



RESORTTRUST  
GROUP

# CORPORATE REPORT 2019

# Resorttrust Group Management Philosophy

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]

### ● **Vision** The Vision That Inspires Us

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

### ● **Mission** The Mission That Drives Us

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

### ● **Ambition** The Principles That Guide Us

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

### ● **Value** The Values That Anchor Us

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.





Entrance lobby of Laguna Baycourt Club

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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

# Services We Provide Continue to Evolve and Expand Together with Lifestyle Changes.

### ■ Changing social needs in Japan

Heightened leisure needs after the period of high economic growth

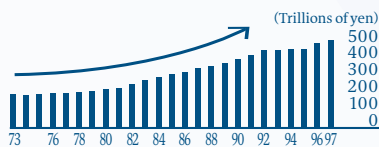
Acceleration of aging society

Collapse of economic bubble: Group travel→Personal consumption

Diversification

Increased health awareness

#### ■ GDP growth



#### ■ Increased number of vacation days

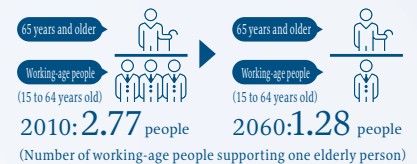
Annual vacation days until 1987: approx.

95 days

Annual vacation days from 1988 to about 1993: approx.

110 days

#### ■ Declining birthrate and aging society



(Source: 2014 WHITE PAPER Information and Communications in Japan, MIC)

### ■ Expansion of Group business



Sun Members Hirugano December 1974



XIV Toba April 1987



HIMEDIC Yamanakako October 1994



Listed on the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange November 2000

#### Birth of a membership resort pioneering a lifestyle for enjoying time off

Founded based on a membership hotel business proposing a lifestyle for enjoying time off, a concept for which there was little recognition at the time.

#### Heightened leisure demand in conjunction with increased number of vacation days

Due to an amendment to the Labor Standards Act, the number of vacation days for Japanese citizens increased from approximately 95 days in 1987 to about 110 by 1993. This expanded the concept of enjoying time off. We increased the number of members by providing a special luxurious atmosphere for our major brand XIV.

#### Established Medical Operations to respond to member needs during the dawn of an aging society

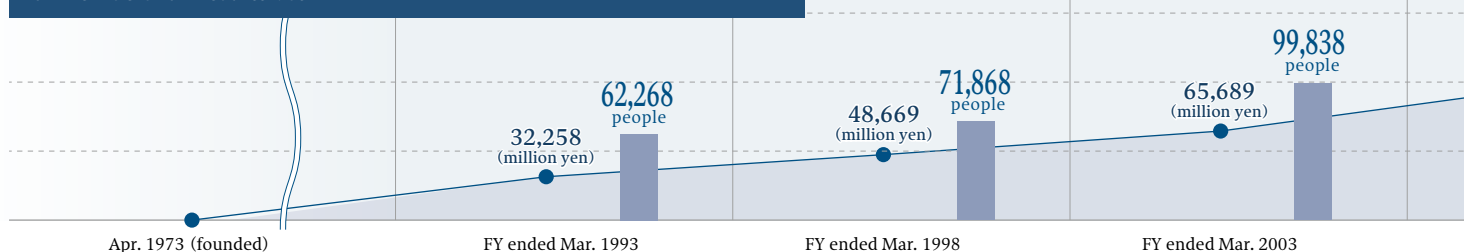
As society began to pay more attention to medical measures for a declining birthrate and aging society, we formed partnerships with medical institutions to start examinations and medical consultations for members. We began providing services for early detection and preventive medicine.

#### Further expansion of business by going public

In 2000, our Company was listed on the First Section of the Tokyo Stock Exchange and Nagoya Stock Exchange. Our hotel development and operation business continued to achieve further growth.

#### Changes in net sales and number of members for Resorttrust

■ Net sales ■ Number of members



In the Resorttrust business, we have incorporated changing social needs which match the changing times and achieved services desired by customers. During the period of high economic growth, we advanced our resort hotel development and operation business and expanded our business together with heightened awareness of Japanese citizens towards enjoying vacation days. In conjunction with social issues such as a declining birthrate and aging society, we are continuing to grow Group businesses through the Medical Operations and Senior Lifestyle Operations.

with a low birth rate, heightened importance for preventive medicine (increased medical expenses)

of lifestyles

Becoming tourism-oriented country, regional revitalization, working-style reform

Increased healthy life span, QOL, increased demand for infrastructure for the elderly

#### ■ Increased national medical expenses



(Source: Annual Changes in National Medical Expenses, MHLW)

#### ■ Increased demand for senior citizen facilities



(Created by our Company based on the Industry Survey website operated by Mizuho Corporate Bank)

#### ■ Number of foreign tourists visiting Japan



(Source: Materials published by the Japan National Tourism Organization)



Classic Garden Bunkyo Nezu September 2006

#### Established new service model for senior market based on our brand strength

By utilizing management resources accumulated through our Membership Operations and Medical Operations, we engaged in development and operation of private residences and private nursing homes featuring high-end services. We started providing a comfortable senior lifestyle with peace of mind.



Tokyo Baycourt Club March 2008

#### Opened an urban resort hotel

Established the membership brand Baycourt Club on the shores of Tokyo Bay. The club responds to diversifying lifestyles through a luxurious urban relaxation space.



The Kahala Hotel & Resort October 2014

#### Seeking global expansion and advancing overseas business

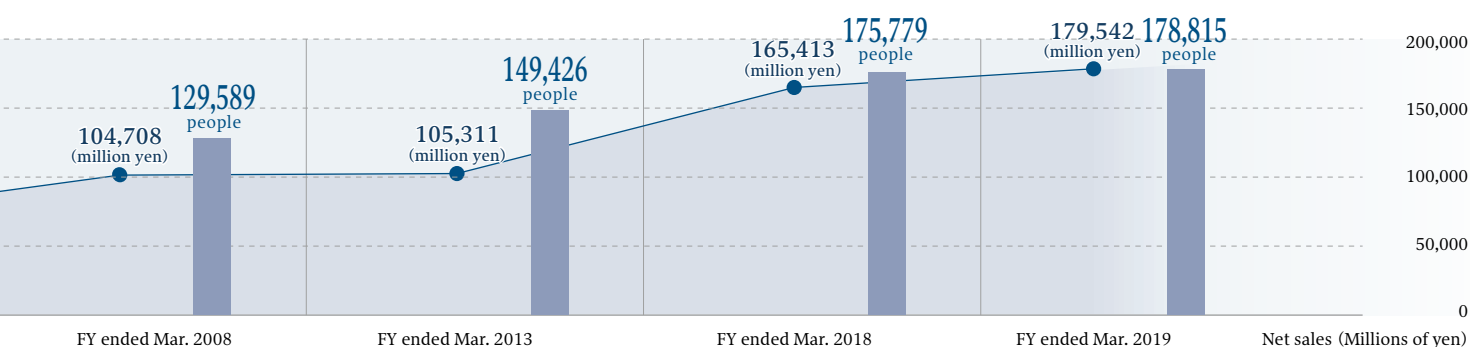
We acquired The Kahala Hotel & Resort, a famous Hawaiian resort brand, as a foothold for expanding into global business. In 2020, we plan to open the first domestic facility of the same brand in Yokohama. We are also considering further expansion into the Asia-Pacific region and other regions.



New Medium-term Management Plan: Connect 50  
April 2018 to March 2023

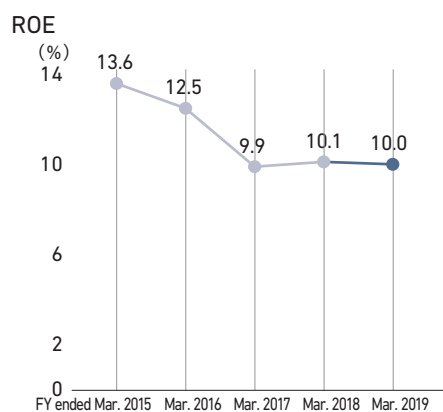
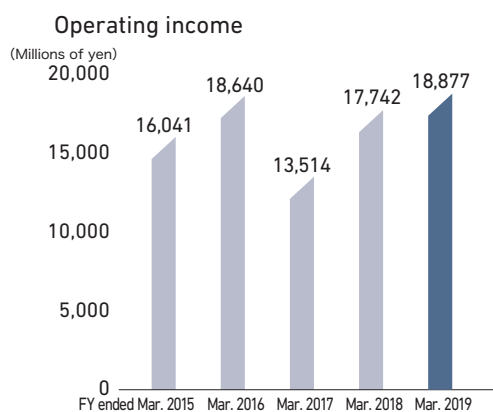
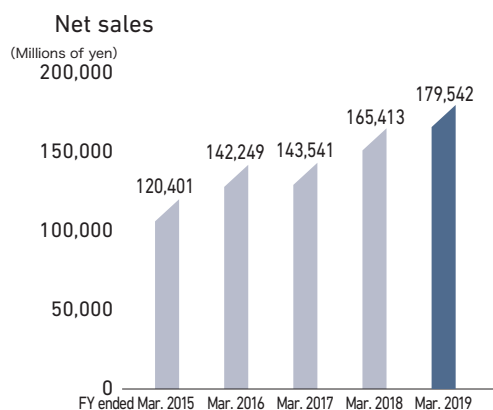
#### Maximizing Group synergy to provide services which satisfy all customers

We will maximize Group synergy and operate facilities for both members and ordinary customers. Through services such as hotel management, medical facilities, and senior care facilities, we will seek to achieve a relationship in which we serve customers throughout their entire life.

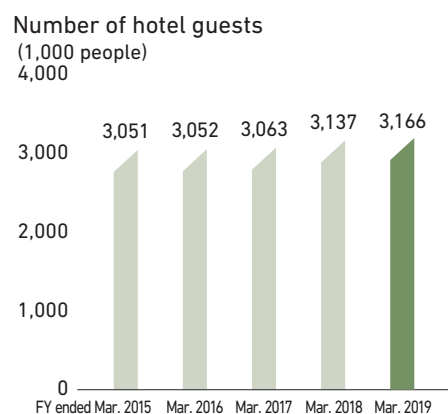
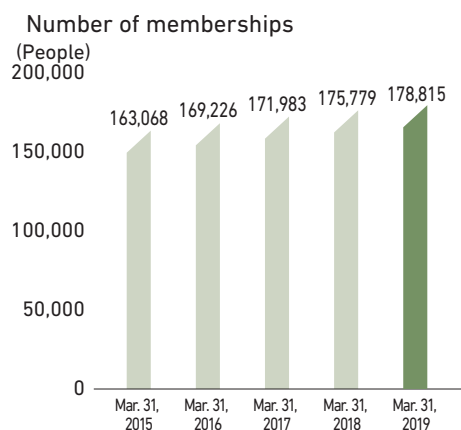


# Financial & Non-financial Highlights

## Financial Highlights



## Non-financial Highlights







## To Our Stakeholders

Since its establishment in 1973, Resorttrust has achieved continued growth underpinned by our core membership hotels business that primarily targets guests from the affluent sector in Japan. We achieved this based on our Management Philosophy that sets forth our commitment to breaking new ground, earning trust and rising to challenges, while delivering unparalleled levels of refinement, quality, sophistication and hospitality. Today, we are also growing operations in the medical as well as senior lifestyle fields. The Resorttrust Group, with a domestic and overseas network of 48 hotels, is supported by approximately 180,000 members, and is the undisputed industry leader having secured the top share in Japan's membership resort club market for 27 consecutive years\*.

In the spring of 2018, we launched “Connect 50, Together for a wonderful life,” our five-year Medium-term Management Plan. Based on the key word

“connect,” our aim is to further strengthen the connections we have with our customers, as well as the connections of each Group company, and while fiercely protecting our unique brand, we are pursuing the maximum effect of Group synergies. In so doing, we aim to realize an ever-stronger and vibrant Group brand, and steadily carry out a raft of measures. With this, we will make further progress on our transformation so as to hear all stakeholders associated with the Group believe that they “Want to have lifelong connections to the Resorttrust Group.”

Together with welcoming your expectations toward the challenges that lie ahead, we kindly ask for your continued support.

\*36th Service Industry Survey (Nikkei Marketing Journal; November 14, 2018)

Katsuyasu Ito, Chairman of the Board

Ariyoshi Fushimi, President

# Interview with the President

Along with positioning the substantial progress of our Membership Operations and Medical Operations, which has shown remarkable growth, as the drivers of the Connect 50 Medium-term Management Plan, we are pushing for greater innovation by accelerating the transition of operations to IT and digital as one of our challenges.

Ariyoshi Fushimi, President





## Summary of the Fiscal Year Ended March 31, 2019

### Q: Please provide us with an overview of the fiscal year ended March 31, 2019.

This fiscal year was one of uncertainty given US-China trade friction and other external factors, but overall, operations generally progressed as planned. The first-half also saw a series of poor weather events during the weekends, as well as earthquakes, typhoons, and other natural disasters. Despite the impact of these on Hotel and Restaurant Operations, our efforts towards recovery during the second-half were successful. At the same time, positive trends in new membership recruitment and Medical Operations enabled us to keep the plan on track overall.

In terms of new membership, this fiscal year we proceeded in parallel with recruitment in the Kanto, Chubu, and Kansai regions, namely for XIV Rokko Sanctuary Villa, Yokohama Baycourt Club, and **Laguna Baycourt Club** (Aichi Prefecture). Among these, the heretofore unprecedented futuristic design of Laguna Baycourt Club attracted much interest and gained popularity, with members and guests from the areas around Nagoya, as well as those from the Kanto and Kansai regions, making purchases.

Laguna Baycourt Club opened in March 2019. As the result of batch recording of real estate revenue deferred until now, there was an increase in revenue and increase in profits including net sales, operating income, ordinary income, and net income attributable to owners of parent.

#### Laguna Baycourt Club

A membership-based hotel & spa resort managed and operated by Resorttrust Group in Gamagori, Aichi Prefecture. Opened in March 2019, the theme of this new urban resort is futuristic luxury.



## Progress in the Connect 50 (April 2018 - March 2023) Medium-term Management Plan

### Q: Can you give us an update on the progress made in the Medium-term Management Plan?

By exerting **Group Synergy Effects** to their full potential, as part of the Medium-term Management Plan we aim to become a Group with which all our stakeholders will be keen to associate throughout their lifetimes. In order to deepen our connection with our members and guests, we have taken the basic policy of enhancing each of the Group's operations and firmly establishing these as a robust Group brand.

In order to make a success of the Medium-term Management Plan, every employee must understand the intentions of Connect 50, and must advance initiatives towards achieving these goals. We have established premium brands in each of our individual Hotel and Restaurant Operations and Medical Operations, but to ensure our guests recognize that both of these are part of our services, each of our employees who connect with our guests must go beyond the bounds of their responsibility and deepen their understanding of our other operations.

Even I spent the past year explaining the Medium-term Management Plan during various committee meetings and at various sites to our management and staff. Going forward we will work to better share the plan among every single employee and further strengthen our lateral connections in parallel through the intranet, existing corporate newsletters, and workshops, for example. If we listen more closely than ever before to the feedback of our guests and pursue what is ideal for them, new ideas and proposals that overcome the boundaries of our existing operations will emerge, as will the desire to challenge new operations. If we can then include these ideas as part of our service lineup, they will help further improve the added-value that we can offer to our members and guests. By cycling through this process, we will continue to strive to build longer, more robust connections with our guests and to succeed in transforming into a Group with which our guests will be keen to associate throughout their lifetimes.

Other important initiatives within the Medium-term Management Plan include working to dramatically improve productivity, connecting to greater customer satisfaction, and realizing job satisfaction among our employees through workstyle reforms that rely on the transition to IT and digital. Already, we have introduced an **online reservation system** for our membership hotels, but we plan to more actively address the greater diversity of needs among our guests through the transition to IT, for example by investigating the introduction of an image recognition system that will ensure our members will not have to wait during check-in and check-out.

We are also actively advancing the transition to IT for aspects of our employees' work that can be left to machines and AI. On the other hand, we are striving to enable our guests to better experience the appeal of membership by enhancing both the quality and quantity of those jobs that must be

#### Group Synergy Effects

A strategy for enabling the entire Group to utilize the 180,000 network of members as one of our management resources and connect to the creation of new corporate value.

► For details, please refer to "The Four Competitive Advantages of Resorttrust" on page 19.

#### Online Reservation System

Resorttrust required time to build a highly convenient online reservation system because of several unique challenges, including a broad range of usage rights and a prefixed number of stays for each property resulting from our exclusive members-only system with a reservation system unlike that used by standard hotels. The new, independently designed site came online in October 2018, and has helped to improve the occupancy rates of our hotels.

handled by humans, in other words, the time spent in contact with our guests. Likewise, during this fiscal year we broadly reviewed the organization structure in order to expand the points of human contact with our guests. Overall progress in the transition to IT and digital is slightly behind our original forecast, but we have already begun to feel progress in some areas as a result of having advanced the full-scale transition to digital starting in the current period, for example sales results from putting **digital marketing** into practice and improved hotel occupancy rates during the second-half. This move has also decreased employee overtime hours and has had an impact on workstyle reforms. During the next fiscal year, we see the greater acceleration of the transition to IT and digital as one of our challenges.

In terms of human resource development, we are working to establish an environment in which our employees can more actively undertake challenges as a means of embodying our Management Philosophy and growing into brand employees that can make the right proposals for our guests. Starting in the following fiscal year, we will review our training and ranking systems in order to further drive these reforms.

## Digital Marketing

► For details, please refer to "The Digital Transformation of Resorttrust" on page 27.

