

November 10, 2015



Securities Code: 2131

Accordia Golf Co., Ltd.

Analyst Meeting Materials

FY 3/2016 First Half

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1. FY 3/2016 First Half Results

Golf Market Trends and Our Strategy

Golf Course Operations

<Market trend>

- The number of rounds played to golf courses (Apr. - Aug. 2015)*1 increased 1.3% (YoY).
- According to “The White Paper on Leisure 2015”, golf courses located 1.5 hours or more away from urban areas find it difficult to attract customers, while sales of those in good locations are strong.
- Some regional golf courses closed their businesses and changed the sites into solar power plants.

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- The number of rounds played to golf courses operated by Accordia (Apr. - Aug. 2015) increased 3.0% (YoY).
- Growth in new visitors resulted in an increased number of royalty card holders to 3,970 thousands.

Our Strategy

- Developed a pleasant playing environment
- Reformed cost structure (changed to a self-serve system and increased operation efficiency)
- Focused on urban areas in the golf course portfolio
- Renewed the royalty card service
- Promoted the use of the golf course reservation website and improved the access environment.
- Took measures to attract female golfers
- Introduced programs for child golfers

Driving Range Operations

<Market trend>

- The number of visitors to driving ranges (Apr. - Aug. 2015)*1 decreased 2.5% (YoY).
- According to “The White Paper on Leisure 2015”, signs of recovery are being seen, particularly in metropolitan areas, and the market is heading towards recovery from its ongoing stagnation in recent years.
- The declining trend in the number of driving ranges nationwide continues.

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- The number of visitors to driving ranges (Apr. - Aug. 2015) increased 3.5% (YoY).

- Increased the acceptance of golf school students
- Held golf club trial events
- Held competitions organized by driving range operators at golf courses
- Started providing a golf course reservation service

(Notes) 1 Ministry of Economy, Trade and Industry, “Survey of Selected Service Industries,” Apr–Aug 2015.

2 Golf Tokushin, published by IKKI.

1. First Half Results (entries based on YoY)

- While golf course reservations remained at a high level and rounds played increased in the spring, unseasonable weather from June caused a fall in the number of rounds played. A balance between maintaining the revenue per customer level and focusing on utilization resulted in a year-on-year increase of 80,000 rounds played to Accordia-operated golf courses, to a total of 445 million. Owned Golf courses secured expected profits as the risk of unseasonable weather was concentrated in west Japan and Kyushu.
- **Operating Revenues**
Operating revenues from golf courses decreased 11,852 million yen year on year, the amount equivalent to four-month operating revenue, due to the Asset-light Strategy implemented in August last year. Operating revenues from driving ranges increased 94 million yen year on year, and total operating revenues were reduced by 16,289 million yen, to 25,030 million yen.
- **Operating Profit**
Operating expenses, property taxes, and other expenses associated with the transferred golf courses were reduced. SG&A expenses were also reduced by 1,342 million yen, and operating income fell by 1,412 million yen, to 3,458 million yen. Consigned management revenues with high profitability contributed to an increase of 2.0 percentage points in the operating profit margin, to 13.8%.
- **Recurring Profit**
The Company posted an equity method gain of 866 million yen and recurring profit rose 3,073 million yen, to 3,811 million yen (equity in losses of affiliates of 2,158 million yen in the same period a year ago).
- **Net Income**
While the Company posted an extraordinary gain on the transfer of the right to the solar power generation business to improve the asset reference ratio, net income was reduced by 1,483 million yen, to 2,507 million yen, as the gain on the transfer based on the Asset-light Strategy was a profit loss factor.
- **Status of Balance Sheets**
Key change factors include reduced uncollected refunds and the acquisition of one driving range. Total assets amounted to 150,825 million yen and net assets were 47,116 million yen.

2. Results Forecasts for the First Half and Full Year

- While the monthly results for October were good and a high rate of golf course reservations continues from November, the full-year forecast will be unchanged since the risk of bad weather in the fourth quarter is unpredictable.
As for changes in the number of golf courses, one golf course in an urban area was purchased and one unprofitable regional golf course was sold in October. This is expected to have an insignificant effect on the business plan for the current fiscal year.
- The year-end dividend will be 36 yen per share, which has not been changed from the initial plan.

FY 3/2016 H1 Performance Summary



(Yen millions)

	FY 3/2015 H1	FY 3/2016 H1				
		(Result)	(Plan)	(YoY)	(Vs Plan)	(% of FY forecast achieved)
Operating Revenues	41,319	25,030	24,800	− 39.4%	+ 0.9%	52.4%
EBITDA	8,292	5,540	5,600	− 33.2%	− 1.1%	48.2%
Operating Profit	4,870	3,458	3,500	− 29.0%	− 1.2%	46.7%
Recurring Profit	738	3,811	3,100	+ 416.4%	+ 22.9%	55.2%
Extraordinary Income	6,450	619	−	− 90.4%	−	−
Extraordinary Losses	121	179	−	+ 47.9%	−	−
Net Income before Tax Adjustments	7,067	4,251	−	− 39.8%	−	−
Net income	3,990	2,507	2,500	− 37.2%	+ 0.3%	61.1%
EBITDA Margin	20.1%	22.1%	22.6%	+ 2.0pt	− 0.5pt	−
Operated (Contracted) Golf Courses	136(93)	138(94)	−	−	−	−
Operated (Contracted) Driving Ranges	25(5)	26(5)	−	−	−	−
Number of Rounds Played(10,000 rounds)	437	445	448	+ 8	− 3	−

Recent Business Conditions

1. Business conditions of the first half (Apr. – Sep. 2015)

Apr 2015	While there were some missed opportunities due to unfavorable weather around the country at the start of the month, the number of rounds played increased in the latter half of the month.
May	All areas except Kyushu and parts of western Japan enjoyed mild weather, and efforts were made to attract visitors on weekdays as well as during Golden Week.
Jun	Bookings were strong, and business was strong in all areas except Kyushu and parts of western Japan, especially in the Kanto area, which is a strong income base.
Jul	While significant growth from the sluggish business in July last year was expected, the prolonged rainy season and typhoons caused a business slowdown.
Aug	Reservations were filled for the week of Bon festival and most other weeks, and the number of rounds played remained high throughout the month.
Sep	While the Company promoted early reservations for consecutive holidays such as Silver Week, the business was affected by typhoons and torrential rains.

