

[Translation for reference only]

ENGLISH TRANSLATION OF JAPANESE-LANGUAGE DOCUMENT

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November 9, 2017

Consolidated Financial Results for the Six Months Ended September 30, 2017 <under Japanese GAAP>

Company name: **Seibu Holdings Inc.**
Listing: First Section of the Tokyo Stock Exchange
Securities code: 9024
URL: <http://www.seibuholdings.co.jp/en/>
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Scheduled date to file quarterly securities report: November 13, 2017
Scheduled date to commence dividend payments: December 4, 2017
Preparation of supplementary results briefing material on quarterly financial results: Yes
Holding of quarterly financial results presentation meeting: Yes (for institutional investors and analysts)

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

1. Consolidated Financial Results for the Six Months Ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

(1) Consolidated Operating Results (cumulative)

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Six months ended								
September 30, 2017	266,335	6.0	37,835	25.7	33,165	13.2	23,275	(7.6)
September 30, 2016	251,178	0.1	30,098	(21.1)	29,306	(14.5)	25,180	4.0

Note: Comprehensive income

For the six months ended September 30, 2017: ¥22,187 million [133.5%]

For the six months ended September 30, 2016: ¥9,502 million [(47.8)%]

	Basic earnings per share	Diluted earnings per share
Six months ended	Yen	Yen
September 30, 2017	74.16	74.11
September 30, 2016	79.01	78.97

(2) Consolidated Financial Position

	Total assets	Net assets	Equity-to-asset ratio
As of	Millions of yen	Millions of yen	%
September 30, 2017	1,615,088	377,833	23.1
March 31, 2017	1,627,868	360,133	21.8

Reference: Equity (Net assets – Subscription rights to shares – Non-controlling interests)

As of September 30, 2017: ¥372,532 million

As of March 31, 2017: ¥355,322 million

2. Cash Dividends

	Cash dividends per share				
	First quarter-end	Second quarter-end	Third quarter-end	Fiscal year-end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended March 31, 2017	–	7.50	–	15.50	23.00
Fiscal year ending March 31, 2018	–	11.50			
Fiscal year ending March 31, 2018 (Forecast)			–	11.50	23.00

Note: Revisions to the forecast most recently announced: None

**3. Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2018
(from April 1, 2017 to March 31, 2018)**

(Percentages indicate year-on-year changes)

	Operating revenue		Operating profit		Ordinary profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Fiscal year ending March 31, 2018	542,000	5.9	63,200	1.2	54,600	(5.0)

	Profit attributable to owners of parent		Basic earnings per share
	Millions of yen	%	Yen
Fiscal year ending March 31, 2018	40,800	(14.2)	130.03

Note: Revisions to the forecast most recently announced: None

*** Notes**

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

(4) Number of issued shares (common shares)

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

As of September 30, 2017	342,124,820 shares
As of March 31, 2017	342,124,820 shares

b. Number of treasury shares at end of period

As of September 30, 2017	28,172,908 shares
As of March 31, 2017	28,345,208 shares

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

Six months ended September 30, 2017	313,864,538 shares
Six months ended September 30, 2016	318,701,780 shares

Notes: 1. The Company's shares held by the employee stock ownership plan trust account are included in the number of treasury shares at end of period (745,400 shares as of September 30, 2017 and 894,000 shares as of March 31, 2017). Also, the Company's shares held by the employee stock ownership plan trust account are included in treasury shares that are deducted for calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (820,952 shares for the six months ended September 30, 2017 and 1,130,256 shares for the six months ended September 30, 2016).

2. The portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in the number of treasury shares at end of period (22,243,031 shares as of September 30, 2017 and 22,243,031 shares as of March 31, 2017). Furthermore, the portion attributable to the Company of the treasury shares (shares of the Company) held by equity-method associates is included in treasury shares that are deducted in the calculation of the average number of outstanding shares during the period (cumulative from the beginning of the fiscal year) (22,243,031 shares for the six months ended September 30, 2017 and 22,243,031 shares for the six months ended September 30, 2016).

