

# Financial results Presentation

## For the 6-month Period Ended September 30, 2019



“Hotel Trusty Premier Kumamoto” Started to opened on October 9, 2019.  
(The hotel occupies the portion of the building on the left that extends into the background.)



“Hotel Trusty Premier Nihonbashi Hamacho”  
Started to opened on September 12, 2019

# Contents

- **Highlights of 2Q FY2019 and Segment Results** P. 2-9
- **Overview of FY2019, BS/CF and Group's Development Schedule** P. 10-16
- **Mid-term Management Plan “Connect 50”** P. 17-19
- **Our group's ESG Outline** P. 20-21
- **References** P. 22-33

# Financial Highlights 2Q FY2019



(April to September)

(Million yen)

	2019/9 (results)	2019/9 (targets)	Difference	2018/9 (results)	YoY Change
<b>Net Sales</b>	<b>84,197</b>	85,800	(1.9%)	77,334	+8.9%
<b>Operating Income</b>	<b>8,501</b>	8,000	+6.3%	6,074	+39.9%
<b>Ordinary Income</b>	<b>8,750</b>	8,000	+9.4%	6,507	+34.5%
<b>Net Income</b>	<b>5,499</b>	5,000	+10.0%	3,998	+37.6%

## <Difference>

- **Operating income, ordinary income, and net income were higher than the targets mainly because contract values of memberships progressed significantly compared with the target, including an increase prior to the consumption tax hike that exceeded our expectations. Net sales, however, fell slightly short of the target because occupancy rates at hotels were below the target, affected by cancellations, etc. associated with Typhoon Faxai.**

## <YoY Change>

- **In the same period of the previous year, revenue from properties in line with the opening of “XIV Rokko Sanctuary Villa” was recorded as a lump sum. In FY2019, expansion of the Medical Business and newly opened facilities contributed to sales while profitability increased mainly because of increases in contract values of hotel memberships and HIMEDIC memberships, resulting in higher sales and higher operating income, ordinary income, and net income.**

# Segment Sales and Operation Income 2Q FY2019



(April to September)

## <Sales>

(Million yen)

	Membership	Hotel and Restaurant	Medical	Other		Total
<b>2019/9 (results)</b>	<b>22,164</b>	<b>42,167</b>	<b>19,532</b>	<b>332</b>		<b>84,197</b>
2019/9 (targets)	19,830	45,420	20,240	310		85,800
Difference	+11.8%	(7.2%)	(3.5%)	+7.3%		(1.9%)
2018/9 (results)	19,204	40,799	16,997	333		77,334
YoY Change	+15.4%	+3.4%	+14.9%	(0.1%)		+8.9%

## <Operating Income>

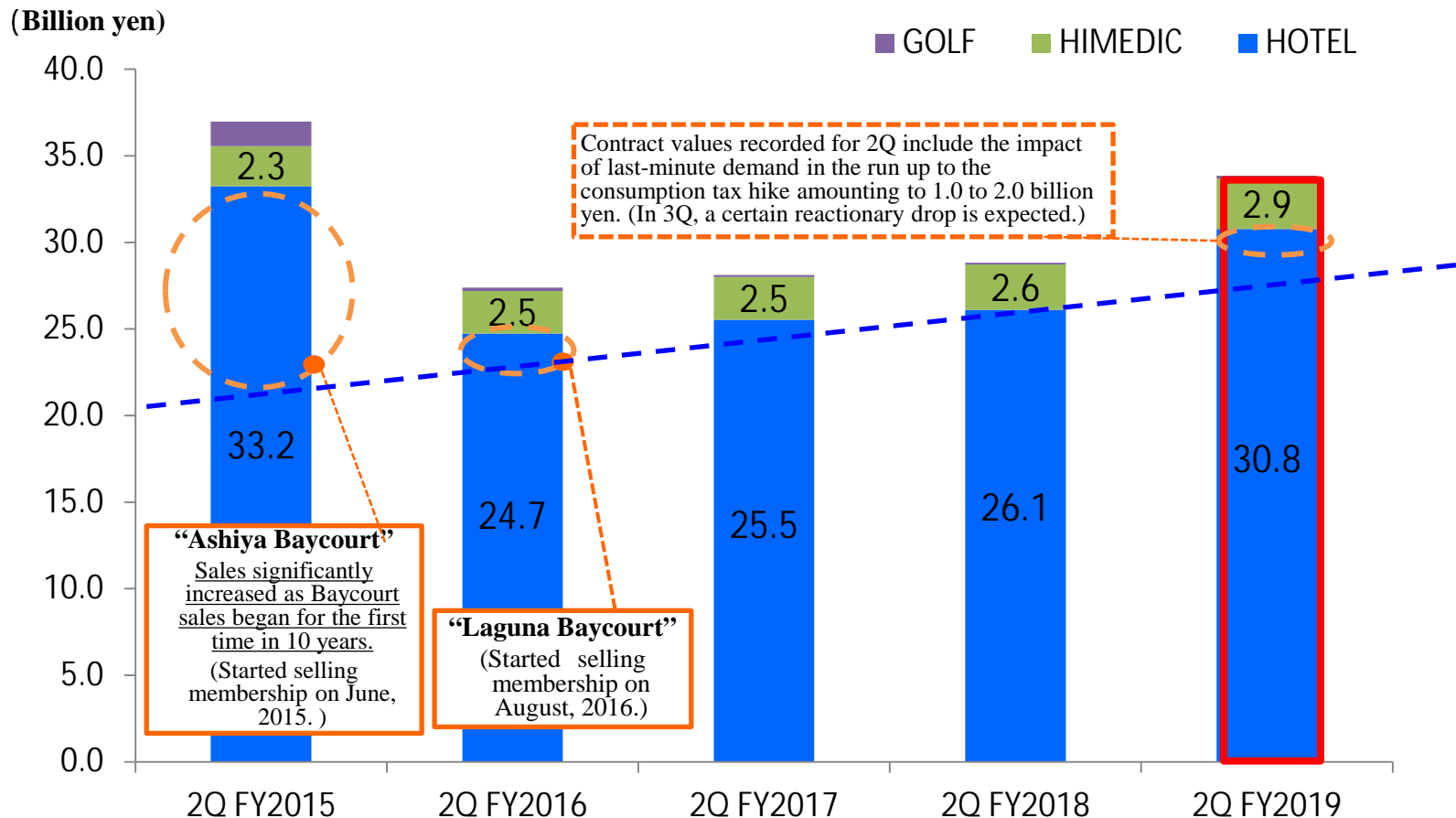
(Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Overhead expenses	Total
<b>2019/9 (results)</b>	<b>8,147</b>	<b>1,478</b>	<b>3,040</b>	<b>255</b>	<b>(4,420)</b>	<b>8,501</b>
2019/9 (targets)	6,980	1,970	3,080	250	(4,280)	8,000
Difference	+16.7%	(25.0%)	(1.3%)	+2.3%	(140)	+6.3%
2018/9 (results)	4,901	2,401	2,955	223	(4,408)	6,074
YoY Change	+66.2%	(38.5%)	+2.9%	+14.2%	(12)	+39.9%

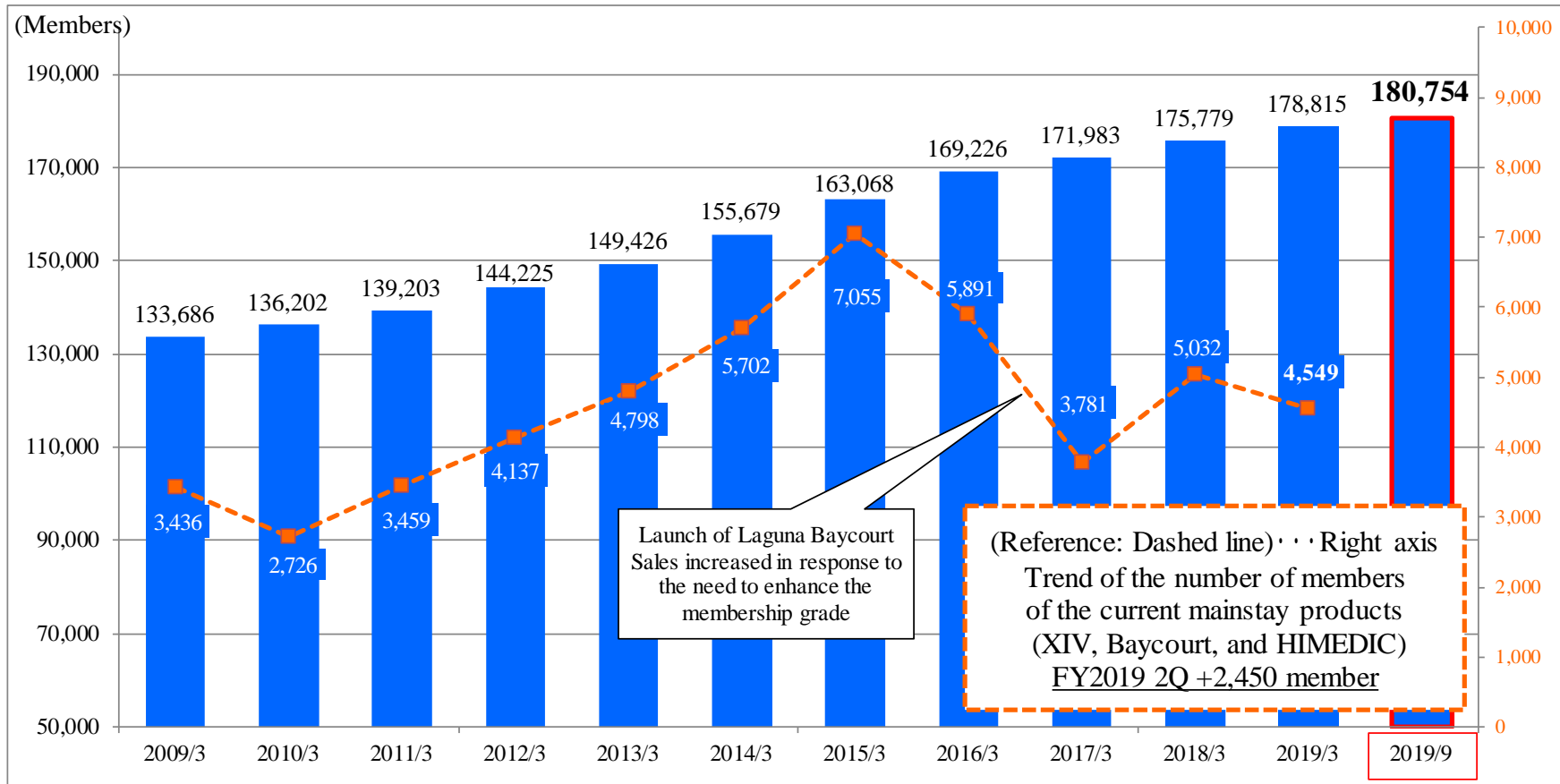
"Difference" and "YoY Change" are the difference in the amount.