2. Business conditions at all golf courses

	Operated golf courses (135 courses)		Owned golf courses (44 courses)		
	# of rounds played (YoY)	Expected # of rounds played as of end of previous month (YoY)	# of rounds played (YoY)	Expected # of rounds played as of end of previous month (YoY)	Operating Revenue (YoY)
Apr 2015	+0.6%	+10.9%	+4.4%	+20.9%	+6.6%
May	+5.1%	+3.8%	+8.2%	+7.6%	+9.2%
Jun	+6.7%	+4.9%	+11.3%	+9.9%	+9.7%
Jul	- 2.0%	+5.5%	+1.8%	+9.8%	+2.8%
Aug	+4.0%	+7.3%	+8.7%	+12.3%	+8.2%
Sep	-3.7%	+5.0%	+0.6%	+10.0%	+1.5%
Oct (Est.)	+9.3% (As of November 1)	+4.0%	+10.1% (As of November 1)	+9.0%	+11.9% (As of November 1)
Nov (Est.)	-	-0.9% (As of November 8)	-	+1.1% (As of November 8)	-

Breakdown of Operating Revenues

	(Yen millions)		
	FY 3/2015 H1	FY 3/2016 H1	(YoY)
Operating Revenues	41,319	25,030	– 39.4%
Golf Course Operations	26,753	14,901	– 44.3%
Restaurants	8,796	4,521	– 48.6%
Golf Equipment Sales	2,248	2,325	+ 3.4%
Other	3,520	3,282	– 6.8%
(Breakdown of Golf Course Operations)			
Golf Course Revenues	22,386	10,012	– 55.3%
Consigned Management Revenues	1,034	3,101	+ 199.9%
Membership Revenues	3,333	1,786	– 46.4%
(Breakdown of Membership Revenues)			
Annual Membership Dues	2,400	954	– 60.3%
Registration Fees	195	111	– 43.1%
Initial Membership Fees	738	721	– 2.3%
(Breakdown of Others)			
Driving Ranges	2,454	2,548	+ 3.8%
Other	1,066	734	– 31.1%

Factors for Change

<Impact of the Asset-light Strategy >

- Impact from the 90 courses owned by AGT (Golf Course Revenues of 18,579 million yen, Membership Revenues 2,405 million yen, Restaurants 6,969 million yen)
- Consigned management revenues of 3,101 million yen

<Golf Course Operations>

- Impact from the sale of a golf course in the previous fiscal year (revenues of 568 million yen)
- Number of rounds played at operated golf courses: 4.45 million (up 1.8% year on year)
- Revenue per customer: 9,317 yen (Up 0.1% year on year)

<Golf Equipment Sales>

- While expensive products such as golf clubs were sluggish, consumables were strong due to an increase in the number of rounds played.

<Membership Revenues>

- Initial membership fees (golf membership sales and supplementary enrolment) for recently acquired golf courses were stronger than expected.

<Driving Ranges>

- With strong demand for rounds of golf, the advantages of existing facilities in terms of practice environment and location helped to attract customers and increase revenue.

Breakdown of Operating Expenses

	(Yen millions)		
	FY 3/2015 H1	FY 3/2016 H1	(YoY)
Operating Expenses	36,448	21,571	- 40.8%
COGS	33,192	19,658	- 40.8%
Personnel Expense	11,343	6,626	- 41.6%
Materials Expense	5,400	3,652	- 32.4%
Other Expense	16,448	9,379	- 43.0%
SG&A Expenses	3,255	1,913	- 41.2%
Personnel Expense	843	806	- 4.4%
Other Expense	2,412	1,106	- 54.1%

Factors for Change

<COGS>

COGS for all golf courses declined significantly due to the impact of the Asset-light Strategy. The factors for change regarding owned golf courses were as follows.

● Personnel Expense

The number was within the range of the standard personnel expenses set for each golf course based on operating revenues. The effect of managing personnel expenses as variable expenses is becoming apparent.

● Materials Expense

Increased food sales at restaurants due to increased rounds played and a rise in food material costs had an impact.

● Other Expense

Utilities expenses (mainly fuel oil A) and vehicle expenses (gasoline) declined. Web fees of customers remained at last year's level thanks to enhancements to the Company's own booking website.

<SG&A Expenses>

● Personnel Expense

The personnel expense of golf course managers from the head office, who are in charge of operating and managing AGT's golf courses, were changed from COGS to be included in SG&A expenses.

● Other Expense

A large reduction in expenses due to the implementation of the Asset-light Strategy.

Effect of Asset-light Strategy (90 courses owned by AGT)

Before implementation of Asset-light Strategy

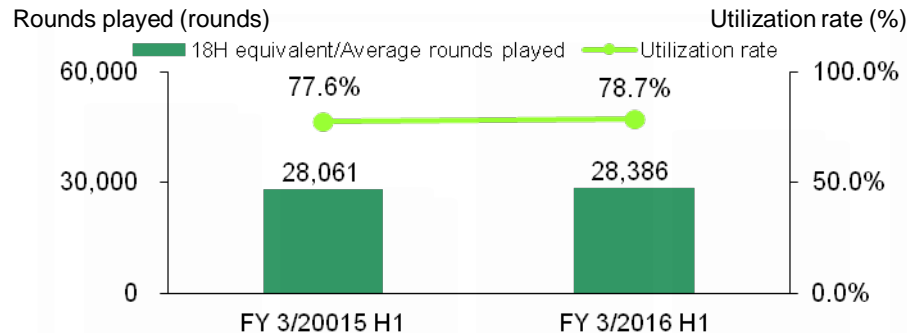
Personnel Expense	Management	Borne by the Company
	Staff	
Materials Expense	Food ingredients and materials, etc.	
Other Expense	Web fees, etc.	

After implementation of Asset-light Strategy

Management	Costs of loaned and dispatched staff billed to AGT	Borne by AGT
Staff		
Food ingredients and materials, etc.		
Web fees, etc.		

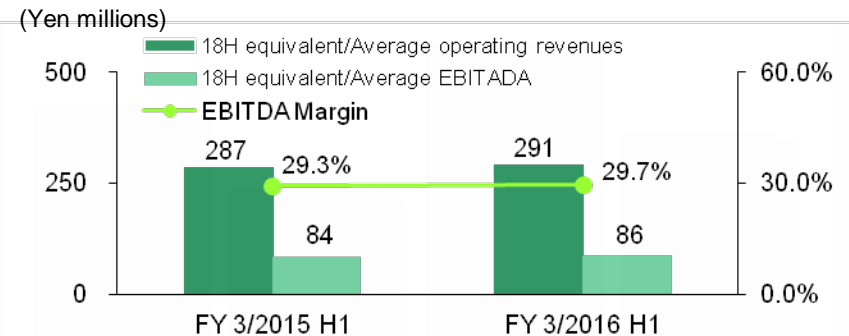
Earnings at the 135 Operated Golf Courses

Rounds Played / Utilization Rate



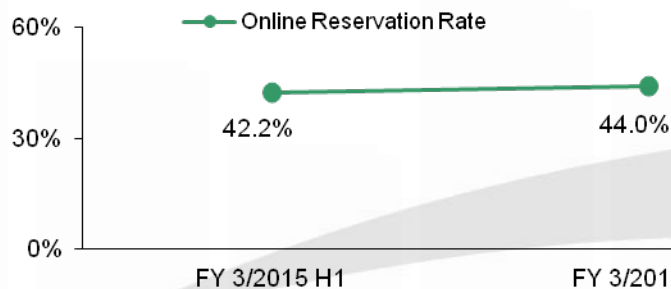
(Note) Utilization Rate = Rounds per 18 holes/business days x 200 (visitors)

