



**“Activa Biwa,” a Private Nursing Home  
(Started to operate on April 1, 2017)**

# **Financial results Presentation For the 3-month Period Ended June 30, 2017**

**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.**

**Resorttrust, Inc.**

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

- **Overview of 1Q FY 2017** **P. 3-4**
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**Developments and Variables in Progress and**  
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**“Next 40”**
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# Financial Highlights 1Q FY2017

(Million yen)

	1Q FY2017 (results)	1Q FY2017 (targets)	Difference	1Q FY2016 (results)	YoY Change
<b>Net Sales</b>	<b>33,808</b>	34,300	(1.4%)	31,251	+8.2%
<b>Operating Income</b>	<b>1,616</b>	800	+102.1%	748	+115.9%
<b>Ordinary Income</b>	<b>2,097</b>	1,100	+90.7%	442	+373.6%
<b>Net Income</b>	<b>1,148</b>	600	+91.4%	218	+425.2%

## <Difference>

Income items did better than as expected in the plan, due to sales of memberships(e.g. “Laguna Baycourt Club,”) exceeding the expectations of the plan, as well as operation and management expenses that were lower than as set out in the plan.

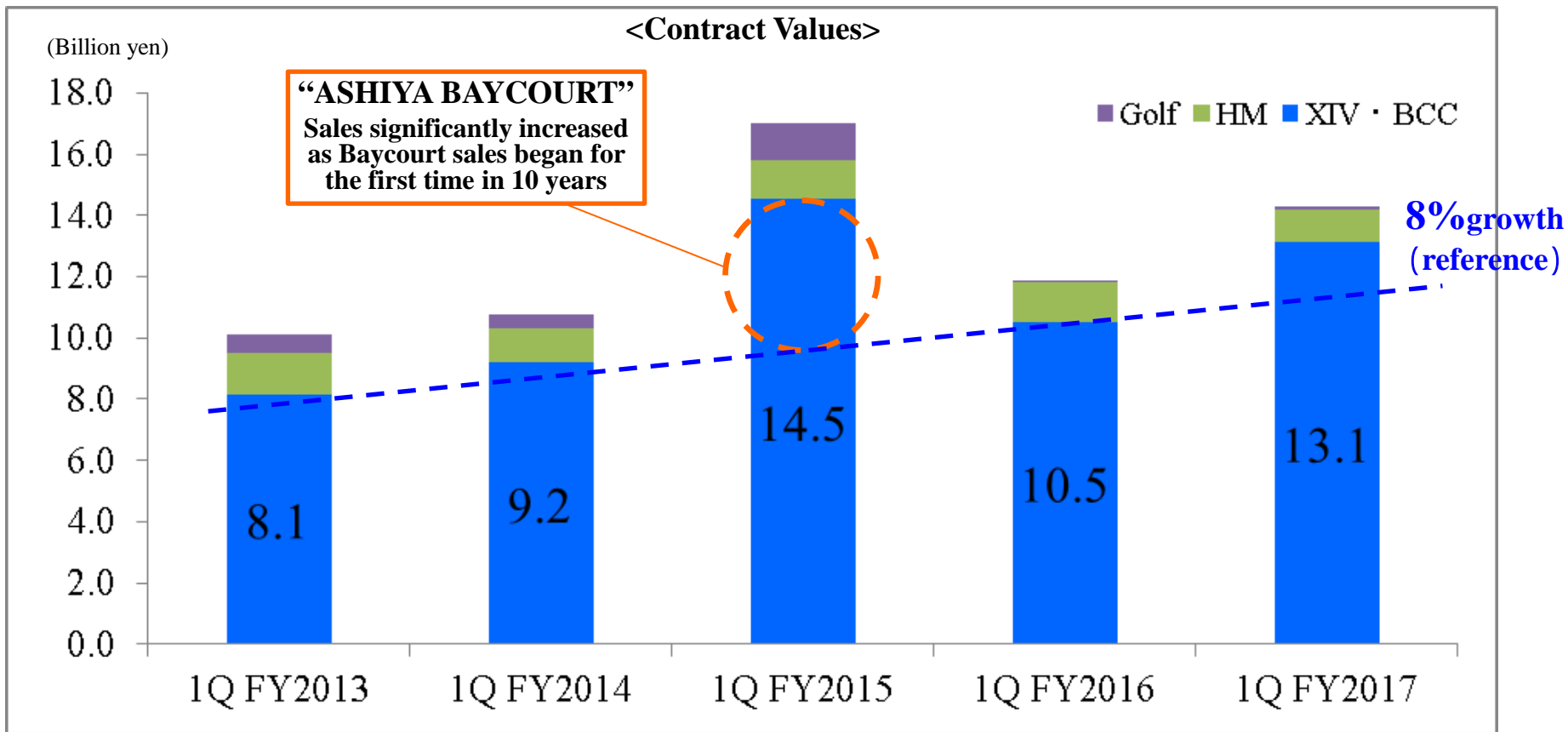
Net sales are almost same as the plan due to increased unrealized sales of real estate, as well as hotel occupancy that is lower than as set out in the plan.

## <YoY Change>

Sales and income increased due to factors such as new contributions by “XIV Yugawara Rikyu” and the increase in sales of hotel memberships.

# Contract Values 1Q FY2017

- Sales were favorable for Laguna Baycourt during 1Q (April to June) of FY 2017, and slightly above the basic pace of growth.
- Contract amounts are steadily growing year by year, except for FY2015 in which the effects of “Ashiya Baycourt” sales were a prominent factor.



# Notice: operating income by segment

<Amendments related to the allocation of head office costs (indirect costs)>

Starting from FY2017, in order to further clarify the income status of each segment and the income levels born directly by each department, the method of disclosure regarding **operating income by segment** has been partially amended.

<Previous method ~FY2016>

Head office costs (indirect costs) which cannot be associated with segments are allocated according to the ratio (composition proportion) of operating income before the allocation for each segment, and the operating income after the allocation is disclosed.

<Amended method FY2017~>

Operating income before the allocation of head office costs (indirect costs) is disclosed. Head office costs (indirect costs) are to be disclosed separately.

\*Since we are in the transition period, both the previous method and amended method are included in this Presentation.

# Segment Highlights before allocation 1Q FY2017

## <Membership>

(Million yen)

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>7,764</b>	7,790	(0.3%)	6,784	+14.4%
Operating Income	<b>1,850</b>	1,110	+66.7%	583	+217.2%
Contract Values of Hotel Membership	<b>131</b>	126	+4.2%	105	+25.1%

<Difference>Sales of memberships such as in Laguna Baycourt Club were favorable, but in increased unrealized sales of real estate to be set out in the plan. Income performance exceeded the plan due to factors such as the decrease in expenses.  
<YoY Change>Compared to the somewhat sluggish contract value of hotel memberships in 1Q of the previous fiscal year, sales were generally favorable for the current period, leading to increased sales and income.

## <Hotel and Restaurant>

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>18,591</b>	18,900	(1.6%)	17,871	+4.0%
Operating Income	<b>481</b>	510	(5.6%)	430	+11.8%

<Difference>Contribution by the revision of room charge caused spending per visitor to exceed expectations of the plans, but facility occupancy was lower than planned. Revenue fell slightly short of plans.  
<YoY Change> Contributions by “XIV Yugawara Rikyu” caused as increase in sales. Expenses such as personnel expenses have been covered by the factors such as an increase in sales and a decrease in renovation expenses, resulting in a slight increase in income.

## <Medical>

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>7,268</b>	7,430	(2.2%)	6,276	+15.8%
Operating Income	<b>1,084</b>	1,100	(1.4%)	1,454	(25.4%)

<Difference>Sales of medical memberships are in an increasing trend compared to the second half of the previous year, but slightly falling short of plans. Others are generally in line with the plans.  
<YoY Change>Senior Lifestyle Business led to an increase in sales. Apart from slight decrease of medical memberships, an increase medical examination costs in 2 new medical facilities from 2Q of the previous year has become the main reason why income has decreased as compared to 1Q of the previous year.