# Progress of contract values for six months

- The trend line of contract values of hotel memberships was robust, excluding the impact of starting sales of new facility memberships in the past (simulation). In the run up to the consumption tax hike, it is estimated that contracts concluded and payments received increased by 1.0 to 2.0 billion yen. The plan for FY2019 calls for annual contract values of 53.6 billion yen (+2.0 billion yen compared with the previous FY).
- Contract values of HIMEDIC memberships during 1H FY2019, whose sales as a new product started in October 2018, were solid, having exceeded the levels of the same period of the previous four FYs.



# Number of Members

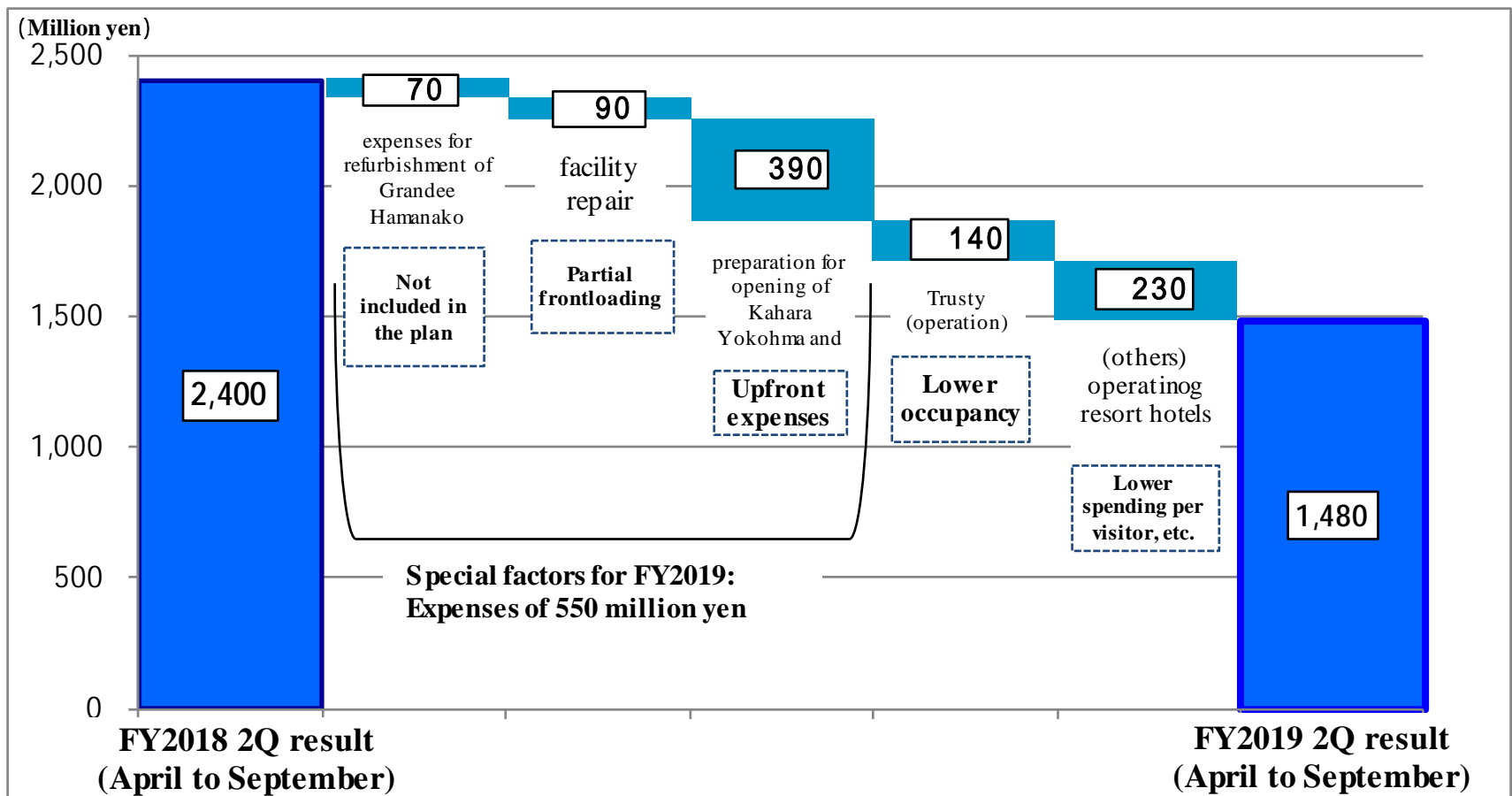


	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	Total
2019/3	18,255	77,592	32,478	30,260	19,839	391	178,815
<b>2019/9</b>	<b>19,488</b>	<b>77,914</b>	<b>32,002</b>	<b>30,217</b>	<b>20,734</b>	<b>399</b>	<b>180,754</b>
Change April - Spetember 2019	+1,233	+322	(476)	(43)	+895	+8	+1,939
Change April - September 2018	+1,331	+444	(457)	(132)	+892	+2	+2,080

\*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 2Q FY2019 (compared with the same period of the previous FY)

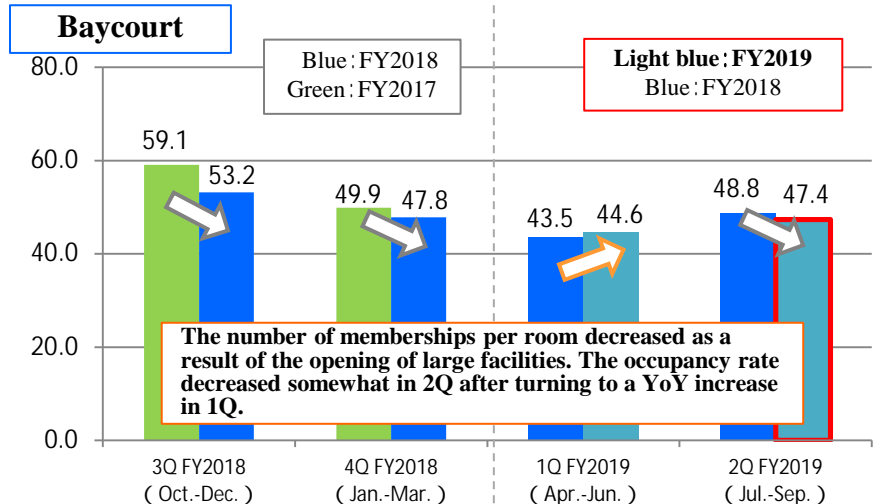
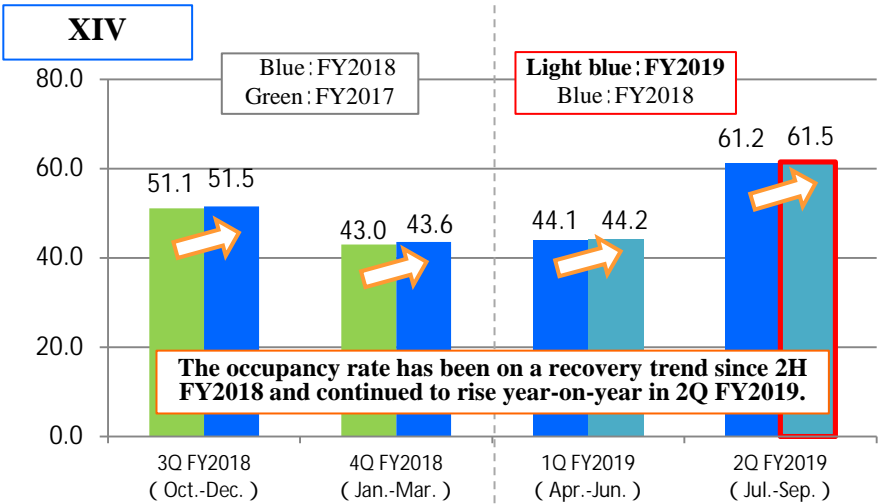
- **Special factors included recording of expenses for refurbishment of Grandee Hamanako, a golf club where 2019 Resorttrust Ladies was held, amounting to 70 million yen (not included in the plan) and frontloading of facility repair amounting to 90 million yen. Moreover, upfront expenses for preparation for opening of Trusty Premier hotels, etc. amounted to 390 million yen.**
- **Regarding non-membership hotels, intensifying competition led to a slight decrease in income. For membership resort hotels, lower spending per visitor was among the factors contributing to a decrease in income. We are continuing to implement initiatives to further improve occupancy rates and increase spending per visitor, etc.**