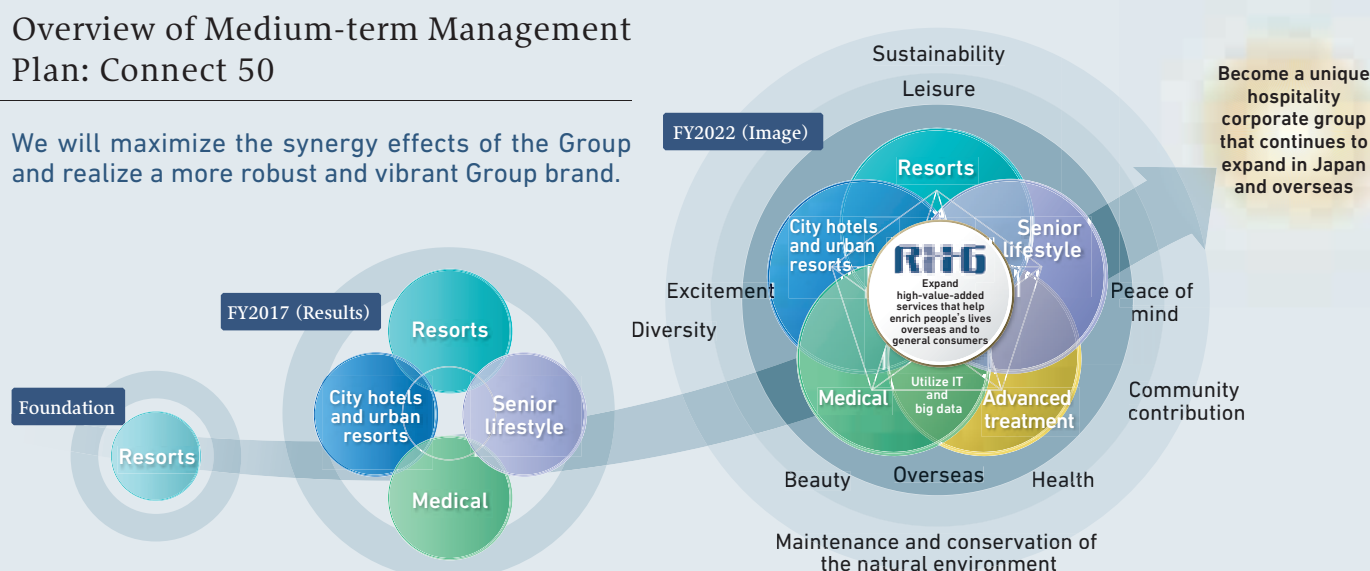
## The Source of Resorttrust's Strength and Growth

### Q: How do you intend to evolve the strengths of Resorttrust into the future?

Without question, one of our resources and our greatest strength is our approximately 180,000 members. The backbone of our customer base is affluent households with financial assets in excess of 100 million yen. The relationships of trust that we have nurtured with these members also serve

## Overview of Medium-term Management Plan: Connect 50

We will maximize the synergy effects of the Group and realize a more robust and vibrant Group brand.



## Five-Year Fundamental Strategies

### Strengthen and entrench the Group brand

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

### Dramatically improve productivity through workstyle reform

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

\*RPA: Robotics Process Automation (refer to p. 27)

### 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

as an important source of growth that supports Resorttrust. In order to preserve these relationships of trust, we continuously work to inform all our employees about the need for vigilant compliance, including harmful rumors. At the same time, we have utilized the feedback from our members to improve our facilities and operations, as well as in the crafting of new products and services, thereby enabling us to create new business expansion.

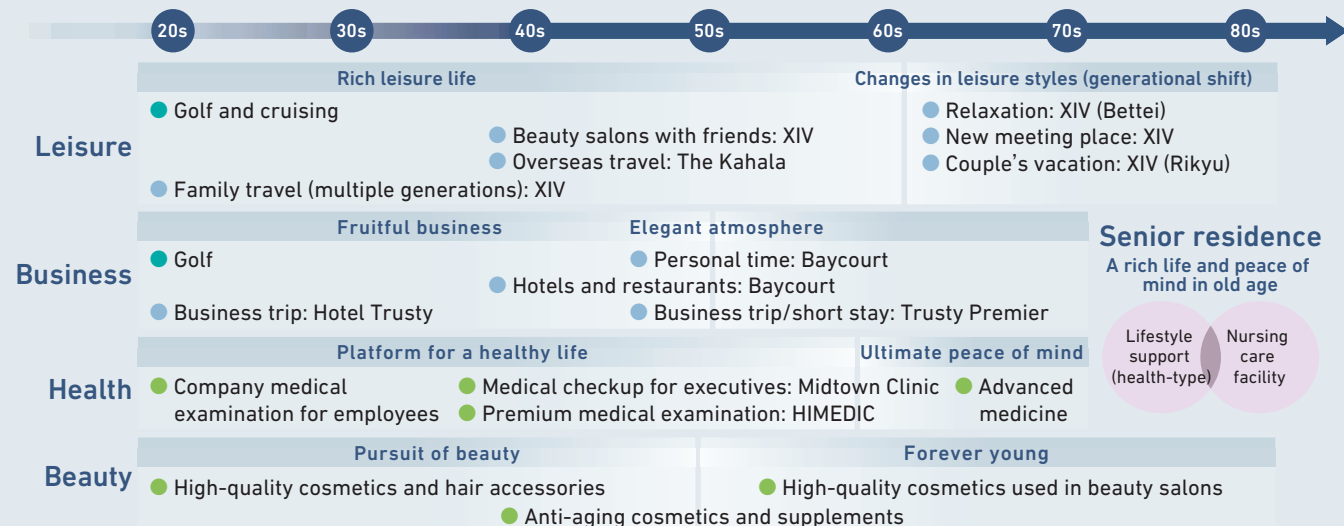
We are also promoting initiatives to ensure that our members can fully utilize the options that we offer. For example, those who are already members of our hotels and other services can enjoy special discounts that are not available to regular customers when joining HIMEDIC or moving into a senior residence. In addition, in April of 2019 we introduced a **point system** that makes it easier for our members to sample the other options offered by Resorttrust Group.

Starting with our members, we are also undertaking initiatives to expand the range of those eligible for the services that we offer. Specifically, we are expanding operations targeted at standard customers, where families of individual members and corporate officers of our corporate members in our Medical Operations may receive checkups. As for our Hotel Operations, we have introduced the top rank Hotel Trusty Premium to Hotel Trusty city hotels, which are targeted primarily at standard guests, to demonstrate the unique aspects of Resorttrust as the operator of XIV and Baycourt Club.

In the future, we will further expand and upgrade the service lineup offered by the Resorttrust Group in a form that addresses the demands of our guests and members, and will investigate the potential to deliver services through consortia with those in other industries, not just through our own operations. The affluent households that we target initially connect to Resorttrust Group through one of our various services, but we will build deeper relationships with our members as they use these connections to experience our many other services. This is the kind of stance we will take.

#### Point system

A system in which customers earn points by using facilities, e-commerce websites, and other services operated by the Group, and then exchanges those points for using services. The points can also be used to experience products offered by the Group. This leads to increased sales and increased occupancy rates.



#### Quantitative Plan for FY2022

(Billions of yen)	FY2017 (Final year of Next40)	FY2020 (Third year of Connect 50)	FY2022 (Final year of Connect 50)
Net sales	1,654	1,950	2,100
Operating income	177	200	240
Ordinary income	194	200	240
Net income attributable to owners of the parent	118	135	160

Remarkable Growth in Medical Operations

Q: What do you consider to be the success factors in Medical Operations?

Against the backdrop of a greater focus on health, our Medical Operations have introduced and apply some of the most exclusive, cutting-edge medical equipment in the world, and have tapped into the strong demand from many of those in affluent households, regardless of whether they are members or not. Among these, the HIMEDIC Business, which operates Grand Himedic Club, a membership-based comprehensive medical club, addresses the exacting needs of our members, particularly through cooperation with The University of Tokyo Hospital, Kyoto University Hospital, and other top-level university hospitals in Japan. This cooperation is part of the HIMEDIC Business's promise to always provide diagnostic and medical services using the most advanced medical equipment.

Meanwhile, our omnidirectional network that enables us to refer the optimal hospital for the specific medical case also connects to a sense of security among our members. Another major factor that differentiates us from our competitors are those features that are not found at other medical examination institutions, including an efficient reservation system and our customer privacy protections afforded by special, fully-private examination rooms used throughout the entire checkup. This in turn is leading to robust business expansion.

Our unique membership business model, which enables us to predict the demand for checkups among our existing members, is also an advantage for us when making judgments regarding investments in the latest medical equipment. Although The University of Tokyo Hospital radiology department and the Kyoto University Hospital endocrinology department with which we collaborate fall into different fields, medical and research institutes in all areas require the data of healthy, asymptomatic individuals to advance cohort research. We therefore allow medical and research institutes to statistically utilize the data from our diagnosis system, while we allow our members to utilize the results of cutting-edge diagnostics in later checkups to connect to early detection and therapy. This is one of the win-win relationships we have built between academia, Resorttrust, and our members.

I feel that these kinds of initiatives in our Medical Operations are extremely significant in terms of the degree to which they contribute to society. In 2010, PET scans became eligible for coverage under health insurance as a type of cancer screening for all malignant tumors, except for early-stage stomach cancer, which has since led to its broad general use. Meanwhile, we have also undertaken joint research with the National Cancer Center of Japan in regard to BNCT (Boron Neutron Capture Therapy) as an advanced cancer treatment. I believe that a day will come when this kind of research will also become widely beneficial to society. Meanwhile, mammography screening rates in Japan, for example, remain around 40%, whereas these rates have reached roughly 80% in the US. In light of this remarkably low screening rate for women in Japan, it is also essential to provide education about the importance of this kind of screening.

The operations that we undertake not only contribute to the happiness of our members, but also help contribute to society through medical progress, which will reflect back upon us and help contribute greatly to our growth. If we can go beyond domestic demand for examinations to accept demand from inbound travelers, we expect to see even greater potential for growth in this area. As we aim to become the number one corporate group providing comprehensive medical solutions in Japan, we will maintain an awareness of contributing to society while continuing to actively promote our operations.

Cohort Research

One method for epidemiologic studies that investigate whether the existence of a certain factor is related to the onset or prevention of a disease. Large numbers of subjects not affected by the disease being researched are recruited and continuously observed and tracked over the long-term into the future for this purpose.

PET Scan

PET stands for Positron Emission Tomography. This scan can also mark small cancer cells, and is thus useful for the early detection of cancer.



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: 18	Test items at HIMEDIC Nagoya (slight differences at each facility): 31
Cancer discovery rate through medical examinations: 0.28% (See Note 1)	Initial cancer discovery rate for Grand HIMEDIC Club: 2.98%
General cancer incidence rate for those aged 40 years or over: 1.12% (See Note 2)	Average cancer discovery rate for Grand HIMEDIC: 1.23%

Note 1: Reference: National Aggregate Medical Examination Results 2015, Japan Society of Ningen Dock  
Note 2: Reference: National estimates of cancer incidence based on cancer registries in Japan (1985 to 2013), Center for Cancer Control & Information Services, National Cancer Center



## Research Examples Related to the Cancer Diagnostics and Treatment Options Offered by the Resorttrust Group

Improved Inspection Accuracy and Forecasts		
Donation Lectures	<p>HIMEDIC, Inc.</p> <p>×</p> <p>The University of Tokyo Hospital</p> <p>Lectures on Computer Image Diagnostics and Preventive Medicine</p> <p>Other donating corporation: Seimens Healthcare K.K.</p>	<p>By supporting the Lecture on Computer Image Diagnostics and Preventive Medicine, we contribute to research and development for advanced medical technology using AI. The lecture discusses various research related to automated diagnosis, including automated detection of cerebral aneurysm via brain MRA, automated detection of pulmonary nodule via lung CT, and automated detection of bone metastasis via full-body CT.</p> <p>Partner Lecture: Lecture on Radiology; Department of Radiology and Biomedical Engineering, Graduate School of Medicine, The University of Tokyo</p>
Joint Research	<p>Tokyo Midtown Clinic</p> <p>(medical corporation)</p> <p>×</p> <p>Kyoto University</p>	<p>We conduct research via long-term accumulation and utilization of data on large populations of health individuals. The data is obtained through a diagnosis project at the Preemptive Medicine and Lifestyle Related Disease Research Center at the Kyoto University Hospital. We are searching for indices to clarify and predict pathogenesis of lifestyle diseases, and working to achieve related clinical application.</p>
Searching for New Cancer Treatments		
Joint Research	<p>Cancer Intelligence Care Systems, Inc.</p> <p>×</p> <p>National Cancer Center Japan</p> <p>(a national research and development agency)</p> <p>Other partner corporation: Hitachi, Ltd.</p>	<p>This joint research project seeks clinical practice for BNCT. We are working to practically implement and spread the world's first lithium target BNCT systems installed at hospitals, and are embracing the challenge of establishing innovative medical technology in Japan.</p>

## Corporate Governance

### Q: What are you doing to enhance corporate governance?

In terms of corporate governance, in June 2015 we transitioned to a company with an Audit & Supervisory Committee structure, introduced outside directors, and have worked to diversify the Board of Directors by appointing women as independent outside directors. I feel that the participation of our outside directors in management has considerably revitalized **deliberations among the Board of Directors** over the past few years. In fact, this level of active deliberation goes beyond the Board of Directors and has reached a similar footing in the various committee meetings at the executive level. In the past, there had been an atmosphere where committee members were somewhat reluctant to express opinions outside their area of responsibility, but since raising the pursuit of Group Synergies as an important policy within the current Medium-term Management Plan, we are now seeing active and fairly honest deliberations that overcome the boundaries of the respective business areas. Going forward, we will work to further strengthen Group awareness and pursue maximum synergy by laterally tying together committee meetings and the organization in a way that allows the entire Group to be seen.

More recently, we discontinued our anti-takeover measures as of the conclusion of the Annual General Meeting of Shareholders in June. This decision was made following repeated, multifaceted deliberations within the company based on recent trends in anti-takeover measures, the status of corporate governance, opinions from the outside directors, and the increasing number of opportunities to directly listen to the feedback of capital markets through IR activities. As we continue to enhance and strengthen corporate governance, we will aim to increase our corporate value and those benefits that are shared among our shareholders by steadily carrying out the Medium-term Management Plan.

If in the event some entity should emerge and attempt to purchase large numbers of our stock in the future, we will request adequate information required for our shareholders to make an appropriate judgment on the merits of the large-scale purchase. At the same time, we will share the opinions of our Board of Directors and work to ensure that our shareholders have the time and information to make such considerations.

#### Deliberations Among the Board of Directors

- For details, please refer to "A Conversation with the Resorttrust Chairman and Two of its Outside Directors" on page 14.

## Outlook for the Fiscal Year Ending March 31, 2020

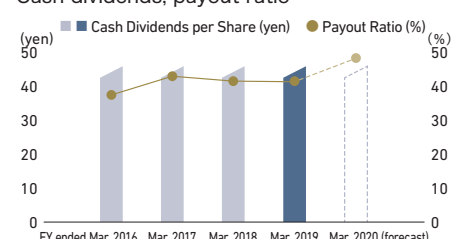
**Q: Please provide us with your outlook for the Fiscal Year Ending March 31, 2020.**

During the fiscal year ending March 31, 2020, we do not plan on listing any deferred profits because there are no properties for which construction will be completed, and although plans call to expand contract value and net sales, this year will be a low year in terms of profits. During this fiscal year where there will be no new recruiting properties, we will take initiatives to improve our existing stock, including increasing the number of members per room and improving occupancy rates. System investments for transitioning to IT will peak over the next two years, but by working to improve productivity through digital marketing, for example, we will strive to connect these investments to reductions in back office department personnel costs and other indirect costs.

### Consolidated results forecast

	FY2018 Results	FY2019 Plan	Increase/Decrease (%)
Net sales	179,542	171,400	(4.5)
Operating income	18,877	16,000	(15.2)
Ordinary income	19,528	16,000	(18.1)
Net income attributable to owners of the parent	12,358	10,000	(19.1)

### Cash dividends, payout ratio



## Progress in the Connect 50 Medium-term Management Plan Core Initiatives by Operation

### Membership Operations

FY2018 (first year of Connect 50)

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

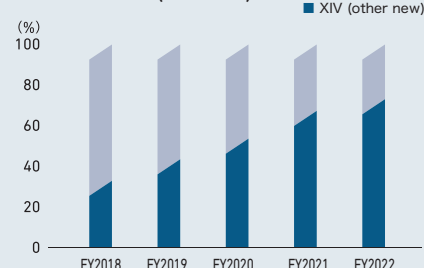
- +2% YoY in productivity per hour
- \* Increased from FY2017 when there was a positive impact of starting sales of new facility memberships
- Increase in the number of contracts concluded through referrals for occupancy of facilities for the elderly
- Synergy Effect

FY2019 (second year of the Connect 50)

#### Increase of contract value

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

### Contract ratio (estimate)



### Hotel and Restaurant Operations

FY2018 (first year of Connect 50)

#### Implementation of initiatives to enhance occupancy rate

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

#### Enhancement of efficiency and productivity

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

FY2019 (second year of the Connect 50)

#### Enhancement of occupancy rate

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

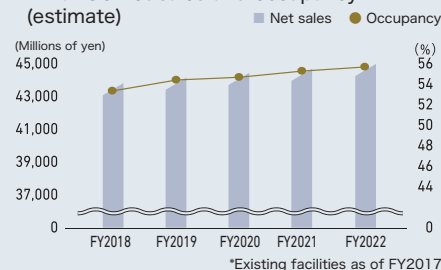
#### Work style reform and improvement of profitability

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

#### Launch of the Hotel Trusty Premier brand

- Hama-cho in Nihonbashi in September, Kumamoto in October

### XIV+BCC net sales and occupancy (estimate)



### Hotel Trusty net sales (estimate)



## To Our Shareholders and Investors

### Q: Do you have any comments for your shareholders and investors?

Oriented towards the wonder of our guests, the Resorttrust Group has crafted a broad range of services, from fulfilling leisure demands to providing secure senior lifestyles, in order to ensure that everyone can experience a more abundant life.

We have utilized the principles, unique know-how, business models, and other various strengths acquired through our membership system within these services. And we will continue to maximize the use of those features that can only be offered by the Resorttrust Group and undertake new challenges, which we feel will enable us to evolve into a corporate group with which our guests will be keen to associate throughout their lifetime.

We hope that all our stakeholders look forward to the further endeavors of the Resorttrust Group and humbly ask for their continued support and understanding.

