

# Financial results Presentation

## For the 9-month Period Ended December 31, 2016



**A Private Nursing Home ” (Tentative)Trust Garden Kyotoshijo”  
(Scheduled to be opened in March, 2018)**

**Resorttrust, Inc. (Securities code 4681)**

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

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

# Section 1: Business Results Summary, Medium- to Long-term Strategy

- **Results Highlights for 3Q FY 2016** **P.3-5**
- **Developments in Progress and Strategy for the Medium-term Management Plan “Next 40”** **P.6**
- **Plans and Measures Highlights for FY 2016** **P.7**

# Financial Highlights

(¥ millions)

	2016/12 (results)	2016/12 (* revision targets)	Difference	2015/12 (results)	YoY Change
Net Sales	98,480	101,000	(2.5%)	98,794	(0.3%)
Operating Income	8,566	9,100	(5.9%)	13,980	(38.7%)
Ordinary Income	9,405	9,500	(1.0%)	15,309	(38.6%)
Net Income	7,181	6,400	+12.2%	11,185	(35.8%)

\* revised on Oct. 28 2016

## <Difference>

· Overall contract amounts are generally in line with the revised plan, although increased sales of properties before completion of construction has led to higher deferred revenue, carried over to the next fiscal year onwards. This and other factors have contributed to net sales, operating income and ordinary income that were lower than as set out in the revised plan.

· Net income was higher than in the revised plan due to the recording of extraordinary income on account of the sale of rental real estate.

## <YoY Change>

· Lower income was due to the transient revenue from the sale of golf club memberships recorded during the same period of the previous year (impact on profit: approximately ¥0.9 billion).

· Principal factors for lower income were a decline in contract amounts due to effects of saturation of Ashiya sales, and forward personnel expenses and rebranding costs incurred in the Hotel and Restaurant Operation Segment.

# Segment Highlights

## <Membership>

	2016/12 (results)	2016/12 (* revised targets)	Difference	2015/12 (results)	YoY Change
Net Sales	20,749	21,770	(4.7%)	25,204	(17.7%)
Operating Income	2,877	2,950	(2.5%)	6,039	(52.4%)
Contract Values of Hotel Membership	407	401	+1.5%	507	(19.7%)

<Difference>Favorable sales of Laguna Baycourt Club memberships increased the amount of revenue to be deferred until it opens (in the fiscal year 2018).

<YoY Change>Contract amounts fell due to effects of Ashiya Baycourt Club sales (the first sales of Baycourt in approximately 10 years) having become saturated in the previous year, and other factors.

## <Hotel and Restaurant>

	2016/12 (results)	2016/12 (* revised targets)	Difference	2015/12 (results)	YoY Change
Net Sales	57,503	58,520	(1.7%)	56,554	+1.7%
Operating Income	3,033	3,140	(3.4%)	4,816	(37.0%)

<Difference>Although spending per visitor continued to be brisk, facility occupancy was rather sluggish as compared to plans.

<YoY Change>Toba Bettei contributed to higher sales, while forward personnel expenses rose leading up to future back-to-back openings of large-scale facilities and facility maintenance costs rose.

## <Medical>

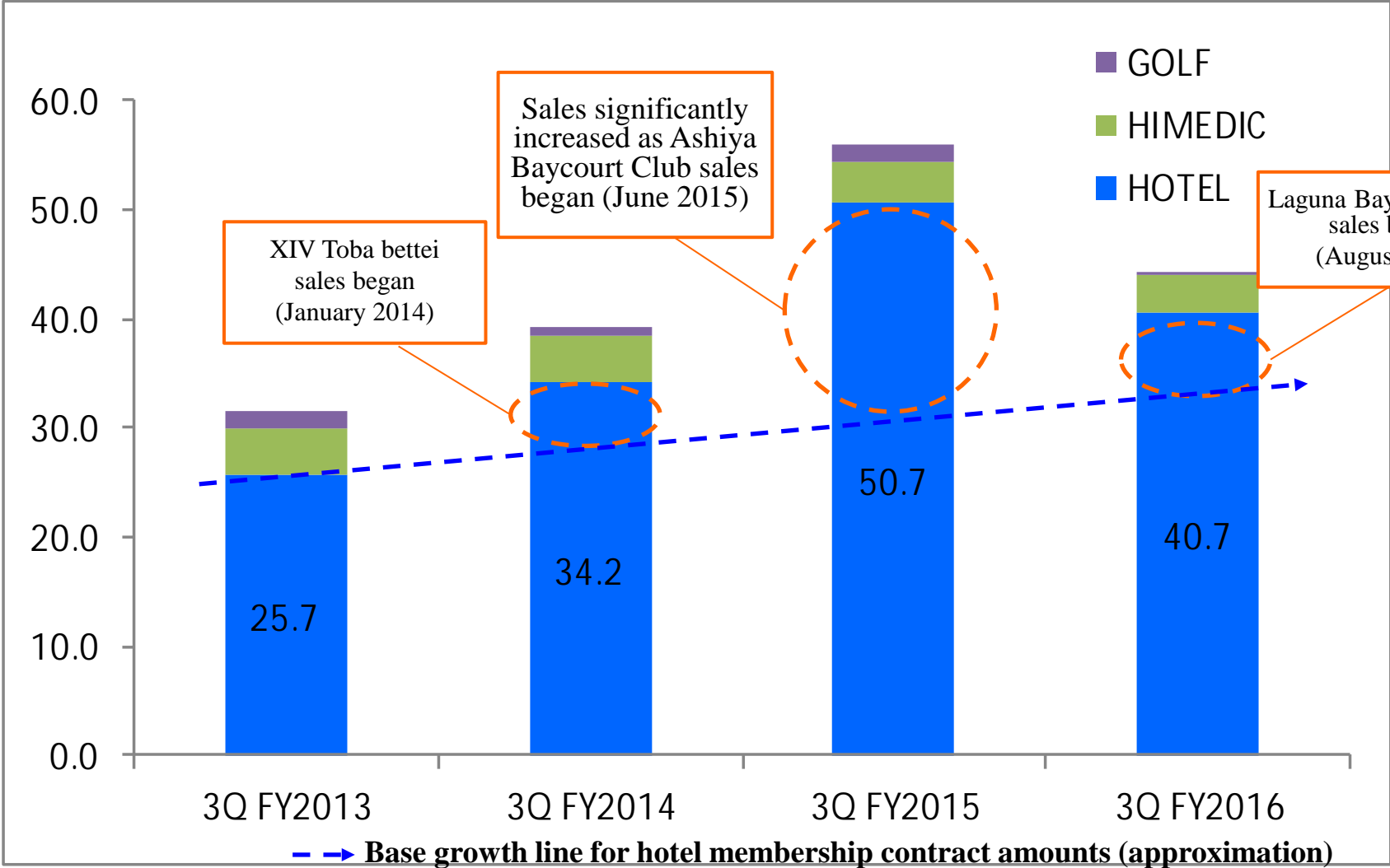
	2016/12 (results)	2016/12 (* revised targets)	Difference	2015/12 (results)	YoY Change
Net Sales	19,301	19,750	(2.3%)	16,017	+20.5%
Operating Income	2,276	2,600	(12.4%)	2,741	(17.0%)

<Difference>Sales of HIMEDIC memberships during October to December were lower than expected, and other factors caused sales and operating income to fall short of plans.

<YoY Change>The Medical Examination Business for general consumers and Senior Life Businesses grew and contributed to sales. However, expenses such as medical examination costs rose in line with the opening of 2 new medical examination facilities.

