

April 1, 2018 to March 31, 2023

**Resorttrust Group
Medium-term
Management Plan**

Connect 50

Together for a wonderful life

Resorttrust, Inc.



April 2, 2018

Securities code: 4681

Top message —Toward further Resorttrust brand growth—

Since its foundation in 1973, the Resorttrust Group has maintained an unwavering commitment to breaking new ground, earning trust and rising to challenges, and delivering unparalleled levels of refinement, quality, sophistication and hospitality. Guided by these established management principles, we have worked diligently to nurture the value of our robust brand across each of the core membership hotels, medical and other businesses. In addition to garnering the trust of more than 170,000 members, we are ramping up efforts to expand operations that target general consumers.

Launched in April 2018, this medium-term management plan provides a roadmap for realizing a more robust and high-grade Group brand and becoming a group with close membership ties that endure for a lifetime. To this end, the plan focuses on efforts aimed at making the most of Group synergy effects while firmly protecting the unique brand established in each business.

In the years ahead, we will draw on the know-how that stems from the strengths of our memberships and robust connections with guests as well as our tailor-made, high-value-added services to more vigorously engage in activities that also target the general consumer markets.

Advancing toward the milestone of our 50th anniversary at the close of this medium-term management plan, we will redouble efforts aimed at mobilizing the collective strengths of the Group. In addition to welcoming your expectations toward the challenges that lie ahead, we kindly ask for your continued support and understanding.

The Resorttrust Group's management principles

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.

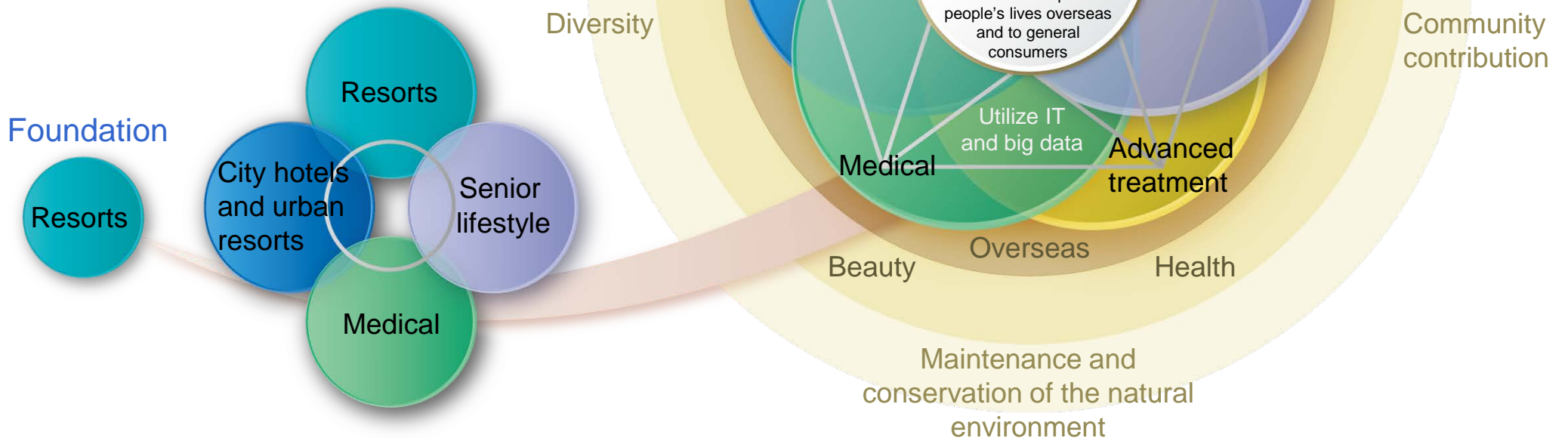
Take on the challenge of developing a global brand

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

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

FY2022 Net sales: 210.0 (Billions of yen)
 (Image) Operating income: 24.0 (Billions of yen)

FY2017 Net sales: 171.0 (Billions of yen)
 (Plan) Operating income: 17.0 (Billions of yen)



Strengths and features

Management resources (Strengths)



Customer base

Continuous increase through referrals from a network of over 170,000 affluent members in Japan and existing guests



Human resources/brand

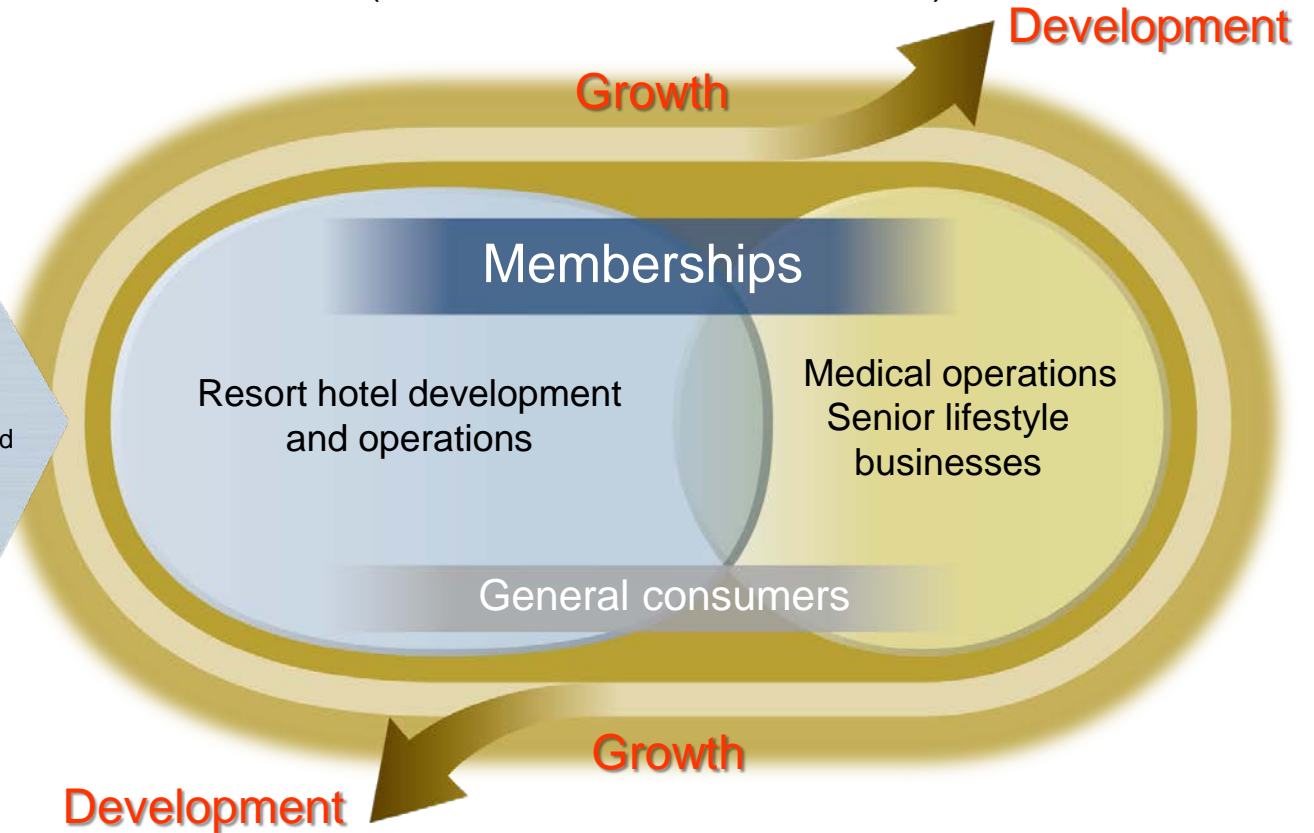
Facilities and services with unparalleled quality and sophistication served by brand employees (employees who represent the face of the Company) committed to overwhelming hospitality



Business model

A unique business model that positions a stable financial platform as the underlying strength for new growth

Generating Group synergies based on the Resorttrust Group brand
(Distinctive business structure)



