

Financial results Presentation

For the 3-month Period Ended June 30, 2020



“HIMEDIC Tokyo Nihonbashi Course” started medical examinations in June, 2020
Left : The medical examination facility “Nihonbashi Muromachi Mitsui Tower Exterior”, Upper right: Reception, Bottom right: MRI room

Resorttrust, Inc. (Securities code 4681)

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Financial Highlights 1Q FY2020

(April to June)



(Million yen)

	2020/6 (results)	2019/6 (results)	YoY Difference
Net Sales	23,416	39,258	(40.4%)
Operating Income	(884)	2,442	(3,327)
Ordinary Income	(400)	2,557	(2,958)
Net Income	(1,810)	1,492	(3,302)

<YoY Difference>

- During 1Q FY2020, the declaration of a state of emergency, subsequent closure of facilities, self-restraint from personal consumption due to the spread of COVID-19 largely impacted various businesses including hotel operation, membership sales, and operation of health check-up facilities, resulting in lower sales and lower operating income, ordinary income, and net income.
- Losses associated with COVID-19 were booked under extraordinary losses/income. Details are provided in press release announced today.

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

Segment Sales and Operation Income 1Q FY2020



(April to June)

<Sales>

(Million yen)

	Membership	Hotel and Restaurant	Medical	Other		Total
2020/6 (results)	5,694	8,614	8,942	164		23,416
2019/6 (results)	10,431	19,917	8,744	164		39,258
YoY Change	(45.4%)	(56.7%)	+2.3%	+0.0%		(40.4%)

<Operating Income>

(Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Overhead expenses	Total
2020/6 (results)	2,203	(2,347)	1,027	72	(1,840)	(884)
2019/6 (results)	3,278	12	1,206	75	(2,130)	2,442
YoY Change	(32.8%)	(2,360)	(14.8%)	(3.6%)	+290	(3,327)

"YoY Change" is the difference in the amount.

<Reference : EBITDA* >

(Million yen)

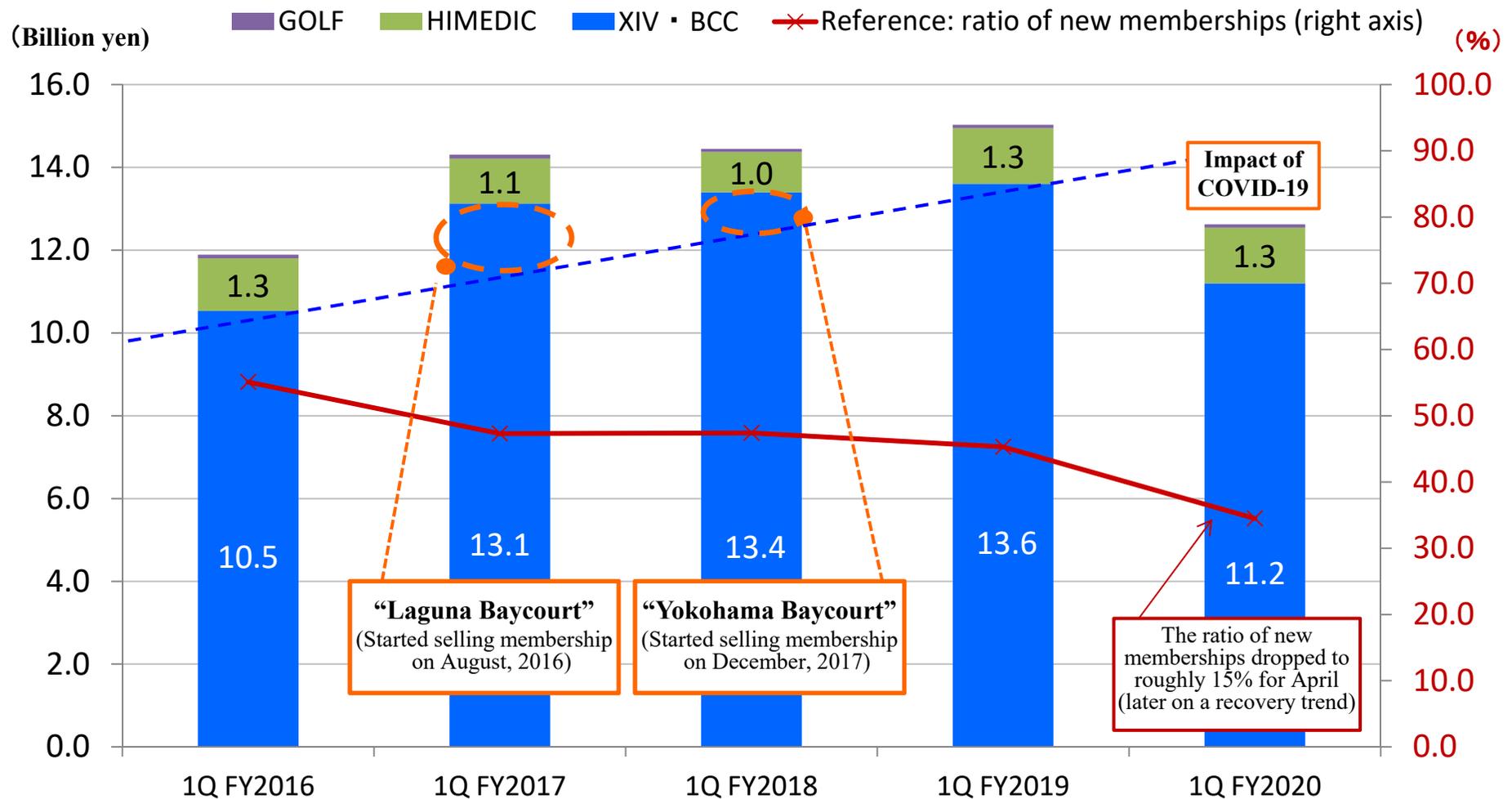
	Membership	Hotel and Restaurant	Medical	Other	Overhead expenses	Total
2020/6 (results)	2,217	(1,353)	1,412	153	(1,374)	1,054
2019/6 (results)	3,290	1,504	1,593	158	(1,651)	4,895
YoY Change	(32.6%)	(2,587)	(11.4%)	(3.7%)	+277	(78.5%)

*Segment operating income before depreciation (=EBITDA) is calculated as the sum of operating income, depreciation and Amortization of goodwill.

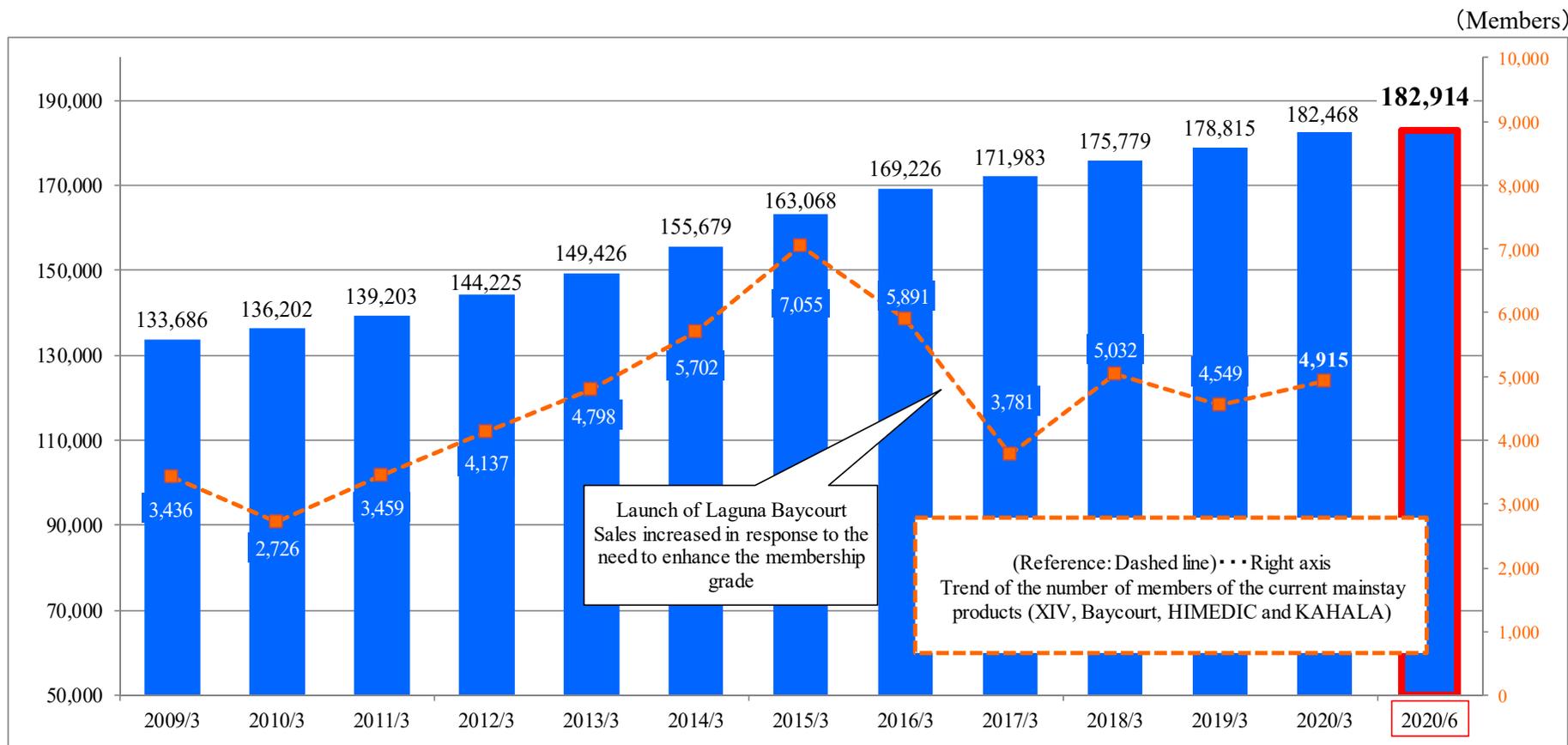
"YoY Change" is the difference in the amount.

