

Accordia Golf to acquire Accordia Golf Trust's 88 golf courses in Japan for S\$804.1 million

- Follows a wide market testing process involving solicitation of competing proposals by the Joint Financial Advisors, on behalf of AGT's Independent Committee
- Purchase Consideration of JPY 61,800 million (S\$804.1 million¹) translates to an implied purchase consideration of S\$0.732 per unit of AGT² ("Unit"), which represents:
 - a premium of 5.1% and 12.9% over AGT's adjusted net asset value³ of JPY 58,787 million (S\$764.9 million) and adjusted net tangible assets³ of JPY 54,741 million (S\$712.3 million) as at 31 March 2020, respectively
 - a premium of 21.8%, 28.0%, and 31.5% over the VWAP of the Units in the 1-month, 3-month, and 6-month periods prior to and including the closing unit price on 27 November 2019⁴, respectively
- Preliminary indication of the TK Interests Valuation⁵ from D&P, a valuer appointed by AGT's Independent Committee, is between JPY 52,052 million (approximately S\$677.3 million) and JPY 59,497 million (approximately S\$774.2 million) as at 31 May 2020. Purchase Consideration represents a premium of between 3.9% and 18.7% to the Indicative TK Interests Valuation Range⁵
- Opportunity for AGT unitholders to receive cash distribution from the proceeds⁶

SINGAPORE, 29 June 2020 – Accordia Golf Co., Ltd. ("**Accordia**") is pleased to announce the proposed acquisition (the "**Proposed Acquisition**") of economic interests (*tokumei kumiai* or "**TK Interests**") in the 88 golf courses (the "**Golf Courses**") from Accordia Golf Trust ("**AGT**") for a consideration of JPY 61,800 million (S\$804.1 million) (the "**Purchase Consideration**"). The Purchase Consideration translates into an implied purchase consideration of S\$0.732 per Unit. Accordia is the sponsor and a unitholder of AGT.

¹ Based on the illustrative exchange rate of S\$1.00 to JPY 76.8545 (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 Based on total number of Units outstanding of 1,099,122,000 as at 31 March 2020 and rounded to three decimal places. The implied purchase consideration per Unit is illustrative and is not intended to represent the distribution per Unit to be received by unitholders.

³ Adjusted net asset value is based on equity attributable to unitholders as at 31 March 2020, adjusted for distributions to be paid on 29 June 2020 and distribution of JPY 1,200 million special reserve. Adjusted net tangible assets is based on adjusted net asset value less intangible assets as at 31 March 2020.

⁴ Refers to 27 November 2019, the last full trading day immediately before 28 November 2019, being the date on which the Trustee-Manager released the announcement that it has received a Non-binding Proposal to acquire AGT's interests in all of its golf courses.

⁵ As disclosed in the Trustee-Manager's announcement dated 29 June 2020 on "Proposed Divestment of Accordia Golf Trust's Interests in all of its Golf Courses".

⁶ The Trustee-Manager intends to distribute the net proceeds from the Proposed Acquisition to AGT unitholders in the manner set out in the Trustee-Manager's announcement dated 29 June 2020 on "Proposed Divestment of Accordia Golf Trust's Interests in all of its Golf Courses". Please refer to the announcement for further details.

As part of the Proposed Acquisition, Accordia will acquire all membership interests in, and assume the debts, of Accordia Golf Asset Godo Kaisha (the “SPC”), the holding company which holds the Golf Courses, at the time of the completion of the Proposed Acquisition. AGT will thus receive the full consideration of JPY 61,800 million from Accordia and will not need to apply any of this amount towards the repayment of the SPC’s debts.

Ms. Yuko Tashiro, Representative Director, President, and Chief Executive Officer of Accordia, said, “We are pleased to announce that our proposal has been selected by the Independent Committee after the conclusion of a thorough evaluation process. We thank the Independent Committee for running a fair and independent process. Despite the difficult current environment, we believe our proposal offers an attractive price that exceeds AGT’s adjusted net asset value of JPY 58,787 million by 5.1%.”

Rationale for the Proposed Acquisition

Relatively Low Trading Volume and Persistent Trading Discount to Net Asset Value

AGT’s trading volume on the Singapore Exchange Securities Trading Limited has historically been low. For the 6-month period prior to and including the Unaffected Unit Price Date⁴, the average daily trading volume for the market days on which the Units were traded was 975,152 Units, representing approximately 0.089% of total Units outstanding.

	<u>Average Daily</u> <u>Traded Volume</u>	<u>% of Units</u> <u>outstanding</u>
1 month prior to and including Unaffected Unit Price Date	1,408,414	0.128%
3 months prior to and including Unaffected Unit Price Date	971,043	0.088%
6 months prior to and including Unaffected Unit Price Date	975,152	0.089%
12 months prior to and including Unaffected Unit Price Date	1,362,131	0.124%

Source: Bloomberg

Moreover, AGT has consistently traded at a discount to net asset value. Over the last three years prior to and including the Unaffected Unit Price Date⁷, AGT has traded at discounts to the net asset value of between 12.4% and 47.4%, and at an average discount of 27.6%.

⁷ For the period from 28 November 2016 to 27 November 2019 (Source: Bloomberg).