Operating Revenues / EBITDA



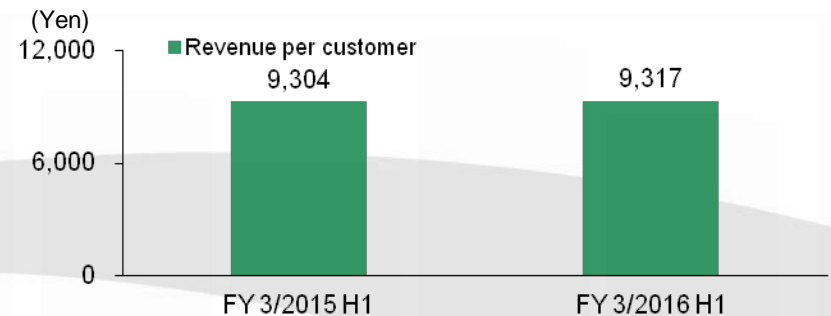
(Note) Calculated revenues from golf course operation + Restaurant sales + Sale of golf equipment based on 18 holes

Online Reservation Rate



(Note) 135 golf courses that are held or in relation to which operating consignment agreements (including Golf Course Management Agreements) have been concluded (including closed golf courses)

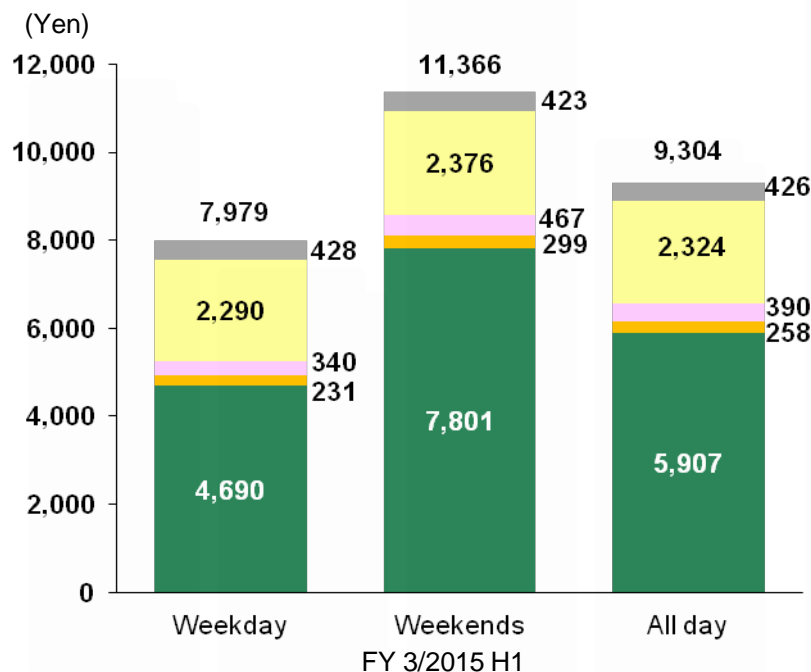
Revenue per Customer



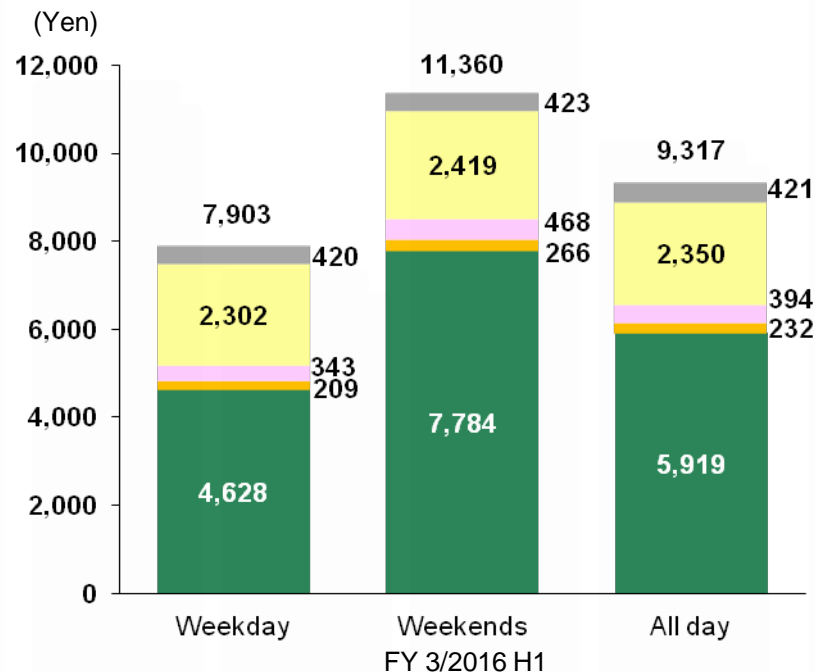
(Note) Revenue per customer = Golf course revenues+ Restaurant sales (excluding sales outside the Group) + Sales of golf equipment / Rounds played

Breakdown of Revenue per Customer at the 135 Operated Golf Courses

■ Playing fee ■ Caddy fee ■ Pro shop ■ Food & beverages ■ Other



■ Playing fee ■ Caddy fee ■ Pro shop ■ Food & beverages ■ Other



- Sought to balance pricing and utilization as the overall policy.
- A slight decrease is expected for weekdays, as there is scope to increase demand on weekdays while we focus on facility utilization by acquiring early reservations. For weekends, which enjoy a high utilization rate, we implemented detailed pricing that will meet a variety of needs.
- In the first half of the current fiscal year, the number of business days on weekends and public holidays increased 1.3% year on year.
- Play without caddies: 93.8% (up 0.8 percentage point year on year).
- While pro shops saw a decline in sales of expensive products, we focused on the sale of consumables, and sales from food and beverages increased due to competition-related demand.
- Revenue per customer (all day) is estimated at 9,360 yen for 135 golf courses in the first half.

(Note) Revenue by customer is calculated from revenue from different fee structures in accordance with customers' attributes, playing styles, tee times, and whether it is a busy day or a slack day.

The above figures are calculated by dividing the sum of course revenues, sales at restaurants and sales of golf equipment by the number of rounds played at subject golf courses.

