



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.)

PROPOSED DIVESTMENT OF ACCORDIA GOLF TRUST'S INTERESTS IN ALL OF ITS GOLF COURSES

SUMMARY

Accordia Golf Trust Management Pte. Ltd., in its capacity as trustee-manager of Accordia Golf Trust (“**AGT**”, and as trustee-manager of AGT, the “**Trustee-Manager**”), wishes to announce that it has, on 29 June 2020 agreed to divest to Accordia Golf Co., Ltd. (“**Accordia Golf**”) AGT’s interests in all of its 88 golf courses located in Japan (the “**Golf Courses**”) through the assignment (the “**Assignment**”) of all of the Trustee-Manager’s rights and obligations (“**TK Interests**”) under the existing Japanese *tokumei kumiai* agreement between the Trustee-Manager and the *tokumei kumiai* operator, Accordia Golf Asset Godo Kaisha (the “**TK Operator**” or “**AGA**”) dated 27 June 2014 (as amended from time to time) (the “**TK Agreement**”) for a fixed purchase consideration of JPY 61,800 million (approximately S\$804.1 million¹) (the “**Purchase Consideration**”, and the divestment, the “**Proposed Divestment**”).

The Purchase Consideration translates to an implied purchase consideration of S\$0.732 per unit of AGT² (“**Unit**”), which represents:

- a premium of 29.5% above the closing price of S\$0.565 per Unit on 23 June 2020, being the last full trading day immediately prior to the update announcement by AGT on the Proposed Divestment released on 23 June 2020 (“**Last Announcement Day**”, and a 23.9% premium above the one-month volume-weighted average price (“**VWAP**”) per Unit of S\$0.591 and a 33.4% premium above the three-month VWAP per Unit of S\$0.548, in each case, up to and including the Last Announcement Day;
- a premium of 21.9% above the closing price of S\$0.600 per Unit on 27 November 2019, being the last full trading day immediately prior to AGT’s announcement of receipt of the Non-Binding Proposal (as defined herein) (“**Last Unaffected Trading Day**”), and a 21.8% premium above the one-month VWAP per Unit of S\$0.601 and a 28.0% premium above the three-month VWAP per Unit of S\$0.572, in each case, up to and including the Last Unaffected Trading Day;
- a premium of between 3.9% and 18.7% per Unit based on the Indicative TK Interests Valuation Range (as defined herein);
- a premium of 12.9% to AGT’s adjusted³ net tangible assets (“**NTA**”) per Unit based on the unaudited consolidated financial results for the financial year ended 31 March 2020 (“**FY2019/20**”); and

¹ Based on the illustrative exchange rate of S\$1.00 to JPY76.8545, being the exchange rate at 5:00 pm on Bloomberg L.P. on 26 June 2020 (the “**Illustrative Exchange Rate**”). Unless otherwise stated, all conversions of JPY amounts into S\$ in this announcement shall be based on the Illustrative Exchange Rate and all amounts in S\$ in this announcement shall, where such amount exceeds one million, be rounded to one decimal place.

² Derived by dividing the Purchase Consideration by the total number of outstanding Units of 1,099,122,000 as at 31 March 2020. The implied purchase consideration per Unit is illustrative and is not intended to represent the distribution per Unit to be received by Unitholders (as defined herein) arising from the Proposed Divestment.

³ AGT’s adjusted NTA of JPY 54,741 million (approximately S\$712.3 million) is based on the unaudited consolidated financial results for FY2019/20 and adjusted for distributions to be paid on 29 June 2020 and the distribution of the JPY1.2 billion cash reserve as announced on 23 June 2020 as a special distribution (the “**Supplemental Distribution**”).

- a premium of 5.1% to AGT's adjusted⁴ net asset value ("**NAV**") per Unit based on the unaudited consolidated financial results for FY2019/20.

The Proposed Divestment is conditional upon, among others, approval from unitholders of AGT ("**Unitholders**") at an extraordinary general meeting of AGT to be convened by 14 September 2020 (or such other date as may be agreed between the Trustee-Manager and Accordia Golf) ("**EGM**") and is expected to be completed in the third quarter of 2020. The recommendation of the Independent Directors on the Proposed Divestment, together with the opinion of the IFA and the recommendation of the Joint Financial Advisers, will be set out in the Circular (each as defined herein) to be despatched or issued to Unitholders in due course.

⁴ AGT's adjusted NAV of JPY 58,787 million (approximately S\$764.9 million) is based on the unaudited consolidated financial results for FY2019/20 and adjusted for distributions to be paid on 29 June 2020 and the Supplemental Distribution.

1. INTRODUCTION

1.1 Background

The Board of Directors of the Trustee-Manager (the “**Board**”) refers to its announcements released on 28 November 2019, 12 December 2019, 20 December 2019, 24 December 2019, 2 January 2020, 13 January 2020, 31 January 2020, 20 March 2020, 7 April 2020 and 23 June 2020 in relation to the non-binding proposal received by the Trustee-Manager from Accordia Golf for the divestment of AGT’s interests in all of its Golf Courses (the “**Non-Binding Proposal**”). Pursuant to the receipt of the Non-Binding Proposal, the Trustee-Manager had appointed Ernst & Young Corporate Finance Pte Ltd (“**EYCF**”) and Daiwa Capital Markets Singapore Limited (“**Daiwa CM**”, and together with EYCF, the “**Joint Financial Advisers**”) to assist with its evaluation of the Non-Binding Proposal and to obtain indications of interest from the market for AGT’s interests in its Golf Courses. Having conducted a wide market testing process involving solicitation of competing proposals (see paragraph 2 below for further details on the evaluation process), which resulted in the receipt of only one definitive offer that was submitted by Accordia Golf, and taking into account the rationale as set out in paragraph 5 below, the Joint Financial Advisers have recommended the Proposed Divestment to the Independent Committee (as defined herein). The Joint Financial Advisers’ recommendation will be set out in the circular to be issued to Unitholders for the purpose of seeking Unitholders’ approval for the Proposed Divestment (the “**Circular**”).

