



RESORTTRUST
GROUP

CORPORATE REPORT 2018



Management Philposophy

The Resorttrust Group is a dynamic organization of individuals committed to pushing the envelope, blazing new trails, and creating opportunities. We earn the trust and loyalty of our guests and stakeholders through a willingness to take on challenges and by delivering unparalleled quality, sophistication, and hospitality.

Hospitality Charter [Code of Conduct]

The Vision that Inspires Us

Vision

The Resorttrust Group is committed to unparalleled quality, sophistication and excellence in hospitality.

The Mission that Drives Us

Mission

At the Resorttrust Group, our calling is to help our guests discover and celebrate the very finest that life has to offer.

The Principles that Guide Us

Ambition

We shine our brightest when we honor the preciousness and wonder of our day-to-day encounters.



Ashiya Baycourt Club

The Values that Anchor Us

Value

Our every endeavor is rooted in an earnest desire to maintain the trust of our guests and stakeholders as we continually aspire to new heights.

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• Disclaimer Regarding Forward-looking Statements

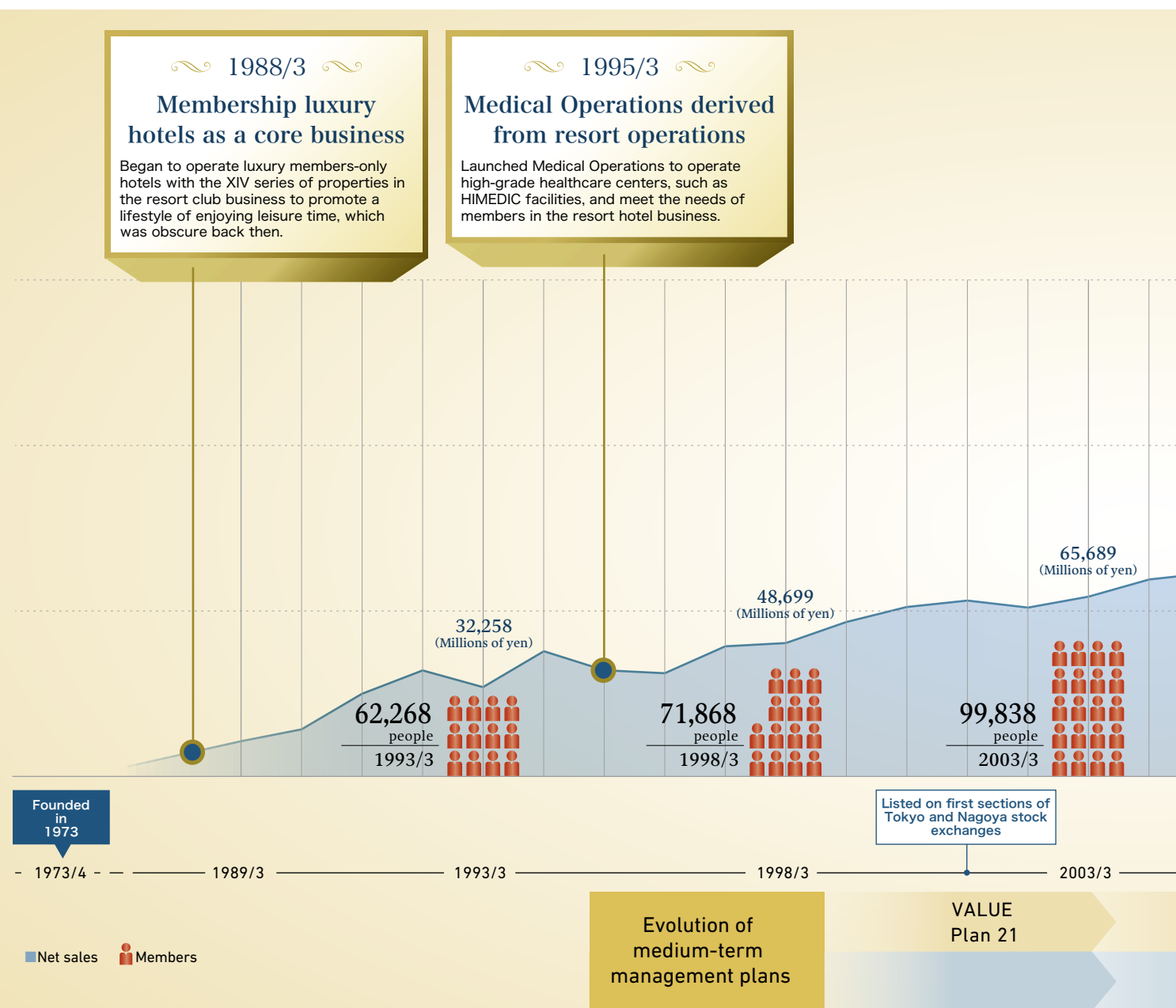
This corporate report contains predictions and forward-looking statements regarding plans, strategies and business performance. All statements in this corporate report, other than those of historical fact, are forward-looking statements about the future performance of Resorttrust and its group companies, based on management's assumptions and beliefs in light of information currently available. Additionally, these outlooks involve risks and uncertainties pertaining to a variety of factors including, but not limited to, economic trends, intensified competition, individual consumption, market demand, tax and other regulations. Actual results may differ materially from these forecasts.

History of Value Creation

Providing Value in Luxurious Resort Getaways for 45 Years

In the 45 years since its establishment in 1973, Resorttrust Group has been a driving force in the market for membership-based luxury resort clubs in Japan. With 48 locations in Japan and one resort overseas, Resorttrust operates membership resort hotels for its more than 170,000 members.

Resorttrust has created a unique business model for providing services and products to guests in line with changes in their lifestyles through its Membership Operations, which cover the member resort domain, its Hotel and Restaurant Operations, and its Medical Operations, which provide a wide range of medical services such as high-precision diagnostics and general health checkups and also run senior lifestyle business facilities. The Resorttrust Group will continue to contribute to society and all stakeholders while creating brand value and offering hospitality of the finest quality so that our guests stay with us as lifelong partners.



Three Business Domains

Membership Operations

Development of membership resort clubs, sale of memberships

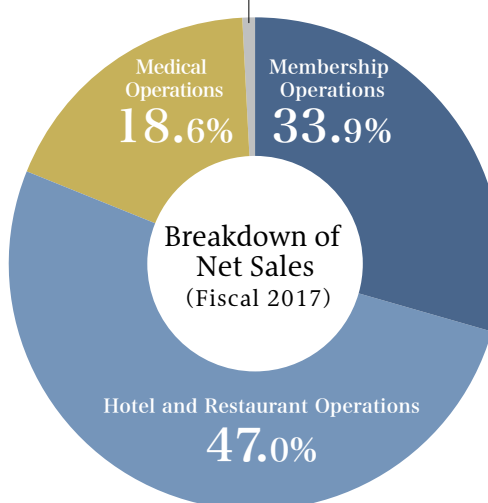
Hotel and Restaurant Operations

Operation of Group hotels and restaurants, provision of related services

Medical Operations

Operation of membership general medical clubs, centered on physical exams, operation of preventive healthcare and therapy facilities, including general outpatient clinics, and the Senior Lifestyle business, which operates elderly homes and provides related services

Other Real estate rental operations, etc. 0.5%



Industry share
No.1 for 26 consecutive years

Calculated using top sales rankings for companies in the membership resort club market in Japan based on the 35th Service Industry Survey, Nikkei Marketing Journal (November 8, 2017).

2007/3

Diversified the Senior Lifestyle business

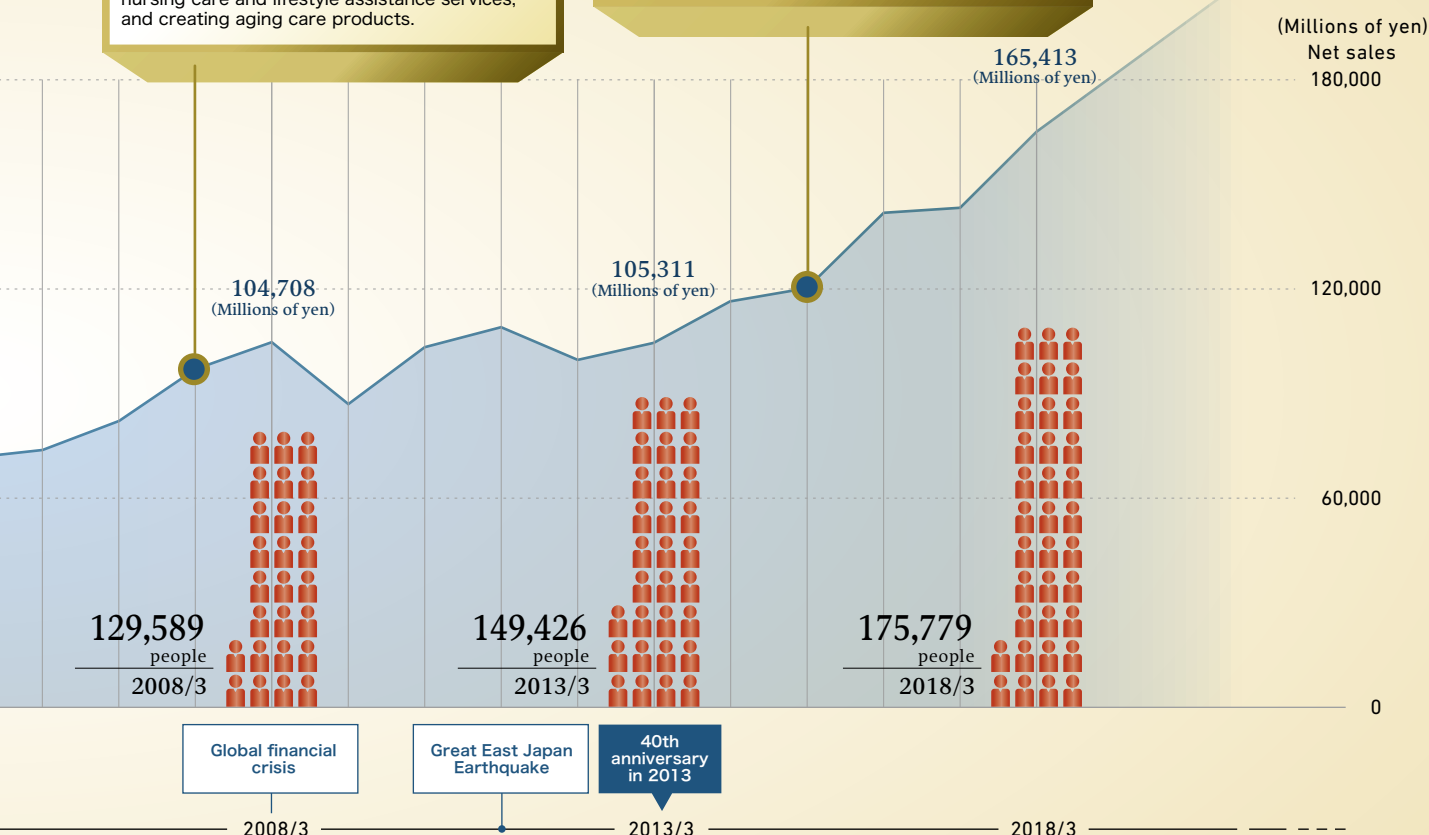
Accelerated initiatives to expand the Senior Lifestyle business by developing private nursing homes with long-term care services, diversifying nursing care and lifestyle assistance services, and creating aging care products.

2015/3

Overseas business development

Acquired the famous The Kahala Hotel & Resort in Hawaii, U.S.A. and began to promote the Kahala brand worldwide. In Japan, plans call for opening The Kahala Hotel & Resort Yokohama in 2020 as a luxury hotel for anyone.

Toward
Realization of Further
Significant
Growth



Power Brand Plan

Excellent Hospitality Plan

Next 40

Connect 50

Management stage for maximizing value

Management stage for creating new value

Connect individual brands in a bid to establish a more robust Group brand

Growth Strategy

Management Message



To Our Stakeholders

This year, Resorttrust celebrates its 45th anniversary. Committed to breaking new ground, earning trust and rising to challenges, while delivering unparalleled levels of refinement, quality, sophistication and hospitality, the Company has continued to grow on the back of its core membership hotels business that target guests from the affluent sector in Japan. Currently, we are also expanding operations in the medical as well as senior lifestyle fields. As the undisputed leader with a domestic and overseas network of 49 hotels that cater to the needs of more than 170,000 members, we have secured, for example, the top share in the membership resort club market in Japan for 26 consecutive years.

Prior to the launch of its new Medium-term Management Plan, which begins this spring, the Company created the position of Founder and Group

CEO to assume responsibility for management of the entire Group while making changes to its management system to further strengthen its operating framework. In addition, Katsuyasu Ito was newly appointed Chairman of the Board and Ariyoshi Fushimi President. Guided by this new management team, every effort will be made to further mobilize the collective strengths of the Group to ensure sustainable growth and enhance corporate value.

In addition to welcoming your expectations toward the challenges that lie ahead, we kindly ask for your continued support and understanding.

Katsuyasu Ito Chairman of the Board

Ariyoshi Fushimi President



Interview with the Chairman

Earning the trust of more than 170,000 members over a period of 45 years. We will work to expand the market and secure sustainable and extraordinary growth over the next 50 years.

1 | Pioneering the Domestic Affluent Household Market, Our Formative Years Were Spent Rediscovering the Nature of Japan from a Resort Perspective.

Q. What do you believe are the reasons behind the Resorttrust Group's continuous growth?

Two major factors have contributed to the Company's ongoing growth. Our continued expansion rests largely on the relationships of trust that we have nurtured with our members. We draw on the feedback garnered from members to improve both our facilities and operations and in the development of new products and services. We have put in place a virtuous cycle that is led first and foremost by introductions from existing members. Word-of-mouth is a key motivating factor in securing new memberships. In this regard, our overarching vision to consistently ensure our members' satisfaction leads to increasingly robust relationships of trust. I am convinced that this trust in turn underpins our growth.

The second major factor for our ongoing growth is **the Resorttrust Group's independently constructed business model**. While there is a significant number of membership resort hotels operating worldwide, I think it is important to understand that our business model differs from those of other overseas companies. The biggest difference lies in our model's target customer base. Common to most countries throughout the world, the hotel industry requires a massive upfront investment, which is then recouped over several decades. Against this backdrop, and taking into consideration the need to rationalize costs and mitigate risk wherever possible, the majority of overseas resort facilities are distinguished by their large-scale design that encompasses the complementary development of holiday apartments and condominiums centered around a brand-name hotel. In this instance, the business model adopted caters to a broad target market that extends from the young to the elderly.

Meanwhile, the Resorttrust Group has narrowed its target market to affluent households, which have remained at a steady level since its foundation. Our business model therefore entails the early recovery of our investment in massive construction costs through the sale of memberships valued at over ¥10 million from the date ground is broken. This is complemented by the stable operating profits derived from variable income including room fees after each facility has opened and fixed income in the form of annual and other fees. Moreover, we have also put in place a **time share calendar**, an intricate operating system that allows us to make the most of conditions including holidays that are specific to Japan, long weekends, and days preceding holidays.

The reason the conventional overseas business model was not adopted at our company lies in the specificity of the domestic market. For example, Japan is distinguished by its strong seasonality. While the cycle as one season transitions into the next is recognized as an exquisite resource for bolstering tourism, the summer months and the fall of snow tend to drive down the frequency of visits to ski resorts and golf courses, respectively. Recognizing that resort facilities that seek to appeal through an inexpensive price and ease-of-use require an extraordinary amount of time to recoup their initial investment, we decided to adopt a membership club model approach that targets affluent

The Resorttrust Group's Independently Constructed Business Model

► For details, please refer to "Business Model for Membership Resort Clubs" on page 18.

Time Share Calendar

A yearly calendar system by which XIV hotels equally allot nights to people who co-own one room up to one year (365 days) in advance, and allotted nights are guaranteed even on nights of high demand, such as on weekends and national holidays. Our system allows members to swap allotted nights with fellow owners, thereby helping to maintain convenience.

households. In addition, Resorttrust's foundation in 1973 coincided with a period of high economic growth in Japan. For the Japanese people, who are renowned for their hard-working lifestyles, the overseas practice of taking holidays in units of more than one week is an unrealistic expectation. We have therefore put in place a meticulous operating system centered on two night/three day stays that Japanese find far more appealing.

We also make every effort to address needs of members from both the tangible and intangible perspectives. Our goal is to provide unparalleled levels of refinement and quality as well as excellent hospitality that are second-to-none. Listening carefully to the voices of our members, we incorporate their comments into our facility operations in a bid to enhance satisfaction. This emphasis on improving our operations leads directly to a **steady increase in member numbers**. As a result, it is now common to complete the sale of around half of all memberships prior to the opening of each new facility. In this manner, our growth is based mainly on a business model that facilitates relationships of trust with members and sound, capital-efficient management.

Steady Increase in Member Numbers

► For details, please refer to "History of Value Creation" on page 2.

2 Accelerating the Pace of Growth by Promoting Both Hospitality and Services as well as Increased Efficiency through the use of IT and IoT.

Q. In what ways do you hope to achieve sustained growth in the next 50 years?

Looking at the next five decades, various industries are projected to suffer under the growing weight of labor shortages as Japan's society continues to age and the working population decline. At the same time, we can expect the inevitable transition to an IT society to progress at increasingly rapid pace on the back of digitization and the development of products and services that utilize IoT and AI across a wide range of industries.

Against the backdrop of an environment that is undergoing considerable change, **our customer base that is made up of more than 170,000 members** more than anything else is a source of immense strength. Affluent households with financial assets in excess of ¥100 million that account for roughly 1%, or 1.2 million, of Japan's total population provide the backbone of Resorttrust's customer base. Furthermore, and through direct dialog with our members, we have launched operations in each of **the medical and senior lifestyle businesses** as new businesses that have the potential to capture definitive demand. Taking into consideration the burgeoning interest in improved health, we will pursue opportunities in the medical field where we are introducing and applying world-class, cutting-edge equipment and tap into the robust demand from both affluent members and non-members to nurture the Medical business into a second major pillar that rivals our resort hotel operations. As far as the private nursing homes and senior residences that we develop and operate as a part of our Senior Lifestyle business, we continue to differentiate ourselves from peer companies by taking full advantage of the know-how we have gained in our Resort Hotel business.

From a business model that focused solely on the continuous and stable growth of resort hotel operations that specifically target affluent households, expansion in each of these new businesses is helping to trigger further accelerated growth as we transition toward **a model that encompasses combined businesses** that target both affluent and general households.

We are not oblivious to the risks involved and in particular the limited scale of the affluent sector. By continuing to provide hospitality and services that are second-to-none, however, we will work to expand our customer base against the backdrop of a finite market.

Under our **Medium-term Management Plan "Connect 50,"** we will place considerable emphasis on promoting cross sales in conjunction with other initiatives. By focusing in this manner on measures that help expand business as a Group, we will further increase the number of members who utilize multiple services thereby providing the impetus for growth.

From a long-term perspective and **the next 50 years**, a factor that we believe will play an increasingly important role is inbound demand. This is all the more true when one considers the natural beauty of Japan's environment from season to season, its wealth of tradition and culture, and transition toward a tourism-oriented country. In addition, we anticipate income levels will increase even further in surrounding Asian countries much like in China, which already has an affluent sector on par with Japan's population as a whole. Drawing on this steady change in our business environment, we will connect efforts to extend our business and customer base to neighboring countries in Asia to the Group's sustained and dramatic growth.

Customer Base Consists of More Than 170,000 Members

► For details, please refer to "The 170,000-Member Network That Is a Resorttrust Management Resource (Strength)" on page 16.

Medical/Senior Lifestyle Businesses

► For details, please refer to "Medical and Senior Lifestyle Businesses" on page 24.

Model to Develop Combined Businesses

► For details, please refer to the figure on page 7, as well as pages 14 and 16.

