



ACCORDIA GOLF  
TRUST

# Financial Results for 1Q FY16/17

(1 April 2016 to 30 June 2016)

12 August 2016

Stock code: ADQU

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1. Key Highlights
2. Financial Highlights and Capital Management
3. Portfolio Updates
4. Outlook
5. Appendix

# Key Highlights

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## 1Q FY16/17

- Operating Income stood at JPY14,417 million; a slight decrease of 2.3% as compared to the last 1Q, with sound demand for golf, despite the earthquake in Kyushu and some heavy rains especially in June.
- Distributable income available stood at JPY1,526 million: a decreased by 13.3% compared to the last 1Q, while Distribution Per Unit (“DPU”) increased by 3.4% due to Japanese Yen appreciation.
- Net Asset Value (“NAV”) per unit was SGD0.96; Price/NAV per unit was 0.63 times, declined from 0.67 times in last March, mainly due to Japanese Yen appreciation.
- Loan-to-Value (“LTV”) Ratio remains low at 28.9%.

# Financial Highlights and Capital Management



Midono Country Club, Tokyo Region

# Key Financials

JPY million

	1Q FY16/17	1Q FY15/16	YoY Change (%)
<b>Operating Income</b>	14,417	14,758	-2.3
<b>Operating Profit</b>	2,975	3,235	-8.0
<b>Profit (after tax)</b>	2,274	2,420	-6.0
<b>Total Income Available for Distribution</b>	1,526	1,760	-13.3
<b>Available Distribution Per Unit</b> (Singapore cents)	1.82	1.76	+3.4

	As at 30 Jun 2016	As at 31 Mar 2016
<b>NAV per unit (SGD)</b>	0.96	0.89
<b>Price/NAV per unit</b>	0.63	0.67
<b>Loan-to-Value Ratio<sup>(1)</sup></b>	28.9%	28.8%

JPY/SGD Exchange Rate

76.29

83.37

Unit Price

0.60

0.60

(1) Loan-to-Value Ratio = Total loans and borrowings/total appraisal value of the Initial Portfolio as at 31 December 2015.  
No of Units for the periods = 1,099,122,000

# Statement of Comprehensive Income

JPY million

	1Q FY16/17	1Q FY15/16	YoY Change (%)
<b>Operating Income</b>	<b>14,417</b>	<b>14,758</b>	-2.3
Golf Course Revenue	9,740	9,922	-1.8
Restaurant Revenue	3,417	3,530	-3.2
Membership Revenue	1,164	1,240	-6.1
Other Revenue	96	66	45.5
<b>Operating Expenses</b>	<b>11,442</b>	<b>11,523</b>	-0.7
Golf Course Related Cost	9,554	9,808	-2.6
SG&A and Others	1,888	1,715	10.1
<b>Operating Profit</b>	<b>2,975</b>	<b>3,235</b>	-8.0
<b>Profit (after tax)</b>	<b>2,274</b>	<b>2,420</b>	-6.0

# Distribution Statement

JPY million

	1Q FY16/17	1Q FY15/16	YoY Change (%)
<b>Profit (after tax)</b>	<b>2,274</b>	<b>2,420</b>	<b>-6.0</b>
(+) Depreciation & Amortisation Expenses	799	843	-5.2
(+) Interest and Other Finance Costs	411	422	-2.6
(+) Income Tax Expense	288	393	-26.7
<b>EBITDA</b>	<b>3,772</b>	<b>4,078</b>	<b>-7.5</b>
Distribution Adjustments:	(1,356)	(1,230)	-
<b>Net Increase in Cash and Cash Equivalents excluding Distributions</b>	<b>2,416</b>	<b>2,848</b>	<b>-15.2</b>
Reserved Items	(890)	(1,088)	-
<b>Income Available for Distribution to Unitholders</b>	<b>1,526</b>	<b>1,760</b>	<b>-13.3</b>

Note: Please refer to appendix for breakdown details



## Distribution

For 1Q FY16/17

No distribution payable for the quarter

## Distribution Policy

Distribution Timing

Paid in SGD on semi-annual basis in June and December<sup>(1)</sup>

Payout

To distribute at least 90% of Distributable Income Available

\* Foreign Exchange Hedging on distribution: May utilised foreign exchange hedging strategies based on prevailing market conditions, where appropriate, to minimise any foreign exchange risk to Unitholders.

(1) With the amount calculated as at 31 March and 30 September each year, for the six month period ending on each of the said dates.

# Balance Sheet

JPY million

	As at 30 Jun 2016	As at 31 Mar 2016
Cash & Cash Equivalents	9,420	11,238
Trade and Other Receivables	2,074	2,391
Inventory	290	245
Other Current Assets	1,554	1,218
<b>Current Assets</b>	<b>13,338</b>	<b>15,092</b>
Property, Plant and Equipment	148,939	148,670
Intangible Assets	17,134	17,136
Other Non-current Assets	687	722
<b>Non-current Assets</b>	<b>166,760</b>	<b>166,528</b>
<b>Total Assets</b>	<b>180,098</b>	<b>181,620</b>