Risks & opportunities

Risks

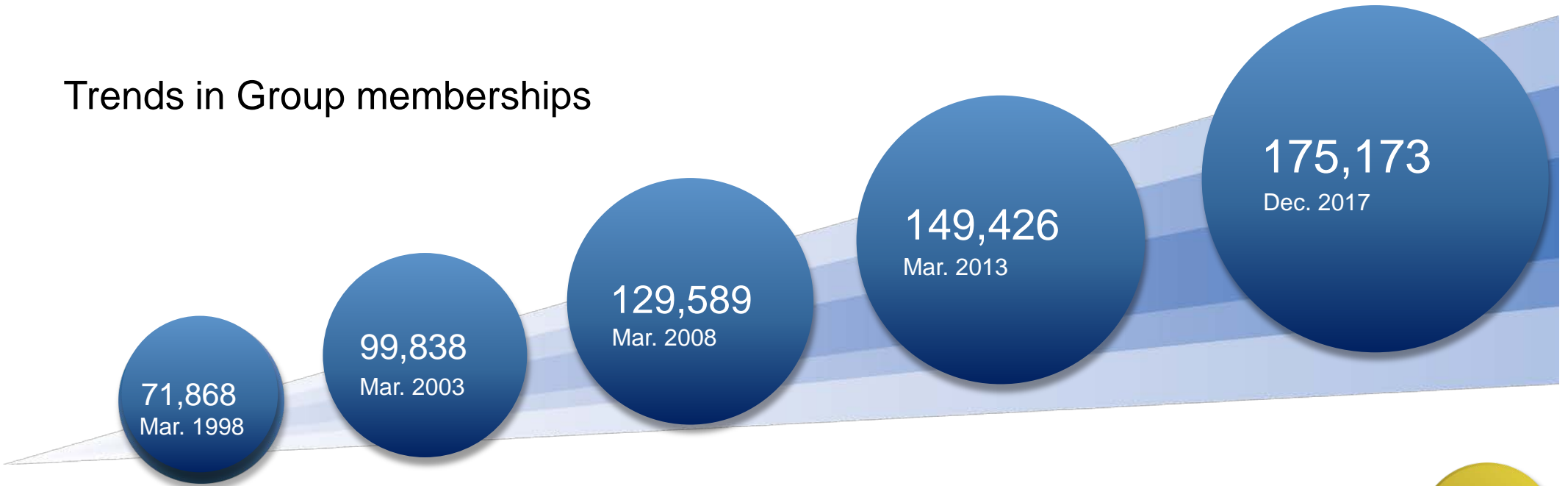
- Shortage of labor across the service industry as a whole
- Security risks associated with the handling of personal and other information
- Entry by local and overseas competitors

Opportunities

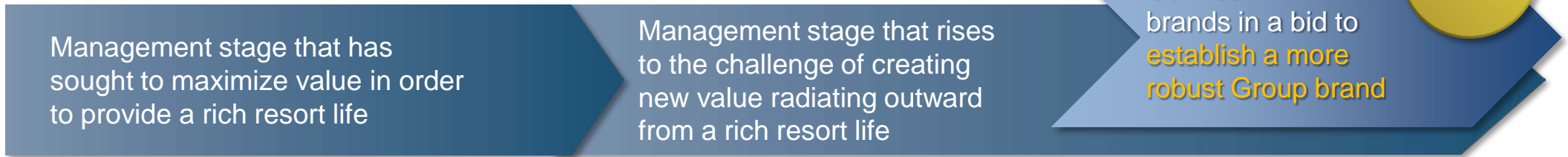
- Promote workstyle reform and the taking of vacations
- Develop a Japanese-style model overseas
- Increase in the number of foreigners visiting Japan
- Increase in the number of affluent individuals attributable to domestic GDP growth

Management that evolves in tune with the medium-term management plan

Trends in Group memberships



Medium-term management plan evolution



VALUE Plan 21
April 1998 to March 2003

Power Brand Plan
April 2003 to March 2008

Excellent Hospitality Plan
April 2008 to March 2013

Next40
April 2013 to March 2018

Connect 50
April 2018 to March 2023

Review of Next40 (1)

<Next40 fundamental Group strategy>

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

Essentially achieved each index

Major activity themes	Results
Number of new membership resort facility construction starts	6 facilities
Contract value growth rate	Average growth rate about 7-8% per year
Number of newly opened HIMEDIC bases	4 courses
Increase in the number of senior residences	8 facilities (increase of roughly 1,000 rooms)
Increase in the number of operational examination support facilities for general consumers	10 facilities
Overseas hotel operations	Acquired THE KAHALA HOTEL & RESORT
Increase in the ratio of management positions held by women	20.1% (April 2017)
Shift to a company with an Audit & Supervisory Committee structure	June 2015

⇒ Steady progress toward building a foundation for the future

Review of Next40 (2)

Factors that have led to a change in underlying assumptions and conditions

Increase in personnel expenses following the decision to award Tokyo the 2020 Olympic and Paralympic Games, upswing in inbound travelers, and other factors

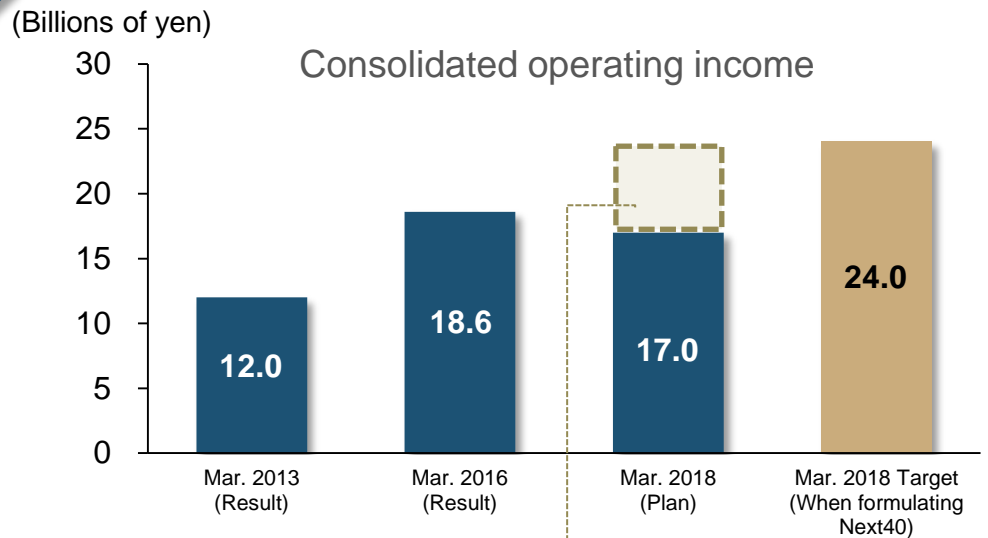
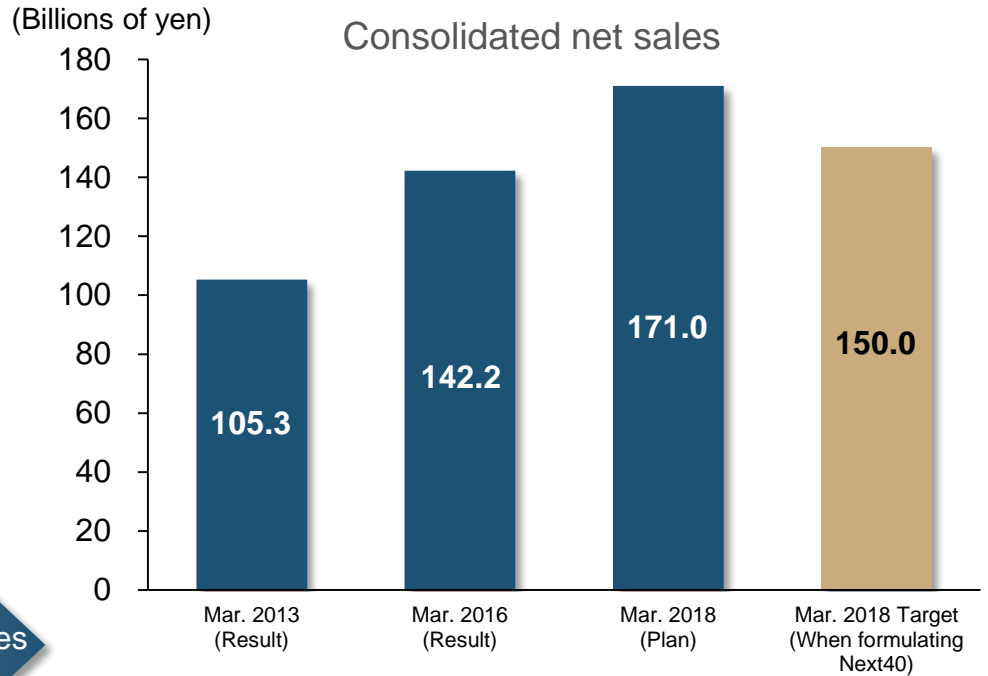
Increase in construction costs in similar fashion to personnel expenses identified above