* Quarterly financial results reports are not required to be subjected to quarterly reviews.

* Proper use of earnings forecasts, and other special notes

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

For further details regarding earnings forecasts (consolidated earnings forecasts for the fiscal year ending March 31, 2018), please refer to page 5 of the Attached Materials, "(2) Explanation of consolidated earnings forecasts and other forward-looking statements" under "1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2017."

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1. Qualitative Information Regarding Financial Results for the Six Months Ended September 30, 2017

(1) Explanation of operating results

During the six months ended September 30, 2017, the Japanese economy continued to experience a gradual recovery with the continuing improvement in the employment and income environment. The outlook, however, is unclear, with concerns over the impacts of uncertainty in overseas economies and fluctuations in the financial and capital markets.

Under these conditions, during the six months ended September 30, 2017, the Seibu Group, aiming to maximize corporate value and shareholder value, formulated the Seibu Group's Medium-Term Management Plan (FY2017-FY2019), a three-year plan that sets forth the long-term target level "Challenge Target" and the road map for achieving it. 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."

Of these key issues, the Company's efforts to create new business areas are being led by Seibu Laboratory, which was established within the Company as a specialist department to promote new measures through free ideas. Moreover, in October 2017 Prince Hotels, Inc. acquired the business of StayWell Hospitality Group Pty Ltd, which operates and develops hotels primarily in Australia. Through this action, the Company will further expand and develop its Hotel and Leisure business globally.

As a result of these efforts, the Group recorded the following results for the six months ended September 30, 2017. Operating revenue was ¥266,335 million, up ¥15,157 million, or 6.0%, year on year. Operating profit was ¥37,835 million, up ¥7,737 million, or 25.7%, year on year, mainly reflecting operating profit increased due to increased revenue as well as the recording of one-time expenses associated with the opening of Tokyo Garden Terrace Kioicho in the same period of the previous fiscal year. EBITDA was ¥62,643 million, up ¥10,807 million, or 20.8%, year on year. Ordinary profit was ¥33,165 million, up ¥3,858 million, or 13.2%, year on year. Profit attributable to owners of parent was ¥23,275 million, down ¥1,904 million, or 7.6%, year on year, due to sales of land and the recording of deferred tax assets related to Prince Hotels, Inc. in the same period of the previous fiscal year.

Operating results for the six months ended September 30, 2017, in each segment were as follows.

(Millions of yen)

Segment	Operating revenue			Operating profit			EBITDA		
	For the six months ended September 30, 2017	Year-on-year change	Change (%)	For the six months ended September 30, 2017	Year-on-year change	Change (%)	For the six months ended September 30, 2017	Year-on-year change	Change (%)
Urban Transportation and Regional	81,711	3,233	4.1	17,362	1,529	9.7	27,888	2,043	7.9
Hotel and Leisure	101,563	8,603	9.3	8,870	879	11.0	16,295	2,317	16.6
Real Estate	29,575	3,378	12.9	7,631	4,727	162.8	12,185	5,387	79.2
Construction	47,359	(206)	(0.4)	2,341	374	19.1	2,525	380	17.7
Hawaii Business	7,901	(207)	(2.6)	(765)	(247)	—	260	(122)	(31.9)
Other	23,908	1,208	5.3	2,496	387	18.4	3,889	522	15.5
Total	292,019	16,010	5.8	37,937	7,652	25.3	63,044	10,529	20.0
Adjustments	(25,683)	(852)	—	(101)	84	—	(401)	278	—
Consolidated	266,335	15,157	6.0	37,835	7,737	25.7	62,643	10,807	20.8

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

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

Urban Transportation and Regional

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

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Change
Operating revenue	78,477	81,711	3,233
Railway operations	52,170	53,122	952
Bus operations	12,936	13,044	108
Leisure facilities along railway lines	10,847	11,684	836
Others	2,523	3,859	1,336

In railway operations for the six months ended September 30, 2017, the number of passengers increased by 1.8% year on year (of which commuters increased by 2.0% and non-commuters increased by 1.5%). The result reflects the strong employment situation as well as the holding of events at the MetLife Dome, the opening of Seibu-Chichibu Ekimaeonsen Maturinoyu (a hot spring complex located in front of the station), and the stronger promotion of the Chichibu area. Passenger transportation sales increased by 2.2% year on year (of which commuters increased by 2.1% and non-commuters increased by 2.3%), due to revision of limited express ticket fee in July 2016, introduction of “S-TRAIN” extra-fare reserved seating trains in March 2017 and other factors.