	As at 30 Jun 2016	As at 31 Mar 2016
Trade & Other Payables	5,629	5,099
Membership Deposits	10,410	10,142
Borrowings from Financial Institutions	437	443
Finance Lease Payables	692	592
Income Tax Payables	344	928
Other Current Liabilities	4,238	4,630
<b>Current Liabilities</b>	<b>21,750</b>	<b>21,834</b>
Borrowings from Financial Institutions and Related Party	43,163	43,000
Membership Deposits	3,057	3,570
Deferred Tax Liabilities	28,654	28,711
Finance Lease Payables	2,435	1,946
Other Non-current Liabilities	449	442
<b>Non-current Liabilities</b>	<b>77,758</b>	<b>77,669</b>
<b>Total Liabilities</b>	<b>99,508</b>	<b>99,503</b>
<b>Net Assets</b>	<b>80,590</b>	<b>82,117</b>

## Debt Profile as at 30 June 2016

Term Loan A (Maturity in Aug 2017)	JPY15 bil / T +1.25% (T: 6-month Yen TIBOR)
Term Loan B (Maturity in Aug 2018)	JPY15 bil / T +1.50%
Term Loan C (Maturity in Aug 2019)	JPY15 bil / T +1.75%
Subordinated Loan <sup>(1)</sup>	JPY500 mil / 3.0%

**Total borrowings : JPY 45.5 billion**

## Interest Rate Swap Arrangement

Term Loan A (Maturity in Aug 2017)	JPY10 bil / 1.71%
Term Loan B (Maturity in Aug 2018)	JPY15 bil / 2.00%
Term Loan C (Maturity in Aug 2019)	JPY10 bil / 2.34%

## Credit Rating

**BBB+**

Obtained from Japan Credit Rating Agency on the JPY 45 billion loan of AGT's golf course holding company, Accordia Golf Asset Godo Kaisha ("SPC")

## Loan-to-Value Ratio<sup>(2)</sup>

**28.9 %**

Total Loans / Total Asset<sup>(2)</sup> = JPY 43.6 bil/ JPY 150.98 bil

- Term Loan Lenders:
  - Mizuho Bank
  - Sumitomo Mitsui Banking Corporation
  - The Bank of Tokyo-Mitsubishi UFJ
  - Aozora Bank
  - Shinsei Bank
  - The Tokyo Star Bank
  - Mitsubishi UFJ Trust and Banking Corporation
  - Mitsubishi UFJ Lease & Finance Company
  - ShinGinko Tokyo
- Subordinated Loan Lender: Accordia Golf

(1) A subordinated loan has been extended from the Sponsor to the SPC and opened solely to deposit and manage the SPC's own funds in connection with the TK business.

(2) Based on the latest appraisal value of the Initial Portfolio as at 31 December 2015.

## Portfolio Updates



Sainomori Country Club, Tokyo Region

# Operating Performance of the Golf Courses

## Number of visitors to AGT's golf courses

FY16/17	Number of Visitors (thousands)		Utilisation Rate <sup>(1)</sup>		Operating days	Closed days
	Actual	YoY Change	Actual	YoY Change(ppt) <sup>(2)</sup>	Weekday / Weekend	Weekday / Weekend
Apr	491	+0.1%	77.9%	-0.3 ppt	19.8 / 9.9	0.2 / 0.06
May	572	-4.0%	87.2%	-3.6 ppt	19.0 / 12.0	0.0 / 0.0
Jun	492	-5.4%	77.8%	-4.2 ppt	21.8 / 8.0	0.17 / 0.0
1Q	1,555	-3.2%	81.1%	-2.7 ppt		

- The number of visitors to AGT's golf courses in 1Q FY16/17 was 3.2% lower than the previous year.
  - April: no change despite the earthquake in Kyushu.
  - May: a 4% decrease due to some rains later in the month and lesser weekend/holiday.
  - June: affected by the heavy rains in the west of Japan, including Kyushu.
- Operations in 1 golf course in Kumamoto ceased for a week due to the earthquake in Kyushu. There was no damage to the assets but revenues were slightly affected in the golf courses in Kyushu.
- Overall in Japan, demand for golf remains steady, especially those golf courses which are well-located.

(1) Utilisation Rate = Total number of visitors per 18 holes / (Total operating days x 50 (flights) x 4 (persons)). Total operating days exclude closed days under specific circumstances such as typhoon and snow, among other factors.

(2) Year-on-Year (YoY) Change Percentage Point (ppt) = Current month data - corresponding month of the previous year.