Shortage of labor in the service industry

Implemented measures aimed at addressing the aforementioned risk factors

Decrease in profit margins owing mainly to upfront outlays aimed at strengthening the human resources base and efforts to open large-scale facilities
 ⇒ Improving productivity positioned as an important management issue

While achieving the Group's net sales target, issues regarding profits continue to linger



Operating environment (1) Japan's macro environment

<Background & trends>

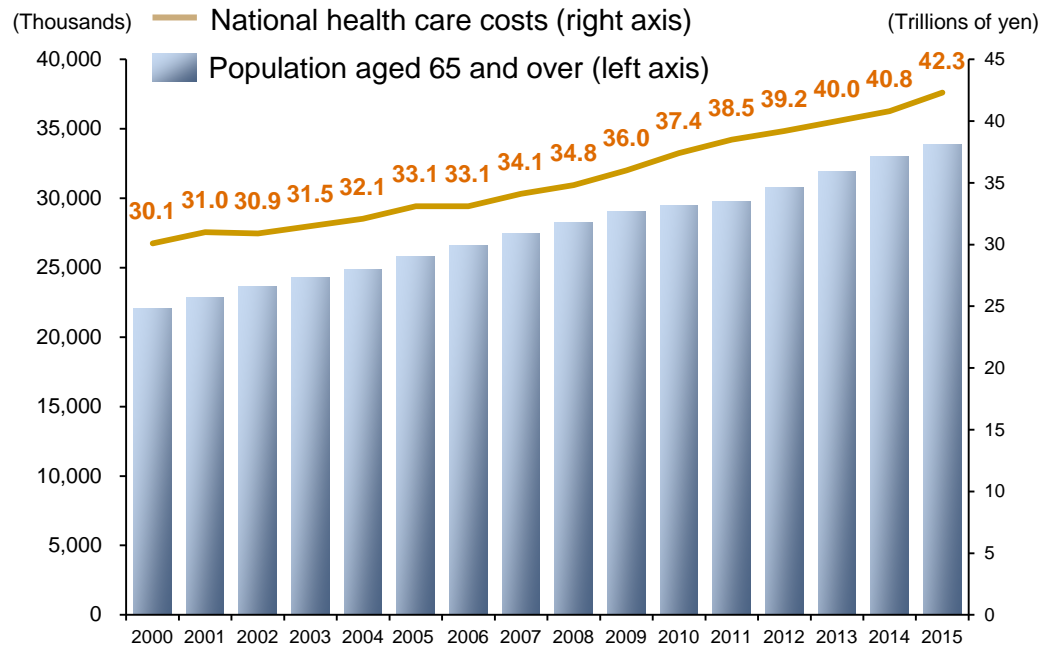
Decrease in the total population and increase in the number of elderly persons; increase in health care costs and social welfare expenses

Slight increase in the number of affluent individuals; upward trend in per capita GDP

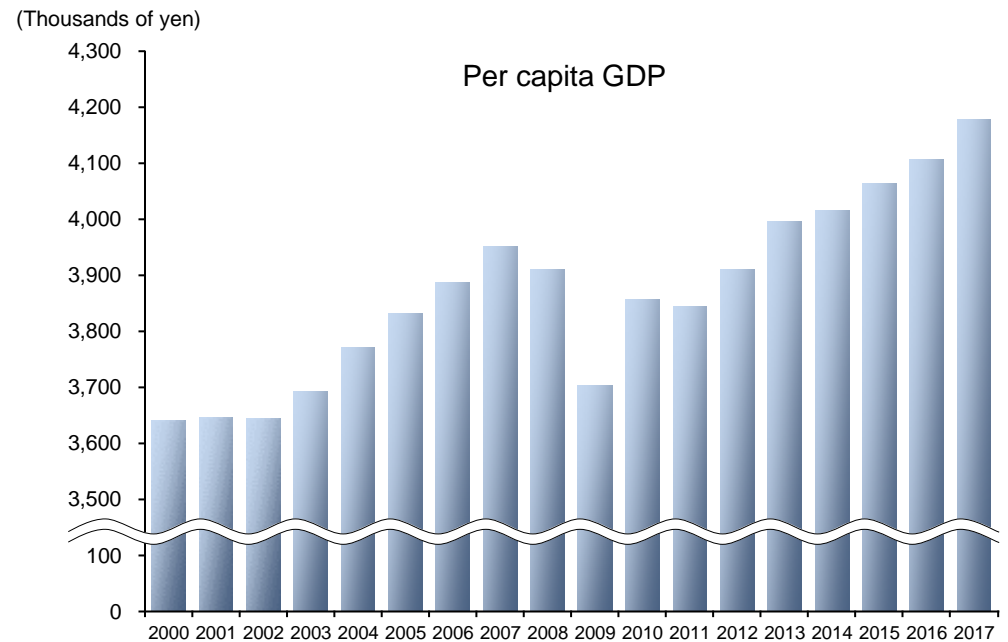
Measures implemented to further promote Japan as a major tourist destination and to revitalize regional areas; decision to award Tokyo the 2020 Olympics; increase in the number of foreigners visiting Japan; efforts to promote work-life balance

<Market expansion amid growing demand>

- Stay and accommodation facilities for affluent individuals and general consumers (Japan & overseas)
- More fulfilling and diverse leisure time
- High-quality services and facilities for seniors
- Health maintenance and preventative health care through early detection
- Highly advanced medical treatment, aging care and other



Source: Trends in annual national health care costs issued by Japan's Ministry of Health, Labour and Welfare



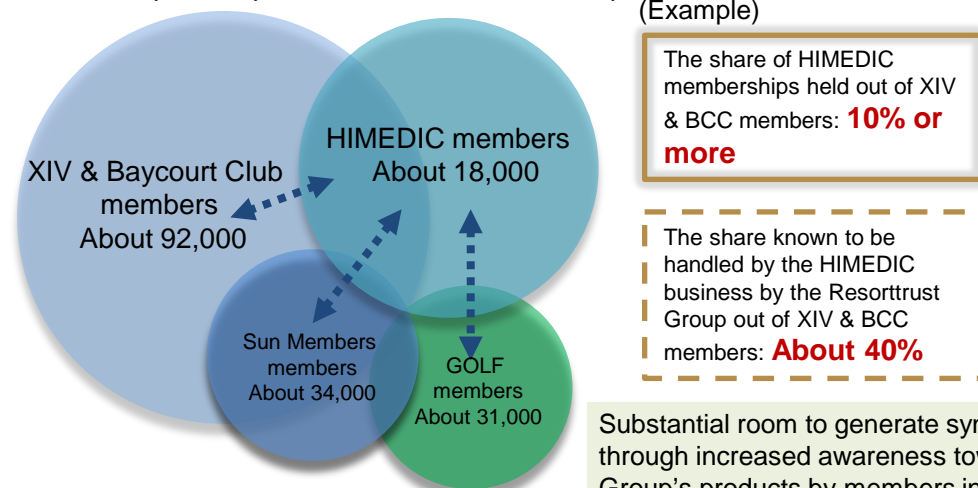
Source: Annual Report on National Accounts issued by the Cabinet Office of the Government of Japan