Medium-term Management Plan "Connect 50"

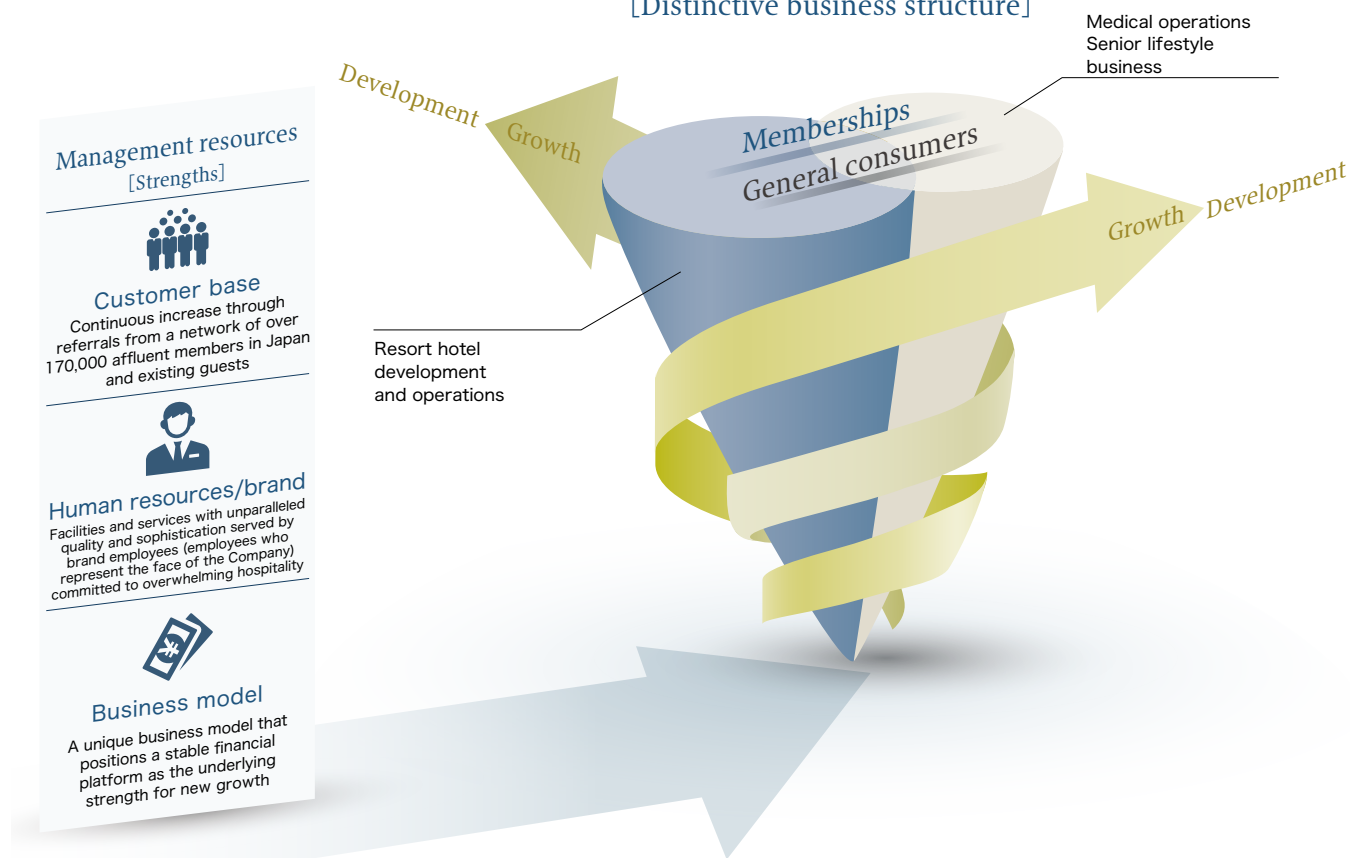
Our five-year plan, launched in April 2018.

► For details, please refer to "New Medium-term Management Plan Connect 50" on page 14.

The Next 50 Years

As fiscal 2023, when this Medium-term Management Plan ends, will mark the milestone of the 50th anniversary of the Resorttrust Group, we are planning a long-term perspective for the 50 years that follows.

Generating Group synergies based on the Resorttrust Group brand [Distinctive business structure]



3 After Strengthening Our Human Resources Base and Group-wide Capabilities under Next 40, Secure Steady Results Despite Lingering Issues from a Profit Perspective While Launching the New Medium-term Management Plan.

Q. How would you assess the previous Medium-term Management Plan Next 40?

At the close of the fiscal year ended March 31, 2018, the final fiscal year of **the Medium-term Management Plan Next 40**, we took steps to review our performance. While certain issues continue to linger and remain unaddressed, we take pride in knowing that efforts to build a foundation for future growth have progressed steadily in excess of expectations. In our Membership Resort business, the number of new membership resort facility construction starts and the contract value growth rate both exceeded plans. In addition to the opening of more HIMEDIC facilities and senior residences than initially projected, the Resorttrust Group also increased the number of operational examination support facilities for general consumers by 10 over five years in the Medical and Senior Lifestyle businesses. Moreover, we achieved considerable success in steadily expanding our business by embarking on hotel operations overseas including the acquisition of The Kahala Hotel & Resort.

In support of efforts to strengthen the Group's human resources base and Group-wide capabilities, Resorttrust put in place the Group's Declaration of Healthy Management in 2016. Recognized for its ongoing efforts to upgrade and expand its various training and education systems as well as promote health management, the Company was selected for the Certified Health & Productivity Management Organization Recognition Program (the White 500) by Japan's Ministry of Economy, Trade and Industry for two consecutive years in 2017 and 2018. As of April 2018, the ratio of management positions held by women stood at 20.0%, up from 15.5% in April 2015. On this basis, the ratio has risen 4.5 percentage points over a five-year period. In addition, we took steps to strengthen our corporate governance function by transitioning to a company with an Audit & Supervisory

Medium-term Management Plan "Next 40"

► For details, please refer to "Review of the Medium-term Management Plan Next 40" on page 12.

Committee structure in June 2015. Moreover, a female director was appointed as an independent outside director in June 2017, bringing added diversity to the Company's Board of Directors.

Meanwhile, we acknowledge that certain issues remain from a profit perspective. While net sales exceeded initial plans, we failed to properly factor into our original forecasts the impact of rising personnel expenses and construction costs as well as the shortage of labor in the service industry associated with the decision to award Tokyo the 2020 Olympic and Paralympic Games and the increase in inbound traffic. Accounting for such factors as the upswing in anticipatory expenses aimed at strengthening the human resources base and opening new large-scale facilities, profit fell below initial plans.

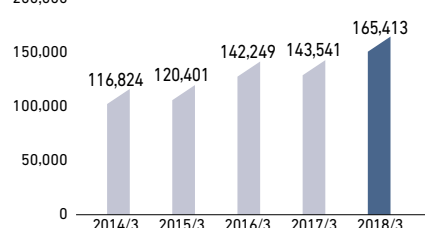
From a long-term perspective, however, the success we have achieved in bolstering the foundation for future growth from a wide range of angles is a major plus. With this as a cornerstone, we will accelerate the pace of long-term growth going forward.

A female director was appointed as an independent outside director

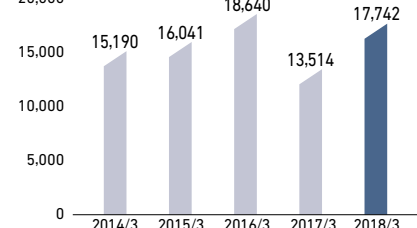
In June 2017, Ms. Tomoyo Nonaka took up the post of outside director as an independent officer. In addition, Ms. Asako Terazawa took up the post of outside director as an independent officer in June 2018.

► For details, please refer to "Message from an Outside Director" on page 33 and "Officers" on page 34.

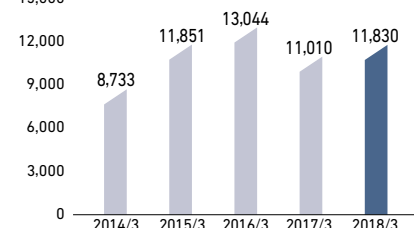
Net sales
(Millions of yen)
200,000



Operating income
(Millions of yen)
20,000



Net income attributable to owners of parent
(Millions of yen)
15,000



4

As a Company That Has Harnessed Changes in the Market and Its Operating Environment as Opportunities for Growth, Resorttrust Is Now Shifting from a Top-down Management Approach to One That is Based on a Structure That Place the Utmost Emphasis on Teamwork.

Q. What are your aspirations for the new management system and expectations as the newly appointed president?

In February 2018, we announced details of the Group's new management system. Mr. Yoshiro Ito was installed to the newly created position of Founder & Group CEO, I took up the position of Chairman of the Board, and Mr. Ariyoshi Fushimi was appointed president.

Since Resorttrust was established, the founder, Mr. Yoshiro Ito, has served as a unifying force and resolute leader. In adopting a top-down management approach with the ability to make timely decisions, the Company has experienced rapid growth. On the eve of its 50th anniversary, Resorttrust has witnessed increases in both the number of its Group companies and personnel commensurate with its business growth. Under these circumstances, we felt that we could secure significant results going forward by incorporating into our management approach the positive attributes associated with teamwork that is based on building a consensus.

In addition to a wealth of experience in each of the Membership, Hotel and Restaurant, Management Planning, and Corporate Communications departments, the new president Mr. Fushimi is well versed in the frontline activities of the Group's medical operations having served as head of the Medical Care Business Division. More than 20 years younger than I am, Mr. Fushimi also has considerable expertise in each of the IT, digitization, and AI fields, which can be expected to play increasingly important roles in the era that lies ahead. Making the most of Mr. Fushimi's management skills and unique attributes, I would hope that the Company works diligently to secure sustained growth and improved corporate value while drawing out comments and ideas from the frontline.

As we work toward achieving our goals, I would ask for the continued support and understanding of all stakeholders.



Interview with the President

We will work to secure the Group's growth by implementing organizational reforms and strengthening our human resource base guided by the Connect 50, Medium-term Management Plan.

Maximizing Group Synergies

Q. What are your aspirations as the newly appointed president?

My name is Fushimi, and I have been appointed as the new president.

Over the past 45 years, the Resorttrust Group has worked diligently to establish and nurture the premium **XIV** membership and **HIMEDIC** medical business brands. In particular, we view our more than 170,000 members as an extremely valuable resource and have incorporated their comments into our facility operations to drive the Group's business growth. Since joining Resorttrust, I have gained considerable experience in each of the Membership and Medical businesses as well as an insight into the Group's head office functions. Making the most of the inherent strengths of each business thereby maximizing Group synergies is in my view the best method for accelerating the pace of growth.

The impetus for growth is not restricted solely to the voices of our members. Our employees, who represent the face of our operations, are also an important source. In this regard, feedback from both outside and inside the Company helps to stimulate the organization by triggering innovation. This in turn helps to maximize the Group's value, which I consider an important objective and one of my key roles as president. At the same time, this sense that feedback from the frontline is a contributing factor to the organization and Group's growth as a whole, serves as both positive motivation and a reward for employees.

Based on this understanding, we put in place the five-year Connect 50, Medium-term Management Plan, which begins from the fiscal year ending March 31, 2019. Continuing to draw on our accumulated strengths, we will work to enhance our corporate value by adopting a continuity and change management approach that incorporates evolving trends in each era and society.

XIV

Membership-based private resort hotels managed and marketed by the Group. Only owner members and their referrals can make use of these facilities, 26 (as of June 2018) of which are being developed in resort areas throughout Japan.

HIMEDIC

Membership-based comprehensive medical facilities (Grand Himedic Clubs) marketed and operated by the Resorttrust Group that support members' health at eight (as of June 2018) locations: Yamanakako (Yamanashi Prefecture), Osaka, The University of Tokyo Hospital, Tokyo Midtown, Tokyo Bay Imaging Center, Tokyo Bay, Kyoto University Hospital and Nagoya.

Overview of the New Medium-term Management Plan

Q. What are the especially important points of the Connect 50, Medium-term Management Plan, in this inaugural fiscal year?

The Medium-term Management Plan provides a roadmap for realizing a more robust and high-grade Group brand and becoming a group with close membership ties that endure for a lifetime. To this end, the plan focuses on efforts aimed at making the most of **Group synergy effects** while firmly protecting the unique brand established in each business. The key question here is "What to 'Connect' as we work toward our 50th anniversary and the final fiscal year of the plan?" Having positioned the need to deepen ties between the Company and its members and guests as a priority, we will also strengthen horizontal connections as a group in order to achieve this end.

Group Synergy Effects

► For details, please refer to "The 170,000-Member Network That Is a Resorttrust Management Resource (Strength)" on page 16.

While we have nurtured our hotel and medical operations as individual premium brands, this does not mean that all of our members understand the entirety of the group's services. In order to raise the Company's profile among guests, all employees, who forge a connection with guests, must look beyond their individual responsibilities and deepen their understanding of other businesses. By strengthening horizontal connections, we are better placed to come up with new ideas and proposals that extend beyond existing businesses. This in turn creates new challenges while opening the door to opportunities that we can add to our service lineup. In the final analysis, this leads to increased member and guest value.

We have identified three broad fundamental strategies in our Medium-term Management Plan. The first strategy is to strengthen and entrench the Group brand thereby raising our profile. The second strategy is to dramatically improve productivity through the use of IT to promote workstyle reform. The third strategy is to realize **a more stable business portfolio** by reinforcing the Group's stock-type earnings base, beginning with its hotel and restaurant operations, and fortifying its earnings base in general in a bid to secure long-term, continuous profit growth. By carrying out each of these strategies, the Resorttrust Group will evolve into an organization that is capable of maintaining long-standing, robust connections with its guests that endure for a lifetime.

Stable Business Portfolio

► For details, please refer to the diagram on page 13.

Workstyle Reform and Human Resource Development Measures

Q. What specific measures are you implementing in your efforts to promote workstyle reform?

Our valuable staff are an essential management resource. At the same time, we recognize that a shortage of personnel poses a major risk to any business. Based on this understanding, we will ramp up our human resource development endeavors and promote workstyle reform.

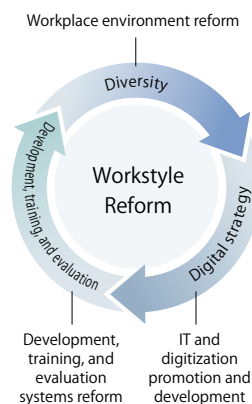
The specific measures that we undertake to promote workstyle reform are classified into three broad pillars. As one key pillar, we promote training and other programs that help staff grow into "brand employee." By providing our employees with opportunities to grow, we are generating the impetus for innovation throughout the organization.

The second pillar entails reform through the use of IT and digitization. Today, three out of every four people in their 60s access the Internet on a daily basis. By applying IT solutions to our services, we are working to deliver increased convenience to our members. Wherever possible, we are utilizing automation and AI in such areas as guest and internal control management. In this manner, we are minimizing any excessive burden or waste in the conduct of our operations. This in turn allows us to improve the quality of guest relations where human contact is essential. In a nutshell, our efforts to promote workstyle reform are guided by the overarching goal of increasing the satisfaction of our guests. To this end, we focus on delivering the highest quality and unprecedented levels of hospitality.

The third pillar involves promoting diversity through a wide range of workstyles and other measures including the employment of a diverse array of people as well as health management. While we are already advancing a variety of initiatives, we will continue to focus on further improving the workplace environment.

Specific Measures for Workstyle Reform

► For details, please refer to "Human Resources Strategy" on page 28.



Outlook for the Fiscal Year Ending March 31, 2019

Q. Can you provide us with an overview of the fiscal year ended March 31, 2018 and your outlook for the fiscal year ending March 31, 2019?

Against the backdrop of a modest recovery in the Japanese economy, the Resorttrust Group reported record high net sales and an increase at each level of profit in the fiscal year ended March 31, 2018. In addition to the positive flow-on effect following the commencement of operations at Ashiya Baycourt Club in February 2018 and the posting of deferred real estate profits as a lump sum, record net sales and improvements in profit largely reflected contributions for the full fiscal year from XIV Yugawara Rikyu, which opened in March 2017 and Medical business expansion.

Turning to the fiscal year ending March 31, 2019, we expect the Group's results will be favorably

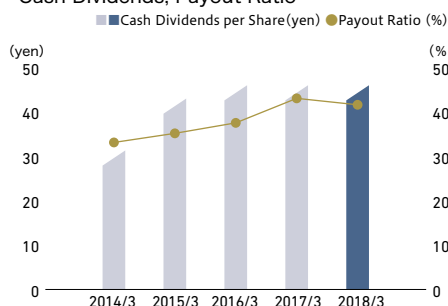
impacted by the full fiscal year contribution from Ashiya Baycourt Club and the opening of XIV Rokko Sanctuary Villa in April 2018. In addition, the Group plans to post deferred real estate profits as a lump sum upon the scheduled start of business at Laguna Baycourt Club in March 2019. Adding to this forecast further expansion of the Group's Medical business and the anticipated increase in senior residence facilities, net sales are projected to come in at ¥183.6 billion, operating income at ¥19 billion, ordinary income at ¥19.5 billion and net income attributable to owners of the parent at ¥12.4 billion.

Market conditions are expected to change substantially from 2020 following the Tokyo Olympic and Paralympic Games. I anticipate a clear delineation between winners and losers. Success will depend on how quickly preparations for the future can be made. With this in mind, we will position the fiscal year ending March 31, 2019, the first fiscal year of our Medium-term Management Plan, as one during which we will focus on raising awareness.

■ Consolidated Financial Results (Millions of yen)

	Results	Plan	
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 attributable to owners of the parent	11,830	12,400	569 ↑

Cash Dividends, Payout Ratio



Returns to Shareholders and Growth Investments

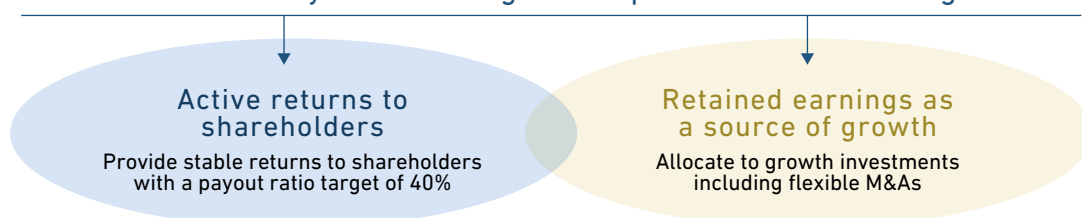
Q. Can you provide details of your profit allocation policy including investments and returns to shareholders?

As far as the allocation of profit is concerned, after taking into consideration the need to undertake growth investments including the active and flexible pursuit of M&As aimed at capturing new income opportunities, our policy is to provide stable returns to shareholders with a payout ratio target of 40% while maintaining a balance with the retention of earnings needed for sustained growth. Guided by this policy, we decided to pay an annual cash dividend of ¥46 per share for the fiscal year ended March 31, 2018, made up of an interim and fiscal year-end dividend of ¥23 per share.

Turning to the Group's investment activities, we will increase our investment in IT and digitization for the foreseeable future. At the same time, we will work to simultaneously increase productivity. We will also continue to enhance employees' remuneration and improve their working environment. We will make every effort to put in place a structure and systems that lead to a decrease in overall personnel expenses over the long term.

Under a new management structure, we will continue to build connections that all stakeholders are keen to maintain for a lifetime. As we work toward achieving our goals, we ask for your continued support and understanding.

Profit allocation Policy: Continue to generate profits with an ROE target of 10%



Review of the Medium-term Management Plan Next 40

The Resorttrust Group has worked diligently to build a robust earnings base and create brand value. As a result, the Group reported record-high net sales in the final fiscal year of its Medium-term Management Plan Next 40.

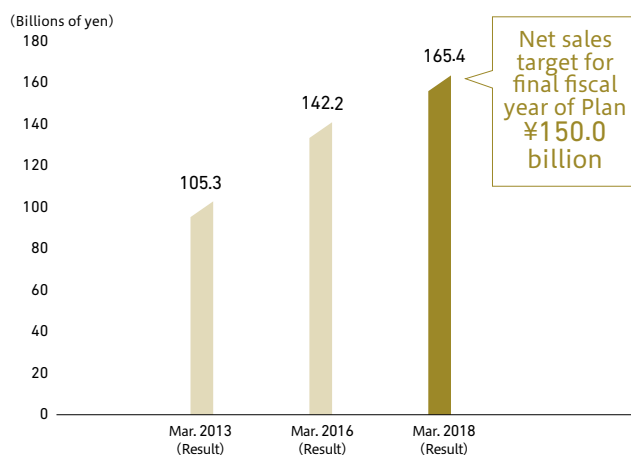
Following each of the Plan's four fundamental Group strategies, successful steps were taken to accelerate the pace of new business development. For the most part, the Group achieved each of its key indices. Taking into consideration the substantial increase in net sales in the final fiscal year of the Plan compared with initial forecasts, steady progress is being made to build an earnings base for the future.

Looking back on the business environment since the start of Next 40, per capita GDP has continued to steadily increase on the back of an overall modest economic recovery. Against this

backdrop, people are looking to spend their leisure time in a more fulfilling manner with an upswing in resort demand not only from the affluent sector, but also the public in general. At the same time, national health care costs continue to expand in line with the aging of society. This is in turn contributing to an increase in medical examination and preventative health care demand including the Company's HIMEDIC facilities and services.

