

ACCORDIA GOLF TRUST Announcement of Results for the 4th quarter and full year ended 31 March 2020



(Constituted in the Republic of Singapore pursuant to a Trust Deed dated 16 June 2014)

Accordia Golf Trust

Accordia Golf Trust (“**AGT**”) is the first business trust comprising investments in golf course assets in Japan, listed on Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) on 1 August 2014 (the “**Listing Date**”). The financial year end of AGT is 31 March.

AGT is managed by Accordia Golf Trust Management Pte. Ltd. (the “**Trustee-Manager**”). The Trustee-Manager is 49% held by Accordia Golf Co., Ltd. (the “**Sponsor**”) and 51% held by Daiwa Real Estate Asset Management Co. Ltd, a wholly-owned subsidiary of Daiwa Securities Group Inc.

The principal investment strategy of AGT is to invest, directly or indirectly, in the business of owning a portfolio of stabilised, income generating golf courses, driving ranges and golf courses related assets worldwide, with an initial focus on Japan.

The Trustee-Manager’s key objectives are to invest in golf courses, driving ranges and golf course related assets that are able to generate long-term, stable cash flows, while paying continuous distributions to unitholders of AGT (the “**Unitholders**”) and maximising long-term investment returns of Unitholders by generating long-term capital value growth through future acquisitions.

AGT’s portfolio (the “**Portfolio**”) comprises 88 golf courses located across Japan (the “**Portfolio Golf Courses**”) with 82.9% of the Portfolio Golf Courses (based on their appraised values as at 31 December 2019) located in the three largest metropolitan areas in Japan.

The Portfolio is valued at approximately Japanese Yen (“**JPY**”) 141,806 million (based on their appraised values as at 31 December 2019) with a majority of the Portfolio Golf Courses situated in major cities that are accessible via Japan’s major modes of transportation and expressways.

AGT’s investment in the Portfolio Golf Courses held by Accordia Golf Asset Godo Kaisha (“**SPC**”) is made through an investment structure known as a Tokumei Kumiai (“**TK**”) Structure. The relationship between SPC and AGT is governed under a TK agreement (the “**TK Agreement**”), being a silent partnership agreement. The TK is a contractual relationship between an investor and a business operator, whereby the investor makes certain contributions to the business operator in return for the right to receive distributions of profits generated from the business managed by the operator.

Under the TK Agreement, AGT as the TK investor (the “**TK Investor**”) has veto rights in respect of certain key operational matters including any amendment to the articles of incorporation, cessation or change of principal business, entry into interested person transactions and preparing or amending the annual business plan.

SPC, as the TK operator, is a Godo Kaisha which is a Japanese limited liability company under the Companies Act of Japan. SPC is responsible for holding the Portfolio Golf Courses and managing their day to day operation, subject to the veto rights of the Trustee-Manager. Under the TK Structure, as SPC is the legal owner in respect of the Portfolio, generally, only SPC has rights against and obligations to third parties. Therefore, third parties have no recourse against AGT as the TK Investor and the liability of AGT is limited to the amount of its TK contribution to SPC.

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The consolidated financial statements of AGT and SPC (hereinafter referred to as the “**AGT Group**”) include the Statements of Financial Position of AGT Group and AGT as at 31 March 2020, the Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Distribution Statement, Consolidated Statement of Cash Flows of the AGT Group and the Statements of Changes in Equity of the AGT Group and AGT for the 4th quarter and year ended 31 March 2020.

AGT and AGT Group are presenting their financial results for the 4th quarter and full year ended 31 March 2020.

Distribution Policy

Trustee-Manager will distribute at least 90.0% of AGT’s distributable income, with the actual level of distribution to be determined at the Trustee-Manager board’s discretion, having regard to funding requirements, other capital management considerations and ensuring the overall stability of distributions.

AGT will make distributions to Unitholders on a semi-annual basis, 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.

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FINANCIAL REVIEW OF AGT FOR 4th QUARTER AND FULL YEAR ENDED 31 MARCH 2020

1(a)(i) Consolidated statement of profit or loss and other comprehensive income for 4th quarter and full year ended 31 March 2020

