



WEALTH
MANAGEMENT

Results Briefing Materials for FYE March 31, 2020

Wealth Management, Inc.

Securities Code: 3772

June 29, 2020

Introduction

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Highlights of Business Results for FYE March 31, 2020

Financial Results Highlights and Topics for FYE March 31, 2020

Financial results highlights

- **Sales of trust beneficial interests and real estate, etc. drove the performance, and the target figures for the second year of the "Medium-Term Management Plan 2022" of net sales of ¥10 billion, ordinary profit of ¥3.5 billion, and EBITDA of ¥4 billion were mostly achieved one year ahead of schedule**

Topics

- April 2019**
 - Opening of Kyoto Yura Hotel MGallery in Higashiyama-ku, Kyoto
- June 2019**
 - Formation of third bridge fund project in an aim for REIT listing, transfer of beneficial interests (Ibis Styles Osaka Namba)
 - Start of new construction for Aloft Osaka Dojima (tentative name, business operation entrustment agreement after completion of redevelopment was concluded with Marriott International)
- July 2019**
 - Start of renewal construction for Fauchon Hotel Kyoto (license agreement concluded with FAUCHON HOSPITALITY)
 - Start of new construction for Kyoto Yura Hotel MGallery Nijojo Bettei (tentative name)
- November 2019**
 - Land for hotel development purposes located in Hakone-cho, Ashigarashimo-gun, Kanagawa sold to a special purpose company in which external investors and the Company jointly invested in a silent partnership
(March 2020: Acquired the land and an adjoining property that can be developed as a single property, and sold to the special purpose company mentioned above)
- December 2019**
 - Entered a business alliance agreement with Banyan Tree Hotels & Resorts Pte. Ltd. to consider joint investment in a hotel operated by the Group
- February 2020**
 - Entered a basic agreement with Panasonic Homes Co., Ltd. in an aim for a listed REIT
 - Entered a work contracting agreement on hotel operations with IHG Japan Management LLC (InterContinental Hotels Group PLC)

Summary of Results for FYE March 31, 2020

- Significantly increased sales and profits YoY from the sale of beneficial interests (Ibis Styles Osaka Namba) and real estate (hotel development site in Hakone-cho), as well as contributions from an equity-method affiliate
- Exceeded the initial-year target figures for the "Medium-Term Management Plan 2022"

(Unit: million yen)

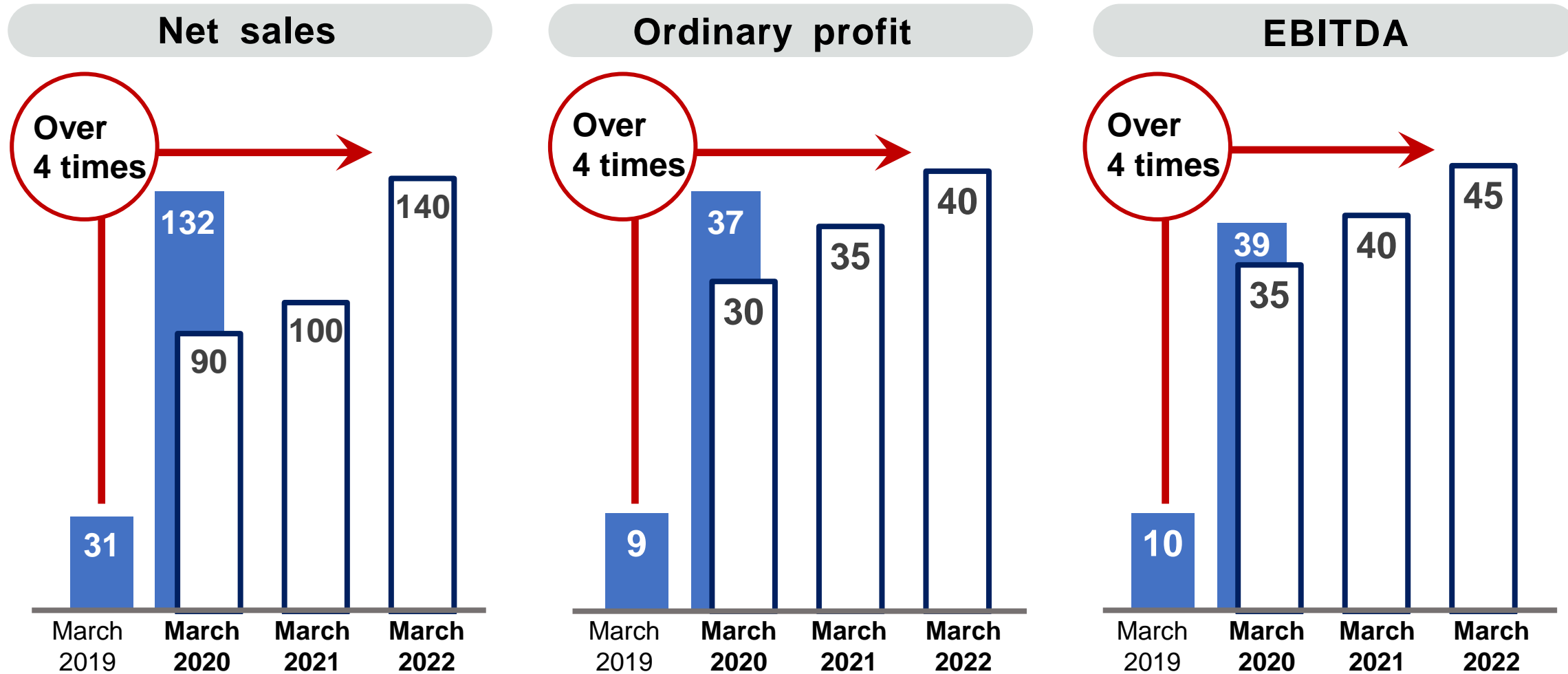
	March 2019	March 2020	YoY change	
			Change	Percentage change
Net sales	3,047	13,220	10,173	333.9%
Ordinary profit	956	3,732	2,776	290.4%
EBITDA(*)	1,091	3,991	2,900	265.8%

Target figures for the "Medium-Term Management Plan 2022"	
March 2020	March 2021
9,000	10,000
3,000	3,500
3,500	4,000

*EBITDA: Ordinary profit (before amortization) + depreciation

Progress of the "Medium-Term Management Plan 2022"

(100 million yen)



□ "Medium-Term Management Plan 2022" target figures ■ Results

*EBITDA: Ordinary profit (before amortization) + depreciation

Status by Segment

Real estate securitization business

Sales and profits increased, continuing to be the driver of earnings

- Operating profit continued to increase thanks to contribution from a gain on transfer of the beneficial interests in real estate trust and growth in assets under management
- Revenues and profits continue to be the driver of earnings

