



Member's reception at Exclusive Member's Resort "Ashiya Baycourt Club"

Financial results Presentation

For the 6-month Period Ended September 30, 2018

Resorttrust, Inc. (Securities code 4681)

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Highest-ever net sales, increased both Sales and income on 1H for the second consecutive years

(Million yen)

| | 2018/9 (results) | 2018/9 (targets) | Difference | 2017/9 (results) | YoY Change |
|-------------------------|---------------------|---------------------|------------|---------------------|---------------|
| Net Sales | 77,334 | 81,900 | (5.6%) | 70,110 | +10.3% |
| Operating Income | 6,074 | 6,300 | (3.6%) | 5,452 | +11.4% |
| Ordinary Income | 6,507 | 6,700 | (2.9%) | 6,400 | +1.7% |
| Net Income | 3,998 | 4,000 | (0.0%) | 3,787 | +5.6% |

<Difference>

During the 6-month period ended September 30, 2018, net sales as well as operating income, ordinary income, and net income were lower than the targets owing mainly to a shortfall in hotel operations as a result of inclement weather such as typhoons and heavy rains. However, segment operating income of the Membership Operation Segment and the Medical Operation Segment, which demonstrated favorable sales, was higher than the targets.

<YoY Change>

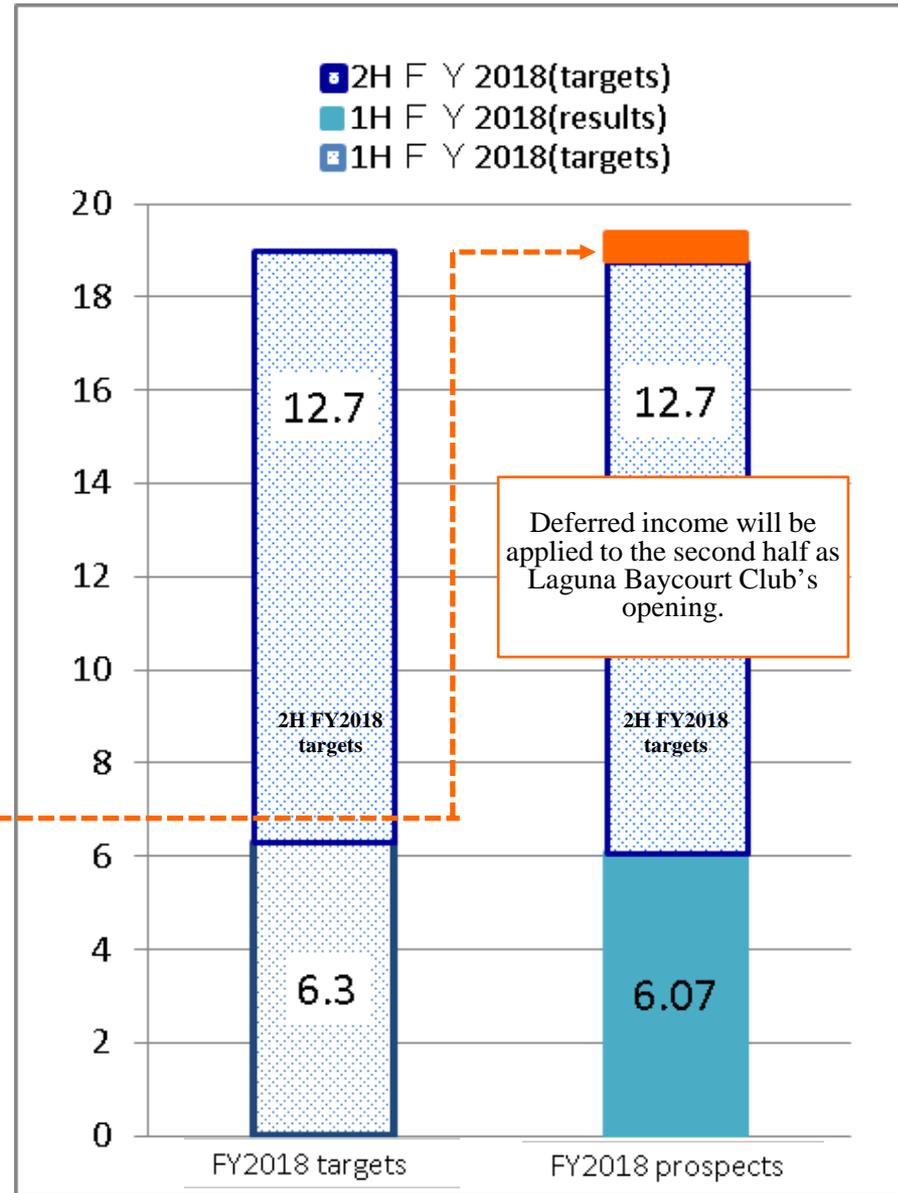
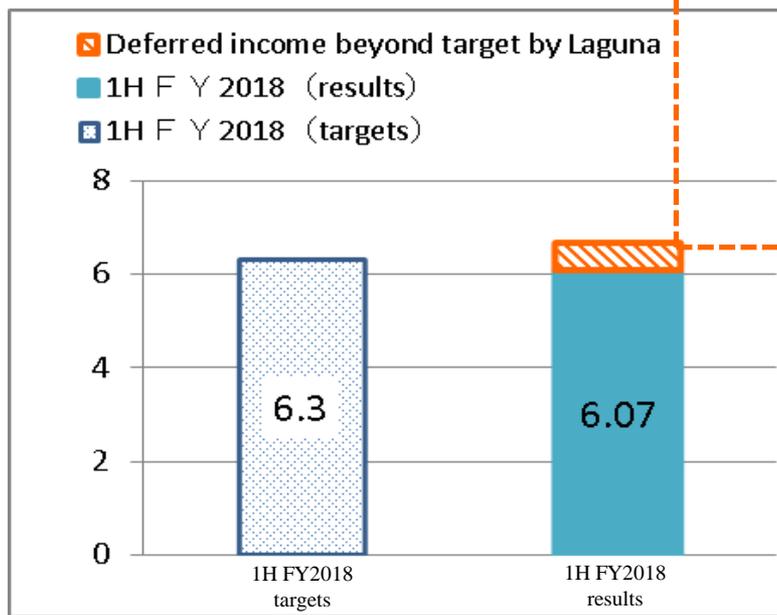
Sales and operating income increased owing to such factors as recording of higher revenue from properties in line with the opening of “XIV Rokko Sanctuary Villa,” increase in sales by revenue from hotel operation, and expansion of the Medical Business.

*Income attributable to owners of parent is labelled as “Net income” in this document.

Progress of Operating Income (Increase in Deferred Income)

Status of Consolidated Operating Income (Billion yen)

Laguna Baycourt Club yielded favorable sales and performed above the targets. Deferred income to be realized, which was deferred to the first half, as of March for opening business, has accumulated above the targets.*



*Please refer to P.28 for details.

Business Forecast for FY2018

Consolidated Targets

(Million yen)

| | FY2017 results | FY2018 targets | Change |
|-------------------------------|-------------------|-------------------|---------------|
| Net sales | 165,413 | 183,600 | +18,186 |
| Operating income | 17,742 | 19,000 | +1,257 |
| Ordinary income | 19,422 | 19,500 | +77 |
| Net income | 11,830 | 12,400 | +569 |
| Net income per share (yen) | 110.82 | 115.98 | |
| Annual Cash dividend (yen) | 46.00 | 46.00 | |
| | | | (Billion yen) |
| Contract Values of Membership | 59.4 | 57.0 | (2.4) |

<Operating Income by Segment (before allocation)>

(Million yen)

| | | FY2017 results* | FY2018 targets | Change |
|-------------------------|------------------|--------------------|-------------------|---------|
| Membership | Sales | 54,114 | 61,240 | +7,125 |
| | Operating income | 16,179 | 16,890 | +710 |
| Hotel and Restaurant | Sales | 79,601 | 84,970 | +5,368 |
| | Operating income | 3,731 | 4,170 | +438 |
| Medical | Sales | 30,990 | 36,710 | +5,719 |
| | Operating income | 5,276 | 5,980 | +703 |
| Other | Sales | 707 | 680 | (27) |
| | Operating income | 554 | 570 | +15 |
| head office costs | Operating income | (7,999) | (8,610) | (610) |
| Total | Sales | 165,413 | 183,600 | +18,186 |
| | Operating income | 17,742 | 19,000 | +1,257 |

* Results for FY2017 were amended retrospectively due to a change of scope in business segments. For details, please refer to p. 29.