Following arm’s length negotiations with Accordia Golf, the Trustee-Manager wishes to announce that it has on 29 June 2020 entered into a conditional agreement (the “**TK Interest Transfer Agreement**”) with Accordia Golf, pursuant to which the Trustee-Manager will assign all of its TK Interests to Accordia Golf for the Purchase Consideration in cash.

The Proposed Divestment constitutes an “interested person transaction” under Chapter 9 of the Listing Manual of Singapore Exchange Securities Trading Limited (the “**SGX-ST**”, and the listing manual of the SGX-ST, the “**Listing Manual**”), which requires the approval of the independent unitholders of AGT under Rule 906 of the Listing Manual. In addition, the Proposed Divestment also constitutes a “major transaction” under Chapter 10 of the Listing Manual. Accordingly, the Proposed Divestment is conditional upon, among others, approval from Unitholders at an EGM to be convened by 14 September 2020 (or such other date as may be agreed between the Trustee-Manager and Accordia Golf) and is expected to complete in the third quarter of 2020.

1.2 Information on AGT

AGT is a business trust constituted in the Republic of Singapore pursuant to a trust deed dated 16 June 2014 (as amended and restated) (the “**Trust Deed**”). AGT was listed on the SGX-ST on 1 August 2014 and has the principal investing strategy, directly or indirectly, of owning a portfolio of stabilised, income-generating golf courses, driving ranges and golf course related assets worldwide.

The Golf Courses are held by AGA, a *tokumei kumiai* operator which is a Japanese limited liability company functioning as a property holding company for the purposes of managing and operating the golf course business (the “**TK Business**”). The Trustee-Manager invests in the Golf Courses by entering into a *tokumei kumiai* arrangement (“**TK Arrangement**”) as a

tokumei kumiai investor (“**TK Investor**”) with AGA. The TK Arrangement is a common method of investing and holding real estate in Japan. The relationship between the *tokumei kumiai* operators and the TK Investors is governed by *tokumei kumiai* agreements, whereby the TK Investors provide funds to the *tokumei kumiai* operators in return for income derived from the investments in properties held by the *tokumei kumiai* operators.

Under Japanese laws, a TK Investor is not allowed to actively participate in or directly control the TK Business. If a TK Investor directly controls the TK Business, it would most likely harm the *tokumei kumiai* (silent partnership) nature of the arrangement and the parties could possibly lose the benefits and advantages that would otherwise be available under the TK Arrangement. Therefore, under the TK Arrangement between the Trustee-Manager and AGA, AGA as the *tokumei kumiai* operator has sole responsibility for the acquisition, disposal and management of the Golf Courses, and neither AGT, the Trustee-Manager, nor any of their officers, directors or employees, has any active involvement in such activities. As disclosed in AGT’s prospectus dated 21 July 2014, AGA had outsourced the operation and management of function of the golf course business, administrative support services, certain advisory services and other related services to Accordia Golf by way of a golf course management agreement dated 27 June 2014 entered into between AGA and Accordia Golf (the “**Golf Course Management Agreement**”). The Golf Course Management Agreement was automatically extended for a further five-year period on 1 August 2019.

1.3 Information on Accordia Golf

Accordia Golf is the leading golf course operator in Japan, introducing the principle of integrated golf course services in 2003. Since that time, Accordia Golf has continued to provide new golf course services under the Accordia Golf brand. The golf courses operated by Accordia Golf account for about 5% of Japan’s approximately 2,400 golf courses, with most distributed in the three largest and heavily populated metropolitan areas or major regional urban centres. With the total number of visitors each year surpassing eight million, Accordia Golf continues to enjoy the support of many golfers. In addition, Accordia Golf was the sponsor of AGT for the purposes of its initial public offering on the SGX-ST (“**Listing**”).

2. EVALUATION PROCESS

Following the receipt of the Non-Binding Proposal, the Trustee-Manager has formed an independent committee (the “**Independent Committee**”) comprising the independent Directors of the Trustee-Manager, being Mr Khoo Kee Cheok, Mr Chong Teck Sin and Mr Hitoshi Kumagai, to assess and review the Non-Binding Proposal and any proposed terms of the Non-Binding Proposal.

The Independent Committee, with the assistance of the Joint Financial Advisers, had undertaken the following (the “**Evaluation Process**”):

- (a) evaluated the price and terms of the Non-Binding Proposal;
- (b) engaged in several rounds of discussions with Accordia Golf and its advisers to negotiate the terms of the Proposed Divestment;
- (c) appointed Colliers International Consultancy & Valuation (Singapore) Pte Ltd (“**Colliers**”) as the valuer to assess the value of the Golf Courses (the “**Golf**”

Courses Valuation") and Duff & Phelps Singapore Pte Ltd ("**D&P**") as the valuer to assess the value of the Trustee-Manager's TK Interests (the "**TK Interests Valuation**"); and

- (d) undertook a wide market testing process during which the Joint Financial Advisers had reached out to a number of third parties to obtain indications of interest for the Golf Courses, the TK Interests and/or AGT.

The Independent Committee and the Joint Financial Advisers conducted a wide market testing process and despite the disruption caused due to the COVID-19 outbreak and resultant economic slowdown and uncertain global outlook, obtained a confidential non-binding indicative proposal from another third party bidder. The confidential non-binding indicative proposal was subject to a number of customary conditions, including the satisfactory completion of due diligence.