# < Reference > Segment Highlights after allocation 1Q FY2017

## <Membership>

(Million yen)

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>7,764</b>	7,790	(0.3%)	6,784	+14.4%
Operating Income	<b>862</b>	320	+169.6%	167	+414.5%
Contract Values of Hotel Membership	<b>131</b>	126	+4.2%	105	+25.1%

## <Hotel and Restaurant>

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>18,591</b>	18,900	(1.6%)	17,871	+4.0%
Operating Income	<b>224</b>	150	+49.7%	123	+81.3%

## <Medical>

	1Q FY2017 (results)	1Q FY2017 ( targets)	Difference	1Q FY2016 (results)	YoY Change
Net Sales	<b>7,268</b>	7,430	(2.2%)	6,276	+15.8%
Operating Income	<b>505</b>	320	+58.1%	418	+21.0%



# Business Forecast for FY 2017

## Consolidated Targets

	FY2016 results	FY2017 targets	Change
Net sales	143,541	171,000	+27,458
Operating income	13,514	17,000	+3,485
Ordinary income	14,806	18,200	+3,393
Net income	11,010	11,800	+789
Net income per share (yen)	103.40	110.65	
Annual Cash dividend (yen)	46.00	46.00	
(Billion yen)			
Contract Values of Membership	593	608	+15

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

		FY2016 results	FY2017 targets	Change
Membership	Sales	42,530	57,650	+15,119
	Operating income	10,572	13,770	+3,197
Hotel and Restaurant	Sales	74,193	80,090	+5,896
	Operating income	4,554	4,570	+15
Medical	Sales	25,702	32,500	+6,797
	Operating income	4,556	5,860	+1,303
Other	Sales	1,114	760	(354)
	Operating income	761	560	(201)
head office costs	Operating income	(6,930)	(7,760)	(829)
Total	Sales	143,541	171,000	+27,458
	Operating income	13,514	17,000	+3,485

## <Membership>

- Contract values of hotel membership +¥0.8 billion (¥54.9 billion→¥55.7 billion)
- Deferred income to be realized+¥4.3 billion
- \*Excluding sales of the opening year  
(Yugawara Rikyu: ¥3.4 billion Ashiya Baycourt: ¥7.7 billion)
- Increase in opening expenses+¥1.3 billion  
(Yugawara Rikyu: ¥1.2 billion Ashiya Baycourt + part of Rokko SV : ¥2.5 billion)

## <Hotel and Restaurant>

- A full-year contribution from operation of Yugawara Rikyu
- Changes to room charges
- Increase in personnel expenses and welfare expenses, etc.  
including those of personnel for Ashiya/Rokko

## <Medical>

- Increase in contract values of HIMEDIC membership and in annual fee
- A full-year contribution of Kosei Co., Ltd. and expansion of the aging care business
- Expansion of operations of facilities for seniors  
(a full-year contribution of Activa Biwa, etc.)

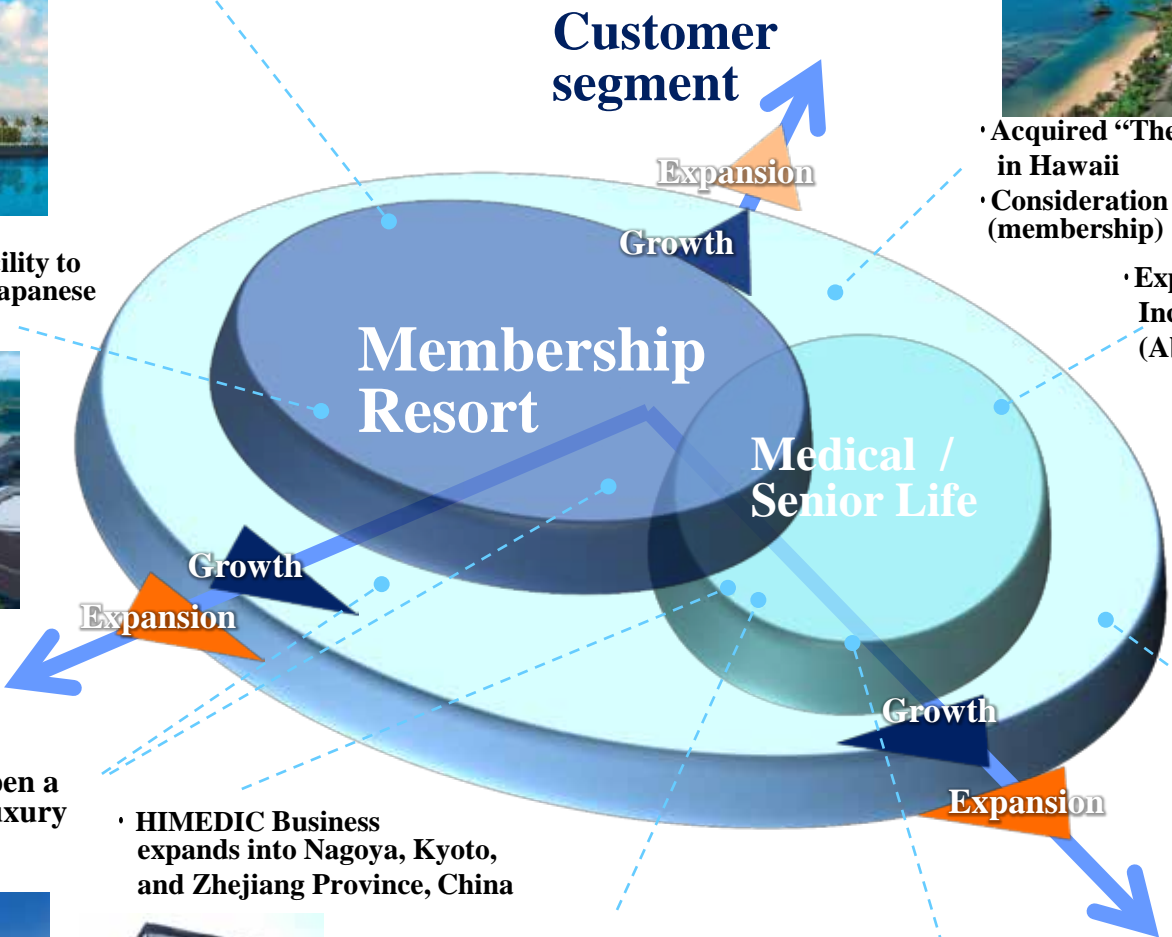
## Reference<Operating Income by Segment (after allocation)>

		FY2016 results	FY2017 targets	Change
Membership	Sales	42,530	57,650	+15,119
	Operating income	6,988	9,440	+2,451
Hotel and Restaurant	Sales	74,193	80,090	+5,896
	Operating income	3,010	3,140	+129
Medical	Sales	25,702	32,500	+6,797
	Operating income	3,011	4,030	+1,018
Other	Sales	1,114	760	(354)
	Operating income	503	390	(113)
Total	Sales	143,541	171,000	+27,458
	Operating income	13,514	17,000	+3,485

\*previous method

# Developments in the Medium- to Long-term Strategy

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



• Penetration of Baycourt brand (Urban resort membership hotel)



• “XIV Toba Bettei, the first facility to fully incorporate traditional Japanese elements, opened.

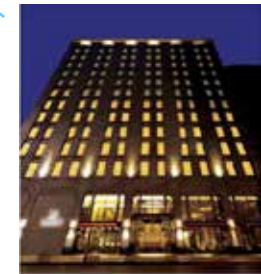


• Acquired “The Kahala Hotel & Resort” in Hawaii  
• Consideration of extended stay facilities (membership)

• Expand Senior Life Business  
Increase number of rooms (About three times)



• Hotel Trusty  
Expansion into Hokuriku area



## Business Fields

• In Yokohama, plan to open a Baycourt with general luxury hotel annex (our first)  
Scheduled to be opened in, 2020



• HIMEDIC Business expands into Nagoya, Kyoto, and Zhejiang Province, China



• Expand healthcare business (Kosei Co., Ltd. newly consolidated in May, 2016.)  
\*Group investment: 50%