| | Note | 1 Jan 2020 to 31 Mar 2020 (JPY million) | 1 Jan 2019 to 31 Mar 2019 (JPY million) | Change % | 1 Apr 2019 to 31 Mar 2020 (JPY million) | 1 Apr 2018 to 31 Mar 2019 (JPY million) | Change % |
|---|------|--|--|---------------|--|--|----------------|
| Operating income | | 10,168 | 10,082 | 0.9 | 51,667 | 51,159 | 1.0 |
| Revenue | | 10,106 | 10,121 | (0.1) | 51,206 | 50,734 | 0.9 |
| Golf course revenue | | 6,781 | 6,720 | 0.9 | 34,908 | 34,251 | 1.9 |
| Restaurant revenue | | 2,609 | 2,633 | (0.9) | 12,850 | 12,762 | 0.7 |
| Membership revenue | | 716 | 768 | (6.8) | 3,448 | 3,721 | (7.3) |
| Other operating income | (a) | 62 | (39) | (259) | 461 | 425 | 8.5 |
| Operating expenses | | (14,799) | (29,134) | (49.2) | (47,256) | (62,377) | (24.2) |
| Merchandise and material expenses | | (675) | (707) | (4.5) | (3,415) | (3,521) | (3.0) |
| Labour and outsourcing expenses | | (4,109) | (3,938) | 4.3 | (16,651) | (16,536) | 0.7 |
| Golf course management fee | | (1,257) | (1,291) | (2.6) | (5,766) | (5,789) | (0.4) |
| Golf course maintenance and repair cost | | (380) | (350) | 8.6 | (2,591) | (2,574) | 0.7 |
| Depreciation and amortisation expenses | (b) | (1,916) | (852) | 124.9 | (5,025) | (3,290) | 52.7 |
| Utility expenses | | (487) | (535) | (9.0) | (1,975) | (2,140) | (7.7) |
| Operating lease expenses | (b) | (1) | (444) | (99.8) | (192) | (1,926) | (90.0) |
| Selling, general and administrative expenses | | (2,218) | (2,161) | 2.6 | (5,574) | (5,220) | 6.8 |
| Trustee-Manager's fee | | (76) | (58) | 31.0 | (268) | (250) | 7.2 |
| Asset Manager's fee | | (23) | (21) | 9.5 | (95) | (96) | (1.0) |
| Impairment loss on plant, property and equipment | (c) | (2,641) | (4,818) | (45.2) | (2,641) | (4,818) | (45.2) |
| Impairment loss on goodwill | (c) | - | (13,144) | n.m. | - | (13,144) | n.m. |
| Other operating expenses | (d) | (1,016) | (815) | 24.7 | (3,063) | (3,073) | (0.3) |
| Operating (loss) profit | | (4,631) | (19,052) | (75.7) | 4,411 | (11,218) | (139.3) |
| Interest and other finance costs | (b) | (277) | (304) | (8.9) | (2,423) | (1,566) | 54.7 |
| (Loss) profit before tax | | (4,908) | (19,356) | (74.6) | 1,988 | (12,784) | (115.6) |
| Income tax benefit (expense) | (e) | 267 | 876 | (69.5) | (285) | 291 | (197.9) |
| (Loss) profit for the period | | (4,641) | (18,480) | (74.9) | 1,703 | (12,493) | (113.6) |
| Other comprehensive income, net of income tax | | | | | | | |
| Items that may be reclassified subsequently to profit or loss: Unrealised gain on fair value changes of cash flow hedging derivative instruments | (f) | - | 26 | n.m. | - | 78 | n.m. |
| Total comprehensive (loss) income for the period | | (4,641) | (18,454) | (74.9) | 1,703 | (12,415) | (113.7) |
| (Loss) profit for the period attributable to | | | | | | | |
| Unitholders of AGT | | (4,623) | (18,500) | (75.0) | 1,663 | (12,553) | (113.2) |
| Non-controlling interest | | (18) | 20 | (190.0) | 40 | 60 | (33.3) |
| (Loss) profit for the period | | (4,641) | (18,480) | (74.9) | 1,703 | (12,493) | (113.6) |
| Total comprehensive (loss) income attributable to | | | | | | | |
| Unitholders of AGT | | (4,623) | (18,474) | (75.0) | 1,663 | (12,474) | (113.3) |
| Non-controlling interest | | (18) | 20 | (190.0) | 40 | 59 | (32.2) |
| Total comprehensive (loss) income for the period | | (4,641) | (18,454) | (74.9) | 1,703 | (12,415) | (113.7) |

n.m. – not meaningful

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Notes:

- (a) Other operating income in the current quarter is due to the receipt of compensation from insurance company for weather-related damages to golf courses, while the prior year's fourth quarter decline was a result of a reversal of an over accrual of compensation from insurance company.
- (b) The adoption of IFRS 16 *Leases* resulted in a decrease in operating lease expenses, an increase in depreciation of right-of-use assets and an increase in interest expense on the recognition of lease liabilities. In the fourth quarter, a downward revision was made to the incremental borrowing rate of the Group, resulting in the recognition of additional right-of-use assets and lease liabilities for the financial year. Please refer to paragraph 5 for further details.
- (c) An assessment of the recoverable amounts of property, plant and equipment and goodwill was performed in 4Q FY19/20 and FY18/19. The impairment loss on property, plant and equipment in the current financial year is recognised due to the deterioration of the performance of 19 golf courses and the lower utilisation rates and prices at the golf courses in view of the Covid-19 outbreak. The impairment loss on property, plant and equipment and goodwill recognised during the previous financial year, was mainly attributed to forecasted underperformance of selected golf courses and an infrastructure project announced by the Japanese Ministry of Land, Infrastructure, Transport and Tourism, which is expected to reduce the operating cash flows to be generated from Northern Country Club Nishikigahara Golf Course.
- (d) Increase in other operating expenses in the fourth quarter is due to JPY 351 million for repair works on the infrastructure damage caused by natural disasters at the golf courses.
- (e) Decrease in income tax benefit in the current quarter is due to lower impairment losses recognised on the portfolio of golf courses as at year-end, this has resulted in the unwinding of a lower amount of deferred tax liabilities recognised on the initial acquisition of the portfolio of golf courses.
- (f) Net gain on fair value changes of derivative financial instruments in the prior year arose from re-measurement of interest rate swaps entered to hedge interest rate risk on the syndicated loan previously undertaken.

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Consolidated distribution statement

| | 1 Jan 2020 to 31 Mar 2020 (JPY million) | 1 Jan 2019 to 31 Mar 2019 (JPY million) | 1 Apr 2019 to 31 Mar 2020 (JPY million) | 1 Apr 2018 to 31 Mar 2019 (JPY million) |
|---|--|--|--|--|
| <u>Reconciliation of profit for the period to income available for distribution</u> | | | | |
| (Loss) profit for the period | (4,641) | (18,480) | 1,703 | (12,493) |
| Depreciation and amortisation expenses | 1,916 | 852 | 5,025 | 3,290 |
| Impairment loss on plant, property and equipment | 2,641 | 4,818 | 2,641 | 4,818 |
| Impairment loss on goodwill | - | 13,144 | - | 13,144 |
| Gain on divestment of golf course | - | - | (138) | - |
| Interest and other finance costs | 277 | 304 | 2,423 | 1,566 |
| Income tax (benefit) expense | (267) | (876) | 285 | (291) |
| EBITDA | (74) | (238) | 11,939 | 10,034 |
| <u>Adjustment for:</u> | | | | |
| Changes in working capital | 3,716 | 3,194 | (273) | 41 |
| Interest and other finance cost paid | (1,611) | (423) | (2,164) | (979) |
| Income tax paid | - | - | (1,156) | (980) |
| Others | 7 | (130) | (5) | (63) |
| Net cash flows from operating activities | 2,038 | 2,403 | 8,341 | 8,053 |
| Net cash flows used in investing activities | (144) | (94) | (1,797) | (1,317) |
| Net cash flows used in financing activities excluding distributions | (49) | (880) | (1,986) | (2,896) |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (10) | - | (5) | - |
| Net increase in cash and cash equivalents excluding distributions | 1,835 | 1,429 | 4,553 | 3,840 |
| <u>Decrease (increase) in reserved items</u> | | | | |
| Golf course operations (a) | 385 | 121 | 593 | (530) |
| Trust operations | (222) | (278) | 87 | 8 |
| Property tax | (123) | (244) | 121 | 1 |
| Withholding tax | (360) | (559) | 47 | 28 |
| Capital expenditure reserve (b) | (351) | 20 | (235) | 46 |
| Refinancing fee and interest payment (c) | - | (225) | - | - |
| Insurance payment (d) | (212) | - | - | - |
| Project payment (e) | (362) | - | (362) | - |
| Special reserve for operations (f) | (1,200) | - | (1,200) | - |
| Others | 25 | (70) | 53 | (5) |
| Total distributable (loss) income available for Unitholders | (585) | 194 | 3,657 | 3,388 |