Ariyoshi Fushimi, President



### Medical Operations

FY2018 (first year of Connect 50)

**Smooth transfer to sales of the new product** (Sales started in October 17)

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

**Expansion of HIMEDIC-exclusive sales bases**

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

**Expansion of profit of Senior Lifestyle Operations and Medical Service Corporation Business**

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

FY2019 (second year of the Connect 50)

**Expansion of HIMEDIC membership sales: Plan: +15% YoY in contract value**

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

**Senior Lifestyle Operations: Increase of the number of facilities and enhancement of the occupancy rate**

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

**BNCT Business**

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

Medical examination and diagnosis brand image

**Diagnosis brand with the finest quality membership program**

Grand HIMEDIC Club  
About 20,000 members

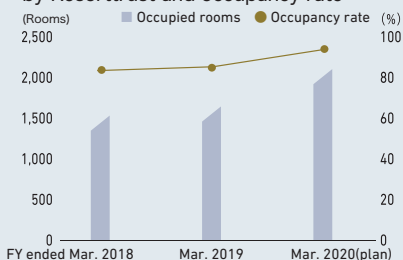
**Premium medical checkup brand**

Midtown Clinic  
About 53,000 examinees

**Standard medical checkup brand**

Shinkokai  
About 450,000 examinees

Number of senior facility rooms operated by Resorttrust and occupancy rate



### Head Office

FY2018 (first year of Connect 50)

**Established the foundation for workstyle reform**

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

**Digital Marketing**

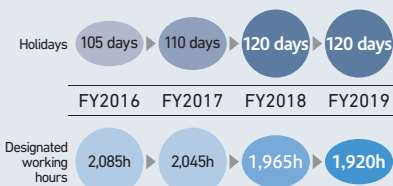
- Related contract value amounted to 600 million yen

FY2019 (second year of the Connect 50)

**Promotion of digitalization and work style reform**

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

Changes in hotel employee holidays and work hours (estimate)



# Reforming Corporate Governance to Ensure Sustained Growth and the Mission of the Outside Director

As the pace of reforms in corporate governance accelerates, the importance of the outside director's role in ensuring sound corporate management continues to grow. We recently participated in a conversation with Resorttrust chairman and CEO Mr. Katsuyasu Ito, as well as Ms. Tomoyo Nonaka, who has been an outside director since 2017, and Ms. Asako Terazawa, who was appointed as an outside director in 2018.

## Fresh outlooks bringing change to the Board of Directors

**Mr. Ito:** Resorttrust operates as a membership-based business and has achieved success over the past 46 years in this very specialized area. However, there has been a recent sense of crisis that the Company could be left behind in an age of rapid change. Amid this turbulence, we were extremely fortunate to have two well-qualified individuals join our management team. We were hoping to infuse our company with a fresh outlook and they have lived up to our expectations by adding new energy to our Board of Directors' meetings, which for the Company I find very exciting.

**Ms. Terazawa:** I believe members of the Board of Directors are becoming more assertive in expressing their opinions, and the meetings themselves are as a result becoming more engaging. The atmosphere is such that all members feel free to speak out, with Ms. Nonaka often providing a global view on a variety of topics, and me in my capacity as outside director being able to ask questions on the topics at hand as a third-party observer.

**Ms. Nonaka:** The combination of varying opinions, including Ms. Terazawa's academic perspective and the completely different views of journalists and executives from other business can only be a good thing, right? (smiles)

Chairman of the Board and CEO

**Katsuyasu Ito**

COO from May 1996,  
president from April 1999.  
Became chairman of the  
board and CEO in April  
2018



**Mr. Ito:** For about 15 years after the Company's founding, the Board of Directors' meetings were quite lively, which was due in part to the fact that there were so few directors. However, Resorttrust became firmly established and I became the Company's president about 20 years ago, and since that point I have felt that there have been fewer participants at the meetings willing to speak out. That being said, the atmosphere on the Board of Directors now really does appear to have changed.

**Ms. Terazawa:** As a researcher in organizational theory, I have often focused on how organizations become increasingly rigid over time. After being offered the position of outside director from chairman Ito, I took it upon myself to learn if the Resorttrust organization might have become overly rigid, not only by participating in the Board of Directors' meetings, but also by speaking with personnel in the various departments. My subsequent impression is that rigidity as defined by organizational theory does not apply to Resorttrust. The employees are the strength of the Company and many have stated that the corporate culture here is one that continually challenges them, and while efforts such as the launch of a new facility may indeed be very difficult, each project's completion leads to a great sense of achievement among the employees as it was accomplished through cooperation extending across a variety of different departments. While I understand the sense of crisis mentioned earlier, I believe Resorttrust has shown no signs of rigidity and the Company has assembled an excellent lineup of human resources and employees who consistently strive for improvement. I believe the sense of concern stems from questions on how to best focus this mindset for improvement and produce positive effects on the immediate environment.

## A vibrant company providing a comfortable working environment

**Ms. Nonaka:** The world is likely to continue to see profound changes in the many years before the dawn of the 22nd Century. What should be immediately clear is that the fate of companies is determined by the employees that work there. For Japan, the lessons of success after the Second World War unfortunately contributed to a variety of subsequent





negative factors. The story is no different for Resorttrust. If we fail to adapt our thinking or methodologies to the times, we have no reason to expect growth. While it may seem somewhat severe, it appears the philosophy has shifted to remaining thankful for gains made to date, but also seeing now as the perfect time to strive for improvement without becoming complacent at past success. As an example of this, the seniority system which previously drove loyalty and efficiency is no longer considered sufficient for the times. A company that relies on this alone will likely go nowhere. Instead, the focus is on how to foster the younger workers to challenge themselves. I believe a fundamental review of methodologies used in the development of human resources development may be required, including for established employees and managers.

**Mr. Ito:** While it has only been about a year and a half since both of you arrived, these kinds of ideas and comments illustrate to me just how pervasive change has been. In a time of rapid change and upheaval, companies that refuse to change will indeed be left in an isolated state in which growth slows to a crawl. The very idea of “rising to the challenge” now means something completely different than did during past periods of growth. As an example, the issues of digitization and paperless operations first became an issue about 10 years ago and while your strong comments on the subject at the Board of Directors’ meetings may have raised tensions, I believe they also contributed to the forward movement we have seen.

**Ms. Terazawa:** Instead of following the precedents established to date, the concept of unlearning requires the abandonment of currently held values. However, this presents those who have worked under the established process, sometimes for decades, with concerns over the loss of their strengths. One of the key concerns is how to leverage any new system to alleviate these concerns. Of course, the goal is for employees to adopt an increasingly forward focused attitude. In this respect, the Resorttrust IT strategy concentrates on promoting the sharing of information using Hotel Operations, Medical Operations, and Senior Lifestyle Operations data base. This contributes not only to improved efficiency, but in terms of the Company’s organizational structure, the centralization of operations. Preparations are being made for each department to find new ways to utilize information consolidated at the head office once the system

is in place. History has shown us that companies often swing from centralization to decentralization, and with Resorttrust focused on rapidly centralizing, those at the manager level will need to drastically alter their way of thinking. I believe the Company is moving into a period of great change, which may be at times difficult, but with managers taking the lead in implementing new ideas and communicating those changes to workers at the various sites. I believe we have a great many employees with a strong desire to challenges themselves to improve and we can spur further development if we can entrench though the introduction of new services the idea of providing even more hospitality services with a warm heart.

### The competitive advantages of Resorttrust

**Ms. Nonaka:** While the idea that the Company can change if the organization changes is representative of the 20th century business model, this alone would likely be insufficient to overcome “galapagosization”, referring to an isolated development branch of a globally available service or product, if external changes are ignored. As an example, the arrival of the telephone essentially meant an end to the express messenger service, no matter the attitude or actions taken by those in the business to remain competitive. The drastic changes taking place today are essentially no different. Moreover, the idea of AI accomplishing all tasks is woefully insufficient. Some experts have said the disruptive stage taking place now is perhaps the greatest since the industrial revolution. Indeed, as the IT revolution progresses, perhaps the most valuable asset at Resorttrust is the data on the Company’s members, which number approximately 180,000. The question now is how the information held in trust by a salesman with a face the customer can see can be linked to services focused on customer interests. I believe this represents the future for the Company, and if the information is only handwritten and viewed by one person in charge, it is essentially useless. The established way of thinking in this respect needs to be changed.

**Mr. Ito:** One of the key strengths of our company is the vast amount of data we have on our customers, and we have been able to grow as a company by providing each of our customers a level of hospitality based on that data.

Indeed, if a salesperson knows his or her customer well, that salesperson can provide to the customer the highest level of hospitality and accordingly improve company earnings. There is a limit to how much this can accomplish, however. As an example, there is a limit to the number of customers a single salesperson can handle. Accordingly, digitization of customer data is necessary if we are to provide the highest level of service based on the individual needs of each of our approximately 180,000 customers. The Medical Operations have had to deal with a huge amount of digitized data for some time now, and accordingly has become quite adept in its handling. We are currently conducting joint research with prominent medical institutions such as the University of Tokyo Hospital and Kyoto University Hospital, and data on individuals who are not sick are currently seen as having value by institutions conducting medical research as data not available at hospitals.

**Ms. Nonaka:** I think about the transition in Japan from the period of devastation just after the Second World War to the period of strong economic growth during the Showa era. One of the features of the time was the shift from the focus of happiness from acquiring things to experiencing things. This period was also one of strong growth for the Company. It appears now that the happiest point in a person's life is when they have both a healthy body and a healthy mind. Indeed, it appears our society now recognizes this as the natural state. As Mr. Ito indicated, as people age, they will look for a "medical partner" upon which they can rely. With this in mind, the Company was ahead of the times in launching its medical division, and I believe its foresight in this area proved very wise. Attention has also turned to those that are not sick. A patient seeking a second opinion from a medical institution with a strong vertical organizational structure previously faced a tough challenge, but a matrix-based network would allow them to overcome this obstacle. Access to information within the Company is key to in this respect. Security would of course be paramount, while it would also be important to ensure ease of use and the inclusion of information that would be useful to the customer.

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.



**Ms. Terazawa:** I believe the business model for Resorttrust is extremely rare. While the subscription-based services model is currently receiving a great deal of attention, Resorttrust adopted the idea 30 years ago to develop its resort hotel and medical businesses. The Company then used its expertise to develop the Senior Lifestyle Operations, which seeks to create a support system for a person at each stage of his or her life, from cradle to grave. Given a turbulent environment where it seems storms seem to be forever passing overhead, I have been looking for ways to improve performance at Resorttrust without taking away from its strengths since assuming my position as an outside director. I believe effective utilization of the data on our approximately 180,000 customers can lead to each of our on-site employees being able to provide high quality service with a warm heart.

**Ms. Nonaka:** I believe that is the most important thing.

\*A subscription service is a flat-rate service in which goods and services are provided for a flat fee over a fixed period.

## Developing human resources at Resorttrust

**Ms. Terazawa:** The Company has an in-house publication documenting heartwarming accounts in which we have been able to provide services. Reading some of these stories can't help but bring tears to the eyes. Moreover, a quick reading of these stories leaves you feeling that each and every employee is dedicated to continually providing the customer with highest level of service. That said, with an increasing number of facilities over the years, as well as employees being hired in the hundreds, the Company is faced with a variety of human resource development issues, including how to follow-through on career advancements among individuals well versed in our corporate history and strengths.

**Mr. Ito:** We recognize that the development of human resources is a key challenge for the Company, and there remains room for improvement in terms of promoting diversity, including in regard to the promotion of women. One of the reasons for the lack of this in the past appears to be the incentive system in the sales department, which contributed to a corporate culture in which employees regularly worked until late at night. However, we have noticed that productivity improves as the hours worked go down. As the constraints of time dissipate, it makes it easier to promote segments of human resources that were not promoted as much in the past. We believe it important to focus on new scientific and technical ideas, rather than past successes.

**Ms. Nonaka:** From its founding, the Company has been supported by a strong team of leaders, from founder and Group CEO Yoshihiro Ito to current chairman Katsuyasu Ito. Of course, people who have worked together for so long can communicate effectively with each other with a simple nod or gesture. That said, each year the Company

hires about four hundred new recruits, and Resorttrust has indeed become a large company. To add to this, society itself is undergoing major changes. More than seeking to just ride out the changes, the Company added current president and COO Ariyoshi Fushimi, who brought with him youth, enthusiasm and the energy to spur a second founding for the Company. As an outside director, I believe my mission includes effectively communicating external changes to the Company, and keeping in mind that many of our members are also shareholders, to express opinions to company leaders from the perspective of our members.

## Corporate governance at Resorttrust

**Mr. Ito:** The Board of Directors is also feeling winds of change regarding governance that are akin to those of a hurricane.

**Ms. Nonaka:** I think in terms of changes in boards of directors, companies in Japan may still be in a transitional period. While serving as the president of a securities company think tank, I saw a peaking in pressure to open the Japanese market from those believing in American-style financial capitalism, but also an enhanced need for outside directors as the focus on governance took root. Today, more than half of the members on the Board of Directors come from outside the Company. With a focus less on looking for a job than looking for a company, it is hard to say the idea of a Japanese corporate culture is quite what it once was. The cross-shareholdings of companies and banks is still unique, though should be changed, though as long as the American model is not adopted, slowness in change doesn't appear to be a real issue. Without establishing too close a relationship, I think it important to maintain the working practices of Japan that have proven effective.

**Mr. Ito:** I believe it important to remain focused on the speed at which the world is changing and think that we could be surprised at the changes made over the next three years. One of the features of Resorttrust is the open nature of management, including executive officers without voting rights participating in discussion at the Board of Directors' meetings. During these meetings, the outside directors have repeatedly remarked on changes in the world, contributing to an increase in discussions on confronting challenges, including how to utilize autonomous driving vehicles in providing new services and the in-house use of digital face recognition.



Outside Director

### Asako Terazawa

Ms. Terazawa served as an associate professor in business administration and information sciences at Chubu University from 2005. After working as a part-time lecturer at Nagoya University in 2009, she became a professor in business administration and information sciences at Chubu University in 2010. She specializes in organizational behavior and organizational change. Her studies focus on continued theoretical research on the motivations of people working in organizations and cognitive activities of members in an organization that trigger change. She became an outside director at Resorttrust in June 2018.



## A message to investors

**Ms. Nonaka:** The Company has been operating the historic Kahala Hotel & Resort in Hawaii as one of its first overseas development projects, and counter partner Kamehameha Schools, an educational foundation with the largest amount of land in the US, has been instrumental in promoting traditional Hawaiian culture and education. We see great value in partnering with the foundations. Using the same name, the Kahala Hotel and Resort Yokohama is slated to open in 2020. As we continue our international development, we intend to offer to our customers world-class hospitality and traditional Hawaiian culture.

**Ms. Terazawa:** The Company's new Medium-term Management Plan is dubbed Connect 50 – Together for a Wonderful Life. Based on the potential for growth at the Company, I believe Resorttrust has the capacity to offer services from the heart that add meaning to the lives of all our members. With this in mind, we invite all our customers to look forward to developments at the Company in the days ahead.

**Mr. Ito:** We believe that our most important asset is our relationship with our members, who currently number about 180,000. As we listen to what they cherish, we look forward to not only providing health management services and overseas travel opportunities, but also contributing to making their lives more enjoyable in other ways. There is the potential to use a facility in a variety of ways. For example, if there is an orchard, it and its products could be incorporated as part of a theme in the hotel, with crops raised there used as ingredients, including for cakes and baked items. We look forward to hearing new ideas, and proposing some of our own, with the ultimate goal of improving the attractiveness of the Group. Thank you for your time today.



## Source of Value Creation

— Continuing to create new value that keeps pace with the ever-changing needs of our guests, and that faces up to an array of social issues —

In the 46 years since its establishment in 1973, Resorttrust Group has been a driving force in the market for membership-based luxury resort clubs as a leading company in the industry. With a customer base that currently amounts to approximately 180,000 members, the Resorttrust brand stands for the relationships of trust nurtured with our members, and is the foremost strength in our daily efforts to generate new value. One element of our expertise in membership hotels is the building of mutually beneficial relationships with an ever-greater number of stakeholders and accelerating growth within a framework that, moving forward, will spur the global development of luxury hotels catering to non-member guests. The business model of membership resort hotels exists overseas. However, our company mainly targets the wealthy class in Japan. One of our strengths is how we have built a unique business model in which we sell memberships from the time of construction in an effort to achieve early recovery of construction funds, and then obtain a fixed income from

membership fees after a facility has been opened.

Furthermore, based on the aging of Japanese society, our Medical Operations and Senior Lifestyle Operations are also growing based on the life stages of customers living in an era when life expectancy can reach 100 years. Our Management Philosophy is to ensure unparalleled quality and sophistication in all facilities and services, and to provide excellent hospitality in order to raise the degree of customer satisfaction. This Philosophy is shared through all Group businesses. Based on this Philosophy, we pursue synergy and focus on strengthening and entrenching the Group brand by utilizing advantages created by our established membership model and our stable financial infrastructure.

In this way, while grasping social trends and needs, the Group creates value based on the core competence of an unshakeable relationship of trusts of stakeholders who are our lifelong partners. We will continue to achieve sustainable growth together with our stakeholders.



Drop-off area in front of Laguna Baycourt Club



## ■ Resorttrust's Four Competitive Advantages

01

**A customer base of roughly 180,000 members to co-create value over the long term**

Starting with Resorttrust's stakeholders, all of the approximately 180,000 members, who are at the same time our customers, are each and every one important partners of the Company. Given the satisfaction of all our members, new business opportunities, and the source of which is revenues to be enjoyed, creating value together with our partners is, we consider, the very source of our strength.

02

**Accumulated know-how and trusted brand strength**

Since its establishment in 1973, Resorttrust has built its unshakable brand value in the Membership Hotels Operations, Medical Operations, and Senior Lifestyle Operations, based on its Management Philosophy that commits to breaking new ground, earning trust and rising to challenges, while delivering unparalleled levels of refinement, quality, sophistication and hospitality. The proprietary expertise accumulated since our establishment and the trust we have earned, and even beyond that, the synergies achieved between businesses, are what underpin the Company's competitive advantage.