This third party bidder subsequently undertook extensive due diligence investigations on AGT and the Golf Courses but eventually decided to withdraw from the process and did not submit a definitive proposal due to, among other reasons, the COVID-19 outbreak and its effect on the golf course industry.

The binding offer submitted by Accordia Golf was thus the only definitive offer received by the Trustee-Manager and this offer was subsequently negotiated until its final form with the principal terms as set out in paragraph 4 below. As at the date of this announcement, the Trustee-Manager has also not received any unsolicited offers from third parties for the acquisition of AGT's Golf Courses, the TK Interests and/or AGT even though the receipt of the Non-Binding Proposal has been public information since 28 November 2019.

The Evaluation Process, and in particular the items set out in sub-paragraphs 2(b), (c) and (d) of this announcement had faced delays due to the COVID-19 outbreak, including the declaration of a state of emergency by the Japanese government for the period from 7 April 2020 to the last week of May 2020.

3. VALUATION OF TK INTERESTS AND THE GOLF COURSES

The Independent Committee has obtained preliminary indication of the TK Interests Valuation from D&P that the indicative valuation of the Trustee-Manager's TK Interests as at 31 May 2020 is between JPY 52,052 million (approximately S\$677.3 million) and JPY 59,497 million (approximately S\$774.2 million) (the "**Indicative TK Interests Valuation Range**").

The Independent Committee has also obtained preliminary indication of the Golf Courses Valuation from Colliers that the indicative valuation of the Golf Courses as at 31 May 2020 is JPY 136,364 million (approximately S\$1,774 million) (the "**Indicative Golf Courses Valuation**"). The Indicative Golf Courses Valuation is JPY 5,442 million (approximately S\$70.8 million) lower than the appraised value (the "**Appraised Valuation**") of the Golf Courses as at 31 December 2019 of JPY 141,806 million (approximately S\$1,845 million) as appraised by either CBRE K.K. or Tanizawa Sogo Appraisal Co., Ltd. by region, which were obtained prior to the widespread outbreak of COVID-19.

The income approach based on the discounted cash flow method was used by both D&P and Colliers to conduct the TK Interests Valuation and the Golf Courses Valuation, respectively.

The valuations are as of 31 May 2020.

As the TK Interests Valuation and the Golf Courses Valuation had to take into account the impact of COVID-19, the valuation summary letter/reports are in the process of being finalised and further details on the TK Interests Valuation and the Golf Courses Valuation, together with the finalised valuation summary letter/reports thereon, will be disclosed in the Circular to be despatched or issued to Unitholders in due course.

4. PRINCIPAL TERMS OF THE PROPOSED DIVESTMENT

4.1 Purchase Consideration

The Purchase Consideration payable by Accordia Golf to AGT in connection with the Proposed Divestment is a fixed amount of JPY 61,800 million (approximately S\$804.1 million). The Purchase Consideration does not include the sum of JPY 1.2 billion set aside by the TK Operator as special reserves for operations as set out in the unaudited consolidated financial results for FY2019/20 and which the Trustee-Manager is entitled to distribute to the Unitholders.⁵

The Purchase Consideration was agreed after arm's length negotiations between the Trustee-Manager and Accordia Golf, and was based on a willing-buyer willing-seller basis, after taking into account the various factors as set out in paragraph 5.1 below.

Pursuant to the terms of the TK Interest Transfer Agreement, Accordia Golf will pay the Purchase Consideration to AGT on the date falling 10 business days from the date of notification by Accordia Golf to the Trustee-Manager or by the Trustee-Manager to Accordia Golf (as the case may be) of the satisfaction or waiver (as the case may be) of the last of the Conditions (as defined herein) (other than the conditions precedent set out in sub-paragraphs 4.2(a), (b), (c), (f) and (g), the satisfaction or waiver of which will be determined on the business day prior to Completion (as defined herein)), or such other date agreed to in writing by the Trustee-Manager and Accordia Golf (the "**Assignment Date**").

4.2 Conditions Precedent

The payment of the Purchase Consideration by Accordia Golf under the TK Interest Transfer Agreement is conditional on the following conditions precedent being satisfied or, at the discretion of Accordia Golf, waived (save for the conditions precedent set out in sub-paragraphs 4.2 (d) and (e), which are not capable of being waived):

- (a) the representations and warranties made by the Trustee-Manager under the TK Interest Transfer Agreement are true and correct in all material respects on the date of the TK Interest Transfer Agreement and the Assignment Date;
- (b) the Trustee-Manager has performed or observed all of its obligations to be performed or observed by the Assignment Date under the TK Interest Transfer Agreement in all material respects;

⁵ The Trustee-Manager had on 23 June 2020 announced its intention to declare the distribution to Unitholders of the JPY 1.2 billion cash reserve, being the Supplemental Distribution.