Notes:

- (a) The larger cash reserve for golf course operations in the prior year-end was due to more cash held at the respective golf course on the last day of the year, which fell on a weekend.
- (b) Cash of JPY 351 million is set aside for infrastructural repair works at the golf course, due to more extensive damage caused by typhoons at the current year-end as compared to the cash of JPY 116 million set aside in the prior year-end.
- (c) Reserve for refinancing fee and interest payment was made in the previous financial year in relation to loan refinancing. Please see Note 1(b) (ii) for further details.
- (d) Insurance which provides coverage for the golf courses for a tenure of 5 years was paid in advance in the previous quarter. The cash flows for the prepaid insurance had been deferred and allocated across each quarter of the financial year.
- (e) Reserve has been made for the payment to professional parties for the evaluation of the non-binding offer. Please see Note 10 for further details.
- (f) Reserve has been made to bolster the Group's cash balance to meet the financial covenants as required by financial institutions based on the projected business impact of Covid-19 outbreak in FY20/21.

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1(b)(i) Statements of financial position

| | Note | AGT Group 31 Mar 2020 (JPY million) | AGT Group 31 Mar 2019 (JPY million) | AGT 31 Mar 2020 (JPY million) | AGT 31 Mar 2019 (JPY million) |
|--|------|---|---|-------------------------------------|-------------------------------------|
| Assets | | | | | |
| Current assets | | | | | |
| Cash and bank balances | | 8,918 | 8,515 | 107 | 145 |
| Trade and other receivables | (a) | 2,282 | 2,687 | 2,574 | 2,804 |
| Inventories | | 303 | 294 | - | - |
| Other assets | (b) | 281 | 1,120 | 1 | 39 |
| | (c) | 11,784 | 12,616 | 2,682 | 2,988 |
| Non-current assets | | | | | |
| Investment in subsidiary | | - | - | 60,529 | 61,994 |
| Property, plant and equipment | | 138,979 | 141,333 | - | - |
| Right-of-use asset | (d) | 28,418 | - | - | - |
| Intangible assets | | 4,046 | 4,078 | - | - |
| Other assets | (e) | 958 | 395 | - | - |
| | | 172,401 | 145,806 | 60,529 | 61,994 |
| Total assets | | 184,185 | 158,422 | 63,211 | 64,982 |
| Liabilities | | | | | |
| Current liabilities | | | | | |
| Lease liabilities | (d) | 1,969 | 1,103 | - | - |
| Trade and other payables | | 5,083 | 5,396 | 171 | 148 |
| Membership deposits | | 8,744 | 9,541 | - | - |
| Income tax payable | | 526 | 573 | 526 | 573 |
| Derivative financial instruments | | - | 10 | - | - |
| Other liabilities | | 4,659 | 4,232 | - | - |
| | (c) | 20,981 | 20,855 | 697 | 721 |
| Non-current liabilities | | | | | |
| Borrowings from financial institutions | | 43,177 | 42,521 | - | - |
| Lease liabilities | (d) | 31,565 | 3,640 | - | - |
| Borrowing from a related party | | 500 | 500 | - | - |
| Membership deposits | | 26 | 29 | - | - |
| Deferred tax liabilities | | 25,362 | 26,185 | - | - |
| Other liabilities | (f) | 749 | 421 | - | - |
| | | 101,379 | 73,296 | - | - |
| Total liabilities | | 122,360 | 94,151 | 697 | 721 |
| Net assets | | 61,825 | 64,271 | 62,514 | 64,261 |
| Equity | | | | | |
| Unitholders' funds | | 81,086 | 81,086 | 81,486 | 81,486 |
| Accumulated losses | | (19,715) | (17,229) | (18,972) | (17,225) |
| Equity attributable to Unitholder | | 61,371 | 63,857 | 62,514 | 64,261 |
| Non-controlling interest | | 454 | 414 | - | - |
| Total equity | | 61,825 | 64,271 | 62,514 | 64,261 |

Notes:

- Decrease in trade and other receivables is attributable to a decline in membership revenue due to a general shift in golfer's mindset towards casual play.
- Decrease in other assets is attributable to the derecognition of prepaid land lease arising from the adoption of IFRS 16 *Leases*, and the amortisation of prepaid insurance in the current quarter.
- As at 31 March 2020, AGT Group's current liabilities exceed current assets by JPY 9,197 million (31 March 2020: JPY 8,239 million). Liquidity risk is mitigated as AGT Group's operating cash inflows are sufficient to meet its short-term liquidity demands from the perspective of Trustee-Manager.
- The adoption of IFRS 16 *Leases* resulted in the recognition of right-of-use assets and lease liabilities. Please refer to paragraph 5 for further details.
- Increase in other non-current assets is attributable to advance payment of long-term insurance premium.
- Increase in other non-current liabilities is attributable to increase in deferred payments for capital expenditure incurred during the year.