Progress of contract values for three months

- Contract values of hotel memberships declined from the previous year due to partially reduced sales activities following the declaration of a state of emergency in April. They maintained a level of about 80% of the previous year owing to sales efforts targeting mainly at existing customers, despite the limited number of new customers acquired.
- Contract values of HIMEDIC memberships were solid, maintaining almost the same level as the previous year, which saw a record high for the full year.



Number of Members



(Members)

	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	KAHALA	Total
2020/3	20,507	77,982	31,485	30,001	21,534	381	578	182,468
2020/6	21,319	77,522	31,172	29,927	21,956	378	640	182,914
Change April - June 2020	+812	Δ460	(313)	(74)	+422	(3)	+62	+446
Change April - June 2019	+603	+305	(257)	(25)	+491	+7	-	+1,124

XIV+BCC+HM+KAHALA	+836
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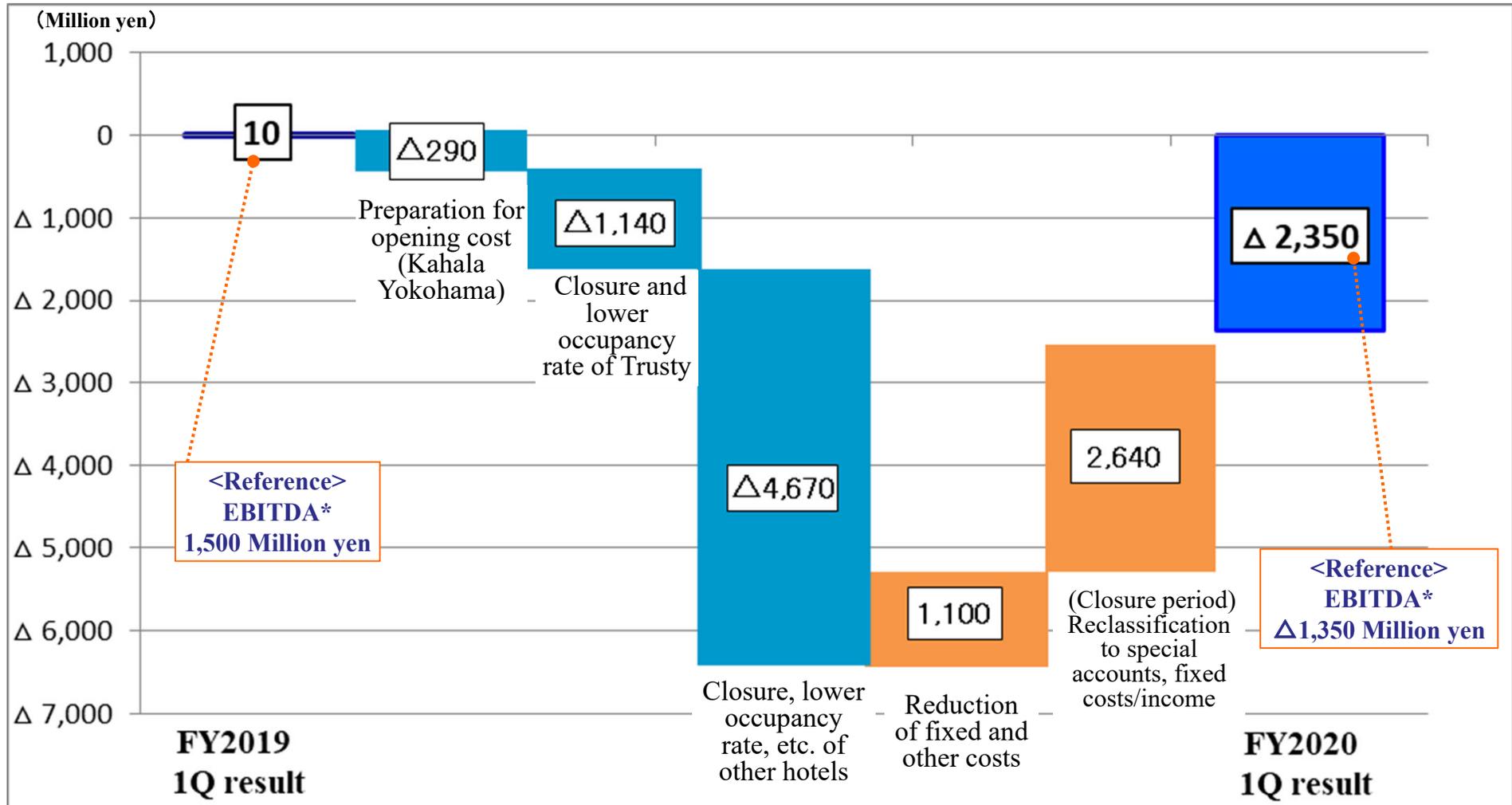
XIV+BCC+HM+KAHALA	+1,399
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*For cases in which members are in possession of multiple memberships, each of the memberships is counted as one member

Hotel and Restaurant Segment's Operating Income for 1Q FY2020

(compared with the same period of the previous FY)

• In FY2020, operating income sharply declined due to the spread of COVID-19. Owing to the closure of facilities from the Golden Week to May/June (many reopened in June), applicable fixed costs (and income during the corresponding period: annual fees and income from amortization of deposits) were recorded under extraordinary losses/income. In addition, expenses centering on fixed costs were reduced by about 1.1 billion yen.

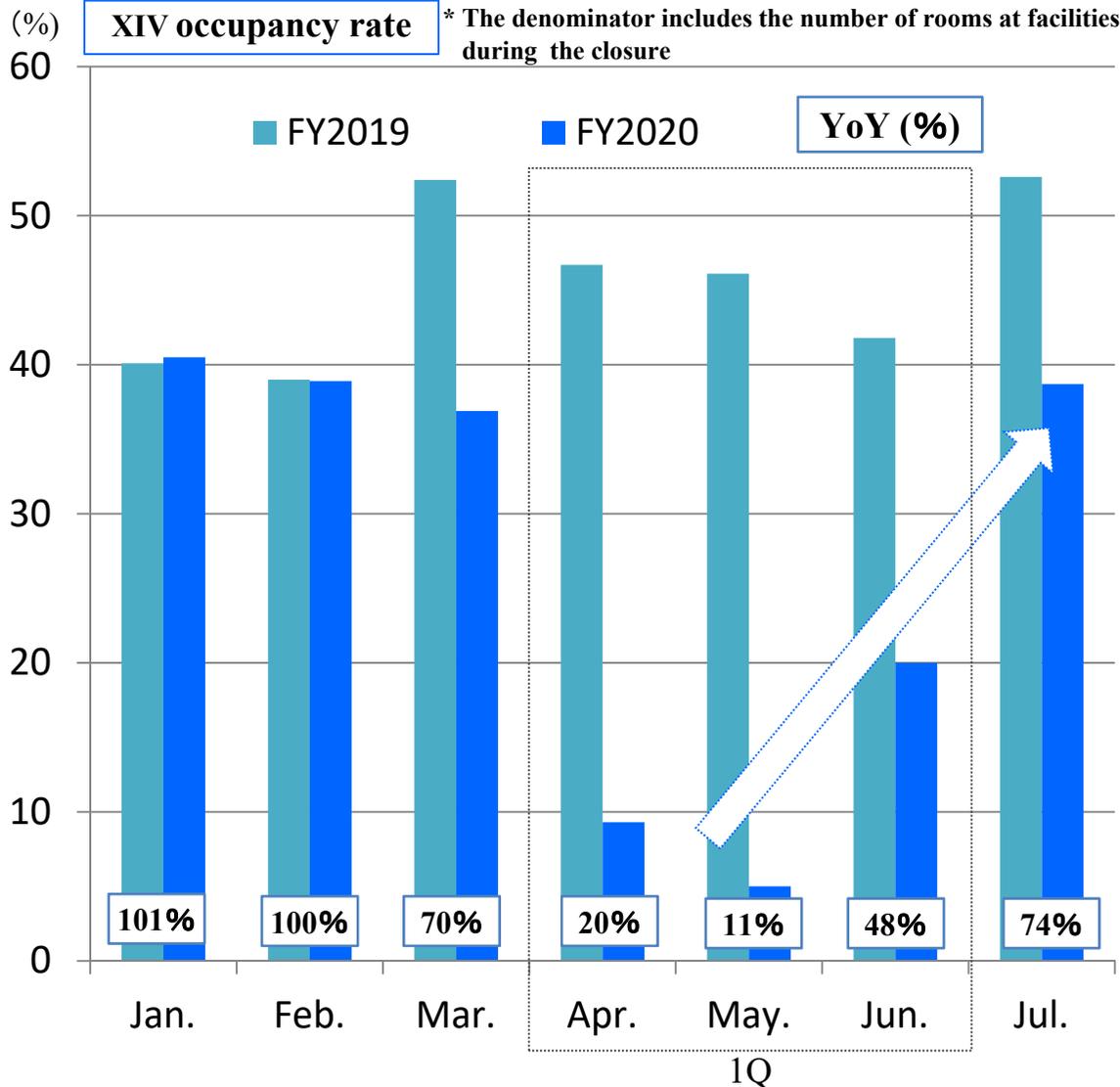


*Segment operating income before depreciation (=EBITDA) is calculated as the sum of operating income, depreciation and Amortization of goodwill.