<Net Sales>

- Decrease in differed Sales (sales of properties before completion of construction)
 - < In the previous FY : Laguna · Rokko · Yokohama
 - In this FY : Yokohama(only) >
- Difference in deferred realization
 - < In the previous FY : Ashiya In this FY : Rokko /Laguna >
- Decrease in contract values of hotel membership
(There is no starting sales of new facility membership)
- A full-year contribution from operation of Ashiya Baycourt Club(Feb, 2018) & XIV Rokko SV(Apr, 2018)
- Increase in Existing Hotel operation etc.
- Increase in Income from annual fees and amortization of deposits
(Hotel / HIMEDIC)
- Expansion of Medical Service corporation Business & Aging Care Business
- Expansion of Senior lifestyle business (Increased facilities)
- Revenue on BNCT equipment (Deviation from the previous FY)

<Operating Income>

- Increase in cost due to increased real estate sales and Difference in cost of sales ratio in new facility
- Decrease in contract values of hotel membership
(There is no starting sales of new facility membership)
- Increase in Income from annual fees and amortization of deposits (Hotel / HIMEDIC)
- Increase in Hotel operation including new opening hotels
- Expansion of Medical Service corporation Business & Aging Care Business
- Expansion of Senior lifestyle business (Increased facilities)
- Increase in overhead expenses (Depreciation about System cost etc.)

Segment Sales and Operation Income 1H FY2018

(April to September)

<Sales>

(Million yen)

| | Membership | Hotel and Restaurant | Medical | Other | | Total |
|-------------------------|---------------|----------------------|---------------|------------|--|---------------|
| 2018/9 (results) | 19,204 | 40,799 | 16,997 | 333 | | 77,334 |
| 2018/9 (targets) | 19,860 | 43,090 | 18,610 | 340 | | 81,900 |
| Difference | (3.3%) | (5.3%) | (8.7%) | (2.1%) | | (5.6%) |
| 2017/9 (results)* | 13,825 | 40,634 | 15,282 | 367 | | 70,110 |
| YoY Change | +38.9% | +0.4% | +11.2% | (9.5%) | | +10.3% |

<Operating Income>

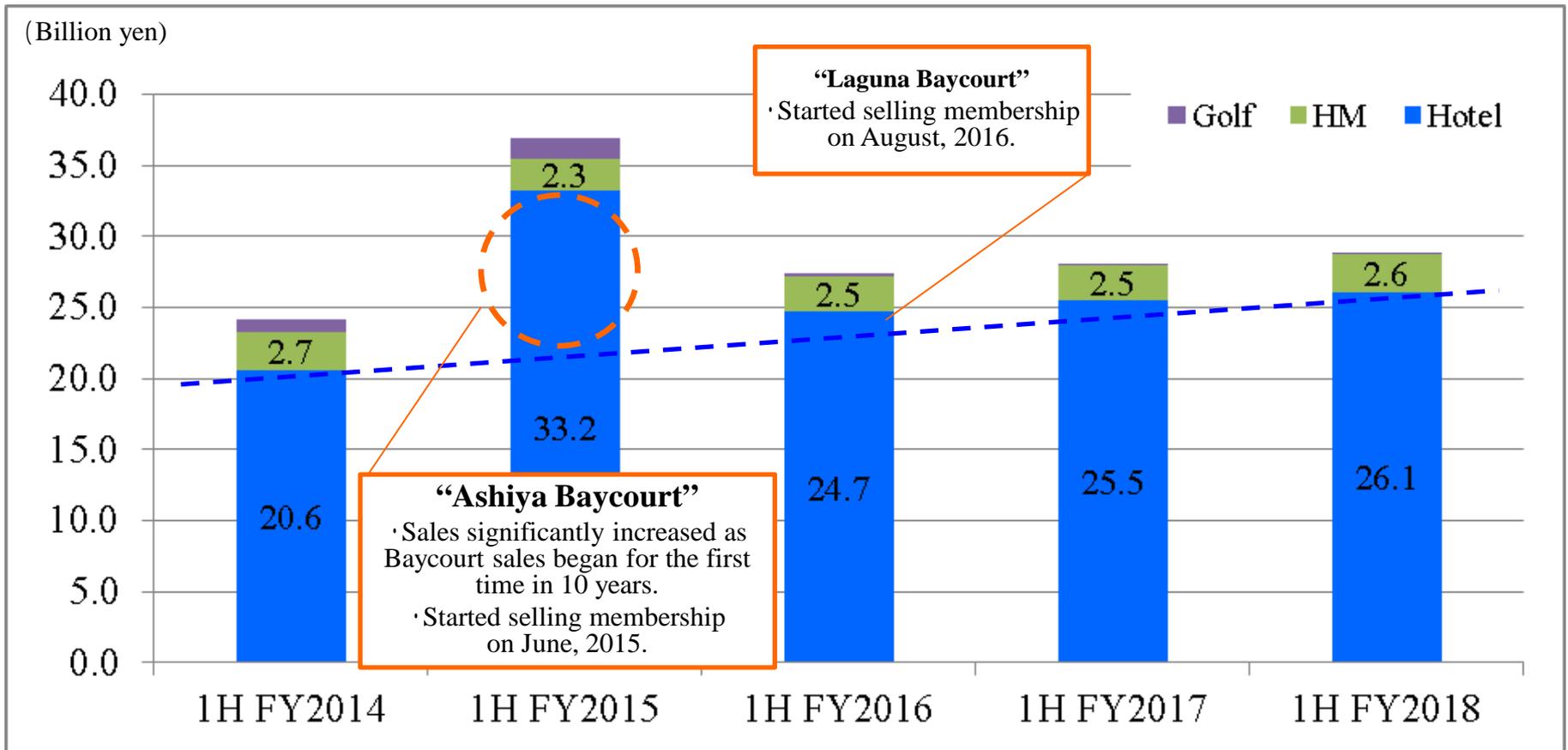
(Million yen)

| | Membership | Hotel and Restaurant | Medical | Other | Overhead expenses | Total |
|-------------------------|--------------|----------------------|--------------|------------|-------------------|--------------|
| 2018/9 (results) | 4,901 | 2,401 | 2,955 | 223 | (4,408) | 6,074 |
| 2018/9 (targets) | 4,560 | 3,020 | 2,850 | 230 | (4,360) | 6,300 |
| Difference | +7.5% | (20.5%) | +3.7% | (2.7%) | (48) | (3.6%) |
| 2017/9 (results)* | 3,339 | 3,016 | 2,611 | 216 | (3,731) | 5,452 |
| YoY Change | +46.8% | (20.4%) | +13.2% | +3.3% | (677) | +11.4% |

* Results for FY2017 in the previous year were amended retrospectively due to a change of scope in business segments. For details, please refer to p. 29.

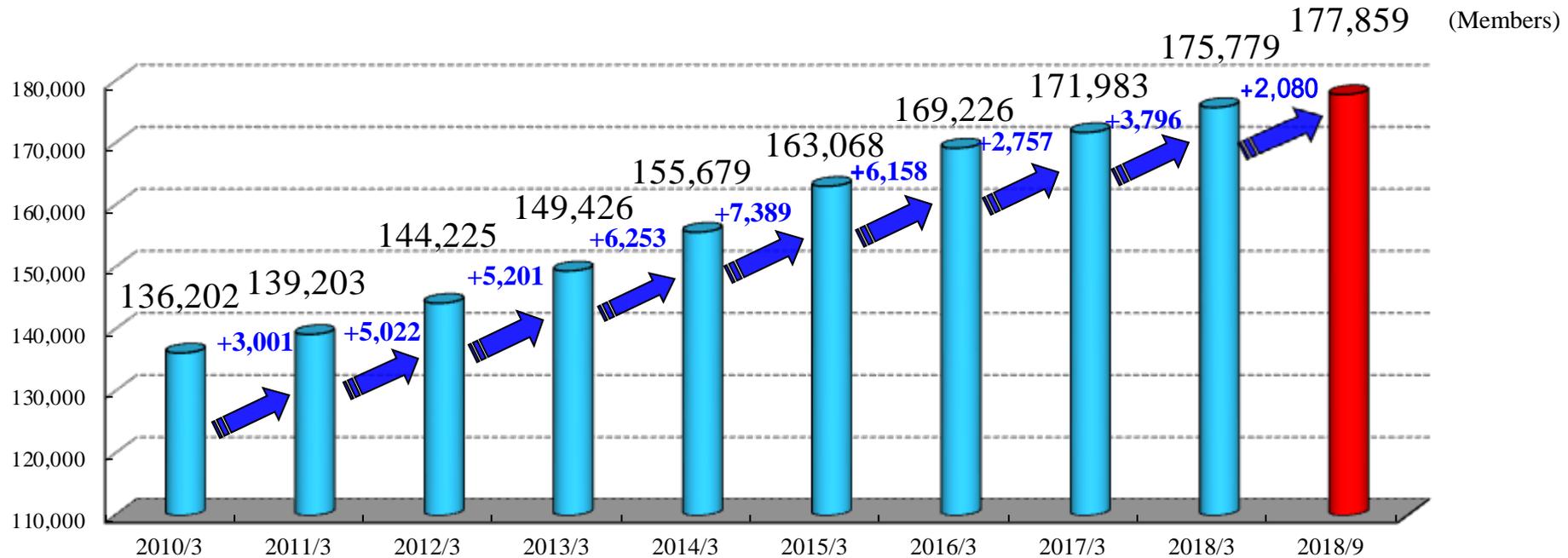
Progress of contract values for six months

- Contract values increased steadily despite no starting sales of new facility memberships during the previous FY and this FY.
- Contract values of HIMEDIC membership for the 6-month period were favorable and exceeded the levels of the previous two FYs, despite being sluggish in 1Q.



