

————— Green Bond Evaluation by Japan Credit Rating Agency, Ltd. —————

Japan Credit Rating Agency, Ltd. (JCR) announces the Annual Review of its Green Bonds Evaluation

JCR Reviewed 4th Unsecured Corporate Bonds issued by SEIBU HOLDINGS INC.

Subject	:	SEIBU HOLDINGS INC. 4th unsecured corporate bonds (with limited inter-bond pari passu clause)
Type	:	Bonds
Issue amount	:	JPY 10 billion
Interest Rate	:	0.270%(per annum)
Issue Date	:	December 12, 2019
Redemption Date	:	December 12, 2029
Method of Redemption	:	Bullet
Use of Proceeds	:	Refinance related to facilities

<Green Bond Evaluation Results>

Overall Evaluation	Green 1
Greenness Evaluation (Use of Proceeds)	g1
Management, Operation and Transparency Evaluation	m1

1. Summary

On December 5, 2019, JCR announced assignment of "Green 1" overall evaluation to unsecured corporate bonds issued by SEIBU HOLDINGS INC. (Seibu HD) with the use of proceeds to refinance the funds for procuring new trains and constructing a solar power generation plant operated by Seibu HD. The outline of the issue is summarized as follows.

(excerpt from the December 5, 2019 evaluation report)

SEIBU HOLDINGS INC. (Seibu HD) is a holding company that oversees Seibu Group, and was established in February 2006 after the reorganization of the Group. Seibu Group has Seibu Railway Co., Ltd. (Seibu Railway) and Prince Hotel Inc. (Prince Hotel) as core subsidiaries. The Group is engaged in urban transportation and railway operations centered on Seibu Railway in the northwestern part of Tokyo Metropolis and the western part of Saitama Prefecture. Seibu Group is engaged in hotel and leisure operations centered on the Prince Hotel, which is one of the

largest hotel chains in Japan. Seibu Group is also engaged in real estate operations centering on rental facilities in the central Tokyo area and along-line stations.

Seibu Group, including Seibu HD, established its Group Vision in 2006, aiming to respond to sustainable social development issues through a wide range of businesses and services, and to grow strongly with society. Seibu Group calls environmental, social, and governance (ESG) activities "sustainability actions," and is working to achieve sustainable growth throughout the Group. Based on consideration of various issues Japanese society confronting today as well as its shifting market environment, the Group has established 12 key objectives under four broad categories; customer safety, environmental conservation, community engagement and corporate culture. Seibu Group is actively pursuing initiatives in line with the key objectives.

The scope of evaluation is the corporate bonds to be issued by Seibu HD. The proceeds of the bonds will be used for the refinancing of funds for purchasing trains that consume less electric power than conventional ones procured by Seibu Railway (Series 001 "Laview" and Series 40000) and the refinancing of funds for constructing solar power generation facilities. The introduction of new trains will reduce energy consumption by about 60% compared with conventional trains, and CO₂ emission reduction per train is expected to be about 1,010 tons in Laview and about 780 tons in Series 40000. The solar power generation facilities are expected to reduce energy consumption by about 4,000 t-CO₂ per year. As a result, all of these projects contribute significantly to CO₂ reduction. Seibu HD investigated and analyzed the possible negative impacts of the use of proceeds on the environment, and JCR confirmed that necessary measures are taken. As a result, JCR evaluates that these green projects do not have serious negative impacts that exceed the effect of environmental improvements on the environment and contributes to reduce CO₂ emissions.

On the management, operation and transparency, JCR confirmed that Seibu HD has established the management and operation system for the green projects, that the selection criteria and the internal control system for the management of proceeds have been appropriately established, that prior disclosures to investors and post-issuance reporting have been appropriately planned, and that Seibu HD's management has positioned environmental issues as a priority issue with a high level of importance.

(Excerpt end)

JCR confirmed that the proceeds of the bond were allocated to the two eligible projects initially planned by Seibu HD. The two projects for which proceeds of the bonds were allocated, JCR checked the materials relating to the environmental improvement effects submitted by Seibu HD and ensured that the environmental improvement effects have been realized by reducing CO₂ emission volume assumed at the time of the initial evaluation.

As a result, JCR maintains "g1" for the "Greenness Evaluation (Use of Proceeds)" and "m1" for the "Management, Operation and Transparency Evaluation." Consequently, JCR maintains "Green1" for overall evaluation. Detailed evaluation results are described in the next chapter.