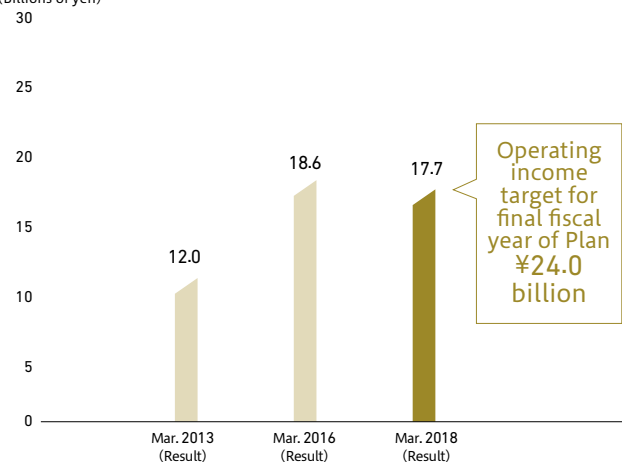
Recognizing these conditions as a business opportunity, the Group steadily carried out its fundamental strategies as a part of efforts to create new value and accelerate the pace of growth. Moving forward, we will leverage the results of activities under Next 40 to further enrich our new Medium-term Management Plan Connect 50 with began in April 2018.

Consolidated net sales



Consolidated operating income

(Billions of yen)



Next 40 Fundamental Group Strategies

■ Fundamental Group Strategies

- 1 Further enhancement and establishment of a permanent model for the membership resort business
- 2 Expansion of the medical and senior lifestyle businesses
- 3 Expansion of combined and peripheral businesses leveraging collective Group-wide capabilities
- 4 Strengthening the human resources base and Group-wide capabilities

■ Major Themes of Initiatives

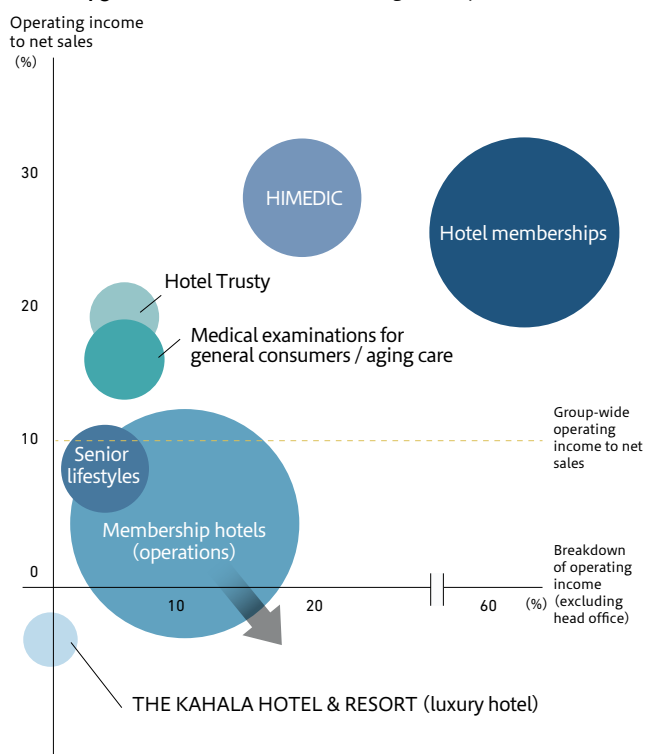
- Number of new membership resort facility construction starts
- Contract value growth rate
- Number of newly opened HIMEDIC bases
- Increase in the number of senior residences
- Increase in the number of operational examination support facilities for general consumers
- Overseas hotel operations
- Increase in the ratio of management positions held by women
- Shift to a company with an Audit & Supervisory Committee structure

Realizing a More Stable Business Portfolio

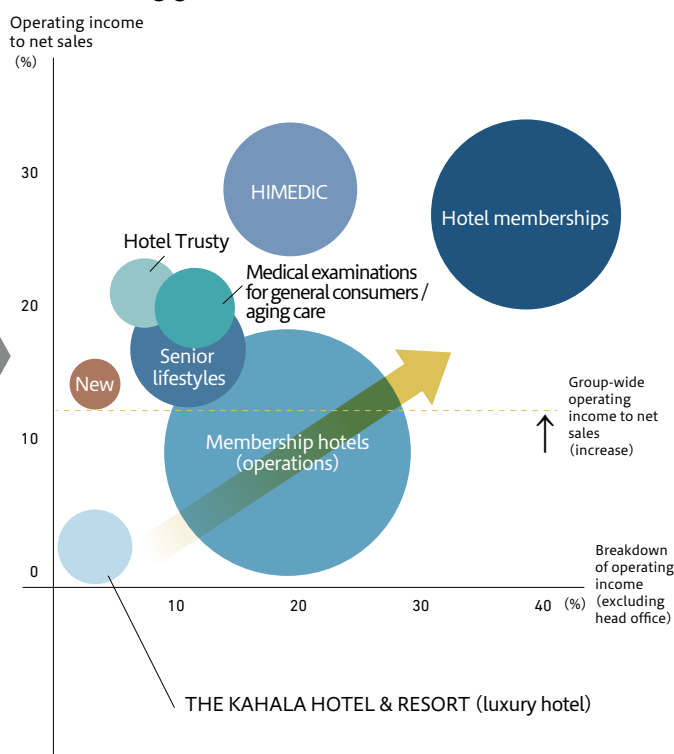
An issue that became increasingly apparent under Next 40 was the strong reliance on hotel membership sales to boost revenue and earnings and the downturn in stock-type hotel and restaurant profitability. Under Connect 50, we will work to improve earnings by promoting stable growth in membership

operations and securing substantial business growth in other areas. On this basis, we will lift the ratio of stock-type business operating income to total operating income and transition to a more stable business portfolio.

Next 40 (Previous medium-term management plan)



Connect 50 (Current medium-term management plan)



Results

6 facilities

Average growth rate about 7-8% per year

4 courses

8 facilities (increase of roughly 1,000 rooms)

10 facilities

Acquired THE KAHALA HOTEL & RESORT

20.1% (as of April, 2017)

Shift to June 2015

Issues

Short-term Issues

The sharp surge in personnel expenses and construction costs that continue to hover at a high level and a shortage of labor in the service industry due to such factors as the decision to award Tokyo the 2020 Olympic and Paralympic Games and the upswing in inbound travelers have emerged as major risks.

[Addressing Short-term Issues]

Profit margins have decreased owing mainly to upfront outlays aimed at strengthening the human resources base and efforts to open large-scale facilities. Under the new Medium-term Management Plan, the Resorttrust Group will continue to position the improvement of productivity as an important management issue.

Medium- and Long-term Issues

The Resorttrust Group boasts approximately 135,000 members in real terms after eliminating any overlap between Group companies. On this basis, we maintain a share of over 10% of the estimated 1.2 million affluent households currently in Japan. While there is more than ample room to expand, and with signs that resort membership operations are entering a period of maturity, the scale and speed of growth will be at a modest yet gradual pace.

[Addressing Medium- and Long-term Issues]

Under the new Medium-term Management Plan, the Resorttrust Group will work to expand and upgrade the amount of customer per capita spending and services. Every effort will also be made to develop business areas and brands that extend beyond customer attributes.

New Medium-term Management Plan Connect 50

—A New Strategy to Accelerate the Pace of Growth—

Under its new Medium-term Management Plan Connect 50, the Resorttrust Group has identified the 2023 net sales, operating income, and net income attributable to owners of the parent of ¥210 billion, ¥24 billion, and ¥16 billion, respectively. With no plans to open any facilities during

fiscal 2019 and fiscal 2021 we have factored in a temporary downturn in earnings. Despite this downturn, we will work toward definitive growth by engaging in activities designed to address medium- and long-term issues.

Our Vision—Five-year Fundamental Strategies

Strengthen and entrench the Group brand

- Raise awareness (Group point program, other)
- Upgrade and expand contact with guests (concierge desk, other)

Dramatically improve productivity through workstyle reform

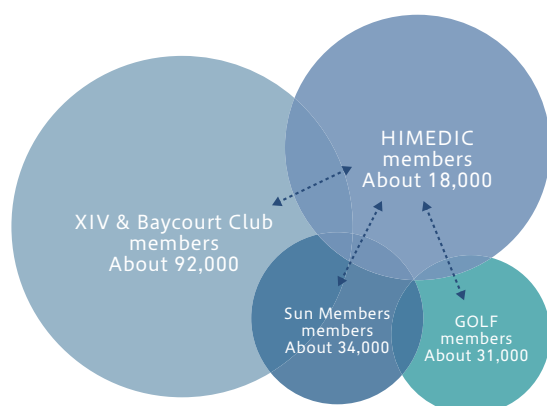
- Utilize IT technology (AI/RPA)
- Develop and review the labor environment and training systems
- Pursue customer satisfaction

Realize a more stable business portfolio

- Reinforce the Group's stock-type earnings base
- Develop new brands
- Accelerate the pace of growth in markets for general consumers

Conditions and Long-Term Issues in Resorttrust Group's Core Businesses

■ Resorttrust Group's Duplicate Memberships



Some of the Resorttrust Group's more than 170,000 members have more than one membership with the Group, and the actual number of unique members is closer to 135,000 people after removing these duplicate memberships. This figure represents just over 10% of the estimated 1.2 million affluent households in Japan, suggesting there is still considerable room for growth.

In contrast, the membership resorts business is entering a stable growth stage, and it will become important to increase the speed of growth through expansion into peripheral businesses.

Over the long term, the Company sees substantial potential for creating synergies by raising awareness of Group products among members and their associates.

Business direction

① Expand and upgrade the amount of customer per capita spending and services

- Uncover customer needs and put forward new opportunities to use the Group's products and services
- Increase awareness toward the Group's products and services
- Build relationships that last a lifetime through new product and service proposals that include health and nursing care as well as aging care products and senior facilities
- Create new concept membership and other brands including international and multi-night stay memberships

② Develop business areas and brands that extend beyond customer attributes

- Secure steady progress in the domestic affluent segment by strengthening activities in the Kanto region
- Put forward utilization opportunities targeting Members' families and friends as well as Corporate member employees
- Promote increased awareness among general consumers toward the hotel and medical examination brands
- Develop hotel and medical operations in and outside Japan targeting the overseas affluent segment



Numerical goal

■ Quantitative plan (consolidated)

(Billions of yen)	FY2017 (Achievements in the final year of Next 40)	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

Strategies by Business

Membership Business

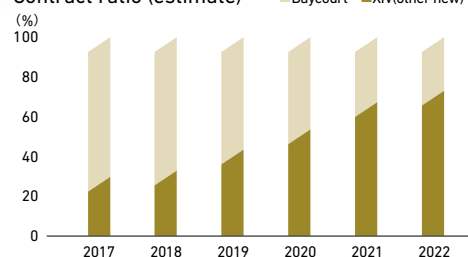
Vision

- Increase productivity per hour
- Establish a permanent membership model
- Shift from customer satisfaction to customer delight by realizing Group synergies
- Expand the Kanto market

Specific Measures

Shift the current focus on sales from the Baycourt brand to the XIV brand and new products while working to steadily increase members

Contract ratio (estimate)



Hotel and Restaurant Business (Hotels and Resorts)

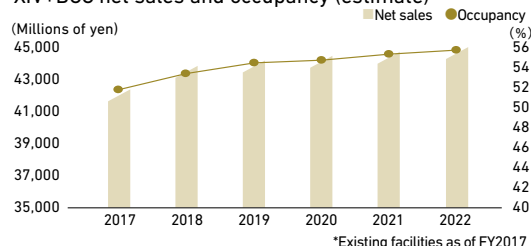
Vision

- Lift occupancy rates by increasing member satisfaction and strengthening brands
- Realize high productivity through workstyle reform including the introduction of IT, operating improvements, and a change in business categories
- Ensure success in new business categories and in the development of new facilities based on the success of THE KAHALA brand

Specific Measures

In addition to increasing the variable portion of earnings, work to secure an increase in fixed revenue from newly opened large-scale facilities and substantially improve profitability

XIV+BCC net sales and occupancy (estimate)



Hotel and Restaurant Business (Hotels and Tourism)

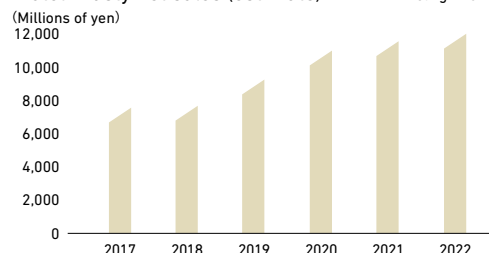
Vision

- Expand Hotel Trusty operation in Japan to 12 facilities
- Increase earnings through Sun Members renovation and conversion to the Hotel Trusty brand
- Engage in a variety of activities including the expansion of restaurant operations in Japan and in other countries while generating synergies between business and developing new businesses
- Work to differentiate operations by promoting permanent golf club operation and expanding restaurant contracting operations

Specific Measures

Strengthen the earnings base for general consumers by focusing mainly on accelerating the pace of Hotel Trusty development and renovating existing Sun Members facilities

Hotel Trusty net sales (estimate)



Medical Business

Vision

- Establish a business model as Japan's leading comprehensive medical solutions group
- Secure a position as one of Japan's leading medical examination and health care operators covering a wide range of fields including hybrid facilities that combine HIMEDIC medical examinations and medical checkups for general consumers
- Evolve into a leading company in the supplement and skincare industries

Specific Measures

Realize further business expansion while putting forward solutions through efforts to raise awareness among Resorttrust Group members as well as family, friends, and other related individuals

Medical examination and diagnosis brand image



Medical Business (Senior Lifestyle)

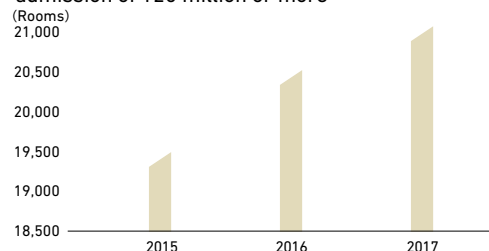
Vision

- Build a 3,000-room network by developing brands for health individuals as well as people requiring nursing care
- Forge an overwhelming position within the industry by putting in place new service models that harness Group-wide capabilities
- Provide high-value-added services through high-quality human resources education and training based on the Group brand

Specific Measures

Work toward 3,000 rooms, up from the current number of 1,513 as of March 2018, in fiscal 2022, and target a 1.6 times increase in net sales and an approximate threefold increase in operating income compared with FY2017

< Number of senior housing and facility rooms in the high price range with lump-sum payment upon admission of ¥20 million or more >



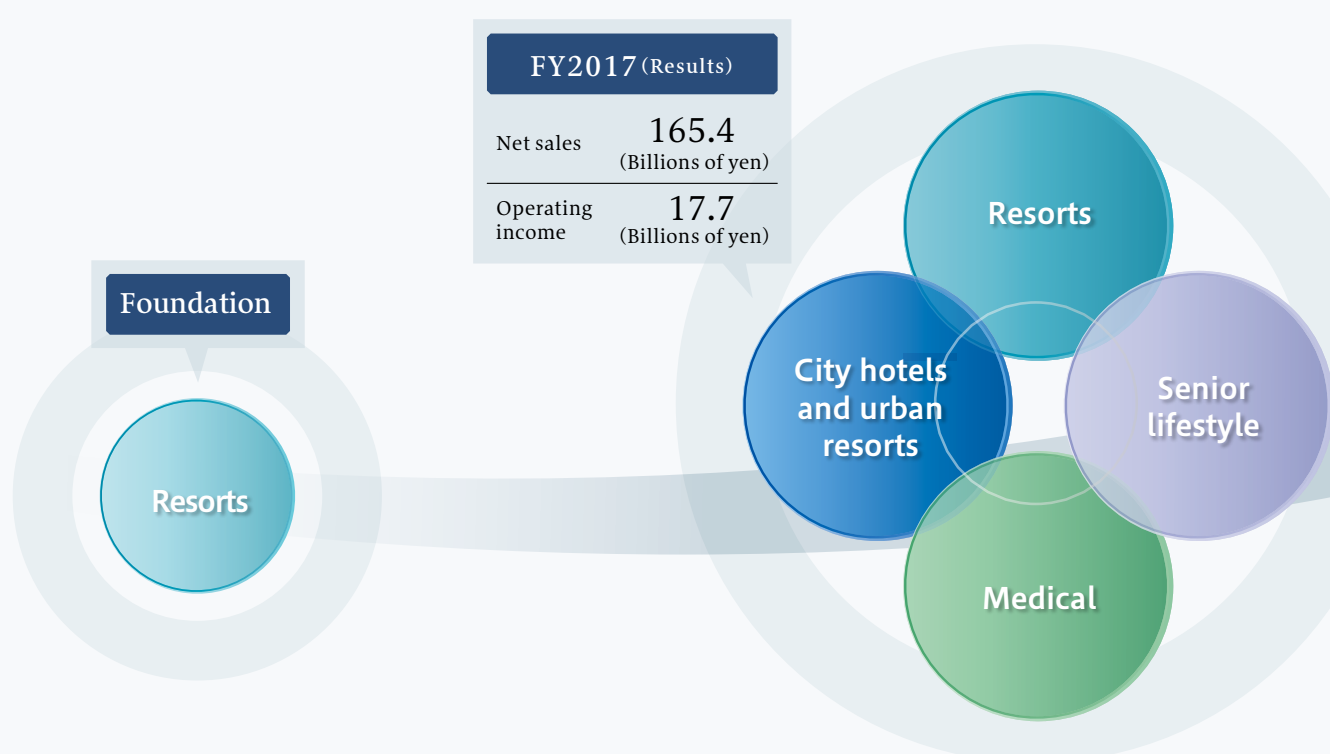
* Source: Calculated by the Company based on the August 29, 2017 editions of the Koreisha Jutaku Newspaper
Total number of rooms for the top 20 facilities as reported in the aforementioned source.

Value Creation

The 170,000-Member Network That Is a Resorttrust Management Resource (Strength)

The Group having gained the trust of its guests over 45 years, its network has exceeded 170,000 members. The network represents the Company's robust business foundation and

underpins the growth of its individual businesses. By exerting the Group's synergies to their maximum effect, we will realize a stronger and higher grade Group brand



To broaden the services and products that we provide to members and general customers, and for them to be chosen for a long time to come, we will maximize the inherent strengths of our individual businesses and connect them to the Group's comprehensive strength.