Operating environment (2) Group businesses

<The status of core businesses and long-term issues>

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

Membership overlap within the Resorttrust Group



Substantial room to generate synergies through increased awareness toward the Group's products by members including related parties

<Business direction>

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

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

(2) Develop business areas and brands that extend beyond customer attributes

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

Realize sustained growth

(1) × (2)

Number of households and household asset levels as classified by net financial assets held

		2003	2007	2011	2015
High net worth individuals (net financial assets of ¥500 million or more)	No. of households (Thousands)	56	61	50	73
	Financial assets (Trillions of yen)	38	65	44	75
Affluent segment (net financial assets of ¥100 million to less than ¥500 million)	No. of households (Thousands)	720	842	760	1,144
	Financial assets (Trillions of yen)	125	189	144	197
Mass affluent segment (net financial assets of ¥50 million to less than ¥100 million)	No. of households (Thousands)	2,455	2,711	2,687	3,149
	Financial assets (Trillions of yen)	160	195	196	245
Upper mass retail segment (net financial assets of ¥30 million to less than ¥50 million)	No. of households (Thousands)	6,140	6,598	6,384	6,808
	Financial assets (Trillions of yen)	215	254	254	282
Mass retail segment (net financial assets of less than ¥30 million)	No. of households (Thousands)	38,815	39,400	40,482	41,730
	Financial assets (Trillions of yen)	519	470	500	603

Source: Nomura Research Institute, Ltd. website

Five-year fundamental strategies

Strengthen and entrench the Group brand

⇒ Raise awareness (Group point program, other); upgrade and expand contact with guests (concierge desk, other)

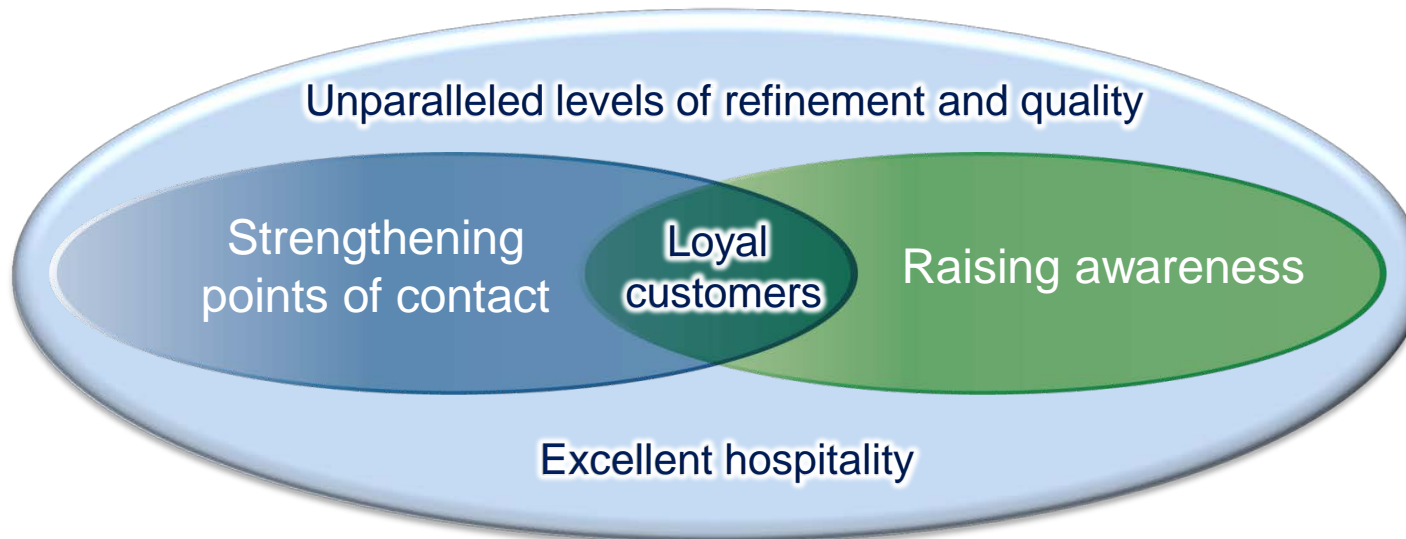
Dramatically improve productivity through workstyle reform

⇒ Utilize IT technology (AI/RPA); develop and review labor environment and training systems; pursue customer satisfaction

Realize a more stable business portfolio

⇒ Reinforce the Group's stock-type earnings base; develop new brands; accelerate the pace of growth in markets for general consumers