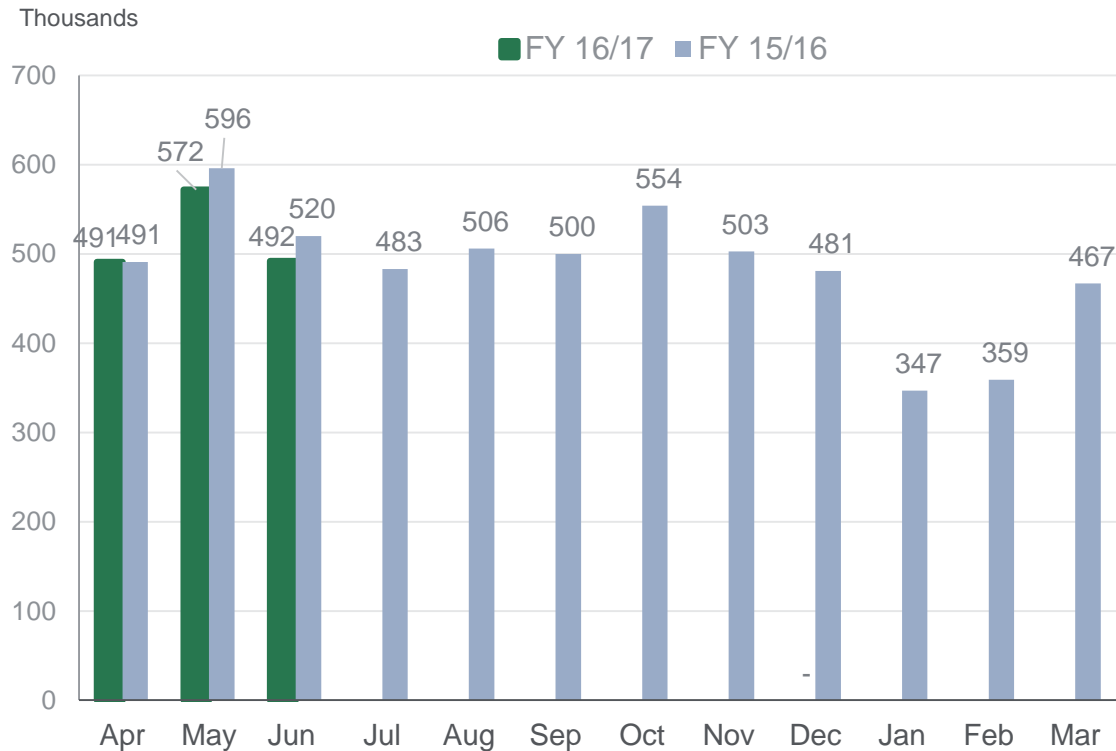
(3) Number of days in average of the 89 golf courses: Definition of those date are based on Sponsor's. Those numbers are only for illustrative purpose.

# Operating Performance of the Golf Courses

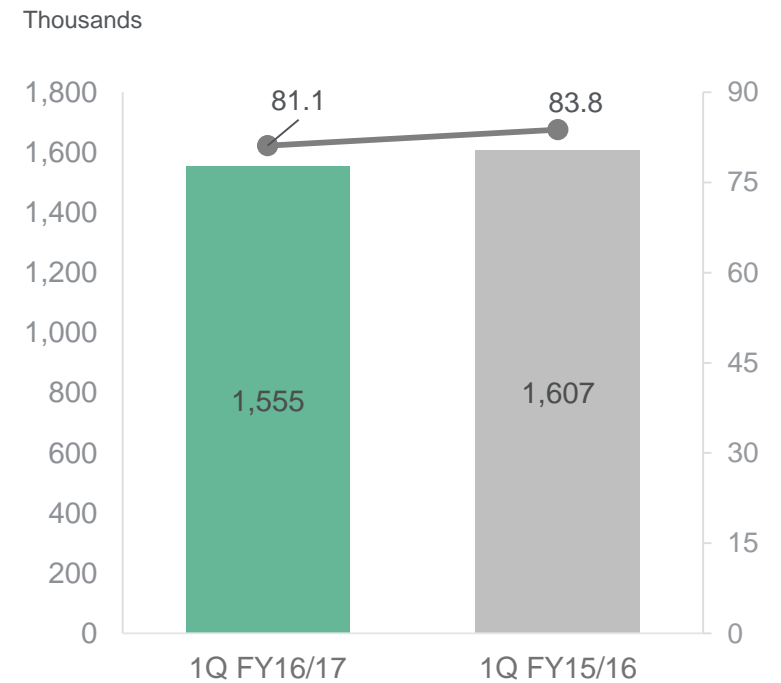
## Number of visitors

- Number of visitors are affected by seasons, weather and market conditions.
- Short-term fluctuation caused by weather tends to be mitigated in the longer period.

Number of visitors (Monthly)