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1 (b)(ii) Gross borrowings as at 31 March 2020

| | AGT Group 31 Mar 2020 (JPY million) | AGT Group 31 Mar 2019 (JPY million) |
|--------------------------------------|---|---|
| Amount payable after one year | | |
| Term/Syndicated loan | *1 43,825 | 43,425 |
| Less: Upfront costs capitalised | (648) | (904) |
| | 43,177 | 42,521 |
| Subordinated loan | *2 500 | 500 |
| Less: Upfront costs capitalised | - | - |
| | 500 | 500 |
| | 43,677 | 43,021 |
| Total loans and borrowings | 43,677 | 43,021 |

Details of borrowings and collaterals

SPC is the borrower of the term/syndicated loan and subordinated loan, which are both denominated in JPY.

***1) Syndicated loan**

In the previous financial year, SPC entered into a new financing arrangement with 2 Japanese lenders for secured debt facilities denominated in JPY of up to JPY 44,925 million (the "New Facilities"). The New Facilities comprise (a) a five-year tranche of up to JPY 43,425 million as a term facility loan (the "Tranche A Facility"); and (b) a five-year tranche of up to JPY 1,500 million as a term loan commitment (the "Tranche B Facility") which can be drawn down for general investment purposes only. Under the financing arrangement, SPC is required to set aside a minimum of JPY 3 billion in current deposits.

Tranche A Facility was drawn down in full. The obligations of SPC for the New Facilities are secured by various security interests (including a pledge over the TK Interests, cash and bank balances (Note a), land, golf courses, buildings and structures held by AGT Group).

For Tranche A Facility, interest is levied at a floating interest rate of six-month JPY Tokyo Interbank Offered Rate ("TIBOR") plus 195 basis points per annum. The full amount of principal is payable at maturity in August 2023.

For Tranche B Facility, interest is levied at a floating interest rate of six-month JPY TIBOR plus 150 basis points per annum. JPY 400 million of Tranche B Facility has been drawn down during the financial year ended 31 March 2020 for the reconstruction of a club house at one of the golf courses. The full amount of principal is payable at maturity in August 2023.

Note:

(a) Pledged cash balances are not restricted for operational use and are classified as cash and bank balances within the statement of financial position. Based on the terms of the loan, a certain amount of cash is reserved for the AGT Group's operational use and restricted from being distributed as TK distribution.

***2) Subordinated loan**

SPC has a loan of JPY 500 million from the Sponsor. This subordinated loan is necessary for SPC to maintain its status as a TK Operator for tax reasons. The interest rate is fixed at 3.0% per annum and the due date of the loan is the day on which SPC's business is discontinued.

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1 (c) Consolidated statement of cash flows

| Note | 1 Jan 2020 to 31 Mar 2020 (JPY million) | 1 Jan 2019 to 31 Mar 2019 (JPY million) | 1 Apr 2019 to 31 Mar 2020 (JPY million) | 1 Apr 2018 to 31 Mar 2019 (JPY million) |
|--|---|---|---|---|
| Operating activities | | | | |
| (Loss) profit for the period | (4,641) | (18,480) | 1,703 | (12,493) |
| Adjustment for: | | | | |
| Depreciation and amortisation expenses | 1,916 | 852 | 5,025 | 3,290 |
| Impairment loss on plant, property and equipment | 2,641 | 4,818 | 2,641 | 4,818 |
| Impairment loss on goodwill | - | 13,144 | - | 13,144 |
| Interest and other finance costs | 277 | 304 | 2,423 | 1,566 |
| Income tax (benefit) expense | (267) | (876) | 285 | (291) |
| Loss (gain) on disposal of property, plant and equipment | 1 | (3) | (1) | 19 |
| Allowance (write-back) for doubtful debts | 7 | (126) | - | (67) |
| Gain on divestment of golf course | - | - | (138) | - |
| Gain on forfeiture of membership deposit | (1) | (1) | (4) | (15) |
| Operating cash flow before movements in working capital: | (67) | (368) | 11,934 | 9,971 |
| Changes in working capital | | | | |
| Trade and other receivables | (238) | (414) | (457) | 93 |
| Trade and other payables | 3,963 | 3,604 | 195 | (40) |
| Inventories | (9) | 4 | (11) | (12) |
| Cash generated from operations | 3,649 | 2,826 | 11,661 | 10,012 |
| Interest and other finance costs paid | (1,611) | (423) | (2,164) | (979) |
| Income tax paid | - | - | (1,156) | (980) |
| Net cash flows from operating activities | 2,038 | 2,403 | 8,341 | 8,053 |
| Investing activities | | | | |
| Acquisition of property, plant and equipment | (147) | (103) | (1,998) | (1,311) |
| Proceeds from disposal of property, plant and equipment | 3 | 9 | 11 | 12 |
| Proceeds from divestment of golf course | - | - | 200 | - |
| Acquisition of intangible assets | - | - | (10) | (18) |
| Net cash flows used in investing activities | (144) | (94) | (1,797) | (1,317) |
| Financing activities | | | | |
| Distribution to unitholders | - | - | (4,150) | (3,470) |
| Repayment of borrowings | - | - | - | (43,425) |
| Proceeds from borrowings | - | - | 400 | 43,425 |
| Payment of refinancing costs | - | - | (5) | (947) |
| Repayment of membership deposits | (315) | (612) | (592) | (1,034) |
| Repayment of lease liabilities | 266 | (278) | (1,789) | (925) |
| Decrease in pledged deposit | - | 10 | - | 10 |
| Net cash flow used in financing activities | (49) | (880) | (6,136) | (6,366) |
| Net increase in cash and cash equivalents | 1,845 | 1,429 | 408 | 370 |
| Cash and cash equivalents at the beginning of financial period | (a) 7,034 | 7,037 | 8,466 | 8,096 |
| Effects of exchange rate changes on the balance of cash held in foreign currencies | (10) | - | (5) | - |
| Cash and cash equivalents at the end of the financial period | (a) 8,869 | 8,466 | 8,869 | 8,466 |

Notes:

(a) Cash and cash equivalents as at 31 March 2020 do not include the fixed deposit of JPY 49 million (31 March 2019: JPY 49 million) with maturity date of more than 3 months.

