

**ACCORDIA GOLF TRUST**

(Business Trust Registration No. 2014002)

(Constituted under the laws of the Republic of Singapore and  
Managed by Accordia Golf Trust Management Pte. Ltd.)

**(1) Announcement to Address Comments in respect of FY19/20 Results Announcement**  
**(2) Proposed Distribution of JPY 1.2 Billion Special Reserve**

**1. Introduction**

The board of directors (the “**Board**”) of Accordia Golf Trust Management Pte. Ltd., as trustee-manager of Accordia Golf Trust (“**AGT**”, and the trustee-manager of AGT, the “**Trustee-Manager**”) refers to:

- (a) the announcement dated 11 June 2020 in relation to AGT’s unaudited financial results for the full year ended 31 March 2020 (the “**FY19/20 Results Announcement**”); and
- (b) the article published on the Business Times dated 16 June 2020 titled “Boutique fund seeks answers from Accordia Golf Trust over move to retain profits”, which in turn refers to the letter dated 15 June 2020 from Hibiki Path Advisors Pte. Ltd. (“**Hibiki**”) addressed to the Board of the Trustee-Manager (the “**Hibiki Letter**”).

*Unless otherwise defined, all capitalised terms used in this Announcement shall bear the same meaning as in the FY19/20 Results Announcement.*

The Board wishes to:

- (i) address the concern raised in the Hibiki Letter in respect of the special reserve for operations in the amount of JPY 1.2 billion (“**JPY 1.2 Billion Special Reserve**”) as set out in the FY2019/20 Results Announcement and adjoining presentation materials, and update the unitholders of AGT (“**Unitholders**”) on the Trustee-Manager’s intention to declare, in respect of the units in AGT (“**Units**”), a special distribution of the JPY 1.2 Billion Special Reserve; and
- (ii) address the concern raised in the Hibiki Letter in respect of the reserved item for project payment amounting to JPY 362 million (“**JPY 362 Million Reserved Item**”) as set out in the FY2019/20 Results Announcement and adjoining presentation materials.

**2. JPY 1.2 Billion Special Reserve**

As stated in the FY19/20 Results Announcement, a sum of JPY 1.2 billion was set aside as special reserves based on the projected business impact of the Covid-19 outbreak in FY20/21.

The JPY 1.2 Billion Special Reserve was intended to enable Accordia Golf Asset Godo Kaisha (“**SPC**”) to comply with certain financial covenants which have been in place since the initial public offering of AGT and which are in SPC’s existing debt facilities, being the maintenance of JPY 3 billion in current deposits as required by the lenders to SPC. As disclosed in AGT’s prospectus dated 21 July 2014, SPC is subject to certain financial covenants under the terms of the debt facilities entered into by SPC, including the financial covenant that SPC shall ensure that the amount of current deposits (the balance as at the last day of each month) does not become less than JPY 3 billion for three consecutive months (the “**Covenant**”). A breach of the Covenant could in turn lead to the lenders withholding the cash

available for distribution by SPC to the investors of the Tokumei Kumiai interests, being the Trustee-Manager.

As the TK Distribution was scheduled to take place on 29 May 2020, the Trustee-Manager had to make an assessment around mid-May 2020 of the necessary reserves that SPC had to retain in order to comply with the Covenant. The decision to make the JPY 1.2 Billion Special Reserve was undertaken during the initial stages of Covid-19 when there was a lot of uncertainty on the extent of the adverse impact on SPC's golf business. Due to the declaration of a state of emergency by the Japanese government for the period from 11 April 2020 to the last week of May 2020 and stay-home requests from the Japanese government, there was consequential adverse impact to the operations and financial performance of SPC as at mid-May 2020. In light of the Trustee-Manger's initial estimates on the impact of Covid-19, and given the significant consequences if SPC were to breach the Covenant, the JPY 1.2 Billion Special Reserve was set aside in order to minimise the risks of a potential breach by SPC of the Covenant in the near term.

The above estimates to arrive at the determination of the cash reserve of JPY1.2 billion were based on the Trustee-Manager's best efforts assessment of the Covid-19 outbreak and how it might impact SPC's business as at mid-May 2020.

Since SPC's initial projections, the Trustee-Manager wishes to update Unitholders that the impact of Covid-19 on the actual performance of SPC in May 2020 was not as adverse as expected and the performance of SPC in the near term is not expected to be as adversely affected as projected. Accordingly, the Trustee-Manager has determined that the risk of SPC's cash balance potentially falling below JPY 3 billion for three consecutive months in the near term even without the JPY 1.2 Billion Special Reserve being made is lower than initially anticipated and the Trustee-Manager will be seeking consent from the lenders to SPC to distribute the JPY 1.2 Billion Special Reserve (as is the case even for AGT's periodic semi-annual distributions which also require lenders' consent). After consent is obtained from the lenders, details of the books closure date for this special distribution as well as the payment date will be announced by the Trustee-Manager.

### **3. JPY 362 Million Reserved Item**

The reserve of JPY362 million set aside from the FY19/20 2H distributions, as disclosed on page 5 of the FY19/20 Results Announcement, represents estimated transaction costs relating to the non-binding offer from Accordia Golf Co., Ltd. for the potential divestment of AGT's interests in all of its golf courses (the "**Divestment**") received by the Trustee-Manager in November 2019.

Substantial time and effort has been committed to the Divestment process for the purposes of evaluating the Divestment, including the appointment of the joint financial advisers, the legal counsels and the independent valuers to undertake valuation of the golf courses and the business of SPC as well as obtain indications of interest from the market for AGT's interests in its golf courses. In addition, the process has also been prolonged as a result of the Covid-19 situation.

The independent committee established for purposes of the Divestment would like to update Unitholders that the evaluation of the Divestment is at an advanced stage and as previously announced, it would be completed on or around June 2020. The Trustee-Manager will make an announcement as soon as there are any material developments, in compliance with its obligations under the Listing Manual of the SGX-ST.

By Order of the Board of  
**Accordia Golf Trust Management Pte. Ltd.**  
As trustee-manager of  
**Accordia Golf Trust**

Khoo Kee Cheok  
Chairman  
23 June 2020

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The value of the Units and the income derived from them may fall as well as rise. The Units are not obligations of, deposits in, or guaranteed by, the Trustee-Manager or its affiliates. An investment in Units is subject to investment risks, including the possible loss of the principal amount invested. Investors have no right to request the Trustee-Manager to redeem or purchase their Units while the Units are listed. It is intended that Unitholders may only deal in their Units through trading on the SGX-ST. Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

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