Number of visitors and utilisation rate

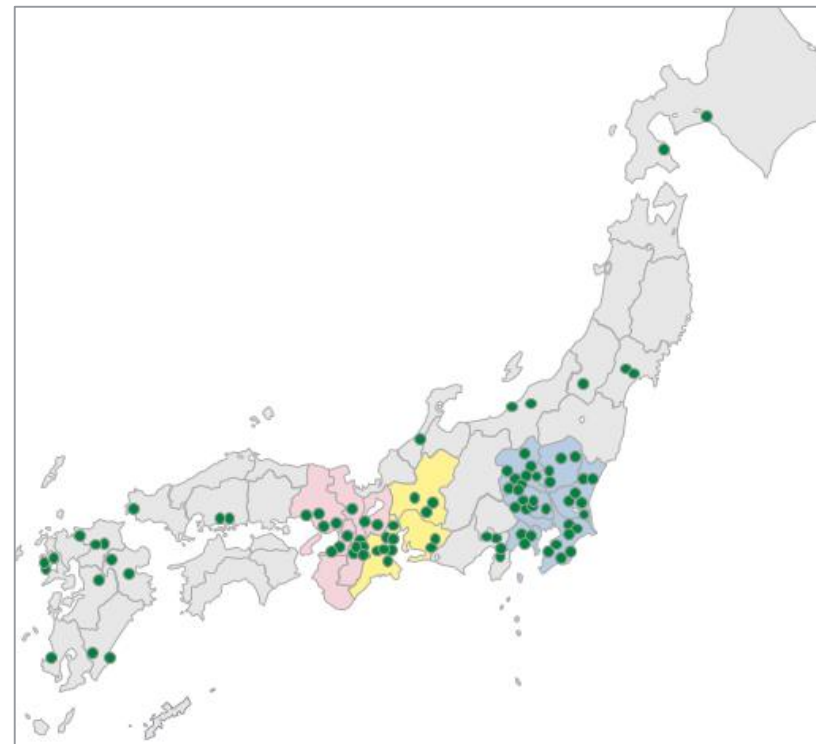


# Operating Performance of the Golf Courses

## 1Q Revenue<sup>(1)</sup> in Areas (J-GAAP basis)

JPY million

Regions	Number of Courses	Revenue for 1Q		YoY Change (%)
		FY16/17	FY15/16	
Greater Tokyo	35	5,798	5,926	-2.2
Greater Osaka	15	3,091	3,226	-4.2
Greater Nagoya	12	1,809	1,888	-4.2
Other Regions	27	2,674	2,869	-6.8
<b>Total</b>	<b>89</b>	<b>13,372</b>	<b>13,889</b>	<b>-3.7</b>



(1) Revenue is based on J-GAAP figures and includes play fees (green fees and cart fees), caddy fees, restaurant revenue and other revenue from the golf course. It does not include membership fees and Pro-shop business.

# Operating Performance of the Golf Courses

## Operating Expenses

JPY million

	1Q FY16/17	1Q FY15/16	YoY change (%)
Operating Expenses	11,442	11,523	-0.7
<b><u>Golf Course Operating Cost</u></b>			
Merchandise and Material Expenses	978	1,008	-3.0
Labour and Outsourcing Expenses	4,354	4,336	0.4
Golf Course Management Fee	1,576	1,609	-2.1
Golf Course Maintenance and Repair Cost	836	890	-6.1
Depreciation and Amortisation	799	843	-5.2
Utility Expenses	504	603	-16.4
Operating Lease Expenses	507	519	-2.3
<b><u>SG&amp;A and others</u></b>			
Selling, General and Administrative Expenses	1,082	899	20.4
Trustee-Manager's Fee	61	67	-9.0
Asset Manager's Fee	25	25	0.0
Others	720	724	-0.6

Including an increase in provision of bonus.

Decline of crude oil price, resulting in lower cost of electricity.

Mainly due to foreign exchange loss on the revaluation of foreign denominated cash held by the trust and an increase in online booking fee.



# Revenue Per Visitor

Revenue<sup>(1)</sup> per Visitor of AGT's 89 golf courses (J-GAAP)

Year	JPY											
	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar
FY14/15	8,684	8,861	8,471	8,176	7,944	8,196	8,713	9,573	8,981	7,819	7,431	8,137
FY15/16	8,663	8,925	8,309	8,147	7,894	8,282	8,839	9,427	8,797	7,872	7,237	8,076
FY16/17	8,633	8,797	8,338									

(1) Revenue is based on J-GAAP figures and includes play fees (green fees and cart fees), caddy fees, restaurant revenue and other revenue from the golf course. It does not include membership fees and Pro-shop business.

# Outlook



Shinyo Country Club, Nagoya Region

## **Steady Number of Golf Plays in Japan Expected to Continue**

- Underpinned by sound demand from senior players.
- Number of play per golfer has been increasing, despite decrease in overall population in Japan.

## **Golf Remains as a Popular Leisure and Sports**

- Golf continues to be a healthy leisure activity for seniors who are now more health conscious.
- Inclusion of golf as an Olympic sport in 2016 Rio de Janeiro as well as 2020 Tokyo is expected to increase popularity of golf in Japan, including the younger generations.
- Booming inbound tourism to Japan would have a positive impact on golf demand in mid to long term.

## Appendix



Tarumae Country Club, Other Region (Hokkaido)

# Distribution Statement

	JPY million		
	1Q FY16/17	1Q FY15/16	YoY Change (%)
<b>Profit (after tax)</b>	<b>2,274</b>	<b>2,420</b>	<b>-6.0</b>
(+) Depreciation & Amortisation Expenses	799	843	-5.2
(+) Interest and Other Finance Costs	411	422	-2.6
(+) Income Tax Expense	288	393	-26.7
<b>EBITDA</b>	<b>3,772</b>	<b>4,078</b>	<b>-7.5</b>
Distribution Adjustments:			
(-) Change in Working Capital <sup>(1)</sup>	(522)	10	-
(-) Interest and Other Finance Cost Paid	(5)	(12)	-58.3
(-) Income Tax Paid	(928)	(813)	14.1
(+) Others	22	3	-
(-) Net Cash Flows Used in Investing Activities	(90)	(268)	-66.4
(-)(+) Net Cash Flows from / (used in) Financing Activities Excluding Distributions	190	(160)	-
(-)(+) Effect of Exchange Rate Changes on Balance of Cash	(23)	10	-
<b>Net Increase in Cash and Cash Equivalents excluding Distributions</b>	<b>2,416</b>	<b>2,848</b>	<b>-15.2</b>
Reserved Items	(890) <sup>(2)</sup>	(1,088) <sup>(3)</sup>	-
<b>Income Available for Distribution to Unitholders</b>	<b>1,526</b>	<b>1,760</b>	<b>-13.3</b>

(1) Increase in working capital is mainly due to a decrease in deferred annual membership revenue of JPY973 million which is partly offset by an increase in trade and other payables.

(2) Net amounts of Reserved items in the current quarter mainly comprise CAPEX of JPY594 million, borrowings repayment of JPY113 million, interest payment of JPY218 million, membership deposits repayment of JPY190 million, bonus payment of JPY584 million, partly offset by settlement of withholding tax of JPY575 million.