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1(d)(i) Statements of changes in equity

| | AGT Group 1 Jan 2020 to 31 Mar 2020 (JPY million) | AGT Group 1 Jan 2019 to 31 Mar 2019 (JPY million) | AGT Group 1 Apr 2019 to 31 Mar 2020 (JPY million) | AGT Group 1 Apr 2018 to 31 Mar 2019 (JPY million) |
|--|--|--|--|--|
| Unitholders' funds - net of issue costs | | | | |
| Balance at the beginning and end of the period | 81,086 | 81,086 | 81,086 | 81,086 |
| Accumulated (losses) profits | | | | |
| Balance at the beginning of the period | (15,092) | 1,271 | (17,229) | (1,206) |
| (Loss) profit for the period | (4,623) | (18,500) | 1,663 | (12,553) |
| Distribution to Unitholders | - | - | (4,149) | (3,470) |
| Balance at the end of the period | (19,715) | (17,229) | (19,715) | (17,229) |
| Cash flow hedging reserve | | | | |
| Balance at the beginning of the period | - | (26) | - | (78) |
| Movement during the period | - | 26 | - | 78 |
| Balance at the end of the period | - | - | - | - |
| Net assets attributable to Unitholders of AGT | 61,371 | 63,857 | 61,371 | 63,857 |
| Non-controlling interest | | | | |
| Balance at the beginning of the period | 472 | 394 | 414 | 354 |
| (Loss) profit for the period | (18) | 20 | 40 | 60 |
| Balance at the end of the period | 454 | 414 | 454 | 414 |
| Total equity | 61,825 | 64,271 | 61,825 | 64,271 |

| | AGT 1 Jan 2020 to 31 Mar 2020 (JPY million) | AGT 1 Jan 2019 to 31 Mar 2019 (JPY million) | AGT 1 Apr 2019 to 31 Mar 2020 (JPY million) | AGT 1 Apr 2018 to 31 Mar 2019 (JPY million) |
|--|--|--|--|--|
| Unitholders' funds - net of issue costs | | | | |
| Balance at the beginning and end of the period | 81,486 | 81,486 | 81,486 | 81,486 |
| Accumulated losses | | | | |
| Balance at the beginning of the period | (19,368) | (5,933) | (17,225) | (3,711) |
| Profit (loss) for the period | 396 | (11,292) | 2,402 | (10,044) |
| Distribution to Unitholders | - | - | (4,149) | (3,470) |
| Balance at the end of the period | (18,972) | (17,225) | (18,972) | (17,225) |
| Net assets attributable to Unitholders of AGT | 62,514 | 64,261 | 62,514 | 64,261 |
| Total equity | 62,514 | 64,261 | 62,514 | 64,261 |

1(d)(ii) Details of any changes in the units

| | AGT 1 Apr 2019 to 31 Mar 2020 | AGT 1 Apr 2018 to 31 Mar 2019 |
|--|-------------------------------------|-------------------------------------|
| Balance at the beginning and end of the period | 1,099,122,000 | 1,099,122,000 |

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2 Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice.

The figures have not been audited or reviewed by our auditors.

3 Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter).

Not applicable.

4 Whether the same accounting policies and methods of computation as in the issuer's most recent audited annual financial statements have been applied.

Except as disclosed in paragraph 5, the accounting policies and methods of computation applied in the financial statements for the current reporting period are consistent with those used in the audited financial statements for the financial year ended 31 March 2019.

5 If there are any changes in the accounting policies and methods of computation, what has changed, as well as the reasons for, and effect of the change.

The Group has adopted International Financial Reporting Standard ("IFRS") 16 *Leases* which is effective for the financial period beginning on or after 1 April 2019.

IFRS 16 Leases

The Group has applied IFRS 16 from the mandatory adoption date of 1 April 2019. The Group applied the simplified transition approach. The comparative amount for the year prior to first adoption was not restated and all right-of-use assets are measured at the amount of lease liability.

IFRS 16 resulted in most of the leases being recognised on the Statement of Financial Position, as the distinction between operating and finance leases is removed. Under the new standard, it requires a lessee to recognise a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments.

As at 1 April 2019, the Group recognised its existing operating lease arrangements as right-of-use assets with corresponding lease liabilities. The right-of-use assets and lease liabilities as at 1 April 2019 largely relates to lease of land occupied by the Group at the various golf courses.

The effects are shown below:

Statement of financial position

Group

Assets

Right-of-use assets

Other assets

Liabilities

Lease liabilities – Current

Lease liabilities – Non-current

| | Increase (Decrease) 1 April 2019 (JPY million) |
|--|--|
| | 29,439 |
| | (927) |
| | 1,653 |
| | 26,859 |

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6 Group losses/earnings per unit (“LPU/EPU”) and income available for distribution per unit (“DPU”) for 4th quarter and full year ended 31 March 2020.

Group losses/earnings per unit

| | Note | 1 Jan 2020 to 31 Mar 2020 | 1 Jan 2019 to 31 Mar 2019 | Note | 1 Apr 2019 to 31 Mar 2020 | 1 Apr 2018 to 31 Mar 2019 |
|---|------|------------------------------|------------------------------|------|------------------------------|------------------------------|
| Weighted average number of units | | 1,099,122,000 | 1,099,122,000 | | 1,099,122,000 | 1,099,122,000 |
| (Losses) earnings for the period attributable to Unitholders of AGT (JPY million) | | (4,623) | (18,500) | | 1,663 | (12,553) |
| (LPU) EPU for the period based on the weighted average number of units in issue (JPY) | | (4.21) | (16.83) | | 1.51 | (11.42) |
| (LPU) EPU for the period based on the weighted average number of units in issue (Singapore Cents) | (a) | (5.35) | (20.71) | (b) | 1.91 | (13.99) |

Notes:

- (a) AGT had computed LPU using a JPY/SGD average exchange rate from 1 January 2020 to 31 March 2020: 78.67 (1 January 2019 to 31 March 2019: 81.28).
- (b) AGT had computed LPU using a JPY/SGD average exchange rate from 1 April 2019 to 31 March 2020: 79.27 (1 April 2018 to 31 March 2019: 81.63).