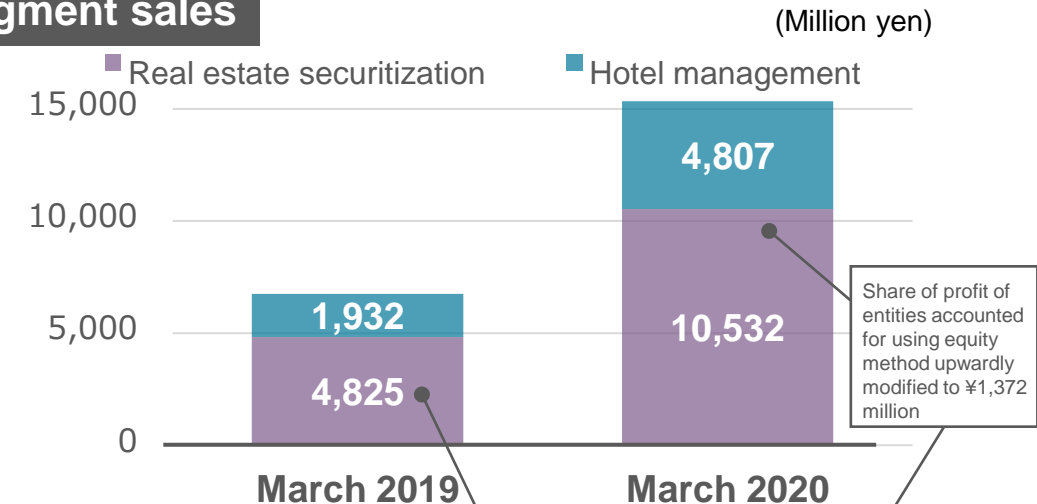
Hotel management business

Although sales increased, profits decreased due to the impact of the novel coronavirus

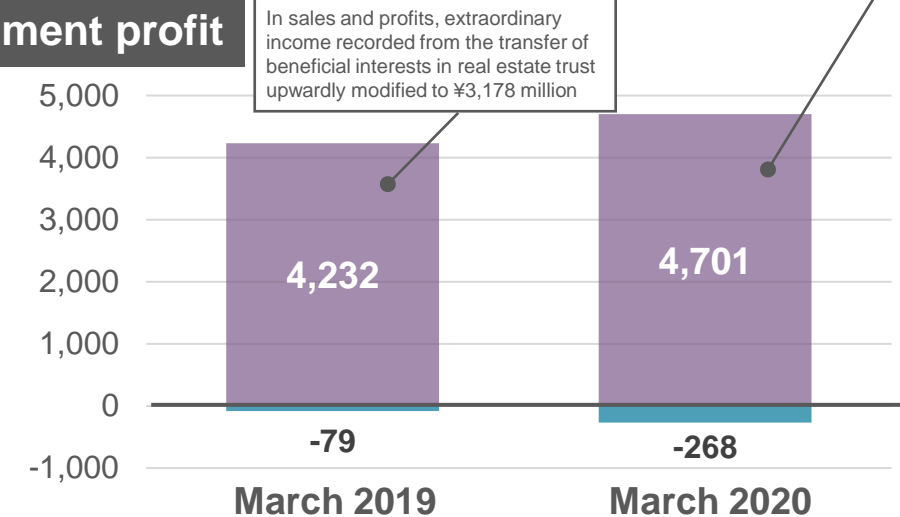
- Sales increased due to the opening of "Kyoto Yura Hotel MGallery" in April 2019 as planned
- An operating loss of ¥4 million was recorded in the nine months ended December 31, 2019. However, the novel coronavirus had a significant impact from the fourth quarter, and a full-year operating loss of ¥268 million was recorded

*Transactions between segments have not been eliminated.

Segment sales



Segment profit



Balance Sheet

- Assets and liabilities increased due to the consolidation of Kyoto Yura Hotel MGallery, which was owned by an equity-method affiliate
- Net assets increased, mainly due to the recording of net income attributable to owners of parent of ¥2,426 million

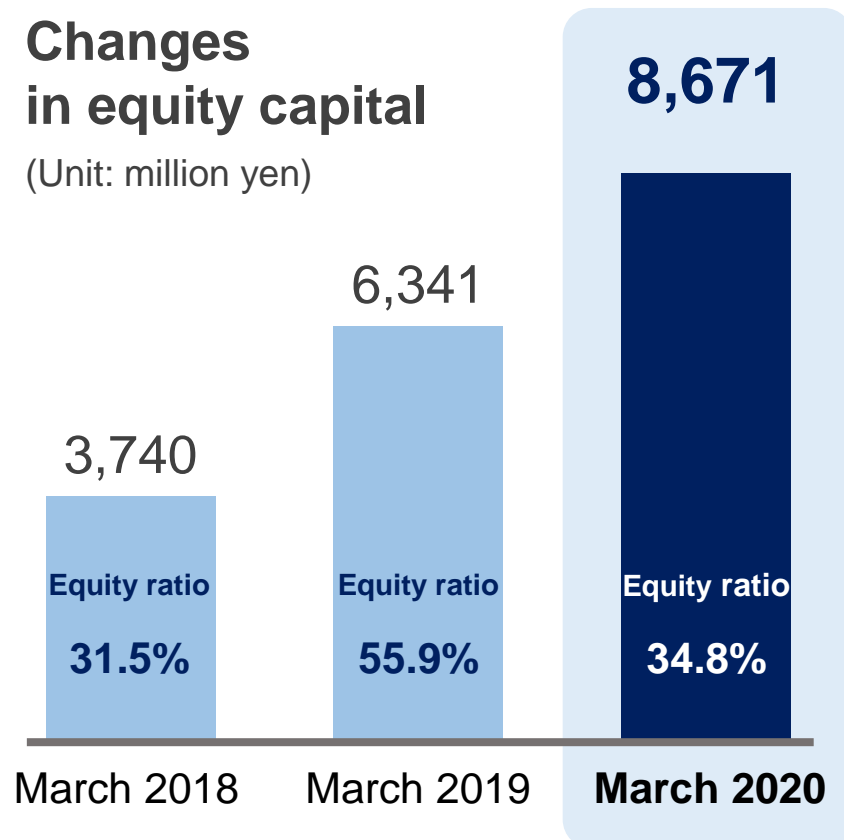
		March 2019	March 2020	YoY change	Percentage change	(Unit: million yen)
Assets	Current assets	8,876	22,827	13,950	157.2%	
	Non-current assets	2,462	2,065	(396)	(16.1%)	
	Property, plant and equipment	82	78	(3)	(4.9%)	
	Intangible assets	185	166	(18)	(10.3%)	
	Investments and other assets	2,194	1,819	(374)	(17.1%)	
	Total	11,338	24,893	13,554	119.6%	
Liabilities and net assets	Liabilities	4,092	15,213	11,121	271.8%	
	Current liabilities	3,641	3,095	(546)	(15.0%)	
	Non-current liabilities	450	12,118	11,667	2592.9%	
	Net assets	7,246	9,679	2,433	33.6%	
	Total	11,338	24,893	13,554	119.6%	