- (c) borrowings from financial institutions to the parent companies of Accordia Golf for part of the funds necessary in order to pay the Purchase Consideration and to repay existing borrowings owing by the TK Operator under the loan agreement (as amended) dated 24 July 2018 between the TK Operator, Aozora Bank, Ltd. and ORIX Corporation (the “**Existing Borrowings (TK Operator)**”) have been taken out, and other financing to procure the funds necessary to pay the Purchase Consideration and to repay the Existing Borrowings (TK Operator) has been completed by Accordia Golf (the “**Financing Condition**”);
- (d) the approval by Unitholders at the EGM of the resolutions as may be necessary to give effect to the Assignment and the payment of distributions to Unitholders using the Purchase Consideration in the manner set out in paragraph 7 below (the “**Distribution Payment**”, and together with the Assignment, the “**Transactions**”);
- (e) insofar as the Assignment or the acquisition of the membership interests of the TK Operator (which is expected to be consummated simultaneously with the Assignment) triggers a mandatory merger control filing requirement under the Japanese Act on Prohibition of Private Monopolisation and Maintenance of Fair Trade (the “**Anti-Monopoly Act**”), a filing having been made to and accepted by the Japan Fair Trade Commission (the “**JFTC**”) and JFTC having issued a notice of its intent to not issue a cease and desist order pursuant to Article 9 of the Rules on Applications for Approval, Reporting, Notification, etc. pursuant to the Provisions of Articles 9 to 16 of the Anti-Monopoly Act (JFTC Rule No. 1 of 1953), as amended, or all applicable waiting periods under the applicable antitrust law in respect of the review of the Assignment having expired;
- (f) the following documents have been delivered by the Trustee-Manager to Accordia Golf;
 - (i) the original of the TK Agreement;
 - (ii) an extract of the resolution passed by the Board to approve the Transactions;
 - (iii) the TK Operator’s written approval of the Assignment in the form set out in the TK Interest Transfer Agreement; and
 - (iv) a confirmation in writing by the Board that the Distribution Payment will be made in the manner set out in paragraph 7 below; and
- (g) between the date of this TK Interest Transfer Agreement and up to the Assignment Date, no order, injunction or ruling having been issued by government agencies or financial instrument exchanges or regulatory authority or having been obtained by other third party that would have the effect of prohibiting the Transactions,

(collectively, the “**Conditions**”).

4.3 Completion

Completion of the Proposed Divestment will take place on the date falling 10 business days from the date on which the last Condition set out in paragraphs 4.2(d) and (e) above is

satisfied in accordance with the terms of the TK Interest Transfer Agreement (“**Completion**”) and is expected to take place in the third quarter of 2020.

4.4 Termination

4.4.1 Termination by the Trustee-Manager

The Trustee-Manager may terminate the TK Interest Transfer Agreement upon written notice to Accordia Golf only if any of the following events occurs:

- (i) a resolution is passed or an order by a court of competent jurisdiction is made to wind up Accordia Golf;
- (ii) if Accordia Golf fails to re-confirm in writing to the Trustee-Manager that the commitment letters obtained from its financing institutions and its parent entity, Accordia Next Golf Co., Ltd remains in effect and have not been withdrawn and/or terminated on the date falling five business days prior to the despatch or issuance of the Circular (as defined herein), and, if required and requested for by the Trustee-Manager, provide to the Trustee-Manager (a) executed copies of the commitment letters obtained from its financing institutions and its parent entity, Accordia Next Golf Co., Ltd and (b) where relevant, English translations of such commitment letters;
- (iii) there is a material breach of the representations and warranties or covenants of Accordia Golf under the TK Interest Transfer Agreement;
- (iv) if Accordia Golf fails to pay the entire amount of the Purchase Consideration under the TK Interest Transfer Agreement; or
- (v) if the Financing Condition has not been satisfied or waived by Accordia Golf by 30 September 2020 or such other date as may be mutually agreed between Accordia Golf and the Trustee-Manager.

The Trustee-Manager shall not terminate the TK Interest Transfer Agreement for any reason whatsoever after the entire amount of the Purchase Consideration has been received, provided that, subject to the terms and conditions under the TK Interest Transfer Agreement in respect of the Break Fee, the Trustee-Manager shall not be prevented from claiming damages due to breach of the obligations under the TK Interest Transfer Agreement occurring before the Assignment Date. In respect of sub-paragraph 4.4.1(iv) above, the Trustee-Manager may, instead of terminating the TK Interest Transfer Agreement, fix a new date for Completion (being not later than 30 September 2020 or such other date as may be mutually agreed between Accordia Golf and the Trustee-Manager) in which case the provisions of paragraph 4.4.1 shall apply to Completion as so deferred but provided such deferral may only occur once.

4.4.2 Termination by Accordia Golf

Accordia Golf may terminate the TK Interest Transfer Agreement upon written notice to the Trustee-Manager only if any of the following events occurs:

- (i) a resolution is passed or an order by a court of competent jurisdiction is made to wind up the Trustee-Manager;
- (ii) there is a material breach of the representations and warranties or covenants of the Trustee-Manager under the TK Interest Transfer Agreement;
- (iii) if any of the conditions precedent set out in sub-paragraphs 4.2(d) and (e) (excluding those that Accordia Golf has waived) has not been satisfied by 14 September 2020 or such other date as may be mutually agreed between Accordia Golf and the Trustee-Manager; or
- (iv) if any of the Conditions (excluding the conditions precedent set out in sub-paragraphs 4.2(d) and (e) and those that Accordia Golf has waived) has not been satisfied by 30 September 2020 or such other date as may be mutually agreed between Accordia Golf and the Trustee-Manager.

Accordia Golf shall not terminate the TK Interest Transfer Agreement for any reason whatsoever after the entire amount of the Purchase Consideration has been paid, provided that Accordia Golf shall not be prevented from claiming damages due to breach of the obligations under the TK Interest Transfer Agreement occurring before the Assignment Date.

4.5 Break Fee

Accordia Golf shall pay the Trustee-Manager a sum of JPY 309 million (approximately S\$4.0 million), being approximately 0.5% of the Purchase Consideration, as a break fee (the “**Break Fee**”) in relation to the costs and expenses of the Trustee-Manager incurred by or on behalf of the Trustee-Manager in connection with the Assignment (including without limitation, the fees and disbursements of advisers, auditors and valuers engaged by or on behalf of the Trustee-Manager in connection with the Assignment), if (i) the TK Interest Transfer Agreement is otherwise terminated and/or does not proceed to completion solely on the basis of non-satisfaction of the Financing Condition and all the other Conditions have been satisfied or, at the discretion of Accordia Golf, waived; or (ii) the TK Interest Transfer Agreement is terminated by the Trustee-Manager pursuant to paragraph 4.4.1(ii) above, without despatching or issuing the Circular.