Group distribution per unit

| | Note | 1 Jan 2020 to 31 Mar 2020 | 1 Jan 2019 to 31 Mar 2019 | 1 Apr 2019 to 31 Mar 2020 | 1 Apr 2018 to 31 Mar 2019 |
|--|--------|------------------------------|------------------------------|------------------------------|------------------------------|
| Number of units issued and to be issued at the end of period entitled to distribution | | 1,099,122,000 | 1,099,122,000 | 1,099,122,000 | 1,099,122,000 |
| Income available for distribution for the period (JPY million) | | (585) | 194 | 3,657 | 3,388 |
| DPU for the period based on the number of units entitled to distribution (JPY) | | (0.53) | 0.18 | 3.33 | 3.08 |
| DPU for the period based on the number of units entitled to distribution (Singapore Cents) | (a)(b) | (0.71) | 0.22 | 4.30 | 3.77 |

Notes:

- (a) The breakdown of the distribution per unit for each semi-annual period of the year is disclosed as follows:

Distribution per unit

1 April – 30 September
1 October – 31 March

| 1 Apr 2019 to 31 Mar 2020 SGD cents | 1 Apr 2018 to 31 Mar 2019 SGD cents |
|---|---|
| 2.61 | 1.64 |
| 1.69 | 2.13 |
| 4.30 | 3.77 |

- (b) The computation of SGD denominated DPU is for illustrative purpose only. AGT had entered into forward currency contracts for distributions to the unitholders. The exchange rate takes into consideration the average forward currency contract rate.

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7 Group net asset value (“NAV”) per unit based on existing units in issue as at 31 March 2020

| | Note | As at 31 Mar 2020 | As at 31 Mar 2019 |
|---|------|----------------------|----------------------|
| Number of units issued and to be issued at end of period entitled to distribution | | 1,099,122,000 | 1,099,122,000 |
| Net asset value attributable to Unitholders of AGT (JPY million) | | 61,371 | 63,857 |
| Net asset value attributable to Unitholders per unit (JPY) | | 55.84 | 58.10 |
| Net asset value attributable to Unitholders per unit (SGD) | (a) | 0.74 | 0.71 |

Notes:

(a) AGT had computed the NAV using a JPY/SGD exchange rate of 75.91 as at 31 March 2020 (31 March 2019: 81.78).

8 Review of performance for the 4th quarter and full year ended 31 March 2020

| | 1 Jan 2020 to 31 Mar 2020 (JPY million) | 1 Jan 2019 to 31 Mar 2019 (JPY million) | Change % | 1 Apr 2019 to 31 Mar 2020 (JPY million) | 1 Apr 2018 to 31 Mar 2019 (JPY million) | Change % |
|--|--|--|-------------|--|--|-------------|
| Operating income | 10,168 | 10,082 | 0.9 | 51,667 | 51,159 | 1.0 |
| Operating expenses | (14,799) | (29,134) | (49.2) | (47,256) | (62,377) | (24.2) |
| Operating (loss) profit | (4,631) | (19,052) | (75.7) | 4,411 | (11,218) | (139.3) |
| (Loss) profit attributable to unitholders of AGT | (4,623) | (18,500) | (75.0) | 1,663 | (12,553) | (113.2) |
| Total distributable (loss) income | (585) | 194 | (401.5) | 3,657 | 3,388 | 7.9 |

4Q FY19/20 vs 4Q FY18/19

Operating income for 4Q FY19/20 was JPY 10,168 million, a slight increase from the same quarter in the previous financial year, contributed by good weather conditions early in the quarter resulting in an increase in the number of players and operating days. This was offset by a slight decline in performance in March 2020 as the Covid-19 outbreak led to cancellations of reservations at the golf courses.

Operating expenses for 4Q FY19/20 was JPY 14,799 million, including impairment of property, plant and equipment of JPY 2,641 million. An assessment of the recoverable amounts of property, plant and equipment and goodwill was performed in 4Q FY 19/20. The lower amount of impairment loss recognised during the current financial year, as compared to the previous financial year, is mainly attributed to the prior year's large impairment loss on Northern Country Club Nishikigahara Golf Course arising from the infrastructure project announced by the Japanese Ministry of Land, Infrastructure, Transport and Tourism. For the quarter under review, having considered the deterioration in performance of 19 golf courses and lower utilisation rates and prices in view of the Covid-19 outbreak, an impairment loss of JPY 2,641 million (FY18/19: JPY 4,818 million) and JPY Nil (FY18/19: 13,144 million) was recognised on property, plant and equipment and goodwill respectively. Management has taken guidance from the actual performance of the golf courses in the months of April and May 2020 to forecast the full year's performance and cashflow impact from the Covid-19 outbreak, resulting from the declaration of a state of emergency in Japan on 7 April 2020. A reversal of impairment charge on the property, plant and equipment may result in the following year arising from the difference in the management's forecast and the actual performance.

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Operating loss for 4Q FY19/20 was JPY 4,631 million and loss attributable to Unitholders was JPY 4,623 million. The loss in the quarter was contributed by the recognition of impairment loss on property, plant and equipment, property tax expense, and slower business performance due to the winter season in the fourth quarter.

Total distributable loss attributable to Unitholders for the quarter was JPY 585 million. This is mainly due to a higher quantum of reserved items during the quarter end specifically due to JPY 1,200 million set aside based on the projected business impact of Covid-19 outbreak in FY20/21 for compliance with financial covenants, including the maintenance of JPY 3 billion in current deposits, as required by financial institutions.