The Bonds are considered to meet the standards for the items required by the Green Bond Principles and the Green Bond Guidelines issued by the Ministry of the Environment.¹²

¹ ICMA (International Capital Market Association) Green Bond Principles 2018 Version
<https://www.icmagroup.org/green-social-and-sustainability-bonds/green-bond-principles-gbp/>

² Ministry of the Environment Green Bond Guidelines 2017 http://greenbondplatform.env.go.jp/pdf/greenbond_guideline2017.pdf

2. Post-issue review

In this section, JCR describes the items to be confirmed in the post-issuance review. The review focuses on items whose content has changed compared with the previous evaluation period.

(1) Use of Proceeds (Status of Appropriation)

JCR evaluates if the management of funds procured by the Bonds and the appropriation of funds procured for green projects been properly carried out in a manner specified by the issuer at the time of assigning the Green Bond Evaluation.

(2) Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

JCR evaluates if there are any changes to the objectives to be achieved through the Bonds, the criteria for selecting green projects, the adequacy of the process, and the series of processes to be implemented.

(3) Appropriateness and Transparency of Management of the Proceeds

JCR evaluates whether the proceeds have been certainly allocated for green projects or not. JCR also evaluates if there is a system and internal system in which the allocation status can be easily tracked and managed.

(4) Reporting

JCR evaluates if the environmental improvement effects resulting from the green project financed by the funds procured by the Bonds are appropriately calculated according to the method stipulated by the issuer at the time of assigning the Green Bond Evaluation.

(5) Organization's Environmental Initiatives

JCR evaluates if the issuer's management is continuing to regard environmental issues as a high priority issue.

3. Contents of Review

(1) Use of Proceeds (Status of Appropriation)

In accordance with laws and regulations, Seibu HD designates projects, for which negative impacts on the environment and society have been appropriately avoided, and projects with environmental improvement effects and the effects can be quantitatively measured, as eligibility criteria for green bonds.

The use of proceeds of the corporate bonds is the following projects, for which Seibu HD judged to satisfy the eligibility criteria.

(Outline of Use of Proceeds)

Use of Proceeds	Equipment
Introduction of new energy efficient Trains	New express train Series 001 "Laview"
	New Commuter train Series 40000
Introduction of solar power generation facilities	Seibu Takeyama Solar Power Station

JCR confirmed through interviews that no serious adverse effects on the environment, such as filing of complaints from local residents associated with construction.

(2) Appropriateness and Transparency Concerning Selection Standard and Processes of the Use of Proceeds

JCR conducted an interview with Seibu HD and determined that the selection criteria of the use of proceeds and its process have not changed since the time of the previous evaluation. Transparency is also considered to be ensured as it was stated in the evaluation report at the time of bonds issue.

(3) Appropriateness and Transparency of Management of the Proceeds

JCR evaluated that the fund management as appropriate at the time of the previous evaluation. In addition, as shown below, the status of appropriation of proceeds of bonds was reported by Seibu HD; therefore, JCR evaluated that transparency was also secured.

(4) Reporting

a. Reporting on the status of appropriation of proceeds

In the audited materials received from Seibu HD prior to the review, JCR confirmed that the entire amount was appropriated to the two projects at the proportion initially planned (new energy-efficient trains: approx. 70%, solar power generation facilities: approx. 30%) immediately after receiving proceeds of bonds issue as noted below.

Use of proceeds	Equipment	Amount appropriated
New energy-efficient Trains	The new commuter train Series (Four Trains)	4.6 billion yen
	The new express train "Laview" (Seven Trains)	2.5 billion yen

Solar power generation facilities	Seibu Takeyama Solar Power Station	2.8 billion yen
Total		9.9 billion yen

Based on the above, JCR has evaluated that the reporting items and content related to the status of appropriation of proceeds are appropriate.

b. Reporting on the Environmental Improvements Effects

Regarding the environmental improvement effects, the following items are reported annually on Seibu HD's website.

Project	Key Impact Indicators (KPIs)
Introduction of new energy-efficient Trains	Reduced CO ₂ emissions per kilometer of transportation (gCO ₂ /km)
Introduction of solar power generation facilities	Output volume (actual output volume), annual CO ₂ emission reductions

The figures for this report regarding the above are as follows.