Annual Utilization Performance (Based on Fiscal 2017)

Membership Operations		General Operations	
	approx.		approx.
Hotels	2 million people	Hotels	1.2 million people
		Number of medical examinations	510,000 people
Golf	500,000 people	Number of rooms for seniors in operation	1,500
HIMEDIC	30,000 visits	Number of retail customers	170,000

Contributing to Society

Fostering
a Leisure
Culture

Providing
Healthier,
More Enriching
Senior Lifestyles

Helping
Everybody
Achieve Their
Full Potential

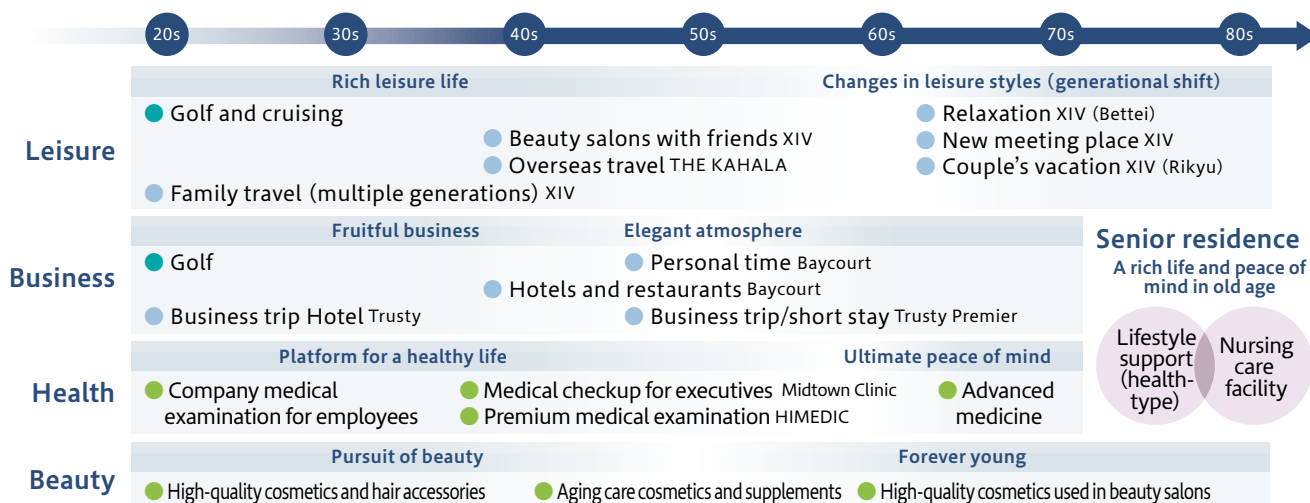
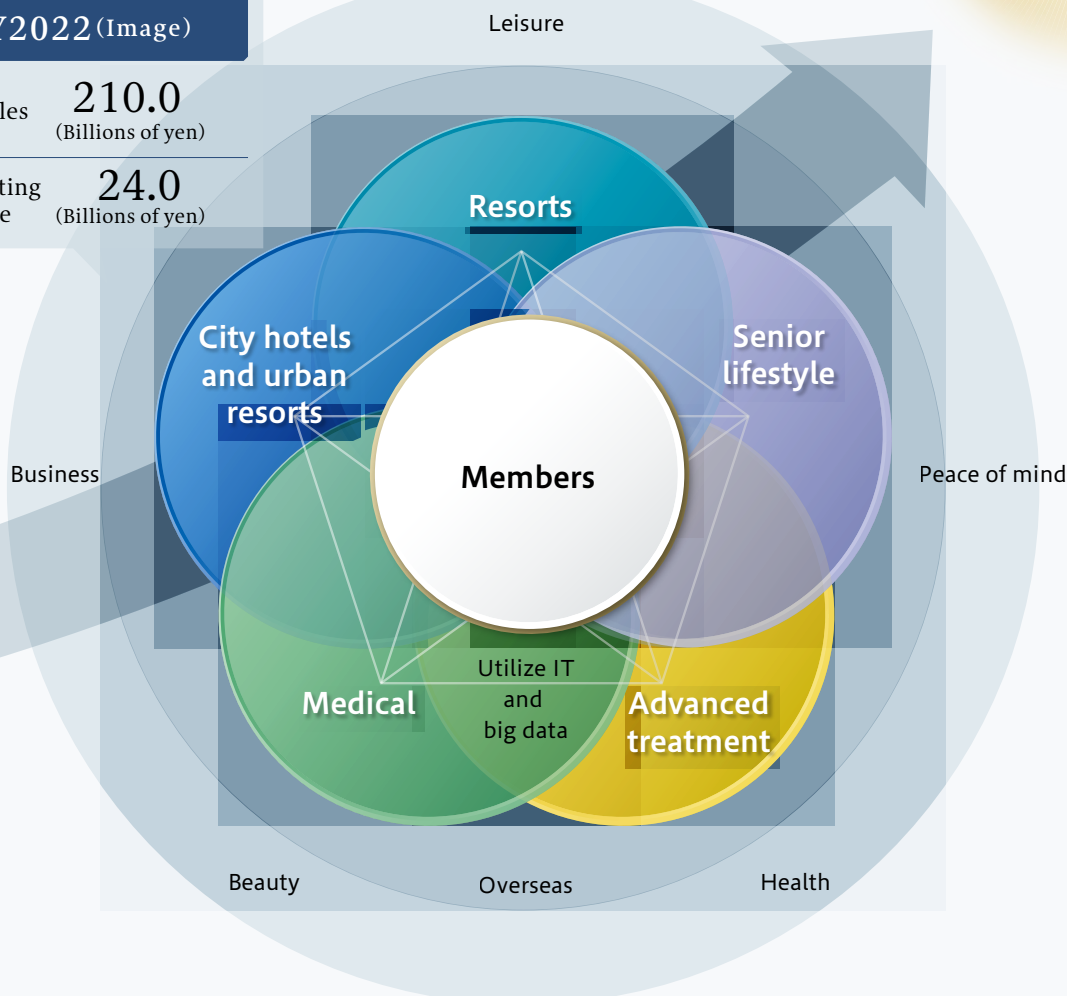
Stewarding Local
Communities
and the
Environment

Become a unique
hospitality corporate
group that continues to
expand in Japan and
overseas

FY2022 (Image)

Net sales **210.0**
(Billions of yen)

Operating
income **24.0**
(Billions of yen)



Business Model for Membership Resort Clubs

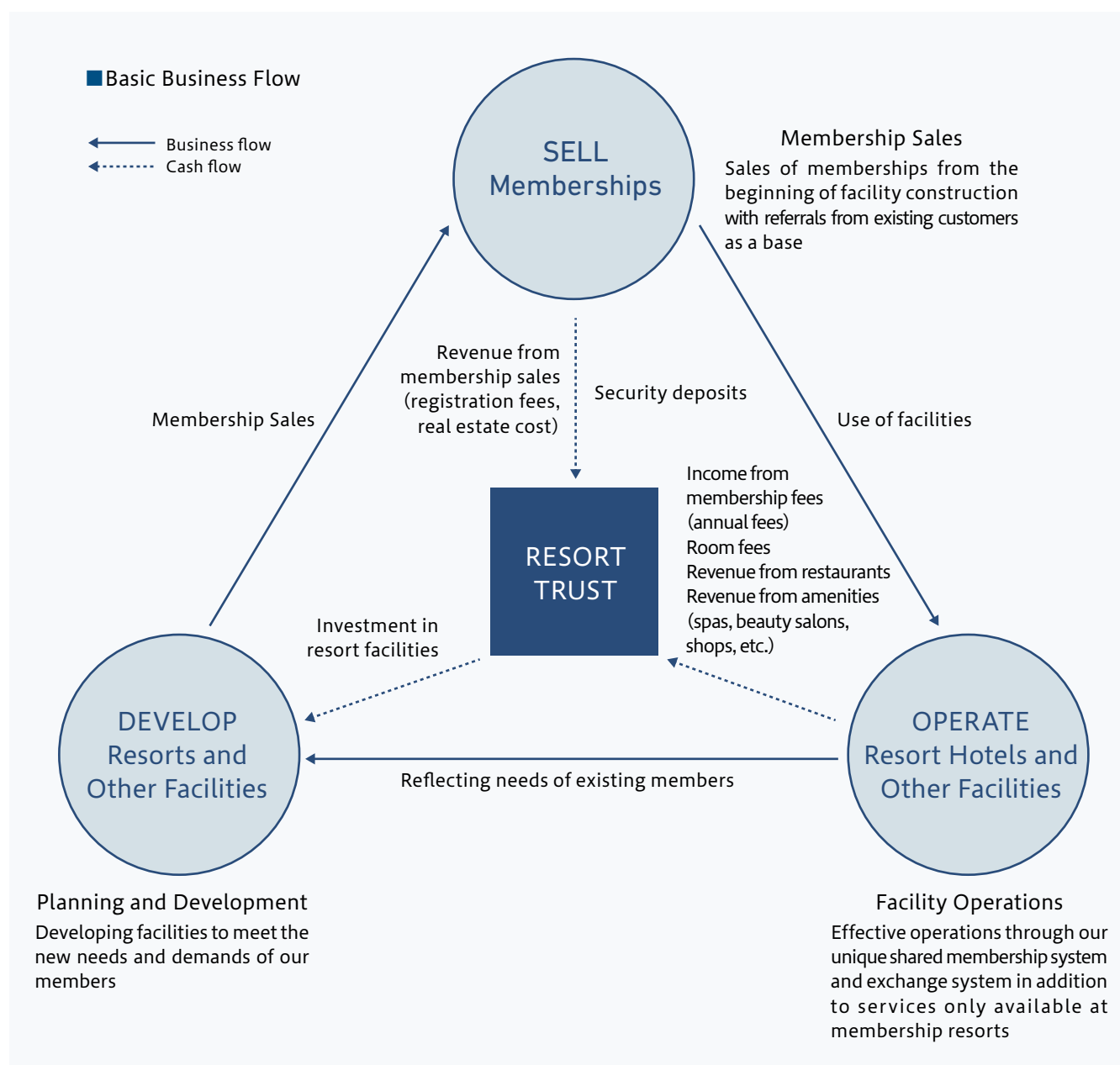
Value Creation Cycle Enables Sustainable Growth

In Membership Operations, Resorttrust has created an innovative business model that generates stable operating profits from the sale of hotel memberships and enables the rapid recovery of investments after opening resorts.

Since memberships can be sold when construction begins, sales commence before the hotel officially opens. Prior to the hotel opening, approximately 50% of memberships are typically sold on contract as existing members make referrals to new members. The entire investment can be recovered when 50% of the contracts are sold, so most properties fully recover their investments by the time they open.

On the operations side, depreciation is smaller than a conventional hotel because rooms are segmented according to membership in our condominium-style membership

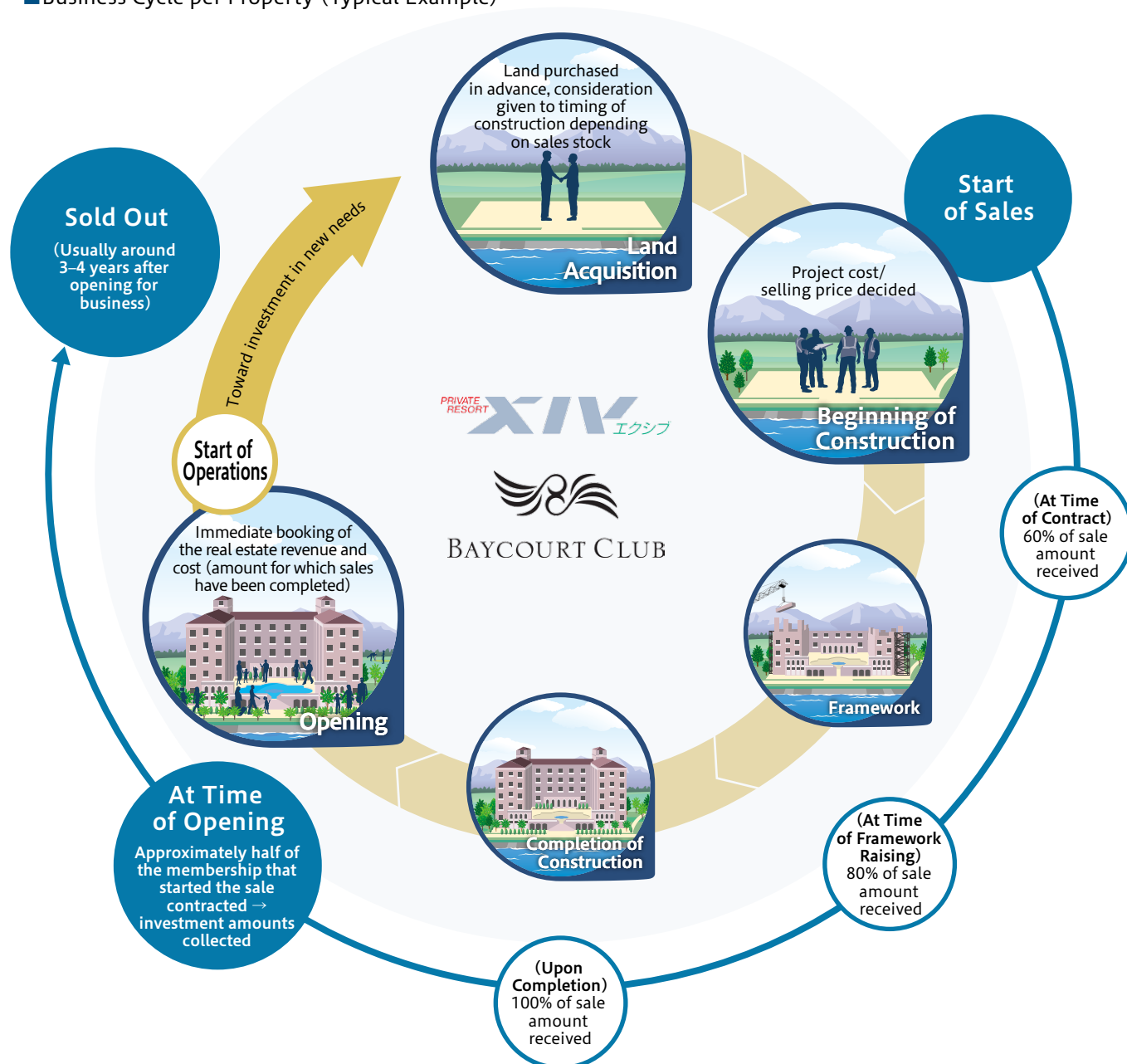
resorts. Fixed revenues, such as from annual fees and the amortization of security deposits, contribute greatly to the stability of operations. A majority of the security deposits made by members when they join are amortization-type security deposits that will not be repaid, and proceeds from the amortization of these security deposits are a source of funds for repairs, maintenance and renovations. Resorttrust is in a healthy financial position with little financial risk associated with refunding these deposits.



■ Hotel membership earnings booking method Cash-in and sales booking period (for properties yet to be opened) for hotel membership sales

	Contract	Framework	Completion of Construction	Accounting Method
Total payment (100%)	60% received	80% received	100% received	
Security deposit (Approx. 10%)	Member pays a deposit of 10% of total payment upon signing contract.			Treated as a liability when the contract is signed
Registration fee (Approx. 40%)	Member pays 40% of total payment upon signing contract.			Treated as revenue when the contract is signed
Real estate (Approx. 50%)	Member pays 10% of total payment upon signing contract.	Member pays 20% at framework raising.		Treated as revenue when the facility opens
			Member pays 20% upon completion.	

■ Business Cycle per Property (Typical Example)



In the case of XIV Yugawara Rikyu : Total project cost (project budget): ¥26.3 billion;
total sales amount (planned): ¥58.7 billion; Membership sales progress rate at opening : approx. 60%

Promotion of “General Medical Solutions” in Pursuit of Group Synergies

Medical operations business that increases brand value, from prevention to therapy and aging care

The Medical operations business is a treatment support business that continues to grow, underpinned by our robust customer base that comprises more than 170,000 members. Stemming from requests received primarily from members in the higher age bracket, our Medical operations realize the early detection and preventive medical treatment of cancers using a combination of high-precision instruments, such as those for magnetic resonance imaging (MRI), positron emission tomography (PET) and computed tomography (CT), in extensively equipped, comfortable environments. We are creating new value for society that features services such as advanced medical support, through collaborations with partner medical institutions, a concierge system and fluffing needs for second opinions. Starting with the HIMEDIC Yamanakako that opened in 1994, we have steadily expanded

our membership and expanded and upgraded our bases in the Kanto, Chubu and Kansai regions. Today, we have grown to eight domestic bases (seven courses) and are establishing a robust brand. Having opened in Roppongi, Tokyo, in 2007 as the first medical facility in Japan offering outpatient care, checkups and thorough medical examinations to obtain the Joint Commission International (JCI) accreditation (ambulatory care), a global accreditation for health care services, Tokyo Midtown Clinic is providing comprehensive support, from primary care to aging care. In the years to come, we will also focus on expanding our business overseas and cutting-edge cancer therapy research, while continuing to offer general medical solutions that fully accentuate Group synergies.

Circumstances Leading to HIMEDIC's Market Entry

Taking the opportunity provided by the 20th anniversary of our establishment in 1993, we conducted a survey about services that had been newly requested by resort hotel members for a new development project.

We discovered a need for a medical checkup service that, by means of leading-edge technologies, could painlessly detect the early onset of a disease in a comfortable environment, while members relaxed at the resort, ate whatever they liked and enjoyed great-tasting drinks.

HIMEDIC Yamanakako opened in 1994 and has contributed to the development of nuclear medicine with its “Cancer Checkups by PET Yamanakako Method.”

Medical Service Corporation Business

- Currently providing operation support for a total of 18 medical care facilities serving approximately 500,000 patients per year, with an emphasis on corporate health checks at (Medical) Shinkokai and premium physical programs and general checkups at (Medical) Midtown Clinic.
- Additional businesses include remote imaging diagnostics support services and development of medical-related systems.

Aging Care Business

- Development and sales of doctors' cosmetic products and supplements supervised by doctors.
- Operation support for beauty clinics, etc.
- Sales of the group's top quality cosmetics brand, “Swiss Perfection.”

New Business

- Research, development, and other operations related to the CICS company's cutting-edge BNCT* cancer treatment equipment.

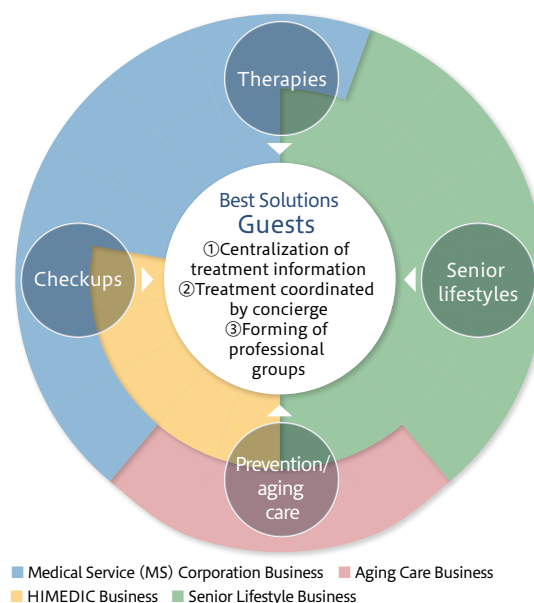
* Boron Neutron Capture Therapy

Numerous Checkup Items Covered and Wealth of Achievements

Average of the number of basic test items for full-body medical examinations at well-known general hospitals	17.6	Test items at HIMEDIC Nagoya (slight differences at each facility)	32
Cancer discovery rate through medical examinations	0.26% (See Note 1)	Initial cancer discovery rate for Grand HIMEDIC Club	2.98%
General cancer incidence rate for those aged 40 years or over	1.01% (See Note 2)	Average cancer discovery rate for Grand HIMEDIC Club	1.23%

Note 1: Reference: National Aggregate Medical Examination Results 2011, Japan Society of Ningen Dock

Note 2: Reference: Cancer Incidence Data from Four Prefectural Cancer Registries, Center for Cancer Control & Information Services, National Cancer Center



Senior Lifestyle Business That Accentuates Synergies, Is Actively Developed and Accelerates Group Growth

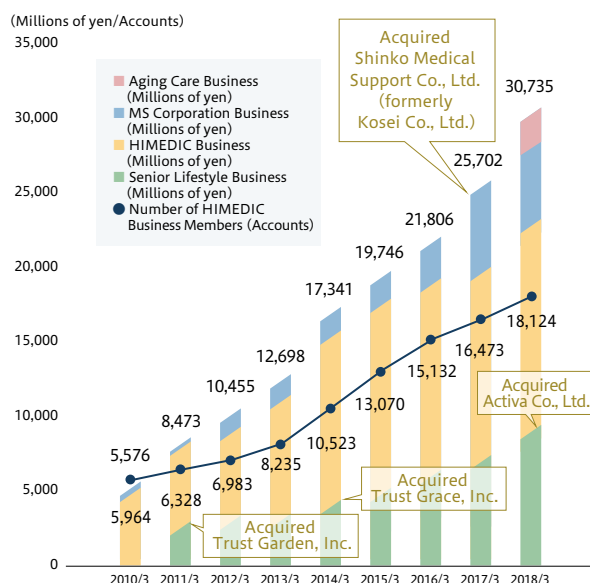
Utilizing the know-how gained from the medical and hotel restaurant businesses, the Senior Lifestyle business operates private nursing homes and senior residences. By supporting medical and dietary aspects cultivated in the medical business, we aim to realize a high quality of life (QOL) by providing value added, which is only possible with the Resorttrust Group, to seniors who want to spend their old age comfortably and securely. We will rapidly develop toward a 3,000-room framework and accelerate the growth of the Group. For example, in July 2018, we will expand to 1,587 rooms following the commencement of operations at Life Assist Bashamichi (in Yokohama, Kanagawa Prefecture) and take the decision to open, in August 2019, the Trust Garden Ogikubo (tentative name) private nursing home in Tokyo.