Lack of Acquisition-driven Growth and Limited Ability to Improve Distribution per Unit

No acquisitions have been made by the trustee-manager of AGT (the “Trustee-Manager”) since AGT’s listing. The SPC, 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 SPC to raise accretive financing to make the acquisitions and consequently, the SPC was unable to propose any acquisitions to the Trustee-Manager. This has in turn affected the ability of the Trustee-Manager to improve AGT’s distribution per Unit. AGT’s historical distribution per Unit is as follows:

For Financial Year Ending 31 March	Distribution per Unit		
	1 Apr - 30 Sep	1 Oct - 31 Mar	Total
2015		5.71 cents ⁸	5.71 cents ⁸
2016	2.32 cents	4.31 cents	6.63 cents
2017	2.45 cents	3.59 cents	6.04 cents
2018	1.65 cents	2.20 cents	3.85 cents
2019	1.64 cents	2.13 cents	3.77 cents
2020	2.61 cents	1.69 cents	4.30 cents

The Proposed Acquisition represents an opportunity for all AGT unitholders to realize value for their Units at an attractive premium to historical trading prices and receive a cash distribution from the proceeds.

Purchase Consideration

The Purchase Consideration payable by Accordia to AGT for the Proposed Acquisition is JPY 61,800 million (S\$804.1 million).

The Purchase Consideration translates to an implied purchase consideration of S\$0.732 per Unit, which represents a premium of approximately 21.8%, 28.0%, 31.5%, and 30.2% over the volume weighted average price (“VWAP”) of the Units in the aforesaid 1-month, 3-month, 6-month and 12-month periods prior to and including the Unaffected Unit Price Date, respectively.

	<u>VWAP (\$\$)</u>	<u>Premium (%)</u>
Implied purchase consideration per Unit	0.732	
Last transacted price on Unaffected Unit Price Date	0.600	21.9%
1 month prior to and including Unaffected Unit Price Date	0.601	21.8%
3 months prior to and including Unaffected Unit Price Date	0.572	28.0%
6 months prior to and including Unaffected Unit Price Date	0.556	31.5%
12 months prior to and including Unaffected Unit Price Date	0.562	30.2%

Source: Bloomberg

⁸ For the period from 1 August 2014 to 31 March 2015.

In addition, the implied purchase consideration per Unit represents a premium of approximately 16.1% over the 1-year-high Unit price prior to the Unaffected Unit Price Date⁹.

The Purchase Consideration represents a premium of 5.1% and 12.9% over AGT's adjusted net asset value of JPY 58,787 million (S\$764.9 million) and adjusted net tangible assets of JPY 54,741 million (S\$712.3 million) as at 31 March 2020, respectively.

Independent Valuation of TK Interests and Golf Courses⁵

AGT's independent committee, comprising the Trustee-Manager's independent directors (the "**Independent Committee**"), has obtained preliminary indication from Duff & Phelps Singapore Pte Ltd ("**D&P**") that the indicative valuation of the Trustee-Manager's TK interests ("**TK Interests Valuation**") 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**").

AGT's Independent Committee has also obtained preliminary indication from Colliers International Consultancy & Valuation (Singapore) Pte Ltd ("**Colliers**") that the indicative valuation of the Golf Courses as at 31 May 2020 is JPY 136,364 million (approximately S\$1,774.3 million), which is lower than the appraised value of the Golf Courses as at 31 December 2019 of JPY 141,806 million (approximately S\$1,845.1 million) as appraised by either CBRE K.K. or Tanizawa Sogo Appraisal Co., Ltd. by region.

Background

The Trustee-Manager announced that it received a non-binding proposal (the "**Non-binding Proposal**") in connection with a potential transaction of AGT's interest in the Golf Courses on 28 November 2019.

Based on the Trustee-Manager's updates on SGXNet, the following subsequently took place:

- **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 ("**Joint Financial Advisors**") to assist with its evaluation of the Non-binding Proposal.
- **January 2020:** The Trustee-Manager's board of directors formed its Independent Committee, to assess and review the Non-binding Proposal. The Independent Committee appointed D&P to assess the TK Interests Valuation, and Colliers to assess the value of the Golf Courses.

⁹ For the period from 28 November 2018 to 27 November 2019 (Source: Bloomberg).

- **April 2020:** The Trustee-Manager announced that the Joint Financial Advisors were, among others, engaged in the process of evaluating the price and terms of the Non-binding Proposal, discussing with Accordia and its financial advisor to negotiate the terms of the divestment, and obtaining indications of interest from the market for AGT's interests in its Golf Courses.
- **June 2020:** AGT announced that it has agreed to divest its interests in all of its Golf Courses to Accordia.

Unitholders' Approval

The Proposed Acquisition is conditional upon approval from AGT unitholders at an extraordinary general meeting of AGT (the "**EGM**") to be convened by the Trustee-Manager in due course. AGT is required to obtain the approval of its unitholders by 14 September 2020 or such other date as may be agreed between AGT and Accordia.

Accordia holds 28.85% of all the total issued Units and 49% of the shares of the Trustee-Manager as at the date of this announcement. Accordia will abstain from voting on the resolution related to the Proposed Acquisition at the EGM.

Following the completion of the Proposed Acquisition, the Trustee-Manager intends to distribute the net proceeds to AGT unitholders in the manner set out in the Trustee-Manager's announcement dated 29 June 2020 on "Proposed Divestment of Accordia Golf Trust's Interests in all of its Golf Courses". Please refer to the announcement for further details.

Citigroup Global Markets Japan Inc. and Citigroup Global Markets Singapore Pte. Ltd. are acting as the financial advisor to Accordia.

About Accordia Golf Co., Ltd.

Accordia Golf Co., Ltd. is the leading golf course operator in Japan, introducing the principle of integrated golf course services in 2003. Since that time, Accordia has continued to provide new golf course services under the Accordia Golf brand. The golf courses operated by the company 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 centers. With the total number of visitors each year surpassing eight million, Accordia continues to enjoy the support of many golfers.

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