Financial Standing

- Equity capital has been steadily building up

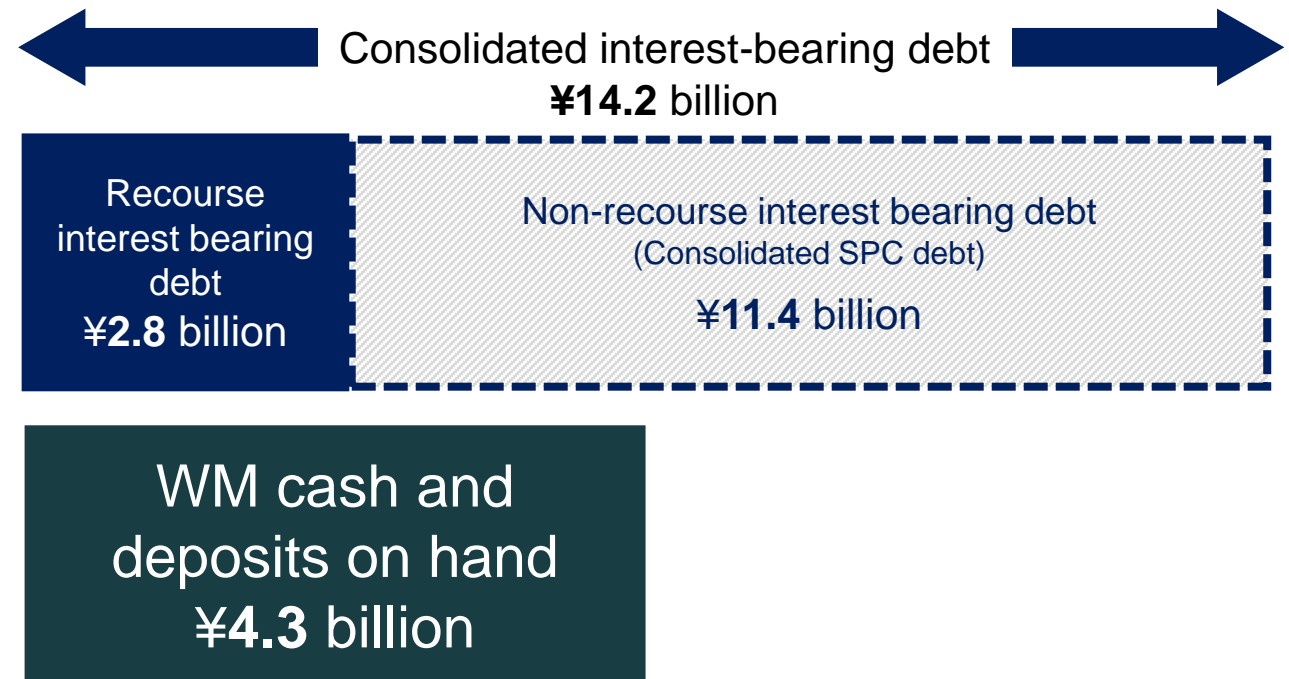
Changes in equity capital

(Unit: million yen)



- Secured cash and deposits on hand in excess of recourse interest bearing debt

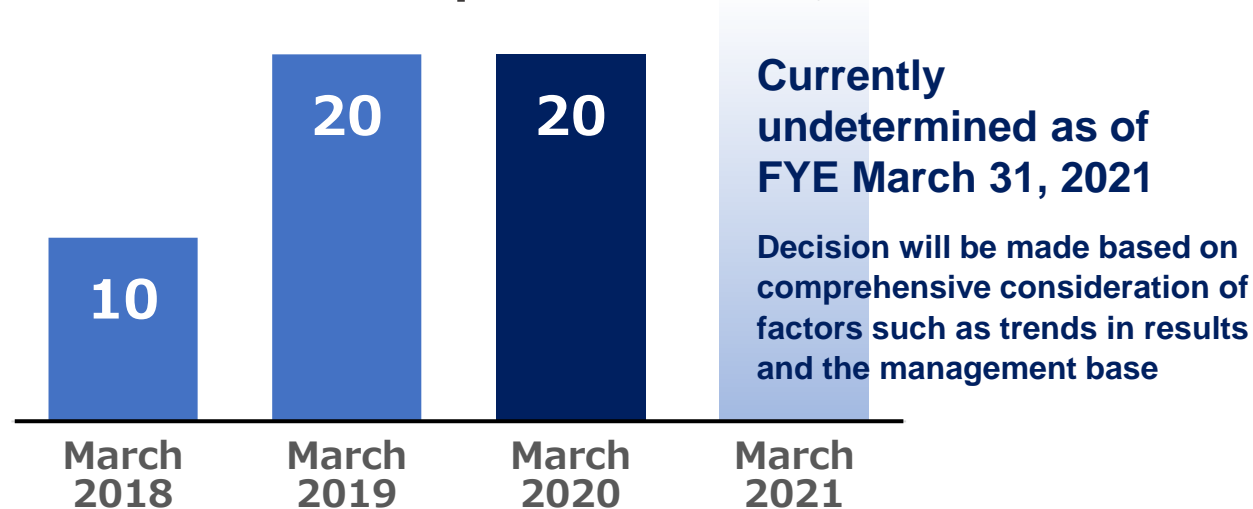
- Non-recourse interest bearing debt
- Recourse interest bearing debt



Returns to Shareholders

- Aim for stable dividends with returning profit to shareholders as one of the most important issues
- Work to improve total shareholder yields including an increase in the stock price, not only dividends

Annual dividends per share (unit: yen)



The Company performed a 1:2 split of common shares on April 1, 2019. The dividends amounts taking into account this stock split are shown for FYE March 31, 2018 and 2019.

The Company's guidelines
for returns to shareholders

Dividends according
to earnings level

Shareholder
incentives

EPS growth

Impact of the Spread of the Novel Coronavirus and Our Business Policies

Strengths of the Wealth Management Group



1

Value-creating **real estate company** with strengths in revitalizing and developing hotels and traditional inns

2

Hotel operations that work to maximize profits, by forming tie-ups with hotel operators who have internationally recognized brands to provide everything from budget- to luxury-level lodgings

3

Independent, boutique-style **asset management company** ready to handle everything from core to opportunistic approaches to investment based on links with investors of all types in Japan and abroad

- Aim to achieve the numerical targets of the second year of the "Medium-Term Management Plan" for the full year ➔ Focus on three business plans

Current position and outlook

- Constructive discussions continue with Panasonic Homes
- Undervalued properties are starting to appear on the market and could increase towards the end of the fiscal year
- Financial markets are currently functioning normally
- Although there has been some impact on construction period and costs, there are no major problems with the opening schedules

Business policies focused on

- Aiming to be a diversified REIT
- Accelerate preparations for accumulating assets under management and other measures to stabilize revenues of the Group
- Seize market opportunities to actively acquire properties of various asset types other than hotels
- Implement systematic development of multiple hotel projects
➔ Enhance asset management revenue
- Further reinforce efforts to capture the spending power of Japanese customers, who account for 80% of all domestic stays
➔ Expectations for luxury-oriented customers

1. Creation of listed REIT

2. Acquisition of new properties

3. Steady progress of development schemes

Hotel management focuses on capturing domestic demand

- Difficult to secure a profit in the first half of the year
- After recovery in domestic travel first, gradual resumption of inbound travel demand expected from Q3 onwards

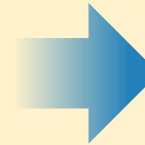
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Current position and outlook

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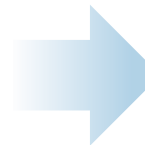
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2. Acquisition of new properties

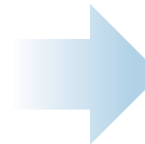
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- Seize market opportunities to actively acquire properties of various asset types other than hotels

3. Steady progress of development schemes

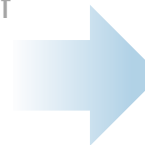
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- Implement systematic development of multiple hotel projects
➔ Enhance asset management revenue