# Contract Values for 3Q

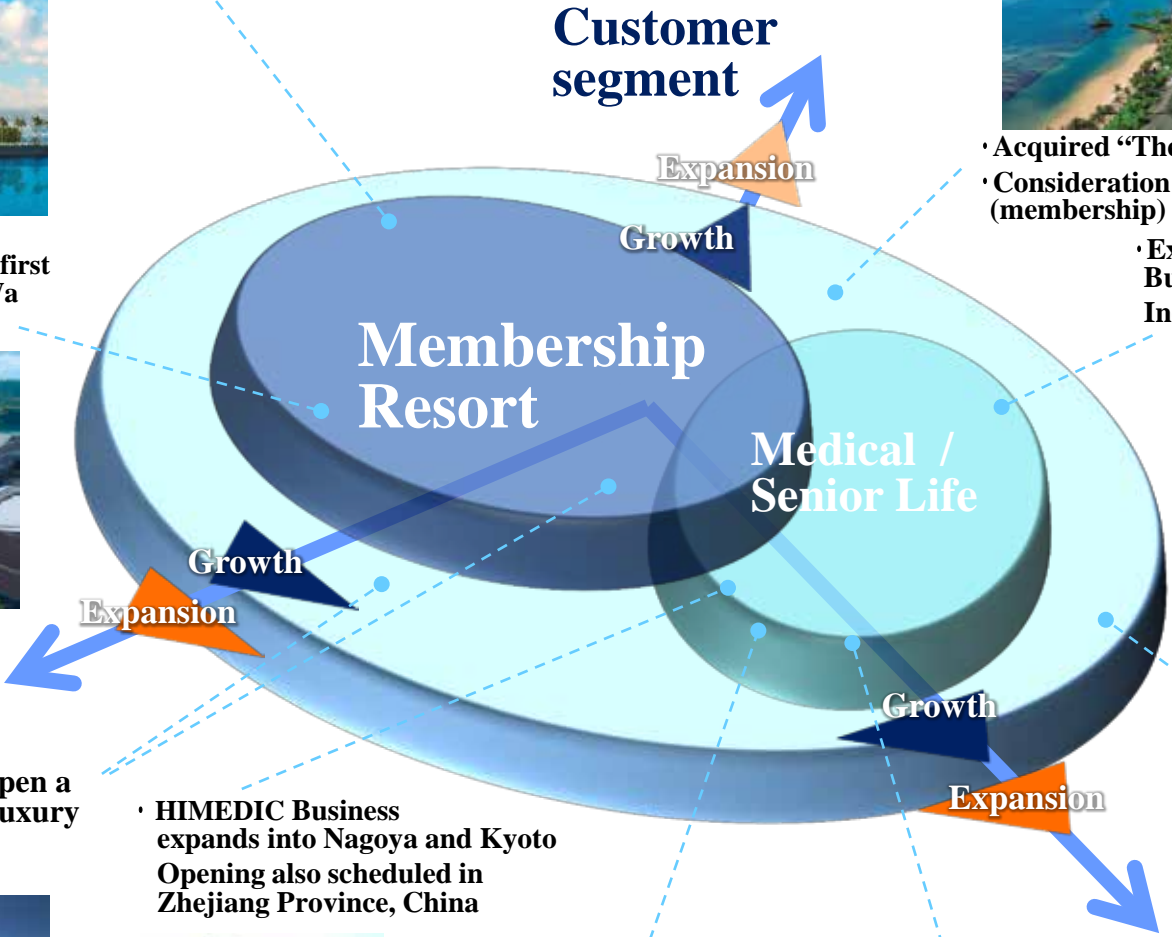
Sales were brisk for Laguna Baycourt during 3Q (April-December) of FY2016, edging slightly above the revised plan. April to December contract amounts are steadily growing year by year, except for FY2015 in which the effects of Ashiya sales were a prominent factor.





# Developments in the Medium- to Long-term Strategy

**Medium-term Management Plan  
“Next 40” Strategic Image Diagram**



- Acquired “The Kahala Hotel & Resort”
- Consideration of extended stay facilities (membership)

- Expand Senior Life Business
- Increase number of rooms



- Hotel Trusty Expansion into Hokuriku area



## Business Area

- BNCT Business: Scheduled to begin clinical trials ( Cancer Intelligence Care Systems, Inc. newly consolidated in september,2016 )

- Expand healthcare business (Group investment: 50%)



- HIMEDIC Business expands into Nagoya and Kyoto
- Opening also scheduled in Zhejiang Province, China

## Business Fields

- In Yokohama, plan to open a Baycourt with general luxury hotel annex (our first)



- Penetration of Baycourt brand (Urban membership hotel)



- “XIV Toba Bettei” opened, the first property to make full use of “Wa (Japanese style)”



## Customer segment

- Expansion
- Growth

# Measures Highlights for Fiscal Year 2016

- “Trust Garden Tokiwamatsu” opened (April 2016)



- Expansion of healthcare business, made Kosei Co., Ltd. a consolidated subsidiary (May 16, 2016) (Commencement of joint venture with the ORIX Group)
- Two HIMEDIC bases to open (June, July 2016)



(HIMEDIC Kyoto University Hospital)

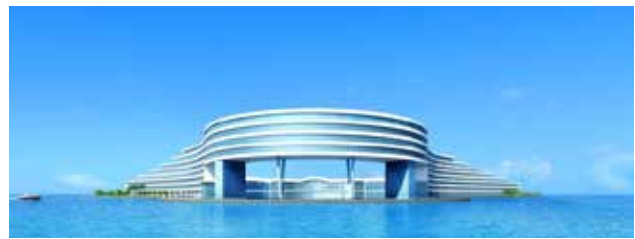


(HIMEDIC Nagoya)

- “Hotel Trusty Nagoya Shirakawa” Rebrand open (June 2016)



- Laguna Baycourt Club sales began (August 2016)



- XIV Yugawara Rikyu to open (March 2017)



Motivating work environment  
(Employee satisfaction)

Seeking excellent hospitality  
(Customer satisfaction)

Improved brand strength



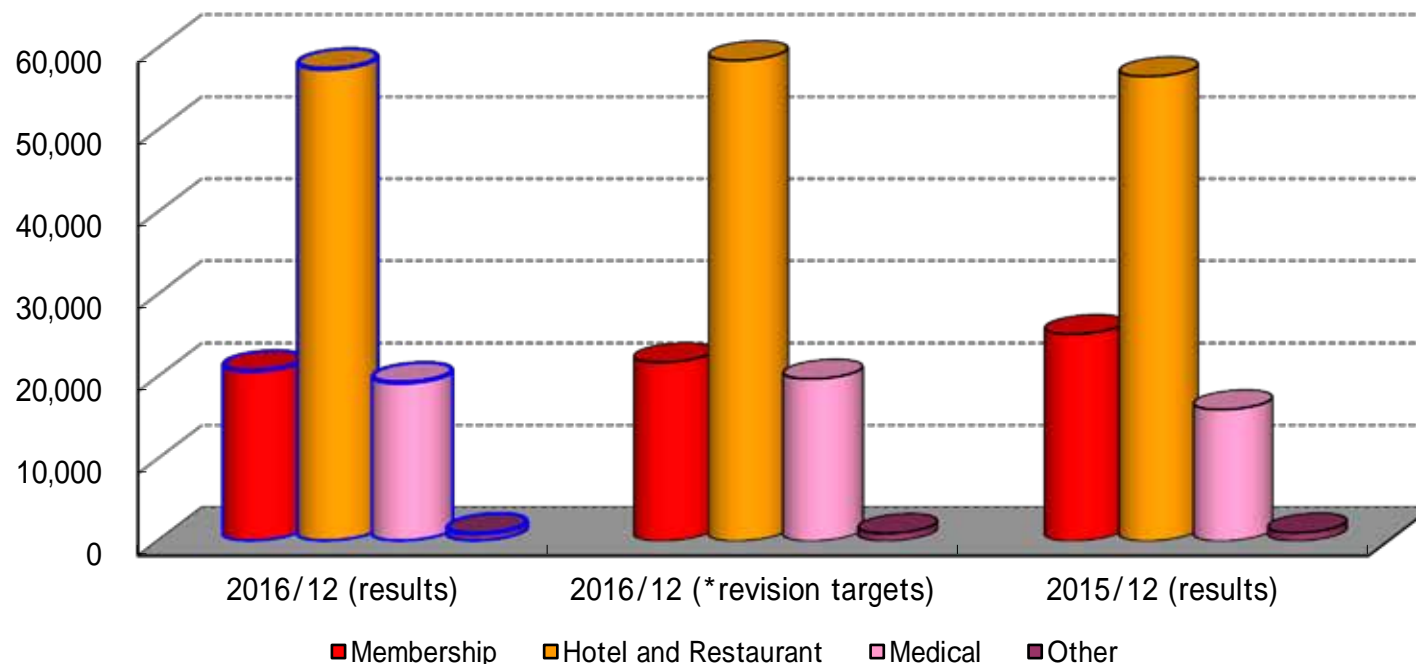
## Section 2: Details of Results for 3Q FY 2016 and Targets for Fiscal Year 2016

- **Topics for Fiscal Year 2016** **P. 9**
- **Results Details for 3Q FY2016** **P. 10-25**  
(by segment, contract values, etc.)
- **Outlook for the Fiscal Year 2016** **P. 26-29**

# Topics for Fiscal Year 2016

- (1) Opened a private nursery home “Trust Garden Tokiwamatsu,” in Shibuya Ward, Tokyo.(April 1, 2016)**
- (2) Launch of Healthcare Business Through Joint Venture between ORIX Corporation and the Resorttrust Group. Made Kosei Co., Ltd. a consolidated subsidiary in May 2016. (May 16, 2016)**
- (3) Holding of the Resorttrust Ladies golf championship was held at Grandee Naruto Golf Club 36. (from May 27 to May 29, 2016)**
- (4) “Hotel Trusty Nagoya Shirakawa” reopened.(June 20, 2016)**
- (5) “HIMEDIC Kyoto University Hospital” opened.(June 20, 2016)**
- (6) “HIMEDIC Nagoya” opened.(July 5, 2016)**
- (7) The Dunlop Srixon Fukushima Open was held at Grandee Nasu Shirakawa Golf Club’s course for conservative years. (from July 21 to July 24, 2016)**
- (8) Started Membership Sales for Exclusive Membership Resort “LAGUNA BAYCOURT CLUB HOTEL & SPA RESORT”.(since August 22, 2016)**
- (9) Acquired the land for a New Hotel at Atami city in Shizuoka Prefecture. (October 27, 2016)**
- (10) Announced Revision of Forecasts and Dividend plan. (October 28, 2016)**
- (11) Decision on Opening a Private Nursing Home“(Tentative)Trust Garden Kyotoshijo” in March, 2018. (February 1, 2017)**
- (12) “XIV Yugawara Rikyu” is scheduled to be opened.(March, 2017)**