Trends in Hotel occupancy rate by months ①



Monthly occupancy rates of XIV, Baycourt, Trusty brands were compared. As the number of rooms during the closure period is included in the denominator, the occupancy rates saw the biggest drop in May when there were many days of business suspension (80 to 90% lower than the previous year). Subsequently, membership facilities are recovering relatively quickly, but the recovery of Trusty will take some time as business and inbound customers are less likely to return. As infections increased since mid-July, the pace of new reservations has slowed down to some extent.



- **Occupancy rate kept a level of roughly two-thirds of the previous year in March, but largely fell as most facilities were forced to shut operations after a state of emergency was declared in April.**
- **Although many facilities resumed operations in June, the occupancy rate remained at a half of the previous year level.**
- **In July, all facilities resumed operations, and the occupancy rate returned to a level of about 30% lower than the previous year. Spending per visitor rose.**

[Reservation status in August (for stays during August 1-31)]

<Reservations as of July 1> 25,000 rooms
(Same time of the previous year: 30,000 rooms; 84% of the previous year)



<Reservations as of July 30> 63,000 rooms
(Same time of the previous year: 83,000 rooms; 76% of the previous year)

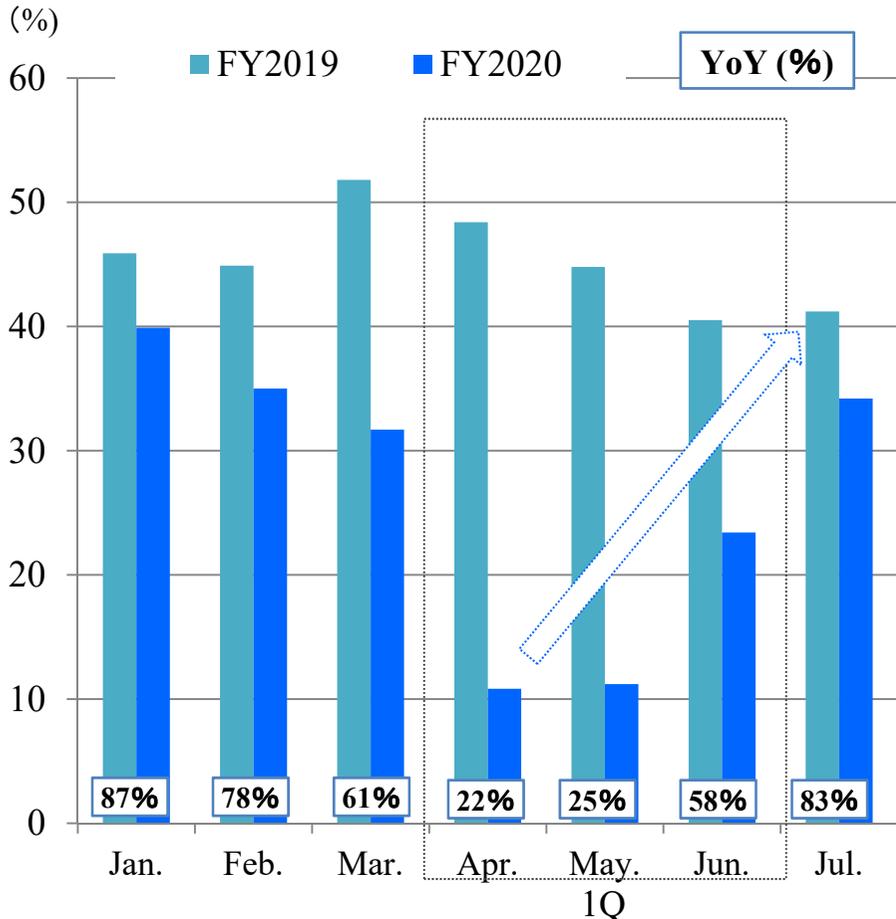
* Since mid-July, the pace of reservations has slowed down to some extent, as infections began to expand again.

Trends in Hotel occupancy rate by months^②



Baycourt occupancy rate

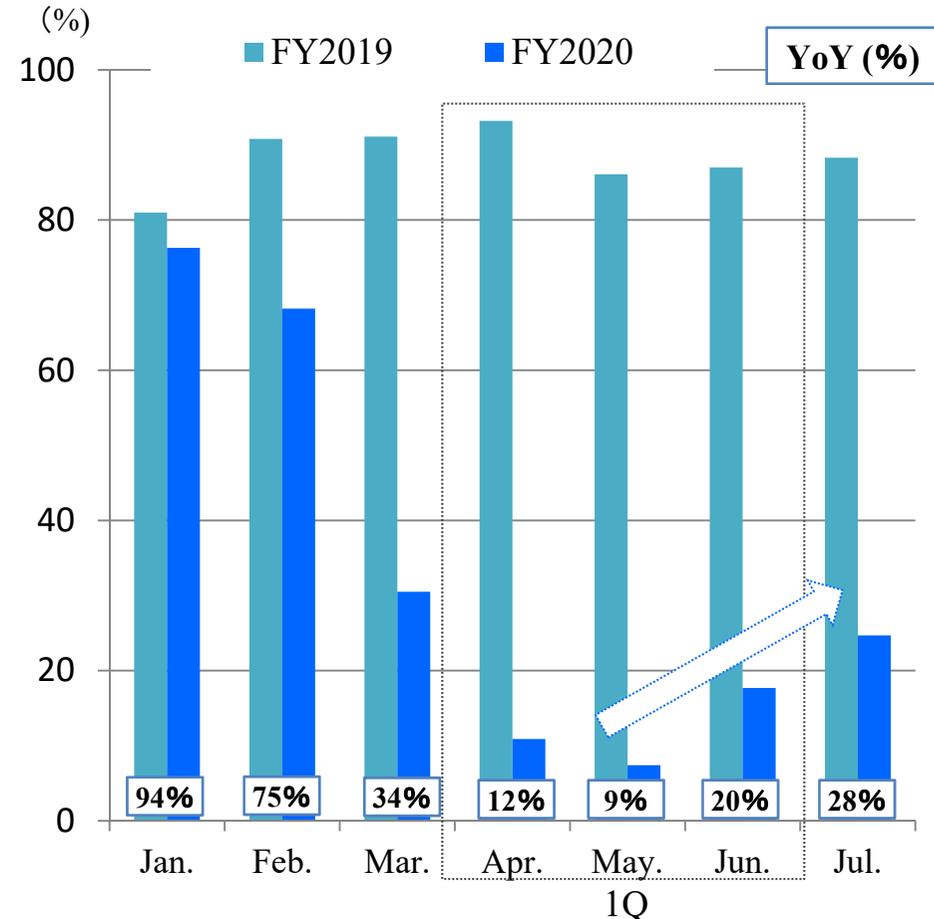
* The denominator includes the number of rooms at facilities during the closure.



• Like XIV, occupancy rate kept a level of roughly two-thirds of the previous year in March, but largely fell after a state of emergency was declared in April. It is subsequently recovering at the fastest rate, recently having returned to a level of 10-20% lower than the previous July.

Hotel Trusty occupancy rate

* The denominator includes the number of rooms at facilities during the closure.

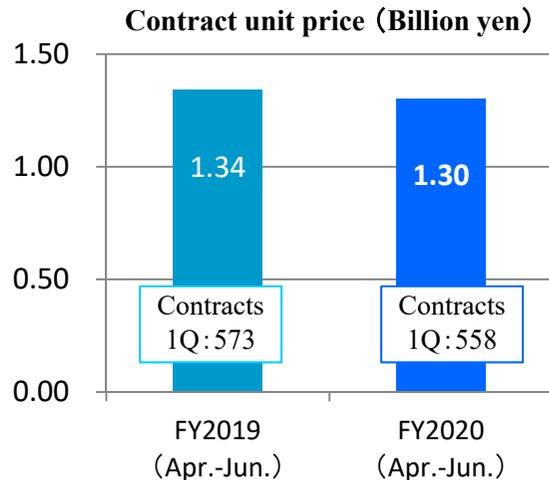


• Trusty saw the fastest impact from the COVID-19 spread. The occupancy rate already declined to about one-third of the previous year's level in March. It later reached the lowest level in April-May and has been gradually rising in June and July, but the recovery pace is moderate.

Progress of Medical business

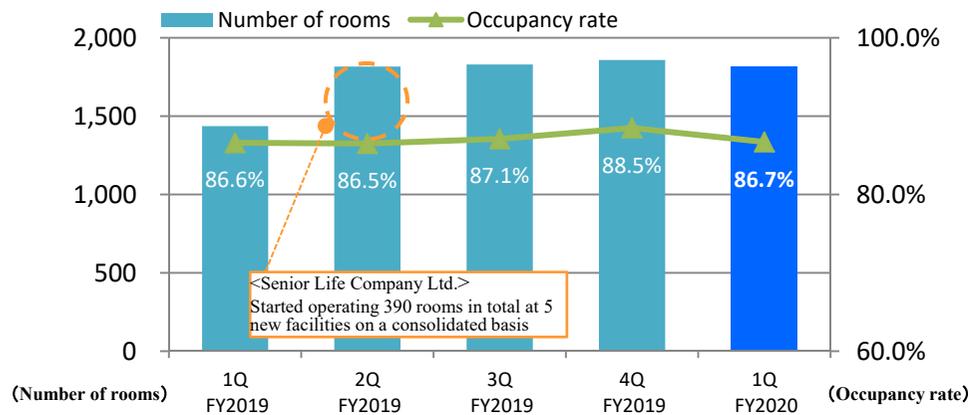
•Sales of HIMEDIC memberships remained favorable in 1Q FY2020. Non-membership health check-ups were affected by the closure of clinics due to the COVID-19 spread, but are recovering currently. Member privilege programs were rolled out for new occupants at facilities for the elderly.