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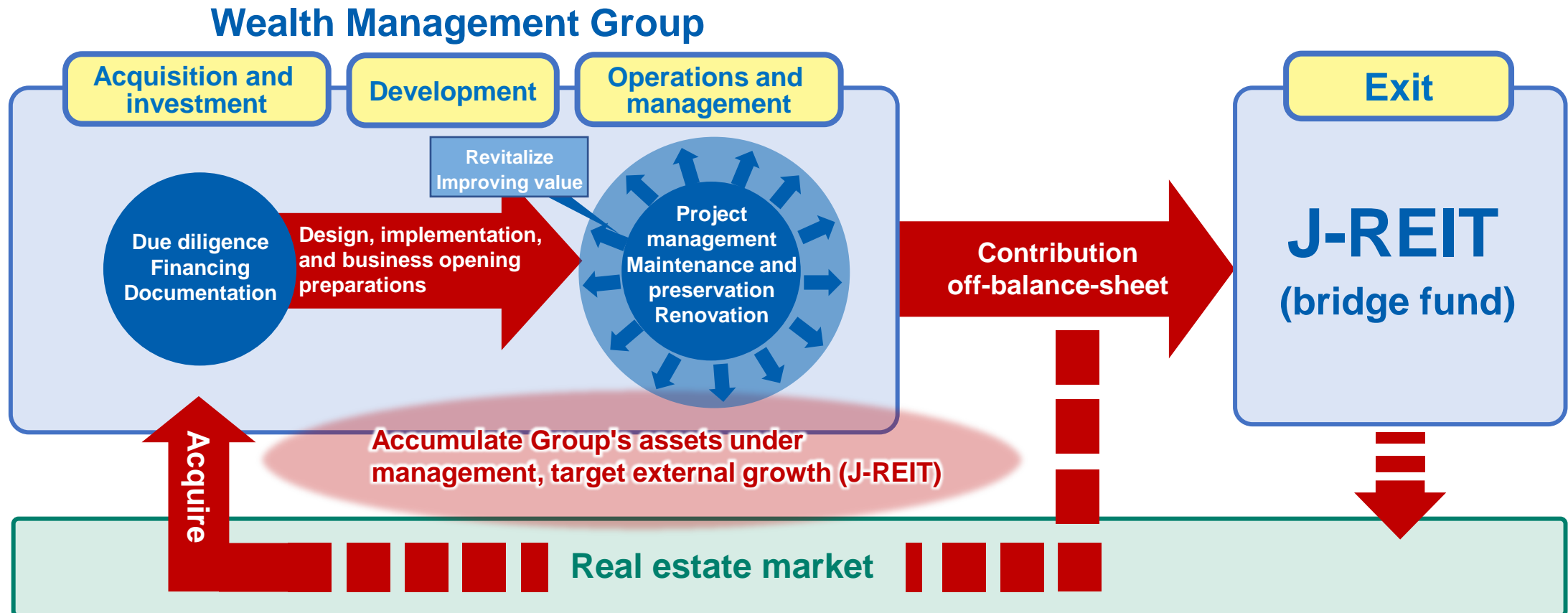


- Further reinforce efforts to capture the spending power of Japanese customers, who account for 80% of all domestic stays
➔ Expectations for luxury-oriented customers

Asset Cycle Business Model | Priority Strategies

Under the "Medium-Term Management Plan 2022"

Develop and expand real estate securitization business by becoming an asset cycle business



- Aim to achieve the numerical targets of the second year of the "Medium-Term Management Plan" for the full year ➔ Focus on three business plans

Current position and outlook

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- **Seize market opportunities to actively acquire properties of various asset types other than hotels**

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- Implement systematic development of multiple hotel projects
➔ Enhance asset management revenue

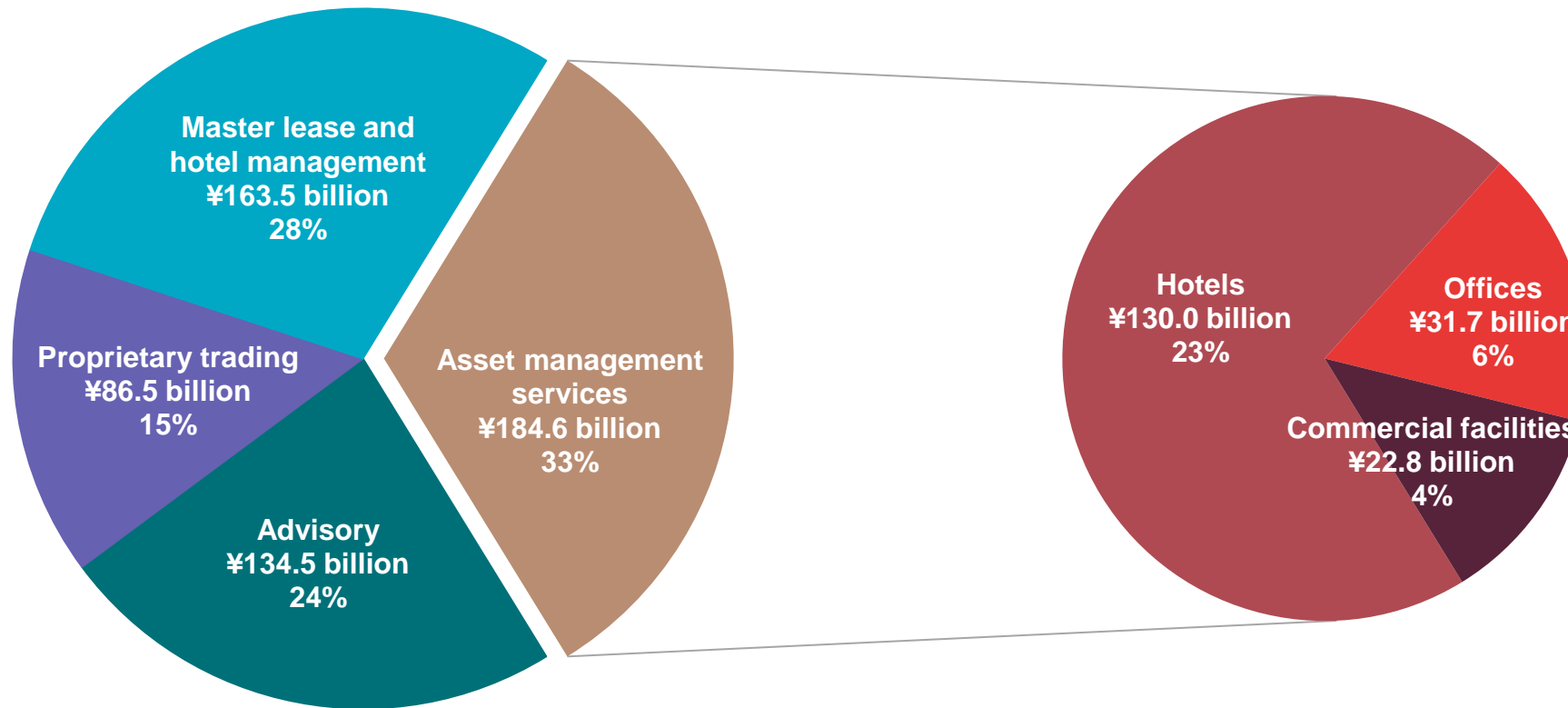
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Track Record of Asset Management and Holding by the Group

- Engaged in advisory services related to various assets, asset management services, and proprietary trading



■ Advisory ■ Proprietary trading ■ Master lease and hotel management ■ Asset management services ■ Hotels ■ Offices ■ Commercial facilities