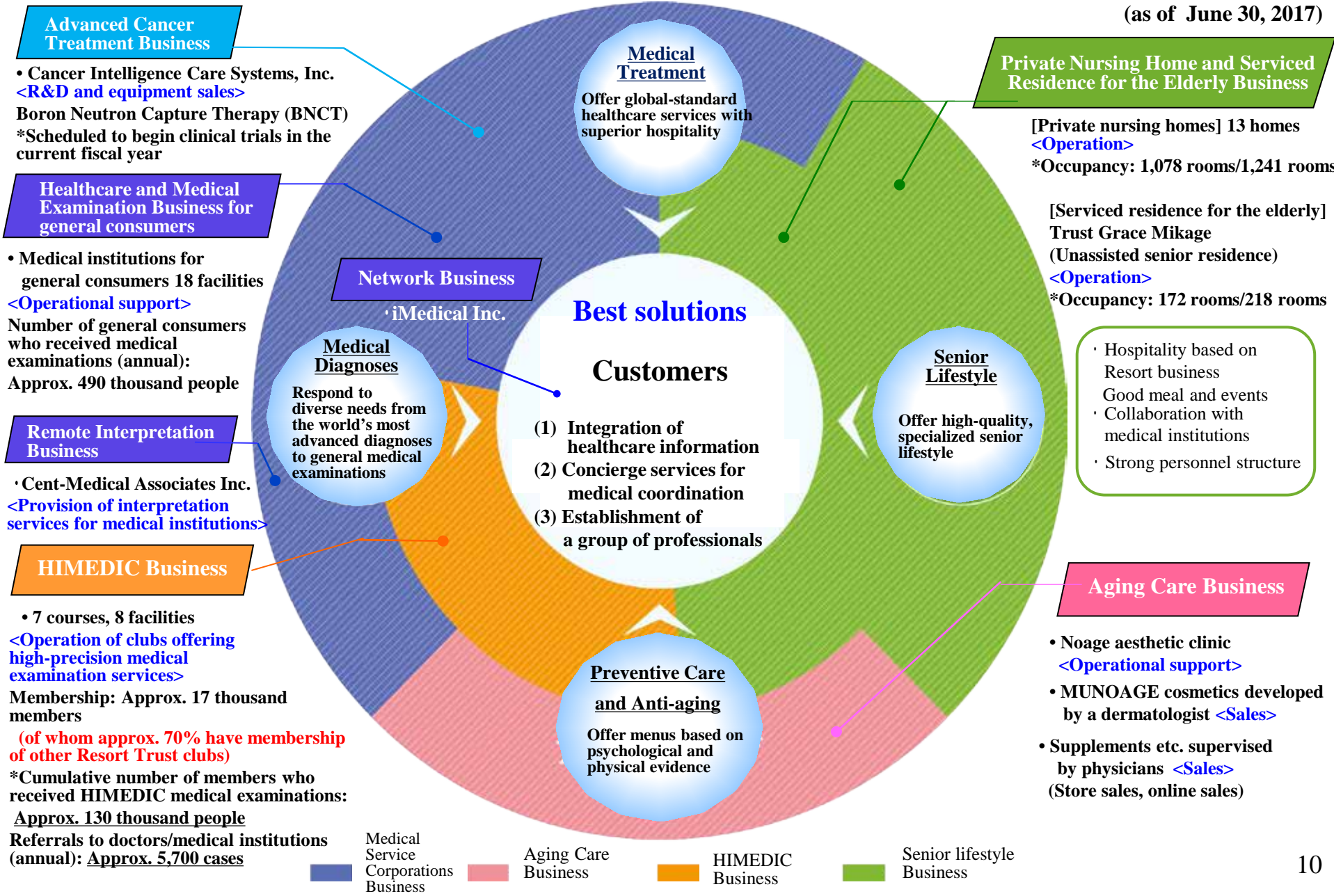
• BNCT Business: Scheduled to begin clinical trials (Cancer Intelligence Care Systems, Inc. newly consolidated in september, 2016.)

## Business Area

# Progress of Medical Business (1)

## <Value Chain>

(as of June 30, 2017)

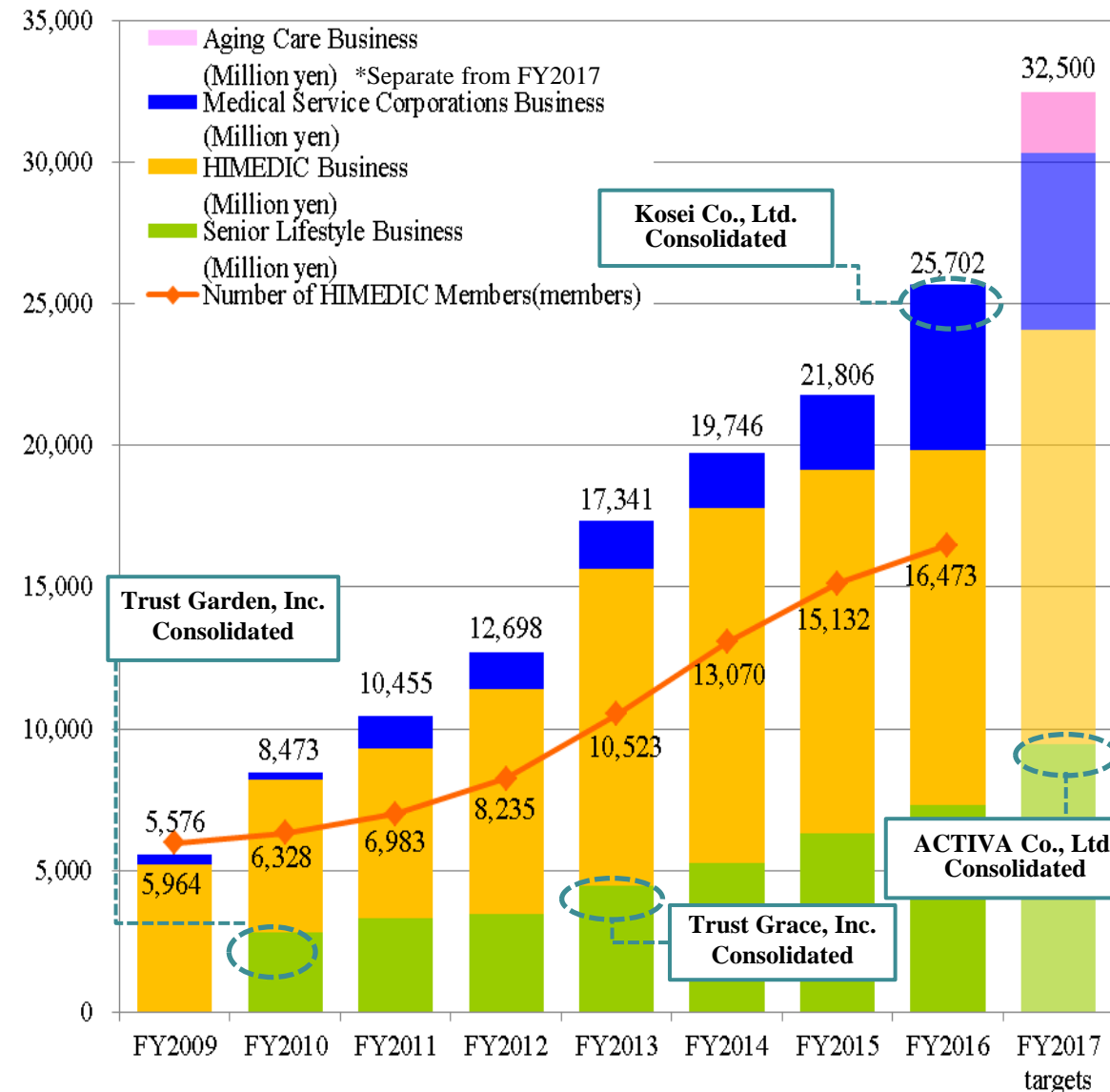


# Progress of Medical Business (2)

## < Trend of Sales, etc. >

### < Trends of Medical Segment Sales / HIMEDIC Membership >

(Million yen/members)



#### Medical Service Corporations Business: Development from now on

- Branding of advanced medical services and medical services for women
  - Expansion of medical institutions for general consumers (in regional cities etc.)
  - Consideration of new business schemes concerning healthcare Creation of earnings opportunities between membership and general consumers, etc.
- Position as core infrastructure of the Group's business (Creation of further synergy, expansion to medical services for general consumers)**

#### Aging Care Business: Development from now on

- Implementation of the brand strategy and promotion of the advertising strategy in line with expansion of scale
  - Development of anti-aging products supervised by physicians and emphasizing evidence
- Aim to become a top-tier company in the industry by introducing new products, opening new sites and M&A**

#### HIMEDIC Business: Development from now on

- Further awareness-raising among members of the Group to cultivate demand from potential customers
- Consideration of expansion of target customers by offering more options for the membership period and fees (different from current options)
- Improvement of profitability of overseas sites and the consulting business, etc.

**Continue the focus on sites in Japan to achieve steady growth while maintaining profitability <Approaching 30,000 members in Japan>**

#### Senior Lifestyle Business: Development from now on

- Consideration of new facilities, such as facilities combining different types of facilities (Facilities combined with XIV facilities; combined facilities offering services for healthy people, nursing care services, and day care services; etc.)
  - Consideration of ways to raise awareness among members of the Group and at the same time increase appeal in order to attract new residents
- Target 3,000 rooms through M&A and new development <Operating income to net sales ratio: slightly under 10% (at present) → 15% (target)>**
- \*Operating income: excluding allocation of indirect costs and amortization of goodwill**

Establish a leading brand for medical and senior lifestyle solutions in Japan



**“XIV Yugawara Rikyu” Japanese Restaurant Yugawara Hanagoyomi**

## Section 2: Results for 1Q FY 2017

- **Topics for Fiscal Year 2017** **P. 14**
- **Results Details for 1Q FY2017** **P. 15-23**  
(by segment, contract values, etc.)