1. Introduction of new energy-efficient railcars

Project	Equipment	Reduced CO ₂ emissions per kilometer of transportation (gCO ₂ / km)
New energy-efficient Trains	New commuter train "40000 Series" (per formation)	5,215
	New limited express train "Laview" (per formation)	6,147

2. Solar power generation facilities

Project	Equipment	Annual Power Generation (MWh)	CO ₂ emission reductions (ton)
Solar power generation facilities	Seibu Takeyama Solar Power Station	10,306	4,761

The above content is the same as the KPI that Seibu HD had planned to report in the last year's evaluation report. JCR has also confirmed that the introduction of new energy-efficient trains and solar power generation facilities have had an environmental improvement effect that was originally assumed, and that no negative impacts on the environment have occurred after introducing the new energy-efficient trains and commencing operation of the solar power generation facilities.

Based on the above, JCR confirmed that the aforementioned reporting items and content related to environmental improvement effects were appropriate.

(5) Organization's Environmental Initiatives

The Seibu Group, to which Seibu HD belongs, has established a Group's vision expressing its management philosophy, which comprises Group's philosophy, declaration and slogan at the time of completion of reorganizing the Group in 2006 to explicit its stance as a Group.

Seibu 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.

Seibu Group Declaration
Our aim is to be professionals promoting customers' activities for rich experiences.
1. Be earnest
- Engage in all businesses and services with safety as their foundation.
- Open- and fair-minded in our conduct.
- Respect the opinions of our customers and the members of our local communities.
2. Walk Together
- Mindful of the natural and global environment.
- Act as a member of our local community.
- Proactively cooperate with entities within and outside our group.
3. Meet Challenges
- Act from a global perspective.
- Offer new services in anticipation of the coming times [new innovations].
- Bring exciting new experiences to our customers' lives.

Seibu Group Slogan
Smiles ahead

Seibu HD and the group companies are actively working on the environmental issues based on the above-mentioned Group Vision. The above Group Vision has been distributed to the Group employees in the form of a booklet, and is shared as the matters be worked on by all the employees. In the Seibu Group's Medium-Term Management Plan (2019-2021) announced in 2019, environmental issues are regarded as one of the most important issues in management, and activities related to ESG are called sustainability actions, and efforts are being made to promote and strengthen these activities. These activities are systematically undertaken by setting the agenda in four areas and 12 items. (The medium-term management plan has been withdrawn due to the COVID-19 pandemic; however, important issues of sustainable actions will be continued as much as possible in fiscal 2020.)

Seibu Group Sustainability Action Agenda (The Key Objectives)	
Customer Safety Ensure safety and reliability	Environment conservation Greenhouse gas reduction Waste reduction Ensuring water supply Protecting forest and species
Community engagement Invigoration of railroad corridor and local communities Universal design Aging population and low birthrate	Corporate culture Work style reforms Recruiting diverse workforce Human resources development and Human resource management Compliance

In November 2019, Seibu HD also established the Seibu Group Environmental Policy, which describes the items of Sustainability Actions, particularly those that are set as agendas in the environmental domain, and Seibu HD's approach to environmental conservation.

Seibu Group Environmental Policy
<ol style="list-style-type: none"> 1. Mitigating climate change by reducing greenhouse gases, among other initiatives 2. Contributing to a society modeled on a circular economy by reducing waste 3. Ensuring safe water supply 4. Conserving forests and biodiversity 5. Coexisting with local communities and other stakeholders 6. Complying with environmental laws and raising awareness of environmental conservation 7. Establishment of Environmental Targets

Seibu Group implements sustainability actions in line with the agenda. In particular, with regard to environmental initiatives, in order to reduce greenhouse gases, energy-efficient trains, such as the new express train "Laview" and the new commuter train Series 40000, as well as facilities, exemplified by regenerative power storage devices that store regenerative power generated during braking of trains, are being installed. In addition, renewable energy such as Seibu Takeyama Solar Power Station is being utilized. Regarding other environmental agenda, Prince Hotels is reducing, treating, and recycling food wastes and reusing wastewater and rainwater. Seibu Railway's Hanno-Seibu Forest has been actively engaged in and won the Superlative Stage, the highest level in the five-stage evaluation of the Social and Environmental contributions Green space Evaluation System (SEGES) in 2017. These initiatives have also been highly evaluated by third parties.

To promote the above-mentioned sustainability action, Seibu HD set a reduction target (25% reduction of fiscal 2018 level by fiscal 2030) for CO₂ emissions per unit of sales (CO₂ emissions per operating revenue) in May 2020 and announced the establishment of a system to promote sustainability actions.