Number of Members

Number increased by 2,080 during 1H FY,
higher than in FY2017 (+3,796 during the FY) and FY2016 (+2,757 during the FY)



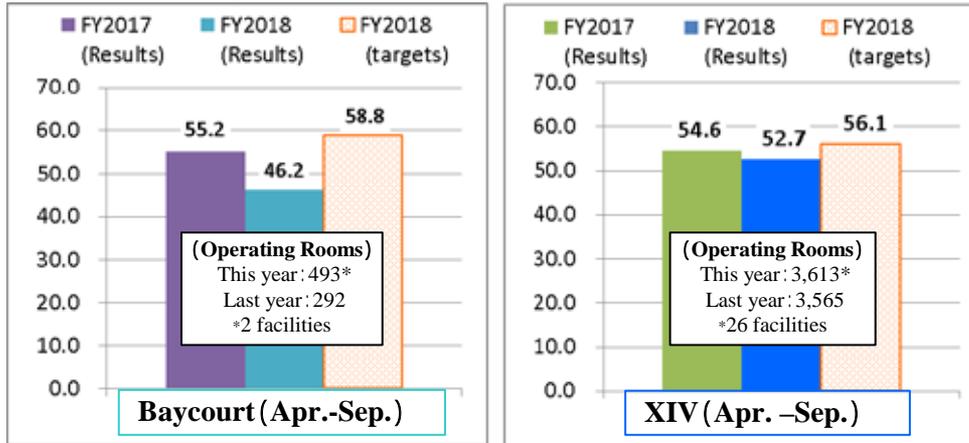
| | Baycourt | XIV | Sun Members | Golf | Medical | Cruiser | Total |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|------------|----------------|
| 2018/3 | 15,793 | 77,220 | 33,572 | 30,671 | 18,124 | 399 | 175,779 |
| 2018/9 | 17,124 | 77,664 | 33,115 | 30,539 | 19,016 | 401 | 177,859 |
| Change April - September 2018 | +1,331 | +444 | (457) | (132) | +892 | +2 | +2,080 |
| Change April - September 2017 | +1,280 | +441 | (453) | (118) | +855 | (15) | +1,990 |

*For cases in which members are in possession of multiple memberships, each of the memberships is counted as one member

Hotel occupancy rate for six months of FY2018

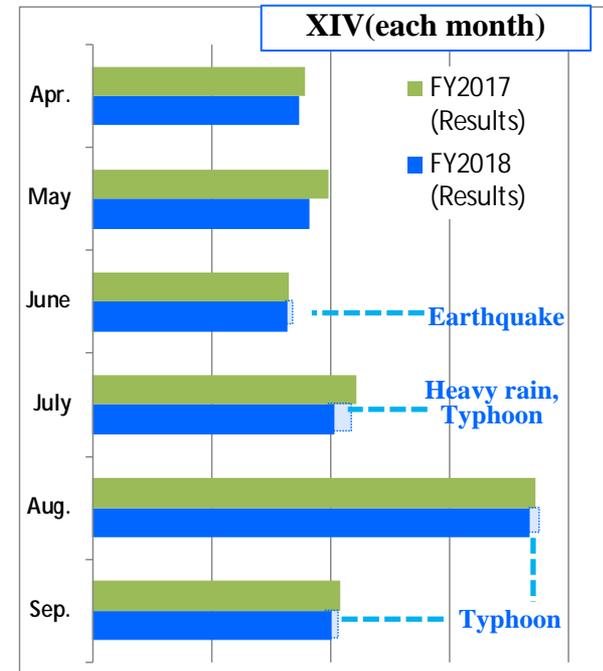
- Following 1Q, Hotel occupancy rate in 2Q was also lower than the targets and results due to the effects of natural disasters such as heavy rains and typhoons.
- Signs of improvement can be seen starting from June, resulted from a slight increase in XIV monthly sales without taking into account the effects of natural disasters.

6 months Baycourt / XIV Occupancy < Plan/YoY >



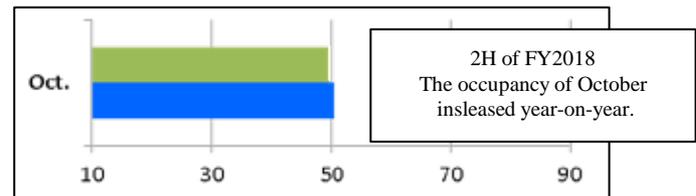
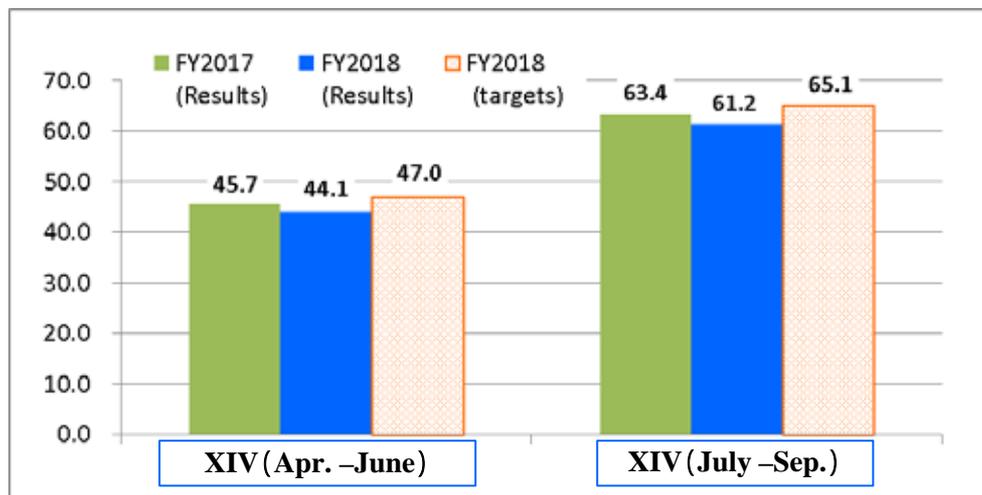
Each month XIV Occupancy < YoY > (%)

※ Actual monthly occupancy rates are not disclosed



Natural disasters only take into account the number of cancellations (minimal damage)

3 months XIV Occupancy < Plan/YoY >



Initiatives to enhance hotel operation for 2H of FY2018

Implementation of two new measures starting October 1, as follows

- Renewal of reservation website; introduction of official reservation app
- Changes in operating structure

A structure of two employees to each customer; clarification of each role (sales/utilization)

For utilization, assign persons in charge originally stationed at contracted facilities to each region to strengthen coordination with persons in charge of sales.

<Implementation of information guidance related to reservation website to customers through member newsletters, the website, and individual inquiries.>

スマホ版も登場!より簡単で 使いやすいデザインへ Web予約サイトリニューアル

多くの会員様にご利用いただいている宿泊予約サイトも、使い易さにリニューアルオープン。スマートフォン用サイトも加わり、見やすい画面で、より使いやすい予約サイトをぜひご利用ください。

2018年10月1日(月)スタート!

リニューアルして ここが便利に!

POINT 1 パソコン、タブレット、スマートフォンなど、どの端末でも見やすいデザインに一新
 どの端末でも簡単に予約できるよう、シンプルな操作性と見やすさを実現しました。
 スマホでも簡単!

POINT 2 予約完了までWebで完結!プラン選択も可能に
 宿泊ホテル、部屋タイプ、利用人数、レストランなどサブツク選択、プラン予約もWebで選択するだけでOK。
 予約変更・確認・キャンセルもWebで可能

POINT 3 リゾートトラストHPから全ホテルの空室状況が確認できる(10月中旬より)
 ID・パスワードの入力は不要。会員様のご案内やご友人などの方でも、見になるホテルの空室状況を確認いただけます。リゾートトラストホームページからご覧ください。
 https://reservet.trustnet.co.jp/login

Web予約サイトはコチラ
 ランダーネット会員、Web予約登録会員は同じID・パスワードでご利用いただけます。
 https://reservet.trustnet.co.jp/login

ベイコート倶楽部・エクシブ・サンメンバーズ会員様へ

無料の会員登録でホテル予約がWebで簡単・便利に!