Build a connection that all stakeholders are keen to maintain for a lifetime

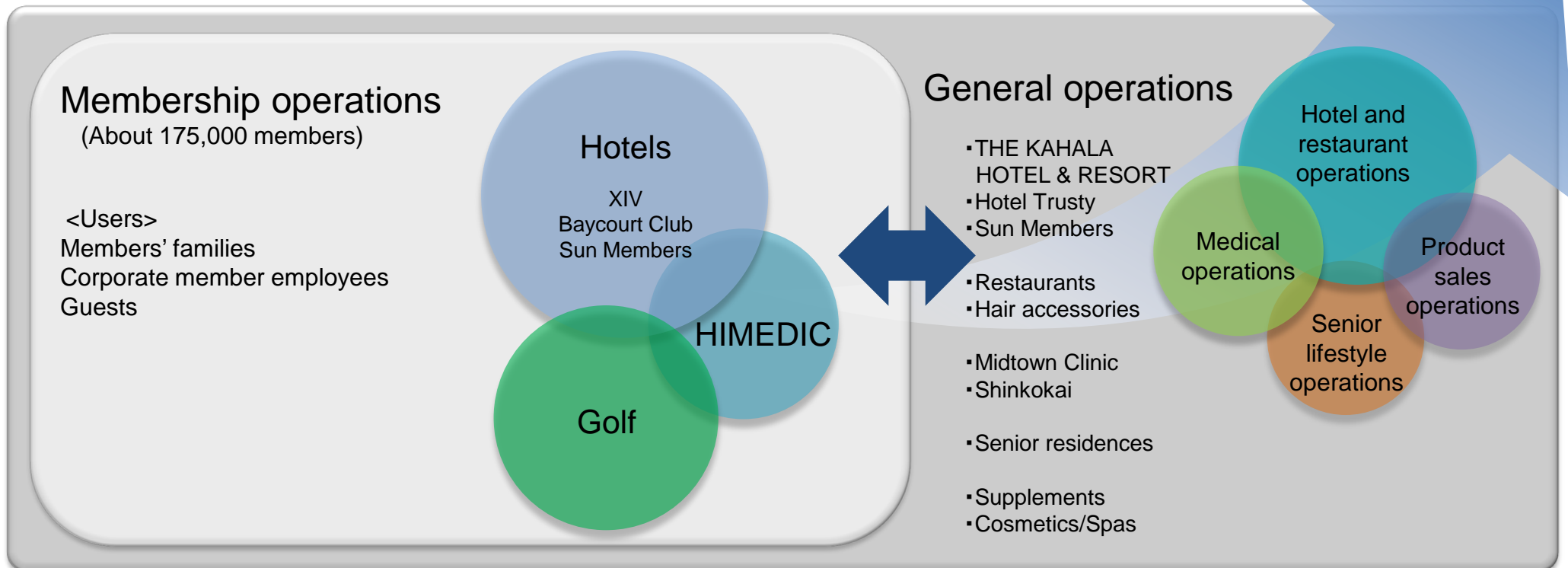


Group brand management (1) Pursuing Group synergies

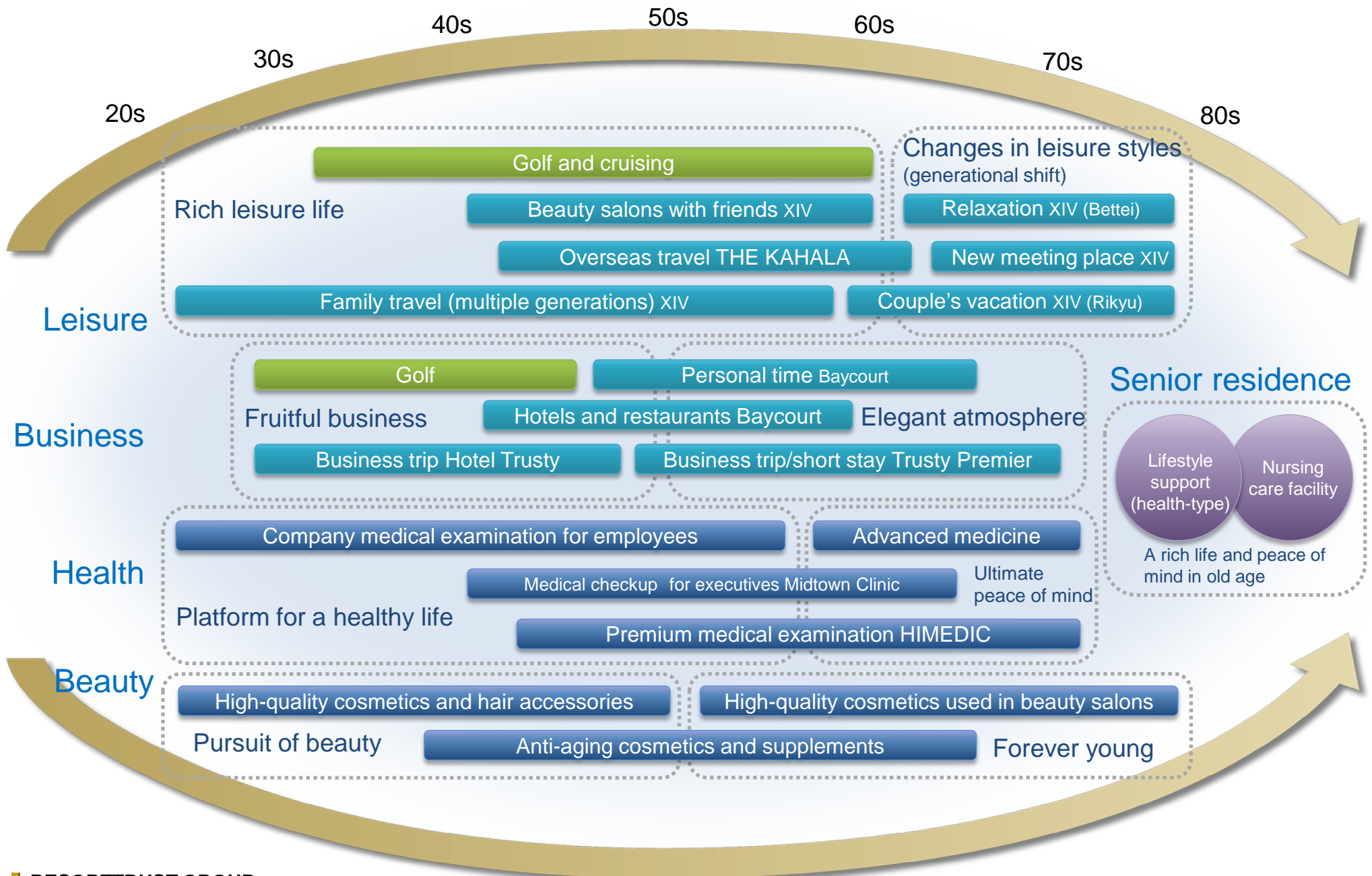
Group brand management

Our goal is to become a corporate group that is distinguished by its unique brand prowess and the ability to foster close membership ties that last for a lifetime. To this end, we will not only work to generate value across individual businesses and product brands, but also maximize Group synergies in a bid to increase our overall added value.

- Strengthen and bolster awareness toward connections between Group businesses
- Strengthen the connection between guests
- Apply guests' requests to considerations regarding new business fields



Group management (2) Becoming a partner for a lifetime



Resorttrust's stance toward workstyle reform

Improve productivity while further increasing customer satisfaction and the motivation of employees

Human resources are an essential management resource in the sustained growth of the Group. Recognizing the potential risks that can accrue from any deficiency in its human resources, the Resorttrust Group is committed to upgrading and expanding its development, training, and investment in its human resources.



Workplace environment reform

- Review public holidays and work hours
- Promote diverse and flexible workstyles that accommodate individual circumstances including child and nursing care
- Establish a workplace environment in which women can thrive
- Ensure the sound health of employees (health management)
- Establish a workplace environment in which people with disabilities can thrive

Development, training, and evaluation systems reform

- Promote development and training programs that facilitate brand employee growth
- Provide opportunities for employee growth
- Implement evaluations and provide compensation that accurately reflects performance
- Put in place a fair and equitable competitive environment
- Establish a corporate culture that instills a sense of confidence and trust

IT and digitization promotion and development

- Promote the use of IT and digitization to address both guest and internal control management
- Utilize artificial intelligence
- Eliminate overexertion and waste; realize workstyles that help increase points of customer contact