◆ HIMEDIC sales <YoY>



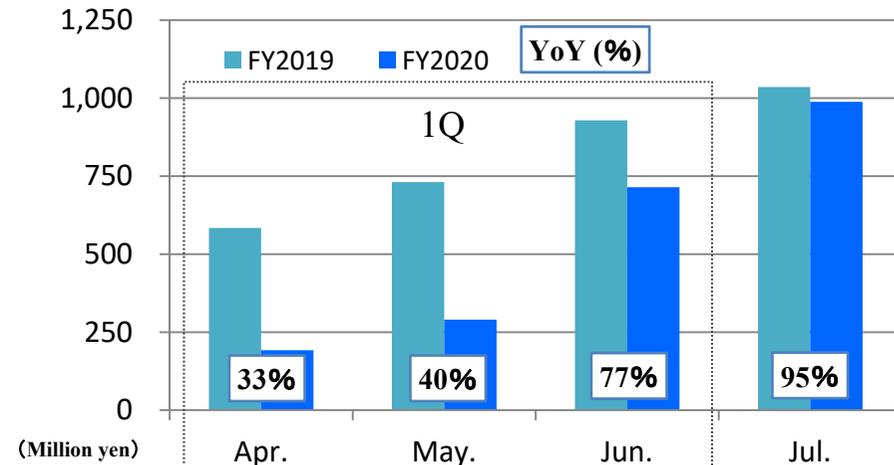
Needs were strong even during the COVID-19 crisis, maintaining the previous year's level of membership sales.

◆ Quarterly trends of occupied rooms in Senior Lifestyle Business



The occupancy rate dropped 1.8% points from the preceding period at the end of 1Q FY2020. The COVID-19 crisis made admission of new occupants and room renovations difficult. Member privilege programs (trade-in/discount) were rolled out from 2Q.

◆ Result of non-membership health check-ups (Shinkokai Medical Corporation)<YoY>



In Medical Service Corporation Business, income declined due to the facility closure during 1Q. July saw the number returning to 95% of the previous year.

▪ Launch of Nihonbashi Muromachi Mitsui Tower Midtown Clinic in May, 2020

Location: 7th floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1 Nihonbashi Muromachi, Chuoku, Tokyo

<Medical Service corporate business>
Each department of Nihonbashi Muromachi Mitsui Tower Midtown Clinic, which conducts health check-ups for corporate clients and general outpatient treatments for internal medicine, gradually started providing services from May 2020, while implementing thorough measures to prevent COVID-19. HM medical examination launched on the same floor in June.



HIMEDIC Private Room 9

Consolidated Balance Sheets



(Million yen)

	2020/3	2020/6	Change		2020/3	2020/6	Change
Total current assets	125,296	148,568	+23,272	Total current liabilities	67,192	75,070	+7,877
Cash and deposits	21,164	36,853	+15,688	Notes and accounts payable-trade	1,117	776	(341)
Notes and accounts receivable-trade	8,233	6,713	(1,520)	Short-term loans payable	8,107	11,207	+3,099
Operating loans	53,549	54,148	+599	Current portion of bonds	150	150	-
Short-term investment securities	499	499	-	Accounts payable-other and accrued expenses	15,632	13,299	(2,332)
Merchandise, raw materials and supplies	2,182	2,186	+3	Advance received	22,028	25,747	+3,718
Real estate for sale	22,077	22,387	+309	Other	20,155	23,889	+3,734
Real estate for sale in process	12,357	17,368	+5,010	Total noncurrent liabilities	200,649	228,460	+27,811
Other	5,231	8,411	+3,179	Bonds payable and long-term loans payable	31,316	62,833	+31,516
Total noncurrent assets	275,537	285,064	+9,527	Long-term guarantee deposited	101,768	98,449	(3,319)
Property, plant and equipment, net	193,748	201,470	+7,721	Bonds with subscription rights to shares	29,770	29,760	(10)
Intangible assets	10,580	10,262	(318)	Other	37,793	37,417	(376)
Investments and other assets	71,208	73,332	+2,123	Total liabilities	267,842	303,531	+35,688
				Net Assets	132,991	130,102	(2,889)
				Shareholders' equity	129,652	126,000	(3,652)
				Treasury shares	(1,802)	(1,795)	+7
				Accumulated Other Comprehensive Income	(50)	788	+839
				Subscription rights to shares	313	313	-
				Non-controlling interests	4,878	4,795	(83)
Total assets	400,833	433,633	+32,799	Total liabilities and net assets	400,833	433,633	+32,799

Consolidated Cash Flows 1Q FY2020

(April to June)



(Million yen)

	2019/6	2020/6
Cash flows from operating activities	(1,742)	(8,096)
Cash flows from investing activities	(1,055)	(10,915)
Cash flows from financing activities	8,120	34,726
Effect of exchange rate changes on cash and cash equivalents	(0)	(3)
Net increase (decrease) in cash and cash equivalents	5,321	15,711
Cash and cash equivalents at end of period	29,216	37,088

Initiatives and COVID-19 Countermeasures by Segment

FY2019 (second year of “Connect 50”)

FY2020 (COVID-19 Countermeasures)

Member
ship

<Increase of contract value> +10% YoY in contract value (hotels)

- Revision of prices of Laguna Baycourt Club
- Consideration of new products for existing buildings: “Version 20” launched
- +10% YoY in productivity per hour by digitalization, etc.
- Membership sales of THE KAHALA HOTEL & RESORT started on February 25. Contract value amounted to 1.9 billion yen.

- Temperature check and thorough implementation of other infection prevention measures during sales activities
- Securing of productivity of flexible workstyles including telework and partial leave
- Marketing according to the economic situation by industry sector amid the COVID-19 crisis

Hotel and
Restaurant

<Initiatives to enhance occupancy rate> → There remains urgent need to strengthen measures to further improve occupancy rates.

- Point app: 210,000 subscribers
- Online reservation: +4 percentage points YoY (16%→20%)
- Enhancement of owner benefits to enhance customer satisfaction: +0.11 percentage points YoY at March 31
- Promotion of large corporate customers’ utilization: +8% YoY (cumulative total in February excluding COVID-19 impact)

<Workstyle reform and improvement of profitability>

- Enhancement of productivity: Annual reduction of 80 hours per shift (2,045H→1,965H)
- Increase in fixed income

<Launch of the HOTEL TRUSTY Premier brand> (Nihonbashi in September, Kumamoto in October)

<Infection prevention measures and social distancing measures>

- Health check by questionnaire upon arrival, “non-stop check-in/out”
- Use of V BLOCK Air, an airborne virus prevention product that contains ostrich antibodies
- No provision of buffet-style dining, provision of room services for dinner/breakfast
- Thorough temperature check of employees, disinfection of public spaces, etc., every three hours

<Cost reduction/operational measures>

- Cost reduction centering on fixed costs (approx. 5.0 billion yen)
- Partial consolidation of facilities (See the next page), consideration of home delivery services, etc.

Medical

<Expansion of HIMEDIC membership sales> +8% YoY in contract value

- Membership sales of a new base in the Nihonbashi area in the second half: October 16 onward, 501 memberships
- Introduction of the HIMEDIC app, enrichment of service: app introduced
- Sales by inbound businesses → To be reviewed continuously in view of the COVID-19 impact

<Senior Lifestyle Business: Increase of the number of facilities and enhancement of the occupancy rate>

- Smooth operation of facilities opened/acquired: +6 facilities, +390 rooms
- Initiatives to increase the occupancy rate → Increased number of sales personnel, strengthened approach to the members of the Group’s facilities/services
- Development of new facilities → To be reviewed continuously in view of COVID-19 impact

<BNCT Business>

Delivery of research equipment and start of clinical trial in November: good progress

<Infection prevention measures and social distancing measures>

- Securing of goods for infection control (disinfectants, goggles, protective gear, etc.)
- Midtown Clinic: Cooperation with the Group’s hotels and other facilities, instructions on measures to be taken and strengthening of sanitation management
- Health check-ups/examinations: Adjustment of operation according to the situation
- Facilities for the elderly: Thorough disinfection, restrictions on visitors, access to facilities, and going out

<Enrichment of services for the Group’s customers>

- Telemedicine from the first consultation (executed from April 24 to May 7)
*Previously available only for return patients
- Consultation on infection countermeasures via email, information dissemination to RTTG Point Club members

Head
Office

<Promotion of digitation and workstyle reform>

- Increase in the number of holidays per year (from 110 days to 120 days)
- Thorough utilization of IT: +160% YoY in the use of digital marketing (FY2018 = 0.6 billion→FY2019 = 1.6 billion)
- Review of the costs of head office’s indirect operations: Decrease in head office costs (To be reduced continuously)

- Consideration of whether to apply for special loans (bank borrowings) to secure stable liquidity
- A commitment line of 80.0 billion yen has already been set up. *Including 30.0 billion yen for earthquake recovery and acquisition
- Reduction of various expenses including partial return of executive compensation (Apr.-Jun.) and reduction (Jul. onward)
- Payment of the salary to employees as compensation during closure (Compensate for the amount added to the minimum amount set by the government.)
- Performs PCR tests and antibody tests for employees.