Status of Balance Sheets

(Yen millions)

	FY 3/2015	FY 3/2016 H1	(YoY)	Factors for Change
Current Assets	17,177	11,027	-6,150	Decrease in uncollected refunds
Non-current Assets	140,597	139,798	-799	
Property, Plant and Equipment	96,287	97,319	+1,032	Capital investment in existing facilities
(of which, Golf Courses)	42,716	42,842	+126	
(of which, Land)	28,534	28,907	+373	
Intangible Assets	11,638	10,855	-783	
(of which, Consolidation Goodwill)	8,930	8,304	-626	Amortization of Goodwill
Investments and Other Assets	32,672	31,623	-1,049	Owning 28.9% of AGT units
Total Assets	157,775	150,825	-6,950	
Current Liabilities	30,765	41,509	+10,744	
Short-term Loans Payable	500	3,340	+2,840	Utilization of short-term loan facilities
Current Portion of Long-term Loans Payable	12,410	21,497	+9,087	
Non-current Liabilities	79,847	62,199	-17,648	
Long-term Loans Payable	53,132	35,464	-17,668	
(of which, Deposits for Admission)	9,522	9,353	-169	
Total Liabilities	110,612	103,708	+6,904	
Net Assets (Shareholders' Equity)	47,162	47,116	-46	
Total Liabilities and Net Assets	157,775	150,825	-6,950	

Status of Liabilities

(Yen millions)

	FY 3/2015	FY 3/2016 H1	Change	Summary
Short-Term Borrowings	500	3,340	+2,840	
Short-Term Portion of Long-Term Borrowings	12,410	21,497	+9,087	The 8,000 million yen allocated for withholding tax payments was repaid in July 2014 using refunds
Commercial paper	4,998	4,998	–	Adjustment of cash position
Long-Term Borrowings	53,132	35,464	–17,668	20,000 million yen of loans with acquisition rights
Lease Obligations	8,755	8,864	+109	Sale and leaseback of driving range facilities
Interest Bearing Debt	79,795	74,962	–4,833	D/E ratio is 1.6 (net interest-bearing debt/net assets)
Net Interest-Bearing Debt	67,555	61,959	–5,596	Interest-bearing debt less cash and deposits and lease obligations
Membership Deposits	9,522	9,353	–169	

- Planning to procure funds using corporate bonds to diversify fund procurement and improve financial position.
- Loan with stock acquisition rights Exercise price: 1,361 yen per share, Number of rights issued: 141,843, Exercise period: From August 1, 2014 to November 30, 2017

Major financial covenants [Syndicate loan in 2014]

Subject: Syndicated loan due August 2019 and others

- Shareholders' equity ratio: 20% or higher
- Leverage ratio: 6.0 times (rating of BBB)
- Maintain a rating of BBB- or higher for long-term preferred liabilities

Rating

Long-term preferred liabilities: BBB (JCR)

Forecast (negative)

Commercial paper: J-2 (JCR)

Short-term loan facilities: Total 7,700 million yen
(As of June 30, 2015)

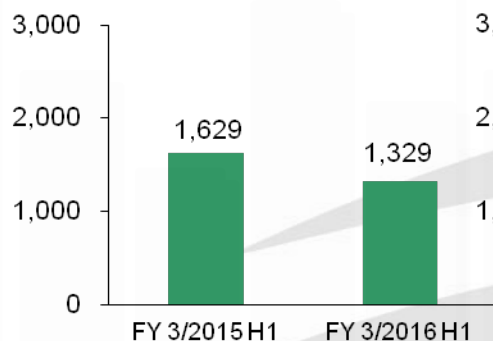
	(Yen millions)		
	FY 3/2015 H1	FY 3/2016 H1	(YoY)
Operating Activities	△10,914	9,545	+ 187.5%
Investing Activities	85,351	△231	– 100.3%
Financing Activities	△73,112	△8,659	+ 88.2%
Change	1,324	654	– 50.6%
Beginning Balance	4,594	3,485	– 24.1%
New Consolidated Subsidiaries	–	–	–
End Balance	5,919	4,139	– 30.1%

Factors for Change

- Cash flows from operating activities were affected by the implementation of the Asset-light Strategy.
- Dividends of 1,634 million yen from AGT were added to cash flows from investing activities. A decrease in assets due to the implementation of the Asset-light Strategy led to reduced capital investment.
- Regarding cash flows from financing activities, the end-of-term dividend payment will be covered by short-term loans as well as annual cash flows from operating activities.

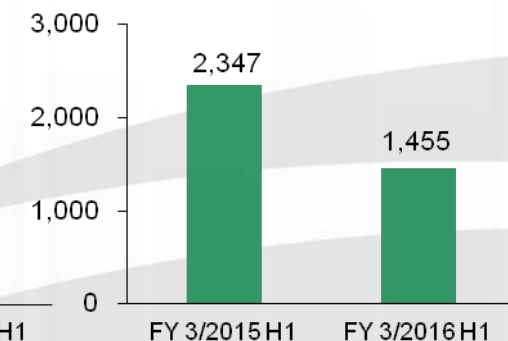
Capital Expenditures

(Yen millions)



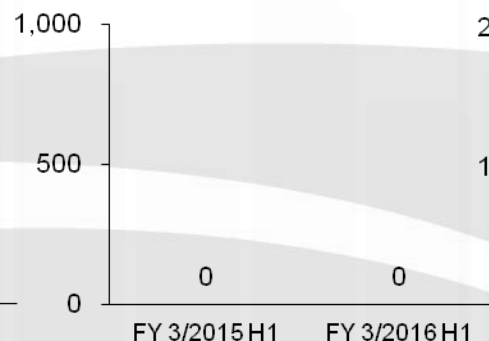
Depreciation Expenses

(Yen millions)



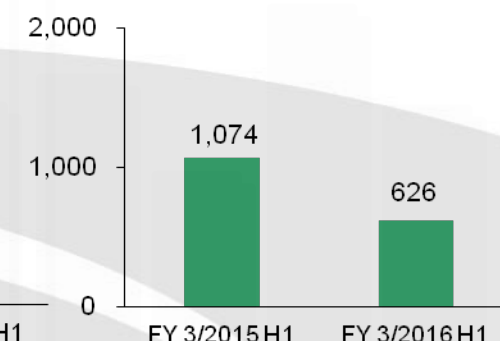
Acquisition Costs

(Yen millions)



Amortization of Goodwill

(Yen millions)



Acquisition and Sale of Golf Courses

1. Acquisition

Name	Date / Scheme	Location / Number of Holes	Operating Revenues (Results in the previous year)
Skyway Country Club	October 2015 Stock acquisition	Narita city, Chiba 18	440 million yen

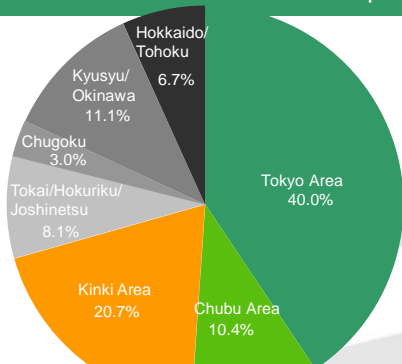
2. Sale

Name	Date / Scheme	Location / Number of Holes	Operating Revenues (Results in the previous year)
Echizen Country Club	October 2015 Stock sale	Awara City, Fukui 18	261 million yen

Acquisition policy going forward

- The number of deals brought into the Company tended to increase from the previous year. We will promote the finding of deals in the three major metropolitan areas and aim at the increase of our share in operated golf courses.
- Proactive investment in first-rate properties (at least 15 golf courses in three fiscal years), expanding scope of projects considered to include overseas projects in North America, etc.
- To continue selling golf courses with low earnings located in regions outside metropolitan areas and create a portfolio of operated golf courses that can survive into the future.