# Segment Sales

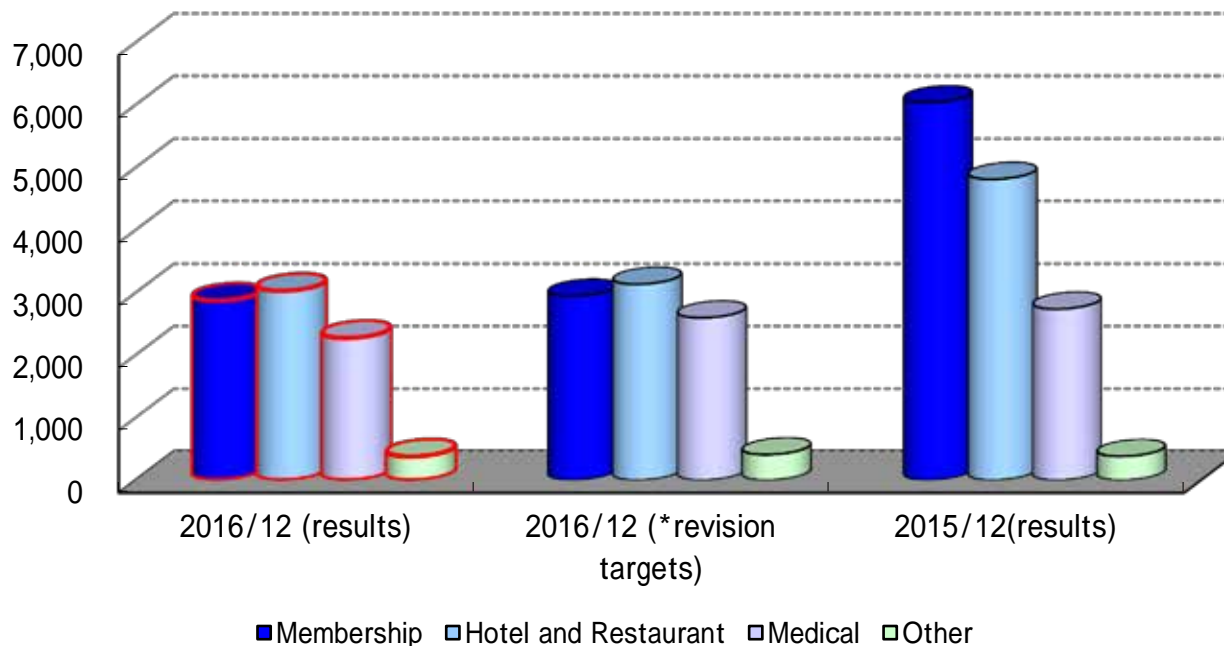


(¥ millions)

	Membership	Hotel and Restaurant	Medical	Other	Total
<b>2016/12 (results)</b>	<b>20,749</b>	<b>57,503</b>	<b>19,301</b>	<b>926</b>	<b>98,480</b>
2016/12 (*revision targets)	21,770	58,520	19,750	960	101,000
Difference	(4.7%)	(1.7%)	(2.3%)	(3.5%)	(2.5%)
2015/12 (results)	25,204	56,554	16,017	1,018	98,794
YoY Change	(17.7%)	+1.7%	+20.5%	(9.0%)	(0.3%)

\* revised on Oct. 28 2016

# Segment Operating Income

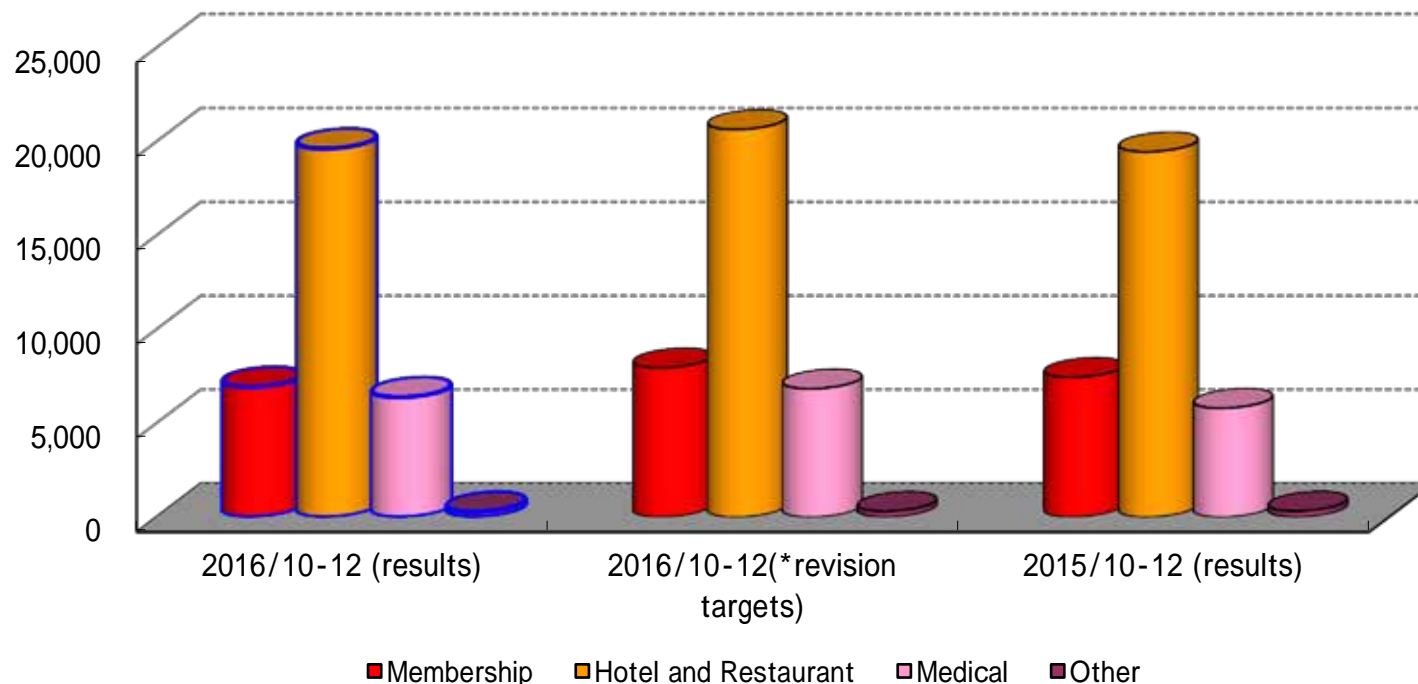


(¥ millions)

	Membership	Hotel and Restaurant	Medical	Other	Total
<b>2016/12 (results)</b>	<b>2,877</b>	<b>3,033</b>	<b>2,276</b>	<b>380</b>	<b>8,566</b>
2016/12 (*revision targets)	2,950	3,140	2,600	410	9,100
Difference	(2.5%)	(3.4%)	(12.4%)	(7.3%)	(5.9%)
2015/12(results)	6,039	4,816	2,741	382	13,980
YoY Change	(52.4%)	(37.0%)	(17.0%)	(0.7%)	(38.7%)