# Topics for Fiscal Year 2017

- (1) Started to operate a private nursing home “Activa Biwa,” in Otsu, Shiga.(April 1, 2017)**
  - (2) Holding of the Resorttrust Ladies golf championship was held at Oakmont Golf Club.  
(from May 26 to May 28, 2017)**
  - (3) Resolved issuance of stock acquisition rights as stock option. (June 29, 2017)**
  - (4) Hotel facility site acquisition for  
“Minato Mirai 21 Central District Block 20 MICE Facility Development Business” (July 18, 2017)**
  - (5) The Dunlop Srixon Fukushima Open was held at Grandee Nasu Shirakawa Golf Club’s course for  
conservative years. (from July 27 to July 30, 2017)**
  - (6) “Ashiya Baycourt Club” is scheduled to be opened.(February, 2018)**
  - (7) “(tentative)Trust Garden Kyoto Shijo” is scheduled to be opened.(March 1, 2018)**
- Scheduled to start the sale of new memberships of the hotel in Kanto during FY2017.**

# Segment Sales and Operation Income before allocation 1Q FY2017



\*P. 25:previous method

## <Sales>

(Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Total
<b>1Q FY2017 (results)</b>	<b>7,764</b>	<b>18,591</b>	<b>7,268</b>	<b>183</b>	<b>33,808</b>
1Q FY2017 (targets)	7,790	18,900	7,430	180	34,300
Difference	(0.3%)	(1.6%)	(2.2%)	+2.1%	(1.4%)
1Q FY2016 (results)	6,784	17,871	6,276	319	31,251
YoY Change	+14.4%	+4.0%	+15.8%	(42.4%)	+8.2%

## <Operating Income before allocation of head office costs >

(Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Overhead expenses	Total
<b>1Q FY2017 (results)</b>	<b>1,850</b>	<b>481</b>	<b>1,084</b>	<b>49</b>	<b>(1,849)</b>	<b>1,616</b>
1Q FY2017 (targets)	1,110	510	1,100	30	(1,950)	800
Difference	+66.7%	(5.6%)	(1.4%)	+65.8%	(5.2%)	+102.1%
1Q FY2016 (results)	583	430	1,454	135	(1,854)	748
YoY Change	+217.2%	+11.8%	(25.4%)	(63.3%)	(0.3%)	+115.9%



# Contract Values of Membership 1Q FY2017



(Billion yen)

	1Q FY2017 results	1Q FY2017 targets	Difference	1Q FY2016 results	YoY Change	* 1Q FY2017 Progress rate of contract (cumulative)	FY2017 targets
Kanto	-	-	-	-	-	-	13.5
Laguna Baycourt Club	<b>6.0</b>	4.8	+1.2	-	+6.0	35.4%	14.9
XIV Rokko SV	<b>0.6</b>	0.9	(0.4)	0.5	+0.1	33.1%	4.0
Ashiya Baycourt Club	<b>2.5</b>	2.5	(0.0)	4.0	(1.5)	57.6%	10.7
XIV Yugawara Rikyu	<b>2.2</b>	1.9	+0.3	2.2	(0.0)	64.9%	4.9
Other Hotels	<b>1.9</b>	2.5	(0.6)	3.8	(1.9)	-	7.8
Hotel Membership Total	<b>13.1</b>	12.6	+0.5	10.5	+2.6	-	55.7
Golf	<b>0.1</b>	0.0	+0.1	0.1	+0.0	-	0.1
Membership Operations Total	<b>13.2</b>	12.6	+0.6	10.6	+2.6	-	55.8
HIMEDIC	<b>1.1</b>	1.2	(0.1)	1.3	(0.2)	-	4.9
Total	<b>14.3</b>	13.8	+0.5	11.9	+2.5	-	60.8

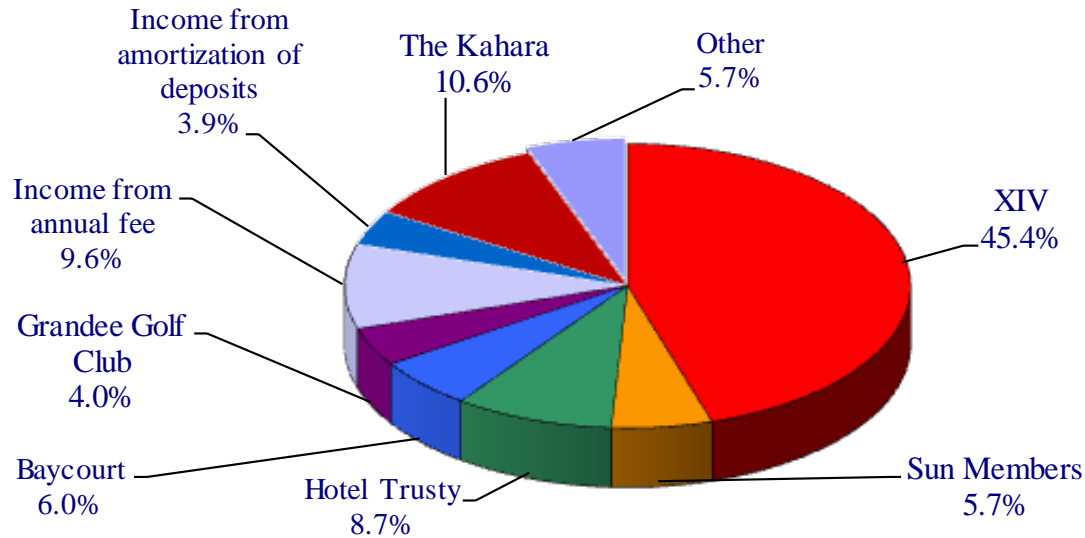
\* Progress rate of the total contract amount

# Sales of Membership Segment 1Q FY2017

(Billion yen)

		1Q FY2017 results	1Q FY2017 targets	Difference	1Q FY2016 results	YoY Change	FY2017 targets
Kanto		-	-	-	-	-	12.2
Laguna Baycourt Club		5.4	4.4	+1.1	-	+5.4	13.5
XIV Rokko SV		0.5	0.9	(0.4)	0.4	+0.1	3.6
Ashiya Baycourt Club		2.2	2.3	(0.0)	3.6	(1.4)	9.7
XIV Yugawara Rikyu		1.9	1.8	+0.2	1.8	+0.1	4.5
Other Hotels		1.5	2.1	(0.6)	3.3	(1.7)	6.9
<b>Hotel Membership Total</b>		<b>11.7</b>	<b>11.4</b>	<b>+0.3</b>	<b>9.1</b>	<b>+2.6</b>	<b>50.5</b>
Deferred Sales	Kanto	-	-	-	-	-	(6.8)
	Laguna Baycourt Club	(3.0)	(2.4)	(0.6)	-	(3.0)	(7.5)
	XIV Rokko SV	(0.2)	(0.5)	+0.2	(0.2)	(0.1)	(2.0)
	Ashiya Baycourt Club	(1.3)	(1.3)	+0.0	(2.0)	+0.8	21.4
	XIV Yugawara Rikyu	-	-	-	(0.9)	+0.9	-
<b>All Hotels</b>		<b>7.1</b>	<b>7.2</b>	<b>(0.1)</b>	<b>5.9</b>	<b>+1.2</b>	<b>55.6</b>
Golf		0.0	0.0	+0.0	0.0	(0.0)	0.1
<b>Subtotal</b>		<b>7.2</b>	<b>7.2</b>	<b>(0.1)</b>	<b>6.0</b>	<b>+1.2</b>	<b>55.6</b>
Other		0.6	0.6	+0.0	0.8	(0.2)	2.0
<b>Membership Operations Total</b>		<b>7.8</b>	<b>7.8</b>	<b>(0.0)</b>	<b>6.8</b>	<b>+1.0</b>	<b>57.7</b>

# Sales of Hotel and Restaurant Segment 1Q FY2017



(Million yen)

	1Q FY2017 results	1Q FY2017 targets	1Q FY2016 results	FY2017 targets
XIV	<b>8,397</b>	8,615	7,809	37,718
Sun Members	<b>1,068</b>	1,094	1,022	4,892
Hotel Trusty	<b>1,686</b>	1,659	1,560	6,717
Baycourt	<b>1,066</b>	1,090	1,050	4,611
Grandee Golf Club	<b>812</b>	844	884	3,068
Income from annual fees	<b>1,787</b>	1,786	1,746	7,194
Income from amortization of deposits	<b>741</b>	760	718	3,041
The Kahara	<b>1,975</b>	1,929	2,062	8,339
Other	<b>1,056</b>	1,118	1,017	4,506
<b>Total</b>	<b>18,591</b>	18,900	17,871	80,090