Location of Golf Course Development

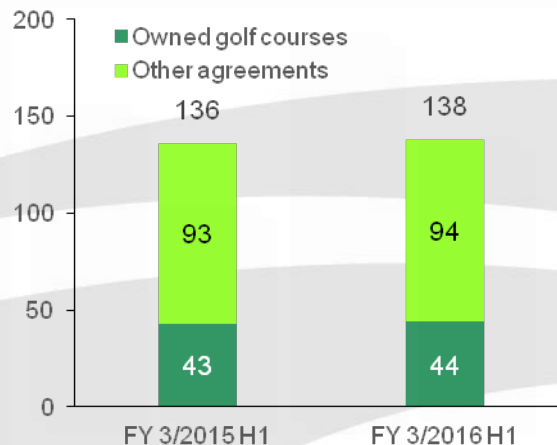


Ratio of three major metropolitan areas: 71.1%

(Notes) 1.135 Operated Golf Courses as of September 30, 2015

2.Chubu Area consists of Aichi, Gifu and Mie prefectures

Golf courses



- Change in administration and legal liquidation
In the period from Jan to Jun 2015
Change in administration:
30 courses (18 courses in the same period of the previous year)
Legal liquidation:
5 courses (3 courses in the same period of the previous year)
- Golf course ownership (as of June 30, 2015)
Accordia Golf 134, PGM 126, ORIX 40, Seibu 28, Ichikawa Golf 27, Tokyu 26, Cherry Golf 23, Unimat 16, Taiheiyo Club 17, Chateraise 15, Akechi GC & Boso CC 10, Resorttrust 13, Tokyo Tatemono 12

Source: In-house calculations based on Golf Tokushin data published by IKKI

Driving Range Performance Summary

(Yen millions)

	FY 3/2015 H1	FY 3/2016 H1	(YoY)
Operating Revenue	2,765	2,903	+5.0%
EBITDA	911	1,049	+15.1%
EBITDA Margin	32.9%	36.1%	+3.2pt
Rounds Played (10 thousand rounds)	183	189	+3.3%
Number of Participants in Schools (10 thousand people)	11	12	+6.9%
Tee Turnover	4.8	5.2	-
Number of driving ranges	25	26	-

- Profitability improved mainly due to an increase in sales especially at existing facilities in urban areas.
- Actively conducted sales proposing consigned management and lease agreements for other owners' properties.

- **Characteristics of deals for acquisition or development**

-Accordia Garden Shizu (past name: Odakyu shizu Golf Club) (to be acquired in July 2015; Sakura, Chiba Prefecture; 100 bays)

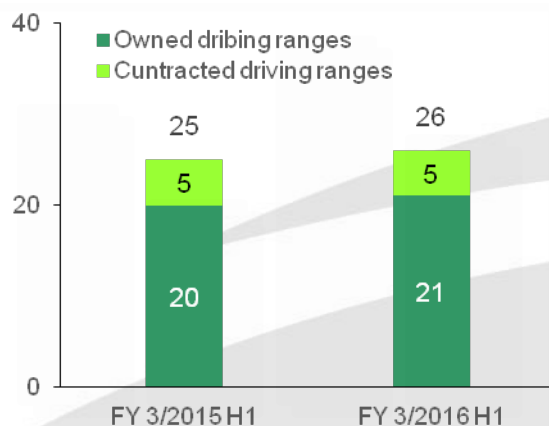
- **Customer transportation from affiliated driving ranges**

Number of affiliated driving ranges: 671
The method of transporting customers from affiliated driving ranges will be changed in June 2015. The point system that used stamp rally cards operated at the affiliated driving ranges was terminated. A new "competition customer transportation point" system was launched.

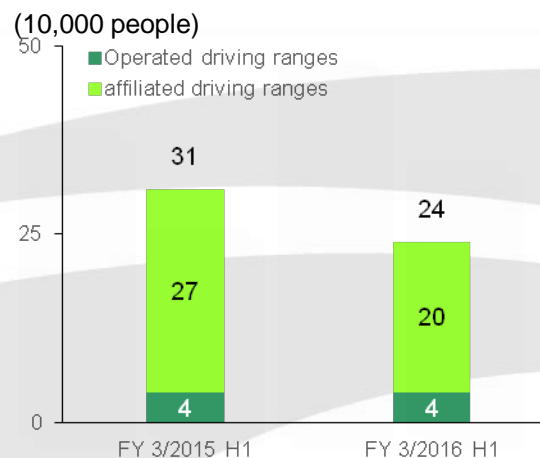
- **Golf range operating environment**

Number of domestic driving ranges: 3,361 (2014)
Total number of visitors: 90.82 million (2014)

Driving Ranges



Customer Transportation to Golf Courses



Medium-term Goals

Already done

**Reduce asset holding risk
Improve capital efficiency
and financial structure**

**Implement the Asset-light Strategy and establish a business trust for holding assets
Purchase treasury stock and reduce interest-bearing debts**

Period of transfer to Asset-light Strategy

Increase share of Accordia-operated golf courses in urban areas

- Increase business connections to acquire golf courses. Implement stricter investment assessment. Diversify financing methods

Additional asset-light measures for golf course assets after improving profitability

- Increase profitability • Promote securitization of stable income assets.

**Profitability structure
specializing in operation
Achieve high capital
efficiency**

**Achieve high profitability based on increased revenues from consigned management
Grow and maintain ROE that exceeds shareholder's equity cost**

Policy for Additional Asset-light Measures for Owned Golf Courses

1. Status of Accordia-owned golf courses

(Yen millions)

Golf courses		Number of golf courses and driving ranges (Number of 18H-converted courses)		18H-converted revenues (Results for FY ending March 2015)		
		3 major metropolitan areas	Other	Operating Revenue	EBITDA	EBITDA margin
Target transferring	Acquired before the year ended March 2010	12 courses (16.0 courses)	2 courses (2.0 courses)	669	227	34.0%
	Acquired in the year ended March 2011	2 courses (2.0 courses)	1 course (1.0 course)	599	201	33.7%
	Acquired in the year ended March 2012	3 courses (3.0 courses)	1 course (1.0 course)	538	156	29.1%
	Acquired in the year ended March 2013	3 courses (3.5 courses)	-	691	250	36.2%
	Acquired in the year ended March 2014	1 course (1.0 course)	-	630	169	26.9%
Courses under rebranding or business restructuring		8 courses (8.5 courses)	2 courses (2.0 courses)	780	218	28.0%
Not to be included in portfolio (to be sold to third party)		1 course (1.0 course)	4 courses (5.0 courses)	265	43	16.4%
Driving ranges (those owned by Accordia only)		4 locations	1 location	244 (100 Driving areas-converted revenues)	119	48.7%

- Note 1. 40 golf courses owned until the end of March 2014 (excluding one course whose business is suspended and one course with fewer than 18 holes)
2. Fiscal year ending March 31, 2015 and fiscal year ending March 31, 2016, for which operation has been less than one year, are therefore not included in the above.