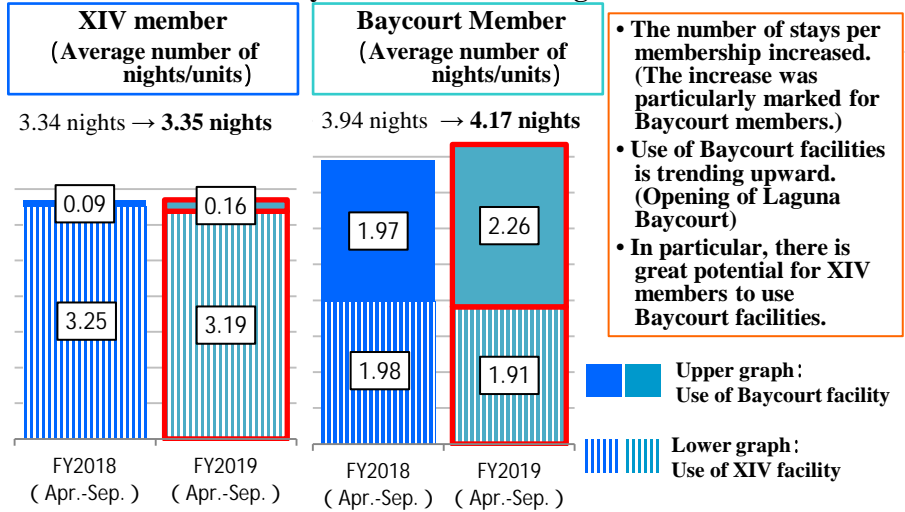


# Trends in Hotel occupancy rate by 2Q <YtoY>

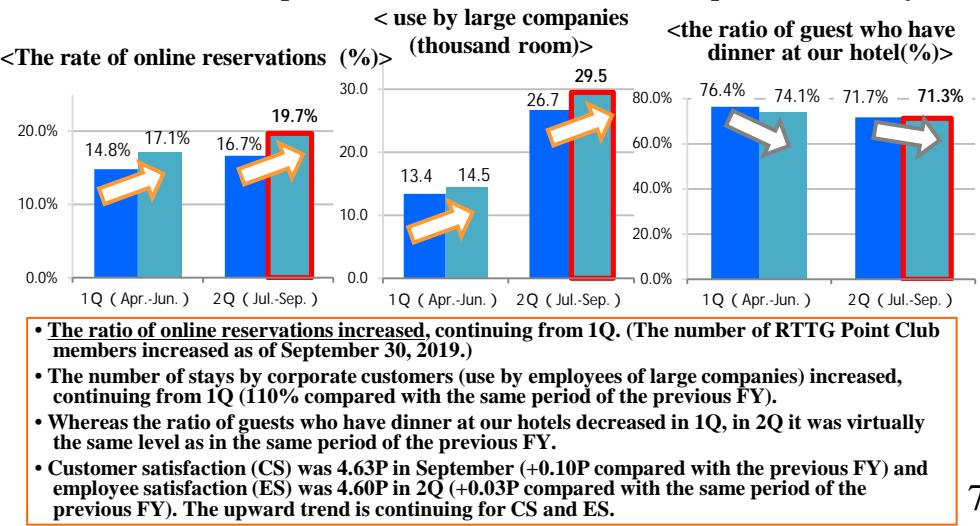
•The XIV occupancy rate in 2Q FY2019 exceeded the level of the same period of the previous FY. The Baycourt occupancy rate, on which a decrease in the number of members per room would have a relatively large effect, was at a level slightly below the same period of the previous FY, because of the opening of Ashiya Baycourt Club and Laguna Baycourt Club. The number of stays per member has not decreased and customer satisfaction (CS) is trending upward, too.



## XIV member and Baycourt member's usage records<YoY>



## Various data on operations: (Quantitative data correspond to XIV only.)

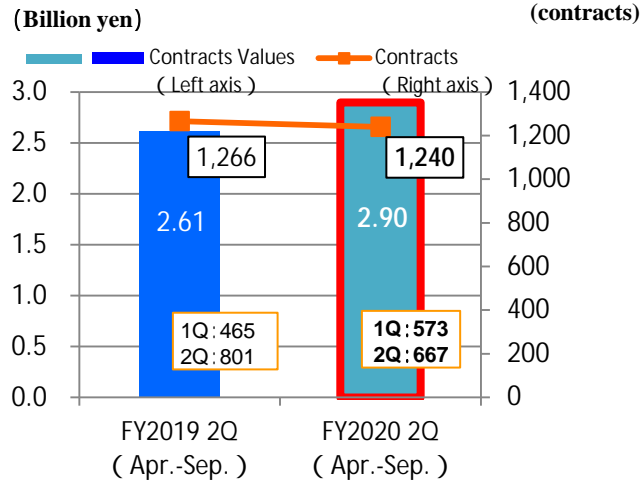




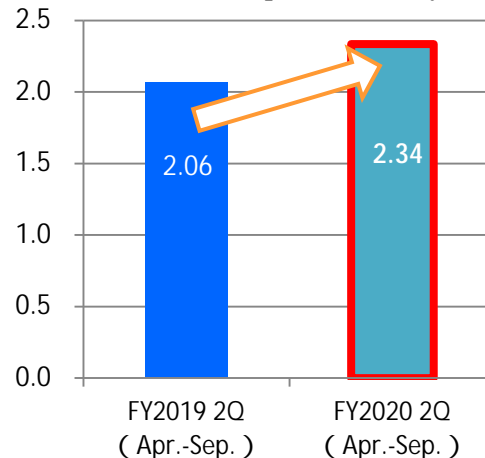
# HIMEDIC membership progress of sales and Senior lifestyle business schedule

- Sales of HIMEDIC memberships remained favorable in 2Q FY2019. Contract values increased because of an increase in the unit price (+0.3 billion yen YoY).
- For the Senior Lifestyle Business, six facilities started operation from 2Q onward. We are implementing initiatives to increase the occupancy rate.

## HIMEDIC sales ; result of 1Q FY2019 <YtoY>



## Contract unit price (million yen)



Existing membership		
	New member	Existing HIMEDIC member (2 or more)
Price	2.25 million yen	1.75 million yen
Annual fee	500,000 yen	

Commencement of new products on October 2018.

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

## HIMEDIC membership started to sales

“HIMEDIC Tokyo Nihonbashi Course” will start on October 16, 2019.

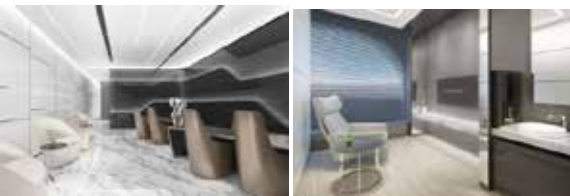
Location: 7th floor, Nihonbashi Muromachi Mitsui Tower, 3-2-1 Nihonbashi Muromachi, Chuoku, Tokyo

Open: June 2020 (planned)

Number of Members Final target: Approximately 3,000 members

< Medical Service corporate business >

Nihonbashi Muromachi Mitsui Tower Midtown Clinic, scheduled to open in April 2020, will conduct health check-ups for corporate clients and general outpatient treatments for internal medicine.



Reception(Image)

Private Room(Image)

## ◆Started to operate August, 2019

”Trust Garden Oguikubo “

Location: Suginami ward, Tokyo

Number of rooms: 51 room

(Private Nursing Home)



## ◆Start to operate 5 facilities, total 390 room(September, 2019)

Senior Life Company Ltd.<New consolidated subsidiary>

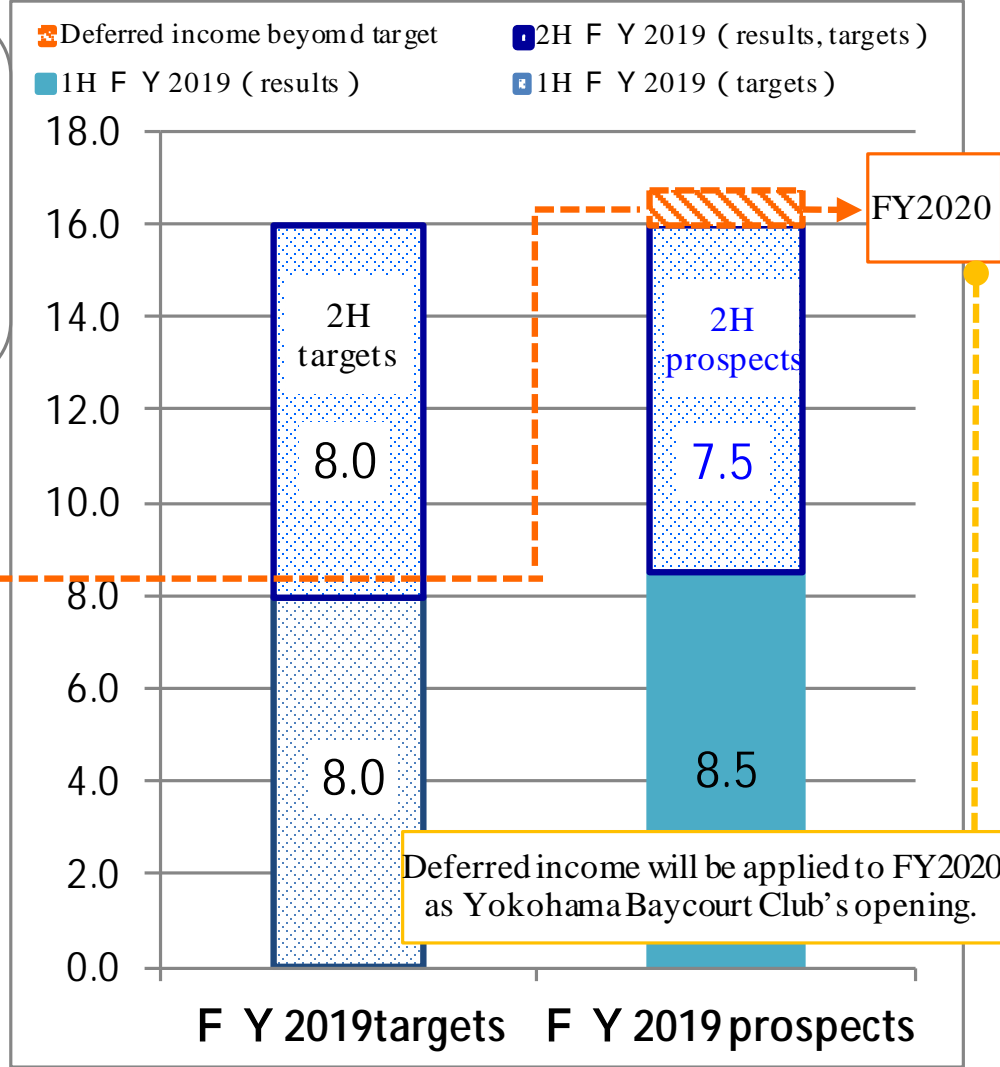
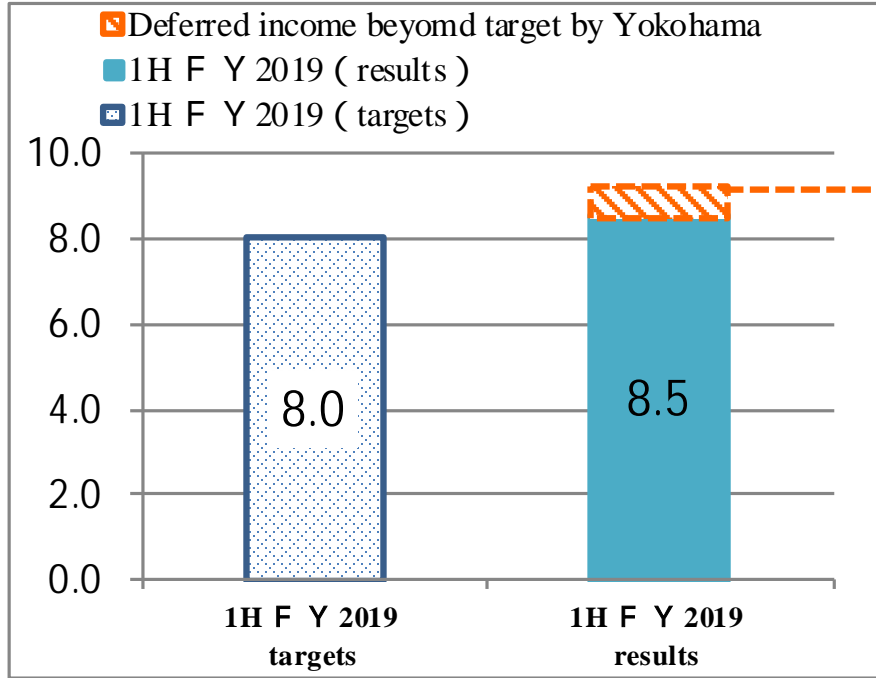
- **Felio Tamagawa** 70 room (Private Nursing Home) Ota ward, Tokyo
- **Felio Seijyo** 65 room (Private Nursing Home) Setagaya ward, Tokyo
- **Felio Tenjin** 95 room (Private Nursing Home) Chuo ward, Fukuoka
- **Felio Momochi** 98 room (Private Nursing Home) Sawara ward, Fukuoka
- **Resius Momochi** 62 room (Residential-type Private Nursing Home) Sawara ward, Fukuoka