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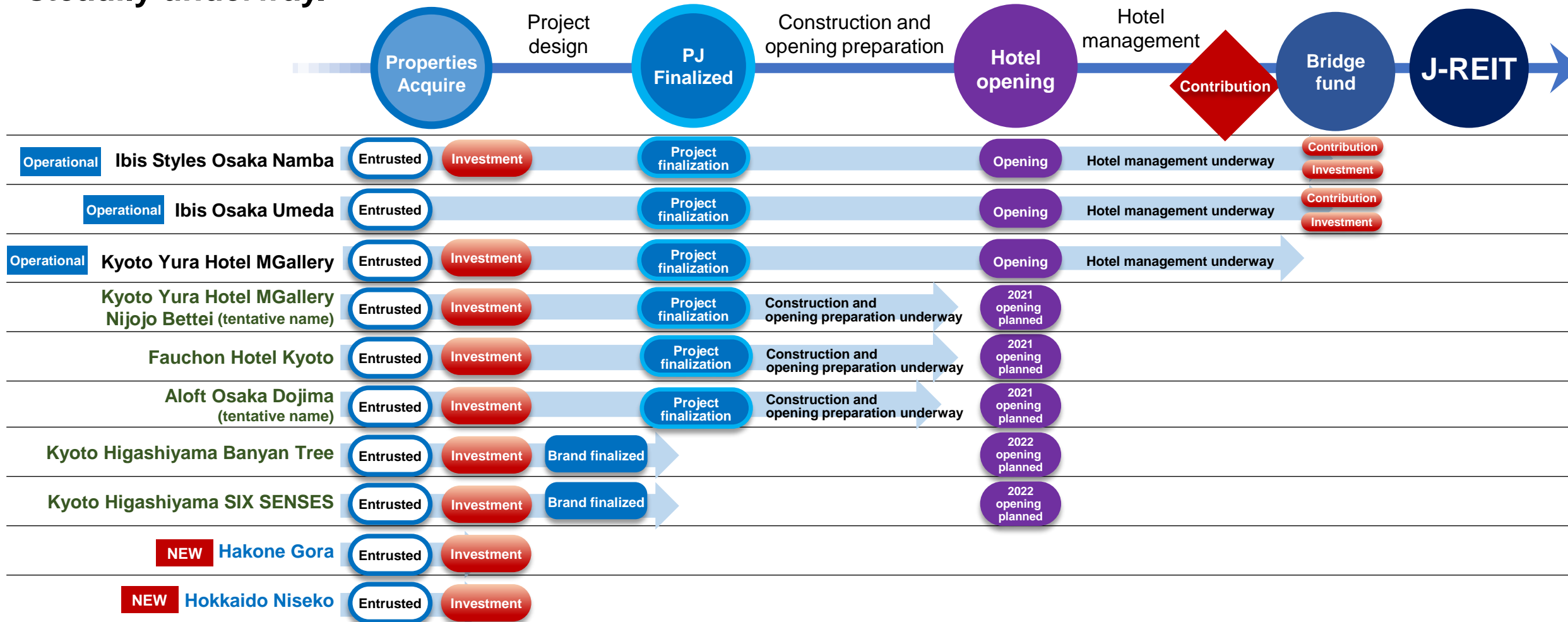
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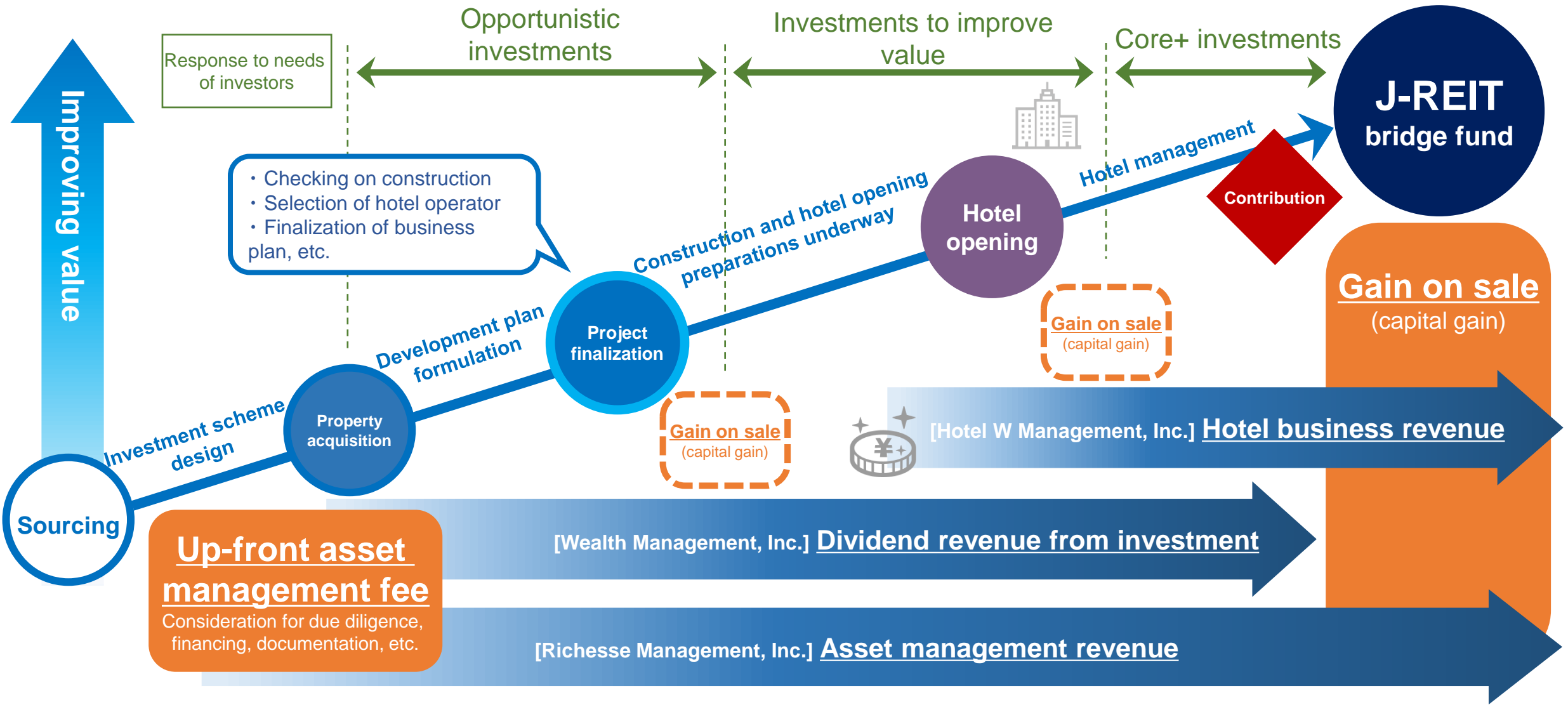
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Projects Underway

With the addition of **2** new projects launched in the current fiscal year, a total of 10 projects are steadily underway.