FY19/20 vs FY18/19

Operating income for FY19/20 was JPY 51,667 million. Management's effort to improve utilisation rates at the golf courses by focusing on discounts during off-peak periods, have resulted in a record 5.92 million players for the year, a 3.6% increase from prior year. This was in spite of poor weather conditions in the 3rd quarter of the financial year, which saw multiple typhoons, particularly Typhoon Hagibis in October 2019, resulting in closures of certain golf courses and in the later part of March 2020, the Covid-19 outbreak, resulting in increased cancellations from golfers.

Operating expenses for FY19/20 was JPY 47,256 million. The decrease in operating expense was mainly due to lower impairment loss on property, plant and equipment and no impairment of goodwill as compared to the previous financial year. Excluding the impairment recognised in both years, operating expense remains relatively stable at JPY 44,615 million (FY18/19: JPY 44,415 million).

Operating profit for FY19/20 was JPY 4,411 million. Excluding impairment loss, operating profit would be JPY 7,052 million (FY18/19: JPY 6,744 million), which represents a year-on-year increase of 4.6%. The operating profit in the current financial year as compared to the loss in the previous financial year was attributable largely to the lower impairment loss on property, plant and equipment and the absence of goodwill impairment. Profit attributable to Unitholders was JPY 1,663 million.

Total distributable income available during FY19/20 was JPY 3,657 million, representing a full year distribution per unit of SGD 4.30 cents (FY18/19: SGD 3.77 cents). The increase of distributable income by 7.9% is attributable to greater cash flows generated from operations in the current year and that is offset by reserve of JPY 1,200 million set aside based on the projected business impact of Covid-19 outbreak in FY20/21 for compliance with financial covenants, including the maintenance of JPY 3 billion in current deposits, as required by financial institutions. The distribution per unit in SGD cents showed an increase of 14.1%, as compared to the 7.9% distributable income in JPY, due to the strengthening of the Japanese Yen against the Singapore Dollar during the year.

9 Variance between the forecast and actual results

No forecast has been disclosed.

10 Commentary on the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

Economic Outlook

World economies have been rattled by the outbreak of the Covid-19. In Japan, a country-wide State of Emergency was declared in mid-April 2020. In response, the government announced a record JPY 117 trillion economic stimulus package in April 2020 and another JPY 117 trillion economic stimulus package in May 2020, to protect the Japanese economy with one of the world's largest economic stimulus packages.

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The International Monetary Fund (IMF) projected a contraction of growth by - 5.2% for Japan in 2020 which is in contrast with its earlier growth forecast of 0.7% in January 2020. The Covid-19 outbreak might push worldwide economies into recessions, including the Japanese economy. For the time being, economic activity will remain at a lower level than pre-Covid-19 and changes in the golf course industry is expected to continue, with new measures in place to minimise the spread of the Covid-19 outbreak.

Japan's Golf Industry

On 24 March 2020, it was announced that the Tokyo summer Olympics will be officially postponed to July 2021. Golf will still be on the schedule for the second time in more than a century. We see this event as an opportunity to promote golf as a sport. Golf is a sport that has not changed, but the environment and approach to the sport is ever changing.

There are 2,248 golf courses in Japan, according to Nihon Golf-jo Keiesha Kyokai (Japan Golf Course Management Association) in 2018. We expect further consolidation in the coming year as more golf courses with weak balance sheets shutter, exacerbated by the impact of Covid-19.

Looking Ahead

Given the fluidity of the unfolding Covid-19 situation, and the potential long drawn recovery process, we will adopt an agile and continuous learning mindset to ensure social distancing measures are adopted. During the state of emergency declared in Japan, we have taken active steps to close certain higher risk segments of our business such as restaurants, locker rooms and baths, and have implemented 18 hole thru-play, bypassing the Japan's traditional one-hour lunch break practice. Shuttle services provided at the various golf courses have also been suspended.

We will continue to streamline our cost structure to align with the new norm and establish stringent health and safety protocols to restore consumer confidence and employee safety. Employees are now required to put on masks and have been advised to adopt good hygiene practices. At the same time, we have stepped up efforts to increase the frequency of sanitisation of the golf course premises. Large meeting and business trips are also cancelled, with non-customer facing employees encouraged to work from home as much as possible.

As a long term, community focused golf Group, we stand united with the Japanese and Singapore government in their national efforts to contain Covid-19. While our financial performance during our usual best performing spring season have been impacted, the Group's decision to set aside some reserve from the strong performance achieved in the current financial year, will help the Group to stay in the game, allowing operations to continue smoothly and the Group to emerge stronger from this crisis.

Receipt of non-binding proposal

Unitholders should note that on 28 November 2019, the Trustee-Manager announced the receipt of a non-binding proposal, from Accordia Golf Co., Ltd ("Accordia"), in connection with a potential transaction which may or may not lead to a divestment of AGT's interests in all of its golf courses. It was stated in the non-binding proposal that the indicative consideration for the divestment of AGT's interests in all of its golf courses will be JPY 63,167 million plus the assumption of the debt of the holding company which holds all the golf courses (subject to various assumptions like further evaluation by Accordia and the financial and other performance of AGT after the issuance of the non-binding proposal).

On 20 December 2019, the Trustee-Manager announced that it has appointed Ernst & Young Corporate Finance Pte Ltd and Daiwa Capital Markets Singapore Limited as the joint financial advisors to assist with the evaluation of the proposal. On 13 January 2020, an Independent Committee was established. Further to our announcement on 7 April 2020, in light of the state of emergency in Japan and the circuit breaker in Singapore, the Trustee-Manager would like to update that the completion of the review is expected to be delayed. Further announcements will be made upon completion of the review or significant changes to the timeline.

Unitholders should also note that there is no certainty or assurance whatsoever that the receipt of the non-binding proposal or any discussions which may take place pursuant to the non-binding proposal (even if commenced) will result in any transaction.