リゾートトラスト公式予約アプリ

Webサービスご案内

まずはアプリをダウンロード

iOSの方はApp Store、Androidの方はGoogle Playから右記のQRコードを読み込んでダウンロードしてください。

または リゾートトラスト 公式予約アプリ 検索

ホテル予約も空室情報チェックもアプリで手軽にできるお役立ちサービスがスタート

ホテル予約

スマホでホテル・レストラン予約が完了!空室照会、予約の確認・変更も簡単に!

家族登録

(エクシブオーナー様向け)

エクシブオーナー様がご家族(2親等以内)の情報を申請することで、ご家族にもID・パスワードが発行され、Web予約が可能になります。

空室情報

ログインをしてアプリ内からの目でホテルの空室をチェックできます。

In the second half of FY2018, we shall focus our efforts on the above measures and promote initiatives to significantly improve operation starting from the following FY.

New Developments in the Medical Business

- Commencement of new HIMEDIC membership products on October 17. At the same time, expansion of sales channels through joint businesses. Expansion of services, pricing to be contributed to group synergy, promotion of the enhancement of convenience (development of specialized app)
- In the Senior Lifestyle Business, “Trust Grace Shirakabe,” the second Trust Grace brand facility, is scheduled to open in March 2019.

HIMEDIC Business

| Existing pmembership (Excluding tax) | | |
|--------------------------------------|------------------|-------------------------------------|
| | New member | Existing HIMEDIC member (2 or more) |
| Price | 2.25 million yen | 1.75 million yen |
| Annual fee | 500,000 yen | |

| New line ¹ GRAND HIMEDIC CLUB Premium ₁ (Excluding tax) | |
|---|-------------------------------------|
| | Existing HIMEDIC member (2 or more) |
| New member | 2 million yen |
| 3 million yen | 2 million yen |
| Monthly fee 46,000yen / month ¹ 552,000yen/year ₁ | |

- Annual high-precision medical examination course
- Medical consultation through the medical concierge
- Discounts on self-paid consultations
- Discounts on Group products (supplements and cosmetics)
- Post-surgery examinations
- Referral letters, follow-up services, others

- New members enjoy a 500,000 yen discount when purchasing other hotel memberships, etc.
- Follow-up examinations aiming for half a year after the initial examination (Blood tests for lifestyle diseases, colorectal examination, etc.)
- An annual quota for an extra examination per person up to 500,000 yen when purchasing multiple memberships
- Credit card compatibility (no service charges)

Senior Lifestyle business



Trust Garden Shijo Karasuma
Location: Kyoto City
Start to operate: March, 2018
Rooms: 54 (Private Nursing Home)



Life Assist Bashamichi
Location: Yokohama City
Start to operate: July, 2018
Rooms: 74 (Private Nursing Home)



(Tentative) Trust Grace Shirakabe
Location: Nagoya City
Start to operate: march, 2019 (plan)
Rooms: 72 (Serviced Residence for Seniors)



(Tentative) Trust Garden Ogikubo
Location: Sugunami ward, Tokyo
Start to operate: August, 2019 (plan)
Rooms: 51 (Private Nursing Home)

There is a possibility that it will be changed in the future as the opening time of the unopened facility and the facility name, etc.

Initiatives and Summary by Segment

| | |
|---------------------------------|---|
| Member ship | <p><Sales of existing hotel memberships> Promotion of the sales of existing hotel memberships, starting with “XIV ver.L,” a newly added product during the FY</p> <p><Enhancement of productivity per unit time> Enhancement of efficiency during business hours, alongside the promotion of work style reform (first half of FY2018: up 10% compared to the same period of the previous FY)</p> |
| Hotel and Restaurant | <p><Initiatives to enhance occupancy rate></p> <ul style="list-style-type: none"> • Revitalization of utilization through the renewal of online reservations and the introduction of the app (October 2018) • Enhancement of customer satisfaction through various plans such as the 45th anniversary event (from August 2018), and increasing attractiveness of facilities • Provision of plans for employees of large-scale corporations and revitalization of utilization (utilization of online reservations and app) • Approaching and reactivating dormant members (members who have not used our services for a period of time) • Provision of effective follow-up services to members and implementation of information guidance alongside the change in operating structure (from October 2018) <p><Enhancement of efficiency and productivity> Introduction of multitasking within facilities, reduction of operation procedures, etc. through measures such as digital reform</p> |
| Medical | <p><Expansion of HIMEDIC-exclusive sales bases> Establishment of a new Kyoto base in addition to the Tokyo base *Support functions are established in Tokyo, Yokohama, Nagoya, and Osaka.</p> <p><Sales of new memberships, expansion of sales channels through joint businesses and referrals> Introduction starting from 3Q, alongside the new product “GRAND HIMEDIC CLUB Premium (sales commencing on October 17, 2018)”</p> <p><Enhancement of convenience through the introduction of the HIMEDIC app> (In development/scheduled)</p> <ul style="list-style-type: none"> • Smart member IDs/consultation tickets • Reservations on request • Smart examination reports, etc. <p><Decision to establish new consultation base in the Kanto area> Decision to establish a new HIMEDIC base in the Nihonbashi area, Tokyo in spring 2020</p> <p><New establishment of facilities for the elderly, M&As> Deliberations are underway for the development of new M&A cases in the current FY.</p> |
| Head Office | <p><Digital reform> Promotion of various initiatives *Please refer to p.18 With FY2018 and FY2019 being the investment phase, results mainly come in starting FY2020</p> <p><Work style reform> 110 days of annual leave (+5 days), 120 days of annual leave in FY2019 (+10 days), enabled by enhanced productivity through initiatives such as digital reform</p> <p><RTTG point club> Scheduled to be implemented in April 2019, details under deliberation (promotion of customer satisfaction and group synergy)</p> |

Topics for Fiscal Year 2018

- (1) Change of Representative Directors.
Set up “Hotels & Resorts Division” and “Hotels & Tourism Division” to split Hotel & Restaurant Division.
(April 1, 2018)**
- (2) Regarding the Formulation of Resorttrust Group Medium-term Management Plan “Connect 50”. (April 2, 2018)**
- (3) Opening of “XIV Rokko Sanctuary Villa” Membership Resort Hotel. (April 22, 2018)**
- (4) Held of the Resorttrust Ladies golf championship was held at Kansai Golf Club.
(from May 25 to May 27, 2018)**
- (5) Announcement of Decision on Opening a Private Nursing Home “Trust Garden Ogikubo (tentative name)”
(June 19, 2018) * Scheduled to open on August, 2019**
- (6) The Dunlop Srixon Fukushima Open was held at Grandee Nasu Shirakawa Golf Club’s course for consecutive years.
(from June 21 to June 24, 2018)**
- (7) Started to operate “Life Assist Bashamichi (Yokohama City)” Private Nursing Home. (July 1, 2018)**
- (8) Conclusion of a Joint Research Agreement on “Visualization and Improvement of Restaurant Logistics by Introducing Behavioral Science Analysis with the National Institute of Advanced Industrial Science and Technology (AIST), National University Corporation Kobe University, and Ritsumeikan University.
(July 18, 2018)**
- (9) Commencement of sales of “GRAND HIMEDIC CLUB Premium,” a new HIMEDIC membership products.
(October 17, 2018)**
- (10) Decided to establish a new HIMEDIC base and the general medical examination base which also serves as outpatient clinic in Nihonbashi area, Tokyo in 2020 spring. (November 2018)**
- (11) Scheduled to be opened Serviced residence for the Elderly “Trust Grace Shirakabe (Tentative Name)” (March 1, 2019)**
- (12) “Laguna Baycourt Club” Exclusive Membership Resort is scheduled to be opened. (March, 2019)**

Group's Development Schedule

<Sales and business commencement schedule_Nobember 8, 2018>

| Medium-term management plan | | Previous medium-term management plan Next40 | | | | | Current medium-term management plan Connect 50 | | | | | |
|--|--|---|---------------------|----------------------|---------------|------------------------|--|----------------------|-------------|------------------------|-------|-------|
| Fiscal year | | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | |
| Sales and business commencement schedule | Membership resort hotels | ● XIV Toba Bettei | | ● XIV Yugawara Rikyu | | ● Ashiya Baycourt Club | | ● XIV Rokko SV | | ● Laguna Baycourt Club | | |
| | | | | | | | ● Yokohama Baycourt Club | | | | | |
| | | | | | | | ● International | | | | | |
| | | | | | | | ● Kansai | | | | | |
| | | | | | | | ● Kanto | | | | | |
| Business commencement schedule | Luxury hotel (LH) | ● THE KAHALA | | | | | ● THE KAHALA Yokohama | | | | | |
| | Hotel Trusty (HT) | ● Kanazawa | | | | | | ● Nihonbashi Hamacho | | | | |
| | Medical examination club on a membership basis | ● HIMEDIC・Mikoto | ● HIMEDIC Tokyo Bay | | | | | ● Kanto | | | | |
| | Senior residence (SR) | ● Mikage | ● Todoroki | ● Hongo | ● Tokiwamatsu | | ● Active Biwa | ● Bashamichi | ● Shirakabe | ● SR① | ● SR③ | ● SR⑤ |
| | | ● Higashimemachi | | ● Shijo Karasuma | | ● Ogikubo | | ● SR② | ● SR④ | ● SR⑥ | | |
| Renewal | | ● Hakone | ● Beppu | | | | | ● Atami | | | | |
| | | ● Shirakawa | | | | | ● Shinjuku | | | | | |
| | | ● Toba | | | | | | | | | | |