5. RATIONALE FOR THE PROPOSED DIVESTMENT

5.1 Realisation of value

The Proposed Divestment presents a reasonably attractive option for AGT to realise the value of its TK Interests and allows Unitholders to unlock the value of their Units.

The Purchase Consideration of JPY 61,800 million (approximately S\$804.1 million) for the TK Interests is JPY 1,271 million (approximately S\$16.5 million) higher than the book value⁶ of the TK Interests as at 31 March 2020, which is JPY 60,529 million (approximately S\$787.6 million).

⁶ The NTA of the TK Interests is the same as the book value of the TK Interests.

The Purchase Consideration translates to an implied purchase consideration of S\$0.732 per Unit⁷, which represents:

- (a) a premium of 29.5% above the closing price of S\$0.565 per Unit on the Last Announcement Day, and a 23.9% premium above the one-month VWAP per Unit of S\$0.591 and a 33.4% premium above the three-month VWAP per Unit of S\$0.548, in each case, up to and including the Last Announcement Day;
- (b) a premium of 21.9% above the closing price of S\$0.600 per Unit on the Last Unaffected Trading Day, and a 21.8% premium above the one-month VWAP per Unit of S\$0.601 and a 28.0% premium above the three-month VWAP per Unit of S\$0.572, in each case, up to and including the Last Unaffected Trading Day;
- (c) a premium of between 3.9% and 18.7% per Unit based on the Indicative TK Interests Valuation Range;
- (d) a premium of 12.9% to AGT's adjusted⁸ NTA per Unit based on the unaudited consolidated financial results for FY2019/20; and
- (e) a premium of 5.1% to AGT's adjusted⁹ NAV per Unit based on the unaudited consolidated financial results for FY2019/20.

Additionally, the Independent Committee and the Joint Financial Advisers conducted a wide market testing process that resulted in only one confidential non-binding indicative proposal from another third-party bidder. The confidential non-binding indicative proposal was subject to a number of customary conditions, including the satisfactory completion of due diligence.

This third-party bidder subsequently undertook extensive due diligence investigations on AGT and the Golf Courses but eventually decided to withdraw from the process and did not submit a definitive proposal due to, among other reasons, the COVID-19 outbreak and its effect on the golf course industry.

As at the date of this announcement, the Trustee-Manager has also not received any unsolicited offers from third parties for the acquisition of AGT's Golf Courses, the TK Interests and/or AGT even though the receipt of the Non-Binding Proposal has been public information since 28 November 2019.

5.2 Advantages of the Proposed Divestment relative to maintaining a listed platform

The Independent Committee has evaluated the Proposed Divestment relative to the prospects of AGT should it continue in its current form as a listed business trust. The Independent Committee notes that AGT has consistently traded at a discount to net asset value ("**NAV**"). Over the last three years prior to and including the Last Unaffected Trading Day, the Unit price of AGT has traded at discounts of between 12.4% and 47.4% and at an

⁷ Derived by dividing the Purchase Consideration by the total number of outstanding Units of 1,099,122,000 as at 31 March 2020. The implied purchase consideration per Unit is illustrative and is not intended to represent the distribution per Unit to be received by Unitholders arising from the Proposed Divestment.

⁸ AGT's adjusted NTA of JPY 54,741 million (approximately S\$712.3 million) is based on the unaudited consolidated financial results for FY2019/20 and adjusted for distributions to be paid on 29 June 2020 and the Supplemental Distribution.

⁹ AGT's adjusted NAV of JPY 58,787 million (approximately S\$764.9 million) is based on the unaudited consolidated financial results for FY2019/20 and adjusted for distributions to be paid on 29 June 2020 and the Supplemental Distribution.

average discount of 27.6% to the NAV per Unit. The Unit price of AGT has also been decreasing every year since the Listing, and AGT has been recording an impairment loss every year since its financial year ended 31 March 2016, being the second financial year of AGT post-Listing.

In addition, no acquisitions have been made by the Trustee-Manager since Listing. The TK Operator, which is responsible for the acquisition and management of golf courses under the *tokumei kumiai* arrangement with the Trustee-Manager, evaluated suitable golf course acquisitions from time to time. However, it was difficult for the TK Operator to raise accretive financing to make the acquisitions and consequently, the TK Operator was unable to propose any acquisitions to the Trustee-Manager. This has in turn affected AGT's ability to improve its distribution per unit ("DPU").

AGT's trading volume on the SGX-ST has historically been low. For the six-month period prior to 27 November 2019, being the last full trading day immediately before the 28 November Announcement, the average daily trading volume for the market days on which the Units were traded was 975,152 Units, representing approximately 0.089% of the total outstanding Units in issue.

The Proposed Divestment enables Unitholders to realise value for their Units now, compared to the realisation of value through potential future appreciation of AGT's Unit price, which may or may not materialise (see paragraph 5.1 above for further details on the financial information relating to the Proposed Divestment).

5.3 Mitigation of market risks

The market price of the Units is subject to a number of factors, including performance of the Golf Courses, availability of financing, trading liquidity of the Units, the prospects of the Singapore business trust market, the prospects of the Japanese golf course market, and prevailing interest rates and economic conditions in Japan.

The COVID-19 outbreak has resulted in quarantines, travel restrictions, enhanced health screenings at ports of entry and elsewhere, event cancellations and suspensions, city lockdowns and closed international borders. Given the uncertainties as to the development of the COVID-19 outbreak, it is difficult to predict how long such conditions will exist and the extent to which AGT may be affected.