Segment summary

Membership operations



Create new opportunities by commencing sales of international memberships

Establish a sustainable membership business model

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

Hotel and restaurant operations



Dramatically increase productivity and profitability

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

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

Medical operations



Image courtesy of GE Healthcare Japan

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

Target the top position in the senior high-grade market

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

Stabilizing the business portfolio

Next40

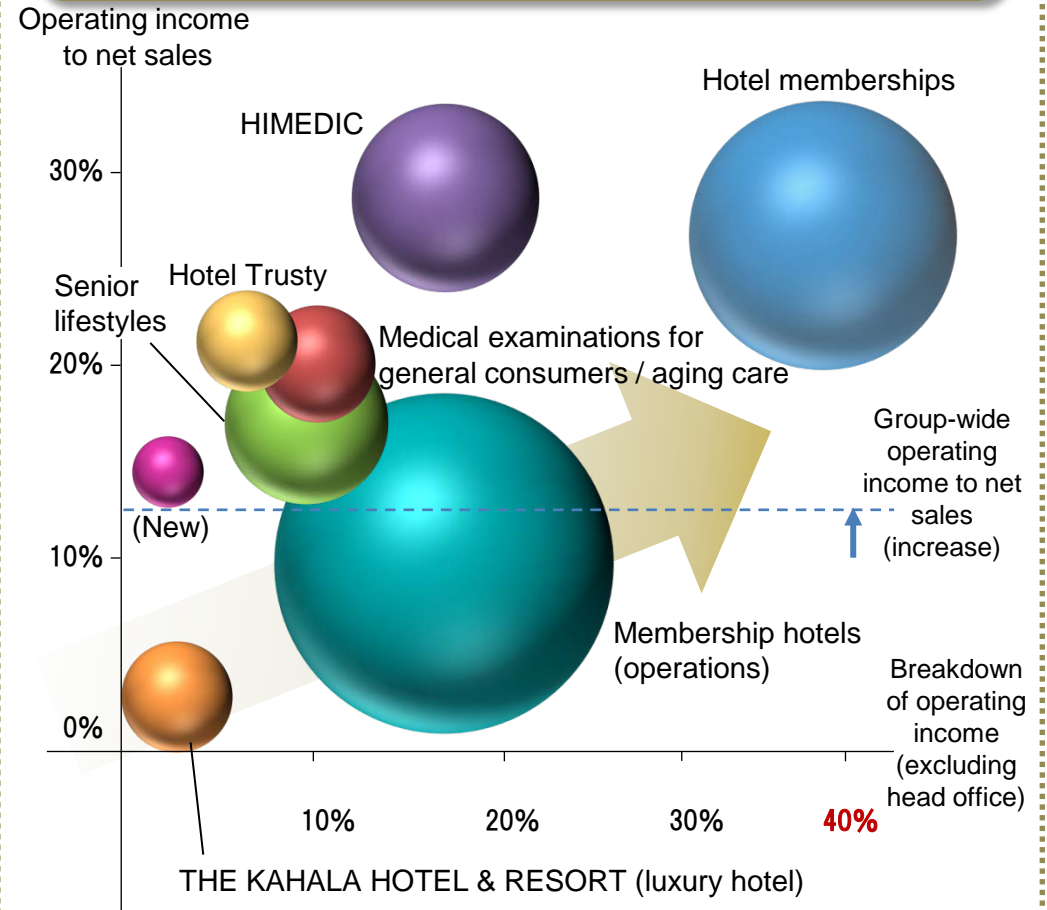
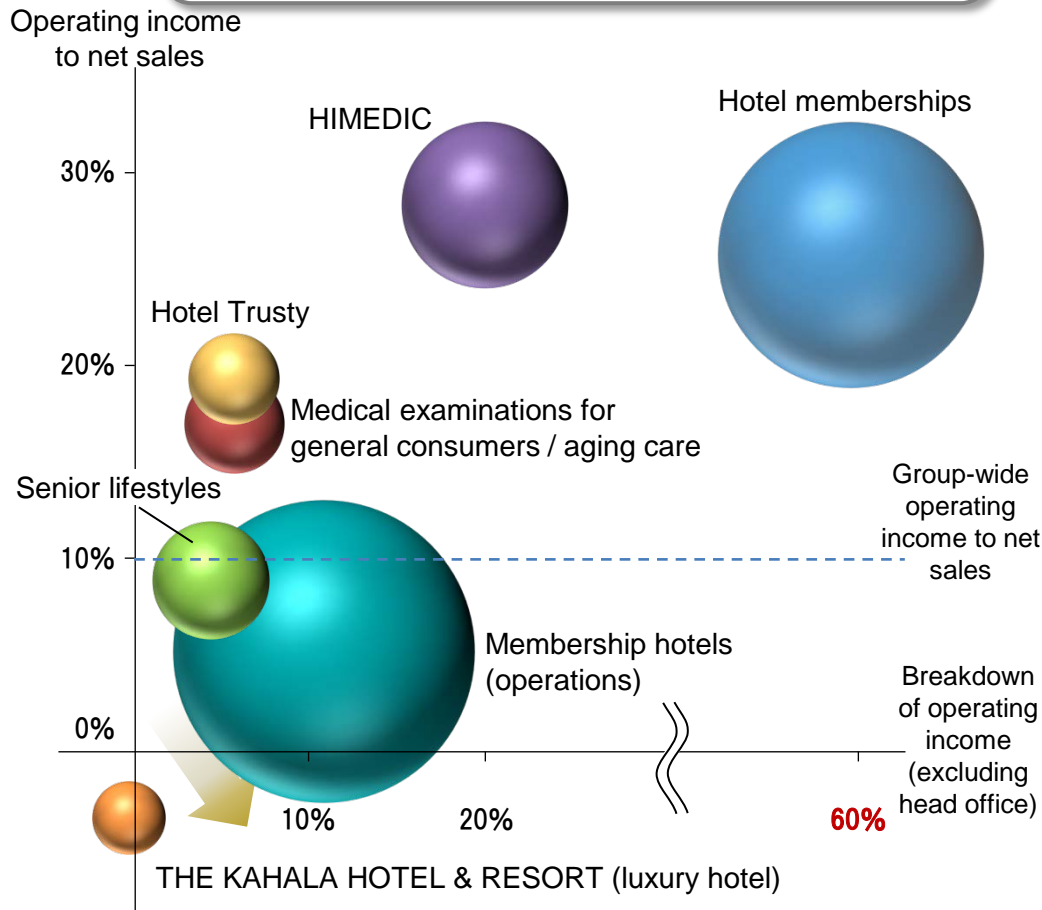
Connect 50

(Previous medium-term management plan)

(Current medium-term management plan)

Strong reliance on hotel membership sales to boost revenue and earnings; downturn in stock-type hotel and restaurant profitability (including such upfront investments as preparatory facility opening costs)

Stable growth in membership operations in addition to substantial business growth in other areas, improvement in operating income to net sales; increase in the ratio of stock-type business operating income to total operating income; transition to a more stable business portfolio



* The size of each circle reflects the scale of sales for each business.

Development schedule

<Sales and business commencement schedule>

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

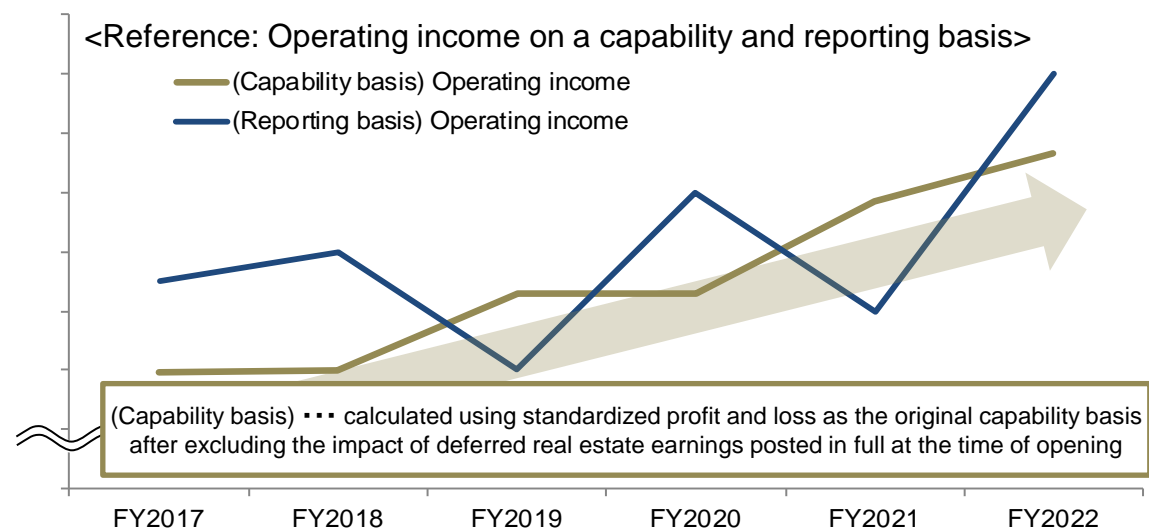
Medium-term management plan		Previous medium-term management plan Next40					Current medium-term management plan Connect 50							
Fiscal year		2013	2014	2015	2016	2017	2018	2019	2020	2021	2022			
Sales and business commencement schedule	Membership resort hotels	● XIV Toba Bettei		● XIV Yugawara Rikyu		● Ashiya Baycourt Club		● XIV Rokko SV		● Laguna Baycourt Club				
							● Yokohama Baycourt Club							
							● International							
							● Kansai							
							● Kanto							
Business commencement schedule	Luxury hotel (LH)	● THE KAHALA					● THE KAHALA Yokohama							
	Hotel Trusty (HT)	● Kanazawa		● Nagoya Shirakawa			● Nihonbashi Hamacho		● HT①		● HT②			
	Medical examination club on a membership basis	● HIMEDIC Midtown		● HIMEDIC Tokyo Bay		● HIMEDIC Nagoya		● Kanto		(Increase existing facility capacity)				
	Senior residence (SR)	● Mikage	● Todoroki	● Hongo	● Tokiwamatsu	● Akiwa Biwa	● Shijo Karasuma	● SR①	● SR②	● SR③	● SR④	● SR⑤	● SR⑥	● SR⑦
Renewal	● Hakone		● Beppu	● Shirakawa	● Toba				● Atami	● Shinjuku				

Quantitative plan (consolidated)

(Billions of yen)	FY2017 (Final year of Next40)	FY2020 (Third year of Connect 50)	FY2022 (Final year of Connect 50)
Net sales	171.0	195.0	210.0
Operating income	17.0	20.0	24.0
Ordinary income	18.2	20.0	24.0
Net income attributable to owners of parent	11.8	13.5	16.0

Deferred real estate revenue and earnings recorded in line with the opening of facilities (estimate)			
Fiscal year to be recorded	Hotels opened	Real estate sales	Real estate income
FY2017	Ashiya Baycourt Club	¥21.4 billion (plan)	¥7.7 billion (plan)
FY2018	XIV Rokko Sanctuary Villa + Laguna Baycourt Club	Around ¥20.0 billion	Around ¥7.0 billion
FY2019	No facilities opened	—	—
FY2020	Yokohama Baycourt Club	Around ¥15.0 billion	Around ¥5.0 billion
FY2021	No facilities opened	—	—
FY2022	Kansai	Around ¥12.0 billion	Around ¥4.0 billion

(The portion of sales during the fiscal year in which the hotel was opened has not been included in the above data.)



