8)	4,005	(307)	(7.1)
Total	612,468	(10,784)	(1.7)	56,321	(16,369)	(22.5)	114,219	(12,878)	(10.1)
Adjustments	(57,878)	(565)	—	501	(139)	(21.7)	315	83	36.2
Consolidated	554,590	(11,349)	(2.0)	56,823	(16,508)	(22.5)	114,535	(12,794)	(10.0)

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

In railway operations for the fiscal year ended March 31, 2020, the results mainly reflect the strong employment situation, the holding of professional baseball games and 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. However, from February 2020, as people refrained from going out following the spread of COVID-19, the number of passengers decreased by 0.5% year on year (of which commuters increased by 0.6% and non-commuters decreased by 2.3%). Passenger transportation sales decreased by 0.9% year on year (of which commuters increased by 0.6% and non-commuters decreased by 2.2%), reflecting the decrease in the number of passengers, although there was a positive effect from the increase of limited express and extra-fare reserved seating trains, as well as the introduction of the new Limited Express train Laview. In other initiatives, we made vigorous efforts to attract events at Yokohama Arena.

Due to the impacts of the planned suspension of service in railway operations due to Typhoon Hagibis in October 2019 and leisure facilities along railway lines, such as Seibuen Amusement Park being affected by unseasonable weather in summer, along with the impact from people refraining from going out following the spread of COVID-19, and the Company's response, including temporary suspension of operations at certain leisure facilities along railway lines from February 2020, the Urban Transportation and Regional business segment recorded operating revenue of ¥161,168 million, a decrease of ¥1,919 million, or 1.2%, year on year. Segment operating profit decreased by ¥3,719 million, or 13.7%, year on year to ¥23,367 million due to the decrease in revenue, as well as an increase in general and administrative expenses. EBITDA was ¥45,472 million, a decrease of ¥3,292 million, or 6.8%, year on year.

Operating revenue

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
Urban Transportation and Regional	163,088	161,168	(1,919)
Railway operations	106,549	106,488	(60)
Bus operations	26,351	25,847	(504)
Leisure facilities along railway lines	22,551	21,590	(960)
Others	7,636	7,242	(393)

<Reference> Key performance indicators

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020
Transportation performance in the railway operations at Seibu Railway Co., Ltd.				
Number of passengers (Thousand)	648,420	658,650	665,242	661,988
Passenger transportation sales	97,690	99,348	100,533	99,580
Other revenue	4,021	4,097	3,997	4,070

Hotel and Leisure

In the accommodation division of hotel operations, the Company steadily implemented revenue management^{*1} and focused on steadily capturing leisure demand over the long holiday. In the banquet division, MICE^{*2} generated steady sales, while the restaurants division performed steadily, mainly due to aggressive sales measures at urban hotels. Furthermore, the Company opened three facilities in relation to the PRINCE VACATION CLUB vacation ownership business in July 2019 and, in the overall hotel operation, steadily captured demand associated with the holding of the Rugby World Cup.

In addition, a newly opened hotel at StayWell Holdings Pty Ltd. contributed to revenue growth, while The Arch London, a business operated by AB Hotels Ltd. that was acquired in the previous fiscal year, was rebranded and opened as The Prince Akatoki London in London, United Kingdom, in September 2019, as the first “The Prince Akatoki” hotel, the luxury brand that StayWell Holdings Pty Ltd. is developing overseas.

The Hotel and Leisure business segment recorded operating revenue of ¥209,153 million, a decrease of ¥10,647 million, or 4.8%, year on year, despite the measures described above. The decrease mainly reflected the effects of natural disasters such as Typhoon Hagibis in October 2019, and impacts following the spread of COVID-19 such as canceled reservations and a decrease in the pace of new reservations in the hotel business and the temporary suspension of operations at certain leisure facilities, such as Yokohama Hakkeijima Sea Paradise, from late January 2020. Segment operating profit decreased by ¥11,687 million, or 59.2%, year on year to ¥8,054 million due to the decrease in revenue, increases in expenses for investments in future growth. EBITDA was ¥25,434 million, a decrease of ¥10,642 million, or 29.5%, year on year.

*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 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

Operating revenue

(Millions of yen)

	For the year ended March 31, 2019	For the year ended March 31, 2020	Change
Hotel and Leisure	219,801	209,153	(10,647)
City hotel operations	128,079	120,015	(8,064)
Resort hotel operations	42,185	40,183	(2,002)
Golf course operations	12,783	12,294	(489)
Others	36,751	36,660	(91)

Note: City hotel operations mainly include 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.

<Reference> Key performance indicators

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020
Operating status of at Prince Hotels, Inc.				
Occupancy rates of hotel rooms (%)	72.1	76.2	77.7	71.9
Average room rates (Yen)	15,239	15,466	16,003	16,174

Real Estate

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

Rental residences, including “emilive Higashi-Nagasaki,” which began receiving residents in September 2019, performed briskly, with high occupancy rates continuing.

In other initiatives, the Company sold condominium units nearby Hōya Station on the Seibu Ikebukuro Line.

The Real Estate business segment recorded operating revenue of ¥66,340 million, a decrease of ¥3,310 million, or 4.8%, year on year, as a result of the decrease in sales of condominium units. Segment operating profit decreased by ¥1,949 million, or 9.7%, year on year to ¥18,146 million, reflecting the decrease in revenue as well as an increase in depreciation for DaiyaGate Ikebukuro. EBITDA was ¥29,924 million, a decrease of ¥495 million, or 1.6%, year on year.

<Reference> Key performance indicators

		For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020
Operating status of leasing space					
Leasing space at end of period (Thousand m ²)	Commercial retail	239	244	244	246
	Office/residential	166	172	184	208
Vacancy rate for leasable space at end of period (%)	Commercial retail	0.7	1.1	1.0	1.0
	Office/residential	3.1	1.9	11.0	2.0

Construction

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

In addition, landscaping contract work and procurement and sales of Seibu Construction Supply Co., Ltd. performed briskly.

As a result, the Construction business segment recorded operating revenue of ¥111,771 million, an increase of ¥2,081 million, or 1.9%, year on year. Segment operating profit decreased by ¥253 million, or 4.3%, year on year to ¥5,637 million due to the absence of typhoon reconstruction related projects recorded in the previous fiscal year by Seibu Landscape Co., Ltd. EBITDA was ¥6,088 million, a decrease of ¥226 million, or 3.6%, year on year.

<Reference> Key performance indicators

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020
Status of orders received by the Construction business				
Orders carried over from the previous fiscal year	99,069	89,755	100,542	88,975
Orders received during the fiscal year	79,080	84,599	69,527	68,793
Orders carried over to the next fiscal year	89,755	100,542	88,975	77,871

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 at the Prince Waikiki and Mauna Kea Beach Hotel owing to aggressive promotion and sales measures.

As a result of these initiatives, the Hawaii business segment recorded operating revenue of ¥22,485 million, an increase of ¥3,396 million, or 17.8%, year on year. Segment operating profit was ¥511 million, an increase of ¥1,888 million from an operating loss of ¥1,377 million in the previous fiscal year, and EBITDA was ¥3,293 million, up ¥2,087 million, or 173.1%, year on year.

Other

In the Seibu Lions business, revenue increased due to an increase of the number of spectators year on year, mainly because of the team's strong performance and various sales measures, along with proactively holding concerts at the MetLife Dome. Furthermore, in the Ohmi business, the Tsuchiyama Service Area performed steadily, partly due to the opening of a new route of the Shin-Meishin Expressway.

However, due to the spread of COVID-19, the start of the professional baseball league regular season was postponed in the Seibu Lions business, while the Izuhakone business and the Ohmi business were also affected by people refraining from going out and other impacts from February 2020 onwards. As a result, the Other businesses segment recorded operating revenue of ¥41,547 million, a decrease of ¥384 million, or 0.9%, year on year. Segment operating profit decreased by ¥648 million, or 51.8%, year on year to ¥604 million, mainly due to the decrease in revenue and an increase in depreciation related to the MetLife Dome area renewal project. EBITDA was ¥4,005 million, a decrease of ¥307 million, or 7.1%, year on year.

(2) Issues to address

The Seibu Group aims to achieve sustainable and strong growth. To achieve this, under the Seibu Group's Long-Term Strategy, the Group expands the areas and added value in which it can provide a combination of various businesses and services in order to develop as a corporate group that will support customers in all scenarios of their everyday lives.

In these circumstances, on 14 May, 2019, the Seibu Group formulated a three-year plan, the "FY2019-FY2021 Seibu Group's Medium-term Management Plan" (the "current plan"). In accordance with this plan, we have worked to address two key issues of "creating new business areas" and "expanding existing business fields," under the basic policies of "pursuing innovations from a new viewpoint and with speed" and "establishing a growth platform from a long-term perspective." The Company positions the current plan as the "plan that cements our initiatives from FY2017 onward and leads on to a new management phase and management plan," and in addition to reaping benefits from investments to increase value, we have carried out initiatives for future business growth designed to strengthen our financial structure and accelerate our expansion into new business areas and fields.

In line with this, looking ahead to the new era of the 2020s, we also proceeded with the formulation of "FY2020-FY2022 Seibu Group's Medium-term Management Plan" (the "new medium-term management plan"), a three-year plan with FY2020 as the initial year.

Since the latter half of January 2020, however, the spread of COVID-19 has weighed heavily on business conditions in the short-term, and the outlook for the economy is also supposed to remain quite severe. As the business environment has changed dramatically, the Company decided that it is necessary to review the plan contents, and we canceled the formulation of the new medium-term management plan and withdrew the current plan.

As a result of the state of emergency declared by the Japanese Government on April 7, 2020, the Seibu Group is experiencing a decline in passenger numbers in its railway transportation and bus services due to the public refraining from going out. And with some exceptions, the operations of hotels, golf courses, leisure facilities and so forth are being temporarily suspended. Given the future uncertainty as to how long it will take until there is a full recovery, for the time being the Company will focus its efforts on getting through these difficult circumstance. To this end, the Group is now committed to four priority issues affecting the entire Group's business under two categories as follows:

(1) Dedicating efforts to minimum required business operations until the current turmoil settles down

Placing utmost priority on focusing our efforts to the minimum required business operations until the current turmoil settles down, we are working to secure necessary working capital and deliver services that bring "smiles and good spirits" to customers and society.

(a) Securing necessary working capital

Under the current conditions where the earnings are weighed down and the timeframe for recovery is uncertain, we will assume that the situation will last for some time and work to secure the required working capital through financing and controlling cash outflows.

In addition to cash deposits, we executed borrowings of ¥33.0 billion from our major lenders in April 2020, and we have also established an additional commitment line, expanding the total facility from ¥60.0 billion to a maximum of ¥150.0 billion. Going forward, we will enhance our on-hand liquidity appropriately as necessary through financing, such as new borrowings.

In addition to delaying unnecessary and non-urgent costs and capital investment until the turmoil eases, we will also strive to secure necessary working capital by controlling cash outflows by improving the profit structure through fixed-cost cutting such as decreasing labor costs.

(b) Seibu Group business management policy during COVID-19 pandemic

We will return to the basics of our Group philosophy: "All of us at the Seibu Group work to help develop the local communities, as well as society at large, to protect the environment, and to provide safe, pleasant services for memorable experiences. We also proudly and responsibly meet the challenge of creating the kind of new services that will move customers." At the same time, we will

thoroughly implement the following three measures to conduct business operations that will be able to bring “smiles and good spirits” to customers and society.

[1] Place top priority on securing safety and security of customers and employees in conducting our business

[2] Grasp changing needs quickly and accurately from the customers’ perspective, and work swiftly to develop services

[3] Actively pursue profits through above measures

Under the state of emergency, the Group has temporarily closed hotels, golf courses, ski resorts, leisure facilities and commercial facilities, with some exceptions. Sports and other events at Seibu Lions and Yokohama Arena are also suspended. However, we continue to operate railway, bus and taxi, which function as infrastructure supporting people’s daily lives, while implementing measures to prevent infection such as disinfecting and ventilation. We are determined to overcome these difficult times in cooperation with our clients; we now consider implementing relief measures, including extending the period of collecting receivables and reducing rent for tenants.

During the period of restoration after the state of emergency is lifted, the Group will gradually resume business operations, and first focus on improving/increasing revenues from existing business segments. In doing so, we will remain aware of social distancing while working quickly to develop services that can sweep away “lockdown fatigue.” We will also work with clients to explore new business opportunities.

At this point, the Company’s consolidated earnings forecast and dividend forecast for the fiscal year ending March 31, 2021 are undetermined. However, we will make timely and accurate disclosures as the situation changes, and work to recover and improve our financial structure at an early stage. We will make a group-wide effort to overcome the situation by ensuring that employees practice “safety and security,” “a customer-oriented approach,” and “yielding ethical profits.”

Business management policies for each segment are described below. Since FY2020, reportable segments are revised as shown based on the following four agendas:

- Add the Yokohama Arena business from the Urban Transportation and Regional business to the existing Seibu Lions business, and newly establish the Sports business as a field to grow going forward.

Amid an increasing demand for sports, the Group has identified strengths in its abundant assets including the MetLife Dome, the Yokohama Arena, golf courses, and ski resorts, as well as expertise in baseball team management, among others, and will focus on growing these going forward. In the short-term, the spread of COVID-19 has caused the cancellation of sports events globally, but demand is expected to increase even further during the period of restoration after the state of emergency is lifted. Looking ahead, the Group will strengthen intragroup coordination and work towards establishing a new business model, eyeing the integration of the sports activities within the Urban Transportation and Regional business (fitness centers, etc.) and that within the Hotel and Leisure business (golf clubs, ski resorts, etc.).

- Consolidate the Hawaii business into the Hotel and Leisure business to accelerate global expansion of hotel operations
- Transfer the in-station convenience store “TOMONY” and the close-to-station children’s daycare facility “Nicot,” from the Real Estate business to the Urban Transportation and Regional business to strengthen the lifestyle-related business.
- Transfer Seibu SCCAT (building maintenance and security company) from the Hotel and Leisure business to the Real Estate business to expand the Company’s business domain.

Urban Transportation and Regional

Under the state of emergency, although the Group has temporarily closed its leisure facilities along the railway lines, it has concentrated its management resources on railway, bus and taxi operations in order to fulfill its role as a social infrastructure service provider while take thorough measures to prevent infection with COVID-19. In addition, the Group will work to develop services that make staying home enjoyable, such as proactively distributing information from its leisure and other facilities along railway lines. During the period of restoration after the state of emergency is lifted, the Group will consider developing services that take social distancing into account, such as gradually returning to normal operations of leisure facilities along the railway lines, aiming to recover and expand earnings at an early stage.