# Operations by category

## Number of overnight visitors

(Thousands)

	1Q FY2016 results	1Q FY2017 results	1Q FY2017 targets	FY2016 results	FY2017 results	FY2018 targets
XIV	395	<b>406</b>	423	1,786	1,812	1,956
Sun Members*	99	<b>99</b>	103	477	444	453
Hotel Trusty*	156	<b>173</b>	168	637	662	688
Baycourt	31	<b>32</b>	32	150	143	144

## Occupancy rates

(%)

	1Q FY2016 results	1Q FY2017 results	1Q FY2017 targets	FY2016 results	FY2017 results	FY2018 targets
XIV	47.5	<b>45.7</b>	48.0	54.0	52.6	53.7
Sun Members*	59.7	<b>57.7</b>	61.0	65.2	62.7	63.4
Hotel Trusty*	91.1	<b>92.1</b>	92.0	92.5	91.2	91.8
Baycourt	52.2	<b>54.7</b>	53.2	59.5	57.1	57.8

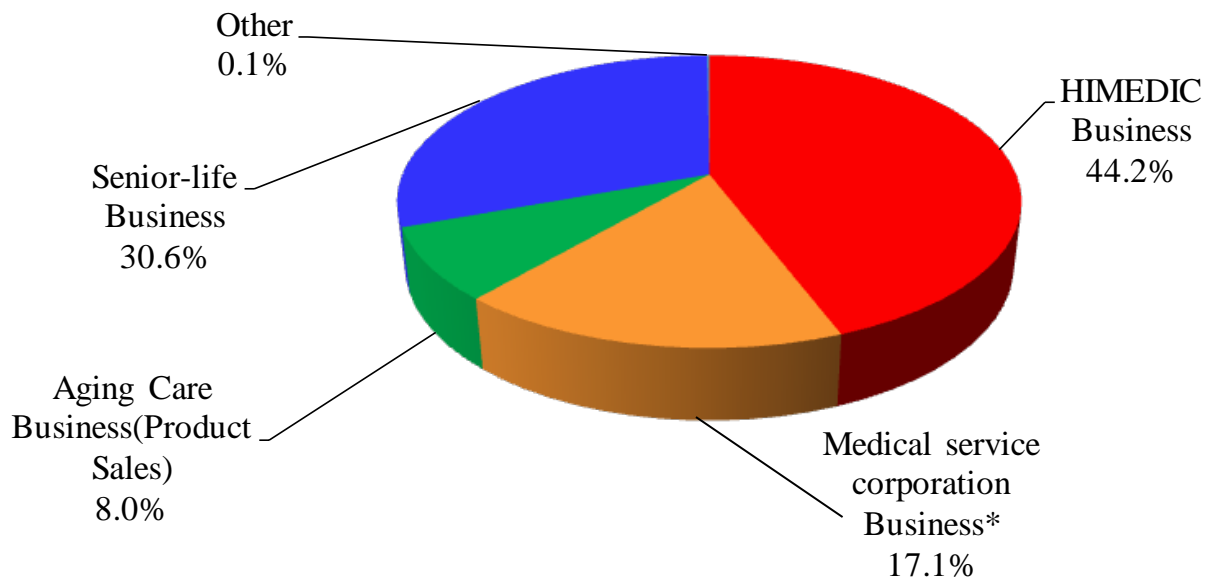
## Spending per visitor

(yen)

	1Q FY2016 results	1Q FY2017 results	1Q FY2017 targets	FY2016 results	FY2017 results	FY2018 targets
XIV	19,726	<b>20,673</b>	20,323	17,901	18,573	19,279
Sun Members*	10,229	<b>10,746</b>	10,581	9,759	10,589	10,787
Hotel Trusty*	10,001	<b>9,718</b>	9,833	9,667	9,754	9,751
Baycourt	32,951	<b>32,645</b>	33,619	30,206	30,898	32,025

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

# Sales of Medical Segment 1Q FY2017



(Millions yen)

	1Q FY2017 results	1Q FY2017 targets	1Q FY2016 results	FY2017 targets
HIMEDIC Business	<b>3,213</b>	3,490	3,377	14,605
Medical service corporation Business*	<b>1,243</b>	1,145	732	4,802
Aging Care Business(Product Sales)	<b>579</b>	510	411	2,186
Senior-life Business	<b>2,222</b>	2,271	1,743	9,471
Other	<b>9</b>	11	10	1,434
<b>Total</b>	<b>7,268</b>	7,430	6,276	32,500

Operation support for general medical service business, etc.

## < Senior residences and private nursery homes >

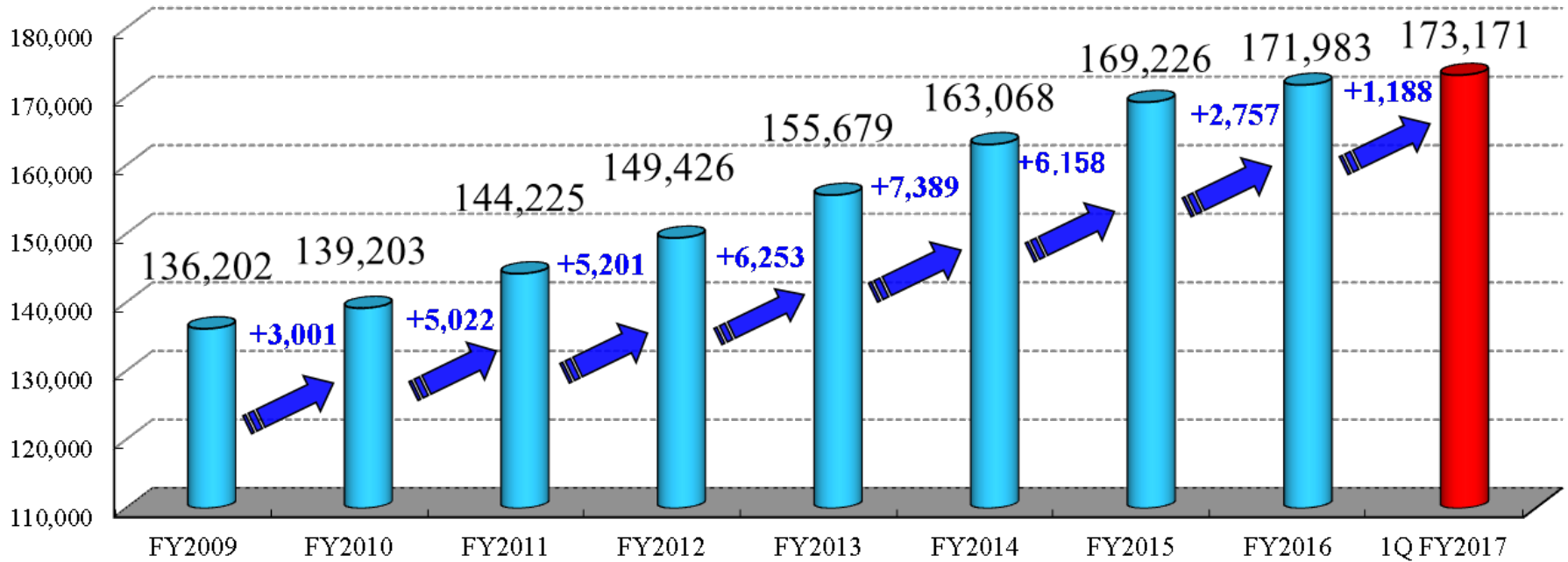
	1Q FY2016 results	1Q FY2017 results	1Q FY2017 targets	FY2015 results	FY2016 results	FY2017 targets
Occupancy rates(%)	86.2	<b>85.7</b>	87.7	87.6	90.0	89.3
number of rooms	1,075	<b>1,459</b>	1,459	1,025	1,075	1,513

\*Activa Biwa : Started to operate on April, 2017.