* Steady growth and development on a capability basis, despite the prospect of a temporary downturn in revenue and earnings owing to the forecast absence of any facility opening in FY2019 and FY2021.

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

Profit allocation policy

The Resorttrust Group is committed to the allocation of resources and growth investments that include the active and flexible pursuit of M&As. Through these means, we will seek out new income opportunities while maintaining a balance with the retention of earnings needed for sustained growth.

Continue to generate profits
with an ROE target of 10%

**Active returns to
shareholders**

Provide stable returns to shareholders
with a payout ratio target of 40%

**Retained earnings as
a source of growth**

Allocate to growth investments
including flexible M&As



Details by business

Business strategy: Membership business

From customer satisfaction to customer delight

Increase productivity per hour

Put in place a robust digital infrastructure; promote high-quality operations through the sale of brands

Establish a permanent membership model

Consider and introduce new attractive and permanent products; commence sales of international memberships

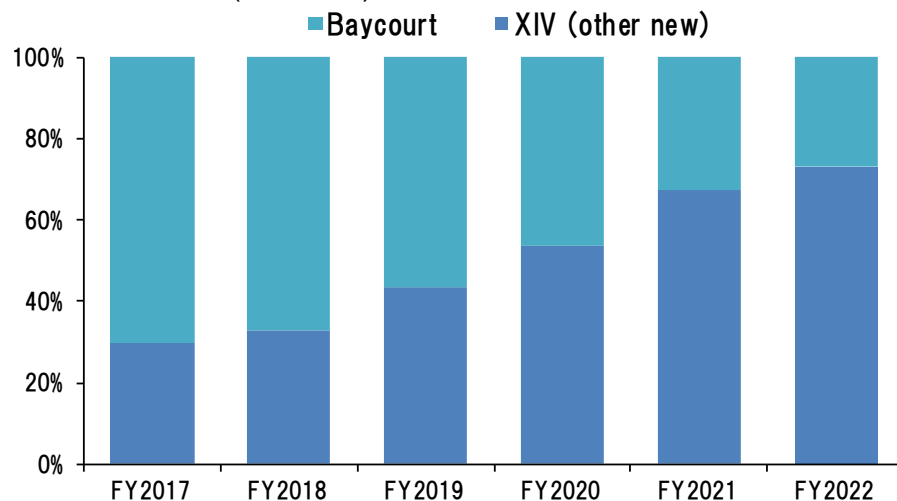
Strengthen Group synergies

Reinforce systems for monitoring member use, transporting customers to hotels and golf clubs, and cross sales

Expand the Kanto market

Review personnel systems; bolster sales capabilities in the Kanto region through Group-wide initiatives

<Contract ratio (estimate)>



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

(Project no major increase in contracts with a drop in the high unit price Baycourt ratio)

◎ Increase the number of memberships sold; improve productivity per hour

- No. of contracts in FY2022: 5,500 (up 40% compared with FY2017)
- Productivity per hour in FY2022: ¥51,000 (up 20% compared with FY2017)
- Kanto Branch contracts in FY2022: 52% (up 7 percentage points compared with FY2017)

◎ <International memberships> Sales scheduled to commence from FY2019

Business strategy: Hotel and restaurant business (hotels & resorts)

Strengthen and improve the Group's earnings base and profit structure

Improve net sales: Lift occupancy rates by strengthening brands

Improve profits: Realize high productivity through workstyle reform including the introduction of IT, operating improvements, and a change in business categories

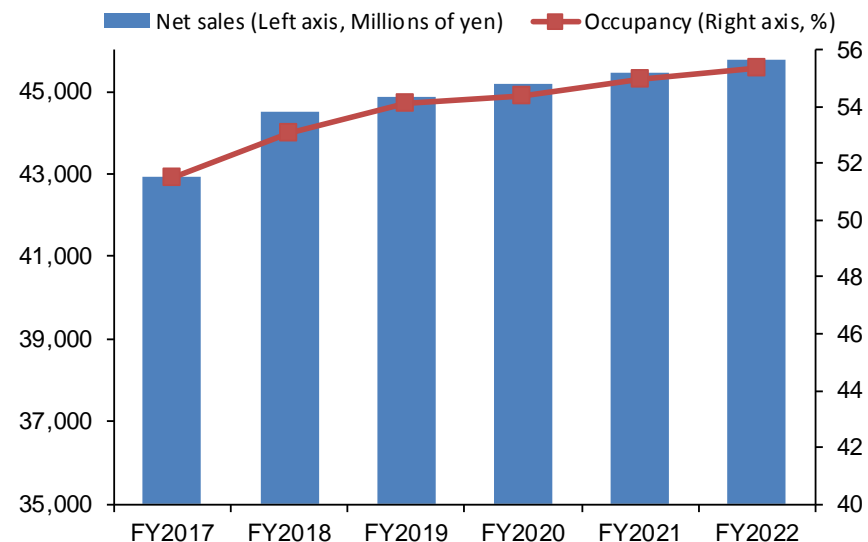
Ensure success in new business categories and in the development of new facilities

- (1) Increase the appeal of products...put forward attractive proposals by facility and bolster the ability to attract customers by period
- (2) Enhance sales power...implement sales strategies by target (including potential customers)
- (3) Improve promotion capabilities...strengthen visual strategies and public relations by channel

Incorporate IT (strengthening the marketing function, utilizing robotics for simple tasks, minimizing check-in operations, and reducing the amount and flow of paper); review the application of operating overhead expenses in line with customers' needs

Develop THE KAHALA brand (luxury brand)
<Yokohama, Okinawa, other candidate locations>

<XIV+BCC net sales and occupancy (estimate)> * Existing facilities as of FY2017



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

- ◎XIV+Baycourt Club total occupancy * Calculated based on existing facilities as of fiscal 2017.
 - FY2022: 55.5% (up 4.0 percentage points compared with FY2017)
- ◎ XIV+Baycourt Club total number of working hours
 - * Comparison with existing facilities as of FY2017
 - FY2022: Down 650,000 hours compared with FY2017 (down 7% compared with FY2017)
- ◎Forecast increase in annual fees + amortization of security deposits
 - FY2022: Up ¥3.0 billion to ¥3.5 billion compared with FY2017 (up 30%-35% compared with FY2017)

Business strategy: Hotel and restaurant business (hotels & tourism)

Expand businesses targeting general consumers; uncover new potential within the Group

Expand Hotel Trusty operations

Increase the network in Japan to 12 facilities; put in place proprietary development, leasing, and contracting operations schemes