\* revised on Oct. 28 2016

# Segment Sales ( 3<sup>rd</sup> Quarter )

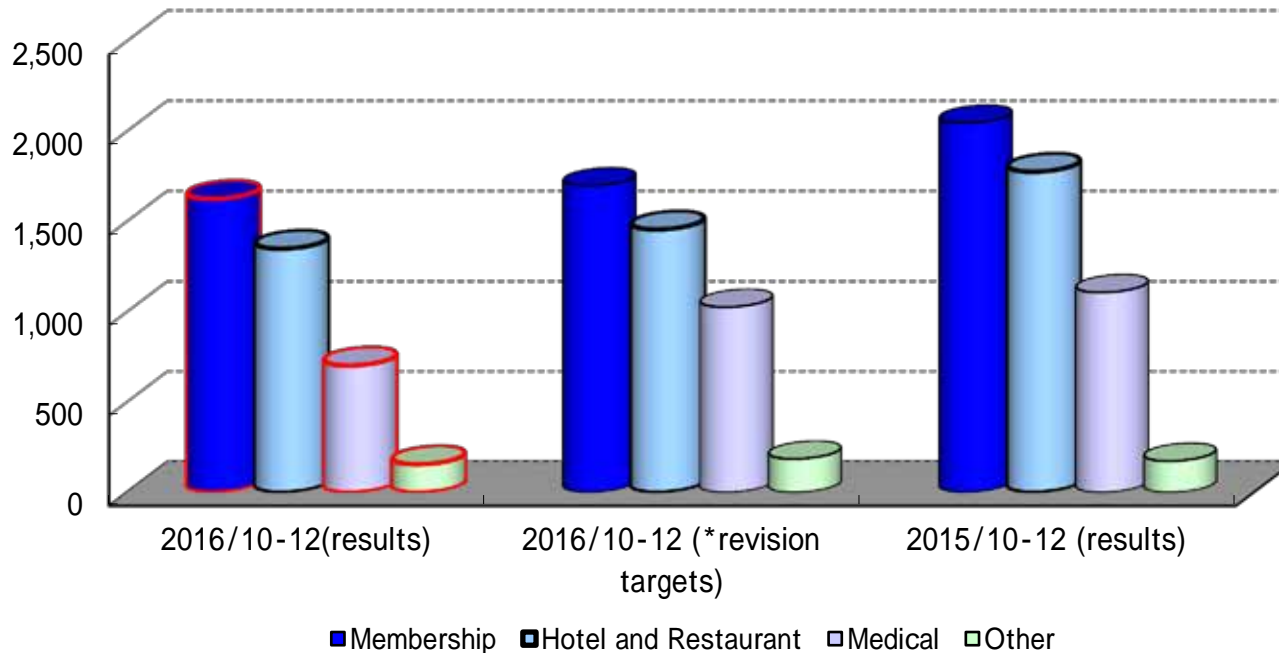


	Membership	Hotel and Restaurant	Medical	Other	Total
2016/10-12 (results)	<b>6,945</b>	<b>19,639</b>	<b>6,397</b>	<b>290</b>	<b>33,273</b>
2016/10-12(*revision targets)	7,965	20,656	6,846	323	35,792
Difference	(12.8%)	(4.9%)	(6.6%)	(10.3%)	(7.0%)
2015/10-12 (results)	7,459	19,471	5,811	331	33,073
YoY Change	(6.9%)	+0.9%	+10.1%	(12.2%)	+0.6%

\* revised on Oct. 28 2016



# Segment Operating Income ( 3<sup>rd</sup> Quarter )



(¥ millions)

	Membership	Hotel and Restaurant	Medical	Other	Total
2016/10-12(results)	<b>1,627</b>	<b>1,350</b>	<b>704</b>	<b>156</b>	<b>3,839</b>
2016/10-12 (*revision targets)	1,700	1,457	1,028	186	4,372
Difference	(4.3%)	(7.3%)	(31.5%)	(16.0%)	(12.2%)
2015/10-12 (results)	2,047	1,777	1,109	174	5,109
YoY Change	(20.5%)	(24.0%)	(36.5%)	(10.4%)	(24.9%)

\* revised on Oct. 28 2016

# Contract Values of Membership

(¥ billions)

	2016/12 results	2016/12 revision targets	Difference	2015/12 results	YoY Change	* Progress rate of contract (cumulative)	2017/ 3 revision targets
Laguna Baycourt Club	11.3	8.1	+3.2	-	+11.3	15.3%	12.4
XIV Rokko SV	2.7	2.4	+0.3	3.5	(0.8)	29.0%	3.4
Ashiya Baycourt Club	10.4	11.4	(1.0)	26.0	(15.6)	51.8%	15.0
XIV Yugawara Rikyu	10.1	9.5	+0.6	9.3	+0.8	53.7%	13.8
XIV Toba Bettei	3.2	3.3	(0.1)	6.0	(2.8)	90.2%	3.8
Other Hotels	3.0	5.4	(2.5)	5.9	(2.9)	-	7.4
<b>Hotel Membership Total</b>	<b>40.7</b>	<b>40.1</b>	<b>+0.6</b>	<b>50.7</b>	<b>(10.0)</b>	<b>-</b>	<b>55.9</b>
Golf	0.2	0.3	(0.1)	1.6	(1.3)	-	0.4
<b>Membership Operations Total</b>	<b>41.0</b>	<b>40.4</b>	<b>+0.5</b>	<b>52.3</b>	<b>(11.3)</b>	<b>-</b>	<b>56.3</b>
HIMEDIC	3.3	3.7	(0.4)	3.7	(0.4)	-	5.0
<b>Total</b>	<b>44.3</b>	<b>44.2</b>	<b>+0.1</b>	<b>55.9</b>	<b>(11.7)</b>	<b>-</b>	<b>61.3</b>

\* Progress rate of the total contract amount

revised on Oct. 28 2016

# Sales of Membership Segment

(¥ billions)

		2016/12 results	2016/12 revision targets	Difference	2015/12 results	YoY Change	2017/ 3 revision targets
Laguna Baycourt Club		10.3	7.4	+2.9	-	+10.3	11.4
XIV Rokko SV		2.4	2.1	+0.3	3.1	(0.7)	3.1
Ashiya Baycourt Club		9.5	10.3	(0.9)	23.6	(14.2)	13.6
XIV Yugawara Rikyu		8.3	8.0	+0.3	8.0	+0.4	12.1
XIV Toba Bettei		3.0	3.1	(0.1)	5.4	(2.4)	3.4
Other Hotels		2.2	4.3	(2.1)	4.4	(2.2)	6.4
<b>Hotel Membership Total</b>		<b>35.7</b>	<b>35.3</b>	<b>+0.4</b>	<b>44.5</b>	<b>(8.8)</b>	<b>50.2</b>
Deferred Sales	Laguna Baycourt Club	(5.7)	(4.2)	(1.5)	-	(5.7)	(6.5)
	XIV Rokko SV	(1.3)	(1.1)	(0.1)	(1.6)	+0.4	(1.7)
	Ashiya Baycourt Club	(5.3)	(5.8)	+0.5	(13.3)	+8.0	(7.6)
	XIV Yugawara Rikyu	(4.3)	(4.2)	(0.1)	(4.2)	(0.1)	10.3
	XIV Toba Bettei	-	-	-	(2.8)	+2.8	-
<b>All Hotels</b>		<b>19.0</b>	<b>19.9</b>	<b>(0.8)</b>	<b>22.5</b>	<b>(3.5)</b>	<b>44.7</b>
Golf		0.1	0.1	(0.0)	1.1	(1.0)	0.1
Subtotal		19.1	20.0	(0.9)	23.6	(4.5)	44.8
Other		1.7	1.8	(0.2)	1.6	+0.1	2.7
<b>Membership Operations Total</b>		<b>20.7</b>	<b>21.8</b>	<b>(1.0)</b>	<b>25.2</b>	<b>(4.5)</b>	<b>47.6</b>

revised on Oct. 28 2016

# Contract Values of Membership ( 3<sup>rd</sup> Quarter )

(¥ billions)

	2016/10-12 results	2016/10-12 revision targets	Difference	2015/10-12 results	YoY Change
Laguna Baycourt Club	7.6	4.4	+3.2	-	+7.6
XIV Rokko SV	1.3	1.0	+0.3	3.5	(2.2)
Ashiya Baycourt Club	2.8	3.7	(1.0)	8.4	(5.6)
XIV Yugawara Rikyu	4.4	3.7	+0.6	4.4	(0.1)
XIV Toba Bettei	0.4	0.5	(0.1)	1.1	(0.7)
Other Hotels	(0.4)	2.1	(2.5)	0.0	(0.4)
<b>Hotel Membership Total</b>	<b>16.0</b>	<b>15.4</b>	<b>+0.6</b>	<b>17.4</b>	<b>(1.4)</b>
Golf	0.0	0.1	(0.1)	0.2	(0.1)
<b>Membership Operations Total</b>	<b>16.0</b>	<b>15.5</b>	<b>+0.5</b>	<b>17.6</b>	<b>(1.6)</b>
HIMEDIC	0.8	1.3	(0.4)	1.4	(0.5)
<b>Total</b>	<b>16.9</b>	<b>16.8</b>	<b>+0.1</b>	<b>18.9</b>	<b>(2.1)</b>

revised on Oct. 28 2016

# Sales of Membership Segment ( 3<sup>rd</sup> Quarter )

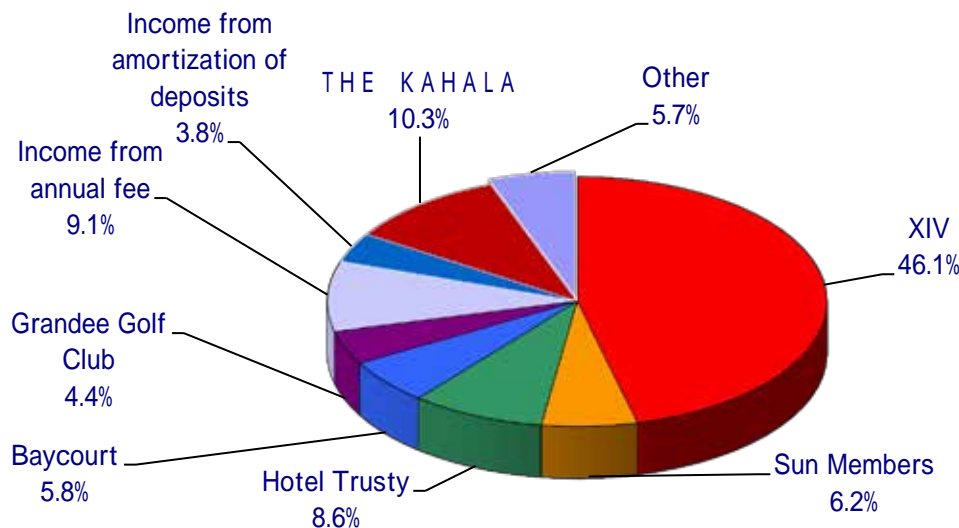
(¥ billions)