In addition, in March 2017, the Company made Yokohama Arena Co., Ltd. a consolidated subsidiary. Therefore, operating revenue increased.

As a result of these initiatives, the Urban Transportation and Regional business segment recorded operating revenue of ¥81,711 million, an increase of ¥3,233 million, or 4.1%, year on year. Segment operating profit increased by ¥1,529 million, or 9.7%, year on year to ¥17,362 million. EBITDA was ¥27,888 million, an increase of ¥2,043 million, or 7.9%, year on year.

Hotel and Leisure

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

(Millions of yen)

	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Change
Operating revenue	92,960	101,563	8,603
City hotel operations	49,929	57,486	7,557
Resort hotel operations	20,180	20,773	593
Golf course operations	7,350	7,700	349
Others	15,500	15,602	102

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

In hotel operations, the Company newly opened The Prince Gallery Tokyo Kioicho in July 2016 and reopened the Tokyo Prince Hotel and others that had been out of operation in the same period of the previous year due to renovations. Moreover, in the accommodation division, the Company changed the target market to a customer sector with a higher unit price, while continuing to practice revenue management^{*1}. As a result, RevPAR^{*2} increased year on year at both city and resort hotels. In the banquet division, MICE^{*3} performed briskly.

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

As a result of these initiatives, the Hotel and Leisure business segment recorded operating revenue of ¥101,563 million, an increase of ¥8,603 million, or 9.3%, year on year. Segment operating profit increased by ¥879 million, or 11.0%, year on year to ¥8,870 million. EBITDA was ¥16,295 million, an increase of ¥2,317 million, or 16.6%, year on year.

Real Estate

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

	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Change
Operating revenue	26,196	29,575	3,378
Leasing operations	17,169	20,139	2,969
Others	9,027	9,436	408

In leasing operations, rental revenues of offices, residences, and commercial facilities increased in Tokyo Garden Terrace Kioicho, which conducted its grand opening in July 2016.

The Company sold residential houses around the Seibu-Tachikawa Station.

As a result of these initiatives, the Real Estate business segment recorded operating revenue of ¥29,575 million, an increase of ¥3,378 million, or 12.9%, year on year. Mainly due to higher profits on the increase in revenue and the recording of one-time expenses associated with the opening of Tokyo Garden Terrace Kioicho in the same period of the previous fiscal year, the segment recorded an operating profit of ¥7,631 million, an increase of ¥4,727 million, or 162.8%, year on year. EBITDA was ¥12,185 million, an increase of ¥5,387 million, or 79.2%, year on year.

Construction

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

	For the six months ended September 30, 2016	For the six months ended September 30, 2017	Change
Operating revenue	47,566	47,359	(206)
Construction operations	34,625	35,314	689
Others	12,940	12,044	(896)

In construction operations, the Company completed large-scale civil engineering projects. The Company also took a rigorous approach to managing orders received, as well as ongoing credit management, and also worked to strengthen its cost management.

The Construction business segment recorded operating revenue of ¥47,359 million, a decrease of ¥206 million, or 0.4%, year on year, mainly due to a decrease in landscaping contract work. However, segment operating profit was ¥2,341 million, up ¥374 million, or 19.1%, year on year, primarily due to improved profitability of civil engineering projects in the construction operations. EBITDA was ¥2,525 million, an increase of ¥380 million, or 17.7%, year on year.