Senior Lifestyles Business History

2005	Review of Senior Residences Business commenced as new business
September 2006	Commencement of operations at Classic Garden Bunkyo Nezu (51 rooms)
June 2010	Acquires shares in Trust Garden, Inc. Commencement of Trust Garden operations at a total of four facilities in Tokyo's Shibuya, Suginami and Setagaya wards (356 rooms)
April 2014	(The Resorttrust Group's first new senior residence) Trust Garden Todoroki opens (57 rooms)
April 2017	Acquires shares in Activa Co., Ltd. Commencement of operations at Activa Biwa (384 rooms)
March 2018	Opens Trust Garden Shijo Karasuma (54 rooms)

Number of facilities under management: 16
Tokyo metropolitan area 10 facilities / Nagoya area 1 facility / Kansai region 5 facilities
Total number of rooms: 1,587 (as of July 1, 2018)
→ fiscal 2022: 3,000 rooms (target)

Trends in Medical Business Sales/ Numbers of HIMEDIC Employees



Entrenching the Resorttrust Brand

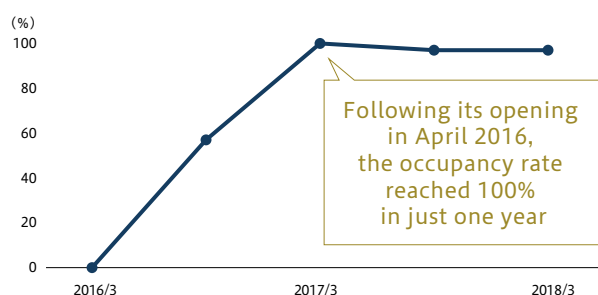
Cookery and service expertise accumulated in hotel business

High-quality facilities and more extensive nursing care framework

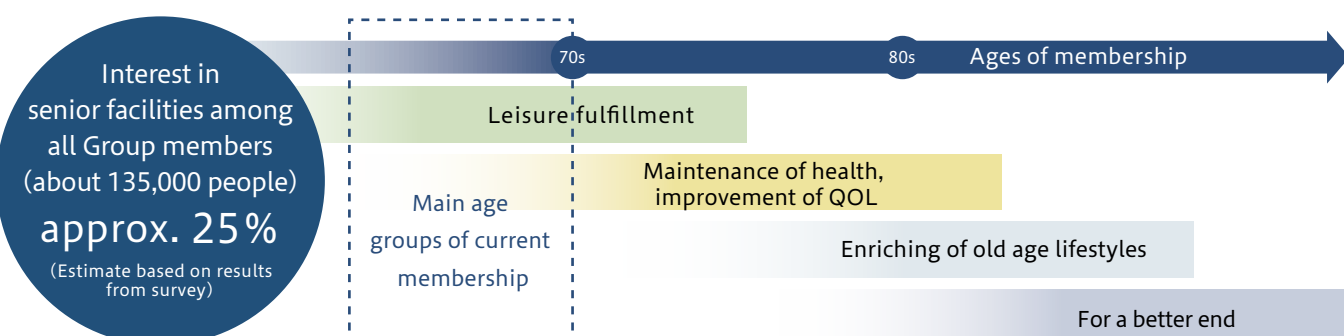
Safe medical treatment through Group's network

Good locations close to city centers

Occupancy Rate Trends at Trust Garden Tokiwamatsu (50 rooms)



Even in our own developed facilities, enables the early taking of tenant applications



Our Business



XIV Toba Bettei

■ Performance in the Year to March 2018

Net sales amounted to ¥56,254 million, up 32.3% from the previous year, while operating income reached ¥16,387 million, up 55.0% from the previous year.

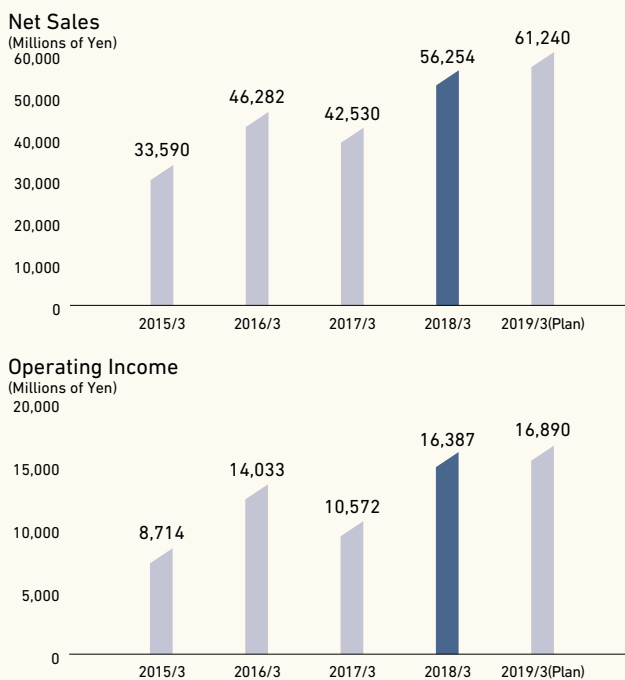
With strong membership sales in the Laguna Baycourt Club exclusive members-only resort hotel, which went on sale in August 2016, and the opening of the Ashiya Baycourt Club exclusive members-only resort hotel in February 2018, immediate booking of the deferred real estate revenue led to an increase in both revenue and earnings.

■ Outlook for the Year to March 2019

With the opening of the XIV Rokko Sanctuary Villa membership resort hotel in April 2018 and the (scheduled) opening of the Laguna Baycourt Club exclusive members-only resort hotel in March 2019, we expect immediate booking of earnings from deferred real estate revenue to increase both revenue and earnings.

Membership Operations

Membership operations are focused on the sale of memberships for membership resort hotels including XIV and Baycourt Club. In addition to our ideal location and high-grade facilities, we introduced the Timeshare Calendar, making us the first in Japan to realize an absolute guarantee and granting us the strong praise and trust of all of our members.



* Operating income as listed above indicates the operating income prior to allocating the company-wide shared Head Office costs (overhead expenses) to the individual segments

Membership Reservation Status (contract revenue) Trends (excluding the Medical Business)

Billions of yen				
2015/3	2016/3	2017/3	2018/3	2019/3(Plan)
48.0	66.5	55.2	54.7	51.9

Inside View

Steady Membership Sales for Yokohama Baycourt Club Hotel

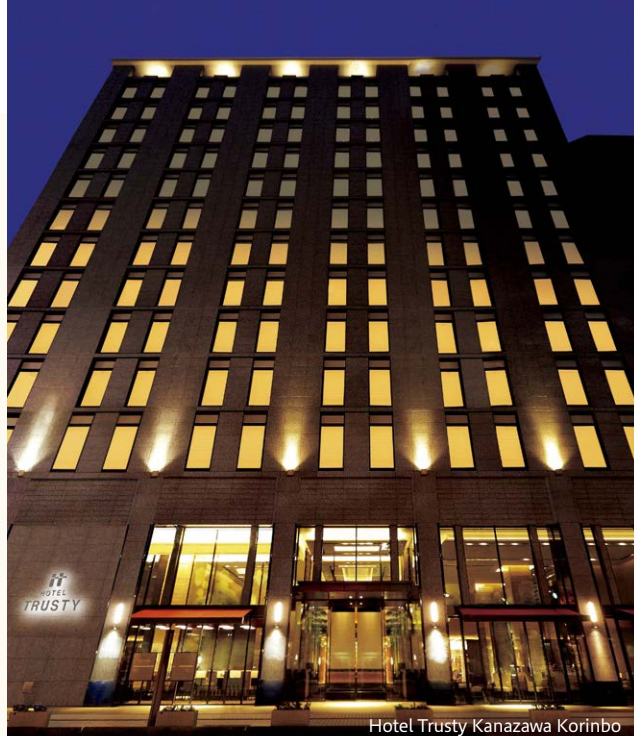
Located in the Minato Mirai 21 Central District of Yokohama City in Kanagawa Prefecture, a highly popular international tourist city, the exclusive members-only Yokohama Baycourt Club is scheduled to open in July 2020. Membership for this facility went on sale in December 2017. As an urban resort brand that offers the strengths of the Kanto region market, membership sales have been growing steadily. Following on the heels of Tokyo, Ashiya, and Laguna, the Yokohama Baycourt Club is the fourth Baycourt Club facility, but is being built alongside The Kahala Hotel & Resort Yokohama luxury hotel (scheduled

to open in the summer of 2020) for non-member guests, enabling some facilities to be for shared use.

The price of membership currently being sold ranges from ¥10 million (12 bay suite nights per year) to ¥37.75 million (24 royal suite nights per year).

Meanwhile, the Ashiya Baycourt Club, the second Baycourt facility, opened in February 2018 in Ashiya City, Hyogo Prefecture, and has since garnered interest for the Baycourt brand in the Kansai region. After going on sale in 2015, membership for this facility has increased at a very steady pace, reaching a sold ratio of approximately 67.6% as of the end of March 2018.

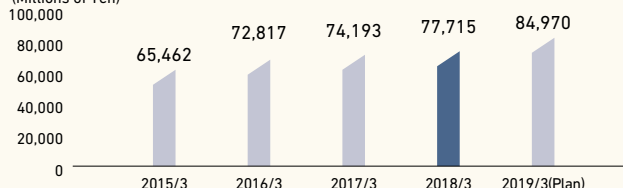




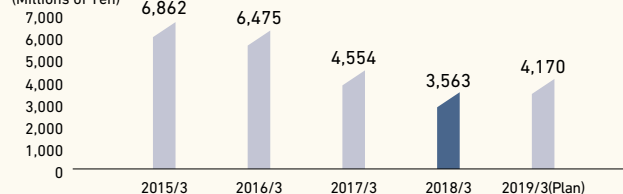
Hotel and Restaurant Operations

Hotel and Restaurant operations include management of hotels and restaurants, primarily XIV resort hotels, Baycourt Club urban resorts, Sun Members, and Hotel Trusty; hotel cleaning services; services shared by facilities at membership hotels; the nonlife insurance agency business; the manufacture and sale of hair accessories; and the comprehensive beauty care business. These operations strive to realize top-notch hospitality and to improve customer satisfaction in order to ensure that our customers receive a heart-warming experience.

Net Sales
(Millions of Yen)

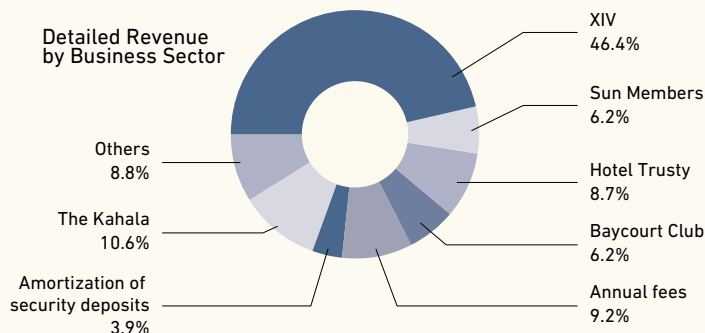


Operating Income
(Millions of Yen)



* Operating income as listed above indicates the operating income prior to allocating the company-wide shared Head Office costs (overhead expenses) to the individual segments

Detailed Revenue by Business Sector



■ Performance in the Year to March 2018

Net sales amounted to ¥77,715 million, up 4.7% from the previous year, while operating income reached ¥3,563 million, down 21.8% from the previous year.

Although hotel operating profits for the full year from the XIV Yugawara Rikyu membership resort hotel, which opened in March 2017, contributed to business performance, factors depressing earnings, including improvements to restaurants and such at The Kahala Hotel & Resort (Oahu, Hawaii), an overseas luxury hotel, led to lower earnings despite higher revenue.

■ Outlook for the Year to March 2019

As we make efforts to improve productivity through the application of IT technology, we are also promoting the diversification of working styles through initiatives such as increasing the number of days off for our employees, and initial expenses are expected to rise as a result. However, we also anticipate increases in both revenue and earnings due to new memberships and the full-year operation of our Ashiya Baycourt Club Hotel & Spa Resort facility.

Inside View

Global Development of the Kahala Luxury Hotel Brand

Located in Oahu, Hawaii, The Kahala Hotel & Resort is known throughout the world as a prestigious hotel with a strong brand power that attracts leaders and renowned individuals from various countries. We acquired this hotel in October 2014 as a foothold for our global development, and have scheduled the opening of The Kahala Hotel & Resort Yokohama, a non-membership luxury hotel, for the summer of 2020 as the first step in this development. As with the Yokohama Baycourt Club, which will open along side The Kahala Hotel & Resort Yokohama, this facility will also respond to both domestic and overseas demand as a hotel facility of

international standing and will serve as a lodging for international persons of importance because of its ideal location as a high-end resort and because of its proximity to international conferences, meetings, conventions, and exhibitions.

Based on our global strategy formulated as part of the current Connect 50 Medium-term Management Plan, we will leverage our business foundation gained through operations of luxury membership resorts in aims of expanding the earnings base and of accelerating growth on a broader stage. In terms of areas in which we will develop the Kahala brand going forward, we are looking mainly within the Asia-Pacific region, including both tropical resort areas, such as Phuket, and urban areas, such as Singapore, Taiwan, and Bangkok.




THE KAHALA



Medical and Senior Lifestyle Operations

As the operator of our comprehensive membership medical clubs, the HIMEDIC business provides a wide range of services, from cutting-edge cancer therapy referrals to everyday health support through club doctors and medical concierges with nursing qualifications. The Medical Service Corporation and Aging Care businesses go beyond simply providing checkups, and have focused their efforts into providing therapy support for unlikely situations and primary care. The Senior Lifestyle business operate private nursing homes equipped to offer nursing care and senior housing equipped with home-care services that ensure comfortable, worry-free senior lifestyles.

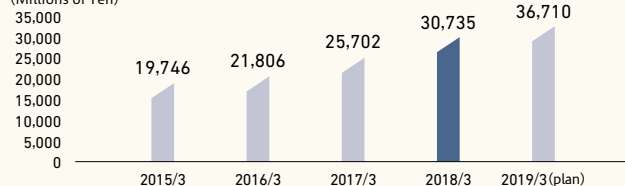
■ Performance in the Year to March 2018

Net sales amounted to ¥30,735 million, up 19.6% from the previous year, while operating income reached ¥5,236 million, up 14.9% from the previous year.

In addition to including Activa, which operates the nursing care equipped Activa Biwa private nursing home, within the scope of consolidation, growth in annual fees resulting from increased membership numbers in the Grand HIMEDIC Club comprehensive medical support club and expansion in medical operations and the cosmetics and supplement sales business led to an increase in both revenue and earnings.

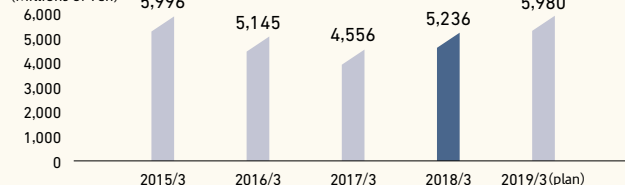
Net Sales

(Millions of Yen)



Operating Income

(Millions of Yen)

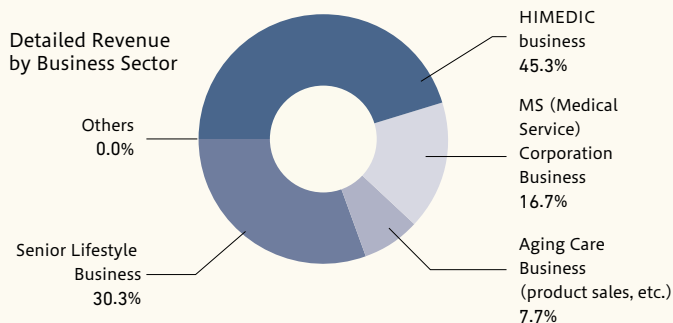


* Operating income as listed above indicates the operating income prior to allocating the company-wide shared Head Office costs (overhead expenses) to the individual segments

■ Outlook for the Year to March 2019

In addition to an outlook for growth in membership fees coinciding with increased Grand HIMEDIC Club membership, we foresee expanded operations of senior residence facilities, such as the nursing care equipped Trust Garden Shijo Karasuma private nursing home that opened in March 2018. Moreover, we also hold an outlook for both increased revenues and earnings as a result of medical operations centered on Midtown Clinic, which added a new location in Nagoya in October 2017, as well as a result of the expected expansion in the cosmetics and supplements sales business.

Detailed Revenue by Business Sector



Inside View

Share Acquisition and Start of Operations of the Activa Biwa Resort-type Senior Facility Model

In moving to expand the Senior Lifestyle business as targeted in the previous Next 40 Medium-term Management Plan and the current Connect 50 Medium-term Management Plan, the Resorttrust Group acquired all outstanding shares of Activa, the operator of the nursing care equipped Activa Biwa private nursing home, and succeeded the business in April 2017.

Located in Shiga Prefecture, Activa Biwa is known as the embodiment of luxury nursing homes and is fully equipped with shared-use facilities that include a hot-springs

spa. Operated alongside and incorporated with a clinic, the facility also combines an independent living facility and an assisted living facility. Activa Biwa's stunning location also provides convenient access to the city of Kyoto.

we feel this facility will contribute to the development of the Resorttrust Group's

Senior Lifestyle businesses. In order to ensure that Activa Biwa serves as an even more attractive facility, we are leveraging the management resources we have gained through our resort operations and medical operations to deliver top-notch quality services that can only be provided by the Resorttrust Group.

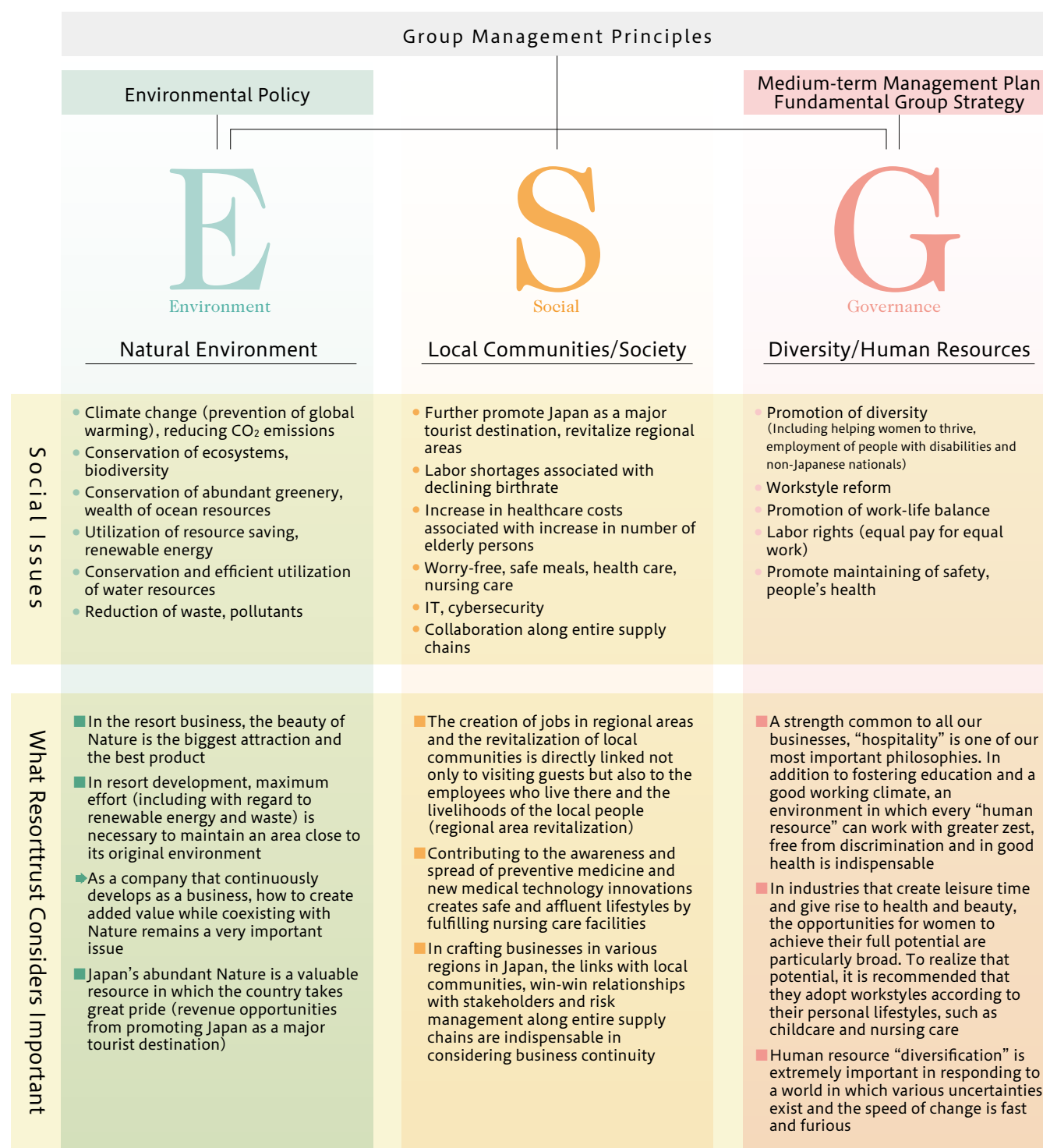


ESG Management

Basic Policy on Issues Concerning Sustainability

We are living in an era in which environmental and social issues have a major impact on management. To develop sustainable business and society, we examined and gathered together, from a number of angles, the issues surrounding corporate sustainability that the Resorttrust Group considers important. Sharing these issues as common knowledge, we are working to address them under our medium-term fundamental strategy on the basis of the Group Management Principles.

Perceiving the finding of solutions to these environmental and social issues as opportunities for growth, we would like to bring about an improvement in our corporate value.



Environment and Society

Basic Policy on Environment and Society

In recognition that preserving the abundant natural environment and coexistence with local communities are important for the Group's ESG management and an absolute requirement for increasing our corporate value, we have established an environmental policy. Under this policy,

all employees make efforts in environmental preservation activities, the prevention of global warming and environmental pollution as well as the sustainable use of resources, such as water resources, while contributing to solving social problems and contributing to the global environment.