\*(Tentative)Trust Garden Kyoto Shijo : Scheduled to be opened on March, 2018

# Number of Members

(Members)



(Members)

	Baycourt	XIV	Sun Members	Golf	Medical	Cruiser	Total
FY2016	13,115	76,517	34,429	31,032	16,473	417	171,983
<b>1Q FY2017</b>	<b>13,860</b>	<b>76,854</b>	<b>34,205</b>	<b>30,981</b>	<b>16,855</b>	<b>416</b>	<b>173,171</b>
Change April - June 2017	+745	+337	(224)	(51)	+382	(1)	+1,188
Change April - June 2016	+373	+490	(121)	(58)	+471	(1)	+1,154

\*For cases in which members are in possession of multiple memberships, each of the memberships is counted as one member

# Consolidated Balance Sheets

(Million yen)

	FY2016	1Q FY2017	Change		FY2016	1Q FY2017	Change
<b>Total current assets</b>	<b>151,430</b>	<b>144,292</b>	<b>(7,137)</b>	<b>Total current liabilities</b>	<b>95,778</b>	<b>97,473</b>	<b>+1,694</b>
Cash and deposits	39,063	27,996	(11,067)	Notes and accounts payable-trade	1,401	1,191	(209)
Notes and accounts receivable-trade	9,437	6,472	(2,964)	Short-term loans payable	13,816	15,759	+1,942
Operating loans	41,553	42,398	+844	Current portion of bonds	250	2,750	+2,500
Short-term investment securities	6,215	8,299	+2,083	Accounts payable-other and accrued expenses	31,761	20,774	(10,987)
Merchandise, raw materials and supplies	2,232	2,196	(36)	Advance received	33,532	36,977	+3,445
Real estate for sale	15,634	15,110	(524)	Other	15,016	20,019	+5,003
Real estate for sale in process	26,931	31,385	+4,454	<b>Total noncurrent liabilities</b>	<b>207,447</b>	<b>199,018</b>	<b>(8,429)</b>
Deferred tax assets	4,810	4,510	(300)	Bonds payable and long-term loans payable	53,708	48,273	(5,434)
Other	5,550	5,923	+373	Long-term guarantee deposited	102,492	98,691	(3,800)
<b>Total noncurrent assets</b>	<b>270,175</b>	<b>269,330</b>	<b>(844)</b>	Bonds with subscription rights to shares	30,200	30,189	(10)
Property, plant and equipment, net	155,824	154,859	(965)	Other	21,046	21,863	+817
Intangible assets	10,391	11,054	+663	<b>Total liabilities</b>	<b>303,226</b>	<b>296,491</b>	<b>(6,734)</b>
Investments and other assets	103,959	103,417	(542)	<b>Net Assets</b>	<b>118,379</b>	<b>117,131</b>	<b>(1,247)</b>
				Shareholders' equity	113,597	112,341	(1,256)
				Treasury shares	(2,788)	(2,678)	+109
				Accumulated Other Comprehensive Income	3,089	2,943	(146)
				Non-controlling interests	4,480	4,525	+45
<b>Total assets</b>	<b>421,606</b>	<b>413,623</b>	<b>(7,982)</b>	<b>Total liabilities and net assets</b>	<b>421,606</b>	<b>413,623</b>	<b>(7,982)</b>

# Consolidated Cash Flows 1Q FY2017

(Million yen)

	1Q FY2016	1Q FY2017
Cash flows from operating activities	6,256	<b>(4,304)</b>
Cash flows from investing activities	(8,389)	<b>(4,606)</b>
Cash flows from financing activities	(1,643)	<b>(1,150)</b>
Effect of exchange rate changes on cash and cash equivalents	(31)	<b>20</b>
Net increase (decrease) in cash and cash equivalents	(3,807)	<b>(10,041)</b>
Increase (decrease) in cash and cash equivalents resulting from changes of scope of consolidation	-	<b>66</b>
Cash and cash equivalents at end of period	21,668	<b>30,390</b>



# <Reference>

# <Reference>

## Segment Sales, Operating Income 1Q FY2017 after allocation of head office costs (indirect costs)\*previous method

### <Sales> (Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Total
<b>1Q FY2017 (results)</b>	<b>7,764</b>	<b>18,591</b>	<b>7,268</b>	<b>183</b>	<b>33,808</b>
1Q FY2017 (targets)	7,790	18,900	7,430	180	34,300
Difference	(0.3%)	(1.6%)	(2.2%)	+2.1%	(1.4%)
1Q FY2016 (results)	6,784	17,871	6,276	319	31,251
YoY Change	+14.4%	+4.0%	+15.8%	(42.4%)	+8.2%

### <Operating Income> (Million yen)

	Membership	Hotel and Restaurant	Medical	Other	Total
<b>1Q FY2017 (results)</b>	<b>862</b>	<b>224</b>	<b>505</b>	<b>23</b>	<b>1,616</b>
1Q FY2017 (targets)	320	150	320	10	800
Difference	+169.6%	+49.7%	+58.1%	+131.9%	+102.1%
1Q FY2016(results)	167	123	418	38	748
YoY Change	+414.5%	+81.3%	+21.0%	(40.4%)	+115.9%

## Business Forecast for six months of FY 2017

## Consolidated Targets

(Million yen)

	1H FY2016 results	1H FY2017 targets	Change
Net sales	65,207	73,400	+8,192
Operating income	4,727	4,500	(227)
Ordinary income	4,761	5,200	+438
Net income	3,612	3,300	(312)
Net income per share (¥)	33.95	30.94	
Annual Cash dividend (¥)	23.00	23.00	
Contract Values of Membership	27.4	28.8	+1.4

(Billion yen)

## &lt;Operating Income by Segment (before allocation)&gt;

(Million yen)

		1H FY2016 results	1H FY2017 targets	Change
Membership	Sales	13,804	15,880	+2,075
	Operating income	2,170	2,300	+129
Hotel and Restaurant	Sales	37,863	40,520	+2,656
	Operating income	2,921	3,180	+258
Medical	Sales	12,903	16,630	+3,726
	Operating income	2,728	2,700	(28)
Other	Sales	636	370	(266)
	Operating income	388	210	(178)
head office costs	Operating income	(3,481)	(3,890)	(408)
Total	Sales	65,207	73,400	+8,192
	Operating income	4,727	4,500	(227)

## &lt;Membership&gt;

- Contract values of hotel membership+¥1.5 billion(¥24.7 billion→¥26.2 billion)
- Increase in expenses such as land acquisition tax (scheduled) in Yokohama

## &lt;Hotel and Restaurant&gt;

- A full-year contribution from operation of Yugawara Rikyu
- Changes to room charges · Difference in provision for bonuses
- Increase in personnel expenses and welfare expenses, etc. including those of personnel for Ashiya/Rokko

## &lt;Medical&gt;

- Increase in examination commission from two HIMEDIC bases \*Net increase from April to June (Nagoya, Kyoto University Hospital: July, 2016 onwards, full-year influence on FY2017)

- A full-year contribution of Kosei Co., Ltd. and expansion of the aging care business, etc.

## &lt;Other&gt;

- Decrease in rent income of real estate
- \*Partial sales of assets in December, 2016

## [Net Income]

- Record of gain on sales of investment securities in the previous year (extraordinary income of ¥1.0 billion)

## Reference&lt;Operating Income by Segment (after allocation)&gt;

(Million yen)

		1H FY2016 results	1H FY2017 targets	Change
Membership	Sales	13,804	15,880	+2,075
	Operating income	1,249	1,210	(39)
Hotel and Restaurant	Sales	37,863	40,520	+2,656
	Operating income	1,682	1,720	+37
Medical	Sales	12,903	16,630	+3,726
	Operating income	1,571	1,460	(111)
Other	Sales	636	370	(266)
	Operating income	223	110	(113)
Total	Sales	65,207	73,400	+8,192
	Operating income	4,727	4,500	(227)

\*previous method

# < Reference > Effects of Deferred Revenue from properties before hotel opening(1Q)

Method of recording sales and income from property before completion of construction p.30

Registration fee treated as Sales upon signing.

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

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

(Billions yen)

Fiscal year	Results for 1Q FY2016 (2016/6)	Results for 1Q FY2017 (2017/6)	Targets for 1Q FY2017 (2017/6)
Contract amount of properties before completion of construction	(XIV Yugawara Rikyu) 2.2 billion (Ashiya Baycourt) 4.0 billion (XIV Rokko SV) 0.5 billion	(Ashiya Baycourt) 2.5 billion (XIV Rokko SV) 0.6 billion (Laguna Baycourt) 6.0 billion	(Ashiya Baycourt) 2.5 billion (XIV Rokko SV) 0.9 billion (Laguna Baycourt) 4.8 billion

Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income
XIV Toba Bettei	Value deferred	-	-	-	-	-	-
XIV Yugawara Rikyu		(0.9)	(0.3)	-	-	-	-
Ashiya Baycourt		(2.0)	(0.7)	(1.1)	(0.4)	(1.3)	(0.5)
XIV Rokko SV		(0.2)	(0.0)	(0.2)	(0.0)	(0.5)	(0.1)
Laguna Baycourt		-	-	(3.0)	(1.0)	(2.4)	(0.8)
<b>Value affected (included in disclosed figures)</b>		<b>(3.0)</b>	<b>(1.0)</b>	<b>(4.4)</b>	<b>(1.5)</b>	<b>(4.2)</b>	<b>(1.3)</b>

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

Method of recording sales and income from property before hotel opening p.30

Registration fee treated as Sales upon signing.