03

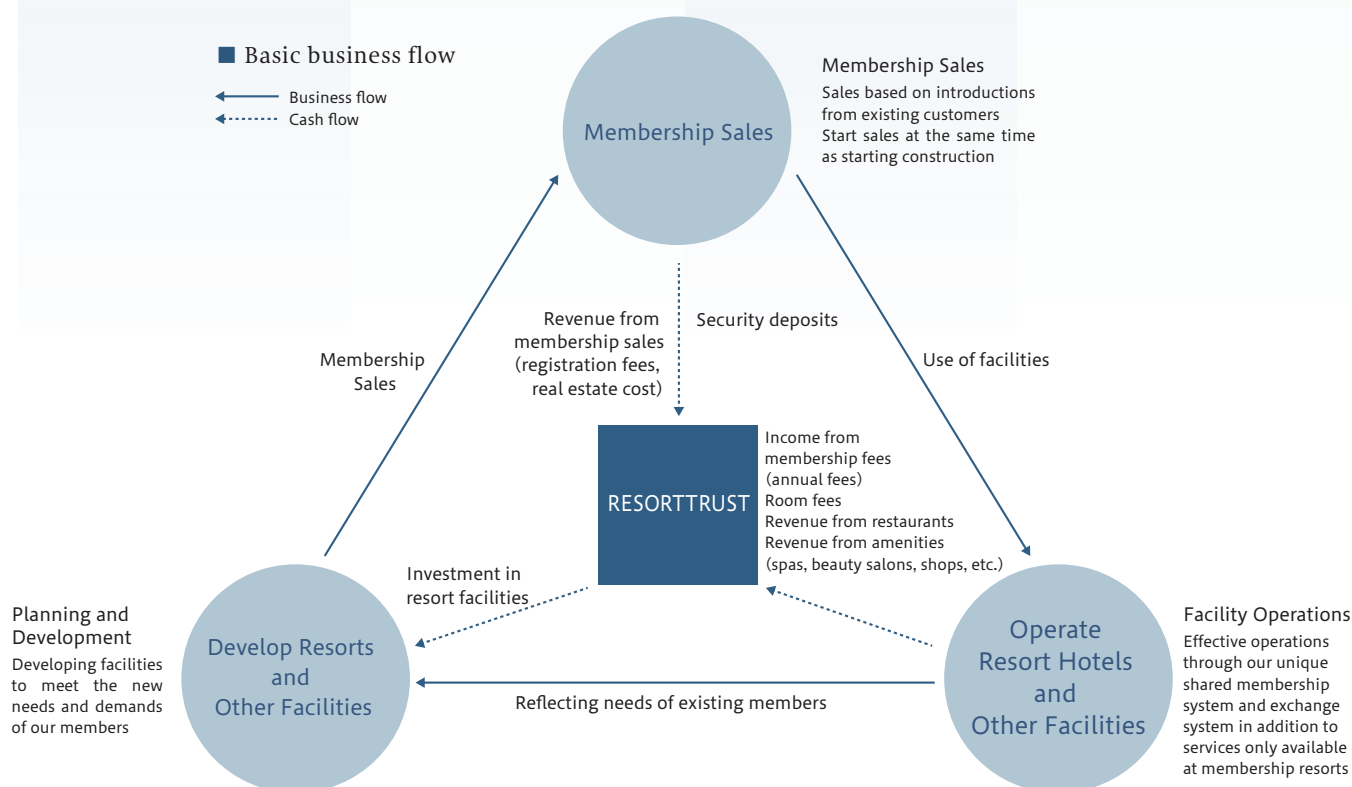
**A business model built on bedrock and a stable financial position**

The Company has positioned its innovative business model as its strength. This consists of short recovery periods for its key condominium-style membership resorts, fixed revenues, such as from annual fees and the amortization of security deposits, and other stable operating profits. A majority of the security deposits received are amortization-type security deposits that will not be repaid, and as a portion these are a source of funds for repairs, maintenance and renovations, this works to realize a healthy financial position with little financial risk.

04

**A human resources base and quality of services available only through a membership-type system**

Human talent is the most important of the Company's resources. A base of human resources that have the spirit of hospitality and refined skills are precisely what makes offering high-quality services possible. In responding to the implicit needs of our customers, the Company nurtures "brand employees" who contribute to a higher level of satisfaction. At the same time, with its persistent efforts to improve the work environment, the Company is dedicated to raising the degree of employee satisfaction as well.



## Value Creation Process of Resorttrust

### Social Needs in Japan

- Declining birthrate and aging society (decrease in total population)
- Labor shortage (securing employees)
- Improvement of energy efficiency
- Advancement of smart society (utilization of IoT)
- Increased medical expenses and social security expenses

### Mega Trends

- Climate change
- Marine pollution
- Resource issues
- Fluctuations in the global economy

### Resorttrust Businesses

Medium-term Management Plan  
(FY2018 to FY2022)  
Connect 50 – Together for a Wonderful Life  
Target net sales: 210 billion yen  
Target operating income: 24 billion yen

#### Membership

- Hotel membership
- Medical membership
- Golf membership

#### Hotel

- Domestic hotel operation (membership/ordinary)
- Restaurant operation
- Golf course operation
- Overseas hotel operation

#### Senior Lifestyle

- Operation of nursing care and senior housing
- Operation of housing with services for the elderly

#### Medical

- Operation of membership comprehensive medical clubs
- Remote imaging diagnostics support services
- Support for clinic operation

#### Other/New

- Development of advanced medical devices for treating cancer
- Development and sales of supplements
- Development and sales of cosmetics

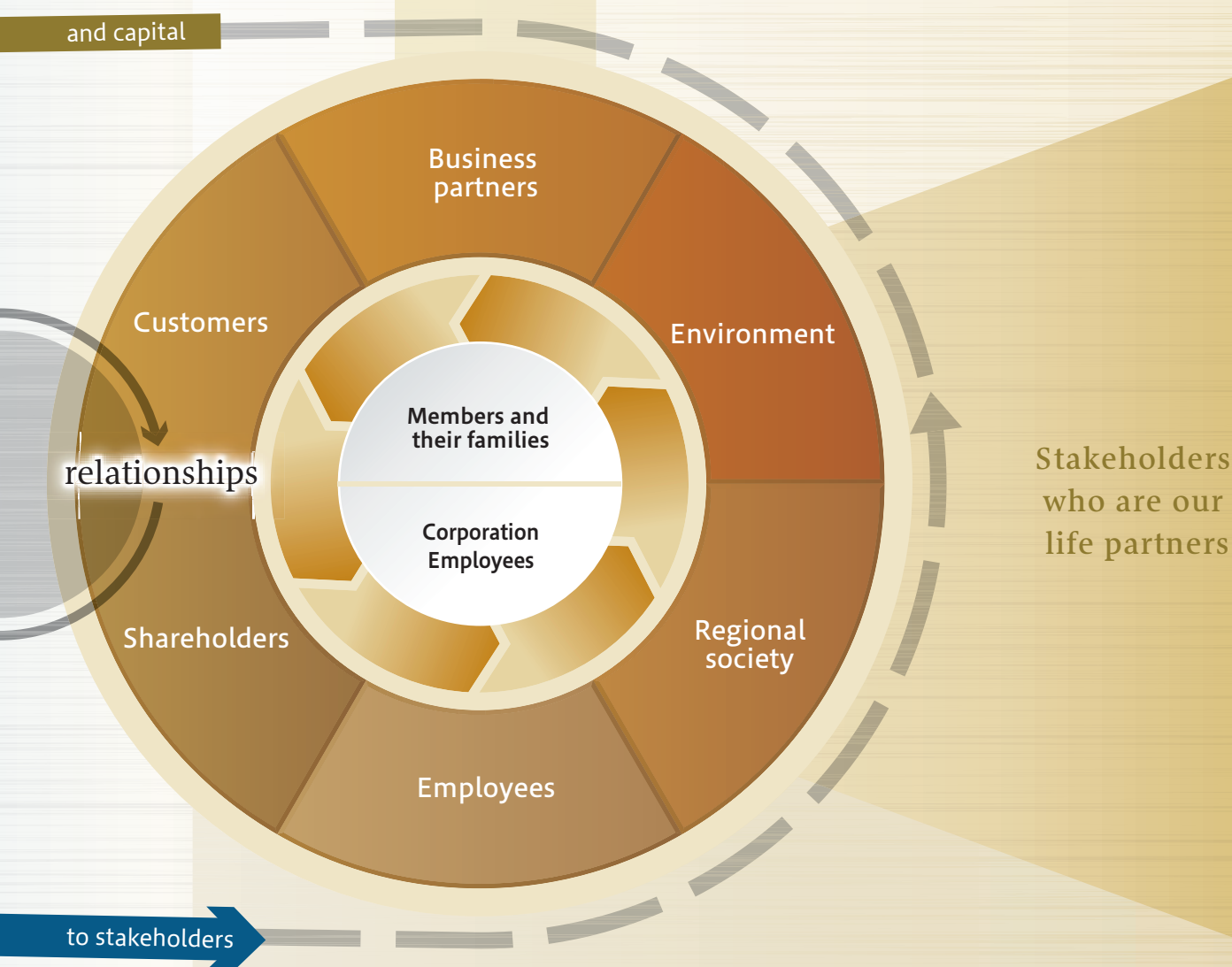


### Business Opportunities and Capital

- Introduction of new members from existing members (stable growth for number of members)
- Reduction of depreciation and tax burden through unit ownership system for real estate
- Early recovery of cash (membership contracts prior to opening of facility)
- Tourism resources near facilities (natural environment and regional culture)
- Human resources who are life partners of customers
- Partnerships with business partners, etc. (example: construction companies, medical institutions, etc.)
- Aspirations and expectations for new services and products

## Value for Society

- Creation and provision of leisure culture
- Provision of healthier and more fulfilling senior lifestyle
- Environment in which diverse human resources can perform
- Contribute to regional society; exist in harmony with nature



### Provision of Value to Stakeholders

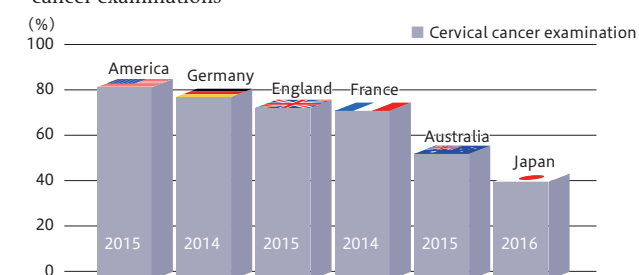
- ROE of **10%** (estimate)
- Dividend payout ratio of **40%** (estimate)
- New growth resources through M&As and in-house development
- Female manager ratio of approx. **20%** (target of 25% by April 2025)
- Advancement of health management
- Local production for local consumption of food products
- Dietary education activities
- Local employment and regional revitalization

## External Environment and Growth Opportunities Surrounding the Medical Business

According to estimates by the Ministry of Economy, Trade and Industry, the declining birthrate and aging population in Japan caused medical expenses to exceed 39 trillion yen in FY2012. Moreover, it is said that medical expenses will exceed 60 trillion yen by FY2025. Payments for long-term care insurance are forecasted to increase from about 10.1 trillion yen in FY2015 to about 21 trillion yen in FY2025. At the same time, Japanese citizens are increasingly health conscious and there are greater expectations for health management services such as medical checkups and preventive medicine. Our Group is strategically implementing health management.

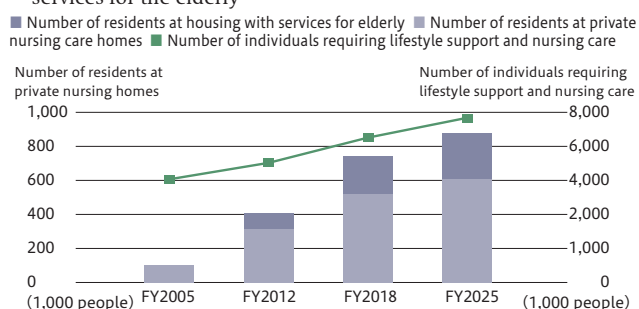
In response to these social needs, even greater focus is being placed on medical examinations and other aspects of the healthcare field. The number of corporation entering the industry is also increasing. In 1994, the Group established an unprecedented membership medical examination business using high-accuracy equipment such as PET examinations. We have accumulated an enormous amount of health data for our members and have grown our medical business by partnering with various medical institutions. Currently, we are providing the optimal solutions for each customer in a broad value chain ranging from the medical field to aging care and senior lifestyles.

### ■ Example: International comparison of ratio of women undergoing cancer examinations



Source: Created by the Group based on materials such as OECD Health Statistics 2017 and the Comprehensive Survey of Living Conditions 2016 by the MHLW

### ■ Increased demand for nursing care homes and housing with services for the elderly

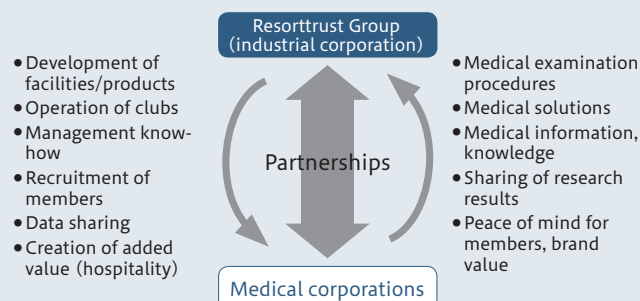


Source: Created by the Group based on materials such as the Overview of Nursing Care Service Facilities and Businesses 2017 by the MHLW

## Infrastructure of Medical Business

The medical business of the Group was started as a membership medical examination business operated through partnerships with medical institutions that support initiatives of the Group. Currently, we are expanding business and have constructed a strong network with diverse external institutions to offer services ranging from operation of senior residences to medical examinations for ordinary patients, aging care, and medical research.

### Partnerships with medical institutions



The Group is an industrial corporation that has grown with a focus on the hotel business. The bodies providing actual medical examination procedures are limited to medical institutions. Consequently, the construction of reciprocal relationships with related medical institutions like those listed below is essential to our businesses. Today, these relationships are the greatest strength of the Group and cannot be imitated by any other company.

### Human resources base/Partnership with medical institutions

- Number of examination business personnel: approx. 3,000 (including medical corporations)
- Number of working physicians: approx. 700 (full-time and part-time)
- Number of medical institutions related to the Resorttrust Group: 26

### Results/international evaluation

- In 1994, we started medical examinations incorporating PET examinations at HIMEDIC Yamanakako (in XIV Yamanakako). Since then, the examination has been named the Yamanakako method and has contributed to nuclear medicine
- Achieved a high cancer detection rate by using data (approx. 165,000 data instances used in presymptomatic research) from continuous medical examinations from time of healthy condition
- As a clinic for ordinary outpatient medical examinations, health examinations, and medical check-ups, Tokyo Midtown Clinic was certified as Japan's first JCI\* accredited facility (outpatient clinic)



XIV Yamanakako

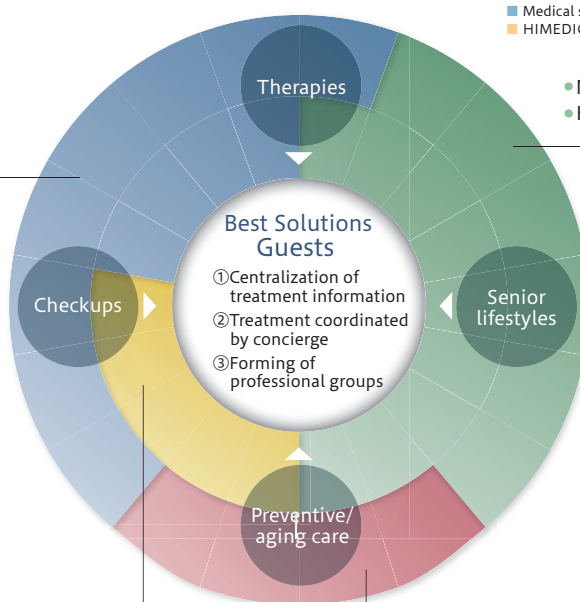
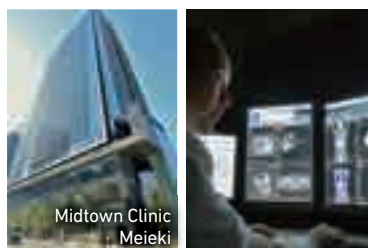


\*JCI (Joint Commission International): A hospital accreditation organization started in the United States. The JCI conducts international evaluation for the quality of medicine and the safety of patients. Currently, the JCI has eight accreditation programs (hospitals, academic medical center hospitals, ambulatory care, laboratory, home care, long-term care, medical transport organizations, and primary care centers).



## Value Chain

- Advanced cancer treatment business
- Clinic operation support business
- Remote image diagnosis business



- Medical service (MS) Corporation business
- HIMEDIC business
- Aging care business
- Senior lifestyle business

- Nursing care and senior housing business
- Housing with services for the elderly business



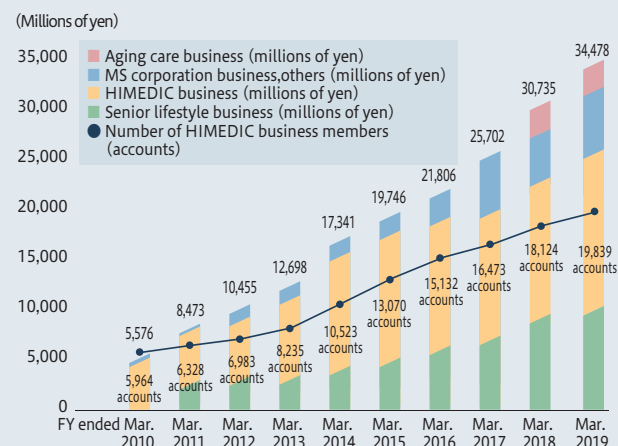
- HIMEDIC business



- Beauty cosmetics business
- Supplement business

## Change in Revenue Growth

### Trends in medical Business sales/number of HIMEDIC members



### Research for new solutions

- Research related to automated examinations using AI: The University of Tokyo Hospital, etc.
- Advanced medical research for risk of lifestyle diseases: Kyoto University Hospital
- Cooperating with the National Cancer Center Japan and other institutions to perform joint research on advanced cancer medical treatment (BNCT) and seeking to establish standard international therapeutic methods

## Exerting Group Synergy

### Entrenchment to customers in the Group

From among approximately 20,000 HIMEDIC members, about 60% also have resort memberships. Conversely, from among all resort members (more than 100,000 members), only about 10% currently have HIMEDIC memberships. This means that there is still significant room for achieving synergy.

Furthermore, according to questionnaire results, approximately 20% of all Group members (estimated to be about 30,000 members) are interested in senior facilities. This means that there are great potential needs for the Senior Lifestyle Operations in the Group.



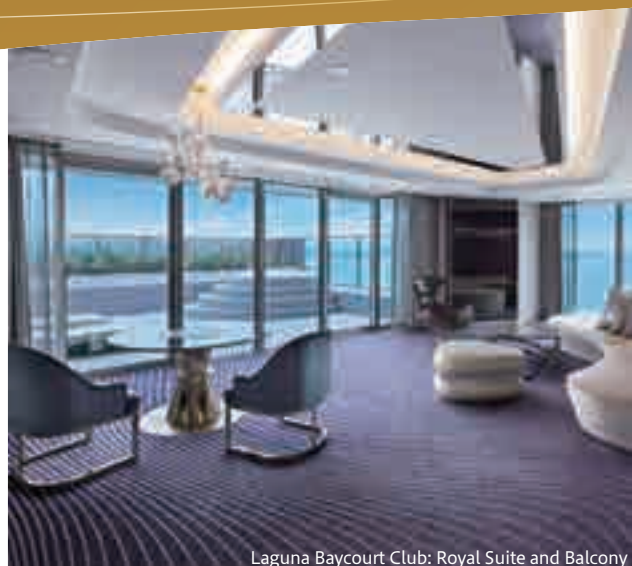
At Trust Grace Shirakabe (opened in March 2019 in the city of Nagoya), approximately 70% of residents at the time of opening were Group members.

### Provision of value through all stages of life

When operating senior facilities, we improve the brand value of facilities through quality service only possible from a hospitality group, and through enhancement of nursing care and medical care systems. By providing a rich lifestyle and peace of mind through all stages of life, we achieve a high occupancy rate and stable profits.