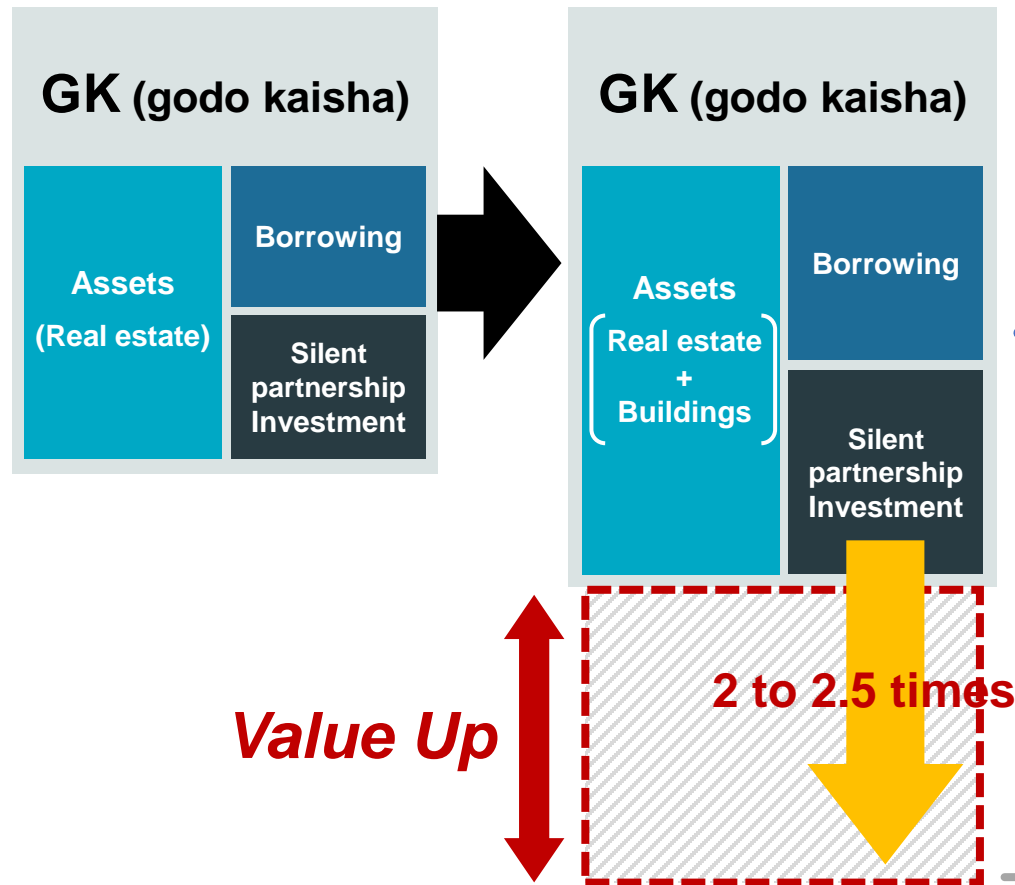


Profit Opportunities (Representative Examples)

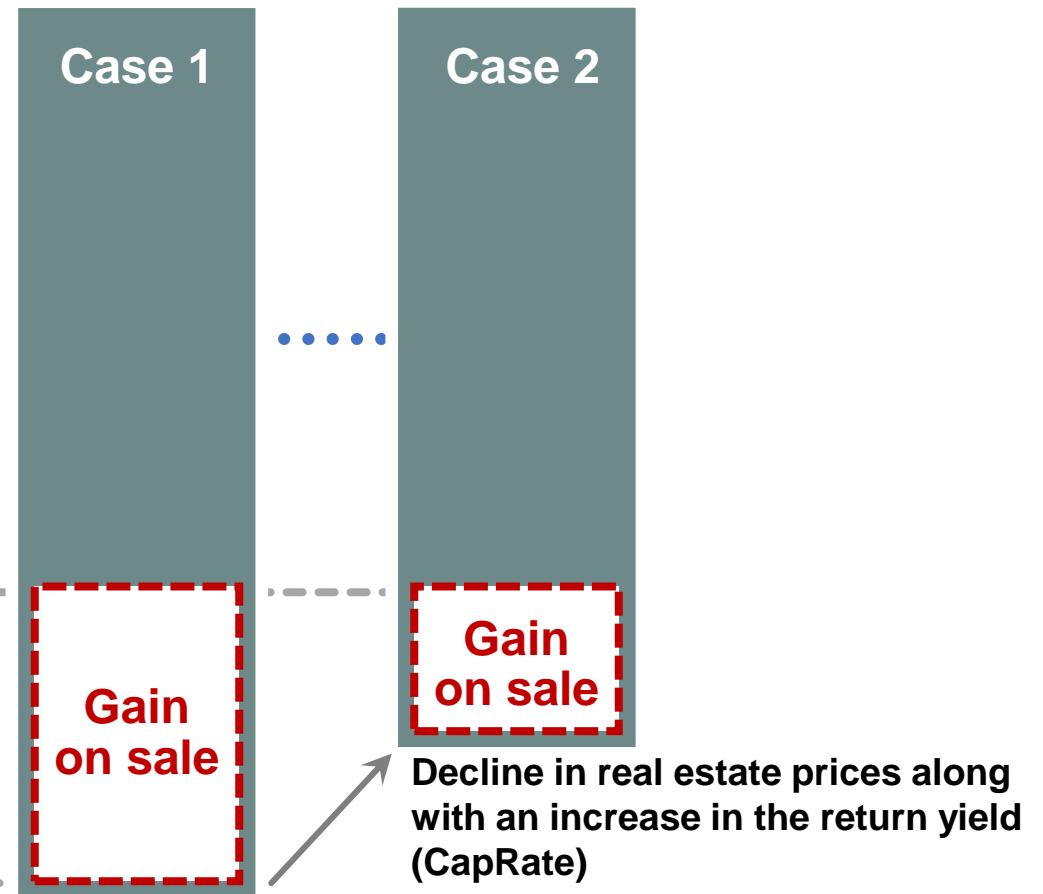


Hotel Business | Investments in Development Properties

Return on investment in development properties



Contributions to REITs, etc.



*Real estate prices = net income ÷ return yield

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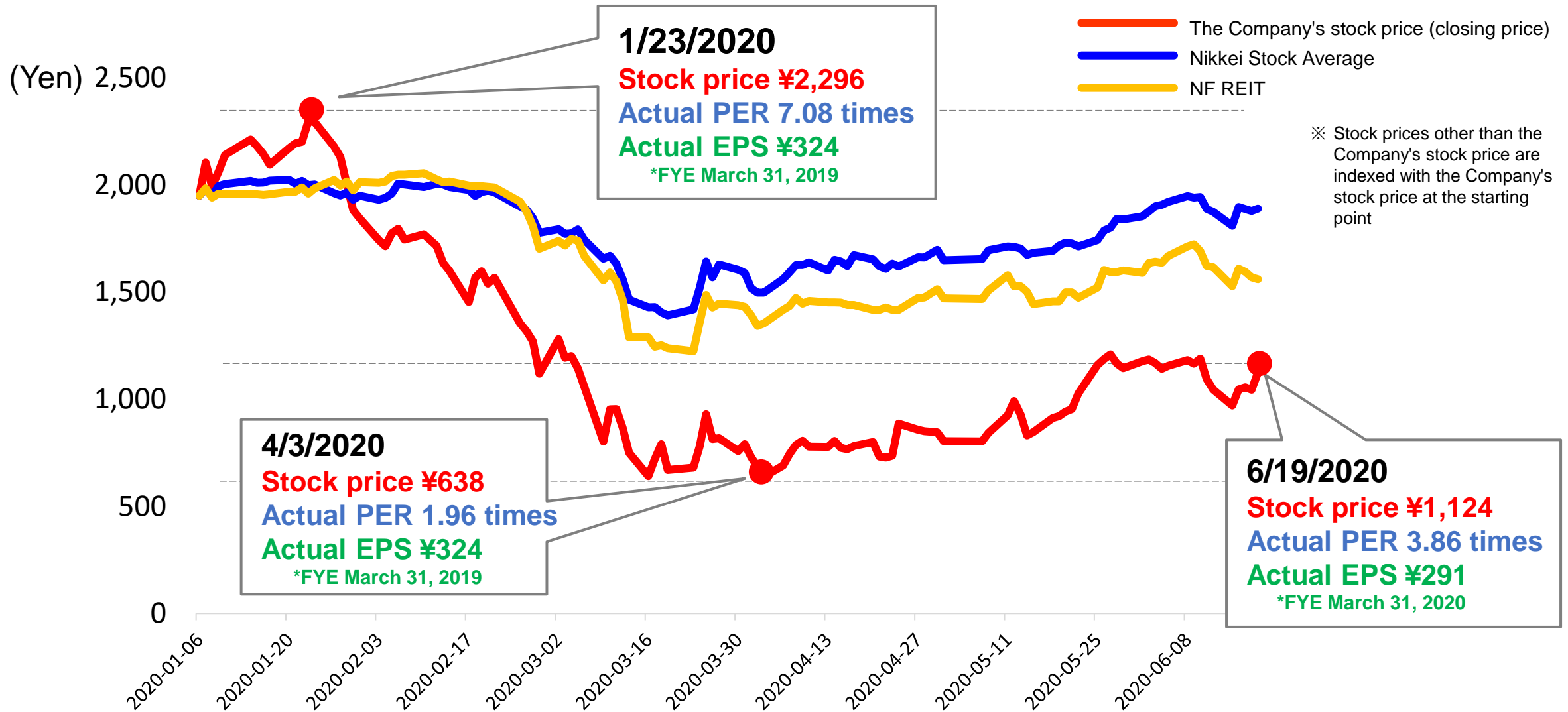
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Changes in the Company's Stock Price and PER (From January 2020)