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11 Distributions

- | | | |
|-----|---|---|
| (a) | Current financial period Any distribution declared for the current financial period? | 1.69 Singapore Cents for semi-annual period from 1 October 2019 to 31 March 2020. |
| (b) | Corresponding period of the immediately preceding year Any distributions declared for the corresponding period of the immediately preceding financial year? | 2.13 Singapore Cents for semi-annual period from 1 October 2018 to 31 March 2019. |
| (c) | Date payable | 29 June 2020 |
| (d) | Book closure date | 5.00 pm on 22 June 2020 |

12 If no distribution has been declared (recommended), a statement to that effect and the reason(s) for the decision.

Refer to paragraph 11 above.

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13 Interested person transactions (“IPT”)

| Name of interested person | Relationship with interested person | Transaction contents | Aggregate value of all IPT during the financial year under review (excluding transactions less than S\$100,000 and transactions conducted under shareholder's mandate pursuant to Rule 920) |
|--|---|---|---|
| | | | 1 April 2019 to 31 March 2020 (JPY million) |
| Accordia Golf Trust Management Pte. Ltd. | Trustee-Manager | - Trustee-Manager fee | 268 |
| Accordia Golf Co., Ltd. | Controlling shareholder of AGT & controlling shareholder of the Trustee-Manager | <ul style="list-style-type: none"> - Golf course management fee - Payment of staff secondment fee - Equipment lease fee - Interest expense on subordinated loan - Sales commission received for new membership sign up - Customer loyalty point redeemed, net of awarded - Collection of annual membership on behalf - Web promotion expense - Sales for business use - Repayment of finance lease obligations - Interest expense on finance lease - Purchases of food and supplies through centralised procurement system - Integrated purchasing system usage fee paid - Commission fee income from Pro-shop business | <ul style="list-style-type: none"> 5,762 1,658 28 15 5 83 56 131 22 125 8 5,564 16 65 |

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| | | | |
|--|---|--|-----|
| | | - Payment for use of Pro-Shop merchandise for recruitment and corporate activities | 137 |
| Heartree Co., Ltd. | Subsidiary of controlling shareholder of AGT & subsidiary of controlling shareholder of the Trustee-Manager | - Reimbursed expenses for operating activities | 17 |
| Accordia Golf Garden Co., Ltd. | Subsidiary of controlling shareholder of AGT & subsidiary of controlling shareholder of the Trustee-Manager | - Lesson revenue for providing golf lesson | 18 |
| Daiwa Real Estate Asset Management Co., Ltd. | Controlling shareholder of the Trustee-Manager | - Asset management fee | 95 |
| Daiwa Capital Markets Singapore Limited | Subsidiary of controlling shareholder of the Trustee-Manager | - Financial adviser fee | 4 |

14 If the Group has obtained a general mandate from unit holders for IPT, the aggregate value of such transactions are required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect

AGT has not obtained a general mandate from Unitholders for IPTs other than for the exempted agreements as disclosed in the Prospectus.

15 Segmented revenue and results for business and geographical segments

The AGT Group is principally engaged in the business of owning, operating and maintaining golf courses and golf course related assets in Japan and management therefore considers that AGT Group operate as one single business and geographical segment.

16 In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments.

There is no material change in contributions to turnover and earnings by business segments noted.

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17 Breakdown of Group's revenue and profit (loss) after tax before non-controlling interest as follows.

| | 1 April 2019 to 31 March 2020 (JPY million) | 1 April 2018 to 31 March 2019 (JPY million) |
|---|---|---|
| Revenue and other operating income | | |
| (a) Reported for first half year | 27,431 | 26,452 |
| (b) Reported for second half year | 24,236 | 24,707 |
| | 51,667 | 51,159 |
| Profit (loss) after tax before deducting non-controlling interest | | |
| (a) Reported for first half year | 3,568 | 2,754 |
| (b) Reported for second half year | (1,865) | (15,247) |
| | 1,703 | (12,493) |

18 Breakdown of annual distribution for the period 1 April 2019 to 31 March 2020

| | 1 April 2019 to 31 March 2020 (JPY million) | 1 April 2018 to 31 March 2019 (JPY million) |
|--|---|---|
| In respect of the period | | |
| First half year | 2,273 | 1,474 |
| Second half year | 1,384 | 1,914 |
| Total distribution to Unitholders | 3,657 | 3,388 |

19 Confirmation that the issuer has procured undertakings from all its directors and executive officers under Rule 720(1)

Accordia Golf Trust Management Pte. Ltd. (as Trustee-Manager of AGT) confirms that it has procured undertakings from all its Directors and Executive Officers (in the format set out in Appendix 7.7) pursuant to Rule 720(1) of the SGX-ST Listing Manual.

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20 Disclosure of person occupying a managerial position

Pursuant to rule 704(13) of the Listing Manual of the SGX-ST, we confirm that none of the persons occupying managerial positions in AGT or any of its subsidiary is a relative of a director or chief executive officer or substantial shareholder of AGT.

By Order of the Board of

Accordia Golf Trust Management Pte. Ltd.

As Trustee-Manager of

Accordia Golf Trust

Tan Lay Hong

Company Secretary

11 June 2020

This release may contain forward-looking statements that involve risks and uncertainties. Actual future performance, outcomes and results may differ materially from those expressed in forward-looking statements as a result of a number of risks, uncertainties and assumptions. Representative examples of these factors include (without limitation) general industry and economic conditions, interest rate trends, cost of capital and capital availability, changes in operating expenses, including employee wages, benefits and training, property expenses and governmental and public policy changes and the continued availability of financing in the amounts and the terms necessary to support future business. You are cautioned not to place undue reliance on these forward looking statements, which are based on current view of management on future events.

This release may include market and industry data and forecasts that have been obtained from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications. Industry publications, surveys and forecasts generally state that the information they contain has been obtained from sources believed to be reliable, but there can be no assurance as to the accuracy or completeness of such information. While the Trustee-Manager has taken reasonable steps to ensure that the information is extracted accurately and in its proper context, the Trustee-Manager has not independently verified any of the data from third party sources or ascertained the underlying economic assumptions relied upon therein.