		2016/10-12 results	2016/10-12 revision targets	Difference	2015/10-12 results	YoY Change
Laguna Baycourt Club		6.9	4.1	+2.9	-	+6.9
XIV Rokko SV		1.2	0.9	+0.3	3.1	(1.9)
Ashiya Baycourt Club		2.5	3.4	(0.9)	7.6	(5.1)
XIV Yugawara Rikyu		3.8	3.4	+0.3	3.8	(0.0)
XIV Toba Bettei		0.3	0.4	(0.1)	1.0	(0.6)
Other Hotels		(0.5)	1.6	(2.1)	(0.2)	(0.3)
<b>Hotel Membership Total</b>		<b>14.3</b>	<b>13.8</b>	<b>+0.4</b>	<b>15.4</b>	<b>(1.1)</b>
Deferred Sales	Laguna Baycourt Club	(3.9)	(2.3)	(1.5)	-	(3.9)
	XIV Rokko SV	(0.7)	(0.5)	(0.1)	(1.6)	+1.0
	Ashiya Baycourt Club	(1.4)	(1.9)	+0.5	(4.2)	+2.8
	XIV Yugawara Rikyu	(2.0)	(1.9)	(0.1)	(1.9)	(0.1)
	XIV Toba Bettei	-	-	-	(0.5)	+0.5
<b>All Hotels</b>		<b>6.3</b>	<b>7.2</b>	<b>(0.8)</b>	<b>7.1</b>	<b>(0.7)</b>
Golf		0.0	0.0	(0.0)	0.1	(0.0)
Subtotal		6.3	7.2	(0.9)	7.1	(0.8)
Other		0.6	0.8	(0.2)	0.4	+0.3
<b>Membership Operations Total</b>		<b>6.9</b>	<b>8.0</b>	<b>(1.0)</b>	<b>7.5</b>	<b>(0.5)</b>

revised on Oct. 28 2016



# Sales of Hotel and Restaurant Segment



(¥ millions)

	2016/12 results	2016/12 revision targets	2015/12 results	2017/3 revision targets
XIV	26,523	26,893	25,456	33,982
Sun Members	3,549	3,564	3,514	4,662
Hotel Trusty	4,960	5,025	4,703	6,530
Baycourt	3,349	3,431	3,472	4,559
Grandee Golf Club	2,506	2,593	2,490	3,041
Income from annual fees	5,211	5,232	5,079	6,994
Income from amortization of deposits	2,213	2,171	2,161	2,900
THE KAHALA	5,945	6,199	6,404	8,348
Other	3,244	3,406	3,270	4,239
<b>Total</b>	<b>57,503</b>	<b>58,520</b>	<b>56,554</b>	<b>75,260</b>

revised on Oct. 28 2016

# Operations by category

## < HOTEL >

Number of overnight visitors

(Thousands)

	2015/12 results	2016/12 results	2016/12 revision targets	2015/3 results	2016/3 results	2017/3 revision targets
XIV	1,431	1,430	1,457	1,815	1,786	1,843
Sun Members*	368	336	339	496	477	445
Hotel Trusty*	482	506	514	603	637	673
Baycourt	115	107	111	135	150	148

Occupancy rates

(%)

	2015/12 results	2016/12 results	2016/12 revision targets	2015/3 results	2016/3 results	2017/3 revision targets
XIV	56.7	55.2	56.0	54.0	54.0	53.4
Sun Members*	66.2	63.2	64.2	64.7	65.2	64.0
Hotel Trusty*	93.0	91.6	92.5	89.7	92.5	92.1
Baycourt	60.4	56.6	59.0	53.2	59.5	59.4

Spending per visitor

(¥)

	2015/12 results	2016/12 results	2016/12 revision targets	2015/3 results	2016/3 results	2017/3 revision targets
XIV	17,779	18,538	18,458	17,822	17,901	18,433
Sun Members*	9,541	10,547	10,511	9,591	9,759	10,477
Hotel Trusty*	9,742	9,803	9,777	8,835	9,667	9,698
Baycourt	30,160	31,153	30,867	32,458	30,206	30,722

\*Hotel Trusty Nagoya Shirakawa reopened on June 2016. (Before closing on Jan 2016, within Sun members category)

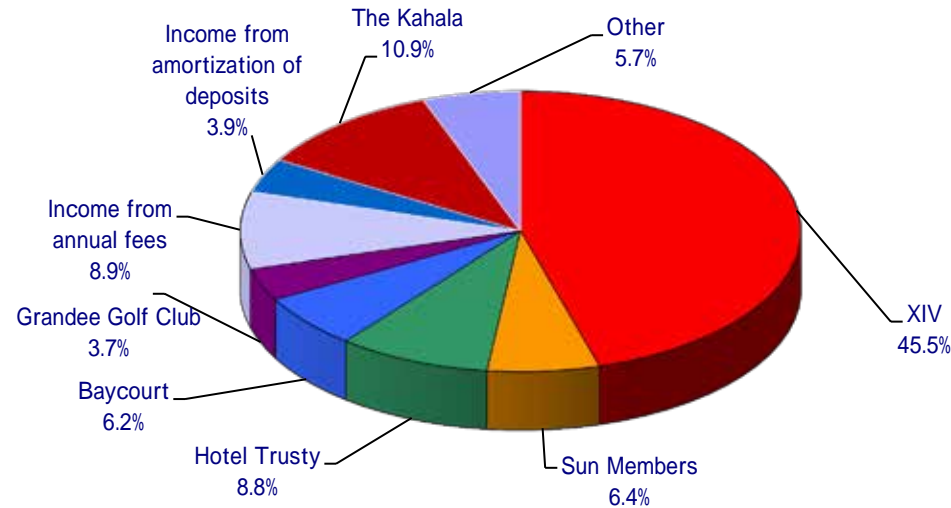
## < Senior residences and private nursery homes >

	2015/12 results	2016/12 results	2016/12 revision targets	2015/3 results	2016/3 results	2017/3 revision targets
Occupancy rates(%)	87.5	89.5	92.7	80.8	87.6	94.9
number of rooms	1,025	1,075	1,075	907	1,025	1,075

Trust Garden Tokiwamatsu : Opened on April 1, 2016.

revised on Oct. 28 2016

# Sales of Hotel and Restaurant Segment ( 3<sup>rd</sup> Quarter )



(¥ millions)

	2016/10-12 results	2016/10-12 revision targets	2015/10-12 results
XIV	8,929	9,300	8,625
Sun Members	1,263	1,277	1,209
Hotel Trusty	1,722	1,787	1,642
Baycourt	1,219	1,301	1,243
Grandee Golf Club	733	821	753
Income from annual fees	1,750	1,771	1,709
Income from amortization of deposits	770	728	720
THE KAHALA	2,135	2,390	2,468
Other	1,114	1,277	1,098
<b>Total</b>	<b>19,639</b>	<b>20,656</b>	<b>19,471</b>

# Operations by category ( 3<sup>rd</sup> Quarter )

Number of overnight visitors (Thousands)

	2015/10-12 results	2016/10-12 results	2016/10-12 revision targets
XIV	442	<b>443</b>	469
Sun Members	119	<b>115</b>	117
Hotel Trusty	161	<b>171</b>	179
Baycourt	41	<b>38</b>	42

Occupancy rates (%)