For more details, please refer to our Sustainability Report 2018 (<https://www.resorttrust.co.jp/sustainabilityreport2018/>) (Japanese Only)

Natural Environment

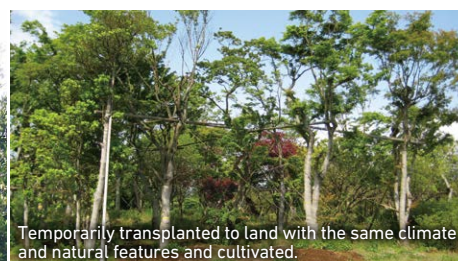
The Resorttrust Group considers the conservation of rich greenery and marine resources as well as water resource initiatives and efficient operations as ongoing issues. We also make use of renewable energy and eco cars, plant trees, conduct green campaigns, and conserve water resources throughout the Group.



XIV Hakone Rikyu



Marking transplantable trees



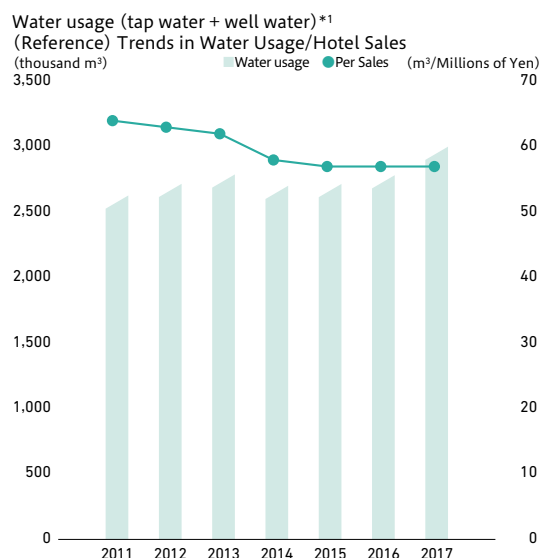
Temporarily transplanted to land with the same climate and natural features and cultivated.

Transplanting trees to product natural scenery

In order to coexist with nature, we carry out a variety of measures as a corporate group. When developing hotels, we involve forestry instructors, first-rate landscaping management personnel, and other specialists stationed in the development department to investigate the conditions of trees in the surrounding areas from the planning stages on. These staff members check each tree one by one to confirm their size, species, and health. In this way, we transplant as many trees as possible to the surrounding areas of our facilities. Through these efforts, we attempt to protect the landscape and maintain the lush, natural greenery of our building sites.

Specific Initiatives

- In the use of renewable energy, we started generating electricity from the Resorttrust Nasu Shirakawa Mega Solar Power Plant in March 2014.
- Unique among the facilities operated by the Company, XIV Yugawara Rikyu has undertaken micro-hydroelectric power generation since March 2017. It is a Nature-friendly, clean form of energy that generates electricity by using the differences in elevation of the waterways around the hotel.
- We are promoting energy conservation by adopting rooftop greening and "green curtains."
- We have been actively installing LED light bulbs in existing hotels since 2011, and in the hotels which we have opened in recent years have adopted LED light bulbs for over 80% of the entire lighting of the buildings.
- In providing coffee made from Rainforest Alliance Certified Farm coffee beans, which are certified as having been produced in an appropriate working environment with due consideration given to the natural environment, we are working with guests toward a sustainable society.
- In addressing the conservation of water resources, we decided to collect and disclose water usage data.



While addressing water resource conservation, the total amount of water used has been increasing in accordance with the opening of facilities, etc. (Increase associated with increase of hotel operations/sales). On the other hand, the water usage volume to hotel sales ratio is on a slightly declining trend.

*1 Excluding usage for centers, such as the Head Office and for restaurants, such as the Rose Room

Resorttrust Environmental Policy

Providing “Dreams, Moving Experiences and True Relaxation,” Resorttrust, Inc. is constantly striving to provide valuable services to realize the best hospitality

through a variety of business activities that include membership resorts
Recognizing that the corporate activities designed to realize these services can have a variety of effects on the global environment, we work in harmony with the environment and strive for symbiosis with society, while contributing to society and the global environment.

1. We set environmental targets and indicators to achieve our environmental policy and strive to continuously maintain and improve our environmental management systems.
2. In addition to striving to prevent environmental pollution from the viewpoint of the global environment, all employees reduce environmental impact by promoting energy saving, resource saving, recycling, environmental preservation awareness and other activities.
3. In compliance with environmental laws, regulations and agreements, we also strive to preserve the environment by strictly observing other requirements agreed to by the Company.
4. We will disclose our policies and seek the understanding and cooperation of Group companies and business partners, etc.
5. We will work to communicate with local communities and disclose this environmental policy externally upon request.

Local Communities and Society

Operating offices in various regions of the country, the Group is actively engaged in local employment and contributes to regional area revitalization. At our medical facilities, we contribute to safe and prosperous lifestyles through, for example, preventive medicine and the enhancement of nursing care facilities in local communities.



Chefs at hotels provide opportunities to learn through food at local schools and facilities. XIV Awajishima cultivates vegetables grown at its hotel farm, XIV Farm Awajishima, and uses them as ingredients for the buffet. Weeds are eaten by goats borrowed from local farmers.

Specific Initiatives

- At our facilities throughout Japan, our unerring focus is on local production and local consumption, which is leading to the revitalization of local industry. We are able to reduce the energy “food mileage” required for importing foodstuffs, which also helps to conserve fuel resources and curb CO₂ emissions.
- We conduct dietary education programs for children in local communities. Our hotel restaurant chefs themselves visit local schools, stimulate interest in food through cooking practice and convey the importance of having the right ingredients and meals.
- We have been conducting “Let’s Origami Action” as a hotel event by which primarily children gain a deeper understanding of biodiversity since 2011. The event conveys the importance of coexistence with Nature and living things.
- The hiring processes at our facilities are mainly geared toward local recruitment and contribute to the creation of jobs in the local communities.



Human Resources Strategy

Basic Views on the Human Resources Strategy

We believe human resources to be the most important of the Group's resources. Our Medium-term Management Plan "Connect 50" focuses on keeping employees in the best health so as to better evolve the Company into one with a connection to our customers that is not only deeper, but also

lasts a lifetime. Our Human Resources Strategy is one of our core strategies and focuses on a review of working conditions and how human resources are utilized. Based on a foundation of workstyle reform, we will utilize effective Group brand management to create new value.

For more details, please refer to p. 12 of our "Connect 50" Medium-term Management Plan (https://www.resorttrust.co.jp/english/ir/investors/plan/pdf/keikaku_180402.pdf).

Diversity

The Group offers its full support to the life activities of our various employees. Our workers are hired regardless of gender or nationality and we have established for them educational opportunities and fair assessments. We also focus on expanding employment opportunities for those with disabilities, with an aim toward creating a system in which all employees can work to the best of their abilities.

Vision for Promoting Diversity

Sustained Growth

People get a sense of value from their work and grow through the course of their work.

Continuous Employment

People can continue to work while achieving major personal milestones

A Culture That Promotes Individual Uniqueness

Maintain systems and a corporate culture that enable smooth working conditions regardless of sex or age.



We have clerical work support centers in Tokyo, Yokohama, Nagoya, and Osaka to advance the employment of workers with disabilities. These clerical work support centers are in-house facilities with detailed support frameworks in place.

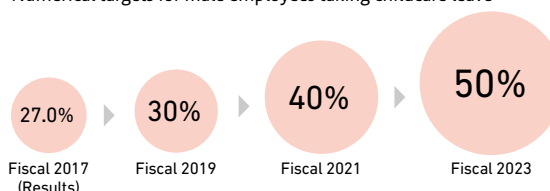
Specific Initiatives

- We have established an office within the personnel department for the promotion of diversity, and it is currently conducting diversity-related activities. In May 2013, the Group launched a project to promote the advancement of women, and this project led to the creation of this new office. The activities now underway are based on the current conditions at each department, and their goal is enabling not only women but all other employees to play an active role in the Company.
- We are committed to bolstering internal systems so as to promote a work/life balance among the Company's employees. As one step toward supporting the life activities of our employees without regard to gender, we have set numerical targets for childcare leave among male employees.
- We have established clerical work support centers in Tokyo, Yokohama, Nagoya, and Osaka to advance the employment of workers with disabilities. These were established to provide a place where those with disabilities could work alongside those without disabilities, rather than at a separate company. The Group is focused on building a robust support system, including through the creation of work manuals and guides for hiring employees congruent with the demands of the job.



Received the "Excellent Disabled Hiring Practices Company Award" for Tokyo companies with superior policies for hiring disable personnel in recognition for our various initiatives.

Numerical targets for male employees taking childcare leave



The Workplace Environment

Hospitality is the strength of our business and is directed not only to our customers, but to our employees as well. We are accordingly focused on the following initiatives, with an aim at creating a working environment in which all our employees can work to the best of their abilities.



Top: Holding a "Work and Childcare Balance Support Workshop"
Left: View of judging at a Resorttrust Restaurant Service Competition
Internal competitions for various types of services, cooking, and other techniques are held yearly. These contests contribute to improving the workplace environment and increasing the value provided to customers.

Specific Initiatives

- To support the lives of our female employees, we have implemented a career support program for women. With a focus first on leadership positions, the goal is to create an understanding corporate culture, a comfortable working environment, and opportunities regardless of age or gender, including management training for female employees.
- Review, improve annual holidays and fixed working hours
- Resorttrust was selected by the Certified Health & Productivity Management Organization Recognition Program (White 500) for a second consecutive year.
- In the ten years since the 2008 launch of the employee satisfaction survey, "trust in the company," "satisfaction with decision to join," "sense of unity with coworkers," and "finds fulfillment in work" have all improved, while the number of those leaving the Company has declined.

Four key items	Fiscal 2008	Fiscal 2012	Fiscal 2017	vs. Fiscal 2008	vs. Fiscal 2012
Trust in / attachment to the company	2.97	3.21	3.67	+0.70	+0.46
Satisfaction with decision to join ^{*1}	-	3.66	3.84	-	+0.18
Sense of unity with coworkers	3.60	3.70	3.74	+0.14	+0.04
Finds fulfillment in work	3.48	3.77	3.79	+0.31	+0.02
Average	3.35	3.59	3.76	+0.41	+0.18
Intention to leave the company ^{*2}	2.68	2.57	2.54	-0.14	-0.03

^{*1} Satisfaction with decision to join based on comparable data from Fiscal 2011

^{*2} Lower figures are better for the "Intention to leave company" question.

Averages for the four key items

- Trust in / attachment to the company
- Satisfaction with decision to join
- Sense of unity with coworkers
- Finds fulfillment in work



Ratio of management positions held by women



Corporate Governance

To raise its corporate value and build a corporate system that has the trust of all stakeholders and society as a whole, Resorttrust positions the further enhancement of corporate governance as its most important management task.

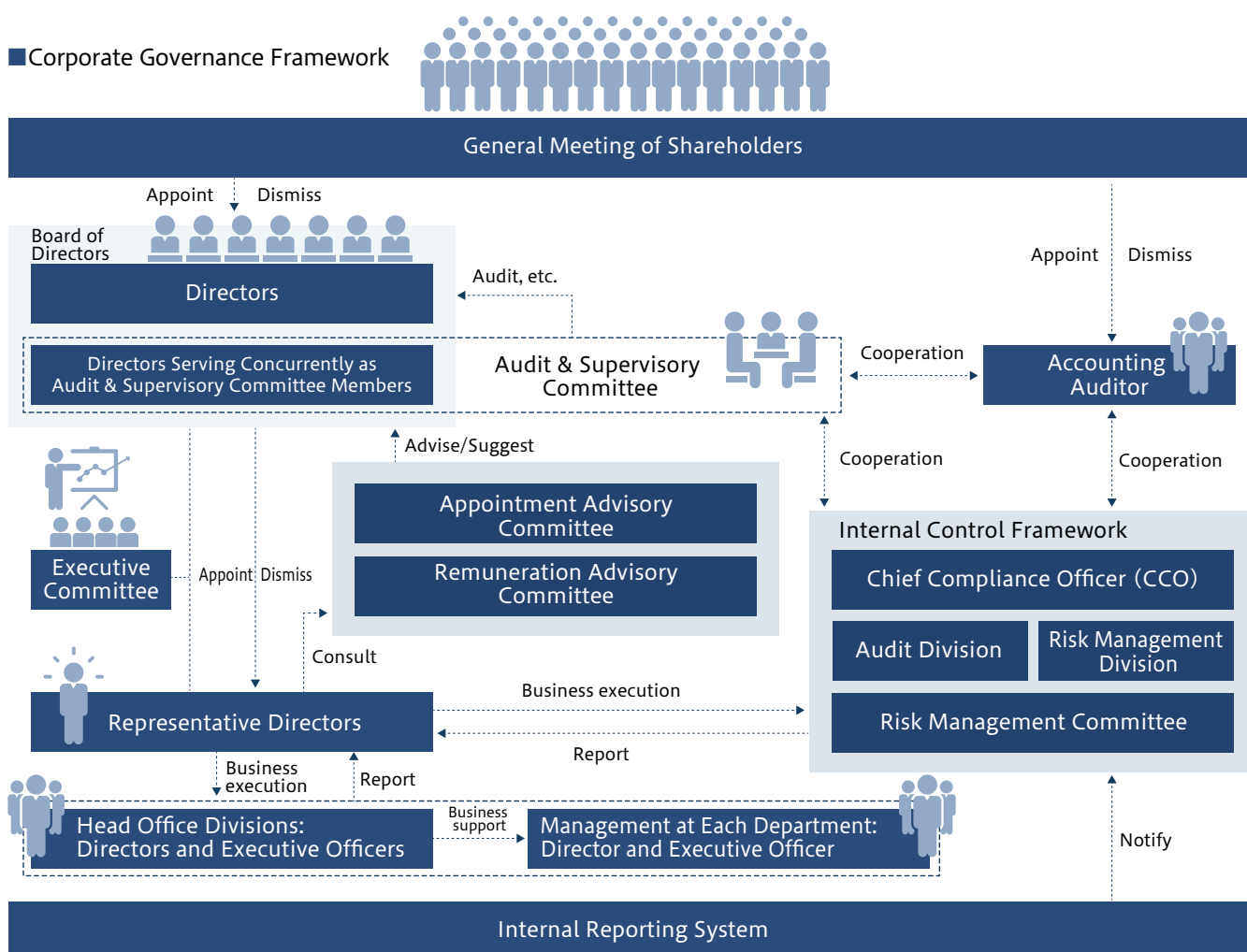
1. Corporate Governance Basic Policy and Framework

To build a corporate framework that has the trust of all stakeholders, such as guests, including shareholders, as well as business partners, regional communities and employees, the Company positions the further enhancement of corporate governance as its most important management task. Ensuring higher operational transparency and efficiency, the Company is striving to expand corporate value through an organizational structure that can respond to changes in the operating environment.

Based on a resolution at the 42nd Annual General Meeting of Shareholders held on June 26, 2015, the Company adopted the Audit & Supervisory Committee structure. Through this change, the Company is working to enhance the effectiveness of the Annual General Meeting of Shareholders, accelerate decision-making by the Board of Directors, and further strengthen the supervising functions of the Audit & Supervisory Committee. The Company is also working to further strengthen the auditing functions of the Audit & Supervisory Committee by establishing and

operating an appropriate organizational auditing structure. The Company's Audit & Supervisory Committee consists of five directors serving concurrently as Audit & Supervisory Committee members, including four outside directors, and audits and oversees the directors' execution of duties. Through transparent, fair, speedy and resolute decision-making, the Company's Board of Directors aims to sustainably improve corporate value by striving to establish and enforce an appropriate and timely governance framework. As for the decision-making process of important matters, the division proposing agenda items submits proposals to the Executive Committee held monthly, where such proposals are deliberated from various perspectives, and important matters are then discussed at the regular Board of Directors' meetings held monthly before a decision is made. To facilitate speedy and precise management and executive decisions, the Company appoints (in June) eight executive officers who are in charge of business execution.

■ Corporate Governance Framework



2. Monitoring of Management

The Company appoints six outside directors (four men and two women) to its Board of Directors, which has both management decision-making and business execution supervisory functions. Making four of the outside directors Audit & Supervisory Committee members has strengthened the supervisory function of executive directors.

The Audit & Supervisory Committee sets audit policies and plans while regularly receiving reports from directors and others on matters concerning the execution of duties and, if necessary, holding hearings. Full-time Audit & Supervisory Committee members attend important internal meetings, including those of the Executive Committee. In addition, they receive audits every month from the Audit Division and, as needed, provide guidance to the Audit Division mainly regarding divisions subject to audit or critical audit items. The Audit & Supervisory Committee members receive reports and explanations regarding the accounting auditor's audit plan and audit results and, based on these, verify the results of the balance sheet audit and internal control audit. Furthermore, they receive reports and explanations regarding the assurance framework of the accounting auditor. The Audit & Supervisory Committee has established a Secretariat of the Audit & Supervisory Committee and provides employees who assist duties of the Audit & Supervisory Committee on a full-time basis as a staff (Audit & Supervisory Committee staff). The Audit & Supervisory Committee staff do not serve

concurrently as employees of other divisions and solely follow instructions given by the Audit & Supervisory Committee members in order to ensure the effectiveness of directions given to the Audit & Supervisory Committee staff.

In addition to helping efforts to sustainably improve corporate value, outside directors who concurrently serve as Audit & Supervisory Committee members are expected to verify whether the establishment and operation of the internal control system—such as the establishment of a system to ensure that directors are executing their duties in accordance with laws and regulations and the Company's Articles of Incorporation—is properly enforced by supervising overall management and monitoring the functions of the Board of Directors. When appointing outside directors, the Company regards as an appointment criterion that they “possess the knowledge and experience needed to audit and oversee directors' compliance and business management” and that this is judged sufficient for them to fulfill their roles. To serve as the criteria to assess the independence of its outside directors, the Company created its own separate selection criteria in addition to the standards set by Japan's Companies Act and the Japan Exchange Group and assesses independence in accordance with those standards. Five out of the six outside directors (three of whom are directors serving concurrently as Audit & Supervisory Committee members) are appointed as independent outside directors.

3. Executive Remuneration

The basic policy of the Resorttrust Group in deciding executive remuneration is to ensure a level that secures top talent as managers and motivates each executive while aiming to boost the Group's sustainable growth and long-term corporate value. Moreover, bonuses, stock options, and other incentives are decided after comprehensively considering the degree to which officers contributed to improving business performance and other accomplishments. In addition, for directors (excluding Audit & Supervisory Committee members and outside officers) we have introduced the Board Benefit Trust (BBT) executive stock ownership system based on the Company-stipulated officer stock ownership plan.

Under the plan, the Resorttrust Group awards points to directors according to their position and based on allocation resources (up to ¥197 million per business year) decided according to the degree to which they contributed to business performance. Upon retirement, the number of points earned

determines the number of shares provided.

The amount of remuneration for directors (excluding directors who are Audit & Supervisory Committee members) is determined by resolution of the Board of Directors within the scope of the annual amount resolved at the Annual General Meeting of Shareholders, upon preparation of an initial draft by the Chairman, President and director in charge of the Operation Division, in accordance with the basic policy described above. Preparation of an initial draft is subject to consultation with the Remuneration Advisory Committee, the majority of the members of which is made up of independent outside directors. The amount of remuneration for directors serving concurrently as Audit & Supervisory Committee members is determined within the scope of the annual amount resolved at the Annual General Meeting of Shareholders in consultation with the directors serving concurrently as Audit & Supervisory Committee members.

Executive Remuneration (Fiscal Year Ended March 31, 2018)

Category	Number of Recipients	Amount Received
Directors (excluding Audit & Supervisory Committee members) (excluding Outside Directors)	13	¥ 770 million
Directors (Audit & Supervisory Committee members) (excluding Outside Directors)	2	¥ 8 million
Outside Directors	5	¥ 34 million

Note 1: The above amount does not include ¥131 million which was expensed as an allowance for directors' retirement benefits and officers' retirement benefits (13 director, excluding outside directors and Audit & Supervisory Committee members) for the fiscal year under review.

Note 2: The above amount does not include expenses of ¥180 million in the business fiscal year under review related to stock acquisition rights granted as stock options (12 directors, excluding outside directors and Audit & Supervisory Committee members).

Note 3: Based on resolutions at the 43rd Annual General Meeting of Shareholders held on June 29, 2016, and the 44th Annual General Meeting of Shareholders held on June 29, 2017, we have paid the following retirement benefits to officers. Two retiring directors ¥256 million (including one director/Audit & Supervisory Committee member ¥84 million)

The payment of directors' retirement benefits was deemed reasonable as a result of deliberations by the Remuneration Advisory Committee, which consists of two representative directors and three independent outside directors (one of whom is the chairman) who are Audit & Supervisory Committee members. This amount also includes the provision for retirement benefits for directors and corporate auditors disclosed in the business report for the fiscal year under review and the previous fiscal year.