Hawaii Business

In the Hawaii business segment, the two hotels on Hawaii Island performed briskly under a favorable market environment, particularly in the accommodation division. In addition, the Hawaii Prince Hotel Waikiki was reopened after renovation as the Prince Waikiki.

The Hawaii business segment recorded operating revenue of ¥7,901 million, a decrease of ¥207 million, or 2.6%, year on year, due to exchange rate fluctuations, although revenues increased in U.S. dollar terms. Segment operating loss was ¥765 million, compared with an operating loss of ¥518 million in the same period of the previous fiscal year, due to an increase in depreciation expenses associated with the renovation of Hawaii Prince Hotel Waikiki. EBITDA was ¥260 million, a decrease of ¥122 million, or 31.9%, year on year.

Other

In the Izu Hakone Business, Izu-Mito Sea Paradise and the nursing home contributed to revenue growth. The Ohmi Business performed briskly in the Shin Meishin Expressway's Tsuchiyama Service Area. In the Seibu Lions Business, the number of spectators increased year on year, reflecting the execution of various sales initiatives.

As a result of these initiatives, the Other businesses segment recorded operating revenue of ¥23,908 million, an increase of ¥1,208 million, or 5.3%, year on year. Segment operating profit was ¥2,496 million, up ¥387 million, or 18.4%, year on year, and EBITDA was ¥3,889 million, up ¥522 million, or 15.5%, year on year.

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

The consolidated earnings forecasts for the fiscal year ending March 31, 2018 are unchanged from the forecasts announced on May 11, 2017.

2. Quarterly Consolidated Financial Statements and Significant Notes Thereto

(1) Quarterly consolidated balance sheet

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Assets		
Current assets		
Cash and deposits	29,071	30,639
Notes and accounts receivable - trade	54,484	43,543
Land and buildings for sale in lots	8,788	9,376
Merchandise and finished goods	1,459	1,450
Costs on uncompleted construction contracts	5,870	5,121
Raw materials and supplies	2,468	3,026
Deferred tax assets	6,223	5,629
Other	18,369	9,820
Allowance for doubtful accounts	(33)	(41)
Total current assets	126,702	108,564
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	513,547	516,810
Machinery, equipment and vehicles, net	55,682	54,114
Land	733,652	732,733
Leased assets, net	1,818	1,823
Construction in progress	44,333	44,723
Other, net	21,253	22,815
Total property, plant and equipment	1,370,288	1,373,021
Intangible assets		
Leased assets	23	20
Other	17,016	15,810
Total intangible assets	17,040	15,830
Investments and other assets		
Investment securities	65,117	70,628
Long-term loans receivable	352	337
Net defined benefit asset	32,282	31,603
Deferred tax assets	7,732	7,101
Other	9,077	8,718
Allowance for doubtful accounts	(725)	(718)
Total investments and other assets	113,838	117,671
Total non-current assets	1,501,166	1,506,524
Total assets	1,627,868	1,615,088

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	31,126	21,953
Short-term loans payable	204,956	189,766
Lease obligations	592	582
Income taxes payable	8,483	8,758
Advances received	28,490	32,446
Provision for bonuses	5,625	5,956
Other provision	2,576	2,141
Asset retirement obligations	21	20
Other	84,718	60,702
Total current liabilities	366,590	322,327
Non-current liabilities		
Bonds payable	10,000	10,000
Long-term loans payable	656,464	672,641
Long-term accounts payable to Japan railway construction, transport and technology agency	28,146	25,598
Lease obligations	1,361	1,377
Deferred tax liabilities	111,345	111,385
Deferred tax liabilities for land revaluation	12,331	12,330
Provision for directors' retirement benefits	971	839
Other provision	216	258
Net defined benefit liability	31,059	31,543
Asset retirement obligations	1,621	1,629
Liabilities from application of equity method	17,277	17,029
Other	30,348	30,292
Total non-current liabilities	901,144	914,927
Total liabilities	1,267,735	1,237,255
Net assets		
Shareholders' equity		
Capital stock	50,000	50,000
Capital surplus	129,373	129,375
Retained earnings	180,620	199,019
Treasury shares	(64,467)	(64,178)
Total shareholders' equity	295,526	314,215
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	12,641	15,312
Revaluation reserve for land	18,672	18,671
Foreign currency translation adjustment	8,897	6,630
Remeasurements of defined benefit plans	19,584	17,702
Total accumulated other comprehensive income	59,796	58,316
Subscription rights to shares	385	487
Non-controlling interests	4,425	4,813
Total net assets	360,133	377,833
Total liabilities and net assets	1,627,868	1,615,088