(3) Net amounts of Reserved items for the first quarter of previous year mainly comprise CAPEX of JPY159 million, borrowings repayment of JPY113 million, interest payment of JPY222 million, membership deposits repayment of JPY234 million, bonus payment of JPY507 million, partly offset by settlement of withholding tax of JPY472 million.

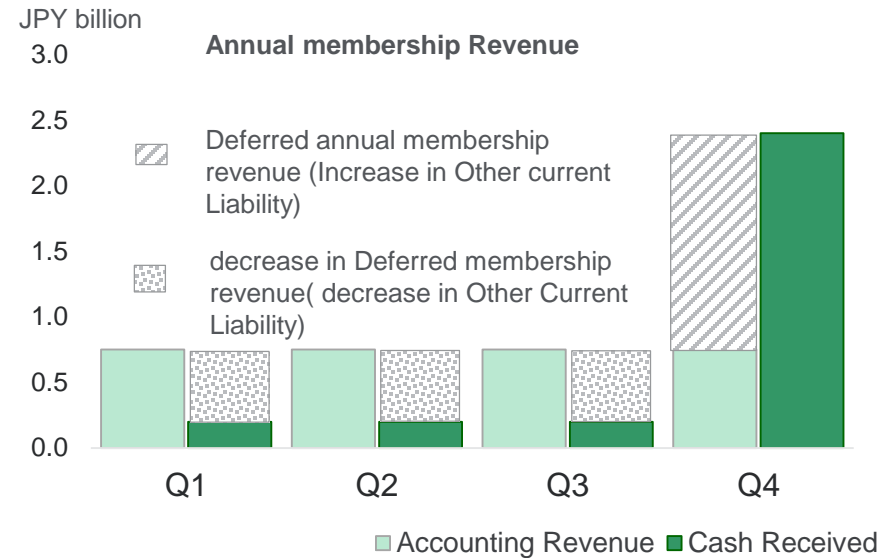
# Distribution Statement

## Changes in Working Capital

+ JPY522 million (1Q)

- Increase in working capital is mainly due to;
  - a decrease in Deferred Annual Membership Revenue\* of JPY973 million
  - and is partly offset by an increase in Trade and Other Payables

\* Deferred annual membership revenue arises from the difference between accounting recognition of the annual membership fees and actual cash received.

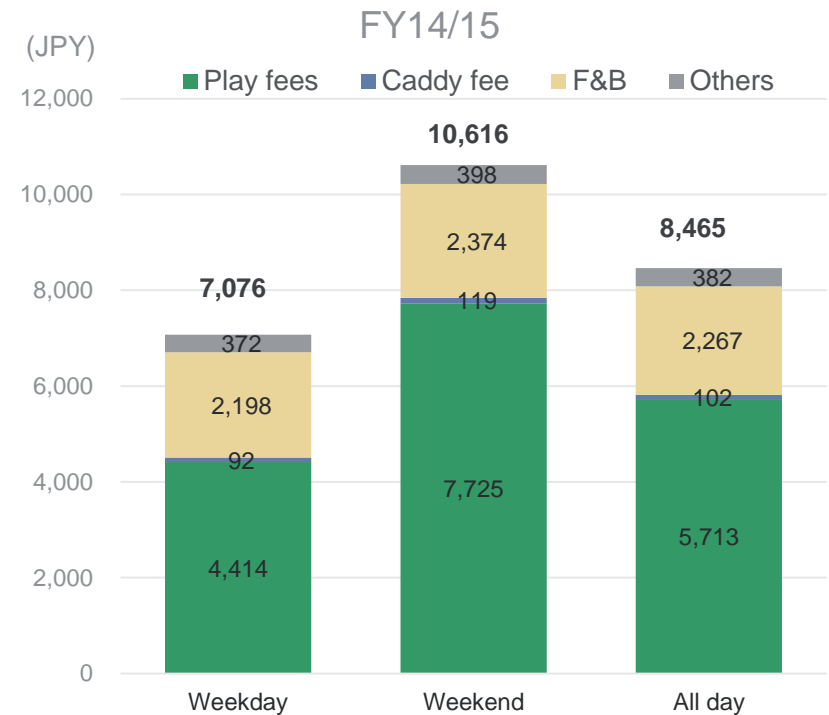
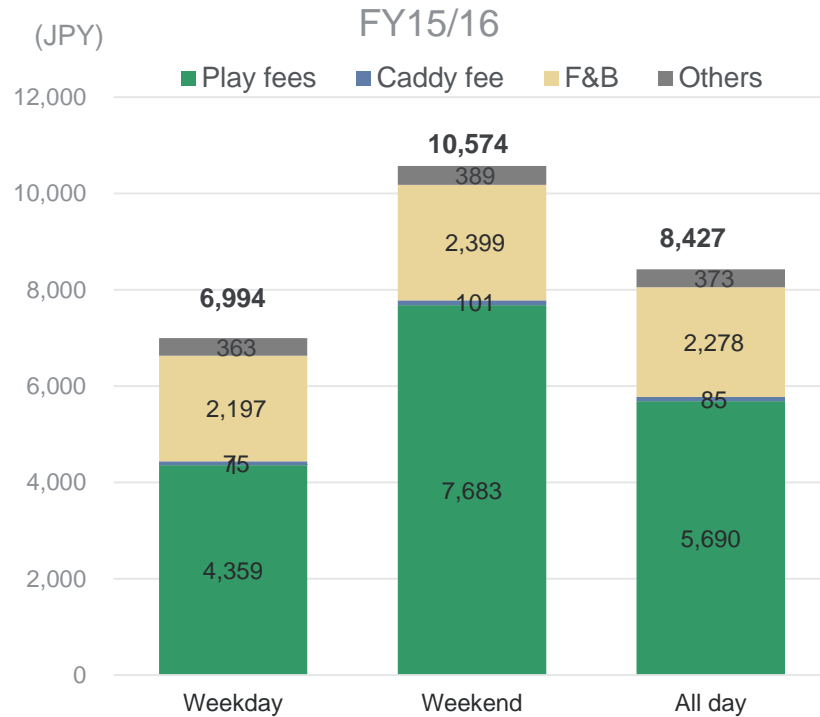