# Progress of operating income

## Status of Consolidated Operating Income (Billion yen)

Yokohama Baycourt (scheduled to open in June 2020) yielded favorable sales and performed above the targets. Deferred revenue, which will be realized upon the opening of Yokohama Baycourt next year, has accumulated above the targets. In the second half, demand is expected to dip somewhat in reaction to the last-minute demand prior to the consumption tax hike.



\*For hotel membership of property before completion of construction, Sales or Cost of the real estate will be deferred until the Hotel opens. For details, please refer to p. 32.

## Consolidated Targets

(Million yen)

	FY2018 results	FY2019 targets	Change
Net sales	179,542	171,400	(8,142)
Operating income	18,877	16,000	(2,877)
Ordinary income	19,528	16,000	(3,528)
Net income	12,358	10,000	(2,358)
Net income per share (yen)	115.53	93.42	
Annual Cash dividend (yen)	46.00	46.00	
			(Billion yen)
Contract Values of Membership	57.2	59.9	+2.7

## <Operating Income by Segment (before allocation)>

(Million yen)

		FY2018 results	FY2019 targets	Change
Membership	Sales	64,029	39,140	(24,889)
	Operating income	19,004	13,980	(5,024)
Hotel and Restaurant	Sales	80,383	90,630	+10,246
	Operating income	2,624	3,160	+535
Medical	Sales	34,478	41,020	+6,541
	Operating income	6,144	6,760	+615
Other	Sales	651	610	(41)
	Operating income	572	590	+17
head office costs	Operating income	(9,468)	(8,490)	+978
Total	Sales	179,542	171,400	(8,142)
	Operating income	18,877	16,000	(2,877)

## <Net Sales>

- Difference in deferred realization  
< In the previous FY: Rokko/Laguna In this FY: Nothing >
- A full-year contribution from operation of Laguna Baycourt Club(2019.3)
- Increase in Opening two Hotel Trusty Premiers (Nihonbashi/Kumamoto)
- Increase in Existing Hotel operation etc.
- Increase in Income from annual fees and amortization of deposits (Hotel / HIMEDIC)
- Expansion of Senior lifestyle business (Increased facilities)
- Expansion of Medical Service corporation Business & Aging Care Business
- Revenue on BNCT equipment

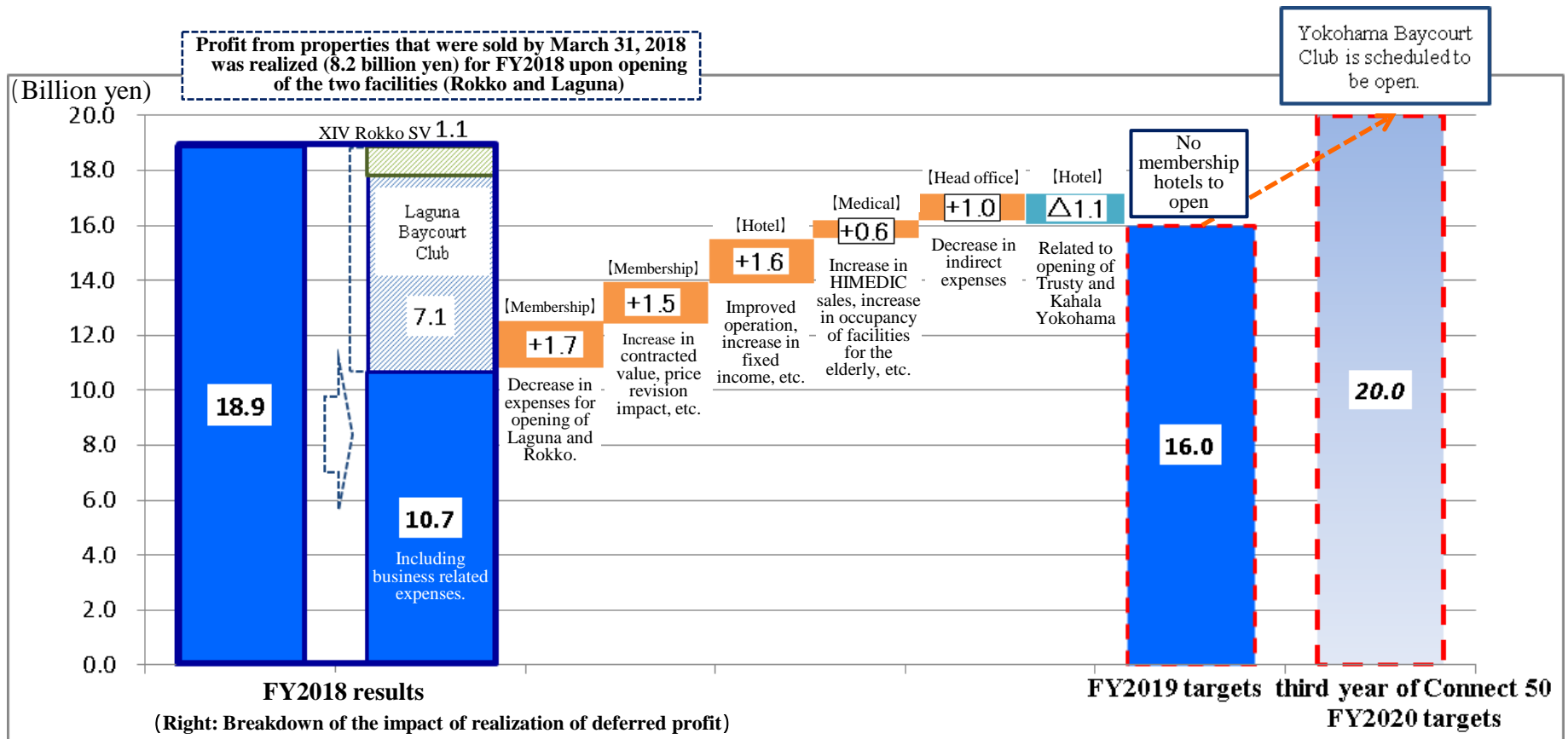
## <Operating Income>

- Difference in deferred realization  
< In the previous FY: Rokko/Laguna In this FY: Nothing >
- Increase due to a decrease in start-up costs associated with opening a new facility
- Increase in contract values of hotel membership & HIMEDIC membership
- Increase in Income from annual fees and amortization of deposits (Hotel / HIMEDIC)
- Decrease due to opening expenses associated with opening of Hotel Trusty Premier (Nihonbashi / Kumamoto) and preparation expenses for opening of Yokohama Baycourt & Kahala (around summer 2020)
- Expansion of Medical Service corporation Business & Aging Care Business
- Expansion of Senior lifestyle business (Increased facilities)

# FY2019 plan: Operating income (impact of deferred accounting)

• Although the FY2019 plan calls for a 2.9 billion yen decrease in operating income (from 18.9 billion yen in FY2018 to 16.0 billion yen in FY2019), it also calls for a significant increase in operating income, excluding the special factor of the recording of a profit realized upon opening of Rokko and Laguna.

<Positive factors: Higher contract values, higher annual membership fees, higher occupancy rates at hotels, etc. Negative factors: Increase in expenses associated with the opening of Hotel Trusty-brand facilities, etc.>



\*For hotel membership of property before completion of construction, Sales or Cost of the real estate will be deferred until the Hotel opens. For details, please refer to p. 32.

# Initiatives and Summary by Segment

## FY2018 (first year of “Connect 50”)

## FY2019 (second year of “Connect 50”)

Member  
ship

### <Target for contact value achieved, productivity per hour improved>

- +2% YoY in productivity per hour
- \*Increased from FY2017 when there was a positive impact of starting sales of new facility memberships
- Increase in the number of contracts concluded through referrals for occupancy of facilities for the elderly **Synergy effect**

### <Increase of contract value>

- Revision of prices of Laguna
- Consideration of new products for existing buildings
- Target +10% YoY in productivity per hour by digitalization

Hotel and  
Restaurant

### <Implementation of initiatives to enhance occupancy rate>

- Online reservations, introduction of the app (from October 2018)
- Change in the operating structure, revitalization of utilization by large-scale corporate customers, etc.
- XIV occupancy rate increased in the second half compared with the same period of FY2017

### <Enhancement of efficiency and productivity>

- Operational improvement, enhancement of efficiency
- Reorganization
- Multitasking
- Digital innovation, etc. Annual total working hours reduced by 720,000 hours

### <Enhancement of occupancy rate>

- Point app (from April 2019), spread of online reservation
- Enhancement of customer satisfaction by enhancing owner benefits
- Approach to corporate customers’ utilization in view of the enforcement of a rule to take paid holidays compulsorily

### <Work style reform and improvement of profitability>

- Enhancement of productivity (annual reduction of 80 hours per shift)
- Increase of fixed income, etc.