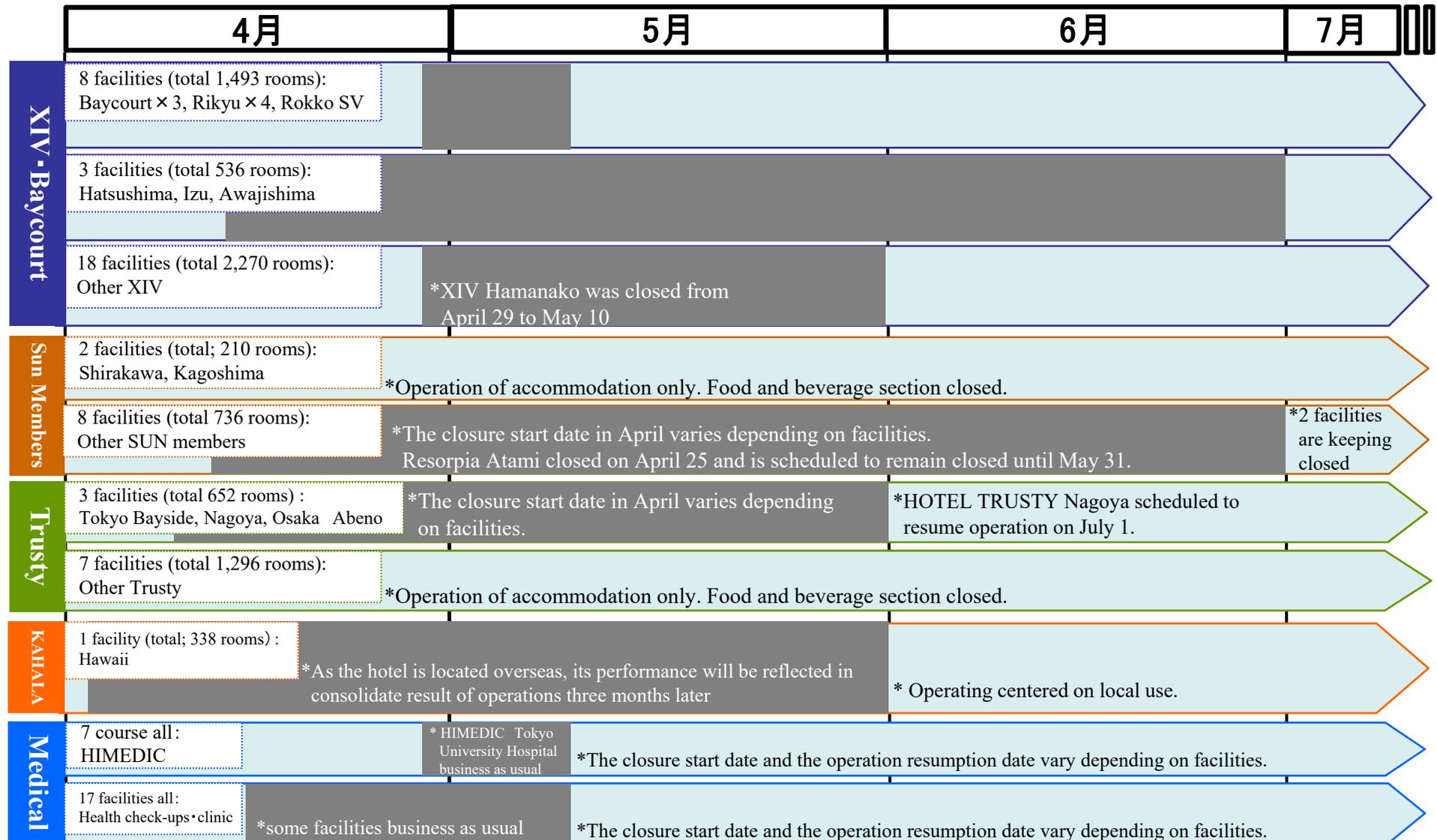
Closure/Operation of Facilities in Relation to COVID-19

◆ Schedule for operation/closure of principal facilities of 1Q FY2020

*The schedule is subject to change. For the latest situations and detailed information, please refer to “Topics” on the Resorttrust official website.

*We are striving to enhance sanitation at our facilities in operation for the safety of our guests and employees.

(Reference: Resorttrust’s infection prevention measures <https://rt-clubnet.jp/hotels/sp/measures/>)



* Not including unopened facilities as of May,1.

Business Forecast for FY2020



<Consolidated Targets>

(Million yen)

	FY2019 results	FY2020 targets	Change
Net sales	159,145	158,000	(1,145)
Operating income	11,652	6,300	(5,352)
Ordinary income	12,476	7,800	(4,676)
Net income	7,135	3,200	(3,935)
Net income per share (yen)	66.65	29.89	(36.76)
Annual Cash dividend (yen)	40.00	20.00	(20.00)

<Operating Income by Segment (before allocation)>

(Million yen)

		FY2019 results	FY2020 targets	Change
Membership	Sales	38,948	57,300	+18,352
	Operating income	13,559	15,800	+2,241
Hotel and Restaurant	Sales	80,659	61,900	(18,759)
	Operating income	92	(6,300)	(6,392)
Medical	Sales	38,867	38,100	(767)
	Operating income	5,829	4,400	(1,429)
Other	Sales	670	700	+30
	Operating income	663	600	(63)
head office costs	Operating income	(8,491)	(8,200)	+291
Total	Sales	159,145	158,000	(1,145)
	Operating income	11,652	6,300	(5,352)

<Net Sales / Operating Income >

- Realization of revenue deferred in the previous year (realization of the deferred revenue recorded upon opening of facilities, excluding revenue deferred during the year)
FY2019: None
FY2020: Net sales of 20.2 billion yen and operating income of 6.6 billion yen for Yokohama Baycourt Club
 - Differences from start-up costs associated with the opening
FY2019: HOTEL TRUSTY, etc.,
FY2020: Yokohama Baycourt Club/KAHALA
 - Increase in depreciation cost
Yokohama Baycourt Club/KAHALA (following the opening), systems investment, etc.
 - Increase in membership fees
Yokohama Baycourt Club (following the opening), increased membership of HM and XIV
 - Decrease in revenue from BNCT equipment
FY2019: Net sales of 1.4 billion yen. Operating income of 0.2 billion yen.
FY2020: None
 - Fixed costs and other expenses incurred when facilities were closed in 1Q will be recorded as extraordinary losses
FY2020: 3.0 billion yen
(facility fixed costs/ fixed income including annual fees)
- ◆ Projections of the impact of COVID-19
- Assumptions of each indicator (YoY)

	1Q results	2Q-3Q prospects	4Q prospects
Contract values of hotel memberships	about 20% fall	approx. 20% fall	
Contract values of HM memberships	Unchanged YoY		
Number of occupied rooms of XIV/BCC	about 70% fall	approx. 20% fall	*Unchanged YoY
Number of occupied rooms of Trusty	about 90% fall	approx. 50% fall	*Unchanged YoY
Income for Medical Service Corporation Business	about 30% fall	Roughly unchanged YoY	

* Hotel occupancy rate for 4Q factors in the COVID-19 impact of the previous year

- In addition, fixed cost reduction and curtailment of variable costs are assumed
- Unrespects that national emergency measures will be taken again.

Group's Development Schedule



Within the red frame are assumptions at the time of formulation of the medium-term management plan and they are subject to change. (Schedule to be reviewed continuously in view of the change in the market environment and other factors)

<Sales and business commencement schedule_August 7, 2020>

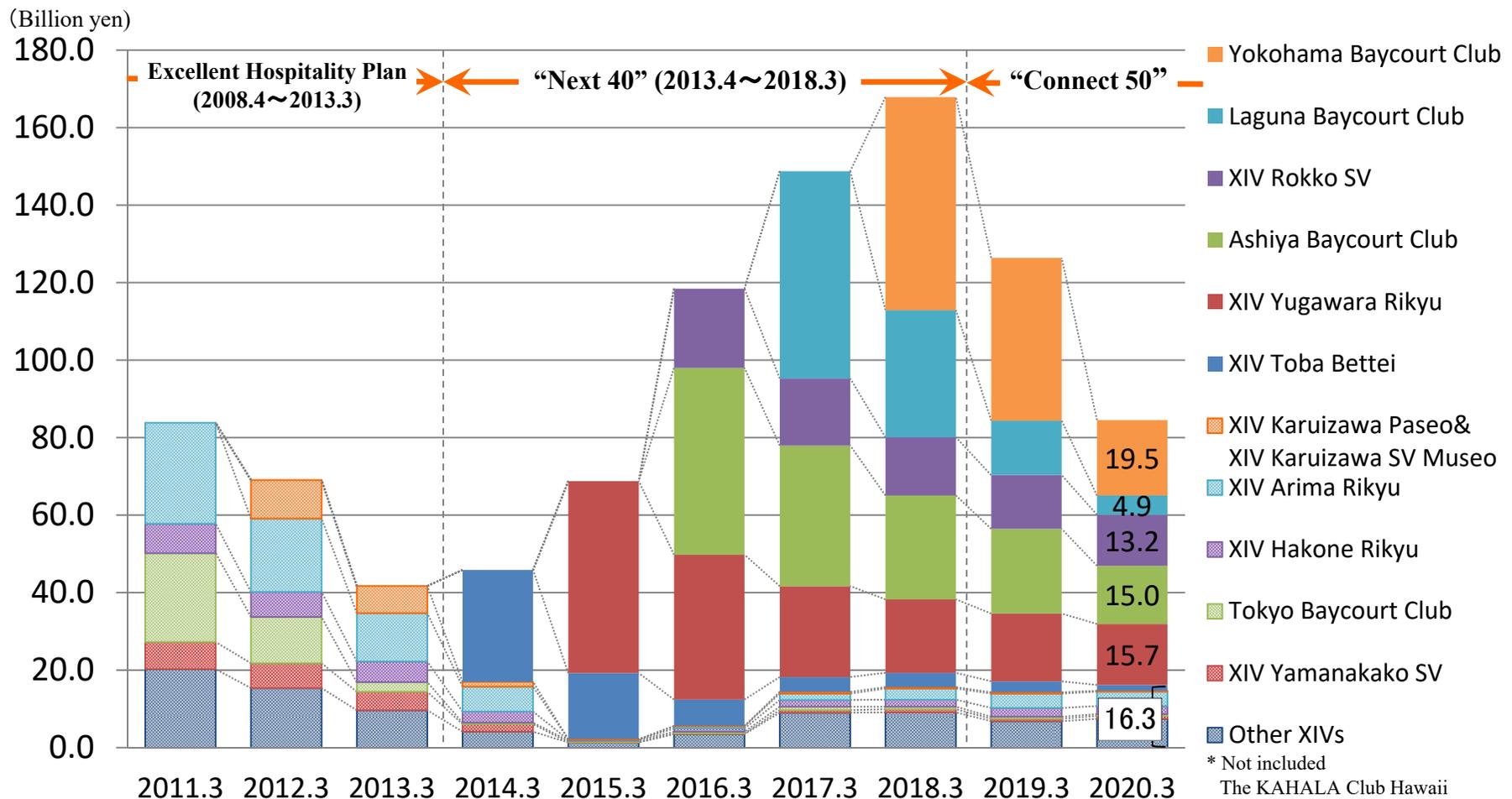
- Commencement of business and acquisition
- Commencement of sales
- Renewal opening