Increase earnings through renovation and brand conversion

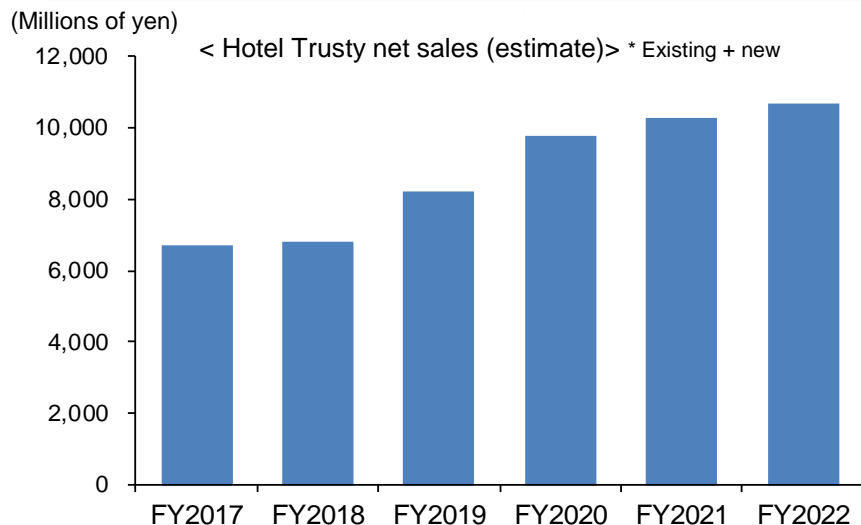
Sun Members renovation and conversion to the Hotel Trusty brand

Generate synergies between businesses and develop new businesses

Promote the expansion of restaurant operations in Japan and in other countries; expand mail order operations; consider new businesses that seek out synergies with existing businesses

Promote permanent golf club operations and expand restaurant contracting operations

Work to differentiate operations and promote Group synergies; expand external facility contracting operations



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

◎Develop the Hotel Trusty brand

(secure contributions to earnings from the Hotel Trusty Premier brand; plans to open hotels in Nihonbashi Hamacho and Kumamoto)

- FY2022: Increase the Hotel Trusty network to 12 (up four compared with FY2017)
- FY2022: Achieve net sales of ¥10 billion (up 60% compared with FY2017)

◎Renovation (Atami, Shinjuku, Kobe) * Kobe: scheduled opening in FY2023

- April 2021: Scheduled renewal opening of Resorpia Atami
- October 2021: Scheduled renewal opening of Sun Members Tokyo Shinjuku

Business strategy: Medical business

Become Japan's leading comprehensive medical solutions group

Rebuild the business model as the top medical club

Reform the business structure and enhance customer satisfaction; develop international businesses; effectively employ Cancer Intelligence Care Systems, Inc. (CICS)

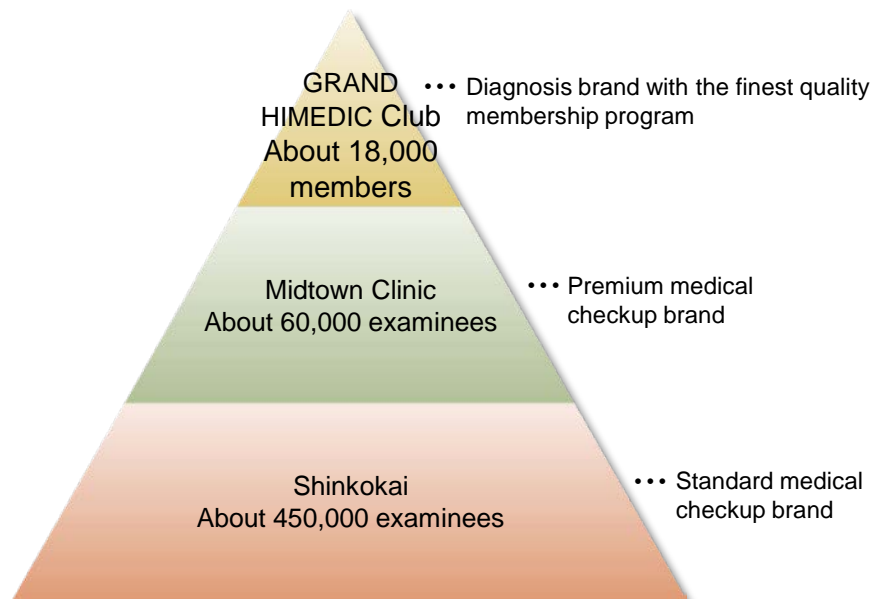
Secure a position as one of Japan's leading medical examination and health care operators

Generate business synergies through hybrid facilities that combine HIMEDIC medical examinations and medical checkups for general consumers; pursue M&A opportunities in Japan and develop business in China; push forward remote interpretation and Internet of Medical Things*1 (IoMT) operations

Become one of the leading companies in the supplement and skincare industries

Consider new brands; bolster supplements and cosmetics that have harnessed network expansion

<Medical examination and diagnosis brand image>



* In this presentation, medical checkup refers to physical checkups of a general nature for the general public, company employees and individuals and forms part of the Medical Service Corporation business. Medical examination refers to physical examinations of a more detailed nature and forms part of the HIMEDIC business.

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

◎HIMEDIC business and Medical Service Corporation business

- Number of annual HIMEDIC membership sales: 2,360 (use of existing and new facilities)
- Number of general consumers undergoing medical checkups in FY2022: 700,000 (up 40% compared with FY2017)

◎Aging care business (product sales)

- Number of customers in FY2022: 500,000 (up 200% compared with FY2017)
- Level of awareness within the Group in FY2022: Over 30% (up 10 percentage points compared with FY2017)

◎Further bolster brand added value through Boron Neutron Capture Therapy (BNCT)*2

*1 IoMT (Internet of Medical Things)

The concept of connecting medical devices and IT healthcare systems to online computer networks.

*2 BNCT (Boron Neutron Capture Therapy)

A cancer treatment with minimal invasiveness that uses boron compounds and neutrons. BNCT has been promoted through joint research with our subsidiary Cancer Intelligence Care Systems, Inc. (CICS), the National Cancer Center Japan, and others since 2011.

Business strategy: Medical business (senior lifestyle)

Become the top company in the high-grade market

Develop brands for health individuals as well as people requiring nursing care

Facilities for individuals requiring nursing care: Utilize AI and establish training models that help individuals overcome frailties*
Facilities for individuals in good health: Expand and upgrade the Group's lineup of meals, sports equipment, and day services

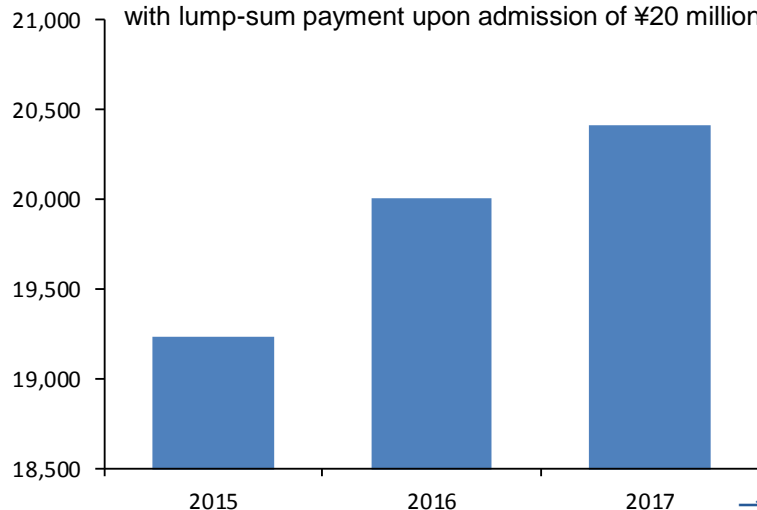
Put in place new service models that harness Group-wide capabilities

Consider BtoB opportunities and terminal care support models; cultivate new markets (Resort-type: Develop facilities that run alongside and incorporate the XIV brand)

Establish a 3,000-room network and forge an overwhelming position within the industry

Develop hybrid facilities that cater to the needs of individuals in good health as well as people requiring elderly day care and in-home services; secure human resources through sound retention policies and the hiring of non-Japanese nationals

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



* Frailties: Physical and mental deterioration due to age

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

◎ Draw on the following three key initiatives in order to achieve quantitative objectives

- Realize at least one M&A each year
- Open one new facility each year
- Bolster new markets by establishing resort-type senior facility models that run alongside and incorporate the XIV brand

⇒ The affluent segment market is growing.

* Source: Calculated by the Company based on the August 2 and August 9, 2017 editions of the Koreisha Jutaku Newspaper
Total number of rooms for the top 20 facilities as reported in the aforementioned source.

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

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