### <Launch of the Hotel Trusty Premier brand>

(Nihonbashi in September, Kumamoto in October)

Medical

### <Smooth transfer to sales of the new product> (Sales started in October 17)

- +18% YoY in HIMEDIC contracted value in the second half

### <Expansion of HIMEDIC-exclusive sales bases>

- Expansion of Kyoto base
- 24 cases of sales of hotel memberships through referrals by HIMEDIC sales reps **Synergy effect**

### <Expansion of profit of Senior-life Business and Medical Service Corporation Business >

- Of 30 rooms occupied upon opening of Trust Grace Shirakabe in March 2019, Group members accounted for 70% of the occupancy. **Synergy effect**

### <Expansion of HIMEDIC membership sales> Plan:+15% YoY in contract value

- Membership sales of a new base in Nihonbashi area scheduled in the second half
- Enrichment of service by introduction of the HIMEDIC app
- Expansion of sales by inbound businesses and through tie-ups

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

- Smooth operation of facilities opened/acquired (+6 facilities)
- Increase in the occupancy rate of existing facilities
- Consideration of new facilities (Medium-term management plan target: 3,000 rooms)

### <BNCT Business>

Delivery of research equipment and start of clinical trial (scheduled)

Head  
Office

### <Establishment of the foundation for work style reform>

- Increase in the number of holidays per year (from 105 days to 110 days)
- Enhancement in the efficiency of RPA, etc.
- Reform of the structure of the organizations for IT promotion and HR strategy

### <Digital marketing> •Related contract value amounted to 600 million yen.

### <Promotion of digitalization and work style reform >

- Increase in the number of holidays per year (from 110 days to 120 days)
- Thorough utilization of IT and digital infrastructure, and evaluation of investment impact
- Examination and review of the costs of head office and indirect operations

# Consolidated Balance Sheets



(Million yen)

	2019/3	2019/9	Change		2019/3	2019/9	Change
<b>Total current assets</b>	<b>135,754</b>	<b>128,644</b>	<b>(7,109)</b>	<b>Total current liabilities</b>	<b>70,764</b>	<b>71,896</b>	<b>+1,132</b>
Cash and deposits	26,742	19,932	(6,809)	Notes and accounts payable-trade	1,471	1,425	(46)
Notes and accounts receivable-trade	8,891	10,554	+1,663	Short-term loans payable	6,839	19,300	+12,461
Operating loans	46,623	50,066	+3,443	Current portion of bonds	250	200	(50)
Short-term investment securities	4,647	3,564	(1,082)	Accounts payable-other and accrued expenses	33,495	16,286	(17,208)
Merchandise, raw materials and supplies	2,511	2,126	(385)	Advance received	12,209	16,369	+4,160
Real estate for sale	30,049	24,971	(5,078)	Other	16,497	18,314	+1,816
Real estate for sale in process	11,845	12,097	+251	<b>Total noncurrent liabilities</b>	<b>198,611</b>	<b>205,797</b>	<b>+7,186</b>
Other	4,442	5,330	+887	Bonds payable and long-term loans payable	39,573	38,604	(969)
<b>Total noncurrent assets</b>	<b>265,671</b>	<b>283,775</b>	<b>+18,103</b>	Long-term guarantee deposited	101,595	99,197	(2,398)
Property, plant and equipment, net	180,001	195,759	+15,757	Bonds with subscription rights to shares	29,813	29,792	(21)
Intangible assets	11,806	11,290	(516)	Other	27,628	38,203	+10,575
Investments and other assets	73,862	76,725	+2,862	<b>Total liabilities</b>	<b>269,375</b>	<b>277,694</b>	<b>+8,318</b>
				<b>Net Assets</b>	<b>132,050</b>	<b>134,725</b>	<b>+2,675</b>
				Shareholders' equity	127,927	130,934	+3,007
				Treasury shares	(1,852)	(1,809)	+42
				Accumulated Other Comprehensive Income	1,355	908	(446)
				Subscription rights to shares	292	313	+21
				Non-controlling interests	4,326	4,378	+51
<b>Total assets</b>	<b>401,426</b>	<b>412,420</b>	<b>+10,994</b>	<b>Total liabilities and net assets</b>	<b>401,426</b>	<b>412,420</b>	<b>+10,994</b>



# Consolidated Cash Flows FY2019



(April to September)

(Million yen)

	2018/9	<b>2019/9</b>
Cash flows from operating activities	(5,132)	<b>(1,302)</b>
Cash flows from investing activities	9,191	<b>(12,785)</b>
Cash flows from financing activities	(9,030)	<b>10,311</b>
Effect of exchange rate changes on cash and cash equivalents	2	<b>(0)</b>
Net increase (decrease) in cash and cash equivalents	(4,969)	<b>(3,776)</b>
Cash and cash equivalents at end of period	27,500	<b>20,118</b>



# Group's Development Schedule

<Sales and business commencement schedule\_November 8, 2019>

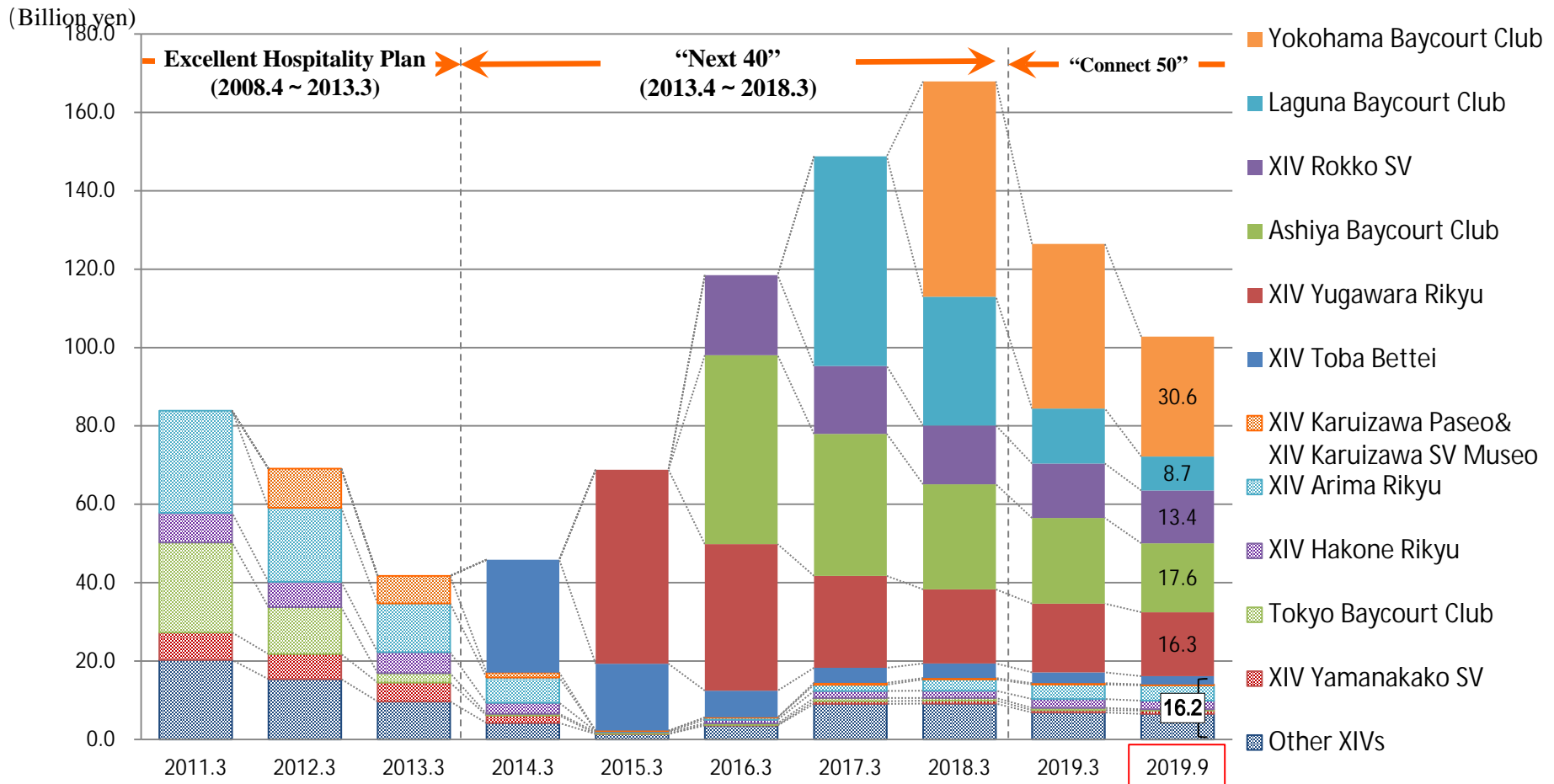
- Commencement of business and acquisition
- Commencement of sales
- Renewal opening

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		● Ashiya Baycourt Club		● Laguna Baycourt Club		● Yokohama Baycourt Club		● International		
		● XIV Yugawara Rikyu		● XIV Rokko SV				● Kansai		● Kanto		
Business commencement schedule	Luxury hotel (LH)	● THE KAHALA						● THE KAHALA Yokohama		● LH① ● LH②		
	Hotel Trusty (HT)	● Kanazawa			● Nagoya Shirakawa		● Nihonbashi Hamacho				● HT① ● HT②	
	Medical examination club on a membership basis	● HIMEDIC Midtown	● HIMEDIC Tokyo Bay		● HIMEDIC Nagoya		● Tokyo Nihonbashi				(Increase existing facility capacity)	
	Senior residence (SR)	● Mikage	● Todoroki	● Hongo	● Tokiwamatsu	● Activa Biwa	● Shirokabe	● Bashamichi	● Ogikubo	● 5 facilities*	● SR① ● SR②	● SR③ ● SR④
Renewal	● Hakone			● Beppu	● Shirakawa	● Toba			● Atami	● Shinjuku		

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

# Trend of sales inventories (contract value basis as of the end of the fiscal year)

- 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.
- Following the launch of the current medium-term management plan, the Group has abundant sales inventories exceeding 102 billion yen as of September 30, 2019 on a contract value basis, although no new projects are scheduled for sale in the plan's second year.