The COVID-19 outbreak has, and may continue to have, an adverse impact on businesses and economies globally. There have been disruptions to businesses in many sectors, including retail, hospitality, travel, manufacturing, logistics, construction, aviation and shipping. The outbreak has resulted, and may continue to result, in protracted market volatility, business shutdowns and falling real estate prices. For instance, in February and March 2020, stock markets worldwide fell significantly in value, in reaction to the COVID-19 outbreak. A number of governments have revised gross domestic product growth forecasts for 2020 downward in response to the economic slowdown caused by the outbreak. The COVID-19 outbreak may further deteriorate and result in an economic crisis or recession in the global economy.

Accordingly, COVID-19 may lead to reduced demand for golf course and golf course related businesses. This could have an adverse impact on the business, financial condition, results

of operations and prospects of AGT. For example, AGT may face further difficulty in obtaining financing for golf course acquisitions, limiting AGT's ability to improve its DPU. AGT's Unit trading price had also been adversely affected due to COVID-19. Moreover, the COVID-19 outbreak could also adversely affect AGT in ways that cannot be foreseen. The realisation of value in AGT through the Proposed Divestment and subsequent declaration of special distributions following Completion will enable the value in the Golf Courses to be realised without any further exposure of the Units to market risks and the COVID-19 outbreak.

6. PRO FORMA FINANCIAL EFFECTS OF THE PROPOSED DIVESTMENT

The pro forma financial effects of the Proposed Divestment on AGT, prepared based on AGT's unaudited consolidated financial results for FY2019/20 are set out below.

It should be noted that the pro forma financial effects set out below are strictly for illustrative purposes only and do not purport to be indicative or a projection of the results and financial position of AGT after Completion.

6.1 Pro Forma NTA per Unit

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on AGT's NTA per Unit, based on AGT's unaudited consolidated financial results for FY2019/20 and assuming that the Proposed Divestment was completed on 31 March 2020, are as follows:

	Before the Proposed Divestment ⁽¹⁾	After the Proposed Divestment ⁽¹⁾
NTA (S\$ million)	712.3	728.8
Number of Units ⁽²⁾ ('000)	1,099,122	1,099,122
NTA per Unit (S\$)	0.648	0.663

Notes:

- (1) Based on the unaudited consolidated financial results for FY2019/20 of AGT. Adjusted for the distributions to be paid on 29 June 2020 and the Supplemental Distribution.
(2) Based on the total number of Units outstanding as at 31 March 2020.

6.2 Pro Forma Distribution per Unit

FOR ILLUSTRATIVE PURPOSES ONLY:

The pro forma financial effects of the Proposed Divestment on AGT's DPU, based on AGT's unaudited consolidated financial results for FY2019/20 and assuming that the Proposed Divestment was completed on 1 April 2019, are as follows:

	Before the Proposed Divestment ⁽¹⁾	After the Proposed Divestment
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Net Profit (S\$ million)	21.6	NA ⁽⁴⁾
Distributable Income (S\$ million)	47.6	NA ⁽⁴⁾
Number of Units⁽²⁾ ('000)	1,099,122	1,099,122
DPU (cents)	4.33 ⁽³⁾	NA ⁽⁴⁾

Notes:

- (1) Based on the unaudited consolidated financial results for FY2019/20 of AGT.
(2) Based on the total number of Units outstanding as at 31 March 2020.
(3) Distributable income divided by total outstanding Units in issue.
(4) After the Proposed Divestment, AGT would not have any income-producing assets.

Further details of the pro forma financial effects of the Proposed Divestment will be disclosed in the Circular.

7. USE OF PROCEEDS AND DISTRIBUTIONS

The Trustee-Manager intends to distribute the net proceeds from the Proposed Divestment to the Unitholders as soon as practicable following the Completion via special distributions, after setting aside the divestment fee payable to the Trustee-Manager¹⁰, the costs and expenses arising from the Proposed Divestment and in connection with the Winding Up (as defined herein) and any other fees, costs and expenses which may be payable prior to the Winding Up, which is expected to comprise up to 3% of the Purchase Consideration. In particular, the Trustee-Manager intends to distribute to Unitholders:

- (a) at least JPY 56,856 million, representing 92% of the Purchase Consideration within 25 business days of the Assignment Date; and
- (b) subject to there being no claims by Accordia Golf by (i) the date falling three months after the Assignment Date or (ii) the date of Accordia Golf's written notice to the Trustee-Manager confirming that it has no claims against the Trustee-Manager and has no intention of filing any claims in the future, whichever is earlier (the "**Claim Expiry Date**"), at least JPY 3,090 million, representing 5% of the Purchase Consideration within 25 business days after the Claim Expiry Date.

The Proposed Divestment will result in an estimated net gain¹¹ of approximately JPY 1,271 million (approximately S\$16.5 million).

Following Completion, the Trustee-Manager is of the view that it will not be meaningful for AGT to maintain its existence and listing on the SGX-ST, as AGT will cease to have any operating business and its assets will consist wholly or substantially of cash and AGT will be deemed to be a cash trust for the purpose of Rule 1018 of the Listing Manual and subject to the relevant rules in the Listing Manual which regulate cash companies. Accordingly, the Trustee-Manager intends to undertake a voluntary winding up of AGT (the "**Winding Up**").

¹⁰ The divestment fee payable to the Trustee-Manager will amount to 0.15% of the TK Interests Valuation.

¹¹ Estimated net gain is calculated by subtracting the book value of the TK Interests as at 31 March 2020, which is JPY 60,529 million (approximately S\$787.6 million), from the Purchase Consideration of JPY 61,800 million (approximately S\$804.1 million).

The timing and details concerning the special distributions proposals, the status of AGT following Completion and the proposed Winding Up will be set out in the Circular.