Prior to the above announcement, the "Seibu Group Sustainability Action Promotion System Regulations" were established in April 2020 with regard to the establishment of a system to promote sustainability actions. In accordance with these rules, the Seibu Group Sustainability Committee, chaired by the president of Seibu HD, was

established. In promoting sustainability actions throughout the Group, it prepared a system to vigorously promote initiatives through decisions on direction and monitoring of progress. In order to share the direction and progress of the Group with each Group company to ensure systematic progress, the Seibu Group Sustainability Action Promoters Meeting, chaired by the head of the President's Office of Seibu HD, was established. In addition, the Seibu Group has prepared a system to systematically promote sustainability actions that each Group company clearly determined a department to promote the Sustainability Action by formulating specific measures to promote them continuously in a proactive manner. ,

JCR evaluates that the management of Seibu HD positions the environmental issues high priority issues.

4. Review Results

As a result of verifying the matters described in the previous paragraph, JCR confirmed that the proceeds of the unsecured bonds were fully appropriated to the Green Project, which was the initially assumed use of proceeds, and the target assets of use of proceeds were fully realizing the initially assumed environmental improvement effects.

[JCR Green Bond Evaluation Matrix]

		Management, Operation and Transparency Evaluation				
		m1	m2	m3	m4	m5
Greenness Evaluation	g1	Green 1	Green 2	Green 3	Green 4	Green 5
	g2	Green 2	Green 2	Green 3	Green 4	Green 5
	g3	Green 3	Green 3	Green 4	Green 5	Not qualified
	g4	Green 4	Green 4	Green 5	Not qualified	Not qualified
	g5	Green 5	Green 5	Not qualified	Not qualified	Not qualified

■ Subject

Issuer: : SEIBU HOLDINGS INC. (Security Code: 9024)

[Review]

Subject	Issue amount	Issue Date	Redemption Date	Interest Rate	Evaluation
4th Series Unsecured Corporate Bonds (Green Bonds)	JPY 10 billion	December 12, 2019	December 12, 2029	0.270%	JCR Green Bond Evaluation :Green1 Greenness Evaluation :g1 Management, Operation and Transparency Evaluation :m1

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Important explanation of the Green Bond Evaluation

1. Assumptions, Significance, and Limitations of JCR Green Bond Evaluation

The JCR Green Bond Evaluation, which is granted and provided by Japan Credit Rating Agency (JCR), is a comprehensive expression of JCR's current opinion on the extent to which the funds procured from the issuance of green bonds, which are subject to evaluation, are allocated to green projects defined by JCR and the extent to which the management, operation, and transparency of the use of green bonds are ensured. The JCR Green Bond Evaluation does not fully indicate the extent to which the funds procured from such green bonds are allocated and the management, operation, and transparency of the use of the funds are ensured. JCR Green Bond Evaluation assesses the plan or status of the appropriation of funds at the time of the green bond issuance plan or at the time of issuance, and does not guarantee the status of the appropriation of funds in the future. In addition, JCR Green Bond Evaluation does not prove the environmental effects of green bonds and is not responsible for their environmental effects. JCR confirms that the effects of the funds procured from the issuance of green bonds on the environment are measured quantitatively and qualitatively by the borrower or by a third party requested by the borrower, but in principle it does not directly measure the effects.

2. Methods used in the conduct of this evaluation

The methods used in this evaluation are listed on JCR website (Sustainable Finance and ESG in <https://www.jcr.co.jp/en/>) as JCR Green Finance Evaluation Method.

3. Relationship with Acts Related to Credit Rating Business

JCR Green Bond Evaluation is determined and provided by JCR as a related business, which is different from the activities related 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. Third-Party Evaluation of JCR Green Bonds

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■ Glossary

JCR Green Bond Evaluation: JCR Green Bond Evaluation evaluates the extent to which the funds procured from the Green bond are allocated to the Green Business as defined by JCR, and the extent to which the management, operation, and transparency of the Green Loan are ensured. Evaluations are graded on a scale of 5, beginning with the top, using the Green1, Green2, Green3, Green4, and Green5 symbols.

■ Status of registration as an external assessor of green finance

- Ministry of the Environment's external green bond reviewer registration
- ICMA (registered as an observer with the International Capital Markets Association)
- Climate Bonds Initiative Approved Verifier (Climate Change Initiative Accreditation Verification Organization)

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

- Credit Rating Agency: the Commissioner of the Financial Services Agency (Rating) No.1
- EU Certified Credit Rating Agency
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