2. Status of activities

1. Courses in process of arranging rights issues
Organize the relationships of rights to buildings and land.

2. Courses under rebranding or business restructuring
Rebrand or restructure the business and build a stable revenue base.

3. Courses before completion of profitability improvement
Maximize earnings by improving profitability through increasing the number of visitors, achieving the optimal cost structure, etc.

2. Descriptions of Course Management Operations

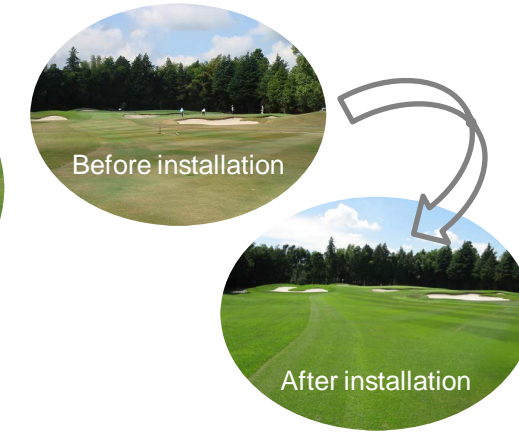
Course Management Operation 1

- Our commitment that turf quality are merchandise, we provide high quality courses even under the abnormal weather conditions.
- We are improving our course management technology to build courses that satisfy 51,000 players a year (par 18 holes).

Factors that affect course quality

Install sprinklers to improve fairway conditions in the summer

- (1) Environmental factors (sunlight, temperature, water, dryness, ventilation, drainage, etc.)
→ Improve the environment and install sprinklers



- (2) Foot pressure stress (control machinery, carts, players, etc.)
→ Disperse foot pressure through renewal operations and roping



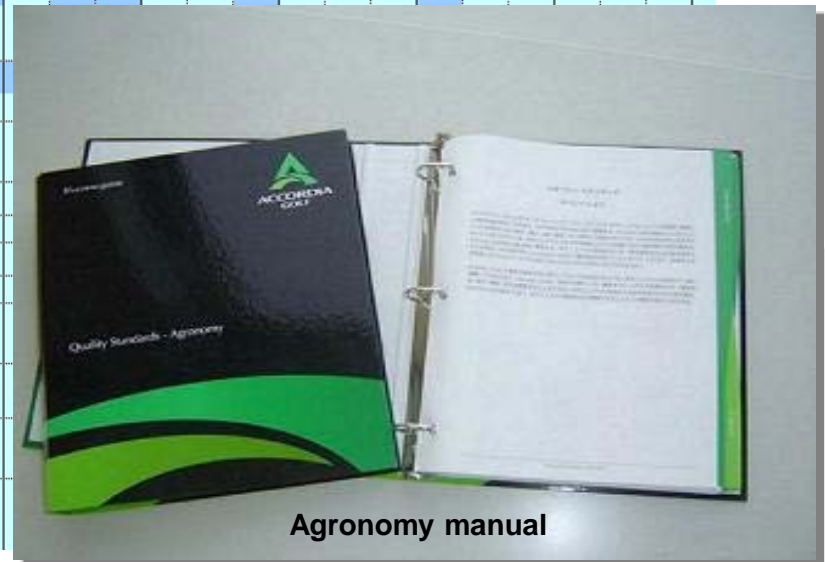
- (3) Pests, weeds, etc. → Not only use treatments, but build an environment that does not allow pests
- (4) Human factors → Implement optimal management technologies based on agronomy guidance while using analysis data

Course Management Operation 2

- Based on the course management manual, introduce investigations and analysis from scientific perspectives and maintain the ideal conditions.
- The annual schedule is created in detail based on analysis data, taking into account the climate, soil, topography, etc.
- We introduce advanced management methods and use a variety of analysis data to use our course management budget effectively.

Example of annual work schedule (green)

		4月	5月	6月	7月	8月	9月	10月	11月	12月	1月
メイン グリーン	施肥	⇒									
	12.10 t/m ² N値	0.50	0.50	0.65	0.65	0.40	0.15	0.15	0.50	0.70	4.30
	3.40 t/m ² P値	0.15	0.15	0.10	0.10	0.20	0.10	0.15	0.20	0.40	0.50
	11.30 t/m ² K値	0.25	0.25	0.40	2.50	0.30	0.30	0.20	0.20	0.50	0.30
	病害防除	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒
	内容	葉枯れ	リング	葉枯れ	リング・ダブブラウン	タンソ・シウム	ビシウム	ビシウム	葉枯れ	低温ビシウム	葉枯れ
	虫害防除	⇒	⇒		⇒	⇒	⇒	⇒	⇒	⇒	⇒
	内容	ツトガ			コガネ・ヨトウ・ツトガ	コガネ・ヨトウ			ツトガ		
	雑草防除	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒
	内容	カタビラ									
サブ グリーン	更新作業	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒
	内容	コアリング	ムク	播種	コアリング	ムク	灌注機	ムク			
	パッチドレン			サッチング	Φ8ミリタイ	サッチング					
	目土	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒
	10.70 mm	値	1.5	0.3	1	1.5	0.5	0.4	0.4	0.3	0.3
	刈り込み	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒	⇒
	値	3.8mm	3.6mm					4.0mm	4.2mm	4.5mm	
	施肥	⇒									
	0.00 t/m ² N値										
	0.00 t/m ² P値										
サブ グリーン	0.00 t/m ² K値										
	病害防除	⇒									
	内容										
	虫害防除	⇒									
	内容										
	雑草防除										
	更新作業	⇒									
	内容										



Agronomy manual

Course Management Operation 3

- We have established the courses based on our basic rules, and provide a pleasant playing environment.
- The percentage of individual play is 91.1% (FY ending March 2015). Place poles and flags from the players' perspective to help customers play better.
- Establish courses suitable for women and elderly players (women's tees 5,000 y, etc.).

Teeing ground

- Place regular tees, ladies' tees, and back tees to allow the best selection for the players' level.
- Place a variety of guidance boards on the teeing ground to support the progress of play.

特設ティ

第1打がOBの場合、前方特設 Teeよりプレイング 4でプレー することができます。

- PAR 5は残り200Y、もしくは 250Y付近
- PAR 4は残り100Y付近
- PAR 3はグリーン周りに設置して います。



※ホールによって設置ヤードが異なります。

Special tees

- If a tee shot is out of bounds, the "special tee" placed in front can be selected.

Pin positions

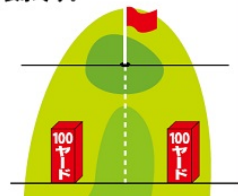
- Flag colors are different depending on the pin position (red for front, white for middle, and blue for back).

Yardage display

- On both sides of the fairway, poles showing the yards remaining are placed at the 100 yard, 150 yard, and 200 yard points from the center of the green.
- Consistent colors for all holes (red for 100 yards, white for 150 yards, and blue for 200 yards) to enable visual awareness of the yards remaining.