Consolidated Balance Sheets

| (Million yen) | | | | | | | |
|---|----------------|----------------|-----------------|---|----------------|----------------|-----------------|
| | 2018/3 | 2018/9 | Change | | 2018/3 | 2018/9 | Change |
| Total current assets | 146,094 | 144,500 | (1,594) | Total current liabilities | 106,153 | 83,577 | (22,576) |
| Cash and deposits | 29,366 | 30,313 | +947 | Notes and accounts payable-trade | 1,355 | 1,340 | (14) |
| Notes and accounts receivable-trade | 7,689 | 8,092 | +402 | Short-term loans payable | 28,078 | 18,234 | (9,844) |
| Operating loans | 44,041 | 45,668 | +1,627 | Current portion of bonds | 2,750 | 250 | (2,500) |
| Short-term investment securities | 6,404 | 500 | (5,904) | Accounts payable-other and accrued expenses | 28,959 | 16,116 | (12,842) |
| Merchandise, raw materials and supplies | 2,346 | 2,379 | +32 | Advance received | 28,564 | 30,432 | +1,867 |
| Real estate for sale | 22,776 | 27,174 | +4,397 | Other | 16,445 | 17,204 | +758 |
| Real estate for sale in process | 28,116 | 23,263 | (4,852) | Total noncurrent liabilities | 190,096 | 192,987 | +2,891 |
| Other | 5,352 | 7,108 | +1,756 | Bonds payable and long-term loans payable | 32,769 | 37,463 | +4,694 |
| Total noncurrent assets | 275,345 | 257,990 | (17,355) | Long-term guarantee deposited | 101,541 | 99,250 | (2,290) |
| Property, plant and equipment, net | 170,600 | 173,408 | +2,808 | Bonds with subscription rights to shares | 29,855 | 29,834 | (21) |
| Intangible assets | 11,001 | 11,166 | +165 | Other | 25,930 | 26,438 | +507 |
| Investments and other assets | 93,744 | 73,416 | (20,328) | Total liabilities | 296,250 | 276,565 | (19,685) |
| | | | | Net Assets | 125,190 | 125,925 | +735 |
| | | | | Shareholders' equity | 120,553 | 122,059 | +1,505 |
| | | | | Treasury shares | (2,212) | (1,859) | +353 |
| | | | | Accumulated Other Comprehensive Income | 2,421 | 1,354 | (1,066) |
| | | | | Subscription rights to shares | 229 | 261 | +31 |
| | | | | Non-controlling interests | 4,198 | 4,110 | (88) |
| Total assets | 421,440 | 402,491 | (18,949) | Total liabilities and net assets | 421,440 | 402,491 | (18,949) |

Consolidated Cash Flows 1H FY2018

(April to September)

(Million yen)

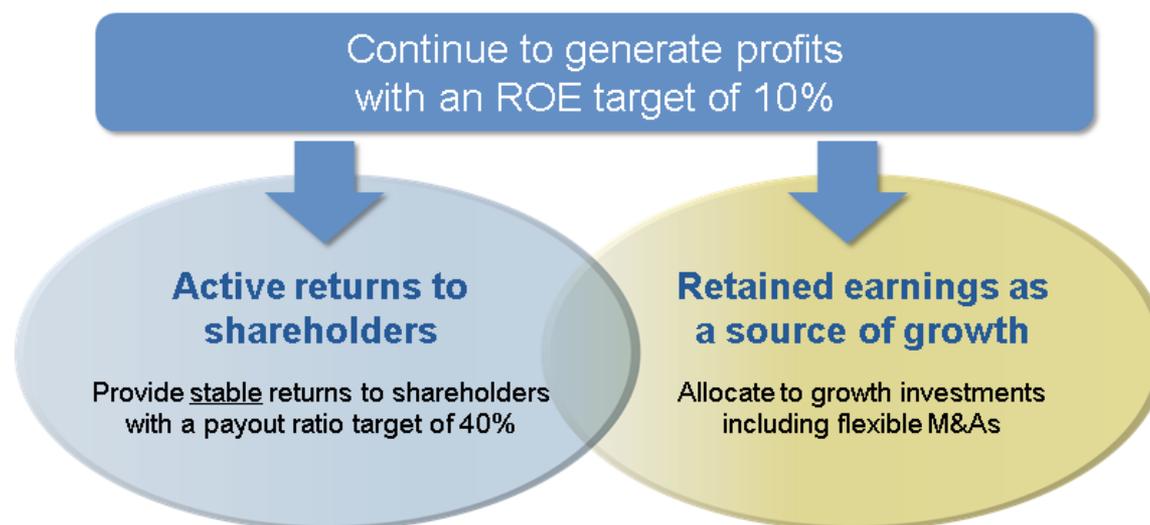
| | 2017/9 | 2018/9 |
|---|----------|----------------|
| Cash flows from operating activities | (7,132) | (5,132) |
| Cash flows from investing activities | (8,236) | 9,191 |
| Cash flows from financing activities | (2,375) | (9,030) |
| Effect of exchange rate changes on cash and cash equivalents | 23 | 2 |
| Net increase (decrease) in cash and cash equivalents | (17,719) | (4,969) |
| Increase (decrease) in cash and cash equivalents resulting from changes of scope of consolidation | 66 | - |
| Cash and cash equivalents at end of period | 22,711 | 27,500 |

Quantitative plan (consolidated)

Medium-term Management Plan “Connect 50”

| (Billions of yen) | FY2017 (Final year of Next40) | FY2020 (Third year of Connect 50) | FY2022 (Final year of Connect 50) |
|---|----------------------------------|--------------------------------------|--------------------------------------|
| Net sales | 165.4 | 195.0 | 210.0 |
| Operating income | 17.7 | 20.0 | 24.0 |
| Ordinary income | 19.4 | 20.0 | 24.0 |
| Net income attributable to owners of parent | 11.8 | 13.5 | 16.0 |

| | | |
|-----------------------------------|---|---|
| FY2022 projected segment overview | Membership operations: Maintain earnings despite a decrease in the amount of deferred revenue and earnings realized at the time of facility opening | Medical operations: Achieve segment operating income of ¥10 billion |
| | Hotel and restaurant operations: Achieve net sales of ¥100 billion and target operating income to net sales of 8% | Head office expenses: Target around 4-5% of consolidated net sales |



Summary by Segment

Medium-term Management Plan “Connect 50”

Membership operations



Create new opportunities by commencing sales of international memberships

Establish a sustainable membership business model

- ◎ Increase the number of memberships sold; improve productivity per hour
 - No. of contracts in FY2022: 5,500 (up 40% compared with FY2017)
 - Productivity per hour in FY2022: ¥51,000 (up 20% compared with FY2017)
 - Kanto Branch contracts in FY2022: 52% (up 7 percentage points compared with FY2017)
- ◎ <International memberships> Sales scheduled to commence from FY2019

Hotel and restaurant operations



Dramatically increase productivity and profitability

Develop THE KAHALA brand on a global basis and expand operations targeting general consumers (business and luxury)

- ◎ XIV + Baycourt Club total occupancy
 - FY2022: 55.5% (up 4.0 percentage points compared with FY2017)
- ◎ Forecast increase in annual fees + amortization of security deposits
 - FY2022: Up ¥3.0 billion to ¥3.5 billion compared with FY2017
- ◎ Hotel Trusty expansion
 - FY2022: Expand to 12 facilities (up four facilities compared with FY2017)
 - FY2022: Exceed ¥10 billion in sales (up 60% compared with FY2017)