Appendix

Corporate Philosophy

**Through creating comfortable time and spaces,
we at Wealth Management Group contribute to the growth of society
by delivering excitement and prosperity.
Every customer will experience Japan's attractiveness and culture.**

FOUR CREDO

1

***KEEP OUR
WORD***

2

***"OMOTENASHI"
TO YOU AND
YOURS***

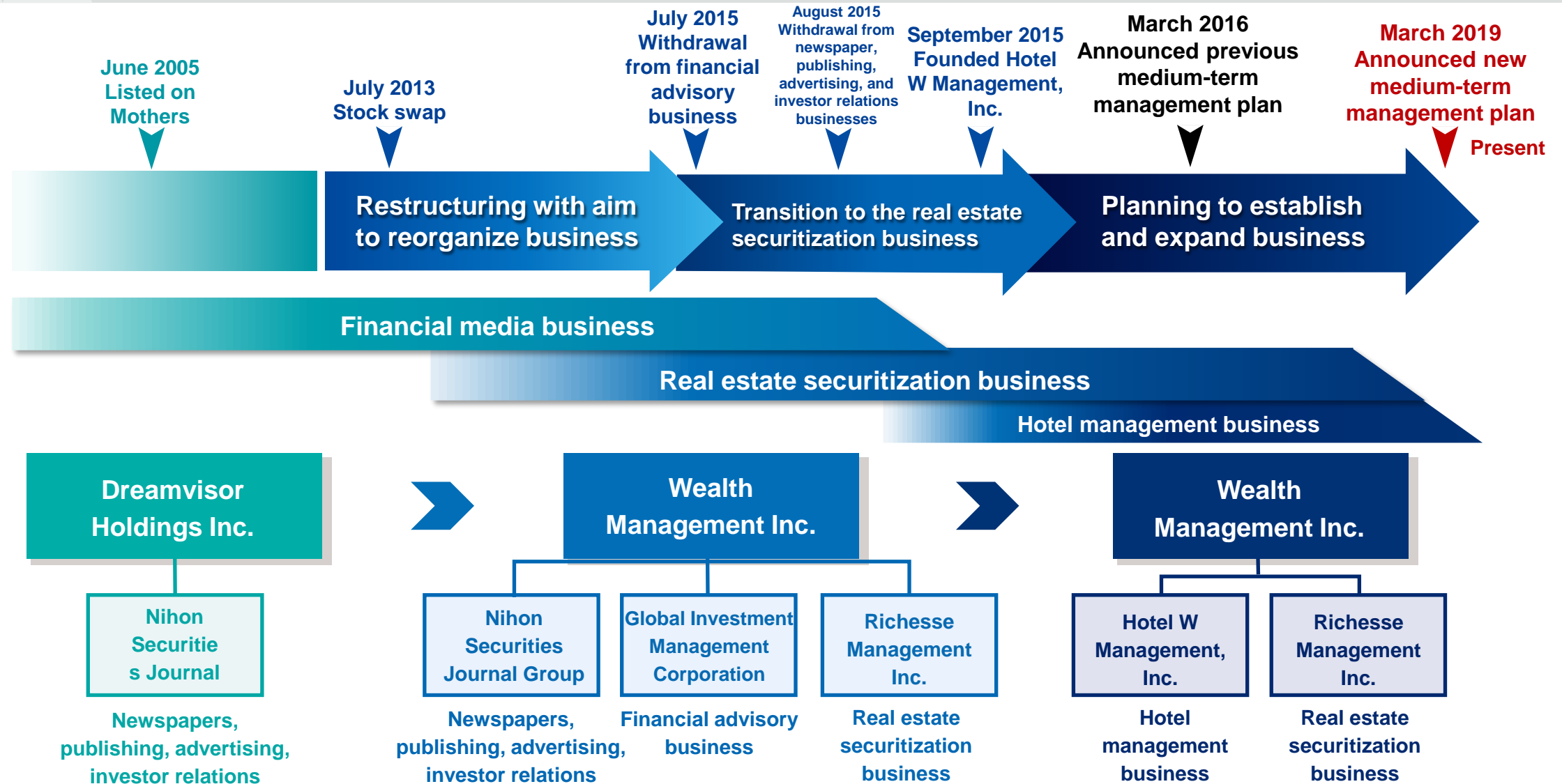
3

***DISCOVER
EXPERIENCE***

4

***PROGRESS
WITH
MOTIVATION***

History (Changes to Our Business)



Group Overview and Business Summary

Group companies that are responsible for specialized functions engage in business in an integrated manner

Wealth Management, Inc.

Self-financed and jointly financed

Direct investments into real estate handled either independently or jointly with other companies, implemented as suited to the circumstances of the investment prospect.

100% consolidated subsidiary

100% consolidated subsidiary

Richesse Management, Inc.

Real estate securitization business

Advisory service

Delivering advice in all areas from discovering investment opportunities to matters of due diligence, acquisitions, and sales.

Asset management service

Working to offer a platform to support customers in all matters related to real estate investments extending from getting in to leaving the sector.

Hotel W Management, Inc.