Hotel and Leisure

Under the state of emergency, the Group has temporarily closed its hotels, golf courses, ski resorts and other leisure facilities. The Group, however, is determined to contribute to preventing infection with COVID-19, utilizing its assets, by accommodating patients with mild symptoms, for example. The Group will also work to develop services that make staying at home enjoyable, such as proactively distributing information from its leisure and other facilities. During the period of restoration after the state of emergency is lifted, the Group will establish service standards, called “Prince Safety Commitment,” with awareness of safety and security (avoid three C’s, social distancing), and also aim to open new hotels for which we were making preparations towards scheduled opening, while taking stock of customer needs for them, aiming to recover and expand earnings at an early stage.

Real Estate

Under the state of emergency, the Group has temporarily closed part of its commercial facilities, but has continued to fulfill its role as a company supporting daily lives of people, through continued operation of offices, residences, and commercial facilities that sell daily necessities while implementing measures to prevent infection with COVID-19. During the period of restoration after the state of emergency is lifted, in our commercial facilities and so forth, consider operations that take into account social distancing and resume operations in stages, aiming to recover and expand earnings at an early stage. We will continue to review the large development projects in central Tokyo (e.g. the Takanawa and Shinagawa area and the Shibakoen area), looking ahead the post COVID-19 era.

Construction and Other

Even under the state of emergency, in the construction business we have continued construction works while thoroughly implementing measures to prevent infection. During the period of restoration after the state of emergency is lifted, the construction business will further contribute to earnings of the Group, helped by initiatives to improve productivity and margins. Such initiatives include securing more construction contracts from outside the Group, more stringent cost management, more rigorous cost control, and more effective use of i-Construction and ICT technologies.

In addition, in the newly established Sports business, under the state of emergency, we have been forced to postpone the opening of professional baseball games and cancel events, but we will provide services that make staying at home enjoyable, such as proactively distributing information. During the period of restoration after the state of emergency is lifted, the Group intends to provide content that will sweep away “lockdown fatigue” while remaining aware of social distancing. Generally, the same policies as those of the Urban Transportation and Regional business are applied to the Izuhakone and Ohmi businesses.

(2) Pursue initiatives towards the post COVID-19 era, with priorities placed on (a) and (b) above

Until the current turmoil settles down, while giving priority to (1) Dedicating efforts to minimum required business operations, we will continue to pursue key measures envisaged in the new medium-term management plan to every extent possible. We will also press ahead with initiatives for structural

reforms informed by our careful observations of how the people's sense of values change in the post COVID-19 era.

(c) Key measures envisaged in the new medium-term management plan

Regarding key measures envisaged in the new medium-term management plan, we will continue to pursue the following five initiatives to every extent possible, while placing utmost priority on dedicating our efforts to the minimum required business operations until the current turmoil settles down.

i. Offensive strategy towards DX (digital transformation), marketing strategy

The Group is working to increase the number of customers using multiple services by strengthening its marketing functions using digital technologies. In FY2020, we will promote integration and link services for member programs, centered on the shared "SEIBU PRINCE CLUB" membership program and move forward with the construction of a cashless service platform and Group marketing platform.

ii. Defensive strategy towards DX (digital transformation)

The Group is working to automate, standardize, and increase the sophistication of its operations through the use of digital technology with the goal of achieving diversity and workplace reforms. In FY2020, we will shift management-related operations, etc., to a common Group system and work on visualization and review of operations using robotic process automation (RPA) and artificial intelligence (AI). At the same time, we will move to paperless working and swiftly implement group-wide workplace reforms by widening the scope for introduction of the teleworking system. This will also help to reduce overtime working.

iii. Sustainability actions

Based on the Group Vision, which is the Group's management philosophy, the Group has been aggressively promoting "Sustainability Action," initiatives geared towards the realization of a sustainable society. In FY2020, we will work on commercializing our sustainability actions, including entering the field of agriculture through SEIBU AGRIBUSINESS INC., which we established on April 1, 2020, and considering effective use of unused foodstuffs. On the environmental front, we have set targets for reducing environmental impacts (aiming to reduce CO2 emissions per unit of operating revenue by 25% below those of FY2018 by FY2030), and we have constructed internal system to achieve these goals. Through this internal system, we will promote Sustainability Action, including CO2 emissions reduction, in a sustainable, proactive, and systematic manner by circulating the PDCA cycle.

iv. Investment that takes into account the cost of capital

Looking ahead, the Group envisages multiple long-term capital investment projects, such as large scale developments in areas of Tokyo including Takanawa and Shinagawa, Shibakoen, and Shinjuku in addition to the development of Tokorozawa area. In promoting these projects, the Group must proceed systematically, giving consideration to the balance of revenue and expenditure and its financial structure. The Group will enhance its investment PDCA cycle by accurately grasping the weighted average capital cost (WACC), while setting and managing individual hurdle rates for each business giving overall consideration to each business's risks and future funding requirements.

v. Collaboration inside and outside the Group

Amid changes in society arising from the development of digital technology, the Group will aggressively promote internal and external links to capture the change in society's values and build business models.

Within the Group, we will change the reportable segments from FY2020 as explained above and promote deeper ties between reportable segments after the change.

To promote our initiatives on use of new technologies such as mobility as a service (MaaS), automated driving technology and 5G, and links with external data to enable the development of cashless payment services, we will collaborate with partners inside and outside the Group to grasp customer needs and acquire management resources such as human resources and business expertise.

(d) Structural reform informed by changed values in the post COVID-19 era

In the past few years, people's values have been changing driven by factors such as social changes beginning with the development of technology and a global increase in movement towards sustainable development. In the post COVID-19 era, people's behavior and values may change even further with regard to the penetration of remote working and the format of large-scale events. Anticipating this transformation in values, we will consider structural reforms based on the post-pandemic society, aiming to continue being "the best and strongest lifestyle support corporate group" as we have been up to now.

The Group will continue to conduct corporate operations aimed at maximizing corporate value and shareholder value.

(3) Changes in assets and results of operation

(Millions of yen)

	For the year ended March 31, 2017	For the year ended March 31, 2018	For the year ended March 31, 2019	For the year ended March 31, 2020
Operating revenue	512,009	530,631	565,939	554,590
Ordinary profit	57,472	55,490	65,415	48,770
Profit attributable to owners of parent	47,564	42,908	45,457	4,670
Basic earnings per share (Yen)	149.39	136.67	145.21	15.18
Total assets	1,627,868	1,671,977	1,728,929	1,707,784
Net assets	360,133	394,947	422,715	373,427
Equity-to-asset ratio (%)	21.8	23.3	24.1	21.5
Return on equity (ROE) (%)	12.7	11.5	11.3	1.2

(4) Capital expenditures

Capital expenditures for the fiscal year under review amounted to ¥86,993 million, which included the following major outlays.

1) Major facilities completed

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Manufacture of new-type express trains
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Manufacture of 40000 series trains
Hotel and Leisure	Prince Hotels, Inc.	Grand opening of membership hotel business "Prince Vacation Club" (Karuzawa Asama, Villa Karuzawa Asama, Sanyoso)
Real Estate	Seibu Railway Co., Ltd.	Completion of emilive Higashi-Nagasaki

2) New construction and expansion of major facilities in progress

Segment	Company name	Major capital expenditures
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Project for continuous grade-separation of railroad crossings between Nakai Station - Nogata Station on the Shinjuku Line (underground)
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Project for continuous grade separation of railroad crossings near Higashimurayama Station on the Shinjuku line (elevated)
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Installation of platform doors
Urban Transportation and Regional	Seibu Railway Co., Ltd.	Renovation of Seibuen Yuenchi
Hotel and Leisure	Prince Hotels, Inc.	Renovation of Karuzawa Prince Hotel West
Real Estate	Seibu Railway Co., Ltd.	Grand Emio Tokorozawa phase II
Other	Seibu Railway Co., Ltd.	MetLife Dome Area Redevelopment Plan

(5) Financing activities

The Company raised ¥16.5 billion through syndicate loans in June 2019 to finance the construction of DaiyaGate Ikebukuro, and also raised ¥10.0 billion by issuing the Fourth Series of Unsecured Straight Bonds (Green Bond) in December 2019 to finance part of the Seibu Group's efforts to promote action on sustainability.

To ensure liquidity, we have also established commitment lines of credit for earthquake response totaling ¥60.0 billion.

In addition, to meet financing needs that could arise in connection with COVID-19, we set up a super-variable payment commitment line of up to ¥90.0 billion in May 2020.

(6) Major subsidiaries (As of March 31, 2020)

Company name	Capital stock (Millions of yen)	Ratio of voting rights held by the Company (%)	Major businesses
Seibu Railway Co., Ltd.	21,665	100.0	Urban Transportation and Regional business (Railway operations, Leisure facilities along railway lines) Real Estate business (Leasing operations)
Prince Hotels, Inc.	3,600	100.0	Hotel and Leisure business (Hotel operations, Golf course operations) Real Estate business (Leasing operations)
Seibu Bus Co., Ltd.	100	100.0	Urban Transportation and Regional business (Bus operations) Real Estate business (Leasing operations)
Seibu Properties Inc.	4,050	100.0	Real Estate business (Leasing operations)
Seibu Construction Co., Ltd.	11,000	100.0	Construction business (Construction operations)
Seibu Lions, Inc.	100	100.0	Seibu Lions
Izuhakone Railway Co., Ltd.	640	74.0	Izuhakone Business
Ohmi Railway Co., Ltd.	405	100.0	Ohmi Business
Prince Resorts Hawaii, Inc.	(Thousands of U.S. dollars) 1	100.0	Hawaii business

- Notes: 1. The ratios of voting rights shown include rights with respect to direct holdings of the Company as well as rights involving indirect holdings through ownership stakes of the Company's subsidiaries and other entities.
2. The Company has 75 consolidated subsidiaries, including the nine companies listed above (one more than the previous fiscal year), and two equity-method associates (no change from the previous fiscal year). The Company has three other non-consolidated subsidiaries not accounted for using equity method (no change from the previous fiscal year), and one associate not accounted for using equity method (no change from the previous fiscal year).

(7) Major businesses and offices (As of March 31, 2020)

Segment	Businesses	Major offices
Urban Transportation and Regional	Railway operations	[Seibu Railway Co., Ltd.] Operating length: 176.6 km, Number of stations: 101 (including signal stations), Number of vehicles: 1,294
	Bus operations	[Seibu Bus Co., Ltd.] Number of sales offices: 11 (Tokyo and Saitama) Number of vehicles: 864
	Leisure facilities along railway lines	[Seibu Railway Co., Ltd.] Seibuen Amusement Park (Tokorozawa-shi, Saitama) Toshimaen (Nerima-ku, Tokyo) Seibu-Chichibu Ekimae Onsen Matsurinoyu (Chichibu-shi, Saitama)
Hotel and Leisure	City hotel operations	[Prince Hotels, Inc.] The Prince Gallery Tokyo Kioicho (Chiyoda-ku, Tokyo) The Prince Park Tower Tokyo (Minato-ku, Tokyo) The Prince Sakura Tower Tokyo (Minato-ku, Tokyo) Grand Prince Hotel Takanawa (Minato-ku, Tokyo) Grand Prince Hotel New Takanawa (Minato-ku, Tokyo) Grand Prince Hotel Kyoto (Kyoto-shi, Kyoto) Grand Prince Hotel Hiroshima (Hiroshima-shi, Hiroshima) Shinagawa Prince Hotel (Minato-ku, Tokyo) Shin-Yokohama Prince Hotel (Yokohama-shi, Kanagawa)
	Resort hotel operations	[Prince Hotels, Inc.] The Prince Karuizawa (Karuizawa-machi, Nagano) The Prince Villa Karuizawa (Karuizawa-machi, Nagano) The Prince Hakone Lake Ashinoko (Hakone-machi, Kanagawa) Sapporo Prince Hotel (Sapporo-shi, Hokkaido) Kawana Hotel (Ito-shi, Shizuoka)
	Golf course operations	[Prince Hotels, Inc.] Kuni Country Club (Hanno-shi, Saitama) Musashigaoka Golf Course (Hanno-shi, Saitama) Karuizawa 72 Golf (Karuizawa-machi, Nagano) Kawana Hotel Golf Course (Ito-shi, Shizuoka) Daihakone Country Club (Hakone-machi, Kanagawa) Seta Golf Course (Otsu-shi, Shiga)
	Others	[Prince Hotels, Inc.] Naeba Ski Area (Yuzawa-machi, Niigata) Kagura Ski Area (Yuzawa-machi, Niigata) [Yokohama Hakkeijima Inc.] Yokohama Hakkeijima Sea Paradise (Yokohama-shi, Kanagawa)
Real Estate	Leasing business	[Seibu Properties Inc.] Tokyo Garden Terrace Kioicho (Chiyoda-ku, Tokyo) DaiyaGate Ikebukuro (Toshima-ku, Tokyo) Karuizawa Prince Shopping Plaza (Karuizawa-machi, Nagano)
Construction	Construction operations	[Seibu Construction Co., Ltd.] Number of branches: 7 (Toshima-ku, Tokyo and others) Number of business offices: 4 (Karuizawa-machi, Nagano and others)
Hawaii Business	Leisure business in Hawaii, USA	[Hawaii Prince Hotel Waikiki LLC] Prince Waikiki (Hawaii, USA) Hawaii Prince Golf Club (Hawaii, USA) [Mauna Kea Resort LLC] Mauna Kea Beach Hotel (Hawaii, USA) Mauna Kea Golf Course (Hawaii, USA)
Other Businesses	Izuhakone Business	[Izuhakone Railway Co., Ltd.] Operating length: 29.4 km, number of stations: 25, number of vehicles: 70
	Ohmi Business	[Ohmi Railway Co., Ltd.] Operating length: 59.5 km, number of stations: 33, number of vehicles: 41
	Seibu Lions Business	[Seibu Lions, Inc.] MetLife Dome (Tokorozawa-shi, Saitama)

(8) Employees (As of March 31, 2020)

Segment	Number of employees	
Urban Transportation and Regional	7,510	[749]
Hotel and Leisure	9,830	[3,502]
Real Estate	551	[657]
Construction	1,428	[464]
Hawaii Business	1,260	[324]
Other	2,620	[344]
Corporate	305	[-]
Total	23,504	[6,040]

- Notes: 1. The number of employees represents individuals working within the Group, excluding employees seconded outside the Group from the Group but including employees seconded to the Group from outside the Group. In addition, employees retired as of March 31, 2020 are included therein.
2. The average number of temporary employees for the fiscal year under review is shown in brackets. Temporary employees are not included in the figure indicating number of employees described in Note 1.
3. The number of employees under “Corporate” is the number of employees of the Company.

(9) Major lenders (As of March 31, 2020)

(Millions of yen)

Lender	Outstanding amount of loans (Note)
Mizuho Bank, Ltd.	190,361
MUFG Bank, Ltd.	141,368
Development Bank of Japan Inc.	128,882
Sumitomo Mitsui Banking Corporation	69,325
Sumitomo Mitsui Trust Bank, Limited	67,454

Note: Outstanding amount of loans includes ¥94,900 million of loans under syndicate loan contracts and commitment line contracts.