Sales or Cost of the real estate

deferred until the Hotel opens

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

(Billion yen)

Fiscal year		Results for FY2013 (2014/3)		Results for FY2014 (2015/3)		Results for FY2015 (2016/3)		Results for FY2016 (2017/3)		Targets for FY2017 (2018/3)		(For reference) Predictions for FY2018 (2019/3)	
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) 12.5 billion (XIV Rokko SV) 3.2 billion (Laguna Baycourt) 20.0 billion		(XIV Rokko SV) 4.0 billion (Laguna Baycourt) 14.9 billion (Kanto) 13.5 billion			
Deferred sales and income from properties		Sales	Income	Sales	Income	Sales	Income	Sales	Income	Sales	Income	Sales	Income
XIV Toba Bettei	Value deferred	(3.6)	(1.1)	(6.3)	(1.7)								
	Value realized					+9.8	* +3.0						
XIV Yugawara Rikyu	Value deferred			(4.7)	(1.3)	(5.5)	(1.7)						
	Value realized							+10.2	* +3.4				
Ashiya Baycourt	Value deferred					(15.3)	(5.4)	(6.1)	(2.2)				
	Value realized									+21.4	+7.7		
XIV Rokko SV	Value deferred					(2.1)	(0.4)	(1.4)	(0.3)			(2.0)	(0.4)
	Value realized											+5.5	+1.1
Laguna Baycourt	Value deferred							(10.2)	(3.2)			(7.5)	(2.5)
	Value realized											+17.7	+5.7
Kanto	Value deferred											(6.8)	(2.3)
	Value realized												
<b>Value affected(Single Year)</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>(7.5)</b>	<b>(2.3)</b>	<b>+5.1</b>	<b>+2.4</b>	(Unspecified)	(Unspecified)
<b>Value affected (Accumulation)</b>		<b>(3.6)</b>	<b>(1.1)</b>	<b>(14.6)</b>	<b>(4.1)</b>	<b>(27.8)</b>	<b>(8.7)</b>	<b>(35.3)</b>	<b>(11.0)</b>	<b>(30.2)</b>	<b>(8.6)</b>	Membership other than the above may also be on sale.	

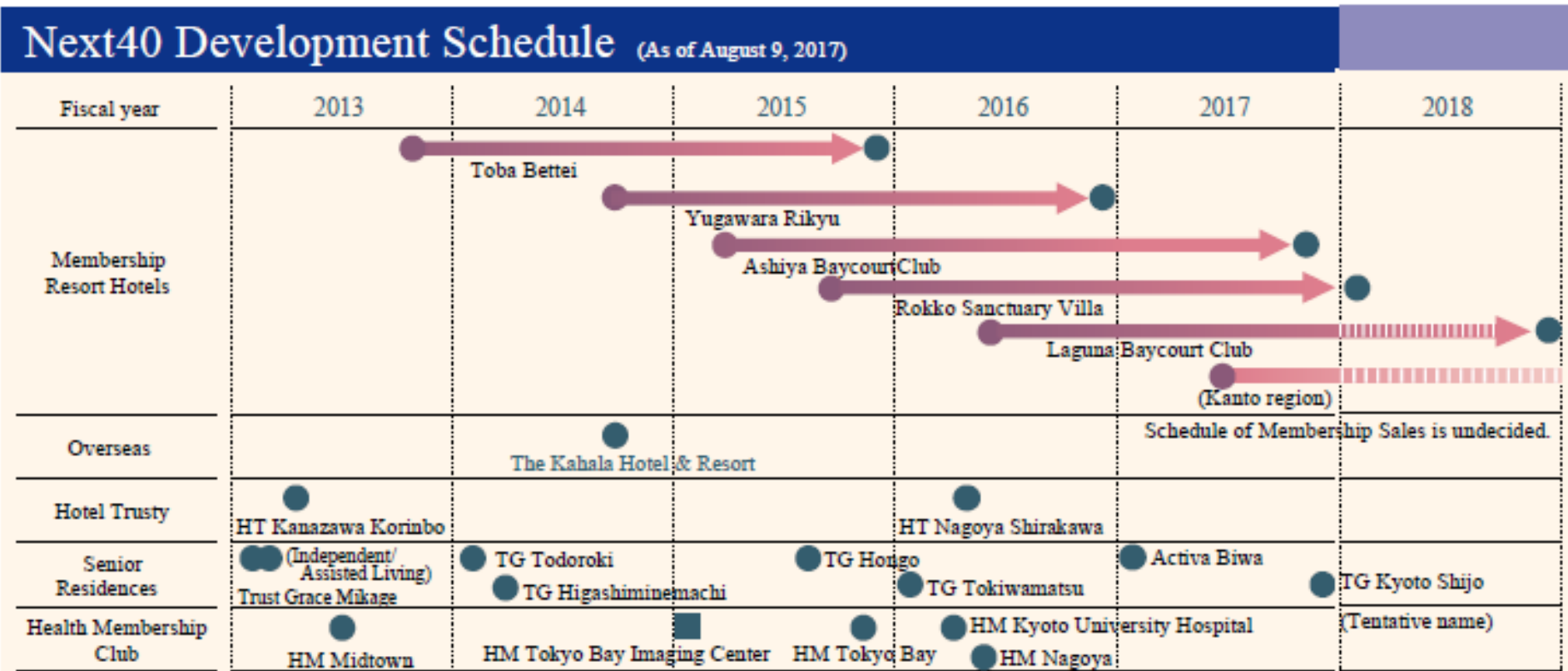
\* Realized Value (Results) includes the difference between the preliminary cost and the fixed cost

Financial highlights of consolidated results	Results for FY2013 (2014/3)		Results for FY2014 (2015/3)		Results for FY2015 (2016/3)		Results for FY2016 (2017/3)		Targets for FY2017 (2018/3)	
	Sales	Operating income	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	143.5	13.5	171.0	17.0
(For reference) Value excluding effects of deferred values	120.4	16.2	131.4	19.1	155.4	23.2	151.0	15.8	165.9	14.6
(For reference) Value excluding effects of deferred values & *extra costs	120.4	16.2	131.4	19.1	155.4	23.8	151.0	17.0	165.9	17.1

\* Extra costs for hotel will be added upon opening.  
XIV Yugawara Rikyu:(1.2) billion (Results for FY2016)  
Ashiya Baycourt & part of XIV Rokko SV:(2.5) billion (Targets for FY2017)

# < Reference >

## Group's Development schedule



HT: Hotel Trusty    TG: Trust Garden    HM: HLMEDIC

Note: Fiscal 2018 is based on publicly available data.

# Income and Accounting for a Core XIV Facility

(Before completion of construction)

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

\*2 After facility opens, sale is amortized.

Example: Membership price of 10 million yen

	Contract	Framework	Completion of Construction	At Opening	Earnings Recorded
Security deposit: 1 million yen	1 million yen				Balance-sheet liability recorded *2
Registration fee: 4 million yen	4 million yen				Sale recorded (when contract signed)
Real estate: 5 million yen	1 million yen*1	2 million yen*1	2 million yen*1		Sale recorded (when facility opens)
Total contract amount: 10 million yen	6 million yen	2 million yen	2 million yen		
<b>Sale amount recorded</b>	4 million yen	-	-	5 million yen*1	
				Cost of Sales 3.5 million yen	
				Annual fee: 0.13 million yen	

\*1 The real estate cost is deferred until the facility opens and is treated as revenue after the facility opens.  
 \*2 After facility opens, sale is amortized.