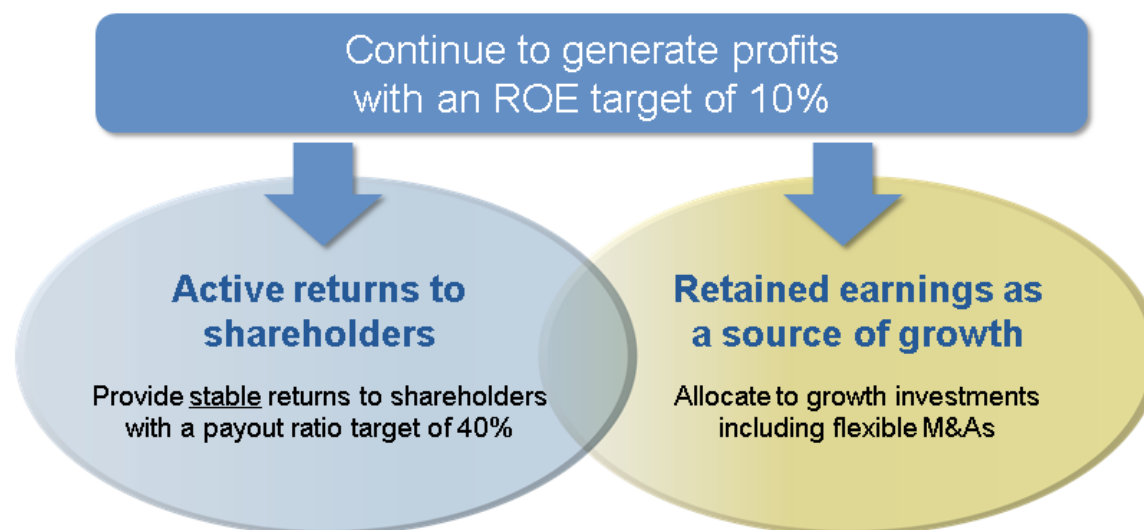
\*Acquired development site : Kinugawa, Chiba(Suzumejima · Hota), Karuizawa, Hakonegora, Atamiizusan, Hamanako, Takashima.(September, 2019)

# 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

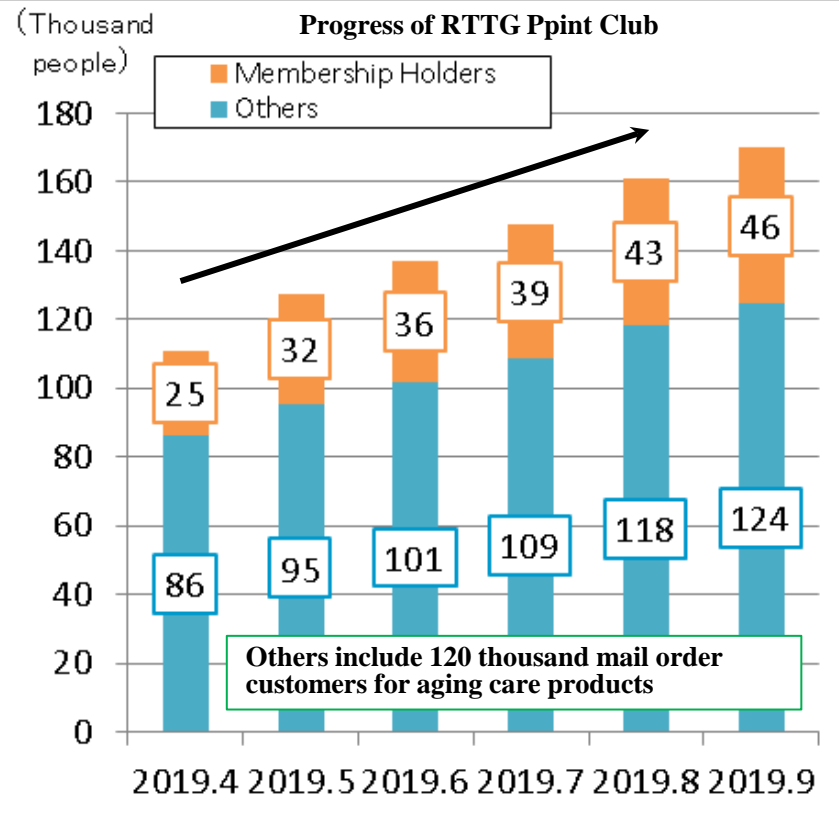
- ◎ HIMEDIC business and Medical Service Corporation business
  - Number of annual HIMEDIC membership sales: 2,360 (use of existing and new facilities)
  - Number of general consumers undergoing medical examinations in FY2022: 700,000 (up 40% compared with FY2017)
- ◎ Aging care business (product sales)
  - 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)

# 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.

## ポイント獲得／利用対象



- Acquisition and use of points for the Group’s various services are available
- Making it suitable for a wide range of scenes of use by promoting registration of family members, which is also beneficial to owners

- Approximately 170,000 total point club members including the general public as of the end of 2019.9
- Of these, membership holders increased to approximately 46,000.



# Our group's ESG Outline ①

## 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 >

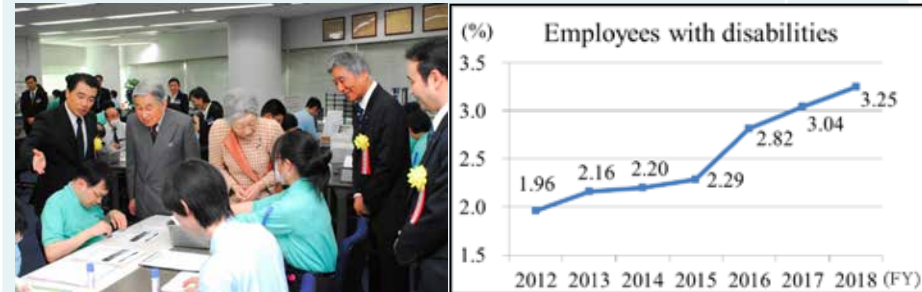
	Materiality for the Group’s business (risks and opportunities)	Specific initiatives (examples)
E	<ul style="list-style-type: none"> <li>• Harmony with the natural environment, conservation of the ecosystem</li> <li>• Reduction of environmental impacts during development, energy saving, resource saving, promotion of recycling, prevention of contamination</li> </ul> <p>&lt;The beauty of nature is the most charming and irreplaceable asset for the resort business.&gt;</p> <p>Relevant policies: Environmental Policy (established in 2005)</p>	<ul style="list-style-type: none"> <li>• Shift to LED, mega-solar, eco-stay</li> <li>• Use of eco-cars</li> <li>• Origami Action (biodiversity)</li> <li>• Use of coffee beans certified by Rainforest Alliance</li> <li>• Tree-planting during development, green campaign, etc.</li> </ul>
S	<ul style="list-style-type: none"> <li>• Response to labor shortages by enhancing productivity, such as through promotion of digitization</li> <li>• Active participation of women in the hospitality industry to promote leisure, health and beauty</li> <li>• “Diversity” of human resources to respond to rapid change in society</li> </ul> <p>&lt;The Group’s businesses share “hospitality” as a key concept and a source of strength.&gt;</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"> <li>• Enhancement of employment of persons with disabilities (received various awards)</li> <li>• Revision and reduction of working hours, increase of the number of holidays</li> <li>• Establishment of the Diversity Promotion Office, promotion of activities</li> <li>• Declaration of “Health and Productivity Enterprise,” White 500</li> <li>• Kurumin certification obtained, enrichment of various internal plans</li> <li>• Promotion of workstyle reform by promoting systematization.</li> </ul>
	<ul style="list-style-type: none"> <li>• Contribution to regional vitalization and revitalization, enrichment of facilities corresponding to inbound demand</li> <li>• Joint research and technological innovation with medical institutions: To “create a society where cancer claims no precious lives”</li> <li>• Enrichment of nursing care facilities and services to create safe and affluent lifestyles</li> </ul> <p>&lt;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&gt;</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"> <li>• Local recruitment (creation of employment in regions)</li> <li>• Local production for local consumption, dietary education and regional activities</li> <li>• Planning and participation in experiences in nature</li> <li>• Securing of safety and quality of facilities and products</li> <li>• Enhancement of facilities for health check-ups, enrichment of medical and nursing care facilities</li> </ul> <p><b>• Development of equipment for Boron Neutron Capture Therapy (BNCT) → Start of clinical trial in November 2019</b></p>
G	<ul style="list-style-type: none"> <li>• Strong relationships of trust with stakeholders, management of various risks</li> <li>• Securing management transparency (enhancement of the ratio of outside directors, promotion of diversity)</li> <li>• Averting the risk of “galapagosization” of corporate management because of the distinctive nature of the Group’s business</li> </ul> <p>&lt;Losing trust is the greatest risk.&gt;</p>	<ul style="list-style-type: none"> <li>• Structure: Company with Audit and Supervisory Committee</li> <li>• Voluntary committees: 2 (Remuneration Advisory Committee, Appointment Advisory Committee)</li> <li>• Ratio of outside directors: 35.0%, ratio of female directors: 11.8%</li> <li>• Establishment of the Risk Management Committee, enrichment of the structure</li> </ul>

# Our group's ESG Outline ②

## < External evaluation associated with ESG >

	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 as an excellent company from among the “Aichi Shining Women Companies” for FY2019 (Aichi Prefecture)	October. 2019
	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
	Selected as a constituent of the MSCI Japan ESG Select Leaders Index (MSCI)	June. 2019
	Selected as a constituent of the SNAM Sustainability Index for FY2019 (Sompo Japan Nipponkoa Asset Management)	June. 2019
	Certified as one of the enterprises in the “Health and Productivity Enterprises 2019 ~ White 500 ~” list for the third consecutive year (Ministry of Economy, Trade and Industry, Nippon Kenko Kaigi)	February. 2019
	Received “Ikumen Ikuboss Award” as part of the Aichi Prefecture Family Friendly Company Commendations for FY2018 (Aichi Prefecture)	February. 2019