(10) Other important matters

Not applicable

2. Shares of the Company (As of March 31, 2020)

- (1) Total number of shares authorized: 1,300,000,000 shares
(2) Total number of shares issued: 332,462,920 shares (including 9,382,800 treasury shares)
(3) Number of shareholders: 44,278
(4) Major shareholders (Top 10)

Name of shareholder	Number of shares held (Thousands of shares)	Shareholding ratio (%)
NW Corporation Inc.	51,158	15.83
The Master Trust Bank of Japan, Ltd. (Trust Account)	16,587	5.13
Japan Trustee Services Bank, Ltd. (Trust Account)	11,497	3.56
Development Bank of Japan Inc.	9,906	3.07
Keikyu Corporation	7,655	2.37
Mizuho Bank, Ltd.	7,114	2.20
Japan Trustee Services Bank, Ltd. (Trust Account 5)	5,463	1.69
Trust & Custody Services Bank, Ltd. as trustee for Retirement Benefit Trust Account H re-entrusted by Mizuho Trust and Banking Co., Ltd.	5,301	1.64
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	5,065	1.57
Sumitomo Realty & Development Co., Ltd.	4,738	1.47

Notes: 1. The Company holds 9,382,800 treasury shares and is excluded from the above list of major shareholders.

2. The shareholding ratio is calculated after deducting treasury shares. The treasury shares do not include 1,803,900 shares of the Company that are held as trust assets in "Board Benefit Trust (BBT)" and disposition-type "Employee Stock Ownership Plan (ESOP)."

(5) Other important matters

Purchase of treasury shares

Based on a Board of Directors resolution on February 6, 2020, the Company purchased treasury shares as follows:

Class and number of shares purchased: Common shares 9,000,000 shares

Total amount of shares purchased: ¥13,623 million

Period of acquisition: from February 7, 2020 to March 24, 2020

Retirement of treasury shares

Based on a Board of Directors resolution on April 30, 2020, the Company retired treasury shares as follows:

Class and number of shares retired: Common shares 9,000,000 shares

Date of retirement: May 20, 2020

Total number of shares issued after retirement: 323,462,920 shares

3. Share acquisition rights, etc. of the Company

(1) Share acquisition rights held by Directors and Audit & Supervisory Board Members of the Company as of the end of the fiscal year under review

Name (Date of resolution for issuance)	Number of holders	Number of share acquisition rights	Class and number of shares underlying share acquisition rights	Issue value	Amount to be paid in upon exercise of share acquisition rights	Exercise period	Conditions for exercise
The first Share Acquisition Rights (June 25, 2014)	6 Directors (excluding Outside Directors)	297	Common shares of the Company 29,700 shares	¥1,974 per share	¥1 per share	From July 12, 2014 to July 11, 2044	Note 2
The second Share Acquisition Rights (June 23, 2015)	6 Directors (excluding Outside Directors)	341	Common shares of the Company 34,100 shares	¥2,669 per share	¥1 per share	From July 10, 2015 to July 9, 2045	Note 2
The third Share Acquisition Rights (June 21, 2016)	7 Directors (excluding Outside Directors) Note 1	377 Note 1	Common shares of the Company 37,700 shares Note 1	¥1,497 per share	¥1 per share	From July 8, 2016 to July 7, 2046	Note 2
The fourth Share Acquisition Rights (June 21, 2017)	8 Directors (excluding Outside Directors) Note 1	425 Note 1	Common shares of the Company 42,500 shares Note 1	¥1,729 per share	¥1 per share	From July 8, 2017 to July 7, 2047	Note 2
The fifth Share Acquisition Rights (June 21, 2018)	8 Directors (excluding Outside Directors)	449	Common shares of the Company 44,900 shares	¥1,493 per share	¥1 per share	From July 10, 2018 to July 9, 2048	Note 2

Notes: 1. The share acquisition rights held by one of the above Directors were allocated to that Director as a Director of the Company's subsidiary prior to the Director's appointment as a Director of the Company.

2. Conditions for exercise of share acquisition rights are as follows:

- (1) A holder of Share Acquisition Rights may, during the period of ten (10) days immediately following the day on which such holder loses the position as a director of the Company (excluding death), exercise his/her offered Share Acquisition Rights.
- (2) In the event of death of a holder of the Share Acquisition Rights, his/her successor may exercise the rights.
- (3) Other conditions shall be as prescribed in the "Share Acquisition Rights Allotment Agreement" to be concluded by and between the Company and a holder of Share Acquisition Rights.

(2) Share acquisition rights delivered to employees, etc. during the fiscal year under review

Name (Date of resolution for issuance)	Number of individuals to whom share acquisition rights have been issued	Number of share acquisition rights	Class and number of shares underlying share acquisition rights	Issue value	Amount to be paid in upon exercise of share acquisition rights	Exercise period	Conditions for exercise
The sixth Share Acquisition Rights (June 21, 2019)	The Company's subsidiaries 10 Directors	316	Common shares of the Company 31,600 shares	¥1,473 per share	¥1 per share	From July 9, 2019 to July 8, 2049	Notes

Notes: Conditions for exercise of share acquisition rights are as follows:

- (1) A holder of Share Acquisition Rights may, during the period of ten (10) days immediately following the day on which such holder loses the position as a director of the Company's subsidiaries (excluding death), exercise his/her offered Share Acquisition Rights.
- (2) In the event of death of a holder of the Share Acquisition Rights, his/her successor may exercise the rights.
- (3) Other conditions shall be as prescribed in the "Share Acquisition Rights Allotment Agreement" to be concluded by and between the Company and a holder of Share Acquisition Rights.

4. Officers

(1) Directors and Audit & Supervisory Board Members (As of March 31, 2020)

Position	Name	Responsibilities	Important concurrent positions outside the Company
President and Representative Director	Takashi Goto	Compliance Dept.	Director and Chairman of Seibu Railway Co., Ltd. Director of Prince Hotels, Inc.
Director	Kaoru Takahashi	Accounting Dept., Finance Dept.	
Director	Tomoyuki Nishii	Corporate Planning	
Director	Ryuichiro Nishiyama	President's Office, Administration Dept., Corporate Communication Dept.	Director of Prince Hotels, Inc.
Director	Shuichiro Ogawa	Personnel Dept., Human Resources Development Dept.	Director of Prince Hotels, Inc.
Director	Hisashi Wakabayashi		President and Representative Director of Seibu Railway Co., Ltd.
Director	Masahiko Koyama		President and Representative Director of Prince Hotels, Inc.
Director	Akihisa Uwano		President and Representative Director of Seibu Properties Inc.
Director	Eiko Ohya		
Director	Takehiko Ogi		President and Representative Director of Japan Human Resources Co., Ltd. Outside Director of MISUMI Group Inc.
Director	Keiji Goto		Director of Prince Hotels, Inc. Outside Audit & Supervisory Board Member of Central Security Patrols, Co., Ltd. Outside Auditor of Fukuda Denshi Co., Ltd. Attorney
Director	Masafumi Tsujihiro		Director of Seibu Railway Co., Ltd. Professor, Faculty of Economics at Teikyo University
Audit & Supervisory Board Member (Standing)	Michifumi Yazaki		Audit & Supervisory Board Member of Seibu Railway Co., Ltd.
Audit & Supervisory Board Member	Isao Nagaseki		(Standing) Audit & Supervisory Board Member of Prince Hotels, Inc.
Audit & Supervisory Board Member	Isao Fukasawa		Audit & Supervisory Board Member of Seibu Railway Co., Ltd. Attorney
Audit & Supervisory Board Member	Eiji Sakomoto		Audit & Supervisory Board Member of Prince Hotels, Inc. Representative Member of Ginza K.T.C Tax Corporation Representative Director of Ginza K.T.C. Consulting Co., Ltd. Outside Director of Nagatanien Holdings Co. Ltd. Certified Public Accountant, Licensed Tax Accountant

Notes: 1. Eiko Ohya, Takehiko Ogi, Keiji Goto and Masafumi Tsujihiro are Outside Directors.

2. Isao Fukasawa and Eiji Sakomoto are Outside Audit & Supervisory Board Members.

3. Audit & Supervisory Board Member Eiji Sakomoto is qualified as a certified public accountant and a certified public tax accountant, and possesses extensive financial and accounting knowledge.

4. The Company has designated Directors Eiko Ohya, Takehiko Ogi, Keiji Goto and Masafumi Tsujihiro, and Audit & Supervisory Board Members Isao Fukasawa and Eiji Sakomoto as independent directors/audit & supervisory board members in accordance with the rules and regulations of the Tokyo Stock Exchange, and has registered them as such with the TSE.
5. Director Hisashi Wakabayashi resigned as President and Representative Director of Seibu Railway Co., Ltd. on March 31, 2020, and has assumed the position as Director of the Company.
6. Director Masafumi Tsujihiro assumed the position as Director of Prince Hotels, Inc. on April 1, 2020.

(2) Amount of remuneration for Directors and Audit & Supervisory Board Members

Classification	Total amount paid (Millions of yen)	Amount of remuneration by type (Millions of yen)			Number of eligible officers (persons)
		Basic remuneration	Share-based remuneration		
			Annual incentive	Long-term incentive	
Directors [Of the above, Outside Directors]	358 [60]	301 [60]	— [—]	57 [—]	12 [4]
Audit & Supervisory Board Members [Of the above, Outside Audit & Supervisory Board Members]	56 [27]	56 [27]	— [—]	— [—]	3 [2]

- Notes: 1. The amount of “Share-based remuneration (annual incentive + long-term incentive)” is equal to the amount of provision for purchase of shares recognized in the fiscal year under review, which is based on the points granted to each Directors. Note that the annual incentive is performance-based remuneration, and no provision was recognized for this fiscal year as no Directors were eligible for the remuneration.
2. The amount of basic remuneration for Directors shall be no more than ¥660 million annually (excluding ¥120 million for Outside Directors and the amount of basic remuneration for Directors serving concurrently as employees).
- In addition, the Company has introduced the Board Benefit Trust (BBT) for share-based remuneration. The maximum amount of contribution to the trust by the Company is ¥300 million for the annual incentive and ¥450 million for the long-term incentive over a period of three fiscal years.
3. The maximum amount of basic remuneration for Audit & Supervisory Board Members is ¥100 million annually.

<Reference> Remuneration Policy for Directors of Seibu Holdings

1. Basic policy

- (1) Remuneration for Directors shall be commensurate with Directors who are capable and can practice “Group Vision” and “Seibu Group Corporate Code of Ethics” of the Seibu Group.
- (2) The remuneration system shall be designed in a manner to increase Directors’ willingness and motivation to contribute to improving business results, corporate value and shareholder value over the medium to long term.
- (3) Remuneration for Directors shall reflect the Group’s business environments and operating performance based on comparison with industry peers’ remuneration levels and other factors.
- (4) The remuneration system for Directors shall be objective and fair for stakeholders.
- (5) When deciding remuneration for Directors, the Company shall obtain advice from the Remuneration Advisory Committee, the majority of whose members are Outside Directors, in order to ensure its objectivity.

2. Remuneration system

- (1) The remuneration system for Directors (excluding Outside Directors) consists of basic remuneration and share-based remuneration (annual incentive and long-term incentive), and the ratio of these remunerations shall be set so as to increase Directors willingness to contribute to maximizing business results, corporate value and shareholder value over the medium to long term by clarifying the link between remuneration for Directors and the medium to long-term improvement in business results and shareholder value.
- (2) The remuneration of outside Directors consists of basic remuneration only, in view of their roles and independence.
- (3) The amount of basic remuneration is determined based on Director’s duties and responsibilities, within the maximum total remuneration approved and resolved at the General Meeting of Shareholders.
- (4) For share-based remuneration, shares acquired through a trust shall be delivered based on the points granted to Directors.
 - (i) For the annual incentive, the number of points shall be granted to Directors based on their roles and responsibilities and the degree of their achievement of set goals, within the maximum total number approved and resolved at the General Meeting of Shareholders.
 - (ii) For the long-term incentive, the number of points shall be granted to Directors based on their duties and responsibilities within the maximum total number approved and resolved at the General Meeting of Shareholders.

(3) Matters concerning Outside Directors and Outside Audit & Supervisory Board Members

1) Relationship between the Company and other organizations where Outside Directors concurrently hold key positions

Organizations where Outside Directors concurrently hold key positions include the Company's subsidiaries Seibu Railway Co., Ltd. and Prince Hotels, Inc., as listed in "(1) Directors and Audit & Supervisory Board Members." No special relationships exist between the Company and other corporations or other entities.

2) Major activities of Outside Directors and Outside Audit & Supervisory Board Members during the current fiscal year

Position	Name	Attendance to meetings of Board of Directors	Attendance to meetings of Audit & Supervisory Board	Contribution to meetings
Director	Eiko Ohya	19/19 (100%)	—	She contributed to discussions drawing on knowledge and experience gained through activities as a critic and a member of various panels and committees.
Director	Takehiko Ogi	19/19 (100%)	—	He contributed to discussions drawing on his practical experience and proven track record with managerial reform of companies in various industries.
Director	Keiji Goto	18/19 (94.7%)	—	He contributed to discussions mainly from his professional point of view as an attorney.
Director	Masafumi Tsujihiro	19/19 (100%)	—	He contributed to discussions drawing on a high level of expertise and extensive experience and achievement related to the Japanese economy and corporate management.
Audit & Supervisory Board Member	Isao Fukasawa	19/19 (100%)	14/14 (100%)	He contributed to discussions mainly from his professional point of view as an attorney.
Audit & Supervisory Board Member	Eiji Sakomoto	19/19 (100%)	14/14 (100%)	He contributed to discussions mainly from his professional point of view as a certified public accountant and licensed tax accountant.

3) Overview of limitation of liability agreements

The Company and its Outside Directors have concluded agreements limiting the liability of the Outside Directors for damages under Article 423, paragraph 1 of the Companies Act, to the minimum amount stipulated in Article 425, paragraph 1 thereof.

<Reference> Seibu Holdings' Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members

For the Company's Independence Standards for Outside Directors and Outside Audit & Supervisory Board Members, please refer to page 15.

5. Accounting Auditor

(1) Name of Accounting Auditor

Ernst & Young ShinNihon LLC

(2) Amount of remunerations to Accounting Auditor for the current fiscal year

1) Remunerations payable to the Accounting Auditor for the fiscal year under review

¥140 million

2) Total amount of money and other financial profits to be paid by the Company and its subsidiaries

¥357 million

Notes: 1. The audit agreement between the Company and its Accounting Auditor does not distinguish remuneration paid for audit work performed in conformity with the Companies Act and remuneration paid for audit work performed in conformity with the Financial Instruments and Exchange Act, and it is effectively impossible to do so. Therefore, the figure presented in the remunerations payable to the Accounting Auditor for the fiscal year under review above shows the total amount.