# Our Business



Laguna Baycourt Club: Royal Suite and Balcony

## Performance in the Fiscal Year Ended March 31, 2019

Net sales amounted to 64,029 million yen, up 18.3% from the previous year, while operating income reached 19,004 million yen, up 17.5% from the previous year.

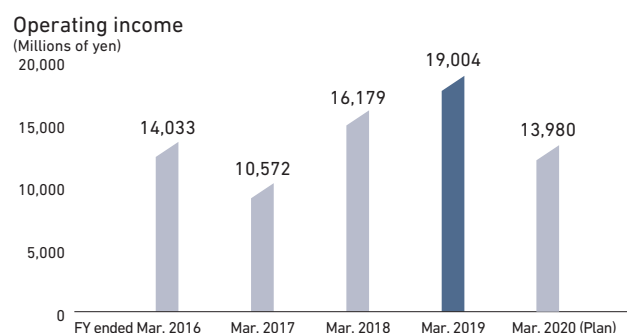
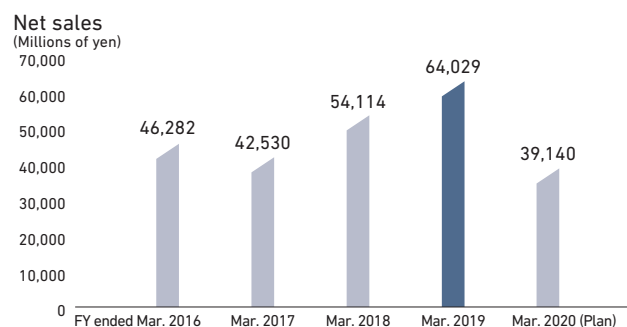
In addition to strong membership sales, including at Yokohama Baycourt Club, where sales were launched in December 2017, sales and operating income increased for the year on the booking of deferred real estate gains following the April 2018 opening of XIV Rokko Sanctuary Villa and the March 2019 opening of Laguna Baycourt Club.

## Outlook for the Fiscal Year Ending March 31, 2020

We are continuing to make progress in the construction of the Yokohama Baycourt Club Hotel and Spa Resort and The Kahala Hotel & Resort Yokohama, which are set to open in summer 2020. We expect sales and operating income to decline from the previous year due to there being no deferred real estate revenue realized on the opening of facilities in the fiscal year ending March 31, 2020.

## 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.



Note 1: The operating income shown above is displayed as operating income before head office expenses (indirect expenses) shared by the entire company were allocated to each segment.  
Note 2: Due to changes in the segment classification method, the graph shown above uses a new segment base from the fiscal year ended March 2018; however, the two prior years used the old base.

## Medium- to Long-term Outlook

For the medium to long term, we are focused on developing new markets, including through the sale of new multi-night (international) products from FY2019, and further improving operating structure quality through enhancements in areas other than contract value, including productivity per hour and contract volume.

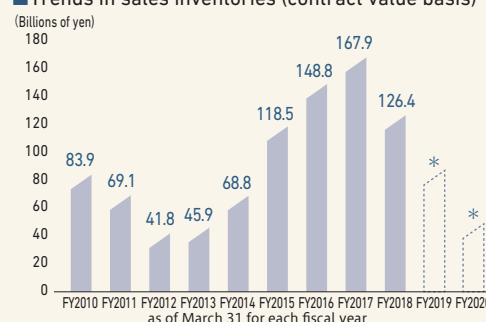
## Inside View

The Resorttrust development schedule as of June 2019 is as follows.

We will continue to pursue the development of new membership resort projects while taking into account the needs of our members and sales inventory conditions.

	FY ended/ending	Mar. 2019	Mar. 2020	Mar. 2021	Mar. 2022	Mar. 2023
Sales and business commencement schedule	Membership resort hotels	Yokohama Baycourt Club XIV Rokko SV Laguna Baycourt Club			International Kansai Kanto	
	Luxury hotel (LH)			THE KAHALA LH① LH②		
	Hotel Trusty (HT)		Nihonbashi Hamacho Kumamoto			HT① HT②
	Medical examination club on a membership basis			Kanto	(Increase existing facility capacity) *	
Business commencement schedule	Senior residence (SR)	Bashamichi	Shirakabe Ogikubo 5 Facilities	SR① SR②	SR③ SR④	SR⑤ SR⑥
	Renewal			Atami Shinjuku		

## Trends in sales inventories (contract value basis)



Estimates for FY2019 and FY2020 Figures do not include membership inventory for the planned launch of sales



Ashiya Baycourt Club: Main dining room and open terrace

## ■ Performance in the Fiscal Year Ended March 31, 2019

Net sales amounted to 80,383 million yen, up 1.0% from the previous year, while segment profit was 2,624 million yen, down 29.7% from the previous fiscal year.

Despite the contribution to earnings from operating income at the Ashiya Baycourt Club Hotel & Spa Resort facility, which opened in February 2018 and XIV Rokko Sanctuary Villa, which opened in April 2018, an increase in depreciation resulted in a situation in which sales were up, but profit was down.

## ■ Outlook for the Fiscal Year Ending March 31, 2020

In addition to the full-year contribution from the Laguna Baycourt Club, which opened in March 2019, we expect to open the Hotel Trusty Premier Nihonbashi Hamacho facility in September 2019 and the Hotel Trusty Premier Kumamoto facility in October of the same year. While we expect upfront investment in these projects put downward pressure on profit, we believe productivity is likely to improve thanks to the efficient use of IT technologies and we are also working to improve occupancy rates, including by promoting online reservations and the Group's points app. We expect these efforts to contribute to increased revenue and profit.

## Inside View

### Opening locations in Nihonbashi Hamacho, Tokyo and Kumamoto in the new Hotel Trusty Premier brand

The Hotel Trusty Premier brand was created as a top-tier brand in the Hotel Trusty business line, with the Company opening two locations in the brand, one in Kumamoto City, Kumamoto Prefecture, and one in Nihonbashi Hamacho, Tokyo. In addition to incorporating the three brand concepts for Hotel Trusty, namely "stylish," "comfortable," and "valuable," the Hotel Trusty Premier brand includes the "dramatic" concept, with the aim of adding the feel of luxury to the customer's experience. Alongside offering a new kind of hospitality in a space characterized by comfort and relaxation,

Hotel Trusty Premier locations also provide an atmosphere in which guests can feel the dramatic anticipation of new stories and experiences when they enter the hotel. The design concept for the Hotel Trusty Premier location in Nihonbashi Hamacho is "Nihonbashi secession," mimicking the Vienna Secession art style. The location features an exterior combining style and elegance, and an interior rich in warmth and comfort with a dignified atmosphere of geometric patterns. On the other hand, the concept for the Hotel Trusty Premier location in Kumamoto is based on a design that mixes Japanese and western styles, with an atmosphere inspired by the passionate spirit of Kumamoto, which has also been called "Hinokuni" (Land of Fire), presenting an

inviting space for the guests. The Hotel Trusty line operates eight locations in Nagoya, Osaka, Tokyo, Kobe, and Kanazawa. The two new locations in the Hotel Trusty Premier brand will give the line a total of ten locations.



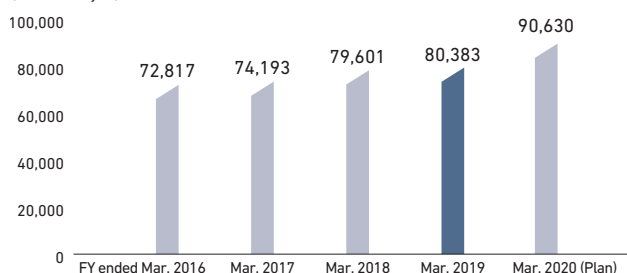
Hotel Trusty Premier Kumamoto: Guest room (image)

## Hotel and Restaurant Operations

Hotel and Restaurant operations include management of hotels and restaurants, cleaning services for hotels and other facilities, shared services among facilities at membership hotels, the nonlife insurance agency business, the manufacture and sale of hair accessories, and the comprehensive beauty care business.

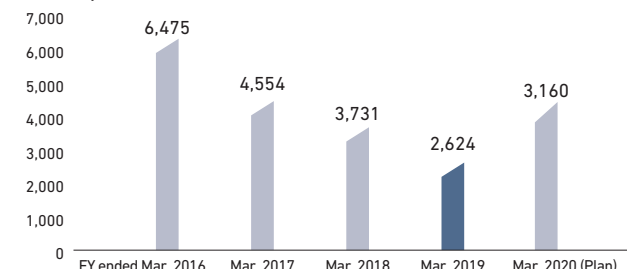
### Net sales

(Millions of yen)



### Operating income

(Millions of yen)



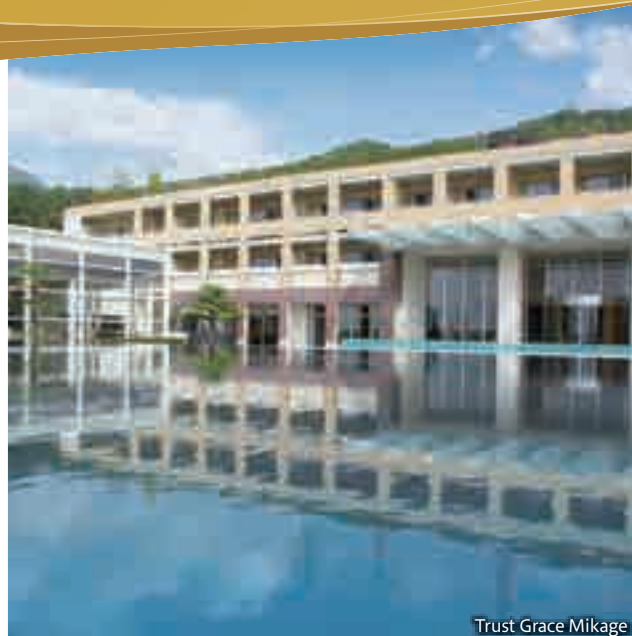
Note 1: The operating income shown above is displayed as operating income before head office expenses (indirect expenses) shared by the entire company were allocated to each segment.

Note 2: Due to changes in the segment classification method, the graph shown above uses a new segment base from the fiscal year ended March 2018; however, the two prior years used the old base.

## Medium- to Long-term Outlook

The Resorttrust Group targets a cumulative occupancy ratio for the XIV and Baycourt Club facilities of 55.5% in FY2022, with the Hotel Trusty business in the same year achieving sales of over 10 billion yen on a 12-facility operating structure. In addition to sharply increasing productivity and profitability through the effective use of digital innovations, we aim to expand over the long term the range of our business and luxury facility operations for the general public and continue the global development of the Kahala brand.





## ■ Performance in the Fiscal Year Ended March 31, 2019

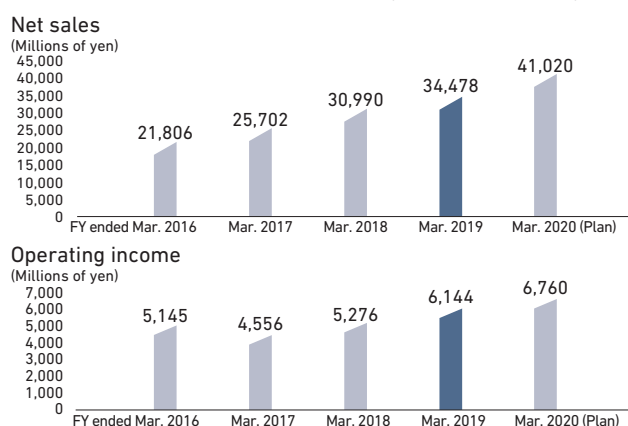
Net sales amounted to 34,478 million yen, up 11.3% from the previous year, while segment profit was 6,114 million yen, up 16.4% from the previous year. In addition to improved revenue as a result of an increase in membership-based comprehensive medical facilities (Grand Himedic Clubs), sales and profit increased on the back of an expanded operations in senior residence facilities, as well as growth in medical operations and the cosmetics and supplement sales business.

## ■ Outlook for the Fiscal Year Ending March 31, 2020

In addition to an outlook for growth in membership fees coinciding with increased Grand Himedic Club membership, we expect a further expansion in medical operations on the planned launch of membership sales for the new facility in the Nihonbashi area in the second half of the year. We expect growth in sales and profit in the Senior Lifestyle business as well, thanks to increasing the number of senior residence facilities by six, including Trust Garden Ogikubo, a private fee-based nursing care facility which we expect to open in August 2019.

## 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.



Note 1: The operating income shown above is displayed as operating income before head office expenses (indirect expenses) shared by the entire company were allocated to each segment.

Note 2: Due to changes in the segment classification method, the graph shown above uses a new segment base from the fiscal year ended March 2018; however, the two prior years used the old base.

## Medium- to Long-term Outlook

Within medical operations, we target 700,000 medical examinations for general consumers and 500,000 customers in the aging care business in the fiscal year ending in March 2023. We also intend to become the first comprehensive medical solutions group in Japan through the creation of synergies with advanced medicine. We aim for the Senior Lifestyle business to become the leader in the high-grade senior care market, building a 3,000 room network by the fiscal year ending in March 2023 and expanding sales 1.6x and operating income 3x compared to the fiscal year ended in March 2018.

## Inside View

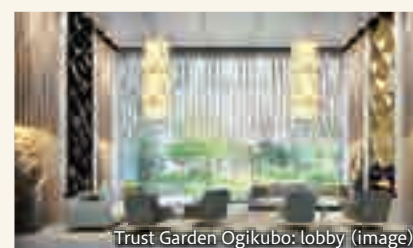
### Planning to open private nursing homes operated by Senior Life Company

Wholly owned subsidiary Trust Garden plans to acquire all outstanding shares of LIXIL subsidiary Senior Life Company in September 2019. Senior Life Company will remain in business as a Resorttrust Group company, operating its five facilities, namely Felio Tamagawa, Felio Seijo, Felio Tenjin, and Felio Momochi, which are all private nursing homes with nursing care services, as well as Regius Momochi, which is a residential-type nursing home. Each of these facilities is in a high demand area, and we believe each has the capacity to satisfy the needs of customers looking for high-quality services and living areas.

### Opening Trust Garden Ogikubo, a fee-based private nursing home

We aim to open Trust Garden Ogikubo, a private nursing home (scheduled to apply as General-type Daily Preventative Long-Term Care for a Person Admitted to a Specified Facility) in August 2019. The concept for the facility is based on the idea of a *bessho* (villa) in Ogikubo, a neighborhood in Tokyo. Ogikubo was often visited by writers and artists from the Taisho era to the early Showa era as a quiet vacation-home neighborhood surrounded by the natural Musashino area. The facility offers a space where residents can feel nostalgia, warmth, and the craftsmanship of those who once lived in the neighborhood. The

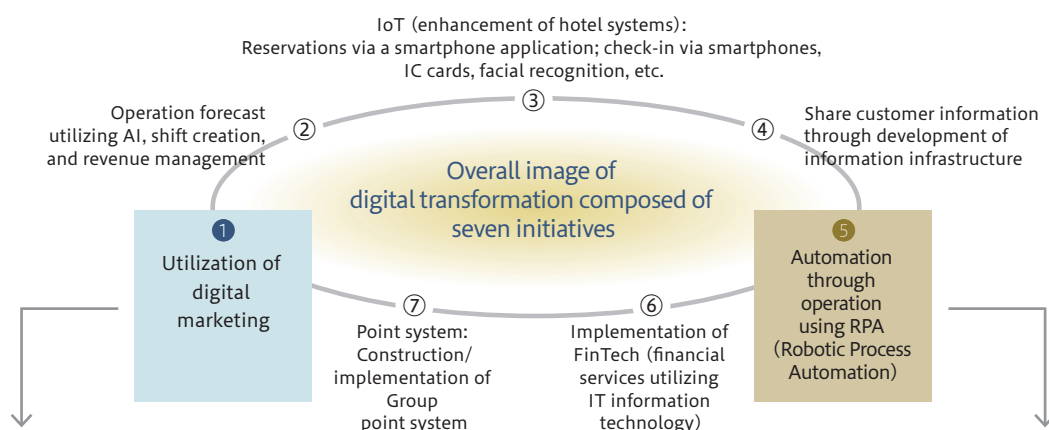
Resorttrust Group aims to operate 23 private nursing homes and accommodation facilities with nursing care services for the elderly nationwide, comprised of a total of about 2,100 rooms. In response to expanding demand, the Company in its medium-term management plan "Connect 50" targets management of 3,000 rooms by the end of March 2023.



# Digital Transformation of Resorttrust

In an effort to further increase customer satisfaction and promote working-style reform, the Group is working to achieve digital transformation in business operations. Through this initiative, we will implement effective management activities even while reducing administrative burdens and reducing labor times. Furthermore, we will share customer information through data and will provide an even higher level of customized services to our customers.

Broadly speaking, digital transformation is composed of seven initiatives. This article introduces two of these activities: digital marketing and RPA (Robotic Process Automation).



## 1. What is digital marketing?

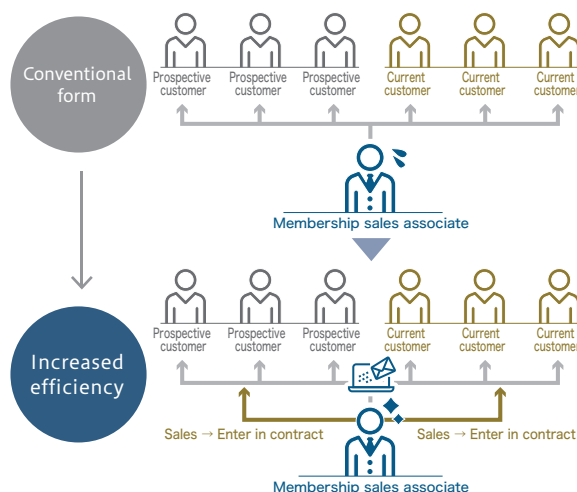
Digital marketing can be broadly defined as a relationship-building method in which information on products is sent to consumers via digital mediums on the internet. The Group had reviewed digital marketing as a method for efficiently entering into contracts during the sale of memberships. For example, one method is to transmit information to prospective customers, thus enabling us to appropriately approach those customers when they display interest. Consequently, we achieved the results listed below for FY2018.

## 2. Results for FY2018 and future forecast

### Results for FY2018

- Contract sales for memberships via digital marketing: approx. 600 million yen
- Hourly productivity: increased by approx. 2% (total results of working-style reform measures in the membership sales division) (FY2018/comparison with previous fiscal year)

In the future, by analyzing the details of cases in which membership contracts are actually consummated and cases in which contracts did not materialize, we will investigate themes such as methods for more effective provision of information and the appropriate timing/methods for approaching prospective customers who responded. By doing so, we will strive to increase overall contract sales in the Membership Operations and to improve productivity.