	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
	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
	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
	Selected for inclusion in FY2014 Diversity Management Selection 100 (Ministry of Economy, Trade and Industry)	March. 2015
	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 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



# <Reference>

- (1) Group point system “RTTG Point Club” was started to operate. (April, 2019)**
- (2) It was resolved to discontinue the “Measures Against Large-scale Purchases of Company Shares” at the conclusion of the 46th Annual General Meeting of Shareholders. (June 27, 2019)**
- (3) Held of the Resorttrust Ladies golf championship was held at Grandee Hamanako Golf Club. (from May 31 to June 2, 2019)**
- (4) The Dunlop Srixon Fukushima Open was held at Grandee Nasu Shirakawa Golf Club’s course for consecutive years. (from June 27 to June 30, 2019)**
- (5) Opening a Private Nursing Home “Trust Garden Ogikubo” (August 1, 2019)**
- (6) Trust Garden Co., Ltd., a company in the Group, has acquired shares of Senior Life Company Ltd. from LIXIL Corporation and started to operate of five facilities (390 rooms) owned by Senior Life Company Ltd. (September 2, 2019)**
- (7) “Hotel Trusty Premier Nihonbashi Hamacho” started to operate. (September 12, 2019)**
- (8) “Hotel Trusty Premier Kumamoto” started to operate. (October 9, 2019)**
- (9) Membership Sales Launch for Grand HIMEDIC Club “HIMEDIC Tokyo Nihonbashi Course”. (October 16, 2019)**
- (10) Cancer Intelligence Care Systems, Inc., a Group company, is scheduled to start a clinical trial of Boron Neutron Capture Therapy (BNCT) for malignant melanoma and angiosarcoma. (November 2019)**

# Contract Values of Membership 2Q FY2019 (April to September)

(Billion yen)

	2019/9 results	2019/9 targets	Difference	2018/9 results	YoY Change	2019/9 Progress rate of contract (cumulative)	2020/3 targets
Yokohama Baycourt Club	<b>11.4</b>	7.3	+4.2	6.7	+4.7	50.8%	14.4
Laguna Baycourt Club	<b>6.8</b>	6.9	(0.1)	9.5	(2.6)	91.4%	13.7
XIV Rokko SV	<b>0.5</b>	1.0	(0.5)	0.6	(0.1)	47.4%	2.0
Ashiya Baycourt Club	<b>4.7</b>	4.0	+0.7	3.3	+1.4	81.6%	7.9
XIV Yugawara Rikyu	<b>1.6</b>	1.9	(0.3)	0.8	+0.8	76.1%	3.5
Other Hotels	<b>5.7</b>	6.2	(0.5)	5.2	+0.5	-	12.1
<b>Hotel Membership Total</b>	<b>30.8</b>	<b>27.2</b>	<b>+3.6</b>	<b>26.1</b>	<b>+4.7</b>	<b>-</b>	<b>53.6</b>
Golf	<b>0.2</b>	0.1	+0.1	0.2	+0.1	-	0.2
HIMEDIC	<b>2.9</b>	2.9	+0.0	2.6	+0.3	-	6.1
<b>Total</b>	<b>33.9</b>	<b>30.2</b>	<b>+3.7</b>	<b>28.9</b>	<b>+5.0</b>	<b>-</b>	<b>59.9</b>

\* Progress rate of the total contract amount

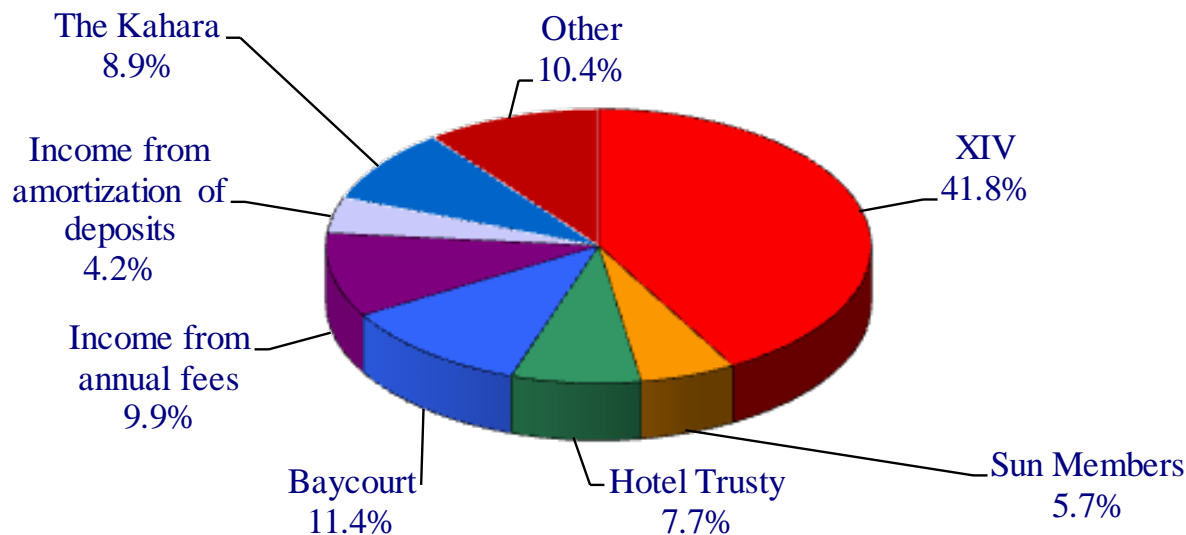
# Sales of Membership Segment 2Q FY2019 (April to September)

(Billion yen)

		2019/9 results	2019/9 targets	Difference	2018/9 results	YoY Change	2020/3 targets
Yokohama Baycourt Club		<b>10.3</b>	6.6	+3.7	6.1	+4.2	13.0
Laguna Baycourt Club		<b>6.2</b>	6.3	(0.1)	8.6	(2.4)	12.5
XIV Rokko SV		<b>0.4</b>	0.9	(0.5)	0.6	(0.1)	1.8
Ashiya Baycourt Club		<b>4.3</b>	3.6	+0.7	3.0	+1.3	7.2
XIV Yugawara Rikyu		<b>1.4</b>	1.8	(0.4)	0.7	+0.7	3.2
Other Hotels		<b>4.7</b>	3.6	+1.1	3.8	+1.0	7.1
<b>Hotel Membership Total</b>		<b>27.4</b>	<b>22.8</b>	<b>+4.6</b>	<b>22.7</b>	<b>+4.7</b>	<b>44.9</b>
Deferred Sales	Yokohama Baycourt Club	<b>(5.5)</b>	(3.5)	(2.0)	(3.2)	(2.3)	(6.9)
	Laguna Baycourt Club	-	-	-	(4.8)	+4.8	-
	XIV Rokko SV	-	-	-	4.7	(4.7)	-
<b>All Hotels</b>		<b>21.9</b>	<b>19.3</b>	<b>+2.5</b>	<b>19.3</b>	<b>+2.5</b>	<b>38.0</b>
Other		<b>0.3</b>	0.5	(0.2)	(0.1)	+0.4	1.1
<b>Membership Operations Total</b>		<b>22.2</b>	<b>19.8</b>	<b>+2.3</b>	<b>19.2</b>	<b>+3.0</b>	<b>39.1</b>

## Sales of Hotel and Restaurant Segment 2Q FY2019

(April to September)



(Million yen)

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
XIV	<b>17,636</b>	19,417	18,136	37,451
Sun Members	<b>2,392</b>	2,500	2,300	5,002
Hotel Trusty	<b>3,243</b>	3,580	3,375	8,140
Baycourt	<b>4,794</b>	5,660	3,488	11,268
Income from annual fees	<b>4,182</b>	4,150	3,818	8,408
Income from amortization of deposits	<b>1,788</b>	1,809	1,592	3,618
The Kahara	<b>3,735</b>	3,817	3,797	8,174
Other	<b>4,394</b>	4,483	4,290	8,566
<b>Total</b>	<b>42,167</b>	45,420	40,799	90,630

## Operations by category 2Q FY2019

(April to September)

## &lt; HOTEL &gt;

Number of overnight visitors

(Thousands)

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
XIV	<b>987</b>	1,033	986	1,944
Sun Members	<b>212</b>	221	210	435
Hotel Trusty	<b>348</b>	363	349	797
Baycourt	<b>152</b>	185	105	364

&lt;Reference&gt;

(Thousands)

2018/3 results	2019/3 results
1,864	1,839
431	418
696	689
145	217

Occupancy rates

(%)

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
XIV	<b>52.9</b>	55.3	52.7	52.4
Sun Members	<b>61.8</b>	64.2	58.3	64.4
Hotel Trusty	<b>88.3</b>	92.7	91.1	90.7
Baycourt	<b>46.0</b>	55.5	46.2	55.1

(%)