2. The Audit & Supervisory Board agreed to the remuneration of the Accounting Auditor after reviewing the time taken to execute the planned duties and the trend of the estimated audit remuneration amount in previous fiscal years, as well as the planned and actual number of days taken to audit each item in the previous fiscal year, and discussing whether the time for the planned duties and estimated audit remuneration amount for the fiscal year under review were appropriate.

(3) Description of non-auditing services

The Company made payment of consideration to the Accounting Auditor for its work in preparing the comfort letter associated with the issuance of bonds that is not included in the scope of services prescribed in Article 2, paragraph 1 of the Certified Public Accountants Act (non-auditing services).

(4) Policy for decisions on dismissal and non-reappointment of Accounting Auditor

The Audit & Supervisory Board will dismiss the Accounting Auditor, with the unanimous consent of the Audit & Supervisory Board Members, in the event the Accounting Auditor is recognized as falling under any of the item listed in Article 340, paragraph 1 of the Companies Act.

Moreover, the Audit & Supervisory Board shall call for the dismissal or non-reappointment of the Accounting Auditor at a general meeting of shareholders if it is deemed that the Accounting Auditor's ability to properly execute its duties has been impeded and the reliability of its audit has been undermined due to a legal violation or other such act, or when otherwise deeming the action necessary.

(5) Accounting Audit of subsidiaries

Prince Resorts Hawaii, Inc., a major subsidiary of the Company, is audited by an auditing firm other than the Accounting Auditor of the Company.

6. Systems to ensure that business is conducted properly and operating status of relevant system

(1) Systems to ensure that business is conducted properly (The Seibu Holdings' Basic Policy on Internal Controls)

1) Objectives

The purpose of this statement of basic policy is to specify matters for Seibu Group companies, which include Seibu Holdings Inc. (hereinafter collectively referred to as the "Seibu Group"), such that pertain to Seibu Group initiatives to develop systems of internal control designed to ensure the adequacy and legal compliance of its business operations so that the Seibu Group can build a managerial platform to enable sustainable growth achieved in the spirit of the "Group Vision." The Seibu Group swiftly implements specific measures on the basis of the policies stipulated below, checks on implementation of such measures, and ceaselessly works to make improvements.

2) System to ensure that Directors and employees of the Seibu Group perform their duties in compliance with relevant laws and regulations and the Articles of Incorporation

- The Seibu Group adheres to the Seibu Group Corporate Code of Ethics which spells out the fundamental rules that all Seibu Group Directors and employees must take to heart, the aim of which is to ensure that the Group acts as part of society in upholding its responsibilities and earning the trust of others. The Seibu Group also instills a firm awareness of the Seibu Group Corporate Code of Ethics by stipulating guidelines for behavior to be practiced when executing job duties, and through other means that include distributing compliance manuals to the Directors and employees and providing them with training in that regard.
- In accordance with the Seibu Group Basic Rules on Compliance Systems, the Company has established the Seibu Group Corporate Ethics Committee, which is chaired by the President and works on developing a compliance framework for the Seibu Group and also checks on how the framework is operating. The Company also has a Compliance Department which comprises the department's general manager and staff members and is tasked with overseeing compliance matters. Moreover, the Company also sets up corporate ethics hotlines as well as sexual harassment and human relations hotlines both within and outside the Company, to enable swift identification and resolution of issues pertaining to Seibu Group compliance.
- The Seibu Group vows to sever any and all ties with antisocial forces. The Seibu Group also works with law enforcement authorities, attorneys and others in standing against such elements of society and otherwise takes a firm and organized stand in handling such matters, in accordance with the Seibu Group Basic Rules on Dealings with Antisocial Forces which stipulate fundamental principles for addressing matters involving antisocial forces.
- The Seibu Group maintains internal regulations that comply with laws and regulations and the Articles of Incorporation, and the Directors and employees perform their duties in accordance with such regulations.
- The Seibu Group establishes a legal compliance framework to ensure proper execution of duties, and works to improve units handling legal affairs so that the Group is ready to take firm action when laws and regulations are revised.
- The Seibu Group properly maintains, operates and evaluates internal control systems for financial reporting, and ensures that respective financial reports are reliable, in accordance with the Seibu Group Basic Rules on Internal Controls for Financial Reporting.
- The Company has established the Internal Audit and Internal Control Department, which functions independently of operating units. The department is tasked with performing internal audits, and duly monitors Seibu Group operations to ensure that they are adequate and in compliance with relevant laws and regulations and internal rules.

3) System for retaining and managing information pertaining to the performance of duties by Directors

- The Company clearly stipulates which units are to maintain responsibility for managing information and mechanisms in that regard, and also properly safeguards, manages and uses its overall information assets, in accordance with the Seibu Group Rules on Information Management.
- All documents pertaining to the performance of Company duties, such as minutes of the Board of Directors and Management Council meetings (including details recorded on electronic media), are tracked, stored, retained and discarded in accordance with procedures set forth in the Rules on Documentation. The Company's Directors and Audit & Supervisory Board Members may inspect all documents and other such information that has been stored and retained.
- The Company ensures proper safeguarding, management and use of information assets contained in information systems, in accordance with the Seibu Group Rules on Information Security.

4) Rules and other systems to manage financial risk of the Seibu Group

- The Company establishes units in charge of controlling risk, while also assessing risk, preemptively addressing risk-related matters, and forging a framework that enables measures to be taken swiftly should any specific risk materialize, in accordance with the Seibu Group Risk Management Policy and the Seibu Group Rules on Risk Management, which stipulates fundamental approaches and control frameworks for managing risk in the Seibu Group.
- The Company's Internal Audit and Internal Control Department monitors the efficacy and efficiency of its risk control framework. Any details regarding risk that emerges through such monitoring is shared with units in charge of risk management.

5) System to ensure that Directors of the Seibu Group perform their duties efficiently

- The Company holds meetings of the Board of Directors at least once per month, as a general rule, for the purpose of deliberating on matters of managerial importance. The Company has also established the Management Council, which comprises managing officers and others and adequately deliberates on matters of importance with respect to business execution.
- The "Group Vision" of the Seibu Group is shared among its Directors and employees, while Seibu Group Directors and executives also work to achieve objectives targeted in accordance with business plans established with the aim of realizing the "Group Vision" in mind. The Company's Board of Directors requests that performance reports be provided to executive divisions on a regular basis, and checks on progress toward achieving planned objectives.
- Individual companies of the Seibu Group establish respective organizational structures, divisions of job duties, and rules on administrative authority to ensure that operations are performed efficiently and in a systematic manner.
- The Company's Internal Audit and Internal Control Department monitors operations to ensure that they are performed efficiently.

6) System to ensure proper business operations in the Group, comprising the stock company and its parent company and subsidiaries

- The Seibu Group shares the "Group Vision" across the entire group, and engages in business activities drawing on the whole group toward making the "Group Vision" a reality. Moreover, each company of the Seibu Group adheres to the Seibu Group Corporate Code of Ethics and acts as a part of society in upholding their responsibilities.
- The Seibu Group ensures that decision making and business operations of respective Seibu Group companies are performed properly and efficiently in accordance with the Seibu Group Rules on Subsidiary and Associate Management. Furthermore, matters of importance with respect to business operations of subsidiaries are referred or reported to the Company in accordance with the

categories for operation procedures prescribed in the Seibu Group Rules on Subsidiary and Associate Management.

- The Company's Compliance Department and Internal Audit and Internal Control Department readily act in conjunction with relevant units of respective Seibu Group companies in cooperating, providing guidance and lending support with respect to compliance efforts and internal audits, aggregating risk data, and forging mechanisms that enable shared contingency response measures.
- The Seibu Group ensures that business operations are efficient through active use of information technologies, while also seeing to it that information systems are managed and operated properly, in accordance with the Seibu Group Basic Policy on Information Technology, the Seibu Group Rules on Management and Operation of Information Systems, and the Seibu Group Rules on Information Security Systems.

7) Matters relating to employees who assist Audit & Supervisory Board Members upon request of such Audit & Supervisory Board Members for assistance

- The Seibu Group establishes Audit & Supervisory Board Member's Offices each with their own respective general managers and staff members and act as units that assist the Audit & Supervisory Board Members in their duties. Audit & Supervisory Board Member's Offices staffing is determined upon giving due consideration to the views of the Audit & Supervisory Board Members.

8) Matters relating to independence from Directors of employees who assist Audit & Supervisory Board Members and ensuring effectiveness of instructions given to the relevant employees

- Staff members of Audit & Supervisory Board Member's Offices perform their duties under the Audit & Supervisory Board Members' chain of command.
- Matters such as employee reassignment and personnel evaluations involving staff of Audit & Supervisory Board Member's Offices are determined upon gaining approval of the Audit & Supervisory Board Members.

9) System for Directors, employees, and directors, audit & supervisory board members, employees, etc. of subsidiaries to report to Audit & Supervisory Board Members

- Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons provide necessary reports and information to the Audit & Supervisory Board Members.
- Reports and information provided to the Audit & Supervisory Board Members, as stipulated in the previous item, mainly include details regarding:
 - (a) Upgrades and maintenance of internal control systems;
 - (b) Internal audits, compliance and risk controls;
 - (c) Material matters involving litigation and disputes;
 - (d) The state of initiatives involving internal audit units of individual Seibu Group companies;
 - (e) Disclosure of corporate information;
 - (f) Circulation of important documents pertaining to the performance of business operations such as minutes of Management Committee meetings and approval documents (*ringi*); and
 - (g) Other matters involving requests of the Audit & Supervisory Board Members for reports or information.
- Directors and employees of the Company, and directors, audit & supervisory board members and employees of subsidiaries or persons who received reports from the foregoing persons will not be treated unfavorably on account of their reporting to the Audit & Supervisory Board Members.

10) Other systems to ensure that Audit & Supervisory Board Members perform audits effectively

- The Audit & Supervisory Board Members may attend, and state their views at important meetings such as those of the Management Council.

- In order to perform efficient and effective audits, the Audit & Supervisory Board Members may seek cooperation from individuals and entities including the Compliance Department, Internal Audit and Internal Control Department, and representative directors and audit & supervisory board members of respective Seibu Group companies.
- The Audit & Supervisory Board Members may seek advice as necessary from outside experts (attorneys, certified public accountants, licensed tax accountants, etc.).
- Expenses necessary for the performance of duties of the Audit & Supervisory Board Members are to be borne by the Company. When spending audit costs, the Audit & Supervisory Board Members pay attention to the efficiency and fairness thereof.
- The Representative Directors hold regular meetings with the Audit & Supervisory Board Members where they exchange views regarding key issues pertaining to audits and other such matters.

(2) Operating status of systems to ensure that business is conducted properly

At the start of the fiscal year, the Company formulates an annual plan based on the items of the Seibu Holdings' Basic Policy on Internal Controls, having considered the status of initiatives in the previous fiscal year, and reports the plan to the Board of Directors. At the interim period, a progress report is made to the Board of Directors and matters to be noted for the second half of the fiscal year are confirmed to ensure the effectiveness of the plan. Moreover, the execution status is verified at the end of the fiscal year and points for improvement are identified for reflection in the annual plan for the following fiscal year. In this way, a PDCA cycle is established.

Specific operating status of systems in the current fiscal year is detailed below. The Company has properly implemented a range of measures even under the influence of COVID-19 since the latter half of January.

■Compliance system

To continuously promote compliance-oriented management, the Company held e-learning seminars and shared information across the Group regarding the status of operation of the internal reporting system, the status of implementation of awareness-raising activities, and issues to be addressed, etc. To ensure the implementation of the system for managing compliance with financial laws and regulations, the Company surveyed and organized the status of implementation and provided advice for improvement, etc. at each Group company.

■Document and information management system

Following the relocation of the head office, the Company worked on activities to shift to paperless and paper-stockless offices, including improving document management, outsourcing digitization of existing documents, and implementing a workflow system group-wide. Our efforts to shift to paperless offices also helped facilitate smooth operations even in a remote work environment amid the spread of COVID-19.

To safeguard information assets, the Company's cyber security team held incident response drills and drills to protect against cyber-attacks to strengthen its response capabilities.

■Risk management system

The Company worked systematically and integrally to reduce risks that impede the achievement of the management plan targets and confirmed the status of progress on each type of initiative.

The Company formulated a group-wide risk management program to further enhance the effectiveness of its risk management.

Amid the COVID-19 crisis, we have also implemented a range of crisis management measures to prevent our customers and employees from infection with the virus. Corporate divisions managed to reduce the number of employees working in office, making use of the remote work system newly implemented this fiscal year.

■System for efficient decision-making and business execution in line with management policy

The Company analyzed and evaluated a questionnaire survey conducted to help the Board of Directors fulfill its role and responsibilities appropriately, and based on the questionnaire results, the Company held a meeting of the Corporate Governance Council the majority of whose members are Outside Directors and confirmed the effectiveness of the Board of Directors, and also identified and shared issues.

Furthermore, to improve the effectiveness of the Board of Directors, the Company secured sufficient time for discussing each proposal through a range of measures, such as distributing meeting materials in advance. In addition, the Company enhanced deliberations at meetings by raising awareness of the management PDCA cycle for even more active discussions.

In addition, at Management Council meetings, the Company reported on the influence of COVID-19, including the effect on its operating performance, and measures to protect employees of Group companies from the virus. The Company had been used to video conferencing and web conferencing system and had shared discussion materials prior to the Board of Directors and Management Council meetings since before the outbreak of COVID-19, and thus, it has continued to hold meetings even under the influence of COVID-19.

■Group management system

To maintain and improve the quality of the Group's audits, the Company provided training to and shared information with each Group company, and inspected and evaluated all audits conducted by Group companies.

■System relating to Audit & Supervisory Board Members

To assist the Audit & Supervisory Board Members in performing their duties, the Company allocated staff dedicated to support operations, and thus, ensured their independence.

Even in a work environment under the influence of COVID-19, we maintained thorough communications with and among our employees using web conferencing and other methods, and thus, prevented misunderstanding of each other. We made effective use of systems, more than ever, for sharing risk information.

Looking ahead, the Company will continue to appropriately and effectively implement systems for ensuring proper business operations, and will undertake various measures.

Consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	121,968	I. Current liabilities	396,336
1. Cash and deposits	28,340	1. Notes and accounts payable - trade	27,409
2. Notes and accounts receivable - trade	63,348	2. Short-term borrowings	203,390
3. Land and buildings for sale in lots	7,419	3. Lease obligations	1,004
4. Merchandise and finished goods	1,392	4. Income taxes payable	7,603
5. Costs on construction contracts in progress	3,535	5. Advances received	59,353
6. Raw materials and supplies	3,028	6. Provision for bonuses	5,809
7. Other	14,979	7. Other provisions	3,855
Allowance for doubtful accounts	(77)	8. Asset retirement obligations	4
		9. Other	87,905
II. Non-current assets	1,585,816	II. Non-current liabilities	938,020
1. Property, plant and equipment	1,456,485	1. Bonds payable	40,000
(1) Buildings and structures	558,446	2. Long-term borrowings	667,117
(2) Machinery, equipment and vehicles	71,885	3. Long-term accounts payable to Japan railway construction, transport and technology agency	14,989
(3) Land	713,566	4. Lease obligations	4,480
(4) Leased assets	8,177	5. Deferred tax liabilities	108,568
(5) Construction in progress	79,272	6. Deferred tax liabilities for land revaluation	11,916
(6) Other	25,135	7. Provision for retirement benefits for directors (and other officers)	737
2. Intangible assets	22,502	8. Provision for share-based remuneration for directors (and other officers)	57
(1) Leased assets	26	9. Other provisions	241
(2) Other	22,475	10. Retirement benefit liability	38,342
3. Investments and other assets	106,828	11. Asset retirement obligations	2,093
(1) Investment securities	55,585	12. Liabilities from application of equity method	15,712
(2) Long-term loans receivable	274	13. Other	33,762
(3) Retirement benefit asset	24,068		
(4) Deferred tax assets	19,475		
(5) Other	7,849		
Allowance for doubtful accounts	(424)		
		Total liabilities	1,334,356
		Net assets	
		I. Shareholders' equity	338,349
		1. Share capital	50,000
		2. Capital surplus	110,267
		3. Retained earnings	248,027
		4. Treasury shares	(69,945)
		II. Accumulated other comprehensive income	28,873
		1. Valuation difference on available-for-sale securities	5,806
		2. Revaluation reserve for land	18,019
		3. Foreign currency translation adjustment	5,083
		4. Remeasurements of defined benefit plans	(36)
		III. Share acquisition rights	522
		IV. Non-controlling interests	5,682
		Total net assets	373,427
Total assets	1,707,784	Total liabilities and net assets	1,707,784

Consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
I. Operating revenue		554,590
II. Operating expenses		
1. Operating expenses and cost of sales of transportation	454,950	
2. Selling, general and administrative expenses	42,815	497,766
Operating profit		56,823
III. Non-operating income		
1. Interest income	20	
2. Dividend income	939	
3. Subsidy to keep a bus on a regular route	942	
4. Other	1,480	3,382
IV. Non-operating expenses		
1. Interest expenses	9,979	
2. Share of loss of entities accounted for using equity method	76	
3. Other	1,379	11,435
Ordinary profit		48,770
V. Extraordinary income		
1. Gain on sales of non-current assets	286	
2. Contribution for construction	955	
3. Subsidy income	138	
4. Gain on sales of investment securities	10	
5. Gain on reversal of contingent consideration	284	
6. Other	264	1,940
VI. Extraordinary losses		
1. Impairment loss	24,373	
2. Loss on sales of non-current assets	16	
3. Loss on retirement of non-current assets	3,227	
4. Tax purpose reduction entry of contribution for construction	941	
5. Loss on tax purpose reduction entry of non-current assets	125	
6. Loss on sales of investment securities	0	
7. Loss on valuation of investment securities	813	
8. Loss on disaster	783	
9. Provision for loss on disaster	1,555	
10. Other	101	31,938
Profit before income taxes		18,773
Income taxes - current	13,064	
Income taxes - deferred	710	13,775
Profit		4,998
Profit attributable to non-controlling interests		328
Profit attributable to owners of parent		4,670

Consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of current period	50,000	110,274	253,199	(53,922)	359,551
Changes of during period					
Dividends of surplus			(10,383)		(10,383)
Profit attributable to owners of parent			4,670		4,670
Reversal of revaluation reserve for land			541		541
Purchase of treasury shares				(17,378)	(17,378)
Disposal of treasury shares		(7)		1,064	1,057
Change in treasury shares arising from change in equity in entities accounted for using equity method				291	291
Change in ownership interest of parent due to transactions with non-controlling interests		0			0
Net changes of items other than shareholders' equity					
Total changes of during period	–	(7)	(5,171)	(16,022)	(21,201)
Balance at end of current period	50,000	110,267	248,027	(69,945)	338,349

	Accumulated other comprehensive income					Share acquisition rights	Non-controlling interests	Total net assets
	Valuation difference on available-for-sale securities	Revaluation reserve for land	Foreign currency translation adjustment	Remeasurements of defined benefit plans	Total accumulated other comprehensive income			
Balance at beginning of current period	19,365	18,562	5,415	13,921	57,264	504	5,394	422,715
Changes of during period								
Dividends of surplus								(10,383)
Profit attributable to owners of parent								4,670
Reversal of revaluation reserve for land								541
Purchase of treasury shares								(17,378)
Disposal of treasury shares								1,057
Change in treasury shares arising from change in equity in entities accounted for using equity method								291
Change in ownership interest of parent due to transactions with non-controlling interests								0
Net changes of items other than shareholders' equity	(13,558)	(543)	(331)	(13,957)	(28,391)	17	288	(28,085)
Total changes of during period	(13,558)	(543)	(331)	(13,957)	(28,391)	17	288	(49,287)
Balance at end of current period	5,806	18,019	5,083	(36)	28,873	522	5,682	373,427

Notes to Consolidated Financial Statements

Notes on significant matters forming the basis for preparing consolidated financial statements

1. Scope of consolidation

- (1) Number of consolidated subsidiaries: 75 companies

Names of principal consolidated subsidiaries

Seibu Railway Co., Ltd.
Prince Hotels, Inc.
Seibu Bus Co., Ltd.
Seibu Properties Inc.
Seibu Construction Co., Ltd.
Seibu Lions, Inc.
Izuhakone Railway Co., Ltd.
Ohmi Railway Co., Ltd.
Prince Resorts Hawaii, Inc.

- (2) Number of non-consolidated subsidiaries: 3 companies

Names of non-consolidated subsidiaries

PRINCE HOTELS (THAILAND) Co., Ltd.
Seibu Singapore Pte Ltd.
PRINCE HOTELS USA, Inc.

The three non-consolidated subsidiaries are small in size and the aggregate total assets, net sales, profit (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage) and other indicators do not have a material effect on the consolidated financial statements and have therefore been excluded from the scope of consolidation.

2. Application of the equity method

- (1) Number of associates accounted for using the equity method: 2 companies

Company name

Ikebukuro Shopping Park Co., Ltd.
NW Corporation Inc.

- (2) Number of non-consolidated subsidiaries not accounted for by the equity method: 3 companies

Company name

PRINCE HOTELS (THAILAND) Co., Ltd.
Seibu Singapore Pte Ltd.
PRINCE HOTELS USA, Inc.

The three non-consolidated subsidiaries not accounted for by the equity method have a minimal effect on profit, retained earnings and others and are not material as a whole, and have therefore been excluded from the scope of application of the equity method.

- (3) Number of associates not accounted for using the equity method: 1 company

Company name

Tokorozawa Sustainable Service Co., Ltd.

Tokorozawa Sustainable Service Co., Ltd., an associate not accounted for by the equity method, has a minimal effect on profit, retained earnings and others and is not material as a whole, and has therefore been excluded from the scope of application of the equity method.

- (4) Since the accounting period of Ikebukuro Shopping Park Co., Ltd., an associate accounted for using the equity method, is different from that of the Company, financial statements for the associate's fiscal year are used.

3. Fiscal year end of consolidated subsidiaries

- (1) The balance sheet dates of the Company's consolidated subsidiaries are as follows:

End of December: 32 companies
End of March: 43 companies

- (2) Of the Company's subsidiaries whose balance sheet date is the end of March, the Company has consolidated the financial information of StayWell Hospitality Management Pvt Limited using its financial statements as of the end of December that were prepared for consolidation purposes. For the other subsidiaries, the Company has consolidated their financial information using their financial statements as of their respective balance sheet dates.
For significant transactions that occurred between the date of the consolidated financial statements and the above balance sheet dates, necessary adjustments have been made for consolidation purposes.

4. Accounting policies

(1) Valuation bases and methods of significant assets

i. Securities

Other securities

Securities with fair value

Stated at fair value based on the market price or the like at the fiscal year-end.

(Unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method.)

Securities without fair value

Stated at cost based on the moving-average method.

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

ii. Inventories

Inventories held for sale in the ordinary course of business

Stated at cost.

(Amounts on the balance sheet for inventories other than costs on uncompleted construction contracts are determined based on the method of writing down the book value in accordance with the declining in profitability of assets.)

Land and buildings for sale in lots

Principally, average cost method (weighted average cost method) or identified cost method for land, and identified cost method for buildings

Merchandise and finished goods

Principally, average cost method (weighted average cost method)

Costs on uncompleted construction contracts

Stated using the identified cost method.

Raw materials and supplies

Principally, average cost method (weighted average cost method or moving average method)

(2) Depreciation and amortization method for significant depreciable assets

i. Property, plant and equipment (excluding leased assets)

Depreciation method for Urban Transportation and Regional business, etc.

Depreciated mainly using the declining balance method. However, buildings (excluding accompanying facilities) acquired on or after April 1, 1998 and facilities attached to buildings and structures acquired on or after April 1, 2016 are depreciated using the straight-line method.

Depreciation method for Hotel and Leisure business, etc.

Depreciated mainly using the straight-line method.

The useful lives for major assets are as follows:

Buildings and structures 2 to 75 years

Machinery, equipment and vehicles 2 to 20 years

ii. Intangible assets (excluding leased assets)

Amortized using the straight-line method.

Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).

iii. Leased assets

Leased assets under finance lease transactions that transfer ownership

Depreciated using the same method as that applied to self-owned property, plant and equipment.

Leased assets under finance lease transactions that do not transfer ownership

Depreciated by the straight-line method assuming the lease periods as useful lives without residual value.

(3) Significant allowances and provisions

i. Allowance for doubtful accounts

To prepare for losses from bad debt, an estimated uncollectible amount is recognized either by making an estimation using the historical bad debt rate for general receivables, or based on individual consideration of collectability for specific receivables such as doubtful accounts, etc.

ii. Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.

iii. Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.

iv. Provision for share-based remuneration for directors (and other officers)

To prepare for the payment of share-based remuneration to Directors, the amount expected to be paid based on the officer stock benefit rules, is recognized as provision for share-based remuneration for directors (and other officers).

(4) Other significant matters for preparing the consolidated financial statements

i. Recognition of net sales and cost of sales of completed construction contracts

Construction activities whose outcomes from the completed portion as of the fiscal year end are deemed to be definite are stated using the percentage-of-completion method (the cost-to-cost method is used to estimate the percentage of completion). Other construction activities are stated using the completed-contract method.

ii. Translation of major assets or liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the consolidated statements of income. Assets and liabilities of foreign subsidiaries are translated into yen at the spot exchange rates in effect at the balance sheet date. Revenue and expenses are translated into yen at the average rate of exchange in effect during the year. Differences arising from the translation are presented as foreign currency translation adjustments in net assets.

iii. Method of significant hedge accounting

The Company and certain domestic subsidiaries adopt hedge accounting.

- Method of hedge accounting

- Special treatment is applied for interest rate swaps.

- Hedging instruments and hedged items

- Interest rate swap transactions are used for interest on variable-rate long-term borrowings.

- Hedging policy

- To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting are met.

- Method of assessing hedge effectiveness

- Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.

iv. Recognition of net defined benefit liability

To prepare for the payment of employees' retirement benefits, the amount of retirement benefit obligations minus plan assets is recorded as net defined benefit liability, based on the estimated amount at the end of the current fiscal year.

Past service costs are amortized as incurred by the straight-line method over periods (principally 10 to 13 years) which are equal to or shorter than the average remaining years of service of the eligible employees.

Actuarial gains and losses are amortized in the fiscal year following the fiscal year in which the gains or losses are recognized by the straight-line method over periods (principally 10 to 15 years) which are equal to or shorter than the average remaining years of service of the eligible employees.

Unrecognized actuarial gains and losses and unrecognized past service costs are recorded as remeasurements of defined benefit plans in accumulated other comprehensive income under net assets, after adjustment of tax effects.

- v. Method of treatment of significant deferred assets
Bond issuance cost is fully accounted for as expenses when incurred.
- vi. Treatment of consumption taxes
Items subject to national consumption tax and local consumption tax are accounted for at amounts exclusive of consumption taxes.
- vii. Treatment of contribution for construction
In engaging in construction, etc. of facilities in the railway operation and other operations, some consolidated subsidiaries have received contribution for construction from local municipalities as part of construction costs.
This contribution for construction is recorded by directly reducing the acquisition cost of non-current assets for which contribution for construction was received at the completion of the construction.
In the consolidated statement of income, "Contribution for construction" is recorded in extraordinary income, and the amount directly reduced from the acquisition cost of non-current assets is recorded as "Reduction entry of land contribution for construction" in extraordinary losses.
For expenses incidental to assets acquired with contribution for construction in the railway operations, the amount corresponding to contribution for construction is directly deducted from "Contribution for construction."

Notes on changes in accounting policies

1. Application of IFRS 16 "Leases"

At overseas subsidiaries adopting International Financial Reporting Standards (IFRS), IFRS 16 "Leases" has been applied from the fiscal year ended March 31, 2020. This requires lessees to recognize assets and liabilities for, in principle, all leases. The method adopted for the transition approach in the application of these standards, is one that recognizes the amount of the cumulative effect arising from the application of these standards on the date of initial application of these standards.

As a result, as of the beginning of the fiscal year ended March 31, 2020, "leased assets" in property, plant and equipment increased by ¥4,639 million, "lease obligations" in current liabilities increased by ¥818 million, and "lease obligations" in non-current liabilities increased by ¥3,821 million.

The impact of this change on profit or loss for the fiscal year under review is immaterial.

Notes to the consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment ¥1,005,232 million

Accumulated depreciation includes accumulated impairment loss.

2. Pledged assets and secured debts

(1) Assets pledged as collateral are as follows:

Foundation collateral

Land	¥117,172 million
Buildings and structures	¥156,081 million
Machinery, equipment and vehicles	¥44,566 million
"Other" in property, plant and equipment	¥2,302 million
Total	¥320,124 million

Other assets pledged as collateral

Cash and deposits	¥27 million
Land	¥2,550 million
Buildings and structures	¥573 million
Total	¥3,150 million

Obligations secured are as follows:

Long-term borrowings	¥93,028 million
Current portion of long-term borrowings (short-term borrowings)	¥9,383 million
Long-term accounts payable to Japan railway construction, transport and technology agency	¥14,491 million
Accounts payable to Japan railway construction, transport and technology agency ("Other" under current liabilities)	¥3,603 million
Notes and accounts payable - trade	¥27 million

- (2) In addition to the above, a pledge is created over the investment securities of ¥223 million as security for obligations by the investee companies.