## Reserved items

	1Q FY16/17	1Q FY15/16
<b>Reserved items:</b>	<b>(890)</b>	<b>(1,088)</b>
CAPEX	(594)	(159)
Borrowings Repayment	(113)	(113)
Interest Payment	(218)	(222)
Membership Deposits Repayment	(190)	(234)
Bonus Payment	(584)	(507)
Withholding Tax	575	472
Others		

# Revenue per Visitor (FY15/16)

## Revenue<sup>(1)</sup> per Visitor (J-GAAP-based Revenue)



Note: Revenue per visitor based on IFRS were lower than J-GAAP base especially for weekday because of “free play” coupon of the rewards programme.  
Play fee includes Green fee and cart fee

(1) Revenue does not include revenue from memberships fees and Pro-shop business.

# Historical Performance of AGT (FY15/16)

- Actual Number of visitors for AGT's golf courses remains stable over the years.
- EBITDA<sup>(1)</sup> (based on J-GAAP) reflects the stability of visitors regardless of unfavourable events.



(1) Earnings before Interest, Taxes, Depreciation and Amortization ("EBITDA"): These figures are on J-GAAP basis and for illustration purposes and have not been audited or verified by third parties.



# Key Statistics of Initial Portfolio Golf Courses (FY15/16)

Regions	Number of Courses	%	Appraisal Value as at 31 Dec 2015 (JPY billion) <sup>(1)</sup>	%	Revenue for FY15/16 (JPY billion) <sup>(2)</sup>	Utilisation Rates FY15/16 (%) <sup>(3)</sup>	NOI FY15/16 (JPY billion) <sup>(4)</sup>	NOI Margin FY15/16* (%)	NOI Yield FY15/16** (%)
Greater Tokyo	35	39.3	73.66	48.8	23.32	79.1	5.95	25.6	8.1
Greater Osaka	15	16.9	37.97	25.1	12.54	85.9	3.38	27.0	9.0
Greater Nagoya	12	13.5	18.20	12.1	7.03	80.4	1.55	22.1	8.6
3 Largest Metropolitan Areas	<b>62</b>	<b>69.7</b>	<b>129.83</b>	<b>86.0</b>	<b>42.88</b>	<b>81.1</b>	<b>10.88</b>	<b>25.4</b>	<b>8.4</b>
Other Regions	27	30.3	21.16	14.0	10.86	69.0	1.94	17.9	9.2
<b>Total</b>	<b>89</b>	<b>100.0</b>	<b>150.98</b>	<b>100.0</b>	<b>53.75</b>	<b>77.9</b>	<b>12.82</b>	<b>23.9</b>	<b>8.5</b>

NOI = Net Operating Income

\*NOI Margin = NOI divided by Revenue

\*\*NOI Yield = NOI divided by Appraisal Value

(1) Based on real estate appraisals as at 31 December 2015 conducted by the Independent Real Estate Appraisers.

(2) Gross revenue includes play fees (green fees and cart fees), caddy fees, restaurant revenue, membership fees and other revenue from the golf course.