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				Yokohama Baycourt Club				
			XIV Yugawara Rikyu						The KAHALA Club Hawaii		
				Ashiya Baycourt Club						Kansai	
				XIV Rokko SV							Kanto
				Laguna Baycourt Club							
Business commencement schedule	Luxury hotel (LH)		THE KAHALA						THE KAHALA Yokohama	LH①	
	Hotel Trusty (HT)	Kanazawa			Nagoya Shirakawa			Nihonbashi Hamacho			HT①
							Kumamoto				HT②
	Medical examination club on a membership basis	HIMEDIC Midtown		HIMEDIC Tokyo Bay	HIMEDIC Kyoto University Hospital				Tokyo Nihonbashi		
				HIMEDIC Nagoya							(Increase existing facility capacity)
	Senior residence (SR)	Mikage	Todoroki	Hongo		Activa Biwa	Bashamichi	Shirakabe	SR①	SR③	SR⑤
			Higashimemachi		Tokiwamatsu	Shijo Karasuma	Ogikubo	5 facilities	SR②	SR④	SR⑥
Renewal		Hakone		Beppu	Shirakawa					Atami	Shinjuku
				Toba							

* Private Nursing Home "Felio Tamagawa" "Felio Seijyo" "Felio Tenjin" "Felio Momochi" & "Resius Momochi"

Trend of sales inventories (contract value basis)

- During the period of the before the last medium-term management plan (April 2008 to March 2013) when the Group postponed development in view of the collapse of Lehman Brothers and the impact of the earthquake, inventories shrank.
- During the period of the previous medium-term management plan (April 2013 to March 2018), inventories temporarily increased to over 160 billion yen as the Group accelerated development and sales in response to the accumulated demand.
- Two years have passed since the launch of the current medium-term management plan “Connect 50.” The Group has sales inventories amounting to 84.6 billion yen as of March 31, 2020, which are sufficient for roughly two years. The Group will consider starting new projects in the current year.



*Acquired development site: Kinugawa, Chiba(Suzumejima・Hota), Karuizawa, Hakonegora, Atamiizusan, Hamanako, Takashima. (March, 2020)

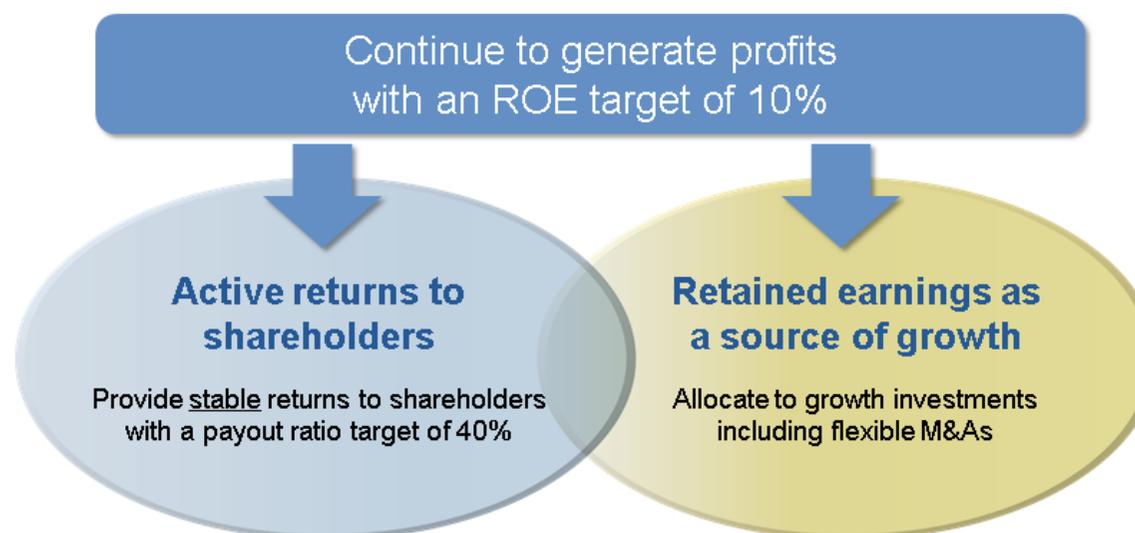
Quantitative plan (consolidated) Medium-term Management Plan “Connect 50”



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

<As of August 2020>
We are considering rolling the current medium-term management plan in FY2020, taking into account the impact of the Accounting Standard for Revenue Recognition whose application will start in FY2021 and changes in the external environment.

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



Initiatives to strengthen and entrench the Group brand

“RTTG Point Club” was launched in April 2019 as part of initiatives to strengthen and entrench the Group brand under the Medium-term Management Plan “Connect 50”.

In addition to this measure, we will enhance the points of contact with customers to take initiatives with an aim to become a distinguished corporate group with its unique Group brand by fostering close membership ties that last for a lifetime, going beyond creation of value across individual businesses and product brands.

<Utilization of functions to create synergy>

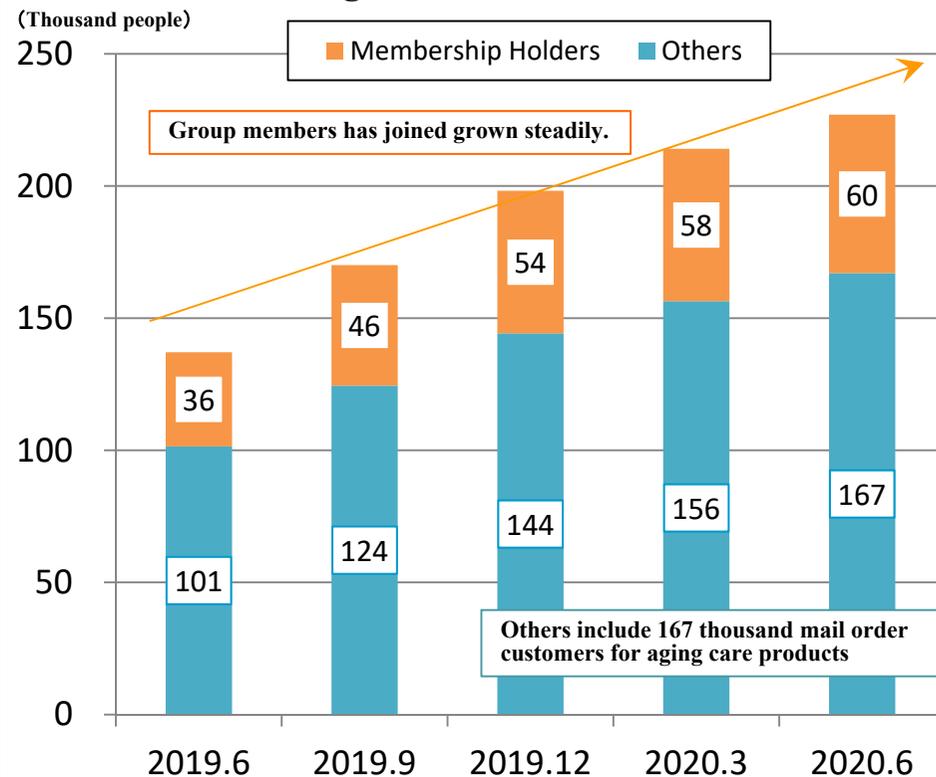
- Push notifications → Announce the Group’s various plans, campaign information, etc. Disseminate information to stimulate use of the Group’s products and services in real time.
- Dissemination of information on the Group → Distribute information on enrichment of the Group’s various products and services, etc. to enhance membership holders’ recognition. In April, the launch of the clinics’ telemedicine services for the Group’s membership holders was announced.