## 1. What is RPA?

RPA is an acronym for Robotic Process Automation. RPA is a system that performs computer processing and operation instead of people. RPA automates procedures such as data entry following a specific set of rules, as well as collection, processing, and monitoring of data on the system. Through RPA, the Group is working to implement working-style reform by reducing human labor for administrative tasks. Consequently, we achieved the results listed below for FY2018.

## 2. Results for FY2018 and details of initiatives

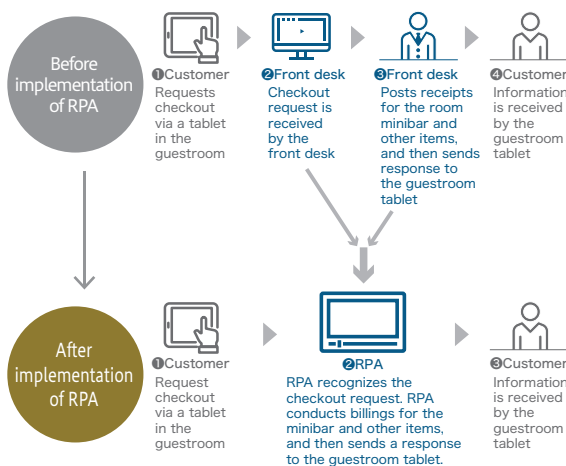
### Results for FY2018

- Target tasks: Already applied to 61 tasks
- Number of operating robots: 92
- Automated work hours: approx. 20,000 hours/year (FY2018)

### Example Initiatives

When a guest staying at a resort hotel uses the guestroom tablet to request checkout, the RPA monitoring the hotel system automatically provides information to the guest. This reduces work that must be performed by the front desk. Using this technology, we achieved a reduction of approx. 4,000 hours per year at 20 facilities including XIV and Baycourt.

Moving forward, we will implement RPA at more facilities and seek even greater improvements in efficiency.



## 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.



# Risks and Opportunities –Risk Awareness and Risk Management–

## 1. Risk Awareness

We recognize the following as being among the main risk factors associated with the operation of the Group's businesses. We also recognize financial risks, including the impact on medium- to long-term strategies and near-term earnings from significant changes in the macroeconomic environment, legal risks related to compliance and corporate governance, and business risks, including those related to environmental concerns and ensuring occupational safety.

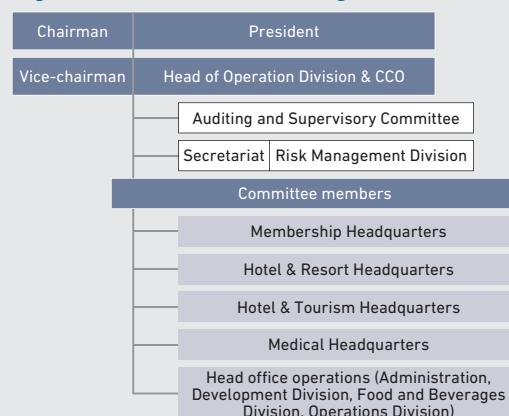
Representative risk	Assumed impact	Current response and countermeasures
◎ Reputational risk	Reduced trust, damage to brand image	Quicker information disclosure, tightening business relationships
◎ Building damage	Costs tied to repairs, suspension of operations at facility	Reduced risk of declining profitability of a specific building through creation of a system allowing mutual use of facilities. Fixed assets owned by the Company are limited to ancillary facilities such as restaurants (member-based facilities)
◎ Natural disaster /Climate change	Reduced revenue from facility operation, impact on supply chain	Created a business continuity plan (BCP) and constructed a backup system for business which envisions the occurrence of a major disaster Developed infrastructure for a system to confirm the safety of employees, etc.
◎ Information security	Leakage of personal information Leakage of confidential information via social networking sites	Reduced the risk of information leakage by defining rules for information management and implementing dedicated tablets. Currently acquiring ISO 27001 certification, an international standard for security management programs (ISMS).
◎ Labor shortage	Labor shortage contributing to reduced quality of service	Working to eliminate labor shortages and improve productivity through digital investment. Improving skills through education and training; improving employee retention rate by promoting diversity and supporting career formation.
◎ Compliance violations by employees	Loss of trust from society due to business violations, etc.	Implementing special program focusing on operations to lift awareness of compliance and bolster management skills
◎ Customer safety and peace of mind	Occurrence of unexpected accidents at time of use by customer	Performing periodic checks based on facility maintenance guidelines. Implementing thorough quality control and hygiene control, and revising response to food allergies.
◎ Medical error, damage to health	Occurrence of health hazards, etc., at medical examination/health checkup facilities or senior care facilities	Established guidelines to prevent medical accidents (Medical procedures are carried out by medical professionals)

## 2. The Resorttrust Group's Approach to Risk Management

### The risk management system

We believe our most important asset is the trust built between the Company and our members and customers in general. Protecting the personal information of those who have shared their lives with us, as well as ensuring food safety and preventing medical errors is our top priority, though we also recognize that there are an increasing number of risks emerging in the Internet age, including the risk of reputational damage. Amid such an environment, our Risk Management Committee is focused on establishing policies aimed at identifying, managing, and responding to the major risks that could impact the Group. The Risk Management Committee, chaired by the Resorttrust president, works to create a system that effectively manages risk throughout the company while ensuring business transparency.

### Organizational structure (Risk Management Committee)



### Risk management process: One-year cycle for detailed risk management and response



### Selecting and responding to important departmental issues

The risk management activities of the Risk Management Committee include creating a mechanism that identifies risks in individual sections and continuously studies and implements measures designed to reduce risks in areas where each of the Group's departments should take action. Departmental action on items selected for attention is determined at the annual meeting focusing on risk selection and based on factors such as changes inside and outside the company and potential losses and damage should the risks manifest. The evaluations of the measures are given numerical values, and after plenary session reporting, measures are made more effective by having the results reflected in the individual evaluations of senior executives in each department.

When looking at assumed risks in each department, the highest percentage of risks is related to governance, including fraud risks due to insufficient internal checks and controls, followed by sales risks, business operation and service risks, and personnel and labor risks (fiscal year ended March 31, 2019)





## 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 details, please refer to the Sustainability Report 2019 from the Group's homepage for CSR information (<https://www.resorttrust.co.jp/csr/>).

Note: Only available in Japanese.

### Natural Environment

Since it develops and operates resort hotels and golf courses, the Group remains focused on maintaining environmental ecosystems, conserving forest and marine resources, and efficiently managing energy and water resources. The Group also uses sustainable energy and eco-friendly cars, recycles resources, holds tree-planting activities, works to conserve water resources, and conducts other environmentally-friendly activities.



#### Targeting sustainable golf courses through the development of our own composting systems

While mowing and the use of pesticides are necessary to the maintenance of golf courses, the Resorttrust Group is continuously working to eliminate the impact of these measures on the surrounding environment. Usually, mowed grass is left where it is cut. However, if weeds cut together with the grass or insect eggs are scattered by the wind, it could have an adverse impact on water quality and the surrounding environment. To prevent this damage from occurring, we have developed our own composting system. All cut grass and other debris from lawn mowing operations is stored in containers and then transported to the on-site composting area where it is allowed to compost for about one month. The resulting compost is then re-applied to the course.

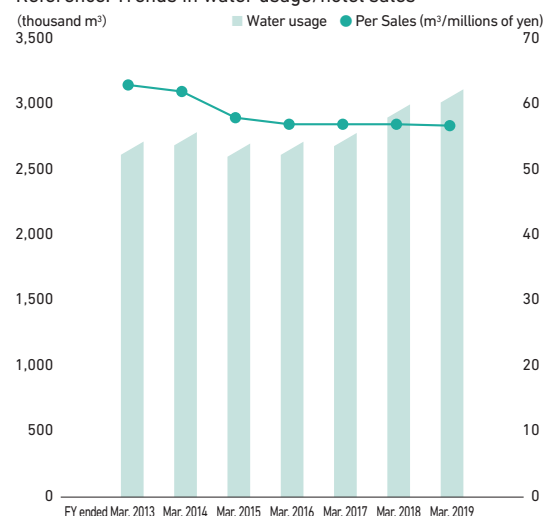
Since weeds and the eggs of insects are processed alongside the cut grass, the grounds are less likely to be damaged and are easier to manage, which should result in cost savings for the Group as well.

### Specific Initiatives

- In the field of renewable energy, we launched power generation at Resorttrust Mega Solar Nasu Shirakawa in March 2014. The facility is considered capable of supplying power to electric cars that can be used as rescue vehicles, even in large-scale natural disasters where the supply of electricity has been severed.
- At the Laguna Baycourt Club Hotel and Spa Resort, opened in March 2019, water used in the giant basin is purified through a circular filtration system and reused as cooling water for the cold-water bath. Any increase in collected water as a result of rain is re-routed to a secondary area, where chlorine is removed prior to the water being returned to the sea.
- We started using paper straws in the Hotel and Restaurant Operations from December 2018 as one way to address the issue of micro plastic pollution.
- Following a three-year test in which no pesticides were used, we learned that golf course grass could not be maintained at the desired level without pesticides. We have accordingly sought to minimize pesticide use to about 200kg/year, which compares favorably to the Hamamatsu City target of 1,200kg/year. The Group also conducts regular tests of water quality in areas outside the golf courses.

#### Water usage (tap water + well water)\*1

Reference: Trends in water usage/hotel sales



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

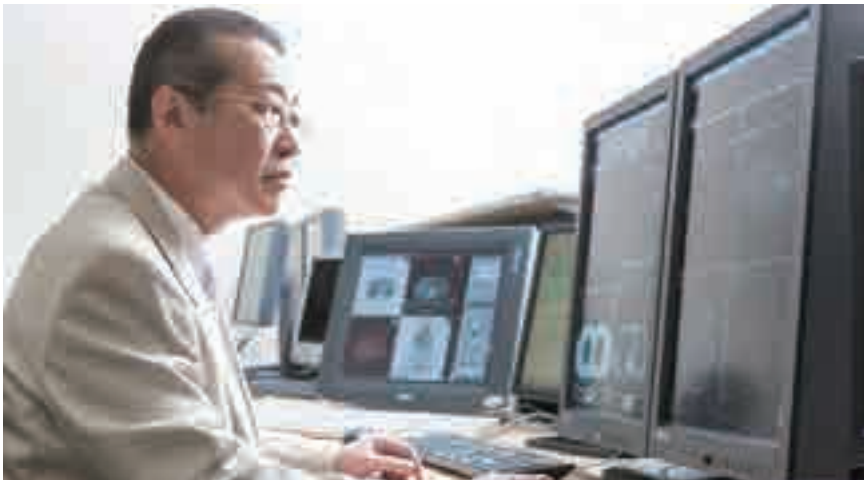
through a variety of business activities that include membership resorts.

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

The Group operates in a number of locations throughout Japan, and as it strives for a sustainable coexistence with its valued partners in local communities remains committed to revitalizing local economies and the promotion of local production and consumption. The Medical Operations contributes to healthy lives and the provision of preventative and nursing care facilities.

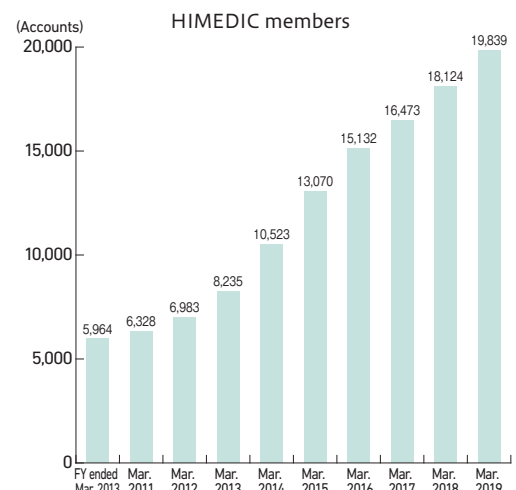


### Cooperating with academia to extend “healthy lifespans”

The Resorttrust Group is working through its Medical Operations to extend healthy lifespans, something that has become a national issue in Japan. A healthy lifespan is defined as the period in a person’s life in which daily life is not restricted by health concerns. Our commitment to resolving society’s issues includes contributing to the rich and healthy lives of our members, who are stakeholders sharing their lives with us. Data acquired from members is shared with universities and research institutions in the industry-academia cooperative business and used to develop early diagnostic methods for illnesses such as cancer and disease onset mechanisms, as well as to improve testing systems.

## Specific Initiatives

- Testing data acquired from the Grand HIMEDIC Club (HIMEDIC Kyoto University Hospital) is collected and used by the Kyoto University Hospital Preemptive Medicine and Lifestyle Related Disease Research Center to advance preventative medicines for lifestyle-related diseases.
- 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.
- Employing local workers in our facilities contributes to improved employment in those communities.
- We conduct dietary education programs for children in local communities. Our hotel restaurant chefs visit local schools, stimulate interest in food through cooking classes and convey the importance of having the right ingredients and meals.



## 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 details, please refer to the Connect 50 page 12 ([https://www.resorttrust.co.jp/english/ir/investors/plan/pdf/keikaku\\_180402.pdf](https://www.resorttrust.co.jp/english/ir/investors/plan/pdf/keikaku_180402.pdf))

### Diversity

The Resorttrust Group offers its full support to the life activities of our employees, and places a high priority on ensuring occupational safety, respect for human rights, and diversity among all of our workers. Group employees are hired regardless of gender or nationality and we have established for them educational opportunities and fair assessments. We are also promoting the employment of those with disabilities, with an aim toward creating a system in which all employees can work to the best of their abilities through the introduction of digitized systems.

#### 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.

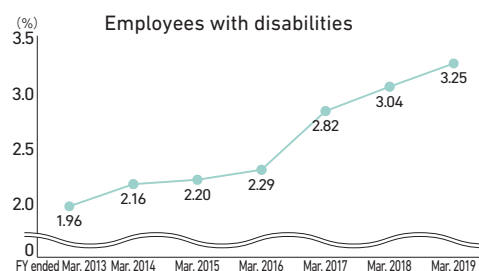
### Specific Initiatives

- As part of our effort to promote diversity and create an environment in which all employees, regardless of gender, can play an active role, we have established a department for the promotion of diversity within the personnel department.

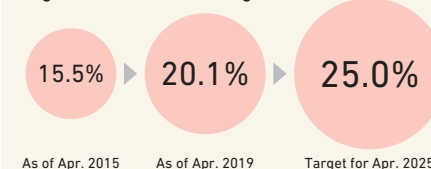
- The "Next-generation certification mark" is a certification (known as a "Kurumin certification") from the Minister of the Health, Labour and Welfare Ministry to companies satisfying the qualifications of a "Childcare Supporting Company" based on the requirements of the Act on Advancement of Measures to Support Raising Next-Generation Children. After establishing its own short-term childcare leave system in August 2017, the Resorttrust Group increased the childcare leave rate for men to 27% and earned high praise for the implementation of a variety of related programs, including workshops on how best to balance nursing care and childcare with work. We received certification in 2016, and again received certification in January 2019 as a result of our boosting our efforts in these areas.



- Resorttrust was also the recipient of the "Ikumen Ikuboss Award" as part of the Aichi Prefecture Family Friendly Company Commendations in fiscal year 2018. The commendations are awarded by Aichi Prefecture to companies promoting and achieving success in establishing new norms for the training of management (ikuboss) that supports work-life balance among subordinates and male workers (ikumen) actively participating in childcare. Resorttrust has received strong praise for its management and departments promoting these ikumen and ikuboss concepts as part of the Group's effort to foster a culture that makes best use of individuals, the true cornerstone of diversity. The Group targets a childcare leave rate for men of 50% by fiscal year 2023 and remains committed to achieving diversity through a variety of initiatives, including training programs aimed at raising management awareness, and the introduction of a short-term childcare leave system.



#### Target ratio of female managers



#### Target ratio of male employees taking child-raising 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.

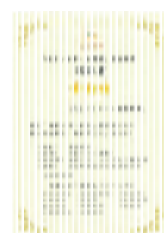


(Top) Employee workshop "Supporting Balance between Work and Nursing Care"

(Left) 1st Resorttrust Receptionist Contest 2018

### Specific Initiatives

- With the goal of improving customer satisfaction and boosting efficiency in the operation of business, the Resorttrust Group has been working on a digital transformation strategy since 2018. These efforts have contributed to an increase in membership contract volume and enhanced productivity per hour.
- We also hold in-house competitions as part of our aim to improve the skills of our employees and further enhance customer service. In 2018, we held an original cocktail competition, a young chef competition, sommelier competition, and a receptionist competition.
- Our human resources development efforts includes measures such as bolstering mental healthcare, improving lifestyle habits of employees, and ensuring a safe and comfortable working environment so as to maintain the improve the health of all Group employees. The Resorttrust Group has won solid praise for its efforts and in 2019 was selected by the Certified Health & Productivity Management Organization Recognition Program (White 500) for a third consecutive year.
- We reorganized our personnel and general affairs departments in April 2019, creating a new personnel department and a human resources planning department. The Group believes it important to ensure, train, and make the best use of human resources in each of its departments and facilities.
- The employee cafeteria system covering 22 facilities was awarded the top-rank of three stars under the Healthy Meal and Dietary Environment Consortium Smart Meal certification system. Smart Meal awards are given to businesses and stores continuously providing nutritionally balanced "smart meals" that allow their employees to live healthy and active lives. We set a goal in November 2011 of improving health awareness among our employees and supporting health management based on eating habits. This entailed providing balanced and nutritional smart meals at employee cafeterias targeting the prevention and improvement of lifestyle related illnesses. We will continue to promote the maintenance and improvement of employee health by introducing an incentive system awarding health points, sponsoring meetings focused on improving the food environment, and promoting food labeling.



### Initiatives for Social Issues

	FY ended Mar. 2017	Mar. 2018	Mar. 2019
<b>Human resource management</b>			
Annual total working hours per person (non-consolidated; unit: hours)	—	—	2,099
Annual overtime working hours per person (non-consolidated; unit: hours)	—	—	143
Employee retention rate (non-consolidated; unit: %)	91.5	91.4	91.1
Examination rate for ordinary periodic health checkups (non-consolidated; unit: %)	99.5	99.6	100
Usage rate for annual paid vacation (non-consolidated; unit: %)	38.2	56.8	60.1
Average number of days used for annual paid vacation (non-consolidated; unit: days)	6.1	9.0	9.7
Ratio of global employees (consolidated; unit: %)	6.3	5.8	5.6

	FY ended Mar. 2017	Mar. 2018	Mar. 2019
<b>Environmental management</b>			
Amount of power used (non-consolidated; unit: 1,000 kWh)	124,881	131,762	139,635
Amount of CO <sub>2</sub> emissions (non-consolidated; unit: tons)*	116,594	121,981	129,123
Amount of water usage (non-consolidated; unit: m <sup>3</sup> )*	2,784,220	3,002,177	3,100,030

\*Total amount for (1) to (3) below

(1) Amount of CO<sub>2</sub> emissions emitted when using fuel

(2) Amount of CO<sub>2</sub> emissions emitted when using electricity provided by another entity

(3) Amount of CO<sub>2</sub> emissions emitted when using heat provided by another entity



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.