2018/3 results	2019/3 results
50.8	50.2
60.4	60.4
91.7	90.4
54.6	48.3

Spending per visitor

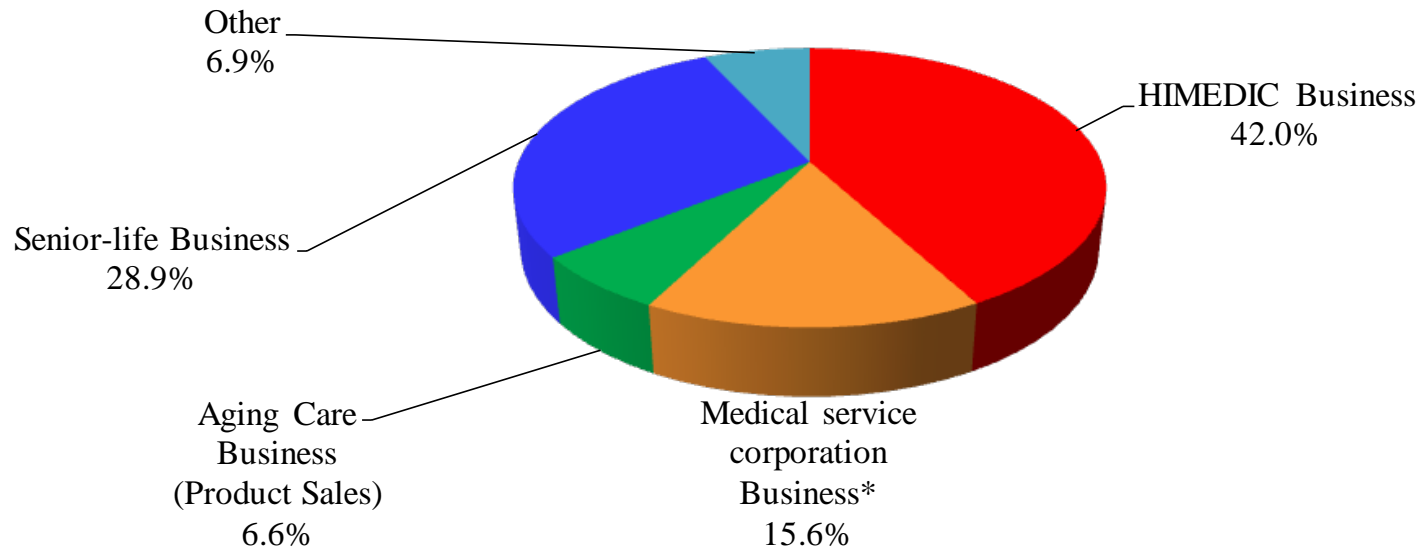
(yen)

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
XIV	<b>17,857</b>	18,787	18,380	19,259
Sun Members	<b>11,273</b>	11,281	10,920	11,482
Hotel Trusty	<b>9,314</b>	9,838	9,654	10,205
Baycourt	<b>31,497</b>	30,519	33,142	30,898

(yen)

2018/3 results	2019/3 results
19,340	18,915
11,139	11,268
9,752	9,612
32,940	32,671

## Sales of Medical Segment 2Q FY2019 (April to September)



(Millions yen)

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
HIMEDIC Business	<b>8,211</b>	<b>8,104</b>	<b>7,617</b>	<b>16,731</b>
Medical service corporation Business*	<b>3,043</b>	<b>3,087</b>	<b>2,994</b>	<b>6,211</b>
Aging Care Business(Product Sales)	<b>1,282</b>	<b>1,457</b>	<b>1,363</b>	<b>3,076</b>
Senior-life Business	<b>5,645</b>	<b>6,205</b>	<b>5,056</b>	<b>13,627</b>
Other	<b>1,347</b>	<b>1,384</b>	<b>(35)</b>	<b>1,373</b>
<b>Total</b>	<b>19,532</b>	<b>20,240</b>	<b>16,997</b>	<b>41,020</b>

Operation support for general medical service business, etc.

### < Senior residences and private nursing homes >

	2019/9 results	2019/9 targets	2018/9 results	2020/3 targets
Occupancy rates(%)	<b>86.5</b>	91.3	86.6	94.7
number of rooms	<b>2,100</b>	2,100	1,587	2,100

\*Life Assist Bashamichi : Started to operate on July, 2018, Trust Grace Shirakabe : Stated to operate on March, 2019

\*Trust Garden Ogikubo Started to operate (March, 2019), Started to operate 5 facilities(total 390 room)(September, 2019). P8 for an overview.



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

Method of recording sales and income from property before hotel opening p.32

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) 14.4 billion						
Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income	Sales	Income	Sales	Income	Sales	Income
Yokohama Baycourt	Value deferred							(3.5)	(1.2)	(6.2)	(2.1)	(6.9)	(2.3)
	Value realized												
Laguna Baycourt	Value deferred					(10.2)	(3.2)	(10.4)	(3.4)				
	Value realized									+20.5 *	+7.1		
XIV Rokko SV	Value deferred			(2.1)	(0.4)	(1.4)	(0.3)	(1.1)	(0.2)				
	Value realized									+4.7 *	+1.1		
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 (From FY 2013)	Value deferred	(6.3)	(1.7)										
	Value realized			+9.8 *	+3.0								
<b>Value affected(Single Year)</b>		<b>(11.0)</b>	<b>(3.0)</b>	<b>(13.2)</b>	<b>(4.6)</b>	<b>(7.5)</b>	<b>(2.3)</b>	<b>+6.2</b>	<b>+3.4</b>	<b>+18.9</b>	<b>+6.1</b>	<b>(6.9)</b>	<b>(2.3)</b>

It will open in Summer 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	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income	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	171.4	16.0
(For reference) 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	178.3	18.3
(For reference) + 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	178.3	18.5

# Effects of Deferred Revenue from properties before hotel opening (2Q)

Method of recording sales and income from property before completion of construction p.32

Registration fee treated as Sales upon signing.

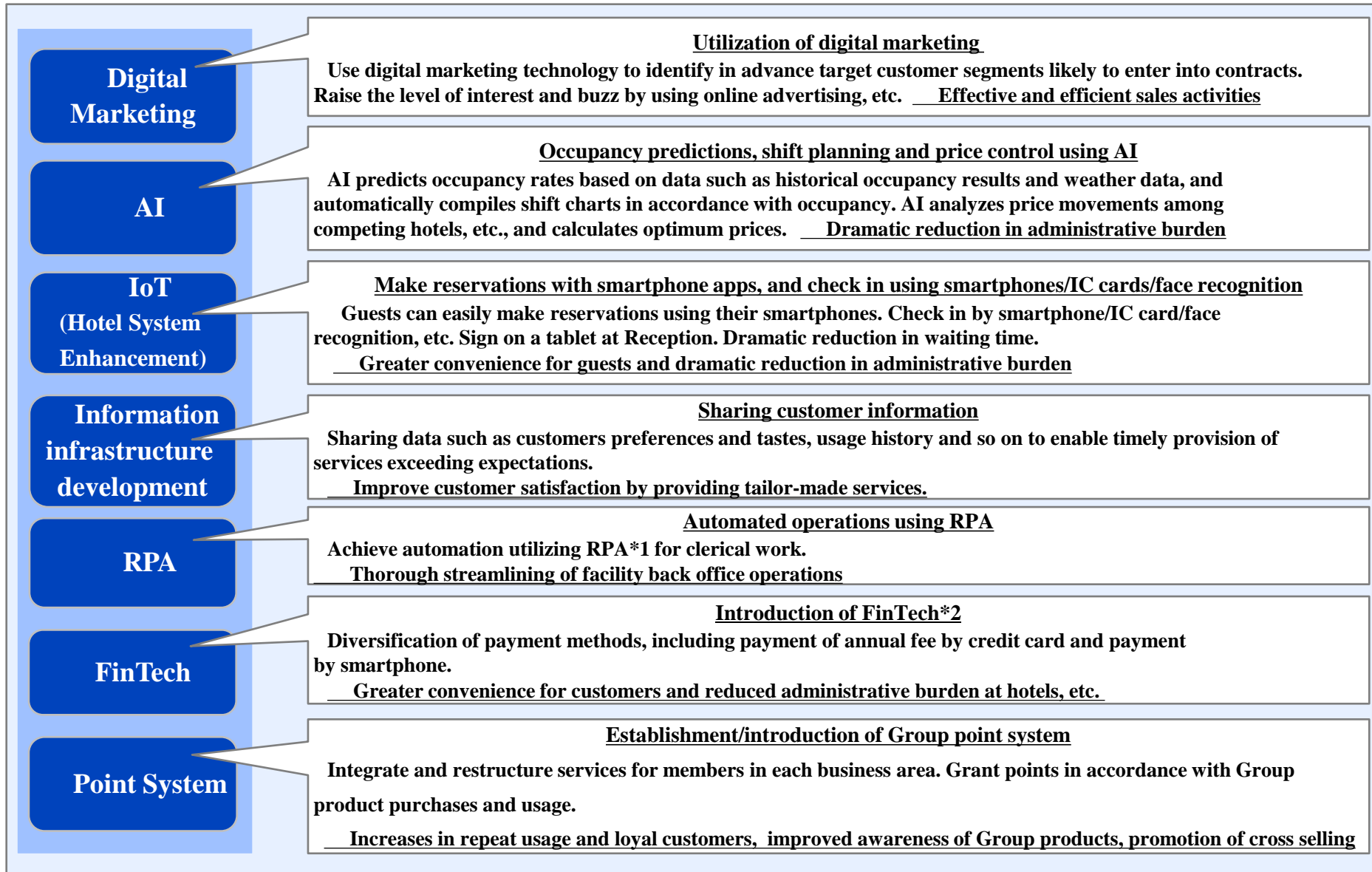
Sales or Cost of the real estate  deferred until the Hotel opens

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

(Billions yen)

Fiscal year		Results for 2Q FY2019 (2019/9)		Targets for 2Q FY2019 (2019/9)		Results for 2Q FY2018 (2018/9)	
Contract amount of properties before completion of construction		Yokohama	11.4 billion	Yokohama	7.3 billion	Yokohama Laguna	6.7 billion 9.5 billion
Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income
Yokohama Baycourt	Value deferred	(5.4)	(1.8)	(3.5)	(1.1)	(3.2)	(1.1)
Laguna Baycourt		-	-	-	-	(4.7)	(1.6)
<b>Sub Total</b>		<b>(5.4)</b>	<b>(1.8)</b>	<b>(3.5)</b>	<b>(1.1)</b>	<b>(7.9)</b>	<b>(2.6)</b>
XIV Rokko SV (opened on April 2018)	Value realized	-	-	-	-	+4.7	+1.1
<b>Sub Total</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>+4.7</b>	<b>* +0.9</b>
* (0.2) Decrease in expenses for opening of XIV Rokko SV.							
<b>Total</b>		<b>(5.4)</b>	<b>(1.8)</b>	<b>(3.5)</b>	<b>(1.1)</b>	<b>(3.3)</b>	<b>(1.7)</b>

# 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>

## 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		
<b>Sale amount recorded</b>	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.



RESORTTRUST  
GROUP

## **Resorttrust, Inc. IR Division**

<https://www.resorttrust.co.jp/>

### ***Disclaimer Regarding Forward-looking Statements***

**Any statements in this presentation document, other than those of historical fact, are forward-looking statements about the future performance of Resorttrust, Inc. and its group companies, which are based on management's assumptions and beliefs in light of information currently available, and involve risks and uncertainties. Actual results may differ materially from these forecasts.**