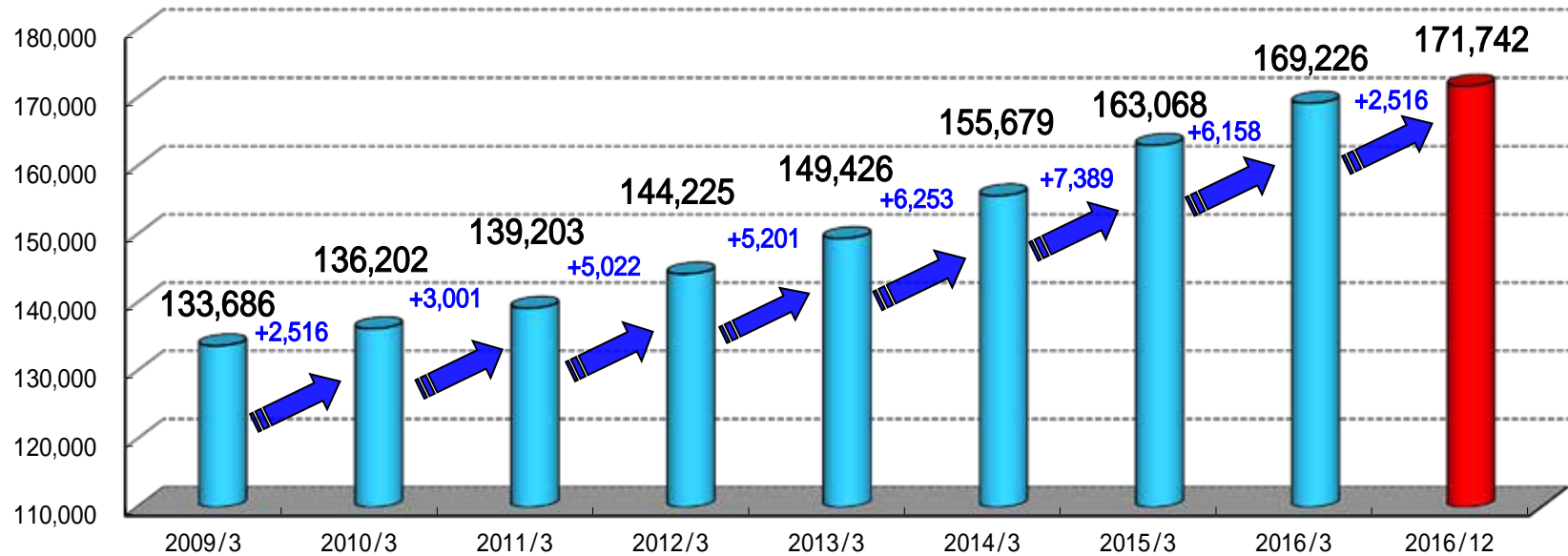
	2015/10-12 results	2016/10-12 results	2016/10-12 revision targets
XIV	54.4	<b>52.8</b>	55.2
Sun Members	67.7	<b>65.4</b>	68.7
Hotel Trusty	93.3	<b>90.9</b>	93.5
Baycourt	65.2	<b>60.8</b>	68.0

Spending per visitor (¥)

	2015/10-12 results	2016/10-12 results	2016/10-12 revision targets
XIV	19,481	<b>20,137</b>	19,799
Sun Members	10,080	<b>10,967</b>	10,852
Hotel Trusty	10,149	<b>10,065</b>	9,978
Baycourt	30,221	<b>31,671</b>	30,871

revised on Oct. 28 2016

# Number of Members



(Members)

	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	Total
2016/3	10,646	76,546	35,103	31,343	15,132	456	169,226
<b>2016/12</b>	<b>12,183</b>	<b>77,038</b>	<b>34,635</b>	<b>31,195</b>	<b>16,264</b>	<b>427</b>	<b>171,742</b>
Change April - December 2016	+1,537	+492	(468)	(148)	+1,132	(29)	+2,516
Change April - December 2015	+1,810	+1,119	(359)	+825	+1,598	+20	+5,013





**“XIV Yugawara Rikyu” (scheduled to be opened on March, 2017)**

# Consolidated Balance Sheets

(¥ millions)

	2016/3	2016/12	Change		2016/3	2016/12	Change
<b>Total current assets</b>	<b>147,250</b>	<b>150,561</b>	<b>+3,311</b>	<b>Total current liabilities</b>	<b>81,794</b>	<b>94,431</b>	<b>+12,636</b>
Cash and deposits	24,742	39,142	+14,399	Notes and accounts payable-trade	1,123	1,749	+625
Notes and accounts receivable-trade	6,738	7,812	+1,074	Short-term loans payable	12,842	17,720	+4,878
Operating loans	38,050	41,154	+3,103	Current portion of bonds	450	250	(200)
Short-term investment securities	28,466	8,675	(19,790)	Accounts payable-other and accrued expenses	27,616	12,551	(15,065)
Merchandise, raw materials and supplies	1,742	2,395	+652	Advance received	25,227	41,337	+16,109
Real estate for sale	5,614	5,279	(335)	Other	14,533	20,822	+6,289
Real estate for sale in process	27,902	38,269	+10,367	<b>Total noncurrent liabilities</b>	<b>213,119</b>	<b>206,843</b>	<b>(6,276)</b>
Deferred tax assets	3,985	3,397	(587)	Bonds payable and long-term loans payable	63,423	54,666	(8,756)
Other	10,007	4,435	(5,572)	Long-term guarantee deposited	103,098	101,735	(1,363)
<b>Total noncurrent assets</b>	<b>260,179</b>	<b>260,812</b>	<b>+632</b>	Bonds with subscription rights to shares	30,242	30,210	(32)
Property, plant and equipment, net	156,884	148,422	(8,462)	Other	16,354	20,230	+3,876
Intangible assets	4,341	9,511	+5,170	<b>Total liabilities</b>	<b>294,914</b>	<b>301,274</b>	<b>+6,360</b>
Investments and other assets	98,954	102,879	+3,924	<b>Net Assets</b>	<b>112,515</b>	<b>110,099</b>	<b>(2,416)</b>
				Shareholders' equity	108,109	109,899	+1,789
				Treasury shares	(3,451)	(2,890)	+561
				Accumulated Other Comprehensive Income	3,694	(1,110)	(4,804)
				Subscription rights to shares	16	-	(16)
				Non-controlling interests	4,146	4,200	+53
<b>Total assets</b>	<b>407,430</b>	<b>411,373</b>	<b>+3,943</b>	<b>Total liabilities and net assets</b>	<b>407,430</b>	<b>411,373</b>	<b>+3,943</b>

# Consolidated Cash Flows

(¥ millions)

	2015/12	2016/12
Cash flows from operating activities	10,036	19,076
Cash flows from investing activities	(42,537)	2,441
Cash flows from financing activities	(5,849)	(8,411)
Effect of exchange rate changes on cash and cash equivalents	(48)	(45)
Net increase (decrease) in cash and cash equivalents	(38,398)	13,060
Increase (decrease) in cash and cash equivalents resulting from changes of scope of consolidation	(944)	-
Cash and cash equivalents at end of period	27,062	38,536

# Outlook for the Fiscal Year 2016

# Targets for Fiscal Year 2016

	2016/3 (results)	2017/3 revision targets	
	(¥ millions)	(¥ millions)	Change
Net sales	142,249	152,000	+ 6.9%
Operating income 《vs. net sales (%)》	18,640 《13.1%》	14,200 《9.3%》	(23.8%)
Ordinary income 《vs. net sales (%)》	19,439 《13.7%》	15,100 《9.9%》	(22.3%)
Net income 《vs. net sales (%)》	13,044 《9.2%》	10,200 《6.7%》	(21.8%)

Net income per share (¥)	123.34	95.81
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Annual Cash dividend (¥)	46.00	46.00
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revised on Oct. 28 2016



# Net Sales by segment for Fiscal Year 2016

## <Sales>

(¥ millions)

	<b>2016/3 (result)</b>	<b>2017/3 revision targets</b>	
Membership	46,282	47,560	+ 2.8%
Hotel and Restaurant	72,817	75,260	+ 3.4%
Medical	21,806	28,010	+28.4%
Other	1,344	1,170	(13.0%)
<b>Total</b>	<b>142,249</b>	<b>152,000</b>	<b>+6.9%</b>

revised on Oct. 28 2016

# Operating Income by segment for Fiscal Year 2016

## <Operating Income>

(¥ millions)

	<b>2016/3 (result)</b>	<b>2017/3 revision targets</b>	
<b>Membership</b>	9,898	6,780	(31.5%)
<b>Hotel and Restaurant</b>	4,567	3,120	(31.7%)
<b>Medical</b>	3,629	3,770	+ 3.9%
<b>Other</b>	545	530	(2.9%)
<b>Total</b>	18,640	14,200	(23.8%)

revised on Oct. 28 2016

# Reference materials

## Overview of Revision Targets for FY2016

Revised on Oct. 28, 2016

## Consolidated Targets

(¥ millions)

	2017/3 original targets	2017/3 revision targets	Change
Net sales	160,400	152,000	(8,400)
Operating income	17,700	14,200	(3,500)
Ordinary income	19,500	15,100	(4,400)
Net income	13,200	10,200	(3,000)
Net income per share (¥)	124.14	95.85	
Annual Cash dividend (¥)	46.00	46.00	

(¥ billions)

Contract Values of Membership	69.9	61.3	(8.6)
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## &lt;Assumptions for revised second half plans&gt;

## Key changes versus initial plans

(Second half: Net sales ¥1.9 billion, operating income down ¥1.4 billion \*versus initial plans)

- Contract amounts down ¥2.0 billion (¥36.0 billion to ¥34.0 billion)
- Yugawara Rikyu: Lower deferred profits to be realized during FY2016 \*Recorded upon opening in March
- Medical: Higher sales due to strong operations by Kosei Co., Ltd., etc.  
Cancer Intelligence Care Systems, Inc. newly consolidated (no effect on income for FY2016)
- Certain costs to decrease, etc., such as indirect costs, etc. (portions linked to sales, etc.)