Medical operations



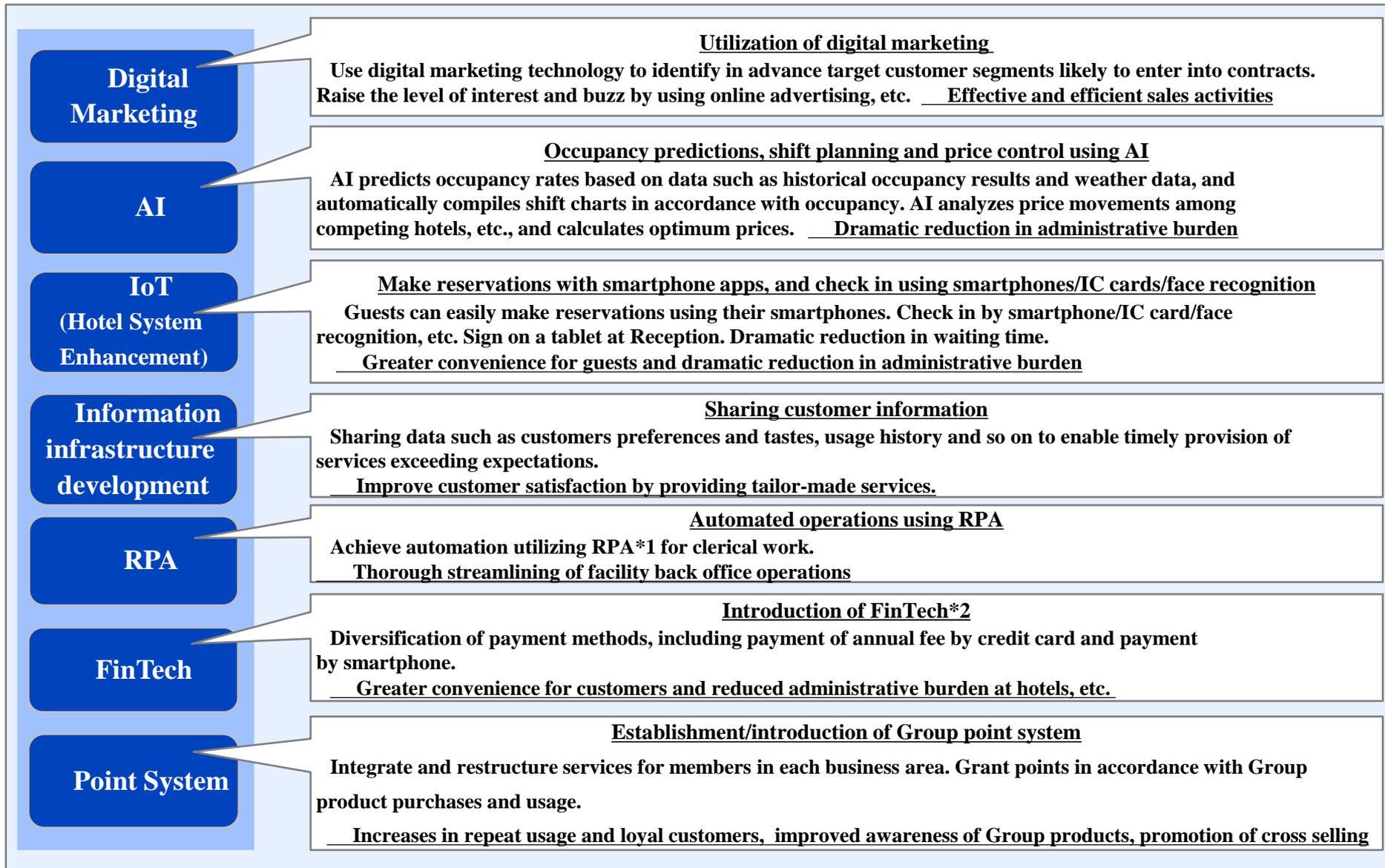
Image courtesy of GE Healthcare Japan

Create synergies with advanced medical treatment and become Japan's leading comprehensive medical solutions group

Target the top position in the senior high-grade market

- ◎ HIMEDIC business and Medical Service Corporation business
 - Number of annual HIMEDIC membership sales: 2,360 (use of existing and new facilities)
 - Number of general consumers undergoing medical examinations in FY2022: 700,000 (up 40% compared with FY2017)
- ◎ Aging care business (product sales)
 - Number of customers in FY2022: 500,000 (up 200% compared with FY2017)
- ◎ Senior Lifestyle business
 - Work toward 3,000 rooms, target increases in net sales and operating income of 1.6 and approximately 3 times, respectively (compared with FY2017)

Overall Picture of Digital Reforms



*1 RPA (Robotic Process Automation)...Technology to replace and automate operations carried out by employees with robots (installation of software in PCs).

*2 FinTech (Financial Technology)...Creating and reviewing financial services utilizing Information Technology.

<Reference>

< Reference >

Contract Values of Membership 1H FY2018

(April to September)

(Billion yen)

| | 2018/9 results | 2018/9 targets | Difference | 2017/9 results | YoY Change | 2018/9 Progress rate of contract (cumulative) | 2019/3 targets |
|-------------------------------|-------------------|-------------------|-------------|-------------------|---------------|--|-------------------|
| Yokohama Baycourt Club | 6.7 | 7.1 | (0.3) | - | +6.7 | 22.4% | 14.1 |
| Laguna Baycourt Club | 9.5 | 5.8 | +3.7 | 11.3 | (1.8) | 68.4% | 11.5 |
| XIV Rokko SV | 0.6 | 1.2 | (0.6) | 1.4 | (0.8) | 43.3% | 2.5 |
| Ashiya Baycourt Club | 3.3 | 4.1 | (0.8) | 5.2 | (1.9) | 71.8% | 8.2 |
| XIV Yugawara Rikyū | 0.8 | 2.8 | (2.0) | 3.3 | (2.5) | 71.2% | 5.5 |
| Other Hotels | 5.2 | 4.9 | +0.3 | 4.4 | +0.8 | - | 9.9 |
| Hotel Membership Total | 26.1 | 25.9 | +0.3 | 25.5 | +0.6 | - | 51.7 |
| Golf | 0.2 | 0.1 | +0.1 | 0.1 | +0.1 | - | 0.2 |
| HIMEDIC | 2.6 | 2.5 | +0.1 | 2.5 | +0.1 | - | 5.1 |
| Total | 28.9 | 28.5 | +0.4 | 28.1 | +0.8 | - | 57.0 |

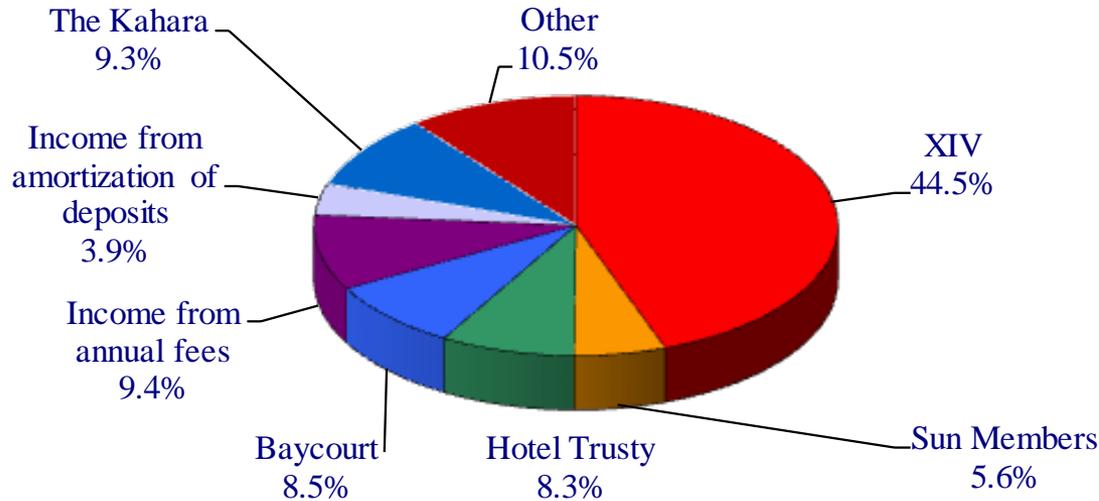
< Reference >

Sales of Membership Segment 1H FY2018 (April to September)