4. Evaluation of Effectiveness of the Board of Directors

The Company conducts self-evaluations of the effectiveness of its Board of Directors with the support of an external institution. In the same way as in the previous fiscal year, for the method of evaluation the Company adopted a form that involved conducting a survey in the fourth quarter of the fiscal year ended March 31, 2018, under which 26 directors and executive officers were subjected to evaluation, followed by analysis and self-evaluation based on the results of the survey at a Board of Directors' meeting. Also, to ensure transparency, the creation of the survey and the compilation of its results

were commissioned to an external institution. As a result, although there are some items that need to be addressed in the future, such as the earlier distribution of Board of Directors' meeting materials and the further enhancement of training for directors, the Company's Board of Directors properly fulfills its expected roles, including items improved from the previous year's analysis and evaluation. While confirming that overall improvements have been made from the previous fiscal year, the Company will continue striving to further improve the effectiveness of the Board of Directors.

5. Status of Response to Corporate Governance Code

With regard to the Corporate Governance Code, listed companies are required to "Comply or Explain" (whether to implement the principle or, if not implementing, to explain the reason) according to the listing rules. To achieve sustainable growth and medium- to long-term corporate value, the Company fully implements each principle of the Corporate Governance Code with full consideration of the purpose and spirit of the Code. In addition, with regard to the disclosures required under the Code, the Company explains the following principles in detail in the Corporate Governance Report posted on its website (<https://www.resorttrust.co.jp/english/ir/investors/governance>): Principle 1.4: Cross-Shareholdings; Principle 1.7: Related Party

Transactions; Principle 3.1: Full Disclosure; Supplementary Principle 4.1.1: Scope of Matters Delegated to Directors; Principle 4.8: Effective use of Independent Outside Directors; Principle 4.9: Independence Standard and Qualification for Independent Outside Directors; Supplementary Principle 4.11.1: View on Balance, Diversity and Size of the Board of Directors as a whole; Supplementary Principle 4.11.2: Status of Concurrent Positions of Directors; Supplementary Principle 4.11.3: Analysis and Evaluation of Effectiveness of the Board of Directors and Its Overview; Supplementary Principle 4.14.2: Training Policy for Directors and; Principle 5.1: Policy for Constructive Dialogue with Shareholders.

6. Basic Policy Regarding Antisocial Forces

The Board of Directors of the Company decided on the "Basic Policy toward Anti-social Forces." In addition, the Company's "Hospitality Charter," the code of conduct for all employees, requires every employee to "conform to social norms." Under these principles, the Company is committed

to conducting business based on the policy that it shall not have any relationship with anti-social forces nor accept any unreasonable claims from them. The same information is posted on the Company's website at https://www.resorttrust.co.jp/corporate/anti_social_policy/ (Japanese Only)

7. Policy Regarding Constructive Dialogue with Shareholders

Through its IR activities, the Group actively engages in dialogue aimed at building strong relationships with shareholders and other investors. The Group also strives to identify the composition of its shareholders and conducts IR activities. For institutional investors, the Group holds dialogues on earnings and the medium- to long-term vision. For individual investors, the Group holds briefings at IR events hosted by securities and other companies.

Presentation materials and videos of financial results briefings are made public on the Resorttrust website. Opinions and requests from investors obtained through these activities are,

depending on their importance, reported to management, which uses the feedback to sustainably improve corporate value when arriving at management decisions. As for managing insider information, the Group strictly practices fair disclosure and responds appropriately, as set out in the separate disclosure policy:

https://www.resorttrust.co.jp/english/ir/disclosure_policy/
Policy on Constructive Dialogue with Shareholders
<https://www.resorttrust.co.jp/english/ir/investors/governance/>

■ Governance System (as of June 30, 2018)

Type:	Company with Audit & Supervisory Committee	Type:	Company with Audit & Supervisory Committee
Audit & Supervisory Committee		Lead Director	President
Committee head	Outside directors	Number of directors	19
Total committee members	5 (including 4 outside directors)	Number of outside directors	6
Executive officer system	Yes	Number of independent directors	5
Maximum number of directors	25	Number of meetings of the Board of Directors	16 in fiscal 2018
Director term	1 year	Attendance rate of current outside directors	94.8% in fiscal 2018

Message from an Outside Director



Tomoyo Nonaka

Having worked as a main newscaster on numerous programs, such as for NHK and TV TOKYO, Ms. Nonaka has served as director at many companies, including Asahi Breweries, Sumitomo Corporation and Mitsui Fudosan. She became chairperson and CEO for Sanyo Electric in 2005 and also has a track record as a member of government councils, including the Fiscal System Council, Central Education Council and Okinawa Promotion Council. In 2007, she founded the Gaia Initiative, an NPO where she currently serves as chairman of the board of directors. She has been an outside director of RESORTTRUST, INC. since June 2017.

In fulfilling my role as outside director, I will ensure Resorttrust contributes to a rich and happy lifestyle for all our stakeholders.

We asked Ms. Tomoyo Nonaka, who was appointed as an outside director of Resorttrust in June 2017, about the roles expected of outside directors and the issues they are facing.

I think that the most important aspect of an outside director's mission is to "maximize capital efficiency" from the shareholder's point of view. However, the circumstances are unique for Resorttrust because many of its shareholders also have memberships with the Company. For this reason, I think we need to maintain a critical view of the Company, specifically from the perspective of hotel guests receiving our services.

In the age of the Internet, in which anyone can instantly cross national borders and time zones to obtain and send the desired information, the obvious thing about the sales and services that have been built up as the

cornerstone of the Company is to ask whether they have steadily caught up with the technological advances. In the case of "good tasting" food, what is the next, natural way for restaurants to evolve? Beyond being professionals in medical care and the tourism industry, are there no other services that could contribute to bringing "rich happiness" to even more people? And so on. There are many subjects and challenges to confront, but every effort will be made with each one, starting from what we are able to do now.

Also, The Kahala Hotel & Resort in Hawaii was one of my favorite places to stay when traveling with my grandmother more than 40 years ago, so I feel a connection to the brand. I will be doing everything I can to build up our The Kahala network in the years to come, including promoting its expansion into other countries.

Officers

(As of June 30, 2018)



Katsuyasu Ito
Chairman of the Board & CEO

Yoshiro Ito
Founder & Group CEO

Ariyoshi Fushimi
President & COO

Yoshiro Ito Founder & Group CEO	Shares owned: 2,922,616		
	April	1973	President
	May	1996	CEO
	April	1999	Chairman
	April	2018	Founder (current position) and Group CEO (current position)

Katsuyasu Ito Chairman of the Board & CEO	Shares owned: 787,312		
	April	1973	Managing Director
	September	1980	Senior Managing Director
	July	1993	Executive Vice President
	May	1996	COO
	April	1999	President
	April	2018	Chairman of the Board (current position) & CEO (current position)

Ariyoshi Fushimi President & COO	Shares owned: 150,000		
	October	2003	Head of Corporate Planning Office
	June	2005	Director
	July	2006	Corporate Planning and Public Relations Department Supervisor and Director of Public Relations
	July	2007	Head of Medical Business Head Office
	June	2013	Managing Director
	April	2014	Senior Managing Director and Head of Medical Division
	May	2016	Executive Vice President
	April	2018	President (current position) and COO (current position)

Masaaki Ito Executive Vice President, Head of Development Division Shares owned: 35,302	Katsuyuki Iuchi Senior Managing Director, Head of Operation Division & CCO (Chief Compliance Officer) Shares owned: 6,500	Atsuyuki Shintani Senior Managing Director, Head of Membership Division and President of Tokyo Office Shares owned: 173,000	Toshihiko Uchiyama Senior Managing Director, Head of Food & Beverages Division Shares owned: 135,130	Naoshi Takagi Managing Director, Deputy Head of Membership Division and President of Nagoya Office Shares owned: 20,000	Shinichiro Hanada Managing Director, Deputy Head of Development Division Shares owned: 0
Shigetoshi Ogino Director, Head of Hotels & Resorts Division Shares owned: 64,672	Tetsuya Furukawa Director, Head of Medical Division Shares owned: 10,300	Masahiro Kawagushi Director, Membership Division, President of Yokohama Office Shares owned: 84,064	Tomoyo Nonaka* Outside Director Shares owned: 0	Asako Terazawa* Outside Director Shares owned: 0	
Yoshitaka Okada Director (Audit & Supervisory Committee Member) Shares owned: 14,000	Yoshitaka Taniguchi* Outside Director (Audit & Supervisory Committee Member) Shares owned: 16,000	Yoichi Aiba Outside Director (Audit & Supervisory Committee Member) Shares owned: 0	Satoshi Akahori* Outside Director (Audit & Supervisory Committee Member) Shares owned: 0	Toshihisa Nakatani* Outside Director (Audit & Supervisory Committee Member) Shares owned: 0	

*1 Information about each director, including their career history, status as independent officers, and reasons for their nomination, is available in the notification of the convocation of the 45th Annual General Meeting of Shareholders and documents submitted for independent officers. *2 Shares owned as of March 31, 2018. * Independent officer



Financial&Corporate Information

Introduction

Growth strategy

Value Creation

Our Business

ESG Management

Financial&Corporate Information

Consolidated Financial Statements

■ Operating Results

	2008/3	2009/3	2010/3
Net sales	104,708	87,254	103,645
Operating income	14,240	5,407	11,191
Ordinary income	14,352	5,444	10,916
Income before income taxes and non-controlling interests	12,518	3,697	6,911
Net income attributable to owners of the parent	7,433	507	4,184
Depreciation cost (CF base)	5,169	6,321	6,083
EBITDA*	19,409	11,728	17,274
Capital investment	12,896	9,282	7,093
Net cash provided by operating activities	7,416	6,114	21,270
Net cash used in investment activities	(22,687)	(4,776)	(5,341)
Net cash provided by (used in) financing activities	7,205	(6,506)	(1,457)
Cash and cash equivalents	22,065	17,060	31,592
Net cash provided by operating activities to net sales(%)	7.1	7.0	20.5
Net assets	57,940	50,798	60,273
Total assets	239,983	243,083	256,573

*Operating income+Depreciation cost (CF base)

Financial Data

■ Financial Indicators (Consolidated)

	2014/3	2015/3	2016/3	2017/3	2018/3
Operating income to net sales	13.0	13.3	13.1	9.4	10.7
Net income attributable to owners of the parent to net sales	7.5	9.8	9.2	7.7	7.2
Return on assets (ROA)	3.1	3.4	3.3	2.7	2.8
Return on equity (ROE)	12.4	13.6	12.5	9.9	10.1
Interest coverage ratio* (times)	92.6	43.9	5.3	44.9	13.0
Equity ratio	24.7	25.5	26.6	27.0	28.6

* Interest coverage ratio = Net cash provided by operating activities / interest payment amount

■ Per Share Data (Consolidated)

	2014/3	2015/3	2016/3	2017/3	2018/3
Earnings per share (basic)* ¹	89.71	120.30	123.34	103.40	110.82
Earnings per share (diluted)* ¹	84.59	108.69	112.81	95.09	101.99
Net assets per share* ²	758.35	963.99	1,019.35	1,068.20	1,130.11
Cash dividends per share* ³	31.00	43.00	46.00	46.00	46.00
Payout ratio (%)	34.6	35.7	37.3	44.5	41.5

The Resorttrust Group implemented a 2-for-1 stock split on January 1, 2014. Per share data has been recalculated to account for the stock split.

*1: Earnings per share are calculated hypothetically based on the applicable stock split conducted at the start of the related fiscal year. *2: Net assets per share are calculated hypothetically based on the applicable stock split conducted at the start of the related fiscal year.*3: Cash dividends per share are values which have been retroactively corrected based on consideration of the applicable stock split.

Note: Per share data is rounded to the third decimal place. Financial indicators are rounded to the second decimal place.

							(Millions of Yen)
2011/3	2012/3	2013/3	2014/3	2015/3	2016/3	2017/3	2018/3
108,976	99,894	105,311	116,824	120,401	142,249	143,541	165,413
13,172	9,891	12,054	15,190	16,041	18,640	13,514	17,742
13,341	9,443	12,976	16,830	20,206	19,439	14,806	19,422
7,866	8,969	11,508	15,408	17,709	17,531	16,290	18,585
3,300	5,415	7,127	8,733	11,851	13,044	11,010	11,830
6,185	6,166	5,482	5,523	5,876	7,030	7,746	8,609
19,357	16,057	17,536	20,713	21,917	25,670	21,260	26,351
6,269	5,320	3,527	19,561	40,192	14,177	14,409	26,490
14,126	19,657	21,338	24,815	22,057	2,616	26,249	8,456
(5,962)	(15,546)	(15,958)	(33,747)	(71,837)	(33,824)	3,881	(7,282)
(19,131)	(3,351)	11,447	22,179	60,359	(8,624)	(15,593)	(9,177)
21,446	21,888	38,716	51,965	66,404	25,476	40,365	32,469
13.0	19.7	20.3	21.2	18.3	1.8	18.3	5.1
61,379	64,883	73,145	81,395	104,769	112,515	118,379	125,190
237,359	235,151	253,861	300,774	390,832	407,430	421,606	421,515

■ Net Sales by Segment*

					(Millions of Yen)
	2014/3	2015/3	2016/3	2017/3	2018/3
Membership operations	36,274	33,590	46,282	42,530	56,254
Hotel and Restaurant operations	62,303	65,462	72,817	74,193	77,715
Medical operations	17,341	19,746	21,806	25,702	30,735
Others	904	1,602	1,344	1,114	707
Total	116,824	120,401	142,249	143,541	165,413

■ Operating Income by Segment*

					(Millions of Yen)
	2014/3	2015/3	2016/3	2017/3	2018/3
Membership operations	6,251	6,230	9,898	6,988	16,387
Hotel and Restaurant operations	4,930	4,906	4,567	3,010	3,563
Medical operations	3,755	4,287	3,629	3,011	5,236
Others	253	617	545	503	554
Head Office cost	—	—	—	—	(7,999)
Total	15,190	16,041	18,640	13,514	17,742

* Following organizational changes on April 1, 2014, the Golf operations business segment was integrated into Membership operations, with a portion combined into Hotel and Restaurant operations in the fiscal year ended March 31, 2015. Segment data for the previous fiscal year is presented based on current segmentation.

Notes: 1. In this document, "fiscal year" refers to the year ended/ending March 31.

Figures in this document denoted in millions are rounded down to the nearest million yen.

2. Starting at the end of March 2018, operating income segments prior to the allocation of Head Office costs are being released. Please see pp. 22-24 for data prior to the March 2017 period (operating income segments prior to the allocation of Head Office costs).

Consolidated Financial Statements

Consolidated Balance Sheets (Based on Japanese Accounting Principles)

ASSETS

	(Millions of Yen)		
	2016/3	2017/3	2018/3
Current assets			
Cash and deposits	24,742	39,063	29,366
Notes and accounts receivable—trade	6,738	9,437	7,689
Operating loans	38,050	41,553	44,041
Securities	28,466	6,215	6,404
Merchandise	785	915	972
Real estate for sale	5,614	15,634	22,776
Raw materials and supplies	957	1,317	1,374
Real estate for sale in process	27,902	26,931	28,116
Deferred tax assets	3,985	4,810	5,557
Other	11,077	6,525	6,303
Allowance for doubtful accounts	(1,069)	(974)	(950)
Total current assets	147,250	151,430	151,652
Non-current assets			
Property, plant and equipment			
Buildings and structures, net	93,458	93,810	94,830
Machinery, equipment and vehicles, net	2,059	2,258	2,765
Golf courses	7,568	7,585	7,591
Land	40,561	37,946	38,302
Lease assets, net	2,835	4,715	6,689
Construction in progress	5,588	4,842	15,700
Other, net	4,812	4,663	4,721
Total property, plant and equipment	156,884	155,824	170,600
Intangible assets			
Goodwill	146	4,526	4,121
Software	1,833	3,264	4,240
Other	2,360	2,600	2,638
Total intangible assets	4,341	10,391	11,001
Investments and other assets			
Investment securities	82,506	85,687	64,724
Shares of subsidiaries and associates	1,665	1,387	1,390
Long-term loans receivable	4,207	4,227	6,163
Net defined benefit asset	1,068	1,125	1,219
Deferred tax assets	1,924	1,894	2,113
Other	9,439	10,473	13,486
Allowance for doubtful accounts	(1,857)	(834)	(835)
Total investments and other assets	98,954	103,959	88,262
Total non-current assets	260,179	270,175	269,863
Total assets	407,430	421,606	421,515

LIABILITIES

	(Millions of Yen)		
	2016/3	2017/3	2018/3
Current liabilities			
Notes and accounts payable—trade	1,123	1,401	1,355
Short-term loans payable	2,500	9,200	8,958
Current portion of long-term loans payable	10,342	4,616	19,119
Current portion of bonds	450	250	2,750
Lease obligations	365	662	848
Accounts payable—other	20,755	22,786	16,825
Income taxes payable	1,426	3,800	4,741
Accrued consumption taxes	668	494	1,642
Advances received	25,227	33,532	28,564
Other	18,933	19,033	21,347
Total current liabilities	81,794	95,778	106,153
Non-current liabilities			
Bonds payable	3,700	3,450	700
Bonds with subscription rights	30,242	30,200	29,855
Long-term loans payable	59,723	50,258	32,069
Lease obligations	2,675	4,402	6,343
Deferred tax liabilities	851	871	905
Provision for directors' retirement benefits	2,306	2,171	2,131
Provision for stocks payment	904	1,078	1,294
Net defined benefit liability	1,272	1,525	1,755
Long-term guarantee deposited	103,098	102,492	101,541
Negative goodwill	342	221	100
Other	8,001	10,774	13,475
Total non-current liabilities	213,119	207,447	190,172
Total liabilities	294,914	303,226	296,325

NET ASSETS

Shareholders' equity			
Capital stock	19,588	19,588	19,590
Capital surplus	22,583	22,171	22,192
Retained earnings	65,938	71,837	78,770
Treasury shares	(3,451)	(2,788)	(2,212)
Total shareholders' equity	104,657	110,809	118,341
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	616	1,007	661
Foreign currency translation adjustment	3,334	2,222	1,814
Remeasurements of defined benefit plans	(256)	(139)	(55)
Total accumulated other comprehensive income	3,694	3,089	2,421
Subscription rights to shares	16	—	229
Non-controlling interests	4,146	4,480	4,198
Total net assets	112,515	118,379	125,190
Total liabilities and net assets	407,430	421,606	421,515

■ Consolidated Statements of Income and Consolidated Statements of Comprehensive Income (Based on Japanese Accounting Principles)

Consolidated Statements of Income

(Millions of Yen)

	2016/3	2017/3	2018/3
Net sales	142,249	143,541	165,413
Cost of sales	24,466	25,878	33,799
Gross profit	117,783	117,662	131,614
Total selling, general and administrative expenses	99,142	104,148	113,871
Advertising expenses	2,381	2,414	2,677
Membership service expenses	629	717	709
Repair and maintenance	3,525	3,283	3,356
Linen expenses	3,375	3,460	3,640
Employees' salaries and bonuses and directors' compensation	41,180	41,741	45,685
Depreciation	6,706	7,021	7,549
Other	41,344	45,509	50,253
Operating income	18,640	13,514	17,742
Total non-operating income	2,664	3,176	3,102
Interest and dividend income	2,322	2,345	2,236
Other	341	831	865
Total non-operating expenses	1,865	1,884	1,422
Interest expenses paid on loans and bonds	488	593	652
Other	1,376	1,290	769
Ordinary income	19,439	14,806	19,422
Total extraordinary income	1,355	3,477	505
Total extraordinary losses	3,263	1,993	1,341
Income before income taxes and non-controlling interests	17,531	16,290	18,585
Income taxes—current	5,257	5,909	7,398
Income taxes—deferred	(816)	(665)	(818)
Total income taxes	4,441	5,244	6,579
Net income	13,090	11,046	12,006
Net income (loss) attributable to non-controlling interests	45	35	175
Net income attributable to owners of the parent	13,044	11,010	11,830

Consolidated Statements of Comprehensive Income

(Millions of Yen)

	2016/3	2017/3	2018/3
Net income	13,090	11,046	12,006
Other comprehensive income			
Valuation difference on available-for-sale securities	(4,130)	388	(345)
Foreign currency translation adjustment	663	(1,112)	(407)
Remeasurements of defined benefit plans, net of tax	(513)	116	84
Total other comprehensive income	(3,981)	(607)	(668)
Comprehensive income	9,109	10,438	11,337
Attributable to			
Attributable to owners of parent	9,068	10,406	11,161
Attributable to non-controlling interests	41	32	176

■ Consolidated Statements of Cash Flows (Based on Japanese Accounting Principles)

(Millions of Yen)

	2016/3	2017/3	2018/3
Net cash provided by operating activities	2,616	26,249	8,456
Net cash used in investment activities	(33,824)	3,881	(7,282)
Net cash provided by (used in) financing activities	(8,624)	(15,593)	(9,177)
Effect of exchange rate changes on cash and cash equivalents	(151)	23	40
Net increase (decrease) in cash and cash equivalents	(39,983)	14,561	(7,962)
Cash and cash equivalents at beginning of period	66,404	25,476	40,365
Increase (decrease) from change in scope of consolidation	(944)	326	66
Cash and cash equivalents at end of period	25,476	40,365	32,469

Business Data

■ Membership Indicators

(Number of Persons)

		2014/3		2015/3		2016/3		2017/3		2018/3	
Baycourt	Members	8,424		8,493		10,646		13,115		15,793	
	Corporate	4,533	53.8%	4,649	54.7%	6,021	56.6%	7,766	59.2%	9,728	61.6%
	Individual	3,891	46.2%	3,844	45.3%	4,625	43.4%	5,349	40.8%	6,065	38.4%
XIV	Members	70,431		74,870		76,546		76,517		77,220	
	Corporate	29,744	42.2%	32,308	43.2%	33,466	43.7%	33,583	43.9%	34,111	44.2%
	Individual	40,687	57.8%	42,562	56.8%	43,080	56.3%	42,934	56.1%	43,109	55.8%
Sun Members	Members	36,124		35,572		35,103		34,429		33,572	
Cruiser	Members	465		428		456		417		399	
Golf	Members	29,712		30,635		31,343		31,032		30,671	
HIMEDIC	Members	10,523		13,070		15,132		16,473		18,124	
Total		155,679		163,068		169,226		171,983		175,779	

■ Hotel and Restaurant Operations

Net Sales by Category

(Millions of Yen)

	2014/3	2015/3	2016/3	2017/3	2018/3
XIV	31,941	32,360	31,988	33,664	36,058
Sun Members	4,492	4,765	4,658	4,707	4,804
Hotel Trusty	4,764	5,331	6,162	6,460	6,789
Baycourt*	4,095	4,388	4,555	4,443	4,790
The Kahala Hotel & Resort	—	1,713	8,607	7,950	8,207
Income from membership fees	6,562	6,710	6,752	6,927	7,124
Proceeds from amortizing deposits	2,916	2,868	2,886	2,929	2,993
Other income	4,703	7,324	7,205	7,107	6,947
Total	62,303	65,462	72,817	74,193	77,715

Occupancy Rates by Category

(%)

	2014/3	2015/3	2016/3	2017/3	2018/3
XIV	53.7	54.0	54.0	52.6	50.8
Sun Members	62.8	64.7	65.2	62.7	60.4
Hotel Trusty	87.1	89.7	92.5	91.2	91.7
Baycourt*	48.3	53.2	59.5	57.1	54.6

* Results for the fiscal year ended March 2018 include the Ashiya Baycoat Club (opened February 26, 2018).