Hotel management business

Hotel management

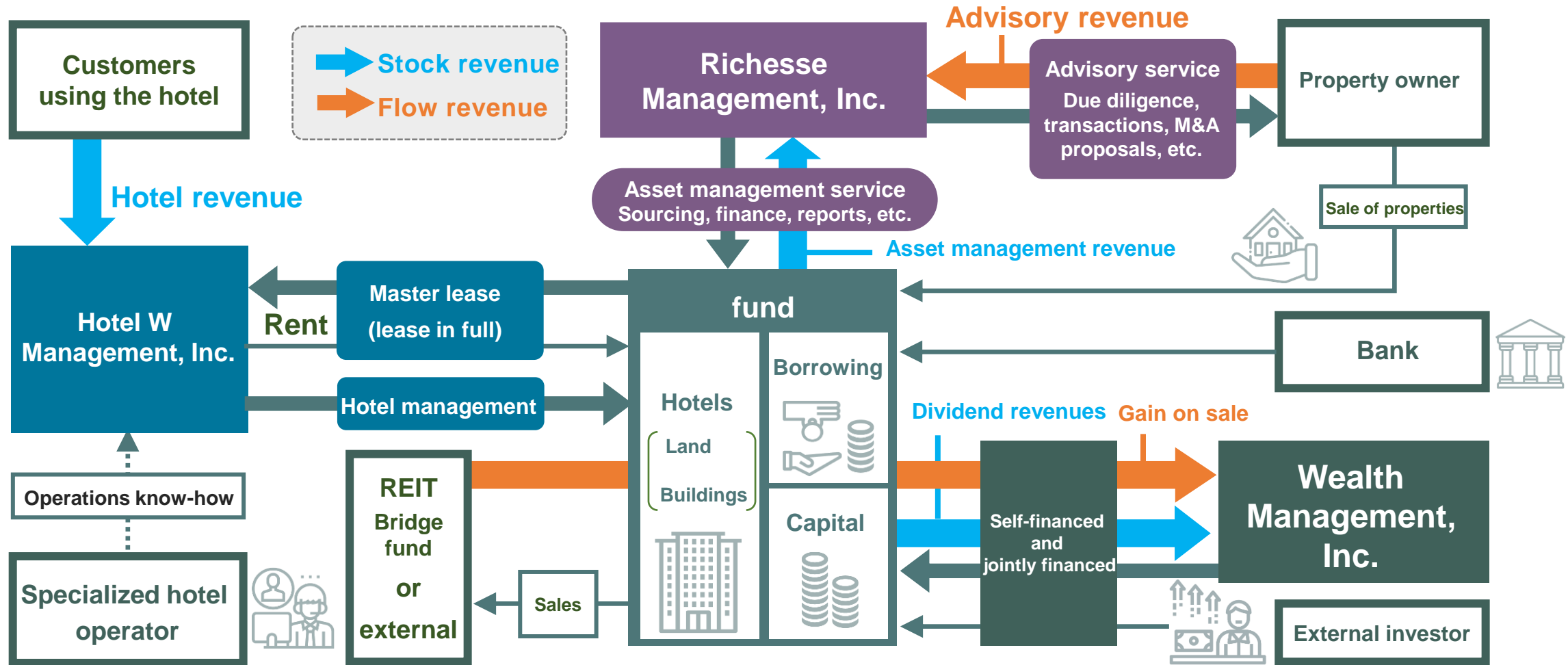
Providing a variety of hotel management services including revenue management and on-site operations, as well as consulting on investing in and developing hotels.

Master lease

Stabilizing rents and providing total support for getting the most out of properties.

Business Model (Representative Examples)

The group can provide support for property acquisition, investment, development, managing, and business operations in one stop

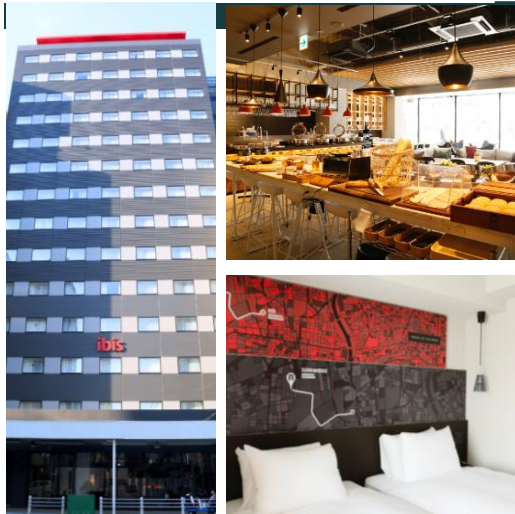


Introduction of Hotels Operated by the Company



Ibis Styles Osaka Namba Ibis Styles Osaka Namba

- Location** Soemon-cho, Chuo-ku, Osaka City, Osaka Prefecture, Japan
- Facility** No. of rooms: 343
Room types: Singles (including semi-doubles), doubles, twins, triples, four-person, Japanese-style, banquet and meeting rooms
Dining facility: Breakfast space, restaurants, etc.
Free Wi-Fi throughout the building, multifloor car garage available



Ibis Osaka Umeda Ibis Osaka Umeda

- Location** Komatsubara-cho, Kita-ku, Osaka City, Osaka Prefecture, Japan
- Facility** No. of rooms: 181
Room types: Doubles, twins
Dining facility: Cookpark (cafe/bar)
Free Wi-Fi throughout the building



Kyoto Yura Hotel MGallery

Kyoto Yura Hotel M Gallery



- Location** Higashiyama-ku, Kyoto City, Kyoto Prefecture, Japan

- Facility** No. of rooms: 144
Room types: Doubles, twins
On-site facilities: restaurant, bar, fitness room, Free Wi-Fi throughout the building

AccorHotels first luxury boutique hotel in Japan. Based on the concept of "Inspired by Her," it is a space arranged like a hidden retreat that incorporates the best features of Japanese style.

Wealth Management, Inc.

Headquarters location	Ark Mori Building 33F, 1-12-32 Akasaka, Minato-ku, Tokyo, Japan	
Capitalization	¥914,543,415 (as of March 31, 2020)	
Stock Exchange Where Listed	Tokyo Stock Exchange Second Section (Securities Code: 3772)	
Board Members	Representative Director	Kazutoshi Senno
	Director	Akihiro Imada
	Director	Daisuke Mihara
	Director	Norihiro Masuda
	Director (outside)	Tsuneo Yamada
	Full-time Auditor	Yasushi Okuyama
	Auditor (Outside)	Zen'ya Ozawa
	Auditor (Outside)	Yoshihiro Morishima
	Auditor (Outside)	Masashi Ohta
Fiscal Year-End	March	
Business Summary	Real estate securitization, hotel management	

Representative's Profile

Kazutoshi Senno

Appointed as director in 2001 to be a founding member of Mitsubishi Jisho Investment Advisors, Inc., and participating in management of said company. At said company, operated six real estate funds and two NPL funds, whose fiduciary value topped ¥300 billion. Founded Richesse Management, Inc. in 2006. Total amount of fiduciary value to date including performance as AM at Lehman Brothers Global Fund and various U.S. pension funds tops ¥200 billion.

Richesse Management, Inc.

Headquarters location	Ark Mori Building, 1-12-32 Akasaka, Minato-ku, Tokyo, Japan	
Capitalization	¥63 million (as of March 31, 2020)	
Board Members	Representative Director	Kazutoshi Senno
	Director	Akihiro Imada
	Director	Daisuke Mihara
	Director	Norihiro Masuda
	Auditor	Yasushi Okuyama
Registration and Licensing	<p>Real Estate Agency Business (Governor of Tokyo Prefecture [3] No. 86765)</p> <p>Type II Financial Instruments Business/ Investment Advisory and Agency Business (Director-general of the Kanto Local Finance Bureau Director-General [Financial instruments] No. 579)</p> <p>Money Lending Business (Governor of Tokyo [5] No. 30512)</p>	

Hotel W Management, Inc.

Headquarters location	Ark Mori Building, 1-12-32 Akasaka, Minato-ku, Tokyo, Japan	
Capitalization	¥174 million (as of March 31, 2020)	
Board Members	Representative Director	Atsushi Chikamochi
	Director	Norihiro Masuda
	Director	Masataka Komatsu
	Auditor	Yasushi Okuyama



Disclaimer

- This material is for the purpose of providing information on the medium-term management plan moving ahead, and not for the purpose of solicitation of investment. When making actual investments, please use your own judgment and take responsibility for your investment decisions. Furthermore, although the material was prepared based on various data believed to be reliable, the Company does not provide any assurances of the accuracy or safety thereof. This material has been presented based on the assumption that investors will use their own judgment and take responsibility when using it for any purpose, and the Company shall not be held liable therefor under any circumstances.
- This material contains forward-looking statements such as the plans of the Company and its consolidated subsidiaries. These forward-looking statements are based on information available at the time of preparation and include a variety of inherent risks and uncertainties. Therefore, actual performance, etc. may significantly differ due to a variety of factors.