(Billion yen)

| | | 2018/9 results | 2018/9 targets | Difference | 2017/9 results | YoY Change | 2019/3 targets |
|------------------------------------|------------------------|-------------------|-------------------|--------------|-------------------|---------------|-------------------|
| Yokohama Baycourt Club | | 6.1 | 6.3 | (0.2) | - | +6.1 | 12.6 |
| Laguna Baycourt Club | | 8.6 | 5.2 | +3.5 | 10.3 | (1.6) | 10.3 |
| XIV Rokko SV | | 0.6 | 1.1 | (0.5) | 1.2 | (0.6) | 2.2 |
| Ashiya Baycourt Club | | 3.0 | 3.7 | (0.7) | 4.7 | (1.7) | 7.4 |
| XIV Yugawara Rikyū | | 0.7 | 2.4 | (1.7) | 2.9 | (2.2) | 4.8 |
| Other Hotels | | 3.8 | 3.0 | +0.8 | 3.7 | +0.0 | 6.0 |
| Hotel Membership Total | | 22.7 | 21.7 | +1.0 | 22.8 | (0.1) | 43.3 |
| Deferred Sales | Yokohama Baycourt Club | (3.2) | (3.4) | +0.1 | - | (3.2) | (6.7) |
| | Laguna Baycourt Club | (4.8) | (2.9) | (1.9) | (5.7) | +0.9 | 20.6 |
| | XIV Rokko SV | 4.7 | 4.7 | (0.0) | (0.6) | +5.3 | 4.7 |
| | Ashiya Baycourt Club | - | - | - | (2.6) | +2.6 | - |
| All Hotels | | 19.3 | 20.1 | (0.7) | 13.8 | +5.5 | 61.8 |
| Other | | (0.1) | (0.2) | +0.1 | 0.0 | (0.1) | (0.6) |
| Membership Operations Total | | 19.2 | 19.9 | (0.7) | 13.8 | +5.4 | 61.2 |

Sales of Hotel and Restaurant Segment 1H FY2018 (April to September)



(Million yen)

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets |
|--------------------------------------|-------------------|-------------------|-------------------|-------------------|
| XIV | 18,136 | 19,658 | 18,951 | 37,659 |
| Sun Members | 2,300 | 2,453 | 2,366 | 4,901 |
| Hotel Trusty | 3,375 | 3,496 | 3,434 | 6,917 |
| Baycourt | 3,488 | 4,112 | 2,199 | 8,337 |
| Income from annual fees | 3,818 | 3,771 | 3,534 | 7,632 |
| Income from amortization of deposits | 1,592 | 1,618 | 1,485 | 3,236 |
| The Kahara | 3,797 | 3,652 | 3,795 | 7,983 |
| Other | 4,290 | 4,325 | 4,867 | 8,302 |
| Total | 40,799 | 43,090 | 40,634 | 84,970 |

<Reference>

Operations by category 1H FY2018

(April to September)

<HOTEL>

Number of overnight visitors

(Thousands)

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets |
|--------------|-------------------|-------------------|-------------------|-------------------|
| XIV | 986 | 1,049 | 1,014 | 1,943 |
| Sun Members | 210 | 223 | 217 | 439 |
| Hotel Trusty | 349 | 355 | 356 | 697 |
| Baycourt | 105 | 134 | 68 | 272 |

<Reference>

(Thousands)

| 2017/3 results | 2018/3 results |
|-------------------|-------------------|
| 1,812 | 1,864 |
| 444 | 431 |
| 662 | 696 |
| 143 | 145 |

Occupancy rates

(%)

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets |
|--------------|-------------------|-------------------|-------------------|-------------------|
| XIV | 52.7 | 56.1 | 54.6 | 52.7 |
| Sun Members | 58.3 | 61.4 | 60.2 | 61.8 |
| Hotel Trusty | 91.1 | 92.5 | 93.1 | 91.8 |
| Baycourt | 46.2 | 58.8 | 55.2 | 59.6 |

(%)

| 2017/3 results | 2018/3 results |
|-------------------|-------------------|
| 52.6 | 50.8 |
| 62.7 | 60.4 |
| 91.2 | 91.7 |
| 57.1 | 54.6 |

Spending per visitor

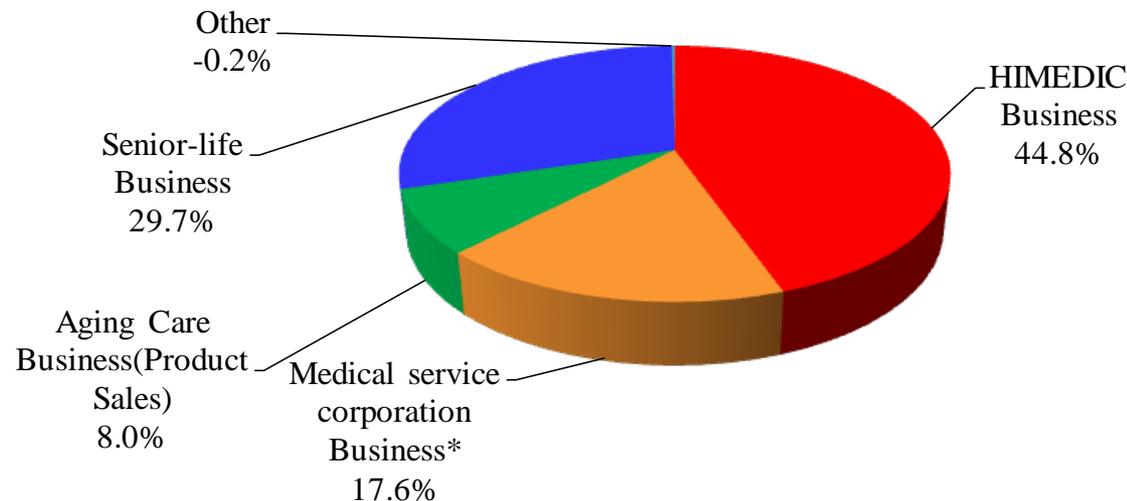
(yen)

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets |
|--------------|-------------------|-------------------|-------------------|-------------------|
| XIV | 18,380 | 18,727 | 18,674 | 19,381 |
| Sun Members | 10,920 | 10,957 | 10,897 | 11,159 |
| Hotel Trusty | 9,654 | 9,822 | 9,636 | 9,912 |
| Baycourt | 33,142 | 30,475 | 32,207 | 30,570 |

(yen)

| 2017/3 results | 2018/3 results |
|-------------------|-------------------|
| 18,573 | 19,340 |
| 10,589 | 11,139 |
| 9,754 | 9,752 |
| 30,898 | 32,940 |

Sales of Medical Segment 1H FY2018 (April to September)



(Millions yen)

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets | |
|--------|---------------------------------------|----------------|----------------|----------------|--------|
| 44.8% | HIMEDIC Business | 7,617 | 7,513 | 6,865 | 15,078 |
| 17.6% | Medical service corporation Business* | 2,994 | 2,752 | 2,530 | 5,492 |
| 8.0% | Aging Care Business(Product Sales) | 1,363 | 1,471 | 1,349 | 3,114 |
| 29.7% | Senior-life Business | 5,056 | 5,498 | 4,557 | 11,672 |
| -0.2% | Other | (35) | 1,373 | (19) | 1,351 |
| 100.0% | Total | 16,997 | 18,610 | 15,282 | 36,710 |

Operation support for general medical service business, etc.

< Senior residences and private nursing homes >

| | 2018/9 results | 2018/9 targets | 2017/9 results | 2019/3 targets |
|--------------------|----------------|----------------|----------------|----------------|
| Occupancy rates(%) | 86.6 | 90.8 | 85.9 | 89.7 |
| number of rooms | 1,587 | 1,587 | 1,459 | 1,661 |

*Life Assist Bashamichi : Start to operate on July, 2018

*Trust Grace Shirakabe(Tentative) : Scheduled to be opened on March, 2019



**Salon at “XIV Rokko Sanctuary Villa ”
(Opened on April 22, 2018)**

<Reference> Effects of Deferred Revenue from properties before hotel opening (FY)

Method of recording sales and income from property before hotel opening p.28

Registration fee treated as Sales upon signing.

Sales or Cost of the real estate **deferred until the Hotel opens**

*Discribed "+" is in realized period. And discribed "()" is in unrealized period.