3. Assets pledged for lending stocks

Pledged assets for and funds procured with lending stocks are as follows:

(1) Assets pledged for lending stocks

Investment securities	¥728 million
-----------------------	--------------

(2) Funds procured with lending stocks

"Other" in current liabilities	¥500 million
--------------------------------	--------------

4. Amount of inventories corresponding to provision for loss on construction contracts

Inventories for construction contracts on which losses are expected and provisions for loss on construction contracts ("Other provision" under current liabilities) are not offset and are presented as is. For inventories for construction contracts on which losses are expected, the amount corresponding to provision for loss on construction contracts is as follows:

Costs on construction contracts in progress	¥17 million
---	-------------

5. Notes on non-consolidated subsidiaries and associates

The amount to non-consolidated subsidiaries and associates is as follows:

Investment securities (stocks)	¥2,279 million
--------------------------------	----------------

6. Guarantee obligations

Guarantees have been made for borrowings, etc. as follows:

Housing loan guarantees	¥0 million
Tie-up loan guarantees	¥45 million
Total	¥45 million

7. Notes receivable discount and notes receivable endorsed

Notes receivable endorsed	¥48 million
---------------------------	-------------

8. Accumulated contributions for construction

Accumulated contributions for construction directly reduced from acquisition cost of non-current assets are as follows:

¥148,319 million

9. Revaluation of land used for business

Pursuant to the Act on Revaluation of Land (Act No. 34, promulgated on March 31, 1998 and Act No. 24, promulgated on March 31, 1999), land used for business was revaluated, and revaluation reserve for land was recorded in net assets.

- Revaluation method

The revaluation is calculated by making reasonable adjustments based on the assessed value of non-current assets stipulated in Article 2, Item 3 of the Order for Enforcement of the Act on Revaluation of Land (Cabinet Order No. 119, promulgated on March 31, 1998).

- Date of revaluation

March 31, 2000

- The amount calculated by deducting the fair value from the book value of revaluated land after the revaluation at the end of the current fiscal year is as follows:

¥17,594 million

10. Loan commitment agreements

The Company has entered into loan commitment agreements with seven banks to efficiently raise working capital.

The balance of unexecuted borrowings at the end of the current fiscal year is as follows:

Total amount of loan commitments	¥60,000 million
Borrowings outstanding	¥22,300 million
Balance of unexecuted borrowings	¥37,700 million

11. Restrictive financial covenant for maintaining net assets and profits

- (1) The Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥236 million
Long-term borrowings	¥466 million
Total	¥702 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥161,300 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥30,118 million
Long-term borrowings	¥5,351 million
Total	¥35,469 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥7,000 million
Long-term borrowings	¥42,000 million
Total	¥49,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥10,000 million
----------------------	-----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥253,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥8,000 million
----------------------	----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥259,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (6) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Short-term borrowings	¥2,000 million
Long-term borrowings	¥33,000 million
Total	¥35,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥275,600 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (7) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥15,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥283,400 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (8) Other than the above, the Company has made a commitment for its total amount of loan commitments at the end of the current fiscal year as described in “10. Loan commitment agreements” above as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥317,100 million or more.

- (9) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings ¥10,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the fiscal year ended March 31, 2019.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

12. A portion of the Company's shares held by equity-method associates corresponding to the Company's equity in the aforementioned associates were recognized as treasury shares. The book value and number of shares of the relevant treasury shares are ¥52,378 million and 21,998 thousand shares.

Notes to the consolidated statement of changes in equity

1. Class and total number of shares issued

					(Shares)
Class of shares	Number of shares at the beginning of the current fiscal year	Increase	Decrease	Number of shares at the end of the current fiscal year	
Common shares	332,462,920	—	—	332,462,920	

2. Dividends

- (1) Amount of dividend payments

Resolution	Class of shares	Total amount of dividends	Dividends per share	Record date	Effective date
Annual General Meeting of Shareholders held on June 21, 2019	Common shares	¥6,143 million	¥18.50	March 31, 2019	June 24, 2019
Board of Directors meeting held on November 7, 2019	Common shares	¥4,981 million	¥15.00	September 30, 2019	December 3, 2019

- Notes: 1. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders to be held on June 21, 2019 includes the dividends of ¥5 million on the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E).
2. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders to be held on June 21, 2019 includes the dividends of ¥409 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.
3. Total amount of dividends by a resolution of the Board of Directors meeting held on November 7, 2019 includes the dividends of ¥29 million on the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E).
4. Total amount of dividends by a resolution of the Board of Directors meeting held on November 7, 2019 includes the dividends of ¥331 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.

(2) Dividends for which record date is in the current fiscal year with effective date in the following fiscal year

Resolution	Class of shares	Source of dividends	Total amount of dividends	Dividends per share	Record date	Effective date
Proposal of the Annual General Meeting of Shareholders to be held on June 25, 2020	Common shares	Retained earnings	¥4,846 million	¥15.00	March 31, 2020	June 26, 2020

- Notes: 1. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders to be held on June 25, 2020 includes the dividends of ¥27 million on the Company's shares held by Trust & Custody Services Bank, Ltd. (Trust Account E).
2. Total amount of dividends by a resolution of the Annual General Meeting of Shareholders held on June 25, 2020 includes the dividends of ¥329 million on the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates.

3. Class and number of shares underlying share acquisition rights at the end of the current fiscal year (excluding those for which the exercise period has not started).

Common shares 293,100 shares

Financial instruments

1. Status of financial instruments

(1) Policy for financial instruments

In principle, the Group concentrates loans from financial institutions such as banks and financing through issuance of bonds in the Company and improves the efficiency of financing and fund management by centralizing funds within the Group. As the policy, the Group utilizes derivatives for the purpose of hedging interest rate fluctuation risks on borrowings and does not enter into such transactions for speculative purposes.

(2) Content and risks of financial instruments and risk management system

Notes and accounts receivable - trade, which are operating receivables, are exposed to credit risks of customers. For such risks, the Group researches credit risks of business partners as needed and conducts transactions based on the necessary internal procedures.

In addition, the Group works to identify and reduce doubtful accounts as soon as possible by managing due dates and balances for each business partner.

Investment securities are mainly stocks of companies with which the Group has business relationships and exposed to risks of fluctuations in their market prices. However, their fair values obtained are reported to the Board of Directors periodically.

Notes and accounts payable - trade, which are operating debts, are mainly due within one year.

Borrowings, etc. (short-term borrowings, long-term borrowings and long-term accounts payable to Japan railway construction, transport and technology agency) and bonds are mainly for financing for business transactions and capital investment. Variable-rate borrowings are exposed to interest rate fluctuation risks, but derivatives (interest rate swaps) are utilized as hedging instruments by individual agreement for some of variable-rate long-term borrowings to hedge risks of fluctuations in interests paid and fix interest expenses. Since these interest rate swaps satisfy the requirements for special treatment, the assessment of the effectiveness is omitted due to this determination.

Derivatives are executed and managed in accordance with the internal rules that stipulate transaction authority. In utilizing derivatives, the Group has transactions only with high-rated financial institutions to mitigate credit risks.

Operating debts, borrowings and bonds are exposed to liquidity risks but are managed by means such as establishment of commitment lines and preparation of funding plans.

(3) Supplemental remarks on fair values of financial instruments

The fair values of financial instruments are based on market prices or reasonably calculated value if it has no market price. As changeable factors are included in calculating these values, if different assumptions, etc. are used, these values could vary.

2. Fair values of financial instruments

Carrying amounts in the consolidated balance sheet, fair value, and the difference between them as of March 31, 2020 are as shown below. Financial instruments whose fair value is considered to be extremely difficult to determine are not included (Please refer to Note 2.).

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value	Difference
(1) Cash and deposits	28,340	28,340	—
(2) Notes and accounts receivable - trade	63,348	63,348	—
(3) Investment securities	51,067	51,067	—
Total assets	142,756	142,756	—
(1) Notes and accounts payable - trade	27,409	27,409	—
(2) Short-term borrowings (*)	91,331	91,331	—
(3) Bonds payable	40,000	39,914	(85)
(4) Long-term borrowings (*)	779,177	790,945	11,768
(5) Long-term accounts payable to Japan railway construction, transport and technology agency	14,989	14,989	—
Liabilities total	952,906	964,589	11,683
Derivatives	—	—	—

(*) Current portion of long-term borrowings is included in “(4) Long-term borrowings.”

Notes: 1. Measurement methods for fair values of financial instruments and items concerning securities and derivatives

Assets

(1) Cash and deposits, (2) Notes and accounts receivable - trade

The book values are used as the fair values of these assets, given that the fair values are almost the same as the book values since they are settled in a short period of time.

(3) Investment securities

Fair values of shares, etc. are stated at the quoted market prices of the stock exchange. Fair values of bonds are stated at the quoted market prices of the stock exchange or the prices presented by the financial institutions with which the Company does business, etc.

Liabilities

(1) Notes and accounts payable - trade, (2) Short-term borrowings

The book values are used as the fair values of these liabilities, given that the fair values are almost the same as the book values since they are settled in a short period of time.

(3) Bonds payable

Fair values of bonds are calculated by discounting the sum of the principal and interest at the interest rates taking into account the remaining life and credit risk of the bonds.

(4) Long-term borrowings

Fair values of these liabilities are determined as follows:

For borrowings with floating interest rates, the book values are used as the fair values, given that the fair values are deemed to approximate the book values since their interest rates are reviewed on a short-term interval to reflect market interest rates.

For borrowings with fixed interest rates, the fair values are calculated by discounting the sum of the principal and interest at the interest rates obtained assuming that similar loans are newly provided.

Interest rate swaps which are accounted for applying the special treatment are recorded using the method where their amounts are calculated by discounting the total amount of principal and interest that are treated in conjunction with the interest rate swaps at the interest rate assumed if a similar loan is newly made.

- (5) Long-term accounts payable to Japan railway construction, transport and technology agency
Interest rates on these accounts payable fluctuate at regular intervals to reflect market interest rates and the same interest conditions are set for them even if similar accounts payable to Japan railway construction, transport and technology agency arise. Therefore, their fair values are based on the book values.

Derivatives

Because interest rate swaps which are accounted for applying the special treatment are treated in conjunction with long-term borrowings that are deemed as hedged items, fair values of the interest rate swaps are included in the fair values of the long-term borrowings.

2. Financial instruments whose fair values are considered to be extremely difficult to determine

(Millions of yen)

Category	Carrying amount in the consolidated balance sheet
Unlisted shares, etc.	2,237
Shares of non-consolidated subsidiaries and associates	2,279

The above are not included in “(3) Investment securities” because their market values are not available and their fair values are considered to be extremely difficult to determine. For shares of non-consolidated subsidiaries and associates, please refer to “Notes to the consolidated balance sheet.”

Investment and rental properties

1. Status of investment and rental properties

Some consolidated subsidiaries own rental commercial facilities, rental office buildings, rental apartments and idle properties in Tokyo and other areas.

Some of these rental facilities, which are used by the Company and some consolidated subsidiaries, are considered to be properties including the portion used as investment and rental properties.

The carrying amounts in the consolidated balance sheets and fair values of these investment and rental properties and properties including the portion used as investment and rental properties as follows:

2. Fair values of investment and rental properties

(Millions of yen)

	Carrying amount in the consolidated balance sheet	Fair value
Investment and rental properties	162,978	278,710
Properties including the portion used as investment and rental properties	208,514	367,790

- Notes: 1. The carrying amount in the consolidated balance sheet is the acquisition cost less accumulated depreciation and impairment loss.
2. The fair values of main properties are based on real estate appraisal value calculated by external real estate appraisers (including amounts adjusted using indicators, etc.), while the fair values of other properties are based on amounts adjusted using certain appraisal value and indicators considered to appropriately reflect market prices.

Amounts per share

Net assets per share ¥1,227.03

Basic earnings per share ¥15.18

- Notes: 1. Shares of the Company retained in trust and recorded as treasury shares under shareholders' equity are included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.
The number of treasury shares at end of period deducted in calculating net assets per share was 1,803,900, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 1,581,833.
2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates that is recorded as treasury shares under shareholders' equity is included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.
The number of treasury shares at end of period deducted in calculating net assets per share was 21,998,594, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 22,090,091.

Significant events after the reporting period

1. Retirement of treasury shares

The Company resolved the retirement of treasury shares, pursuant to Article 178 of the Companies Act of Japan, at the meeting of the Board of Directors held on April 30, 2020.

(1) Reason for retirement of treasury shares

The Company retired its treasury shares based on its shareholder return policy.

(2) Details of retirement of treasury shares

(i) Class of shares retired

Common shares of the Company

(ii) Number of shares retired

9,000,000 shares (equal to 2.71% of total issued shares before the retirement)

(iii) Date of retirement

May 20, 2020

(iv) Total number of shares issued after the retirement

323,462,920 shares

2. Impact of the COVID-19

As a result of the outbreak of COVID-19 in Japan and overseas, and the state of emergency declared by the Japanese Government on April 7, 2020, the Seibu Group is experiencing a decline in passenger numbers in its railway transportation and bus services due to people refraining from going out, and with some exceptions, the operations of hotels, golf courses, leisure facilities and so forth are being temporarily suspended.

These developments could have a material impact on the Groups financial results for the fiscal year ending March 31, 2021. However, as there are many uncertainties regarding the impact of COVID-19, it is difficult at this point to rationally estimate the impact of this phenomenon on the Group's financial position and operating performance, etc.

Other notes

1. Transactions to offer the Company's shares to employees, etc. through trust

The Company conducts transactions to offer the Company's shares to the employee stock ownership plan through trust, with the aim of enhancing employee benefits and providing incentives for employees to increase the corporate value of the Company.

(1) Description of transactions

In April, 2014, the Company introduced a Stock Benefit Trust Disposition-type Employee Stock Ownership Plan (ESOP). The ESOP introduced in April, 2014 ended in April, 2019 and was reintroduced in May, 2019.

To initiate the ESOP, the Company concluded the "Stock Benefit Trust (disposition-type ESOP) Agreement" (the trust established pursuant to the agreement shall be referred to as the "ESOP Trust"), whereby the Company is to act as administrator and the role of trustee is assigned to Mizuho Trust & Banking Co., Ltd. (the "Trustee"). Also, an agreement was concluded under which the Trustee is to re-entrust shares of the Company and other assets of the ESOP Trust to an account with ancillary trustee Trust & Custody Services Bank, Ltd. (the "Trust Account E").