## Segment Sales

(¥ millions)

	2017/3 initial targets	2017/3 revision targets	Change
Membership	57,080	47,560	(9,520)
Hotel and Restaurant	76,460	75,260	(1,200)
Medical	25,560	28,010	+2,450
Other	1,300	1,170	(130)
Total	160,400	152,000	(8,400)

## Segment Operating Income

(¥ millions)

	2017/3 initial targets	2017/3 revision targets	Change
Membership	9,940	6,780	(3,160)
Hotel and Restaurant	3,460	3,120	(340)
Medical	3,720	3,770	+50
Other	580	530	(50)
Total	17,700	14,200	(3,500)

# <Reference> Effects of Deferred Revenue from properties before completion of construction ①

Method of recording sales and income from property before completion of construction p.36

Registration fee treated as Sales upon signing.

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

(¥ Billions)

Fiscal year	Results for 3Q FY2014 (2014/12)		Results for 3Q FY2015 (2015/12)		Results for 3Q FY2016 (2016/12)		Revision targets for 3Q FY2016(2016/12)					
Contract amount of properties before completion of construction	(XIV Toba Bettei) 8.6 billion	(XIV Yugawara Rikyu) 5.2 billion	(XIV Toba Bettei) 6.0billion	(XIV Yugawara Rikyu) 9.3 billion	(XIV Yugawara Rikyu) 10.1 billion	(Ashiya Baycourt) 10.4 billion	(XIV Rokko SV) 2.7 billion	(Laguna Baycourt) 11.3 billion	(XIV Yugawara Rikyu) 9.5 billion	(Ashiya Baycourt) 11.4 billion	(XIV Rokko SV) 2.4 billion	(Laguna Baycourt) 8.1 billion
Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income	Sales	Income			
XIV Toba Bettei (RH)	Value deferred	(4.6)	(1.2)	(2.9)	(0.9)	-	-	-	-			
XIV Yugawara Rikyu (RH)		(2.7)	(0.7)	(4.3)	(1.3)	(4.1)	(1.4)	(4.1)	(1.3)			
Ashiya Baycourt (RH)		-	-	(13.3)	(4.7)	(5.1)	(1.9)	(5.7)	(2.1)			
XIV Rokko SV (RH)		-	-	(1.6)	(0.3)	(1.3)	(0.3)	(1.1)	(0.2)			
Laguna Baycourt (RH)		-	-	-	-	(5.7)	(1.8)	(4.2)	(1.3)			
<b>Value affected (included in disclosed figures)</b>		<b>(7.3)</b>	<b>(2.0)</b>	<b>(22.1)</b>	<b>(7.2)</b>	<b>(16.2)</b>	<b>(5.4)</b>	<b>(15.1)</b>	<b>(4.9)</b>			

# < Reference > Effects of Deferred Revenue from properties before completion of construction ②

Method of recording sales and income from property before completion of construction p.36

Registration fee treated as Sales upon signing.

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

(¥ Billions)

Fiscal year	Results for 2013 (2014/3)	Results for 2014 (2015/3)	Results for 2015 (2016/3)	Revision Targets for 2016 (2017/3)	(For reference) Predictions for 2017 (2018/3)
Contract amount of properties before completion of construction	(XIV Toba Bettei) 6.6 billion	(XIV Toba Bettei) 11.8 billion (XIV Yugawara Rikyu) 9.2 billion	(XIV Yugawara Rikyu) 12.3 billion (Ashiya Baycourt) 30.1 billion (XIV Rokko SV) 4.5 billion	(Ashiya Baycourt) 15.0 billion (XIV Rokko SV) 3.4 billion (Laguna Baycourt) 12.4 billion	

Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income	Sales	Income	Sales	Income
XIV Toba Bettei (RH)	Value deferred	(3.6)	(1.1)	(6.3)	(1.7)	-	-	-	-	-	-
	Value realized	-	-	-	-	+9.8	+3.0	-	-	-	-
XIV Yugawara Rikyu (RH)	Value deferred	-	-	(4.7)	(1.3)	(5.5)	(1.7)	-	-	-	-
	Value realized	-	-	-	-	-	-	+10.3	+3.0	-	-
Ashiya Baycourt (RH)	Value deferred	-	-	-	-	(15.3)	(5.4)	(7.6)	(2.7)	-	-
	Value realized	-	-	-	-	-	-	-	-	+23.0	+8.2
XIV Rokko SV (RH)	Value deferred	-	-	-	-	(2.1)	(0.4)	(1.7)	(0.4)	(Unspecified value)	(Unspecified value)
	Value realized	-	-	-	-	-	-	-	-	-	-
Laguna Baycourt (RH)	Value deferred	-	-	-	-	-	-	(6.5)	(2.0)	(Unspecified value)	(Unspecified value)
	Value realized	-	-	-	-	-	-	-	-	-	-
<b>Value affected (included in disclosed figures)</b>		<b>(3.6)</b>	<b>(1.1)</b>	<b>(11.0)</b>	<b>(3.0)</b>	<b>(13.2)</b>	<b>(4.6)</b>	<b>(5.5)</b>	<b>(2.1)</b>	(Unspecified value)	(Unspecified value)

XIV Yugawara Rikyu is scheduled to open in FY 2016.

Ashiya Baycourt is scheduled to open in FY 2017.

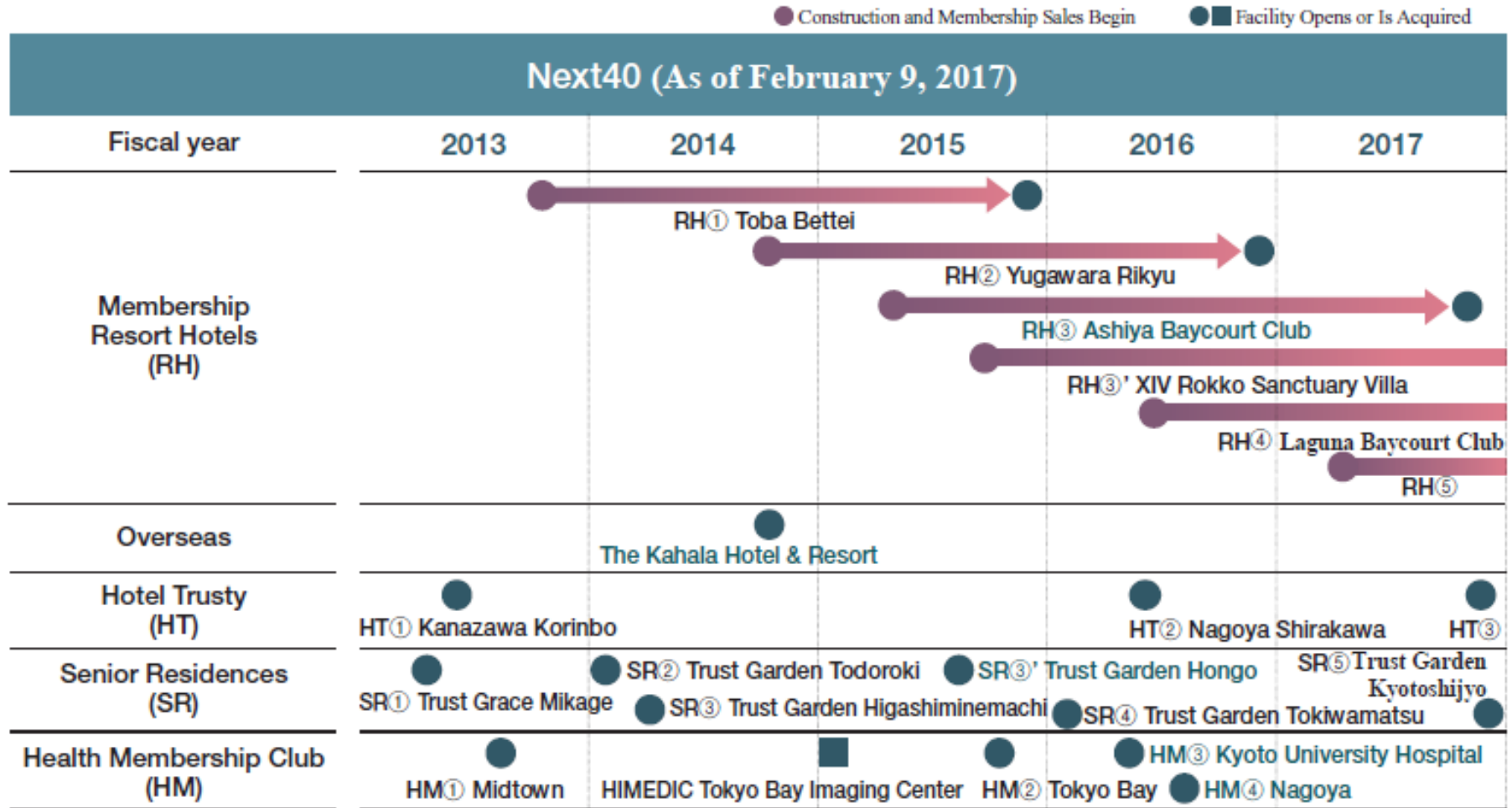
XIV Rokko SV & Laguna Baycourt are scheduled to open in FY 2018.