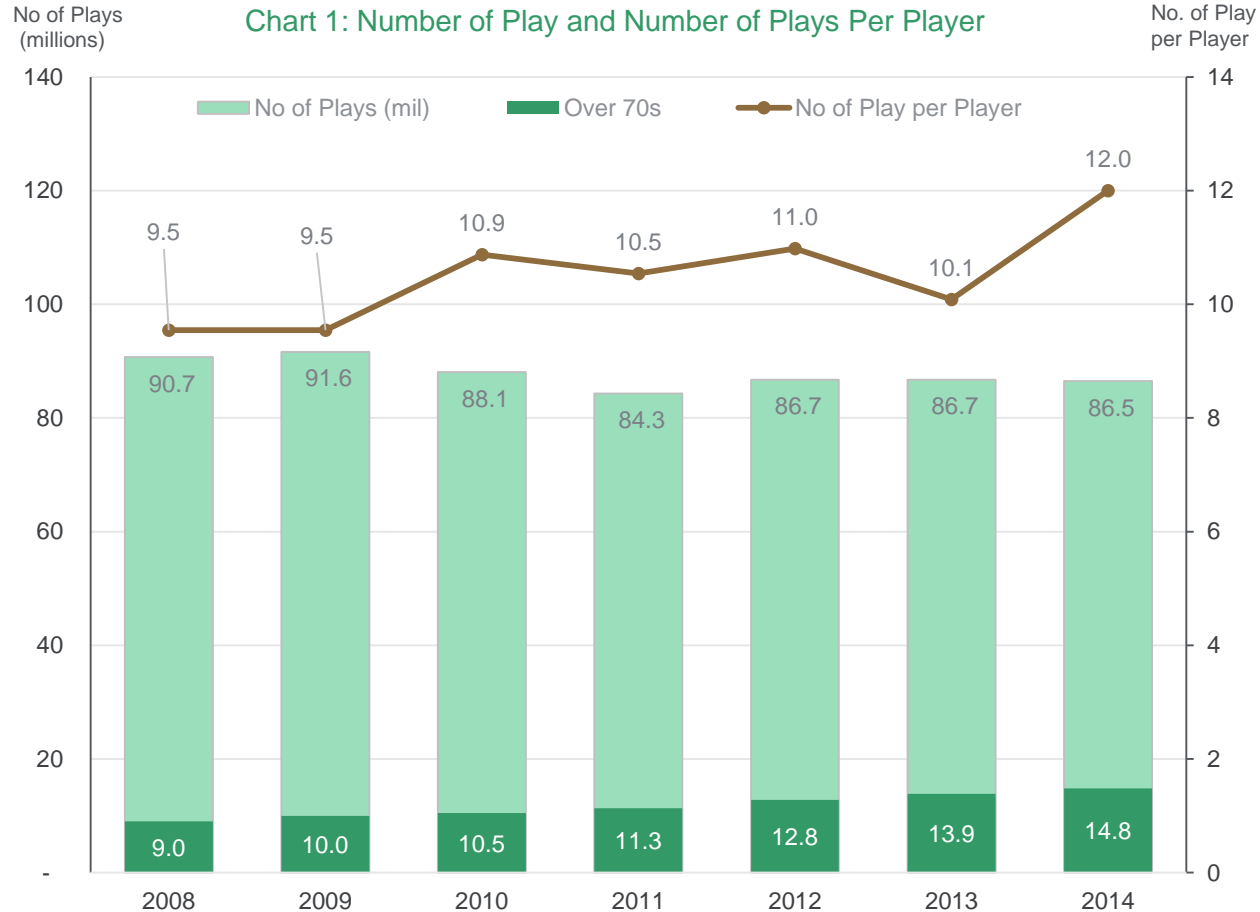
(3) Utilisation rate = Total no. of visitors per 18 holes/Total operating days x 200 persons.

(4) NOI calculated by deducting merchandise and material expense, labour cost, other operating expenses from revenue and Golf Course Management Agreement Fees ("GCMA").

**Note: Calculation is based on J-GAAP figures**

# Number of Plays in Japan Remains Stable

## Number of plays in Japan

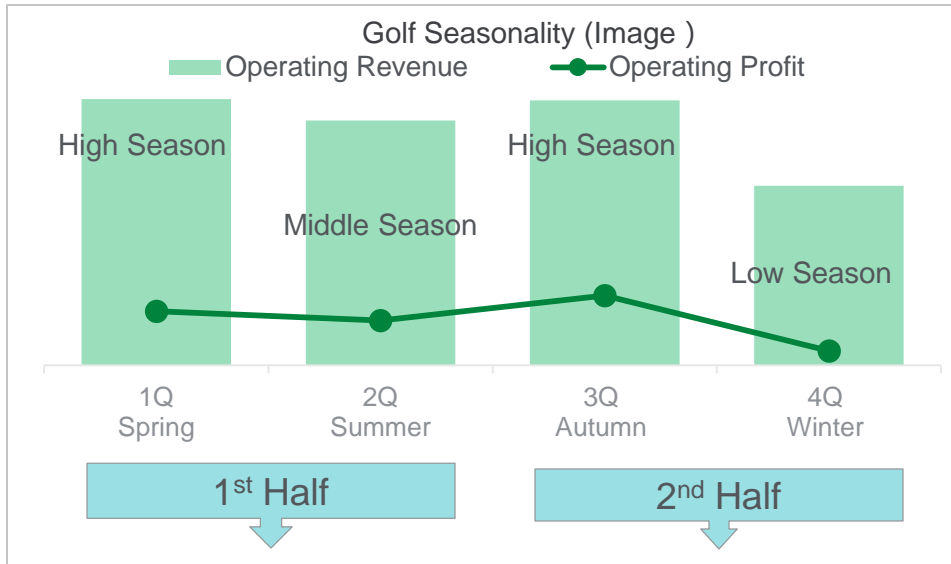


Number of plays in Japan remains stable as the number of plays per player has been increasing.

Proportion of senior plays has been increasing.