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.

Since taking the form of a Company with Audit and Supervisory Committee in June 2015, the Group has further increased the activities of our General Meeting of Shareholders, increased the speed of decision-making by our Board of Directors, and further enhanced our supervisory function through an Audit & Supervisory Committee. We have also strengthened our auditing function through the appropriate construction and operation of an organizational

auditing system. 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. We have also appointed executive officers in charge of business execution in order to support fast and appropriate management and performance decisions.



## 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. 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.

All six of the outside directors are 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 this plan the Resorttrust Group awards points based on the degree of contribution to earnings, with the number of points earnings determining the number of shares provided upon retirement. 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 representative director and the 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.

Total annual remuneration for directors (excluding audit & supervisory committee members) is set at no more than 1.2 billion yen, with total audit & supervisory committee member remuneration at up to 50 million yen, as approved at the 42nd Annual General Meeting of Shareholders held on June 26, 2015.

### Executive remuneration (fiscal year ended March 31, 2019)

Category	Number of recipients	Amount received	Notes and comments
Directors (excluding Audit and Supervisory Committee members) Number in parentheses is for outside directors	15 (2)	967 million yen (11 million yen)	Total annual remuneration is set at no more than 1.2 billion yen, as approved at the 42nd Annual General Meeting of Shareholders held on June 26, 2015
Directors (Audit & Supervisory Committee members) Number in parentheses is for outside directors	5 (4)	38 million yen (29 million yen)	Total annual remuneration is set at no more than 50 million yen, as approved at the 42nd Annual General Meeting of Shareholders held on June 26, 2015.
Total	20	1,005 million yen	

#### Notes

- The left amount does not include 248 million yen 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.
- Based on resolutions at the 45th Annual General Meeting of Shareholders held on June 28, 2018, we have paid the following retirement benefits to officers.  
One retiring director: 243 million yen  
The payment of directors' retirement benefits was deemed reasonable as a result of deliberations by the Remuneration Advisory Committee, which consists of three representative directors and four independent outside directors (one of whom is the chairman). 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, 2019, under which 27 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, we found that future response is necessary for some items

including the form of reporting items and deliberation aimed at enhancing discussion at Board of Directors meetings, and further enhancement of training for directors. However, our analysis and evaluation has demonstrated that the Board of Directors of the Group appropriately fulfills their expected function and is sufficiently effective. This includes items which were improved based on analysis and evaluation in the previous fiscal year.

While confirming that discussion at the Board of Directors has improved overall compared to the previous fiscal year, we will continue to strive for even greater improvement.

## 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 2.6: Demonstrating functions as a

corporate pension asset owner; 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.  
<https://www.resorttrust.co.jp/english/ir/investors/governance/>

## 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/](https://www.resorttrust.co.jp/corporate/anti_social_policy/)

## 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/](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, 2019)

Organizational form	Company with Audit & Supervisory Committee
Audit & Supervisory Committee	
Committee head	Outside director
Total committee members	5 (including 4 outside directors)
Voluntary Committee	
Remuneration Advisory Committee	
Committee head	Outside director
Total committee members	7 (including 4 outside directors)
Total committee members	
Committee head	Outside director
Total committee members	7 (including 4 outside directors)

Number of officers in the Articles of Incorporation	25
Term of directors in the Articles of Incorporation	1 year
Chairman of the Board of Directors	President
Number of members for the Board of Directors	17
Number of members who are Outside Directors	6
Number of Outside Directors who are designated as Independent Officers	6
Number of meetings held by Board of Directors	16
Attendance rate	91.4%
Executive officer system	Yes

## 8. Basic Policy on Control of the Company

Resorttrust, Inc. originally adopted the Measures Against Large-scale Purchases of Company Shares (Takeover Defenses), based on the approval of shareholders at the 34th Annual General Meeting of Shareholders held on June 28, 2007. They were renewed by the resolution at the 43rd Annual General Meeting of Shareholders held on June 29, 2016. However, the company resolved to discontinue the measures effective on the conclusion of the 46th Annual General Meeting of Shareholders scheduled for June 27, 2019. Considering that the external environment concerning takeover defenses has changed since the Company introduced the Measures, the Board of Directors resolved to discontinue it. The Board of Directors believes that the Company, as a publicly-held corporation allowing for free trading of its shares, should leave it ultimately to its shareholders to decide whether to sell their shares in response to the proposal made by a specific party for a large-scale purchase of Company shares. Moreover, the Company believes that any party engaging in the large-scale purchases of Company shares must provide the Board of Directors with necessary and sufficient information concerning such act of purchase in advance, for the purpose of assisting shareholders in making judgment, and that such act of purchases should be allowed to commence, only after a certain assessment period for the

Board of Directors to form collective opinion thereon and to prepare an alternative proposal. Meanwhile, there is no ruling out the possibility that some of the large-scale purchases may be considered to significantly compromise the Company's corporate value and the common interest of its shareholders. The Company believes that it will be necessary to take certain measures against such large-scale purchases which are considered appropriate by its Board of Directors, for the purpose of protecting its corporate value and the common interest of its shareholders.

The Company will continue to require any party engaging in or attempting a large-scale purchase of Company shares to provide necessary and sufficient information so that shareholders can make an informed decision as to whether or not to accept the large-scale purchase. In addition, the Company will disclose the opinion of the Board of Directors and strive to secure time and information necessary for shareholders to consider the large-scale purchase. In such manners, the Company will implement appropriate measures in accordance with the Financial Instruments and Exchange Act, the Companies Act, and other relevant laws and regulations. The Company at the same time will continue to strive to secure and enhance the Company's corporate value and the common interest of shareholders.



# Executives

(As of June 30, 2019)



Katsuyasu Ito  
Chairman of the Board & CEO

Yoshiro Ito  
Founder & Group CEO

Ariyoshi Fushimi  
President & COO

<b>Yoshiro Ito</b> 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)
<b>Katsuyasu Ito</b> 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)
<b>Ariyoshi Fushimi</b> President & COO	Shares owned: 151,889
	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)

<b>Katsuyuki Iuchi</b> Senior Managing Director, Head of Operation Division & CCO (Chief Compliance Officer) Shares owned: 8,182	<b>Atsuyuki Shintani</b> Senior Managing Director, Head of Membership Division Shares owned: 173,000	<b>Toshihiko Uchiyama</b> Senior Managing Director, Head of Food & Beverages Division Shares owned: 135,130	<b>Naoshi Takagi</b> Managing Director, Deputy Head of Membership Division and President of Osaka Office Shares owned: 20,000	<b>Shinichiro Hanada</b> Managing Director, Head of Development Division Shares owned: 474
<b>Shigetoshi Ogino</b> Director, Head of Hotels & Resorts Division Shares owned: 65,615	<b>Tetsuya Furukawa</b> Director, Head of Medical Division Shares owned: 11,043	<b>Tomoyo Nonaka*</b> Outside Director Shares owned: 1,029	<b>Asako Terazawa*</b> Outside Director Shares owned: 236	
<b>Hide Nobu Minowa</b> Director (Audit & Supervisory Committee member) Shares owned: 23,233	<b>Yoshitaka Taniguchi*</b> Outside Director (Audit & Supervisory Committee Member) Shares owned: 16,000	<b>Yoichi Aiba*</b> Outside Director (Audit & Supervisory Committee Member) Shares owned: 0	<b>Satoshi Akahori*</b> Outside Director (Audit & Supervisory Committee Member) Shares owned: 0	<b>Toshihisa Nakatani*</b> 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 46th Annual General Meeting of Shareholders and documents submitted for independent officers.

\*2 Shares owned as of March 31, 2019. \* Independent officer

## Financial & Corporate Information

## Consolidated Financial Statements

### ■ Operating Results

	FY ended Mar. 2009	Mar. 2010	Mar. 2011
Net sales	87,254	103,645	108,976
Operating income	5,407	11,191	13,172
Ordinary income	5,444	10,916	13,341
Income before income taxes and non-controlling interests	3,697	6,911	7,866
Net income attributable to owners of the parent	507	4,184	3,300
Depreciation cost (CF base)	6,321	6,083	6,185
EBITDA*	11,728	17,274	19,357
Capital investment	9,282	7,093	6,269
Net cash provided by operating activities	6,114	21,270	14,126
Net cash used in investment activities	(4,776)	(5,341)	(5,962)
Net cash provided by (used in) financing activities	(6,506)	(1,457)	(19,131)
Cash and cash equivalents	17,060	31,592	21,446
Net cash provided by operating activities to net sales(%)	7.0	20.5	13.0
Net assets	50,798	60,273	61,379
Total assets	243,083	256,573	237,359

\*Operating income+Depreciation cost (CF base)

## Financial Data

### ■ Financial Indicators (Consolidated)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Operating income to net sales	13.3	13.1	9.4	10.7	10.5
Net income attributable to owners of the parent to net sales	9.8	9.2	7.7	7.2	6.9
Return on assets (ROA)	5.8	4.9	3.6	4.6	4.7
Return on equity (ROE)	13.6	12.5	9.9	10.1	10.0
Interest coverage ratio* (times)	43.9	5.3	44.9	13.0	24.0
Equity ratio	25.5	26.6	27.0	28.7	31.7

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

### ■ Per Share Data (Consolidated)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Earnings per share (basic)	120.30	123.34	103.40	110.82	115.53
Earnings per share (diluted)	108.69	112.81	95.09	101.99	106.42
Net assets per share	963.99	1,019.35	1,068.20	1,130.11	1,190.63
Cash dividends per share	43.00	46.00	46.00	46.00	46.00
Payout ratio (%)	35.7	37.3	44.5	41.5	39.8

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

							(Millions of Yen)
Mar. 2012	Mar. 2013	Mar. 2014	Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
99,894	105,311	116,824	120,401	142,249	143,541	165,413	179,542
9,891	12,054	15,190	16,041	18,640	13,514	17,742	18,877
9,443	12,976	16,830	20,206	19,439	14,806	19,422	19,528
8,969	11,508	15,408	17,709	17,531	16,290	18,585	19,049
5,415	7,127	8,733	11,851	13,044	11,010	11,830	12,358
6,166	5,482	5,523	5,876	7,030	7,746	8,609	9,678
16,057	17,536	20,713	21,917	25,670	21,260	26,351	28,555
5,320	3,527	19,561	40,192	14,177	14,409	26,490	20,652
19,657	21,338	24,815	22,057	2,616	26,249	8,456	16,674
(15,546)	(15,958)	(33,747)	(71,837)	(33,824)	3,881	(7,282)	(2,057)
(3,351)	11,447	22,179	60,359	(8,624)	(15,593)	(9,177)	(23,198)
21,888	38,716	51,965	66,404	25,476	40,365	32,469	23,895
19.7	20.3	21.2	18.3	1.8	18.3	5.1	9.3
64,883	73,145	81,395	104,769	112,515	118,379	125,190	132,050
235,151	253,861	300,774	390,832	407,430	421,606	421,440	401,426

## ■ Net Sales by Segment

					(Millions of Yen)
	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Membership operations	33,590	46,282	42,530	54,114	64,029
Hotel and Restaurant operations	65,462	72,817	74,193	79,601	80,383
Medical operations	19,746	21,806	25,702	30,990	34,478
Others	1,602	1,344	1,114	707	651
Total	120,401	142,249	143,541	165,413	179,542

## ■ Operating Income by Segment

					(Millions of Yen)
	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Membership operations	6,230	9,898	6,988	16,179	19,004
Hotel and Restaurant operations	4,906	4,567	3,010	3,731	2,624
Medical operations	4,287	3,629	3,011	5,276	6,144
Others	617	545	503	554	572
Head Office cost	—	—	—	(7,999)	(9,468)
Total	16,041	18,640	13,514	17,742	18,877

Notes: 1. In conjunction with the organizational changes made on April 1, 2018, the Company has revised its segment categorization method from the fiscal year ended March 31, 2019. Segment information listed from the fiscal year ended March 31, 2018 was created using the categorization method after the change. Segment information listed from previous fiscal years shows numbers calculated on the prior basis.  
 2. 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.  
 3. Starting at the fiscal year ended March 31, 2018, operating income segments prior to the allocation of Head Office costs are being released. Please see pp. 24-26 for data prior to the fiscal year ended March 31, 2017 (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)		
	FY ended Mar. 2017	Mar. 2018	Mar. 2019
<b>Current assets</b>			
Cash and deposits	39,063	29,366	<b>26,742</b>
Notes and accounts receivable—trade	9,437	7,689	<b>8,891</b>
Operating loans	41,553	44,041	<b>46,623</b>
Securities	6,215	6,404	<b>4,647</b>
Merchandise	915	972	<b>1,082</b>
Real estate for sale	15,634	22,776	<b>30,049</b>
Raw materials and supplies	1,317	1,374	<b>1,429</b>
Real estate for sale in process	26,931	28,116	<b>11,845</b>
Other	11,336	6,303	<b>5,380</b>
Allowance for doubtful accounts	(974)	(950)	<b>(937)</b>
Total current assets	151,430	146,094	<b>135,754</b>
<b>Non-current assets</b>			
<b>Property, plant and equipment</b>			
Buildings and structures, net	93,810	94,830	<b>101,777</b>
Machinery, equipment and vehicles, net	2,258	2,765	<b>2,889</b>
Golf courses	7,585	7,591	<b>7,591</b>
Land	37,946	38,302	<b>38,649</b>
Lease assets, net	4,715	6,689	<b>6,227</b>
Construction in progress	4,842	15,700	<b>17,920</b>
Other, net	4,663	4,721	<b>4,945</b>
Total property, plant and equipment	155,824	170,600	<b>180,001</b>
<b>Intangible assets</b>			
Goodwill	4,526	4,121	<b>3,637</b>
Software	3,264	4,240	<b>4,534</b>
Other	2,600	2,638	<b>3,634</b>
Total intangible assets	10,391	11,001	<b>11,806</b>
<b>Investments and other assets</b>			
Investment securities	85,687	64,724	<b>43,599</b>
Shares of subsidiaries and associates	1,387	1,390	<b>1,313</b>
Long-term loans receivable	4,227	6,163	<b>6,120</b>
Net defined benefit asset	1,125	1,219	<b>725</b>
Deferred tax assets	1,894	7,596	<b>8,234</b>
Other	10,473	13,486	<b>14,624</b>
Allowance for doubtful accounts	(834)	(835)	<b>(755)</b>
Total investments and other assets	103,959	93,744	<b>73,862</b>
Total non-current assets	270,175	275,345	<b>265,671</b>
Total assets	421,606	421,440	<b>401,426</b>

#### Liabilities

	(Millions of Yen)		
	FY ended Mar. 2017	Mar. 2018	Mar. 2019
<b>Current liabilities</b>			
Notes and accounts payable—trade	1,401	1,355	<b>1,471</b>
Short-term loans payable	9,200	8,958	<b>5,000</b>
Current portion of long-term loans payable	4,616	19,119	<b>1,839</b>
Current portion of bonds	250	2,750	<b>250</b>
Lease obligations	662	848	<b>875</b>
Accounts payable—other	22,786	16,825	<b>22,389</b>
Income taxes payable	3,800	4,741	<b>3,608</b>
Accrued consumption taxes	494	1,642	<b>997</b>
Advances received	33,532	28,564	<b>12,209</b>
Other	19,033	21,347	<b>22,123</b>
Total current liabilities	95,778	106,153	<b>70,764</b>
<b>Non-current liabilities</b>			
Bonds payable	3,450	700	<b>450</b>
Bonds with subscription rights	30,200	29,855	<b>29,813</b>
Long-term loans payable	50,258	32,069	<b>39,123</b>
Lease obligations	4,402	6,343	<b>5,806</b>
Deferred tax liabilities	871	829	<b>638</b>
Provision for directors' retirement benefits	2,171	2,131	<b>2,133</b>
Provision for stocks payment	1,078	1,294	<b>1,697</b>
Net defined benefit liability	1,525	1,755	<b>1,959</b>
Long-term guarantee deposited	102,492	101,541	<b>101,595</b>
Negative goodwill	221	100	<b>—</b>
Other	10,774	13,475	<b>15,392</b>
Total non-current liabilities	207,447	190,096	<b>198,611</b>
Total liabilities	303,226	296,250	<b>269,375</b>

#### Net Assets

<b>Shareholders' equity</b>			
Capital stock	19,588	19,590	<b>19,590</b>
Capital surplus	22,171	22,192	<b>22,192</b>
Retained earnings	71,837	78,770	<b>86,144</b>
Treasury shares	(2,788)	(2,212)	<b>(1,852)</b>
Total shareholders' equity	110,809	118,341	<b>126,074</b>
<b>Accumulated other comprehensive income</b>			
Valuation difference on available-for-sale securities	1,007	661	<b>821</b>
Foreign currency translation adjustment	2,222	1,814	<b>858</b>
Remeasurements of defined benefit plans	(139)	(55)	<b>(323)</b>
Total accumulated other comprehensive income	3,089	2,421	<b>1,355</b>
Subscription rights to shares	—	229	<b>292</b>
Non-controlling interests	4,480	4,198	<b>4,326</b>
Total net assets	118,379	125,190	<b>132,050</b>
Total liabilities and net assets	421,606	421,440	<b>401,426</b>

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

### Consolidated Statements of Income

(Millions of Yen)