The Trust Account E acquires shares of the Company that the Seibu Holdings Employee Stock Holding Partnership ("Stock Holding Partnership") is expected to collectively obtain in advance over the five years after the trust was set up, and periodically sells its holdings to the Stock Holding Partnership. If, by the time of the ESOP Trust's termination, gains equivalent to capital gains on sales of shares are accumulated within the ESOP Trust through sales of Company shares by the Trust Account E to the Stock Holding Partnership, then those gains will be distributed as residual assets to enrollees and former members of Stock Holding Partnership who meet the requirements for eligible beneficiaries. Furthermore, to guarantee funds borrowed by the Trustee which enable the Trust Account E to acquire Company shares, the Company is to repay any such remaining borrowings pursuant to a guarantee agreement, in the event that there are any remaining borrowings equivalent

to losses on sales of shares due to a downturn in the price of Company shares up until termination of the ESOP Trust.

(2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥2,655 million and 1,493 thousand shares.

(3) Book value of borrowings recorded using the gross method
¥2,685 million

2. Transactions to offer the Company's shares to Directors through trust

From the perspective of strengthening corporate governance, the Company aims to give Directors (excluding Outside Directors; hereinafter the same shall apply in this note) incentives to further contribute toward maximizing the corporate value and shareholder value by further clarifying the link between the remuneration for Directors and the medium- to long-term improvement in the corporate performance and the shareholder value of the Company. In this end the Company enters into transactions to offer the Company's shares to Directors through trust.

(1) Description of transactions

The Company has introduced the Board Benefit Trust (BBT) as remuneration for Directors in accordance with a resolution of the 14th Annual General Meeting of Shareholders held on June 21, 2019.

The BBT is a share-based remuneration system under which, using the money the Company contributes as funds, the Company's shares are to be acquired by the trust (hereinafter the trust that is established based on the System is referred to as the "Trust") and the Company's shares and the amount of cash equivalent to the market price of the Company's shares (hereinafter referred to as the "Company's Shares, etc.") are to be provided through the Trust to the Directors in accordance with the officer stock benefit rules (annual incentive) and the officer stock benefit rules (long-term incentive) stipulated by the Company. The BBT consists of a system through which the Directors receive the Company's Shares, etc. annually while in office depending on their respective positions and the degree of achievement of the performance goals and a system through which the Directors receive the Company's Shares, etc. upon their retirement as Directors depending on their respective positions.

(2) Company's shares remaining in trust

The Company's shares remaining in trust is recorded as treasury shares in the part of net assets at the book value in trust (excluding the amount as ancillary expenses). The book value and number of shares of the relevant treasury shares are ¥531 million and 310 thousand shares.

3. Significant accounting estimates

As a result of the outbreak of COVID-19 in Japan and overseas, and the state of emergency declared by the Japanese Government on April 7, 2020, the Seibu Group is experiencing a decline in passenger numbers in its railway transportation and bus services due to people refraining from going out, and with some exceptions, the operations of hotels, golf courses, leisure facilities and so forth have been temporarily suspended.

The impact of COVID-19 on the Seibu Group is expected to at least continue in 2020 and, in determining the recoverability of deferred tax assets, recognizing impairment losses, etc., is reflected in the accounting estimates based on certain assumptions. However, as there are many uncertainties regarding the impact of COVID-19, there may be a significant impact on the Group's financial position, operating performance, etc. in the next fiscal year.

Non-consolidated Balance Sheet

(As of March 31, 2020)

(Millions of yen)

Item	Amount	Item	Amount
Assets		Liabilities	
I. Current assets	715,769	I. Current liabilities	218,226
1. Cash and deposits	1,664	1. Short-term borrowings	85,931
2. Accounts receivable - trade	1,287	2. Short-term borrowings from subsidiaries and associates	27,481
3. Short-term loans receivable from subsidiaries and associates	709,847	3. Current portion of long-term borrowings	100,552
4. Accounts receivable - other	2,676	4. Accounts payable - other	2,174
5. Prepaid expenses	280	5. Accrued expenses	361
6. Other	13	6. Income taxes payable	477
II. Non-current assets	458,285	7. Provision for bonuses	280
1. Property, plant and equipment	2,582	8. Other	968
(1) Buildings	1,484	II. Non-current liabilities	611,525
(2) Machinery and equipment	11	1. Bonds payable	40,000
(3) Tools, furniture and fixtures	1,065	2. Long-term borrowings	569,960
(4) Construction in progress	21	3. Provision for retirement benefits	628
2. Intangible assets	2,380	4. Provision for retirement benefits for directors (and other officers)	320
(1) Trademark right	31	5. Provision for share-based remuneration for directors (and other officers)	57
(2) Software	1,864	6. Other	558
(3) Software in progress	485	Total liabilities	829,751
3. Investments and other assets	453,322	Net assets	
(1) Investment securities	357	I. Shareholders' equity	343,781
(2) Shares of subsidiaries and associates	375,697	1. Share capital	50,000
(3) Long-term loans receivable from subsidiaries and associates	76,523	2. Capital surplus	298,788
(4) Deferred tax assets	533	(1) Other capital surplus	298,788
(5) Other	210	3. Retained earnings	12,559
		(1) Legal retained earnings	3,053
		(2) Other retained earnings	9,506
		Retained earnings brought forward	9,506
		4. Treasury shares	(17,566)
		II. Valuation and translation adjustments	(0)
		1. Valuation difference on available-for-sale securities	(0)
		III. Share acquisition rights	522
		Total net assets	344,303
Total assets	1,174,055	Total liabilities and net assets	1,174,055

Non-consolidated Statement of Income

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

Item	Amount	
I. Operating revenue		
1. Dividends from subsidiaries and associates	11,380	
2. Commissions from subsidiaries and associates	12,491	
3. Other operating revenue	72	23,944
II. Selling, general and administrative expenses		10,608
Operating profit		13,336
III. Non-operating income		
1. Interest income	8,739	
2. Other	626	9,365
IV. Non-operating expenses		
1. Interest expenses	7,805	
2. Interest on bonds	195	
3. Other	347	8,348
Ordinary profit		14,354
V. Extraordinary losses		
1. Loss on retirement of non-current assets	226	226
Profit before income taxes		14,128
Income taxes - current	787	
Income taxes - deferred	(74)	713
Profit		13,415

Non-consolidated Statement of Changes in Equity

(From April 1, 2019 to March 31, 2020)

(Millions of yen)

	Shareholders' equity					
	Share capital	Capital surplus		Retained earnings		
		Other capital surplus	Total capital surpluses	Legal retained earnings	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at beginning of current period	50,000	298,795	298,795	1,941	8,327	10,268
Changes of during period						
Dividends of surplus				1,112	(12,236)	(11,124)
Profit					13,415	13,415
Purchase of treasury shares						
Disposal of treasury shares		(7)	(7)			
Net changes of items other than shareholders' equity						
Total changes of during period	—	(7)	(7)	1,112	1,178	2,291
Balance at end of current period	50,000	298,788	298,788	3,053	9,506	12,559

	Shareholders' equity		Valuation and translation adjustments		Share acquisition rights	Total net assets
	Treasury shares	Total shareholders' equity	Valuation difference on available-for-sale securities	Total valuation and translation adjustments		
Balance at beginning of current period	(1,252)	357,811	(0)	(0)	504	358,315
Changes of during period						
Dividends of surplus		(11,124)				(11,124)
Profit		13,415				13,415
Purchase of treasury shares	(17,378)	(17,378)				(17,378)
Disposal of treasury shares	1,064	1,057				1,057
Net changes of items other than shareholders' equity			0	0	17	17
Total changes of during period	(16,313)	(14,029)	0	0	17	(14,012)
Balance at end of current period	(17,566)	343,781	(0)	(0)	522	344,303

Notes to Non-consolidated Financial Statements

Important accounting policies

1. Valuation bases and methods of assets

(1) Valuation bases and methods of securities

Shares of subsidiaries

Stated at cost based on the moving-average method.

Other securities

Securities with fair value

Stated at fair value based on the market price or the like at the fiscal year-end.

(Unrealized gains and losses are included in a separate component of net assets, and cost of sales is determined based on the moving-average method.)

Securities without fair value

Stated at cost based on the moving-average method.

Contributions to limited liability partnerships engaged in investment business and similar partnerships (contributions deemed as securities as per Article 2, paragraph 2 of the Financial Instruments and Exchange Act) are reported using a method that treats the amount (net) equivalent to the equity ownership portion based on the latest available financial statements depending on the reporting date stipulated in the partnership agreement.

2. Depreciation and amortization method for non-current assets

(1) Property, plant and equipment

Depreciated using the straight-line method.

The useful lives are as follows:

Buildings	8 to 38 years
-----------	---------------

Machinery and equipment	8 years
-------------------------	---------

Tools, furniture and fixtures	2 to 20 years
-------------------------------	---------------

(2) Intangible assets

Amortized using the straight-line method.

Software for internal use is stated using the straight-line method based on usable period within the Company (mainly 5 years).

3. Allowances and provisions

(1) Provision for bonuses

To prepare for the payment of bonuses to employees, the amount expected to be paid is recognized.

(2) Provision for retirement benefits

To prepare for the payment of retirement benefits to employees, the amount based on the estimated retirement benefits obligation and fair value of plan assets as of the end of the current fiscal year is recognized.

Actuarial gains and losses are amortized in the fiscal year following the fiscal year in which the gains or losses are recognized by the straight-line method over periods (15 years) which are equal to or shorter than the average remaining years of service of the eligible employees.

(3) Provision for retirement benefits for directors (and other officers)

To prepare for the payment of retirement benefits to Directors, the amount to be paid at the fiscal year-end, based on the Rules on Directors' Retirement Benefits, is recognized.

(4) Provision for share-based remuneration for directors (and other officers)

To prepare for the payment of share-based remuneration to Directors, the amount expected to be paid based on the officer stock benefit rules, is recognized as provision for share-based remuneration for directors (and other officers).

4. Other significant matters that form the basis for preparing the non-consolidated financial statements

(1) Method of hedge accounting

- Method of hedge accounting
Special treatment is applied for interest rate swaps.
- Hedging instruments and hedged items
Interest rate swap transactions are used for interest on variable-rate long-term borrowings.
- Hedging policy
To mitigate interest rate fluctuation risks, hedges are performed to the extent that requirements of hedge accounting are met.
- Method of assessing hedge effectiveness
Assessment of effectiveness is omitted for interest rate swaps since special treatment is applied for them.

(2) Treatment of retirement benefits

The accounting method for unrecognized actuarial gains and losses, unrecognized past service costs and net retirement benefit obligation at transition for retirement benefits is different from the accounting method for these items in the consolidated financial statements.

(3) Method of treatment of significant deferred assets

Bond issuance cost is fully accounted for as expenses when incurred.

(4) Translation of assets or liabilities denominated in foreign currencies

Monetary receivables and payables denominated in foreign currencies are translated into Japanese yen at the spot exchange rates as of the non-consolidated balance sheet date. The foreign exchange gains and losses from translation are recognized as profit and loss in the non-consolidated statements of income.

(5) Treatment of consumption taxes

Items subject to national consumption tax and local consumption tax are accounted for at amounts exclusive of consumption taxes.

Notes on changes in accounting policies

Changes in accounting policies that are difficult to distinguish from changes in accounting estimates

Changes in depreciation method of property, plant and equipment

The Company previously used the declining balance method as a main depreciation method for items of property, plant and equipment except for some items. However, it has changed it to the straight-line method from the current fiscal year.

The Company has made this change as a result of exploring a more reasonable depreciation method for the future after the Company relocated its head office from Tokorozawa to Ikebukuro in April, 2019.

Consequently, the Company has determined that the straight-line method, which distributes the acquisition cost evenly over the useful life, more appropriately reflects the actual operating status because it can expect longer and more stable use of property, plant and equipment.

As a result of this change, depreciation for the current fiscal year was ¥124 million less, and operating profit, ordinary profit and profit before income taxes each was ¥124 million more, than if the previous method had been applied.

Notes to the non-consolidated balance sheet

1. Accumulated depreciation of assets

Accumulated depreciation of property, plant and equipment	¥854 million
---	--------------

2. Guarantee obligations

The Company has provided guarantees as follows on loans, etc. from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of the companies described below.

Seibu Railway Co., Ltd.	¥85,717 million
Prince Hotels, Inc.	¥18 million
Total	¥85,735 million

3. Monetary claims and monetary debts to subsidiaries and associates (excluding items shown separately)

Short-term monetary claim	¥2,177 million
Long-term monetary claim	¥187 million
Short-term monetary debt	¥355 million

4. Loan commitment agreements

The Company has entered into loan commitment agreements with seven banks to efficiently raise working capital.

The balance of unexecuted borrowings at the end of the current fiscal year is as follows:

Total amount of loan commitments	¥60,000 million
Borrowings outstanding	¥22,300 million
Balance of unexecuted borrowings	¥37,700 million

5. Restrictive financial covenant for maintaining net assets and profits

- (1) The Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥236 million
Long-term borrowings	¥466 million
Total	¥702 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥161,300 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (2) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥30,118 million
Long-term borrowings	¥5,351 million
Total	¥35,469 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥181,500 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (3) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥7,000 million
Long-term borrowings	¥42,000 million
Total	¥49,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥200,800 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (4) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥10,000 million
----------------------	-----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥253,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (5) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥8,000 million
----------------------	----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥259,200 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (6) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Current portion of long-term borrowings	¥2,000 million
Long-term borrowings	¥33,000 million
Total	¥35,000 million

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥275,600 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (7) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥15,000 million
----------------------	-----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥283,400 million or more.

- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (8) Other than the above, the Company has made a commitment for its total amount of loan commitments described in “4. Loan commitment agreements” above as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the immediately preceding fiscal year (including the second quarter) and ¥317,100 million or more.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

- (9) Other than the above, the Company has made a commitment for its borrowings described below as follows. If the Company violates the commitment, the benefit of time may be forfeited for the relevant obligations.

Borrowings

Long-term borrowings	¥10,000 million
----------------------	-----------------

Commitments

- In the consolidated balance sheet at the end of each fiscal year and at the end of the second quarter, the Company shall maintain its total net assets of 75% or higher compared to that in the fiscal year ended March 31, 2019.
- In the consolidated statement of income for each fiscal year, operating losses are not incurred for two periods in a row.

Notes to the non-consolidated statement of income

Amount of transactions with subsidiaries and associates (excluding items shown separately)

Volume of business transactions

Selling, general and administrative expenses ¥1,412 million

Volume of other transactions ¥9,184 million

Notes to the non-consolidated statement of changes in equity

Class and number of treasury shares

				(Shares)
Class of shares	Number of shares at beginning of the current fiscal year	Increase	Decrease	Number of shares at end of the current fiscal year
Common shares	683,148	11,123,452	619,900	11,186,700

Notes: 1. The increase in treasury shares is as follows:

- Purchase of treasury shares 9,000,000 shares
- Purchase of shares for Employee Stock Ownership Plan (ESOP) 1,813,100 shares
- Purchase of shares for Board Benefit Trust (BBT) 310,200 shares
- Purchase of shares less than a unit 152 shares

Total	11,123,452 shares
-------	-------------------

2. The decrease in treasury shares is as follows:

- Sale of shares to the employee stock ownership plan from Employee Stock Ownership Plan (ESOP) 602,500 shares
- Exercise of stock options 17,400 shares

Total	619,900 shares
-------	----------------

3. Total number of treasury shares indicated above includes the Company's shares of 1,803,900 held by Employee Stock Ownership Plan (ESOP) and Board Benefit Trust (BBT).