# Factors causing changes to the Medium-term Management Plan

## “Next 40” since its launch ①

FY2013 ~ FY2017

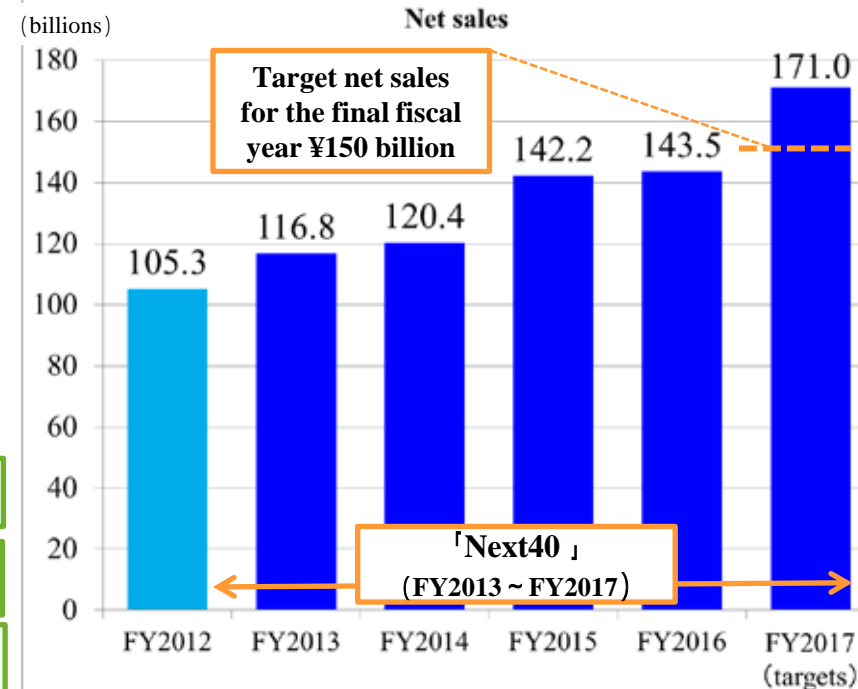
- During the period under the previous Medium-term Management Plan, our development schedule had been postponed due to factors such as the impact of earthquakes, and thus, demand for new properties has accumulated.
- Since the speed of progress exceeds our expectations thanks to “Next 40,” which accelerates new business development in various fields based on our Fundamental Group Strategy, net sales is expected to exceed our initial plans.

### < 「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 life businesses
3. Expansion of combined and peripheral businesses leveraging the collective Group-wide capabilities

Accelerate supply to meet the robust demand, steadily strengthen and expand management resources for the growth of the Group.

	Estimated results(Plan)	Initial expectation
Number of new Membership resort facility construction works	<b>6 projects</b>	<b>5 projects</b>
Growth rate of contract amounts	about <b>8%</b> per year	about <b>5%</b> per year
Number of newly opened HIMEDIC bases	<b>4 courses</b>	<b>2 courses</b>
Increase in number of operating facilities for seniors	<b>8 facilities</b> (about 1,000 room increase)	<b>5 facilities</b>
Increase in number of operational support for examination facilities for general consumers	<b>9 facilities</b> (Acquired Kosei Co., Ltd.)	—
Operation of hotels overseas	Acquired “The Kahala Hotel & Resort”	—



Net sales (estimate) for the final fiscal year greatly exceeded our initial estimation of ¥150 billion

Compared to the final fiscal year of the previous Medium-term Management Plan approximately **162%**

On the other hand, business commencement expenses and forward expenses increased (please refer to P.32 for details on costs)



- Due to the decision to host the 2020 Tokyo Olympics and the increase in inbound businesses, etc., personnel expenses and construction expenses soared, and the service industry experiences a labor shortage.
- We promptly recognize it as a direct risk to our businesses, and strive to continuously secure our personnel and improve working environments in our newly opened facilities.
- As a result of increased investment in reinforcing human resource base and group strengths, we will not be able to meet our targets in terms of income. However, the investment contributes highly to the improvement in retirement rate, personnel recruitment and ES (Employee Satisfaction), and the foundation for the future has steadily been built.

### <「Next40」 Fundamental Group Strategy>

4. Reinforcing human resource base and group strengths

EX.

#### • Enhancement of working environments to reinforce human resource base

Salary increase (FY2015, FY2016); promoting personnel recruitment; enhancing and improving staff dormitories, dormitory leasing, staff canteen and other welfares; implementing diversity management; conducting educational programs such as e-learning; improving the internal information sharing system, etc.

#### • Reinforcing group strengths, enhancing the risk management system

Developing and enhancing a Group-wide compliance management system; transition to a company with an Audit & Supervisory Committee, etc.

### <Measures against soaring construction cost>

XIV Yugawara Rikyu (Opened in March 2017)	XIV Hakone Rikyu (Opened in March 2010)
<b>Total project cost: Approximately ¥26.3billion</b>	<b>Total project cost: Approximately ¥22.0billion</b>
Room grade : amount	
S : 55	S : 20
SE : 36	SE : 23
-	EC : 89
CB : 96	CB : 55
<b>Total : 187 rooms</b>	<b>Total : 187rooms</b>

Increase revenue by raising the percentage of high-grade rooms, which has a higher demand (However, opening expenses, etc. exceed that of the original plan)

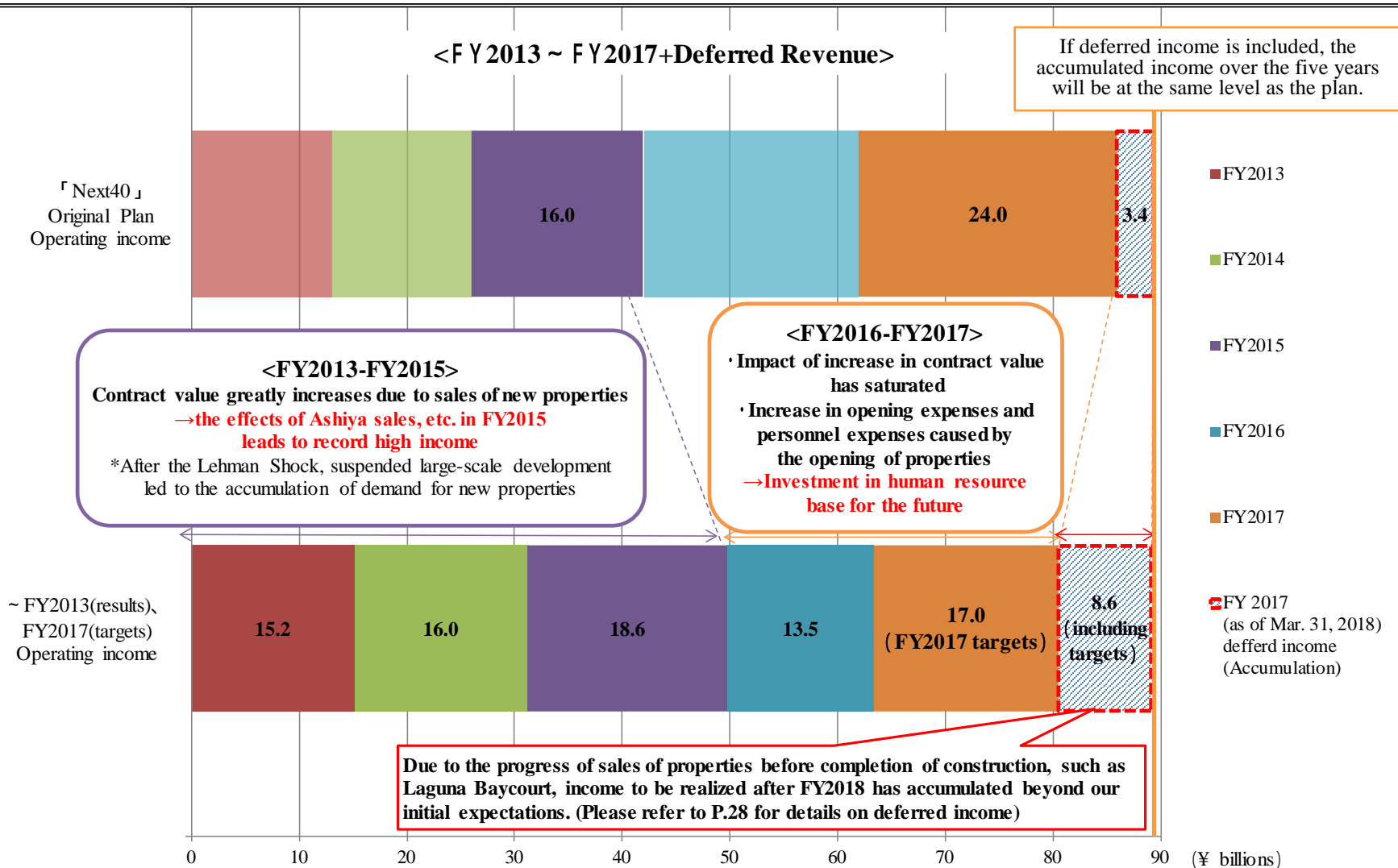
**Declaration of “Health and Productivity Enterprise” (January, 2016),  
certified as a “White 500” (February, 2017)**

# <Reference>

## “Next 40” Operating income of each FY and the accumulation

FY2013~FY2017

- During the first half of the plan up to FY2015, contract values increased significantly, more than expected due to factors such as the impact of sales. (This saturated during the next period.)
- During the second half, active investment in recruitment, building and reinforcing the foundation put pressure on income.
- New business development and sales of properties before completion of construction progress steadily, deferred income to be realized after FY2018 increase.





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