Approximately 227,000 total point club members including the general public as of the end of 2020.6.
(Of these, membership holders increased to approximately 60,000.)

ポイント獲得／利用対象



Progress of RTTG Point Club



Our group's ESG Outline①



Resorttrust Group Management Philosophy

Hospitality Charter [Code of Conduct]

medium-term management plan “Connect 50”

Materiality for the Group's business (risks and opportunities)

- Demand for stay and accommodation facilities for affluent people and general consumers (Japan & overseas)
- Tourism-oriented nation, regional revitalization, labor shortages, promotion of diversity
- Enrichment of high-quality and safe services and facilities for seniors
- Rising needs for health maintenance and preventative medical care through early detection
- R&D for highly advanced medical treatment and development of the aging care business.



Resolution of social issues
Sustainable enhancement
of corporate value

<Categorization based on ESG issues>

	Materiality for the Group's business (risks and opportunities)	Specific initiatives (examples)
E	<ul style="list-style-type: none"> • Harmony with the natural environment, conservation of the ecosystem • Reduction of environmental impacts during development, energy saving, resource saving, promotion of recycling, prevention of contamination <p><The beauty of nature is the most charming and irreplaceable asset for the resort business.></p> <p>Relevant policies: Environmental Policy (established in 2005)</p>	<ul style="list-style-type: none"> • Shift to LED, mega-solar, eco-stay • Use of eco-cars • Origami Action (biodiversity) • Use of coffee beans certified by Rainforest Alliance • Tree-planting during development, green campaign, etc.
S	<ul style="list-style-type: none"> • Response to labor shortages by enhancing productivity, such as through promotion of digitization • Active participation of women in the hospitality industry to promote leisure, health and beauty • “Diversity” of human resources to respond to rapid change in society <p><The Group's businesses share “hospitality” as a key concept and a source of strength.></p> <p>Medium-term target: Male employees taking childcare leave: 50%(March, 2024), ratio of female managers: 25%(April, 2025), number of holidays per year (hotel employees): 105 days→120 days (working hours: 2,085H→1,920H)</p>	<ul style="list-style-type: none"> • Enhancement of employment of persons with disabilities (received various awards) • Revision and reduction of working hours, increase of the number of holidays • Establishment of the Diversity Promotion Office, promotion of activities • Declaration of “Health and Productivity Enterprise,” White 500 • Kurumin certification obtained, enrichment of various internal plans • Promotion of workstyle reform by promoting systematization.
	<ul style="list-style-type: none"> • Contribution to regional vitalization and revitalization, enrichment of facilities corresponding to inbound demand • Joint research and technological innovation with medical institutions: To “create a society where cancer claims no precious lives” • Enrichment of nursing care facilities and services to create safe and affluent lifestyles <p><Through provision of a wide range of leisure, health, and medical services to society, help customers discover and celebrate the very finest that life has to offer></p> <p>During the period covered by the current medium-term management plan: Development of hotels based on requests from and cooperation with local governments, such as the cities of Ashiya, Kumamoto, and Yokohama Double the profit by expanding the Medical Business (senior lifestyle facilities: approx. 1,500 rooms→3,000 rooms)</p>	<ul style="list-style-type: none"> • Local recruitment (creation of employment in regions) • Local production for local consumption, dietary education and regional activities • Planning and participation in experiences in nature • Securing of safety and quality of facilities and products • Enhancement of facilities for health check-ups, enrichment of medical and nursing care facilities <p>Development of equipment for Boron Neutron Capture Therapy (BNCT) → Start of clinical trial in November 2019</p>
G	<ul style="list-style-type: none"> • Strong relationships of trust with stakeholders, management of various risks • Securing management transparency (enhancement of the ratio of outside directors, promotion of diversity) • Averting the risk of “galapagosization” of corporate management because of the distinctive nature of the Group's business <p><Losing trust is the greatest risk.></p>	<ul style="list-style-type: none"> • Structure: Company with Audit and Supervisory Committee • Voluntary committees: 2 (Remuneration Advisory Committee, Appointment Advisory Committee) • Ratio of outside directors: 35.3%, ratio of female directors: 11.8% • Establishment of the Risk Management Committee, enrichment of the structure

Our group's ESG Outline②



<External evaluation associated with ESG>

	Selected as a constituent of the SOMPO Sustainability Index for FY2020 list for the second consecutive year (Sompo Japan Nipponkoa Asset Management)	June. 2020		Obtained the Next-generation Certification Mark known as “Kurumin certification” for the second time in 2019 (Ministry of Health, Labour and Welfare) *Obtained Kurumin certification for the first time in 2016.	January. 2019		
	Certified as one of the enterprises in the “Health and Productivity Enterprises 2020 list for the fourth consecutive year (Ministry of Economy, Trade and Industry, Nippon Kenko Kaigi)	February. 2020	Received the Excellent Company Award for Employment of Persons with Disabilities under Tokyo Metropolis’ program for commendation of excellent companies for employment of persons with disabilities for FY2017 (Tokyo Metropolis)			September. 2017	
Reception of Encouragement Award (President of Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers Award) for “Fiscal Year 2019 Good Example of Workplace Improvement for Employment of Persons with Disabilities” (Sponsor: Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers (independent administrative organization); Benefactor: Ministry of Health, Labour and Welfare).			January. 2020	Received the FY2015 Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers President’s Award for Effort (excellent site for employment of persons with disabilities) (Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers)			September. 2015
	ISO 27001 (standard for information security management systems): The head office and certain branches have been certified (started acquiring certifications in 2015)	October. 2019		Selected for inclusion in FY2014 Diversity Management Selection 100 (Ministry of Economy, Trade and Industry)	March. 2015		
	Selected as an excellent company from among the “Aichi Shining Women Companies” for FY2019 (Aichi Prefecture)	October. 2019	Received the Minister of Health, Labour and Welfare Award (the highest award) for FY2013 for “Workplace improvement best practices for employment of persons with disabilities” (hosted by Japan Organization for Employment of the Elderly, Persons with Disabilities and Job Seekers under the auspices of the Ministry of Health, Labour and Welfare)			September. 2013	
	The Company’s 24 employee cafeterias received the highest recognition (three stars) under the Healthy Meal and Dietary Environment Consortium Smart Meal certification system.	October. 2019					
	ISO 14001 (standard for environmental management systems): Acquired at 37 principal sites (started acquiring certifications in 2015)	July. 2019	The former Emperor and the Empress visited the Tokyo Head Office Clerical Work Support Center in connection with the Company’s receipt of the Minister of Health, Labour and Welfare Award				
Selected as a constituent of the MSCI Japan ESG Select Leaders Index (MSCI)			June. 2019				
	Received “Ikumen Ikuboss Award” as part of the Aichi Prefecture Family Friendly Company Commendations for FY2018 (Aichi Prefecture)	February. 2019					

<Reference>

- (1) **Nihonbashi Muromachi Mitsui Tower Midtown Clinic opened. (Departments gradually started providing services.)**
 - **Health check-up/examination department: Service started on May 18, 2020.**
 - **Outpatient treatments: Service started on May 11, 2020.**
- (2) **GRAND HIMEDIC CLUB “HIMEDIC Tokyo Nihonbashi Course” service started (June 3, 2020)**
- (3) **Exclusive membership resorts, YOKOHAMA BAYCOURT CLUB HOTEL & SPA RESORT and THE KAHALA HOTEL & RESORT YOKOHAMA, to open (The scheduled opening on September 23, 2020)**

***The 28th Resorttrust Ladies, which is an annual golf championship the Company has been sponsoring for many years, and DUNLOP SRIXON Fukushima Open whose venue was to be the Group’s golf course were cancelled this year.**

Contract Values of Membership 1Q FY2020 (April to June)

(Billion yen)

	2020/6 results	2019/6 results	YoY Change	2020/6 Progress rate of contract (cumulative)
The KAHALA Club Hawaii	0.2	—	+0.2	—
Yokohama Baycourt Club	8.1	3.4	+4.6	81.8%
Laguna Baycourt Club	0.6	4.1	(3.5)	97.5%
XIV Rokko SV	(0.5)	0.3	(0.8)	46.4%
Ashiya Baycourt Club	3.1	2.2	+1.0	89.2%
XIV Yugawara Rikyu	(0.9)	0.6	(1.6)	75.3%
Other Hotels	0.6	3.0	(2.4)	—
Hotel Membership Total	11.2	13.6	(2.4)	—
Golf	0.1	0.1	+0.0	—
HIMEDIC	1.3	1.3	(0.0)	—
Total	12.6	15.0	(2.4)	—

* Progress rate of the total contract amount

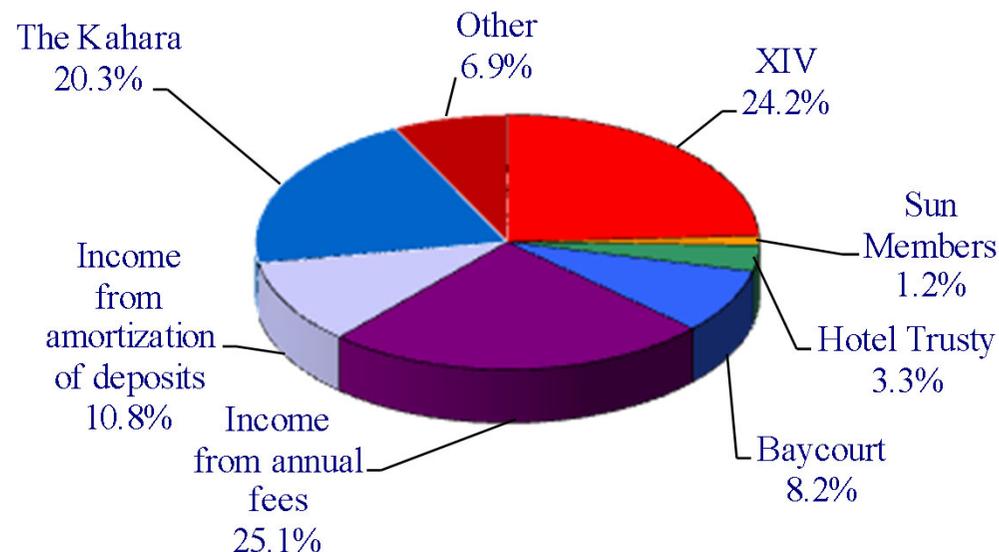
Sales of Membership Segment 1Q FY2020 (April to June)