Source: Japan Productivity Centre  
Nihon Golf-jo Keieisha Kyokai, Japan

# Seasonality in Operation, Accounting Profit and Cash Flows

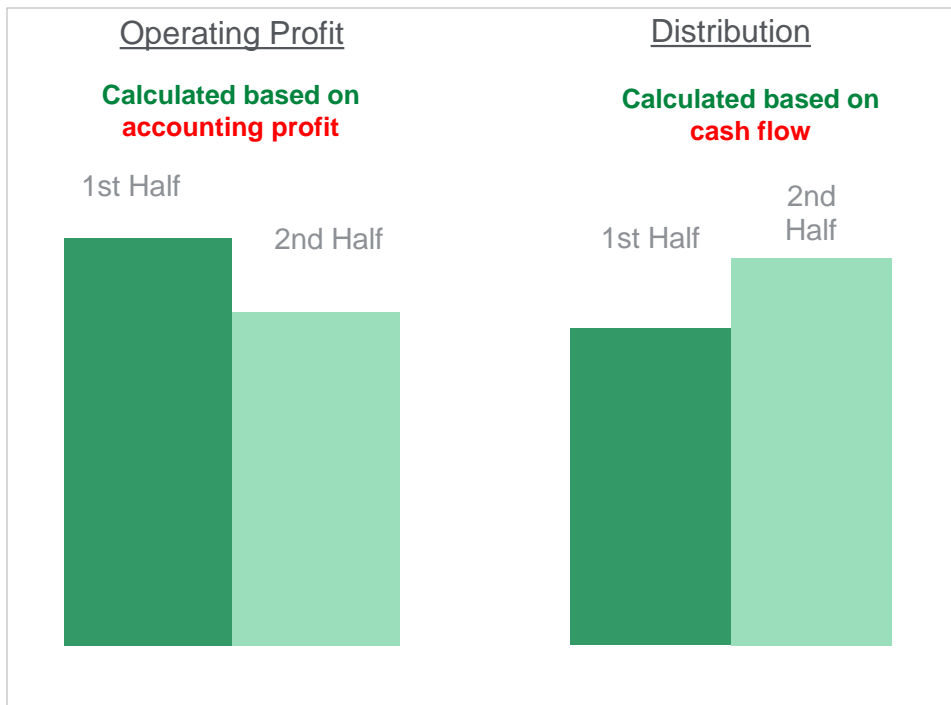


## Golf course business naturally has seasonality

Demand fluctuates according not only to Japanese seasons but also weather conditions,

e.g.

- Rainy season (June to July) : low demand & high cancellation.
- Typhoon (September to October) : high cancellation.
- Snow fall (January to March) : low demand.

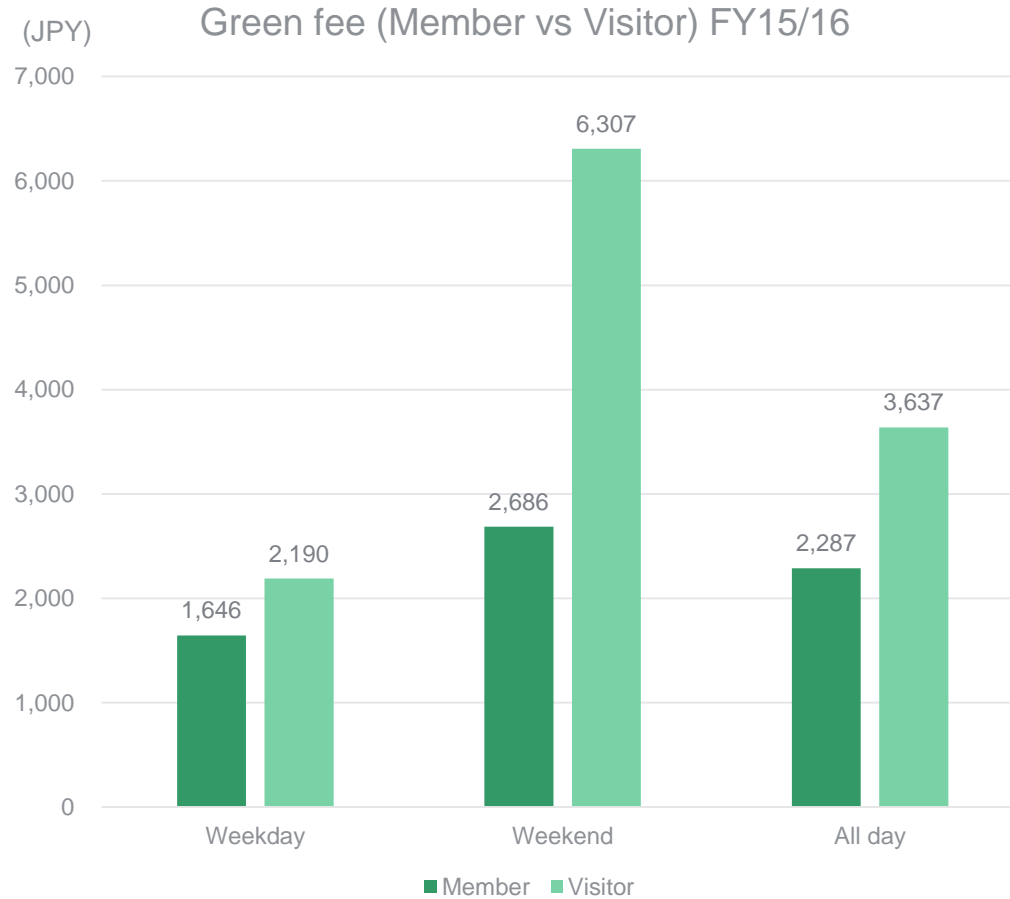


## Distribution

- Cash available for distribution could differ from operating profit as the distributable amount is calculated based not only on the operating profit but also actual "cash flow".
- The major cause for such deviation is the membership fees that are recognized monthly but actually received and become distributable mostly in the fourth quarter.

# Green Fee Profile (Member vs Visitor)

## Green fee (Member vs Visitor) in FY15/16



Above fee does not include cart fees, caddy fees, F&B and others and is based on the average of 89 golf courses. Based on J-GAAP figures.



# Thank You

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