Deferred until opening of the facility

Financial highlights of consolidated results	Results for 2013		Results for 2014		Results for 2015		Revision Targets for 2016	
	Sales	Operating income	Sales	Operating income	Sales	Operating income	Sales	Operating income
Disclosed figures (Recorded value)	116.8	15.1	120.4	16.0	142.2	18.6	152.0	14.2
(For reference) Value excluding effects of deferred values	120.4	16.2	131.4	19.1	155.4	23.2	157.5	16.3
(For reference) Value excluding effects of deferred values & *extra costs	120.4	16.2	131.4	19.1	155.4	23.8	157.5	17.8

\* Extra costs for hotel will be added upon opening.  
 XIV Toba Bettei:(0.6) billion (Results for FY2015)  
 XIV Yugawara Rikyu:(1.5) billion (Targets for FY2016)

# < Reference > Group's Development schedule

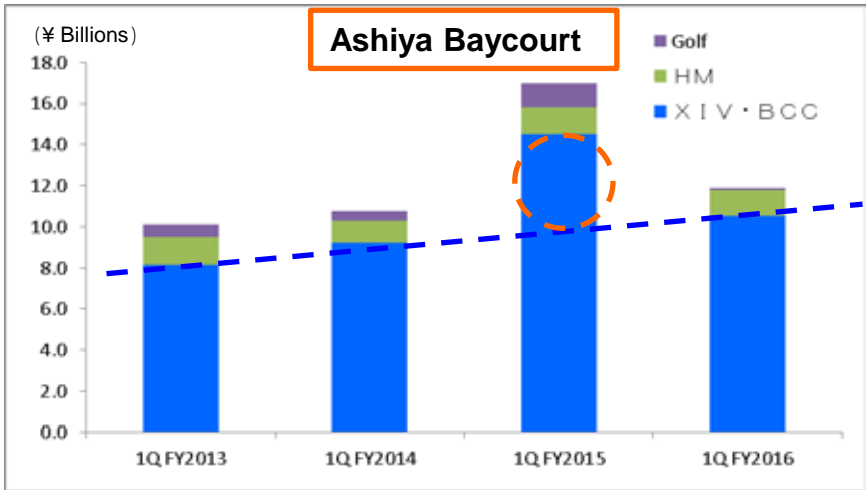


\* Items not yet confirmed are based on plans as of the date "NEXT40" was announced (April 2013)

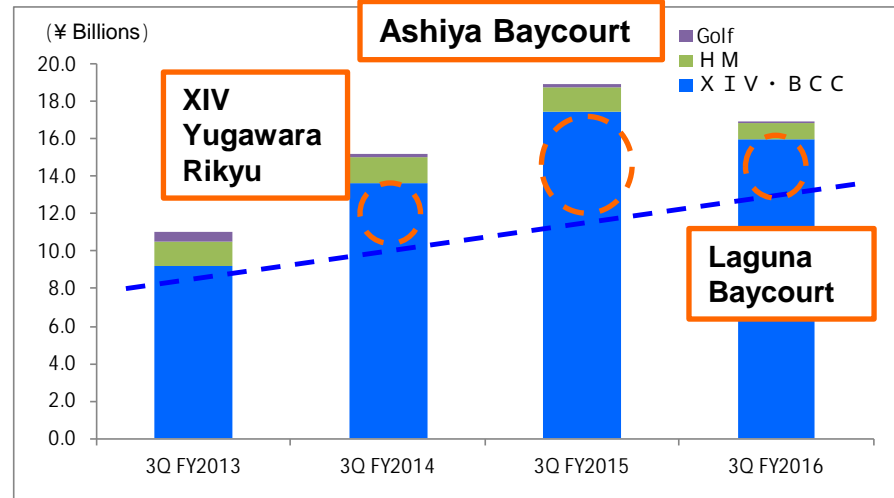
There is the Hotel Business Development Plan in "Minato Mirai 21 Central District Block 20 MICE Facility Development Business". We plan to open "Yokohama Baycourt Club(tentative)" and the Standard Hotel with the same place.(Spring, 2020)

## Contract Values for each Quarters

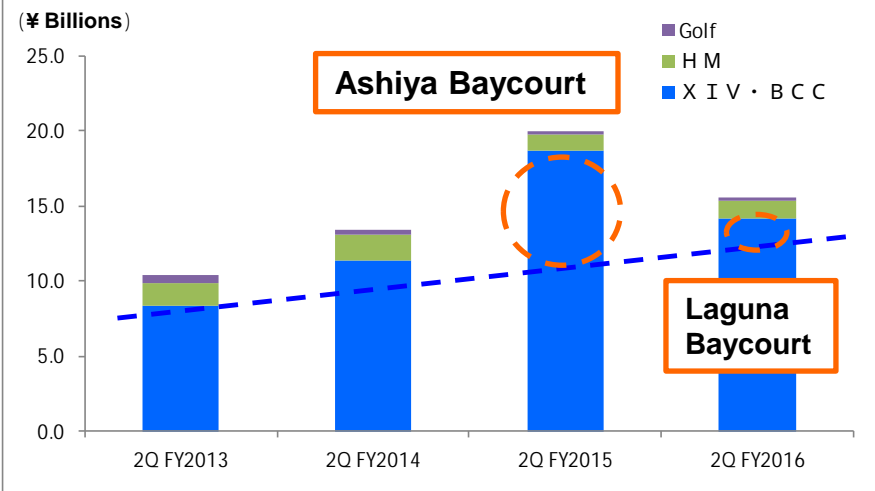
### 1st Quarter



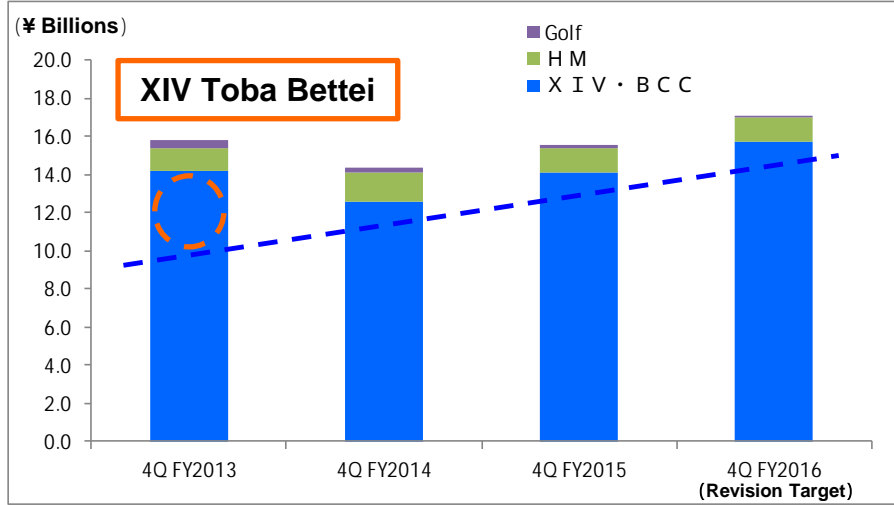
### 3rd Quarter



### 2nd Quarter



### 4th Quarter



The impact of starting sales of the new hotel membership



# Income and Accounting for a Core XIV Facility

(Before completion of construction)

	Contract	Framework	Completion of Construction	
Total payment (100%)	60% of sale price received	80% of sale price received	100% of sale price received	
Security deposit (10%)	Member pays deposit upon signing contract			Liability incurred when contract signed*2
Registration fee (40%)	Member pays registration fee upon signing contract			Sale recorded when contract signed
Real estate cost (50%)	Member pays 10% of total payment upon signing contract	Member pays 20% of total at framework raising	Member pays 20% of total upon completion	Sale recorded when facility opens

\*2 After facility opens, sale is amortized.

Example: Membership price of 10 million yen

	Contract	Framework	Completion of Construction	At Opening	Earnings Recorded
Security deposit: 1 million yen	1 million yen				Balance-sheet liability recorded *2
Registration fee: 4 million yen	4 million yen				Sale recorded (when contract signed)
Real estate: 5 million yen	1 million yen*1	2 million yen*1	2 million yen*1		Sale recorded (when facility opens)
Total contract amount: 10 million yen	6 million yen	2 million yen	2 million yen		
<b>Sale amount recorded</b>	4 million yen	-	-	5 million yen*1	
				Cost of Sales 3.5 million yen	

\*1 The real estate cost is deferred until the facility opens and is treated as revenue after the facility opens.

\*2 After facility opens, sale is amortized.

Annual fee:  
0.13 million yen



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