(Billion yen)

| Fiscal year | Results for FY2013 (2014/3) | | Results for FY2014 (2015/3) | | Results for FY2015 (2016/3) | | Results for FY2016 (2017/3) | | Results for FY2017 (2018/3) | | Targets for FY2018 (2019/3) | | (For reference) Predictions for FY2019 (2020/3) | |
|---|-------------------------------|--------------|--|--------------|---|--------------|--|--------------|---|-------------|----------------------------------|-------------|---|---------------|
| | Sales | Income | Sales | Income | Sales | Income | Sales | Income | Sales | Income | Sales | Income | | |
| Contract amount of properties before completion of construction | (XIV Toba Bettei) 6.6 billion | | (XIV Yugawara) 9.2 billion (XIV Toba Bettei) 11.8 billion | | (XIV Rokko SV) 4.5 billion (Ashiya Baycourt) 30.1 billion (XIV Yugawara) 12.3 billion | | (Laguna Baycourt) 20.0 billion (XIV Rokko SV) 3.2 billion (Ashiya Baycourt) 12.5 billion | | (Yokohama Baycourt) 7.2 billion (Laguna Baycourt) 20.8 billion (XIV Rokko SV) 2.5 billion | | (Yokohama Baycourt) 14.1 billion | | | |
| Deferred sales and income from properties | Sales | Income | Sales | Income | Sales | Income | Sales | Income | Sales | Income | Sales | Income | Sales | Income |
| Yokohama Baycourt | Value deferred | | | | | | | | (3.5) | (1.2) | (6.7) | (2.2) | (Unspecified) | (Unspecified) |
| | Value realized | | | | | | | | | | | | | |
| Laguna Baycourt | Value deferred | | | | | | (10.2) | (3.2) | (10.4) | (3.4) | | | | |
| | Value realized | | | | | | | | | | +20.6 | +6.6 | | |
| XIV Rokko SV | Value deferred | | | | (2.1) | (0.4) | (1.4) | (0.3) | (1.1) | (0.2) | | | | |
| | Value realized | | | | | | | | | | +4.7 | +1.0 | | |
| Ashiya Baycourt | Value deferred | | | | (15.3) | (5.4) | (6.1) | (2.2) | | | | | | |
| | Value realized | | | | | | | | +21.2 | * +8.2 | | | | |
| XIV Yugawara Rikyu | Value deferred | | (4.7) | (1.3) | (5.5) | (1.7) | | | | | | | | |
| | Value realized | | | | | | +10.2 | * +3.4 | | | | | | |
| XIV Toba Bettei | Value deferred | (3.6) | (1.1) | (6.3) | (1.7) | | | | | | | | | |
| | Value realized | | | | | +9.8 | * +3.0 | | | | | | | |
| Value affected(Single Year) | (3.6) | (1.1) | (11.0) | (3.0) | (13.2) | (4.6) | (7.5) | (2.3) | +6.2 | +3.4 | +18.5 | +5.4 | (Unspecified) | (Unspecified) |

* Realized Value (Results) includes the difference between the preliminary cost and the fixed cost

Membership other than the above may also be on sale.

| Financial highlights of consolidated results | Results for FY2013 (2014/3) | | Results for FY2014 (2015/3) | | Results for FY2015 (2016/3) | | Results for FY2016 (2017/3) | | Results for FY2017 (2018/3) | | Targets for FY2018 (2019/3) | |
|--|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|-----------------------------|------------------|
| | Sales | Operating income |
| Disclosed figures (Recorded value) | 116.8 | 15.1 | 120.4 | 16.0 | 142.2 | 18.6 | 143.5 | 13.5 | 165.4 | 17.7 | 183.6 | 19.0 |
| (For reference) Value excluding effects of deferred values | 120.4 | 16.2 | 131.4 | 19.1 | 155.4 | 23.2 | 151.0 | 15.8 | 159.2 | 14.3 | 165.1 | 13.6 |
| (For reference) + Excluding effects of extra costs | 120.4 | 16.2 | 131.4 | 19.1 | 155.4 | 23.8 | 151.0 | 17.0 | 159.2 | 16.2 | 165.1 | 15.5 |

Extra costs for hotel will be added upon opening. Laguna Baycourt & part of XIV Rokko SV:(1.9) billion (Targets for FY2018) Ashiya Baycourt & part of XIV Rokko SV:(1.9) billion (Results for FY2017)

<Reference> Effects of Deferred Revenue from properties before hotel opening (1H) (April to September)

Method of recording sales and income from property before completion of construction p.28

Registration fee treated as Sales upon signing.

Sales or Cost of the real estate deferred until the Hotel opens

*Discribed "+" is in realized period. And discribed "()" is in unrealized period.

(Billions yen)

| Fiscal year | | Results for 2Q FY2018 (2018/9) | | Targets for 2Q FY2018 (2018/9) | | Results for 2Q FY2017 (2017/9) | |
|---|----------------|-----------------------------------|----------------------------|-----------------------------------|----------------------------|-----------------------------------|--|
| Contract amount of properties before completion of construction | | Yokohama Laguna | 6.7 billion 9.5 billion | Yokohama Laguna | 7.1 billion 5.8 billion | Laguna XIV Rokko SV Ashiya | 11.3 billion 1.4 billion 5.2 billion |
| Deferred sales and income from properties | | Sales | Income | Sales | Income | Sales | Income |
| Yokohama Baycourt | Value deferred | (3.2) | (1.1) | (3.4) | (1.1) | - | - |
| Laguna Baycourt | | (4.7) | (1.6) | (2.9) | (1.0) | (5.7) | (1.8) |
| XIV Rokko SV | | - | - | - | - | (0.6) | (0.1) |
| Ashiya Baycourt | | - | - | - | - | (2.4) | (0.9) |
| Sub Total | | (7.9) | (2.6) | (6.3) | (2.1) | (8.7) | (2.9) |
| XIV Rokko SV (opened on April 2018) | Value realized | + 4.7 | + 1.1 | + 4.7 | + 1.0 | - | - |
| Sub Total | | + 4.7 | + 1.1 | + 4.7 | + 1.0 | - | - |
| Total | | (3.3) | (1.6) | (1.6) | (1.1) | (8.7) | (2.9) |

<Reference>

Income and Accounting for a Core XIV Facility (Before completion of construction)

| | Contract | Framework | Completion of Construction | |
|------------------------|--|---|--|---|
| Total payment (100%) | 60% of sale price received | 80% of sale price received | 100% of sale price received | |
| Security deposit (10%) | Member pays deposit upon signing contract | | | Liability incurred when contract signed*2 |
| Registration fee (40%) | Member pays registration fee upon signing contract | | | Sale recorded when contract signed |
| Real estate cost (50%) | Member pays 10% of total payment upon signing contract | Member pays 20% of total at framework raising | Member pays 20% of total upon completion | Sale recorded when facility opens |

*2 After facility opens, sale is amortized.

Example: Membership price of 10 million yen

| | Contract | Framework | Completion of Construction | At Opening | Earnings Recorded |
|--|-----------------|-----------------|----------------------------|---------------------------------|--------------------------------------|
| Security deposit: 1 million yen | 1 million yen | | | | Balance-sheet liability recorded *2 |
| Registration fee: 4 million yen | 4 million yen | | | | Sale recorded (when contract signed) |
| Real estate: 5 million yen | 1 million yen*1 | 2 million yen*1 | 2 million yen*1 | | Sale recorded (when facility opens) |
| Total contract amount: 10 million yen | 6 million yen | 2 million yen | 2 million yen | | |
| Sale amount recorded | 4 million yen | - | - | 5 million yen*1 | |
| | | | | Cost of Sales 3.5 million yen | |
| | | | | Annual fee: 0.13 million yen | |

*1 The real estate cost is deferred until the facility opens and is treated as revenue after the facility opens.
*2 After facility opens, sale is amortized.

Segment reclassification due to organizational change(April 2018~)

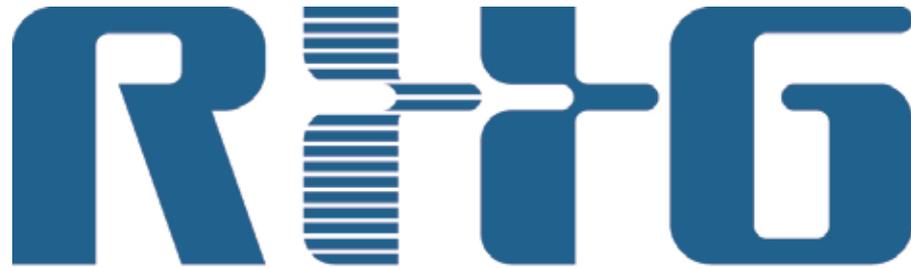
The Company reviewed the method of business segmentation due to an organizational change as of 1Q of the fiscal year under review. As a result, sales and operating income from golf club membership sales and two golf club operation subsidiaries, which were included in the Membership Segment, are included in the Hotel and Restaurant Segment, and sales and operating income from NIPPON SWISS PERFECTION CO., LTD., which was included in the Hotel and Restaurant Segment, is included in the Medical Segment.

Segment information for the year ended March 31, 2018 represents information compiled according to segment classification after the change.

<Impact of retrospective amendments (annual)>

(Million yen)

| | | 2018/3 (results) | | Difference |
|-------------------|------------------|---------------------|---------|------------|
| | | Before | After | |
| Membership | Sales | 56,254 | 54,114 | (2,140) |
| | Operating Income | 16,387 | 16,179 | (208) |
| Hotel Restaurants | Sales | 77,715 | 79,601 | +1,885 |
| | Operating Income | 3,563 | 3,731 | +168 |
| Medical | Sales | 30,735 | 30,990 | +254 |
| | Operating Income | 5,236 | 5,276 | +39 |
| Others | Sales | 707 | 707 | - |
| | Operating Income | 554 | 554 | - |
| Overhead expenses | Operating Income | (7,999) | (7,999) | - |
| Total | Sales | 165,413 | 165,413 | - |
| | Operating Income | 17,742 | 17,742 | - |



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