	FY ended Mar. 2017	Mar. 2018	Mar. 2019
Net sales	143,541	165,413	<b>179,542</b>
Cost of sales	25,878	33,799	<b>42,167</b>
Gross profit	117,662	131,614	<b>137,374</b>
Total selling, general and administrative expenses	104,148	113,871	<b>118,497</b>
Advertising expenses	2,414	2,677	<b>2,452</b>
Membership service expenses	717	709	<b>698</b>
Repair and maintenance	3,283	3,356	<b>4,090</b>
Linen expenses	3,460	3,640	<b>3,983</b>
Employees' salaries and bonuses and directors' compensation	41,741	45,685	<b>46,877</b>
Depreciation	7,021	7,549	<b>8,595</b>
Other	45,509	50,253	<b>51,799</b>
Operating income	13,514	17,742	<b>18,877</b>
Total non-operating income	3,176	3,102	<b>2,145</b>
Interest and dividend income	2,345	2,236	<b>1,606</b>
Other	831	865	<b>539</b>
Total non-operating expenses	1,884	1,422	<b>1,494</b>
Interest expenses paid on loans and bonds	593	652	<b>677</b>
Other	1,290	769	<b>816</b>
Ordinary income	14,806	19,422	<b>19,528</b>
Total extraordinary income	3,477	505	<b>685</b>
Total extraordinary losses	1,993	1,341	<b>1,164</b>
Income before income taxes and non-controlling interests	16,290	18,585	<b>19,049</b>
Income taxes—current	5,909	7,398	<b>7,061</b>
Income taxes—deferred	(665)	(818)	<b>(730)</b>
Total income taxes	5,244	6,579	<b>6,331</b>
Net income	11,046	12,006	<b>12,718</b>
Net income (loss) attributable to non-controlling interests	35	175	<b>360</b>
Net income attributable to owners of the parent	11,010	11,830	<b>12,358</b>

### Consolidated Statements of Comprehensive Income

(Millions of Yen)

	FY ended Mar. 2017	Mar. 2018	Mar. 2019
Net income	11,046	12,006	<b>12,718</b>
Other comprehensive income			
Valuation difference on available-for-sale securities	388	(345)	<b>159</b>
Foreign currency translation adjustment	(1,112)	(407)	<b>(956)</b>
Remeasurements of defined benefit plans, net of tax	116	84	<b>(268)</b>
Total other comprehensive income	(607)	(668)	<b>(1,064)</b>
Comprehensive income	10,438	11,337	<b>11,653</b>
Attributable to			
Attributable to owners of parent	10,406	11,161	<b>11,292</b>
Attributable to non-controlling interests	32	176	<b>360</b>

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

(Millions of Yen)

	FY ended Mar. 2017	Mar. 2018	Mar. 2019
Net cash provided by operating activities	26,249	8,456	<b>16,674</b>
Net cash used in investment activities	3,881	(7,282)	<b>(2,057)</b>
Net cash provided by (used in) financing activities	(15,593)	(9,177)	<b>(23,198)</b>
Effect of exchange rate changes on cash and cash equivalents	23	40	<b>8</b>
Net increase (decrease) in cash and cash equivalents	14,561	(7,962)	<b>(8,573)</b>
Cash and cash equivalents at beginning of period	25,476	40,365	<b>32,469</b>
Increase (decrease) from change in scope of consolidation	326	66	<b>—</b>
Cash and cash equivalents at end of period	40,365	32,469	<b>23,895</b>

## Business Data

### ■ Membership Indicators

(Number of People)

		FY ended Mar. 2015		Mar. 2016		Mar. 2017		Mar. 2018		Mar. 2019	
Baycourt Club	Members	8,493		10,646		13,115		15,793		18,255	
	Corporate	4,649	54.7%	6,021	56.6%	7,766	59.2%	9,728	61.6%	11,568	63.4%
	Individual	3,844	45.3%	4,625	43.4%	5,349	40.8%	6,065	38.4%	6,687	36.6%
XIV	Members	74,870		76,546		76,517		77,220		77,592	
	Corporate	32,308	43.2%	33,466	43.7%	33,583	43.9%	34,111	44.2%	34,817	44.9%
	Individual	42,562	56.8%	43,080	56.3%	42,934	56.1%	43,109	55.8%	42,775	55.1%
Sun Members	Members	35,572		35,103		34,429		33,572		32,478	
Cruiser	Members	428		456		417		399		391	
Golf	Members	30,635		31,343		31,032		30,671		30,260	
HIMEDIC	Members	13,070		15,132		16,473		18,124		19,839	
Total		163,068		169,226		171,983		175,779		178,815	

### ■ Hotel and Restaurant Operations

#### Net Sales by Category

(Millions of Yen)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
XIV	32,360	31,988	33,664	36,058	34,802
Sun Members	4,765	4,658	4,707	4,804	4,719
Hotel Trusty	5,331	6,162	6,460	6,789	6,631
Baycourt Club	4,388	4,555	4,443	4,790	7,116
The Kahala Hotel & Resort	1,713	8,607	7,950	8,207	8,260
Income from membership fees	6,710	6,752	6,927	7,124	7,694
Proceeds from amortizing deposits	2,868	2,886	2,929	2,993	3,189
Other income	7,324	7,205	7,107	8,832	7,967
Total	65,462	72,817	74,193	79,601	80,383

#### Occupancy Rates by Category

(%)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
XIV	54.0	54.0	52.6	50.8	50.2
Sun Members	64.7	65.2	62.7	60.4	60.4
Hotel Trusty	89.7	92.5	91.2	91.7	90.4
Baycourt Club	53.2	59.5	57.1	54.6	48.3

## Number of Overnight Visitors by Category

(Number of People)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
XIV	1,815,749	1,786,996	1,812,543	1,864,448	1,839,932
Sun Members	496,901	477,338	444,621	431,345	418,856
Hotel Trusty	603,412	637,474	662,363	696,234	689,920
Baycourt Club	135,201	150,809	143,812	145,426	217,826
Total	3,051,263	3,052,617	3,063,339	3,137,453	3,166,534

## Spending per Visitor by Category

(Yen)

	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
XIV	17,822	17,901	18,573	19,340	18,915
Sun Members	9,591	9,759	10,589	11,139	11,268
Hotel Trusty	8,835	9,667	9,754	9,752	9,612
Baycourt Club	32,458	30,206	30,898	32,940	32,671

## Medical Operations

### Breakdown of Sales

(Millions of Yen)

	—	—	FY ended Mar. 2017	Mar. 2018	Mar. 2019
HIMEDIC Business	—	—	12,575	13,908	15,437
MS (Medical Service) Corporation Business*	—	—	3,912	5,120	6,093
Aging Care Business (product sales, etc.)	—	—	1,904	2,696	2,743
Senior Lifestyle Business	—	—	7,283	9,321	10,401
Other	—	—	26	(56)	(196)
Total	—	—	25,702	30,990	34,478

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

\* Breakdown from March 2017

## Number of Senior Living Rooms (As of the End of the Fiscal Year)

(%)

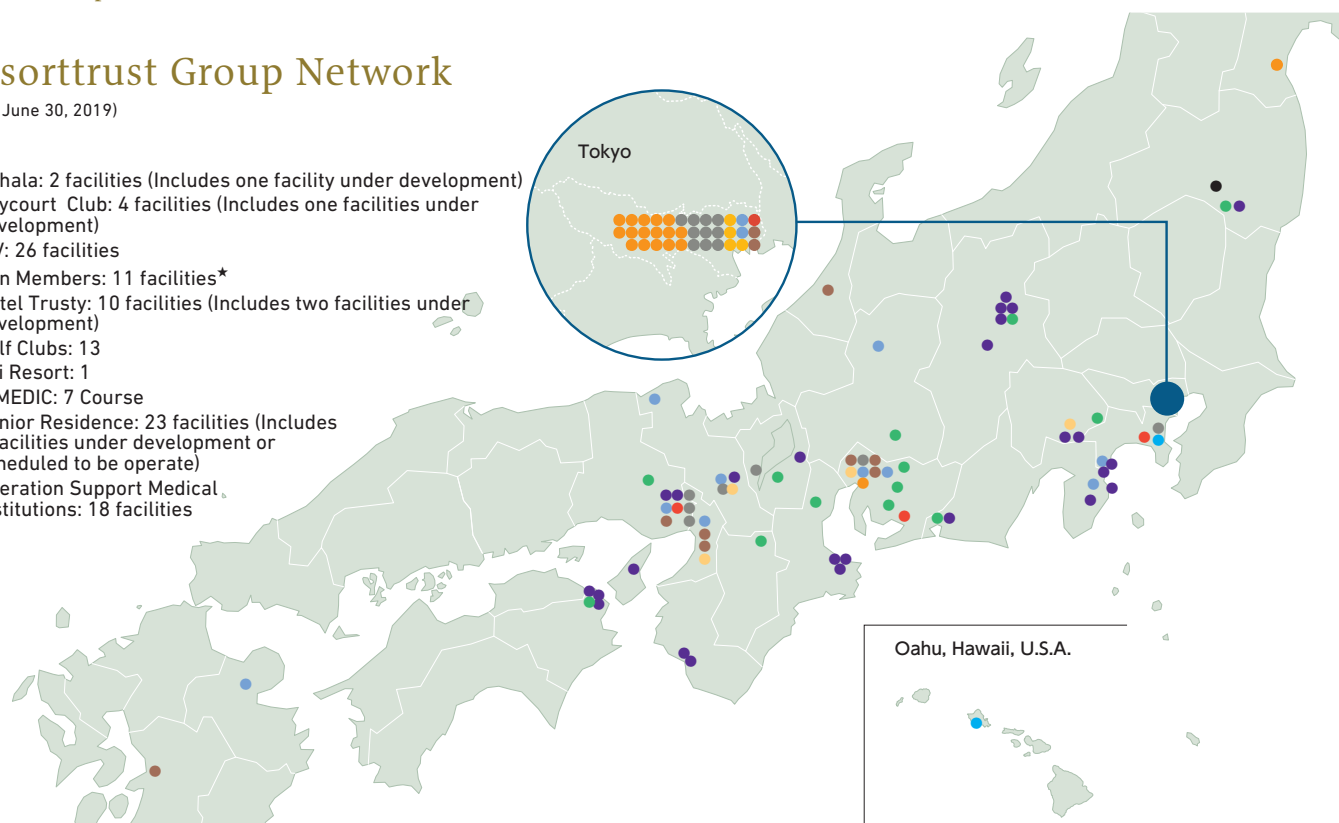
	FY ended Mar. 2015	Mar. 2016	Mar. 2017	Mar. 2018	Mar. 2019
Number of rooms	907	1,025	1,075	1,513	1,659
Utilization rate (achievement)	80.8	87.6	90.0	85.1	86.4



## Resorttrust Group Network

(As of June 30, 2019)

- Kahala: 2 facilities (Includes one facility under development)
- Baycourt Club: 4 facilities (Includes one facilities under development)
- XIV: 26 facilities
- Sun Members: 11 facilities\*
- Hotel Trusty: 10 facilities (Includes two facilities under development)
- Golf Clubs: 13
- Ski Resort: 1
- HIMEDIC: 7 Course
- Senior Residence: 23 facilities (Includes 6 facilities under development or scheduled to be operate)
- Operation Support Medical Institutions: 18 facilities



## Hotel Facilities

	Year Operations Began	Number of Rooms
<b>● Kahala</b>		<b>338*</b>
Oahu, Hawaii, U.S.A.		
The Kahala Hotel & Resort	2014	338
Kanagawa		
The Kahala Hotel & Resort Yokohama (Under development)	2020(plan)	146
<b>● Baycourt Club</b>		<b>686*</b>
Tokyo		
Tokyo Baycourt Club	2008	292
Kanagawa		
Yokohama Baycourt Club (Under development)	2020(plan)	138
Aichi		
Laguna Baycourt Club	2019	193
Hyogo		
Ashiya Baycourt Club	2018	201
<b>● XIV</b>		<b>3,613</b>
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

\* Excludes properties under development

	Year Operations Began	Number of Rooms
Shizuoka		
XIV Hatsushima Club	2000	200
XIV Izu	1988	227
XIV Hamanako	2004	193
Mie		
XIV Toba	1987	207
XIV Toba Annex	1991	198
XIV Toba Bettei	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
<b>● Sun Members</b>		<b>1,117*</b>
Kanagawa		
Resorpia Hakone	1984	171
Shizuoka		
Resorpia Atami	1983	206
Kyoto		
Resorpia Kumihama	1984	57
Sun Members Kyoto Saga	1980	67
Oita		
Resorpia Beppu	1984	57
Gifu		
Sun Members Hirugano	1974	36

	Year Operations Began	Number of Rooms
<b>Hyogo</b>		
Sun Members Kobe	1985	53
<b>Tokyo</b>		
Sun Members Tokyo Shinjuku	1982	181
<b>Aichi</b>		
Sun Members Nagoya Nishiki	1979	79
Sun Members Nagoya Shirakawa	1974	105*
<b>Kagoshima</b>		
Sun Members Kagoshima	1980	105
<b>● Hotel Trusty 1,520*</b>		
<b>Tokyo</b>		
Hotel Trusty Tokyo Bayside	2008	200
Hotel Trusty Premier Nihonbashi Hamacho (Under development)	2019(plan)	223
<b>Ishikawa</b>		
Hotel Trusty Kanazawa Korinbo	2013	207
<b>Aichi</b>		
Hotel Trusty Nagoya Sakae	2003	204
Hotel Trusty Nagoya Shirakawa	2016	105*
Hotel Trusty Nagoya	1997	250
<b>Osaka</b>		
Hotel Trusty Osaka Abeno	2012	202
Hotel Trusty Shinsaibashi	2005	211
<b>Hyogo</b>		
Hotel Trusty Kobe Kyukyoryuchi	2009	141
<b>Kumamoto</b>		
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
<b>Fukushima</b>	
Grandee Nasu Shirakawa Golf Club	36
<b>Yamanashi</b>	
Maple Point Golf Club	18
<b>Nagano</b>	
Grandee Karuizawa Golf Club	18
<b>Shizuoka</b>	
Grandee Hamanako Golf Club	18
<b>Gifu</b>	
Springfield Golf Club	18
<b>Aichi</b>	
Pines Golf Club	18
St. Creek Golf Club	27
The Tradition Golf Club	18
<b>Mie</b>	
Grace Hills Country Club	18
<b>Shiga</b>	
The Country Club	18
<b>Hyogo</b>	
Kansai Golf Club	18
<b>Nara</b>	
Oakmont Golf Club	27
<b>Tokushima</b>	
Grandee Naruto Golf Club 36	36

	Year Operations Began
<b>Fukushima</b>	
Grandee Hatoriko Ski Resort	2004

## ■ HIMEDIC (Medical Examination Course)

	Year Opened
<b>Yamanashi</b>	
HIMEDIC Yamanakako Course	1994
<b>Tokyo</b>	
HIMEDIC Tokyo University Hospital Course	2006
HIMEDIC Midtown Course	2013
HIMEDIC Tokyo Bay Course	2015
<b>Aichi</b>	
HIMEDIC Nagoya Course	2016
<b>Kyoto</b>	
HIMEDIC Kyoto University Hospital Course	2016
<b>Osaka</b>	
HIMEDIC Osaka Course	2005

## ■ Senior Residence Facilities

	Number of Rooms
<b>1,659*</b>	
<b>Tokyo</b>	
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 (Under development)	51
Felio Tamagawa (Scheduled to start operation)	70
Felio Seijo (Scheduled to start operation)	65
<b>Kanagawa</b>	
Life Assist Bashamichi	74
<b>Aichi</b>	
Trust Grace Shirakabe	72
Morning Park Chikaramachi	41
<b>Shiga</b>	
Activa Biwa (Independent Living and Assisted Living)	384
<b>Kyoto</b>	
Trust Garden Shijo Karasuma	54
<b>Hyogo</b>	
Trust Garden Takarazuka	89
Trust Grace Mikage (Independent Living)	218
Trust Grace Mikage (Assisted Living)	63
<b>Fukuoka</b>	
Felio Tenjin (Scheduled to start operation)	95
Felio Momochi (Scheduled to start operation)	98
Resius Momochi (Scheduled to start operation)	62

\*Excluding properties that are under development or scheduled to start operation

## ■ Operation Support Medical Institutions

<b>Miyagi</b>	
Sendai Medical Clinic	
<b>Tokyo</b>	
Tokyo Midtown Clinic	
Tokyo Midtown Aesthetic Clinic Noage	
Tokyo Midtown Dental Clinic	
Tokyo Midtown Clinic Health Screening Clinic	
Center for Advanced Medical Science and Technology at Tokyo Midtown	
Tokyo Radiation Oncology Clinic	
Tokyo Daiya Building Clinic	
Hamamatsucho Hamasite Clinic	
Shinko Clinic	
Shinko Clinic Annex	
Ovalcourt Medical Clinic	
C'est la vie Clinic	
Tachikawa Kitaguchi Kenshinkan	
Tachikawa Kitaguchi Kenshinkan Annex	
Toupura Medical Clinic	
HamachoKoen Clinic	
<b>Aichi</b>	
Midtown Clinic Meieki	

## 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 kind of product is the International listed on the development schedule (page 24)? Also, what is the location of facilities?

**A** As a new initiative for brand development, we are developing new stay-type products which are a hybrid of ordinary and membership programs. For our next base, we are reviewing a wide range of resorts in domestic areas such as Okinawa and overseas areas such as 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. Currently, we have approximately 140,000 members on a name basis. However, we forecast that potential demand will continue to exist with a focus on the Kanto area.

**Q** In the Medium-term Management Plan, there are no planned openings in the 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 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, 2019)

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

Established	April 1973
Common Stock	19,590 million yen
Number of Employees	7,592 (Consolidated, full-time employees)
Fiscal Year-End	March 31

## Stock Information

(As of March 31, 2019)

### 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	33,341

### 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)	5,921	5.5
Japan Trustee Services Bank, Ltd. (Trust Account)	4,530	4.2
SAPPORO BREWERIES LIMITED	3,351	3.1
Yoshiro Ito	2,922	2.7
NORTHERN TRUST CO. (AVFC) RE MONDRIAN INTERNATIONAL SMALL CAP EQUITY FUND,L.P.	2,038	1.9
GI Co., Ltd.	1,921	1.8
Japan Trustee Services Bank, Ltd. (Trust Account 4)	1,893	1.7
THE BANK OF NEW YORK MELLON 140044	1,692	1.6
Japan Trustee Services Bank, Ltd. (Trust Account 5)	1,584	1.5

## Major Group Companies

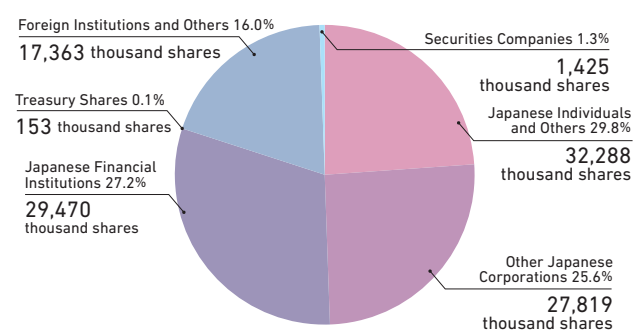
(As of March 31, 2019)

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
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)
NIPPON SWISS PERFECTION CO., LTD.	Cosmetics import sales, etc.	10	100.0 (100.0)
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)
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	53	100 (100)

### 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





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