Number of Overnight Visitors by Category

(Number of Persons)

	2014/3	2015/3	2016/3	2017/3	2018/3
XIV	1,816,269	1,815,749	1,786,996	1,812,543	1,864,448
Sun Members	475,043	496,901	477,338	444,621	431,345
Hotel Trusty	559,606	603,412	637,474	662,363	696,234
Baycourt*	124,645	135,201	150,809	143,812	145,426
Total	2,975,563	3,051,263	3,052,617	3,063,339	3,137,453

Spending per Visitor by Category

(Yen)

	2014/3	2015/3	2016/3	2017/3	2018/3
XIV	17,586	17,822	17,901	18,573	19,340
Sun Members	9,457	9,591	9,759	10,589	11,139
Hotel Trusty	8,514	8,835	9,667	9,754	9,752
Baycourt*	32,854	32,458	30,206	30,898	32,940

* Results for the fiscal year ended March 2018 include the Ashiya Baycoat Club (opened February 26, 2018).

■ Medical operation

Breakdown of sales

(Millions of Yen)

	—	—	—	2017/3	2018/3
HIMEDIC Business	—	—	—	12,575	13,908
MS (Medical Service) Corporation Business*	—	—	—	3,912	5,120
Aging Care Business (product sales, etc.)	—	—	—	1,904	2,370
Senior Lifestyle Business	—	—	—	7,283	9,321
Other	—	—	—	26	14
Total	—	—	—	25,702	30,735

* Operations support, etc. for general-use medical facilities

* Breakdown from March 2017

Number of senior living rooms (as of the end of the period)

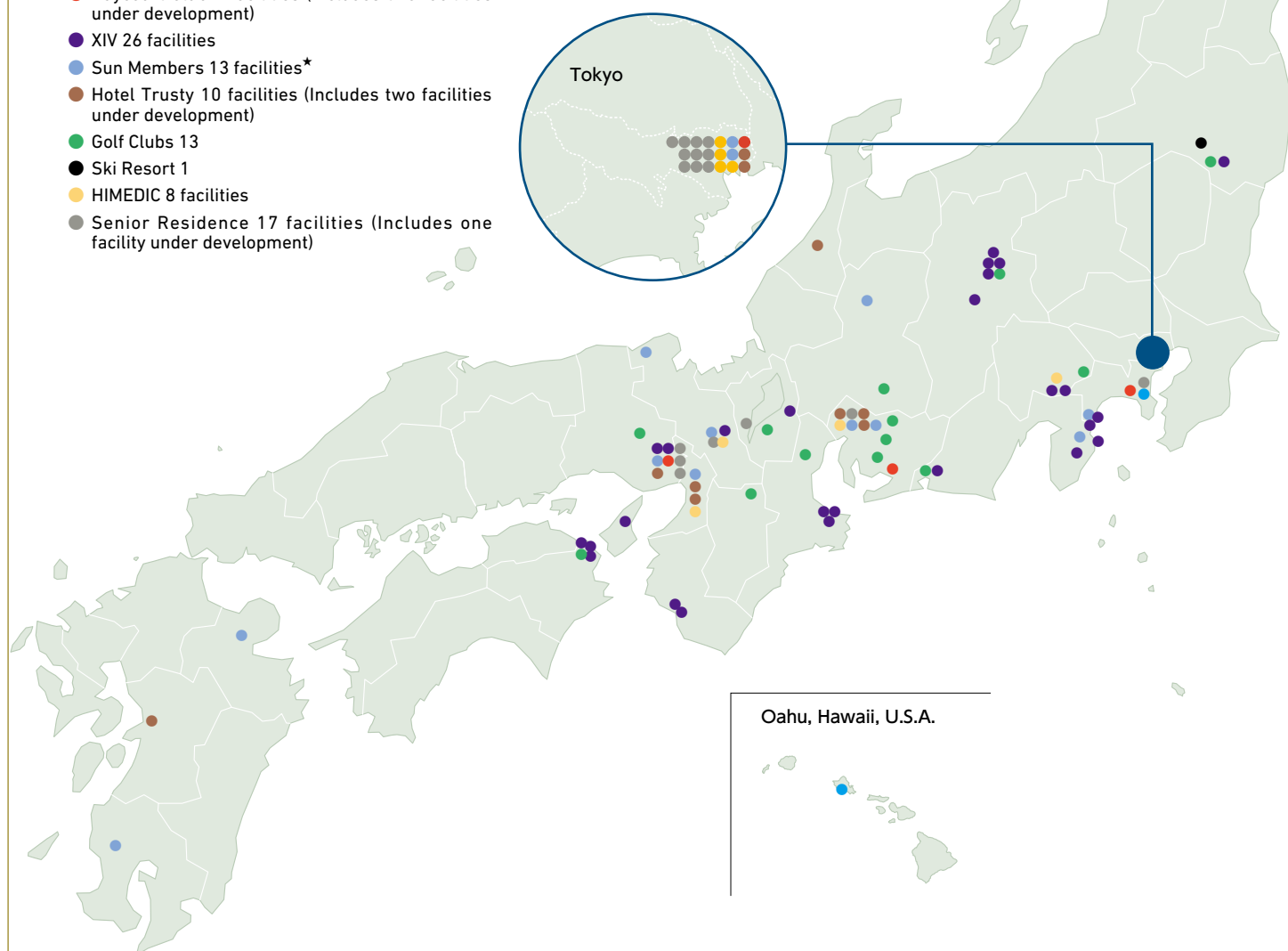
(%)

	2014/3	2015/3	2016/3	2017/3	2018/3
Rooms	813rooms	907rooms	1,025rooms	1,075rooms	1,513rooms
Utilization rate (achievement)	76.6	80.8	87.6	90.0	85.1

Resorttrust Network

(As of July 1, 2018)

- Kahala 2 facilities (Includes one facility under development)
- Baycourt Club 4 facilities (Includes two facilities under development)
- XIV 26 facilities
- Sun Members 13 facilities*
- Hotel Trusty 10 facilities (Includes two facilities under development)
- Golf Clubs 13
- Ski Resort 1
- HIMEDIC 8 facilities
- Senior Residence 17 facilities (Includes one facility under development)



Hotel Facilities

	Year Operations Began	Rooms
● Kahara		338*
Oahu, Hawaii, U.S.A.		
The Kahala Hotel & Resort	2014	338
Kanagawa		
The Kahala Hotel & Resort Yokohama (Under development)	2020(plan)	146
	Year Opened	Rooms
● Baycourt Club		493*
Tokyo		
Tokyo Baycourt Club	2008	292
Kanagawa		
Yokohama Baycourt Club (Under development)	2020(plan)	138
Aichi		
Laguna Baycourt Club (Under development)	2019(plan)	193
Hyogo		
Ashiya Baycourt Club	2018	201

	Year Opened	Rooms
● XIV		3,613
Fukushima		
XIV Nasu Shirakawa	2005	58
Yamanashi		
XIV Yamanakako	1993	252
XIV Yamanakako Sanctuary Villa	2009	28
Nagano		
XIV Karuizawa	1990	200
XIV Karuizawa Paseo	2012	32
XIV Karuizawa Sanctuary Villa	2004	40
XIV Karuizawa Sanctuary Villa Museo	2012	16
XIV Tateshina	1999	230
Kanagawa		
XIV Yugawara Rikyu	2017	187
XIV Hakone Rikyu	2010	187
Shizuoka		
XIV Hatsushima Club	2000	200
XIV Izu	1988	227
XIV Hamanako	2004	193

Year Opened Rooms

Mie		
XIV Toba	1987	207
XIV Toba Annex	1991	198
XIV Toba Bettai	2016	121
Shiga		
XIV Biwako	1997	268
Kyoto		
XIV Kyoto Yase Rikyu	2006	210
Wakayama		
XIV Shirahama	1989	104
XIV Shirahama Annex	1993	144
Hyogo		
XIV Rokko Sanctuary Villa	2018	48
XIV Arima Rikyu	2011	175
XIV Awajishima	1992	109
Tokushima		
XIV Naruto	2001	135
XIV Naruto Sanctuary Villa	2003	22
XIV Naruto Sanctuary Villa Due	2005	22
Sun Members		1,209*
Kanagawa		
Resorpia Hakone	1984	171
Shizuoka		
Resorpia Atami	1983	206
Kyoto		
Resorpia Kumihama	1984	57
Oita		
Resorpia Beppu	1984	57
Gifu		
Sun Members Hirugano	1974	36
Kyoto		
Sun Members Kyoto Saga	1980	67
Hyogo		
Sun Members Kobe	1985	53
Tokyo		
Sun Members Tokyo Shinjuku	1982	181
Sun Members Tokyo Shinbashi	1980	23
Aichi		
Sun Members Nagoya Nishiki	1979	79
Sun Members Nagoya Shirakawa	1974	105*
Osaka		
Sun Members Osaka Umeda	1978	69
Kagoshima		
Sun Members Kagoshima	1980	105
Hotel Trusty		1,520*
Tokyo		
Hotel Trusty Tokyo Bayside	2008	200
Hotel Trusty Premier Nihonbashi Hamacho (Under development)	2019(plan)	223
Ishikawa		
Hotel Trusty Kanazawa Korinbo	2013	207
Aichi		
Hotel Trusty Nagoya Sakae	2003	204
Hotel Trusty Nagoya Shirakawa	2016	105*
Hotel Trusty Nagoya	1997	250
Osaka		
Hotel Trusty Osaka Abeno	2012	202
Hotel Trusty Shinsaibashi	2005	211
Hyogo		
Hotel Trusty Kobe Kyukyoryuchi	2009	141
Kumamoto		
Hotel Trusty Premier Kumamoto (Under development)	2019(plan)	205

* Total number of rooms provided as guest rooms for Hotel Trusty Nagoya Shirakawa and Sun Members Nagoya Shirakawa, both of which occupy the same hotel space.

Golf Clubs/Ski Resort

		Holes
Fukushima	Grandee Nasu Shirakawa Golf Club	36
Yamanashi	Maple Point Golf Club	18
Nagano	Grandee Karuizawa Golf Club	18
Shizuoka	Grandee Hamanako Golf Club	18
Gifu	Springfield Golf Club	18
	Pines Golf Club	18
Aichi	St. Creek Golf Club	27
	The Tradition Golf Club	18
Mie	Grace Hills Country Club	18
Shiga	The Country Club	18
Hyogo	Kansai Golf Club	18
Nara	Oakmont Golf Club	27
Tokushima	Grandee Naruto Golf Club 36	36

		Year Operations Began
Fukushima	Grandee Hatoriko Ski Resort	2004

HIMEDIC Facilities

	Year Opened
Yamanashi	
HIMEDIC Yamanakako	1994
Tokyo	
HIMEDIC Tokyo University Hospital	2006
HIMEDIC Midtown	2013
HIMEDIC Tokyo Bay Imaging Center	2015
HIMEDIC Tokyo Bay	2015
Aichi	
HIMEDIC Nagoya	2016
Kyoto	
HIMEDIC Kyoto University Hospital	2016
Osaka	
HIMEDIC Osaka	2005

Senior Residence Facilities

	Rooms
	1,587*
Tokyo	
Trust Garden Suginamimiyamae	100
Trust Garden Nanpeidai	41
Trust Garden Sakurashinmachi	86
Trust Garden Yoganomori	129
Trust Garden Todoroki	57
Trust Garden Higashiminemachi	32
Trust Garden Hongo	118
Trust Garden Tokiwamatsu	50
Classic Garden Bunkyo Nezu	51
Trust Garden Ogikubo (Tentative name/Under development)	51
Kanagawa	
Life Assist Bashamichi	74
Aichi	
Morning Park Chikaramachi	41
Shiga	
Activa Biwa (Independent Living and Assisted Living)	384
Kyoto	
Trust Garden Shijo Karasuma	54
Hyogo	
Trust Garden Takarazuka	89
Trust Grace Mikage (Independent Living)	218
Trust Grace Mikage (Assisted Living)	63

* Excludes properties under development

Investor FAQ

Q What is the estimated size of targeted markets? Are they shrinking? How are you addressing the issue of aging members and generational shift?

A The affluent sector in Japan is roughly 1% of the population, and it is not shrinking. A fair number of people become new members through inheritance and generational shifts, and we are proactively examining measures for membership rotation.

Q What steps are being considered for improving profitability?

A We are investing in systems. For example, we are going paperless, using IT in backyard operations, and studying the use of robots to save labor. Advances are quickly being made in these fields, and we have a proactive stance on adopting new technologies.

Q What products and facilities can international memberships use?

A As a new brand development, I would like to make a hybrid-type facility for general customers and for the membership. For our next bases we are considering resorts in Okinawa in Japan and, overseas, in Southeast Asia.

Q What is your forecast for growth in Membership Operations over the next five years?

A We anticipate consistent, steady growth as opposed to sharp growth. Our focus is on increasing the number of accounts and members rather than contract amounts. On a home address basis, we currently have around 135,000 members, and we see potential demand for roughly 200,000 members in mainly the Kanto region.

Q In the new medium-term management plan, there are no planned openings in the second and fourth years. Are profits likely to decline?

A If there are no deferred revenues and earnings realized at the time of facility opening, profits are depressed by this amount on the accounting books. If profits come under pressure, we believe the decline can be partially offset by other factors that boost profits and earnings in other operations.

Q Under the new medium-term management plan, it seems Resorttrust has plans to develop fewer properties than before. Why? Is there any possibility that this number will increase?

A Additional construction is possible, depending on inventory levels, but any decisions will take into account rising construction costs. In the previous management plan, there was a higher than normal number of construction starts, so inventory levels are currently strong.

Corporate Data

(As of March 31, 2018)

Company Name	RESORTTRUST, INC. URL https://www.resorttrust.co.jp/
Headquarters	2-18-31, Higashisakura, Naka-ku, Nagoya-shi, Aichi 460-8490, Japan
Tokyo Office	Resorttrust Tokyo Bldg., 4-36-19, Yoyogi, Shibuya-Tokyo 151-0053, Japan

Established	April 1973
Common Stock	¥19,590million
Number of Employees	7,331 (Consolidated, full-time employees)
Fiscal Year-End	March 31

Stock Information

(As of March 31, 2018)

Shareholder Information

Stock Exchange Listings	Tokyo Stock Exchange, First Section Nagoya Stock Exchange, First Section
Common Shares	150,000,000 shares
Total Number of Shares Issued	108,520,799 shares
Number of Shareholders	25,631

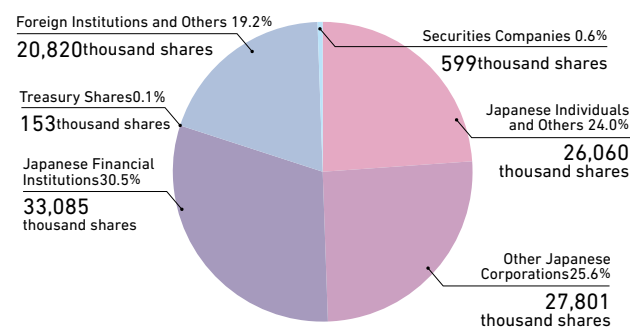
Major Shareholders

Name	Number of Shares Owned (Thousands)	Percentage of Total Shares Issued (%)
Takarazuka Corporation, Inc.	13,419	12.4
The Master Trust Bank of Japan, Ltd. (Trust Account)	6,168	5.7
Japan Trustee Services Bank, Ltd. (Trust Account)	5,949	5.5
SAPPORO BREWERIES LIMITED	3,351	3.1
Yoshiro Ito	2,922	2.7
Japan Trustee Services Bank, Ltd. (Trust Account 9)	2,585	2.4
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1,966	1.8
GI Co., Ltd.	1,921	1.8
NORTHERN TRUST CO. (AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND, L.P.	1,697	1.6
SUMITOMO LIFE INSURANCE COMPANY	1,555	1.4

Shareholder Benefits

When Benefits Are Fixed	The end of March, for shareholders with 100 or more shares
Details	Restaurant discount ticket (50%, 30% discount) Can be used for food and drink by those who are eligible or staying at Hotel Trusty properties. (The discount is capped.)

Composition of Shareholders by Category



Major Group Companies

(As of March 31, 2018)

Company Name	Activities	Capital (Millions of Yen)	Voting Interest (%)
RESORTTRUST HAWAII, LLC	Hotel management	\$200 million	100
RTCC CORPORATION	Reciprocal use of overseas resorts and reservations for resorts in Japan	50	100
COMPLEX BIZ INTERNATIONAL Co., LTD.	Manufacture and sale of hair accessories; comprehensive beauty care business	50	100
NIPPON SWISS PERFECTION CO., LTD.	Cosmetics import sales, etc.	10	100.0 (100.0)
JES Co., Ltd.	Cleaning business	10	100
Sun Hotel Agent Co., Ltd.	Nonlife insurance agency business	10	100 (100)
HIMEDIC, Inc.	Sale and management of medical club memberships	300	100
Cancer Intelligence Care Systems, Inc.	Consulting services for medical facility management	432	51.1 (51.1)
Tokyo Midtown Medicine Co., Ltd.	Consulting services for medical facility management	100	66.5 (66.5)
Advanced Medical Care Inc.	Consulting services for medical facility management	100	100 (100)
Shinko medical support Co., Ltd.	Consulting services for medical facility management	100	50.0 (50.0)
iMedical Inc.	Developing healthcare-related systems	100	51.0 (51.0)
Cent-Medical Associates Inc.	Remote imaging diagnostic systems	9	51.0 (51.0)
ACTIVA Co., Ltd.	Senior residence business	1	100
Trust Grace, Inc.	Senior residence businesses	100	100
Trust Garden, Inc.	Senior residence businesses	50	100
R.T. DEVELOPMENT CO., LTD.	Real estate leasing	100	100
JUSTFINANCE Co., Ltd.	Money lending	10	100
R.F.S. Co., Ltd.	Accounting services and general administration for affiliated companies	10	100
Resorttrust Golf Business Co., Ltd.	Golf course operation and sale of golf course memberships	100	100
KANSAI GOLF CLUB Co., LTD.	Golf course operation and sale of golf course memberships	50	100 (100)

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



A printing company in Fukushima Prefecture printed this material at our request as part of our support activities for recovery from the 2011 earthquake disasters