8. THE PROPOSED DIVESTMENT AS AN INTERESTED PERSON TRANSACTION

8.1 Interested Person Transaction

Under Chapter 9 of the Listing Manual, an immediate announcement and Unitholders' approval is required in respect of a transaction between AGT and AGT's interested persons if the value of that transaction (either in itself or when aggregated with the value of other transactions, each of a value equal to or greater than S\$100,000, with the same interested person during the same financial year) exceeds 5.0% of the latest audited consolidated net tangible assets ("NTA") of AGT.

As at the date of this announcement, Accordia Golf directly holds 28.85% of the total number of Units and 49.0% of the shares of the Trustee-Manager. Accordingly, for the purposes of Chapter 9 of the Listing Manual:

- (a) AGT is an "entity at risk";
- (b) Accordia Golf is a "controlling unitholder" of AGT under the BTA as well as a "controlling shareholder" of the Trustee-Manager under the Listing Manual;
- (c) pursuant to the Proposed Divestment, AGT, an entity at risk, is divesting all of its interests in its Golf Courses to Accordia Golf; and
- (d) the Proposed Divestment constitutes an interested person transaction.

8.2 AGT Unitholders' Approval and Other Existing Interested Person Transactions

The Purchase Consideration payable by Accordia Golf to the Trustee-Manager is JPY 61,800 million (approximately S\$804.1 million), representing 103.4% of the latest audited NTA of AGT of JPY 59,779 million (approximately S\$777.8 million) as at 31 March 2019. Accordingly:

- (a) the Proposed Divestment is required to be approved by the Unitholders (with Accordia Golf and its associates abstaining) under Rule 906(1) of the Listing Manual; and
- (b) the Proposed Divestment is conditional upon such approval.

As at the date of the announcement, other than the Proposed Divestment and interested person transactions approved at the Listing and excluding interested person transactions with a value of less than S\$100,000 each, there were no interested person transactions entered into between AGT and Accordia Golf, its subsidiaries and associates or any other interested persons.

8.3 Abstention from Voting

Under Rule 919 of the Listing Manual, interested persons and their associates (as defined in the Listing Manual) must not vote on a resolution, nor accept appointments as proxies unless specific instructions as to voting are given, in relation to a matter in respect of which such persons are interested at the EGM. Accordingly, Accordia Golf and its associates will abstain from voting on the resolution in relation to the Proposed Divestment.

8.4 Independent Financial Adviser

The Trustee-Manager has appointed CIMB Bank Berhad, Singapore Branch as the Independent Financial Adviser (the “**IFA**”) for the purposes of the Proposed Divestment as an interested person transaction. The Audit and Risk Committee of the Trustee-Manager will obtain an opinion from the IFA before forming its view on the Proposed Divestment, which will be set out in the Circular to be despatched or issued to Unitholders in due course.

9. RELATIVE FIGURES UNDER CHAPTER 10 OF THE LISTING MANUAL

Chapter 10 of the Listing Manual classifies transactions into (a) non-discloseable transactions, (b) discloseable transactions, (c) major transactions, and (d) very substantial acquisitions or reverse takeovers, depending on the size of the relative figures computed on, inter alia, the following applicable bases:

- (i) the NAV of the assets to be disposed of, compared with AGT’s NAV pursuant to Rule 1006(a) of the Listing Manual;
- (ii) the net profits attributable to the assets disposed of, compared with AGT’s net profits pursuant to Rule 1006(b) of the Listing Manual; and
- (iii) the aggregate value of the consideration received, compared with AGT’s market capitalisation based on the total number of issued Units pursuant to Rule 1006(c) of the Listing Manual.

Where any of the relative figures computed on the bases set out above exceeds 5% but does not exceed 20.0%, the transaction is classified as a “discloseable transaction” under Rule 1010 of the Listing Manual which would require the issue of an announcement. Under Rule 1014(1) of the Listing Manual, where any of the relative figures computed on the basis of the above exceeds 20.0%, the transaction is classified as a “major transaction” which would be subject to the approval of Unitholders.

The relative figures for the Proposed Divestment using the applicable bases of comparison are set out in the table below:

Criteria	AGT (S\$ million)	The Proposed Divestment (S\$ million)	Relative Percentage (%)
The NAV of the assets to be disposed of, compared with AGT’s NAV	798.5 ⁽¹⁾	787.6	98.6%

The net profits attributable to the assets to be disposed of, compared with AGT's net profits	21.6 ⁽¹⁾	21.6	100.0%
Aggregate value of the consideration received compared with AGT's market capitalisation	703.4 ⁽²⁾	804.1	114.3%

Notes:

- (1) Based on the unaudited consolidated financial results for FY2019/20 of AGT.
(2) Based on the market capitalisation of AGT on 26 June 2020, being the last trading day preceding the date of the TK Interest Transfer Agreement.

Given that the relative figures for the Proposed Divestment computed using the applicable bases of comparison exceed 20.0%, the Trustee-Manager is seeking Unitholders' approval for the Proposed Divestment.

The Circular is expected to be issued to Unitholders in due course, together with a notice of EGM, for the purpose of seeking the approval of Unitholders for the Proposed Divestment.

10. INTERESTS OF DIRECTORS AND CONTROLLING UNITHOLDERS

As at the date of this announcement, based on the Register of Unitholders and save as disclosed in the **Schedule**, none of the Directors of the Trustee-Manager or the controlling unitholders of AGT has any interest, direct or indirect, in the Proposed Divestment.

11. DIRECTOR'S SERVICE CONTRACTS

No person is proposed to be appointed as a Director of the Trustee-Manager in relation to the Proposed Divestment or any other transactions contemplated in relation to the Proposed Divestment.