ヤード杭の見方

ヤード杭はすべて使用している グリーンセンターからの距離 表示です。



(Unchanged from the forecasts announced May 13, 2015)

3. FY 3/2016 Business Plan

FY 3/2016 Business Plan

(Unchanged from the forecasts announced May 13, 2015)

(Yen millions)

	FY 3/2015	(Forecast) FY 3/2016	(YoY)
Operating Revenue	63,908	47,800	- 25.2%
EBITDA	12,863	11,500	- 10.6%
Operating Income	7,330	7,400	+ 1.0%
Ordinary Income	3,536	6,900	+ 95.1%
Net Income	6,015	4,100	- 31.8%
EBITDA Margin	20.1%	24.1%	+ 4.0 pt
Net Income per Share (Yen)	71.62	58.15	-
Dividends per Share (Yen)	41 <small>(incl. interim dividend of 5 yen)</small>	36	-
ROA (Net income/Total assets)	2.9	2.8	- 0.1 pt
ROE (Net income/Net assets)	8.6	8.8	+ 0.2 pt
Number of Rounds Played (10,000 rounds)	811	822	-

(Notes) 1. The Company's own 14,234,378 shares were deducted from the number of shares issued as of March 31, 2015 (84,739,000 shares).

2. ROA and ROE were calculated based on the average of the values as of the end of FY 3/2015 and the planned values for FY 3/2016.

FY 3/2015 Quarterly Targets

(Net Income for 2Q has been amended to reflect the impact of changes to the fiscal term)

(百万円)

	1Q plan	1Q result	Vs Plan	2Q plan	Revised 2Q Plan	2Q result	Vs Revised Plan
Operating Revenue	12,900	13,318	+ 3.2%	11,900	11,900	11,712	- 1.6%
EBITDA	3,500	3,635	+ 3.9%	2,100	2,100	1,905	- 9.3%
Operating Income	2,300	2,603	+ 13.2%	1,200	1,200	855	- 28.8%
Ordinary Income	2,500	2,801	+ 12.0%	600	600	1,010	+ 68.3%
Net Income	2,000	1,641	- 18.0%	500	700	866	+ 23.7%
EBITDA Margin	27.1%	27.3%	+ 0.2pt	17.6%	17.6%	16.3%	- 1.3pt
Number of Rounds Played (10,000 rounds)	227	232	+ 2.2%	221	221	213	- 3.6%
Revenue per Customer (All Golf Courses)	9,668(Yen)	9,610(Yen)	- 0.6%	9,049(Yen)	9,049(Yen)	8,998(Yen)	- 0.6%

	3Q plan	YoY Change	4Q plan	YoY Change
Operating Revenue	13,200	+ 1.8%	9,800	+ 1.9%
EBITDA	4,100	+ 33.7%	1,800	+ 19.7%
Operating Income	3,100	+ 53.1%	800	+ 83.9%
Ordinary Income	3,300	+ 39.1%	500	+ 17.6%
Net Income	1,900	- 27.4%	-300	+ 14.9%
EBITDA Margin	31.1%	+ 7.4pt	18.4%	+ 2.7pt
Number of Rounds Played (10,000 rounds)	216	+ 2.8%	158	- 3.7%
Revenue per Customer (All Golf Courses)	10,212(Yen)	+ 0.3%	9,534(Yen)	+ 6.5%

Differences Between FY 3/2015 Deemed Results and FY 3/2016 Business Plan

(Unchanged from the forecasts announced May 13, 2015)

(Yen millions)

	Deemed Results FY 3/2015	FY 3/2016		
		(Forecast)	(YoY)	(Main factors for change)
Operating Revenue	46,600	47,800	+2.6%	Owned golf courses (course revenues and restaurants) +960 (+3.3%) Consigned management revenue +70 (+1.3%) Driving ranges +160 (+3.1%) Solar power generation (new) +80 (-)
EBITDA	10,131	11,500	+13.5%	
Operating Income	5,983	7,400	+23.7%	Owned golf courses (course revenues and restaurants) +600 (+10.5%) Driving ranges +150 (+23.6%) Decrease in expenses for points, etc. -370 (-7.2%)
Ordinary Income	4,682	6,900	+47.4%	Decrease in finance costs
Net Income	3,118	4,100	+31.5%	
EBITDA Margin	21.7%	24.1%	+2.4 pt	
Owned (Contracted) Golf Courses	137 (93)	137 (93)		
Number of Rounds Played (10,000 rounds)	811	822	-	

<Assumptions of deemed results>

- Deemed results are calculated based on the assumption that asset-light measures for 90 golf courses were completed by the end of March 2014.
- Deemed results for the fiscal year ended March 31, 2015 are calculated with costs related to asset-light measures except for finance costs excluded.

4. Reference Material

Value Chain in a Circulating Business Model

- Shifting away from ownership of golf courses and specializing in operation business, increasing number of operated golf courses and sustainably expanding share of golf courses visitors.
- We are making preparations to implement, by FY 3/2017, additional asset-light measures that will amount to approximately 40 billion yen in terms of the book value of the golf course assets.



1

- Search for golf courses mainly in the three large metropolitan areas, while strengthening business connections (enhancement of information exchange with financial entities and brokers).
- A discount rate of approx. 8-10% is assumed, factoring in profitability and scarcity.

2

- Implement measures for increasing visitors, leveraging brand strength, and increase overall revenues by raising visitor numbers.
- Implement cost control by introducing a centralized purchasing system and personnel cost rationalization.

3

- Sell golf courses chiefly to the Business Trust after earnings are improved.

4

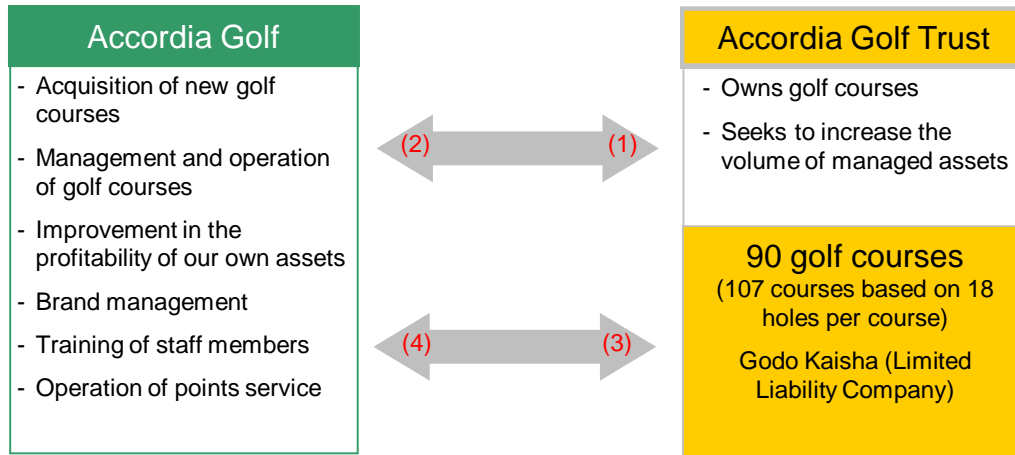
- Repayment of interest-bearing debts that occurred for the purchase of the golf courses sold off.
- Enhance returns for shareholders by such means as the buyback of our own shares or the payment of commemorative dividends to maintain shareholder's equity commensurate with asset reduction.
- Allocate part of the proceeds to investments in new golf courses.