(Billion yen)

		2020/6 results	2019/6 results	YoY Change
The KAHALA Club Hawaii		0.1	-	+0.1
Yokohama Baycourt Club		7.0	3.1	+3.9
Laguna Baycourt Club		0.5	3.7	(3.2)
XIV Rokko SV		(0.5)	0.2	(0.7)
Ashiya Baycourt Club		2.8	2.0	+0.8
XIV Yugawara Rikyu		(0.9)	0.5	(1.4)
Other Hotels		0.1	2.4	(2.3)
Hotel Membership Total		9.1	11.9	(2.8)
Deferred Sales	Yokohama Baycourt Club	(3.6)	(1.7)	(1.9)
	Laguna Baycourt Club	-	-	-
	XIV Rokko SV	-	-	-
All Hotels		5.5	10.2	(4.7)
Other		0.2	0.2	(0.0)
Membership Operations Total		5.7	10.4	(4.7)

Sales of Hotel and Restaurant Segment 1Q FY2020

(April to June)



(Million yen)

	2020/6 results	2019/6 results
XIV	2,086	7,740
Sun Members	103	1,151
Hotel Trusty	284	1,612
Baycourt	703	2,329
Income from annual fees	2,126	2,090
Income from amortization of deposits	927	893
The Kahara	1,748	1,880
Other	634	2,219
Total	8,614	19,917

Operations by category 1Q FY2020 (April to June)

<HOTEL>

Number of overnight visitors

(Thousands)

	2018/6 results	2019/6 results	2020/6 results
XIV	393	395	93
Sun Members	100	101	5
Hotel Trusty	171	170	26
Baycourt	48	71	22

Occupancy rates

(%)

	2018/6 results	2019/6 results	2020/6 results
XIV	44.1	44.2	11.3
Sun Members	56.9	60.8	4.5
Hotel Trusty	90.3	88.7	11.6
Baycourt	43.5	44.6	15.1

<Reference>

2020/6 results (operating only)
17.8
11.3
15.1
16.8

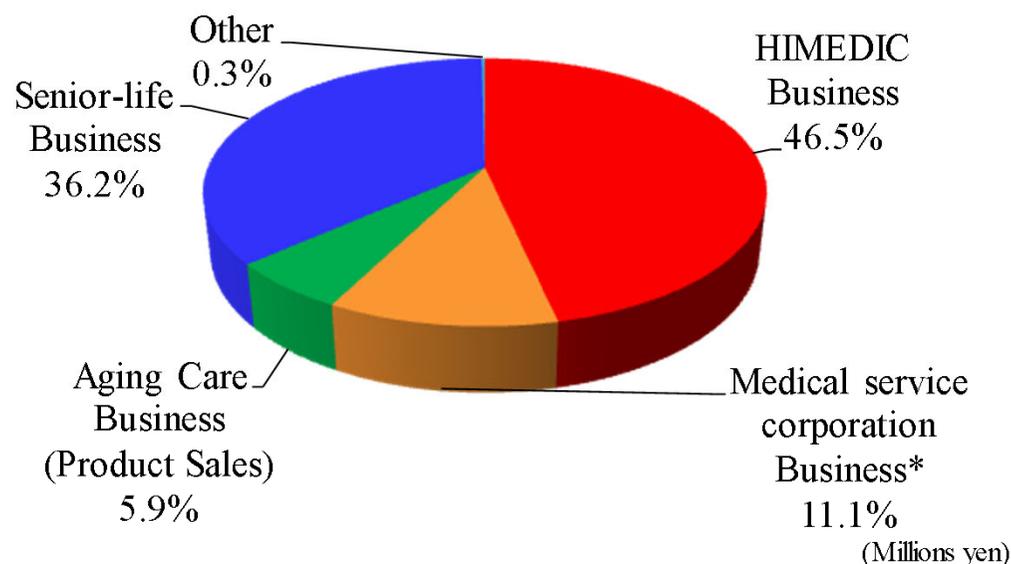
Spending per visitor

(yen)

	2018/6 results	2019/6 results	2020/6 results
XIV	20,463	19,587	22,245
Sun Members	10,871	11,375	8,145
Hotel Trusty	9,776	9,476	10,696
Baycourt	34,776	32,482	31,286

* The denominator excludes the number of rooms at facilities during the closure.

Sales of Medical Segment 1Q FY2020 (April to June)



	2020/6 results	2019/6 results
HIMEDIC Business	4,159	3,982
Medical service corporation Business*	993	1,516
Aging Care Business(Product Sales)	530	609
Senior-life Business	3,239	2,684
Other	19	(48)
Total	8,942	8,744

(Millions yen)

※Operation support for general medical service business, etc.

<Senior residences and private nursing homes>

	2020/6 results	2019/6 results
Occupancy rates(%)	86.7	86.6
number of rooms	2,100	1,659

*Trust Garden Ogikubo Started to operate (August, 2019), Started to operate 5 facilities(total 390 room)(September, 2019).

<Reference> Effects of Deferred Revenue from properties before hotel opening (1Q)



«Method of recording sales and income from property before completion of construction» p.30

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 1Q FY2020 (2020/6)		Results for 1Q FY2019 (2019/6)	
Contract amount of properties before completion of construction		Yokohama	8.1 billion	Yokohama	3.4 billion
Deferred sales and income from properties		Sales	Income	Sales	Income
Yokohama Baycourt	Value deferred	(3.5)	(1.0)	(1.6)	(0.5)

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



« Method of recording sales and income from property before hotel opening » P.30

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.

Fiscal year	Results for FY2014 (2015/3)	Results for FY2015 (2016/3)	Results for FY2016 (2017/3)	Results for FY2017 (2018/3)	Results for FY2018 (2019/3)	Targets for FY2019 (2020/3)
Contract amount of properties before completion of construction	(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) 13.0 billion	(Yokohama Baycourt) 22.7 billion

Deferred sales and income from properties	Sales		Income		Sales		Income		Sales		Income		Sales		Income	
Yokohama Baycourt									(3.5)	(1.2)	(6.2)	(2.1)	(10.5)	(3.4)		
Laguna Baycourt									(10.2)	(3.2)	(10.4)	(3.4)				
XIV Rokko SV					(2.1)	(0.4)	(1.4)	(0.3)	(1.1)	(0.2)						
Ashiya Baycourt					(15.3)	(5.4)	(6.1)	(2.2)								
XIV Yugawara Rikyu	(4.7)	(1.3)	(5.5)	(1.7)												
XIV Toba Bettei (From FY 2013)	(6.3)	(1.7)														
Value affected(Single Year)	(11.0)	(3.0)	(13.2)	(4.6)	(7.5)	(2.3)	+6.2	+3.4	+18.9	+6.1	(10.5)	(3.4)				

Sales (20.2) and income (6.6) deferred will be realized in FY2020.

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

Financial highlights of consolidated results	Results for FY2014 (2015/3)		Results for FY2015 (2016/3)		Results for FY2016 (2017/3)		Results for FY2017 (2018/3)		Results for FY2018 (2019/3)		Targets for FY2019 (2020/3)	
	Sales	Operating income										
Disclosed figures (Recorded value)	120.4	16.0	142.2	18.6	143.5	13.5	165.4	17.7	179.5	18.9	159.1	11.6
(For reference)① Value excluding effects of deferred values	131.4	19.1	155.4	23.2	151.0	15.8	159.2	14.3	160.7	12.8	169.7	15.0
(For reference)② ①+ Excluding effects of extra costs	131.4	19.1	155.4	23.8	151.0	17.0	159.2	16.2	160.7	14.4	169.7	16.0

<Reference>

Income and Accounting for a Core XIV Facility

(Before completion of construction)

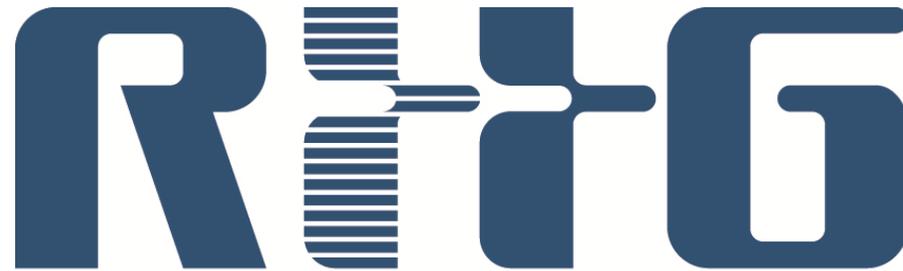
	Contract	Framework	Completion of Construction	
Total payment (100%)	60% of sale price received	80% of sale price received	100% of sale price received	
Security deposit (10%)	Member pays deposit upon signing contract			Liability incurred when contract signed*2
Registration fee (40%)	Member pays registration 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.



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