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

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Operating revenue	251,178	266,335
Operating expenses		
Operating expenses and cost of sales of transportation	203,104	210,012
Selling, general and administrative expenses	17,975	18,487
Total operating expenses	221,080	228,500
Operating profit	30,098	37,835
Non-operating income		
Interest income	5	24
Dividend income	388	455
Subsidy to keep a bus on a regular route	222	230
Share of profit of entities accounted for using equity method	3,751	–
Other	627	489
Total non-operating income	4,995	1,200
Non-operating expenses		
Interest expenses	5,310	5,384
Share of loss of entities accounted for using equity method	–	34
Other	476	452
Total non-operating expenses	5,786	5,871
Ordinary profit	29,306	33,165
Extraordinary income		
Gain on sales of non-current assets	3,367	13
Contribution for construction	18	91
Subsidy income	316	118
Compensation income	–	744
Other	580	0
Total extraordinary income	4,283	968
Extraordinary losses		
Impairment loss	41	51
Loss on sales of non-current assets	8	91
Loss on retirement of non-current assets	1,026	913
Reduction entry of land contribution for construction	18	82
Loss on reduction of non-current assets	296	105
Loss on valuation of investment securities	0	–
Litigation loss	3	–
Other	585	45
Total extraordinary losses	1,980	1,290
Profit before income taxes	31,609	32,842
Income taxes - current	7,333	8,695
Income taxes - deferred	(988)	478
Total income taxes	6,344	9,174
Profit	25,264	23,668
Profit attributable to non-controlling interests	84	392
Profit attributable to owners of parent	25,180	23,275

Quarterly consolidated statement of comprehensive income (cumulative)

(Millions of yen)

	Six months ended September 30, 2016	Six months ended September 30, 2017
Profit	25,264	23,668
Other comprehensive income		
Valuation difference on available-for-sale securities	(4,484)	2,670
Foreign currency translation adjustment	(8,160)	(2,267)
Remeasurements of defined benefit plans, net of tax	(3,116)	(1,883)
Total other comprehensive income	(15,761)	(1,480)
Comprehensive income	9,502	22,187
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,420	21,797
Comprehensive income attributable to non-controlling interests	82	390

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

Not applicable.

Notes on significant changes in the amount of shareholders' equity

Not applicable.

Segment information

Segment information

I. For the six months ended September 30, 2016 (from April 1, 2016 to September 30, 2016)

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

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Hawaii Business	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	78,477	92,960	26,196	47,566	8,108	22,699	276,008	(24,830)	251,178
Segment profit (loss)	15,832	7,990	2,903	1,967	(518)	2,109	30,284	(185)	30,098

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

2. Adjustments for segment profit (loss) of ¥(185) million mainly consist of elimination of inter-company transactions.

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

II. For the six months ended September 30, 2017 (from April 1, 2017 to September 30, 2017)

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

(Millions of yen)

	Urban Transportation and Regional	Hotel and Leisure	Real Estate	Construction	Hawaii Business	Other (Note 1)	Total	Adjustments (Note 2)	Amount in the quarterly consolidated statement of income (Note 3)
Operating revenue	81,711	101,563	29,575	47,359	7,901	23,908	292,019	(25,683)	266,335
Segment profit (loss)	17,362	8,870	7,631	2,341	(765)	2,496	37,937	(101)	37,835

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

2. Adjustments for segment profit (loss) of ¥(101) million mainly consist of elimination of inter-company transactions.

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