Tax effect accounting

Deferred tax assets arose mainly due to the recognition of provision for bonuses and provision for retirement benefits.

Transactions with related parties

Subsidiaries

(Millions of yen)

Classification	Name of company, etc.	Ratio of voting rights, etc. held	Relationship with related parties	Transactions	Amount of transactions	Item	Balance at end of period
Subsidiary	Seibu Railway Co., Ltd.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	Receipt of dividends (Note 1)	6,932	—	—
				Business management, etc. (Note 2)	5,322	Accounts receivable - trade	499
				CMS transactions (Notes 3 and 4)	9,357	Short-term loans receivable from subsidiaries and associates	306,644
				Lending of loans (Note 4)	16,500	Short-term loans receivable from subsidiaries and associates	2,000
				Collection of funds (Note 4)	—	Long-term loans receivable from subsidiaries and associates	33,000
				Receipt of interest (Note 4)	3,733	Accounts receivable - other	309
				Guarantee of obligation (Note 5)	85,717	—	—
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 6)	412,468	—	—
	Prince Hotels, Inc.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	Receipt of dividends (Note 1)	4,447	—	—
				Business management, etc. (Note 2)	5,385	Accounts receivable - trade	494
				CMS transactions (Notes 3 and 4)	(2,976)	Short-term loans receivable from subsidiaries and associates	278,237
				Receipt of interest (Note 4)	3,179	Accounts receivable - other	256
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 6)	412,468	—	—
	Seibu Properties Inc.	Owning Direct 100%	Major Group company Interlocking directorate, etc.	CMS transactions (Notes 3 and 4)	(2,377)	Short-term loans receivable from subsidiaries and associates	101,248
				Lending of loans (Note 4)	—	Short-term loans receivable from subsidiaries and associates	7,000
				Collection of funds (Note 4)	7,000	Long-term loans receivable from subsidiaries and associates	42,000
				Receipt of interest (Note 4)	1,656	Accounts receivable - other	134
				Receiving guarantee of obligation for bank loans, etc. of the Company (Note 6)	49,000	—	—

Transaction terms and conditions and policy for deciding the terms and conditions, etc.

Notes: 1. These are year-end dividends for the fiscal year ended March 31, 2018 (¥16.0 per share) from Seibu Railway Co., Ltd. and year-end dividends for the fiscal year ended March 31, 2018 (¥13.0 per share) from Prince Hotels, Inc.

2. This is mainly the receipt of fees for business management operations for Seibu Railway Co., Ltd. and Prince Hotels, Inc. Business management fees are determined based on reasonable calculation between the Company and Seibu Railway Co., Ltd., Prince Hotels, Inc. and other seven major group companies with which the Company has entered into a business management agreement.

3. The transaction amounts for cash management system (CMS) transactions are the net amounts of the difference between the beginning and the end of the fiscal year.
4. These are loans to Seibu Railway Co., Ltd., Prince Hotels, Inc. and Seibu Properties Inc. Interest rate on loans are reasonably determined in consideration of market interest rates.
5. These are guarantees for loans from financial institutions and (long-term) accounts payable to Japan railway construction, transport and technology agency of Seibu Railway Co., Ltd.
6. The debts guaranteed by Seibu Railway Co., Ltd., Prince Hotels, Inc. and Seibu Properties Inc. for the Company's bank borrowings are for funds borrowed for the Company to lend funds to these three companies.

Amounts per share

Net assets per share	¥1,070.05
Basic earnings per share	¥40.68

Note: Shares of the Company retained in trust and recorded as treasury shares under shareholders' equity are included in treasury shares deducted from total number of issued shares at end of period when calculating net assets per share. Moreover, in calculating basic earnings per share, they are included in the number of treasury shares deducted from the average number of outstanding shares during period.
The number of treasury shares at end of period deducted in calculating net assets per share was 1,803,900, and the average number of treasury shares during period deducted in calculating the basic earnings per share was 1,581,833.

Significant events after the reporting period

1. Retirement of treasury shares

The Company resolved the retirement of treasury shares, pursuant to Article 178 of the Companies Act of Japan, at the meeting of the Board of Directors held on April 30, 2020.

(1) Reason for retirement of treasury shares

The Company retired its treasury shares based on its shareholder return policy.

(2) Details of retirement of treasury shares

(i) Class of shares retired

Common shares of the Company

(ii) Number of shares retired

9,000,000 shares (equal to 2.71% of total issued shares before the retirement)

(iii) Date of retirement

May 20, 2020

(iv) Total number of shares issued after the retirement

323,462,920 shares

(Translation)

Independent Auditor's Report

May 25, 2020

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Tokyo office

Katsuyuki Kawai [Seal]
Certified Public Accountant
Designated and Engagement Partner

Yuji Suzuki [Seal]
Certified Public Accountant
Designated and Engagement Partner

Osamu Suzuki [Seal]
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the consolidated financial statements, that is, the consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity and notes to consolidated financial statements of Seibu Holdings Inc. (the "Company") applicable to the fiscal year from April 1, 2019 to March 31, 2020.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position and results of operations of the Seibu Group, which consisted of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Company and its consolidated subsidiaries in accordance with the code of professional ethics in Japan, and we have fulfilled other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error. In preparing the consolidated financial statements, management is responsible for assessing whether it is appropriate to prepare the consolidated financial statements on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our responsibility is to express an opinion on the consolidated financial statements in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of users of the consolidated financial statements. As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following

by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the consolidated financial statements is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related notes thereto.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to consolidated financial statements or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the related notes thereto, and whether the consolidated financial statements and notes thereto represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.
- We obtain sufficient and appropriate audit evidence regarding the financial information of the Company and its consolidated subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit on the consolidated financial statements. We remain solely responsible for our audit opinion.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards. We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Conflicts of Interest

We or the engagement partners have no interest in the Company and its consolidated subsidiaries which should be disclosed in accordance with the Certified Public Accountants Act.

Independent Auditor's Report

May 25, 2020

The Board of Directors
Seibu Holdings Inc.

Ernst & Young ShinNihon LLC
Tokyo office

Katsuyuki Kawai [Seal]
Certified Public Accountant
Designated and Engagement Partner

Yuji Suzuki [Seal]
Certified Public Accountant
Designated and Engagement Partner

Osamu Suzuki [Seal]
Certified Public Accountant
Designated and Engagement Partner

Opinion

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the non-consolidated financial statements, that is, the non-consolidated balance sheet, non-consolidated statement of income, non-consolidated statement of changes in equity, and notes to non-consolidated financial statements, and the supplementary schedules (hereinafter, collectively, the "non-consolidated financial statements, etc.") of Seibu Holdings Inc. (the "Company"), applicable to the 15th business year from April 1, 2019 to March 31, 2020. In our opinion, the non-financial statements, etc. referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2020 in accordance with accounting principles generally accepted in Japan.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in Japan. Our responsibilities under those standards are further described in the *Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements, etc.* section of our report. We are independent of the Company in accordance with the code of professional ethics in Japan, and we have fulfilled our other ethical responsibilities as the auditors. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of Management, Audit & Supervisory Board Members and Audit & Supervisory Board for the Non-consolidated Financial Statements, etc.

Management is responsible for the preparation and fair presentation of the non-consolidated financial statements, etc. in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the non-consolidated financial statements, etc. that are free from material misstatement, whether due to fraud or error.

In preparing the non-consolidated financial statements, etc., management is responsible for assessing whether it is appropriate to prepare the non-consolidated financial statements, etc. on the going concern basis of accounting and disclosing, as applicable, matters related to going concern in accordance with accounting principles generally accepted in Japan.

The Audit & Supervisory Board Members and the Audit & Supervisory Board are responsible for overseeing the execution of duties by the Directors in designing and operating the financial reporting process.

Auditor's Responsibility for the Audit of the Non-consolidated Financial Statements, etc.

Our responsibility is to express an opinion on the non-consolidated financial statements, etc. in our auditor's report from an independent standpoint based on our audit by obtaining reasonable assurance about whether the non-consolidated financial statements, etc. as a whole are free from material misstatement, whether due to fraud or error. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decision-making of users of the non-consolidated financial statements, etc.

As part of an audit in accordance with auditing standards generally accepted in Japan, we perform the following by exercising professional judgment and maintaining professional skepticism throughout the audit.

- We identify and assess the risks of material misstatement of the non-consolidated financial statements, etc. whether due to fraud or error, and then design and perform audit procedures responsive to those risks. The procedures selected and applied depend on the auditors' judgment. Further, we obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.
- In making those risk assessments, we consider internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, while the purpose of the audit of the non-consolidated financial statements, etc. is not expressing an opinion on the effectiveness of the internal control.
- We evaluate the appropriateness of accounting policies and their method of application adopted by management, as well as the reasonableness of accounting estimates made by management and adequacy of related notes thereto.
- We conclude on the appropriateness of management's use of the going concern basis of accounting to prepare the non-consolidated financial statements, etc. and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the going concern basis of accounting. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the notes to non-consolidated financial statements, etc. or, if such disclosures are inadequate, to express a qualified opinion with an exceptive item on the non-consolidated financial statements, etc. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause an entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the non-consolidated financial statements, etc., including the related notes thereto, and whether the non-consolidated financial statements, etc. and notes thereto represent the underlying transactions and events in a manner that achieves fair presentation in accordance with accounting principles generally accepted in Japan.

We communicate with the Audit & Supervisory Board Members and the Audit & Supervisory Board regarding the planned scope and timing of the audit, significant audit findings including any significant deficiencies in internal control that we identify during our audit, and any other matters required by the auditing standards. We also provide the Audit & Supervisory Board Members and the Audit & Supervisory Board with a statement that we have complied with the regulations on professional ethics in Japan regarding independence, and communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards to eliminate or mitigate factors that may hinder our independence.

Conflicts of Interest

We or the engagement partners have no interest in the Company which should be disclosed in accordance with the Certified Public Accountants Act.

Audit Report

Based on the audit report prepared by each Audit & Supervisory Board Member with regard to the performance of duties by the Directors of Seibu Holdings Inc. (the "Company") for the 15th fiscal year (from April 1, 2019 to March 31, 2020), the Audit & Supervisory Board of the Company prepares this audit report after deliberation and hereby report, by a unanimous show of hands, as follows:

1. Auditing methods used by Audit & Supervisory Board Members and the Audit & Supervisory Board, and details of audit
 - (1) The Audit & Supervisory Board specified audit policies, assigned duties to each Audit & Supervisory Board Member and received reports from each Audit & Supervisory Board Member on the status of implementation and results of audit, and received reports from Directors, etc. and accounting auditors on the status of the performance of their duties and asked them for explanations as necessary.
 - (2) In conformity with the auditing standards stipulated by the Audit & Supervisory Board, and in accordance with auditing policies and the assignment of duties, all Audit & Supervisory Board Members strived to achieve effective communication with Directors, the Internal Audit Department and other employees, collected information and improved the audit environment. In addition, all Audit & Supervisory Board Members conducted an audit in the following methods.
 - i. All Audit & Supervisory Board Members attended the meetings of the Board of Directors and other important meetings, received reports from Directors and employees about the status of the performance of their duties, obtained explanations as necessary, reviewed important approval documents, and conducted investigations on the status of the business operations and assets of the Company at its head office. Furthermore, Audit & Supervisory Board Members also worked to facilitate communication and information exchange with the Directors, Audit & Supervisory Board Members and others of the subsidiaries of the Company, and received reports on the business conditions of subsidiaries as necessary.
 - ii. Audit & Supervisory Board Members received reports periodically from Directors and employees on the content of the resolution made by the Board of Directors concerning the development of a system for ensuring that the performance of duties by Directors conforms with laws and regulations and the Company's Articles of Incorporation, as described in the Company's business report, and other systems prescribed in Article 100, Paragraphs 1 and 3 of the Regulation for Enforcement of the Company Act as systems necessary for ensuring proper business conduct by a stock company and a corporate group formed by its subsidiaries (internal control system), as well as the construction and status of operation of the internal control system developed based on said resolution. As necessary, Audit & Supervisory Board Members also asked for explanations from Directors and employees and expressed opinions. As for internal controls over financial reporting, reports made by Directors, etc. and Ernst & Young ShinNihon LLC about the status of assessment and audit of said internal controls were provided to Audit & Supervisory Board Members, who asked for explanations as necessary.
 - iii. We have monitored and verified whether the accounting auditor maintained independence and properly implemented its audit, received from the accounting auditor reports on the performance of its duties, and asked it for explanations as necessary. The accounting auditor reported to us that the "Systems for Ensuring Proper Execution of Duties" (listed in each item of Article 131 of Regulation on Accounting of Companies) have been developed in accordance with the "Quality Control Standards concerning Audit" (Business Accounting Council, October 28, 2005) and other applicable regulations, and we asked the accounting auditor for explanations as necessary.

Based on the methods mentioned above, we have reviewed the business report, and their supplementary schedule, financial statements (balance sheet, statement of income, statement of changes in equity, and notes to financial statements), and their supplementary schedules, and consolidated financial statements (consolidated balance sheet, consolidated statement of income, consolidated statement of changes in equity, and notes to consolidated financial statements) for the said fiscal year.

2. Audit results

(1) Results of audit of the business report, etc.

- i. We confirm that the business report and its supplementary schedules present fairly the situation of the Company in accordance with relevant laws and regulations and the Company's Articles of Incorporation.
- ii. With respect to the Directors' performance of their duties, we confirm that there has been no improper act committed or important violation of applicable laws and regulations or of the Articles of Incorporation.
- iii. We confirm that the details of the resolution made by the Board of Directors concerning the internal control system are proper. With respect to the description in the business report and the Directors' performance of their duties regarding the said internal control system, including internal controls over financial reporting, we confirm that there is no matter to be pointed out.

(2) Results of audit of financial statements and their supplementary schedules

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

(3) Results of audit of consolidated financial statements

We confirm that the auditing methods and results of Ernst & Young ShinNihon LLC, an accounting auditor, are proper.

May 26, 2020

The Audit & Supervisory Board,
Seibu Holdings Inc.

Michifumi Yazaki [Seal]
Standing Audit & Supervisory Board Member

Isao Nagaseki [Seal]
Audit & Supervisory Board Member

Isao Fukasawa [Seal]
Outside Audit & Supervisory Board Member

Eiji Sakomoto [Seal]
Outside Audit & Supervisory Board Member