12. DOCUMENTS FOR INSPECTION

A copy of the TK Interest Transfer Agreement will be available for inspection during normal business hours at the registered office of the Trustee-Manager at 80 Robinson Road, #22-03A, Singapore 068898 from the date of this announcement up to and including the date falling three months thereafter.

The Trust Deed will also be available for inspection at the registered office of the Trustee-Manager for so long as AGT is in existence.

13. CAUTIONARY STATEMENT

Unitholders should note that the Proposed Divestment is subject to numerous conditions. There is no certainty or assurance as at the date of this announcement that the Proposed Divestment will be completed. Accordingly, Unitholders are advised to exercise caution when trading in Units of AGT.

BY ORDER OF THE BOARD

Khoo Kee Cheok
Chairman

Accordia Golf Trust Management Pte. Ltd.
(Company Registration No. 201407957D)
As Trustee-Manager of Accordia Golf Trust

29 June 2020

IMPORTANT NOTICE

This announcement is for information purposes only and does not constitute or form part of an offer, solicitation or invitation of any offer, to buy or subscribe for any securities of AGT in Singapore, the United States, Canada, Japan or any other jurisdiction, nor should it or any part of it form the basis of, or be relied on in connection with, any contract or commitment whatsoever.

The value of the units in AGT (“**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 Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Listing of the Units on the SGX-ST does not guarantee a liquid market for the Units.

This announcement is not to be distributed or circulated outside of Singapore. Any failure to comply with this restriction may constitute a violation of United States securities laws or the laws of other jurisdictions.

Schedule
Interests of AGT Relevant Parties

Name	Direct Interest		Deemed Interest		Total Interest	
	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾	No. of Units	% ⁽¹⁾
Trustee-Manager						
Accordia Golf Trust Management Pte. Ltd.	-	-	-	-	-	-
Directors						
Khoo Kee Cheok	-	-	-	-	-	-
Yoshihiko Machida	-	-	-	-	-	-
Toyo Nakanishi	-	-	-	-	-	-
Chong Teck Sin	-	-	-	-	-	-
Hitoshi Kumagai	-	-	-	-	-	-
Controlling Unitholders						
Accordia Golf	317,097,000	28.85	-	-	317,097,000	28.85
Accordia Next Golf Co., Ltd.	-	-	317,097,000 ⁽²⁾	28.85	317,097,000	28.85
MBK Partners JC, L.P.	-	-	317,097,000 ⁽³⁾	28.85	317,097,000	28.85
MBK Partners Fund III, L.P.	-	-	317,097,000 ⁽⁴⁾	28.85	317,097,000	28.85
MBK Partners GP III, L.P.	-	-	317,097,000 ⁽⁴⁾	28.85	317,097,000	28.85
MBK GP III, Inc	-	-	317,097,000 ⁽⁴⁾	28.85	317,097,000	28.85
Michael ByungJu Kim	-	-	317,097,000 ⁽⁴⁾	28.85	317,097,000	28.85
MBK Partners JC, GP L.P.	-	-	317,097,000 ⁽⁵⁾	28.85	317,097,000	28.85
MBK Partners JC GP, Inc.	-	-	317,097,000 ⁽⁵⁾	28.85	317,097,000	28.85
Teck Chien Kong	-	-	317,097,000 ⁽⁵⁾	28.85	317,097,000	28.85
CPP Investment Board Private Holdings (3) Inc	-	-	317,097,000 ⁽⁶⁾	28.85	317,097,000	28.85

Canada Pension Plan Investment Board	-	-	317,156,000 ⁽⁶⁾	28.86	317,156,000	28.86
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Notes:

- (1) Based on total number of Units outstanding of 1,099,122,000 as at 31 March 2020.
- (2) Accordia Next Golf Co., Ltd. is the sole shareholder of Accordia Golf. Accordia Next Golf Co., Ltd. is therefore deemed to be interested in the Units held by Accordia Golf.
- (3) MBK Partners JC, L.P. is a controlling shareholder of Accordia Next Golf Co., Ltd. MBK Partners JC, L.P. is therefore deemed to be interested in the Units held by Accordia Next Golf Co., Ltd.
- (4) Michael ByungJu Kim is a controlling shareholder of MBK GP III, Inc. MBK GP III, Inc. is the sole general partner of MBK Partners GP III, L.P. MBK Partners GP III, L.P. is in turn the sole general partner of MBK Partners Fund III, L.P. MBK Partners Fund III, L.P. holds all the voting rights of MBK Partners JC, L.P. Michael ByungJu Kim, MBK GP III, Inc., MBK Partners GP III, L.P., and MBK Partners Fund III, L.P. are therefore each deemed to be interested in Units held by MBK Partners JC, L.P.
- (5) Teck Chien Kong is a controlling shareholder of MBK Partners JC GP, Inc. MBK Partners JC GP, Inc. is the sole general partner of MBK Partners JC, GP L.P. MBK Partners JC, GP L.P. is in turn the sole general partner of MBK Partners JC, L.P. Teck Chien Kong, MBK Partners JC GP, Inc. and MBK Partners JC, GP L.P. are therefore each deemed to be interested in Units held by MBK Partners JC, L.P.
- (6) Canada Pension Plan Investment Board is the sole shareholder of CPP Investment Board Private Holdings (3) Inc. CPP Investment Board Private Holdings (3) Inc. holds more than 20% of the voting shares of Accordia Next Golf Co., Ltd. Canada Pension Plan Investment Board and CPP Investment Board Private Holdings (3) Inc. are therefore each deemed to be interested in Units held by Accordia Next Golf Co., Ltd. Additionally, Canada Pension Plan Investment Board has a deemed interest in 59,000 Units held through an omnibus account maintained with its sub-custodian nominee bank.