

Third Party Opinions on Sustainability Linked Loans by Sumitomo Mitsui Trust Bank, Limited to SEIBU HOLDINGS INC.

Japan Credit Rating Agency, Ltd. ("JCR") provided a third party opinion on Sustainability Linked Loan (SLL) (the "Loan") extended by Sumitomo Mitsui Trust Bank, Limited ("SuMi Trust") to SEIBU HOLDINGS INC. ("SEIBU HD" or the "Company").

Summary

This third-party opinion verified the conformity of Sustainability Linked Loan extended to SEIBU HD, of which SuMi Trust is the lender, to the Sustainability Linked Loan Principles ("SLLP") by Loan Market Association (LMA) and Loan Syndications and Trading Association (LSTA) as well as the Green Loan and Sustainability Linked Loan Guidelines (Ministry of the Environment Guidelines) by the Ministry of the Environment (SLLP and Ministry of the Environment Guidelines; collectively "SLLP, etc."). In order to ensure the transparency and objectivity of evaluations recommended by the SLLP, etc., JCR, as an independent third-party organization, conducted a third-party evaluation on the follows: (1) the setting of SEIBU HD's sustainability strategy and sustainability performance targets ("SPTs"), and (2) the loan terms and conditions, and the monitoring system during the loan period.

(1) About SEIBU HD's Sustainability Strategy and SPTs Setting

SEIBU HD agreed with SuMi Trust to establish the following SPTs in the Loan.

SPTs: Reduce CO ₂ emission intensity (CO ₂ emissions per operating revenues) by 25% compared to the fiscal year ended March 2017 (FY2018) by FY2030

SEIBU HD is a pure holding company that oversees the Seibu Group (the "Group"). The Group has one of the major private railways, Seibu Railway Co., Ltd. ("Seibu Railway"), and Prince Hotels, Inc. ("Prince Hotel"), as its core subsidiaries. The Group consists of the Urban Transportation and Regional business primarily operating in the northwestern part of Tokyo and the western part of Saitama Prefecture, centered on Seibu Railway; the Hotel and Leisure business centered on Prince Hotel, which is one of the largest hotel chains in Japan; Real Estate business centered on the development of rental facilities in central Tokyo and line-side base stations; the Construction business, civil engineering work and building construction, etc. ; and other operations.

In the third quarter of 2020, the Urban Transportation and Regional business accounted for the largest, approximately 32% of total operating revenue (before consolidation adjustments) by business segment. Because of the impact of the outbreak of the COVID-19 in 2020, the Hotel and Leisure business, which contributed the most to incomes in the previous fiscal year on an operating revenue basis, contributed less than the Urban Transportation and Regional business and the Construction business.

In the Group's Medium-Term Management Plan (FY2019-FY2021) published in 2019, SEIBU HD regards environmental issues as one of its most priority issues, calling its efforts to realize a sustainable society as Sustainability Actions, and announce its efforts to promote and strengthen these initiatives. The Company has systematically tackled these issues by setting up an agenda of four categories and 12 key objectives. (The Medium-term Management Plan has been withdrawn due to the COVID-19 pandemic, but the Sustainability Actions as priority measures are continued to be promoted.)

SEIBU HD set forth "greenhouse gas reduction" in the agenda for the Sustainability Action. To "reduce CO₂ emission intensity" was set as the SPTs for the Loan, which is consistent with SEIBU HD's Sustainability Actions.

As mentioned earlier, SEIBU HD has one of the largest private railway companies and a largest hotel chain in Japan with

subsidiaries including Prince Hotel with many overseas hotels as its subsidiaries. By striving to reduce CO₂ emission intensity across the Group, SEIBU HD can expect significant CO₂ savings in the Urban Transportation and Regional business and the Hotel and Leisure business where their subsidiaries are operating. From the above, the SPTs are meaningful from the viewpoint of reducing the environmental impact of SEIBU HD and its operating regions. In addition, when compared with other companies in the same industry, the target setting of a 25% reduction in CO₂ emission intensity in FY2030 from FY2018 include businesses such as Hotels and Leisure business that require more efforts to reduce CO₂ compared to the Urban Transportation and Regional business. Therefore, JCR evaluates that it is more ambitious than other companies' targets for reducing CO₂ emissions.

(2) Loan Terms and Medium-Term Monitoring System

In order to incentivize SEIBU HD to achieve its sustainability strategy, the Loan set a timing of reviewing interest rates annually until maturity, and the achievement status of SPTs at the timing is linked to the terms of the Loan. In addition, the achievement status of the final SPTs and Sustainability Actions will be evaluated at the time of repayment of the Loan (2030) by three companies, SEIBU HD, SuMi Trust and JCR.

In light of the above considerations, JCR confirmed that the Loan, which is the subject of this third party opinion, is in conformity with SLLP, etc.

Important explanation of this third-party opinion

1. Assumptions, Significance, and Limitations of JCR Third-party opinions

Third-party opinions provided by Japan Credit Rating Agency, Ltd. (JCR) represent JCR's current comprehensive opinion on the alignment of the Loan with Sustainability Linked Loan Principles (SLLP) formulated by the Loan Market Association (LMA), Ministry of Environment's Green Loans and Sustainability Linked Loans Guidelines, established in March 2020, and do not fully represent the extent of the positive impacts that such assessments have.

This third-party opinion is based on information provided by the client and information independently collected by JCR and is not intended to evaluate the current plans or conditions. This third-party opinion does not quantitatively demonstrate the positive effect of the Sustainability Linked Loan and does not represent a responsibility for its effectiveness. JCR confirms that the funds procured from this project are quantitatively and qualitatively measured by the Borrower or a third party requested by the Borrower in terms of the degree of achievement of the impact indicators set by the Company, but in principle does not directly measure these indicators.

2. International initiatives, principles, etc. referenced in the implementation of this assessment

In performing this assessment, JCR referred to the following principles and guides developed by LMA and UNEP FI.

- Sustainability Linked Loan Principles
- Positive Impact Financial Principles
- Positive Impact Finance Model Framework with Unlimited Capital Uses

3. Relationship with Acts Related to Credit Rating Business

Providing this third-party opinion is undertaken by JCR as a related activity and does not constitute an activity relating to the credit rating business.

4. Relationship with Credit Ratings

The Assessment differs from the Credit Rating and does not promise to provide or make available for inspection a predetermined Credit Rating.

5. Independence of JCR as a Third-party

There is no conflicts of interest related to capital or human resources relationships between the subject of this evaluation and JCR.

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■ Glossary

Third-Party Opinion: This Report expresses an independent opinion on the alignment of Loan Market Association's Sustainability Linked Loan Principles for sustainability-linked loans and Ministry of Environment Green Loans and Sustainability Linked Loan Guidelines extended by lenders to Borrowers from an independent, neutral, and impartial standpoint at the request of the lender.

■ Registration as an External Evaluator of Sustainable Finance

- Members of the United Nations Environment Programme Financial Initiative Positive Impact Working Group
- Ministry of the Environment's external green bond reviewer registration
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)
- ICMA (registration as an observer with the International Association of Capital Markets as an external evaluator) Member of the Working Group on Principles of Social Bonds

■ Status of registration as a credit rating agency, etc.

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- EU Certified Credit Rating Agency
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