5

- Additionally concluded Golf Course Management Agreement with affiliated company that holds golf course assets, after sale to BT
- The term of a golf course management agreement is initially 10 years (to be revised every 5 years).

Changes in the Profitability Structure after Asset-light Measures

1. Relationships with the business trust



(1) Hold a 28.9% share in the unit
 (2) Earnings from dividends (in FY2016/3 and thereafter)
Approx. 1.5 ~ 1.7 billion yen (full year)

(3) Golf course management agreement (Approval of trade marks, approval of systems, provisioning of operational expertise, instructions and advice on management, as well as the dispatch or temporary assignment of the management team)
 Term of agreement: June 2014 – June 2024 (5 years for the initial agreement; to be renewed every 5 years)
 To be renewed every 5 years from July 2024 and thereafter

(4) Income from the consignment of operations (Payment to corporate: 2.75 million yen per month for 18 holes, base fees: 3% of Operating Revenue, incentive fees: 5% of EBITDA, incentive fees for membership income, use fees for the centralized purchasing system)
Approx. 6 billion yen (full year)

2. Sharing of cash in the asset-light business model (assumption)

Book value of a golf course at the time of acquisition



Selling price of the golf course

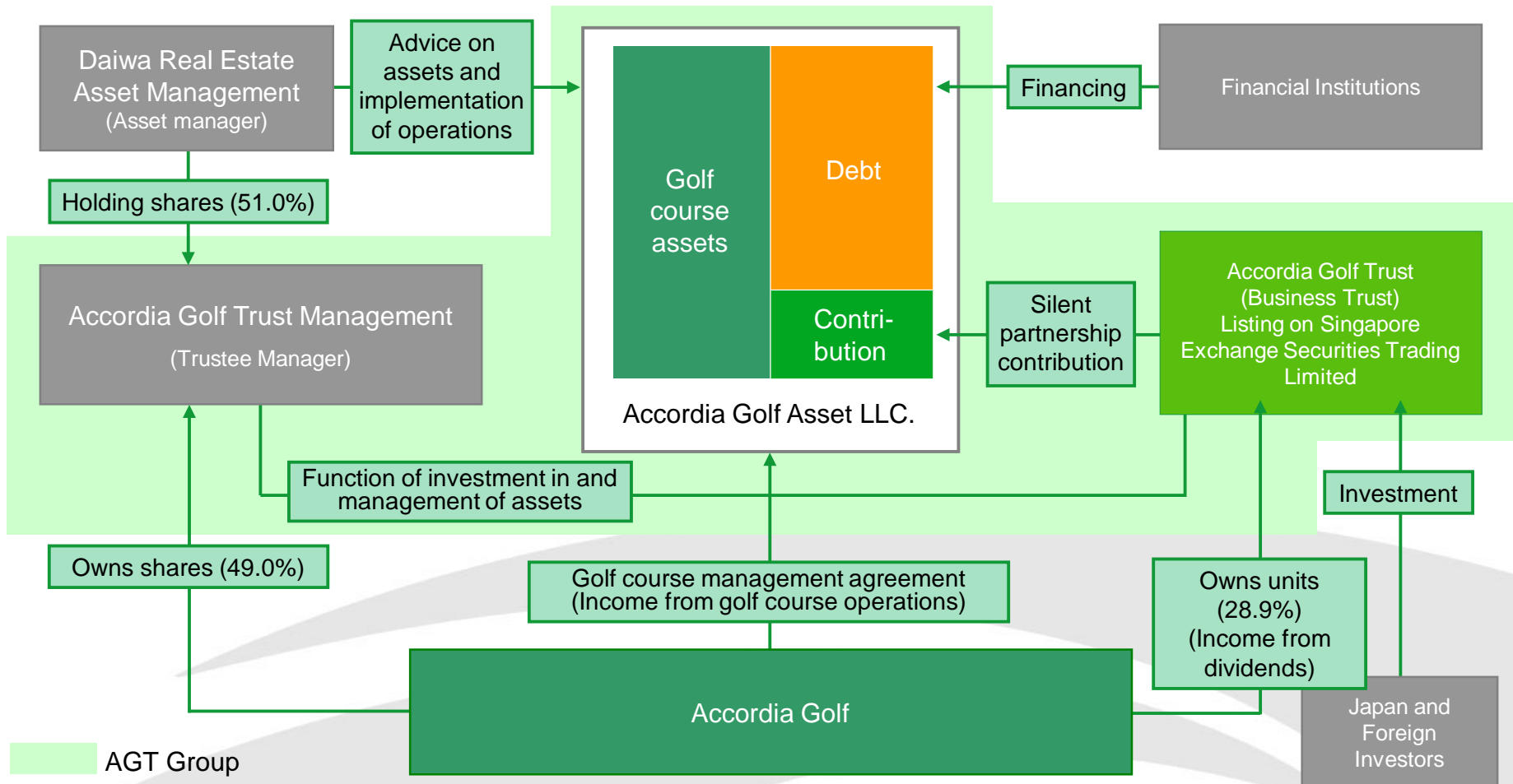


Profit from transfer

Selling price	Repayment of interest-bearing debts. Repayment of loans in conjunction of the acquisition of assets that will be transferred.
	Reinvestment. Part of the proceeds from sales will be used as funds for the future acquisition of golf courses.
Proceeds from transfer	Returns to shareholders (repurchase of our own shares). Reduction of shareholders' equities commensurate with the sell-off of golf course assets.
	Returns to shareholders (dividends). Payment of commemorative dividends will be considered.

Outline of the Business Trust

- Formation of a business trust and the listing of units based on investments after securitizing the business of golf course operations.
- Listing on Singapore Exchange Securities Trading Limited (ADQU) with market capitalization of approx. 80 billion yen.
- Dividends will be paid to investors from the remainder after deducting expenses including those related to golf course assets.



Targets under New Mid-Term Management Plan

(百万円)

	Deemed Results FY 3/2015	FY 3/2016	Targets under new Mid-term Management Plan FY 3/2016	Main differences
Operating Revenue	46,600	47,800	55,000	Acquisition of golf courses Acquisition of driving ranges Expansion of retail business
EBITDA	10,131	11,500	13,800	
Operating Income	5,983	7,400	8,900	Increased profitability of golf courses after acquisition
EBITDA Margin	21.7%	24.1%	24.8%	
Operating Profit Margin	12.8%	15.5%	16.1%	
Net Income	3,118	4,100	6,400	Gain on transfer through additional asset-light measures
Lease Obligations	79,795	67,300	79,600	
Total Liabilities and Net Assets	157,775	144,800	157,400	

<Assumptions of deemed results>

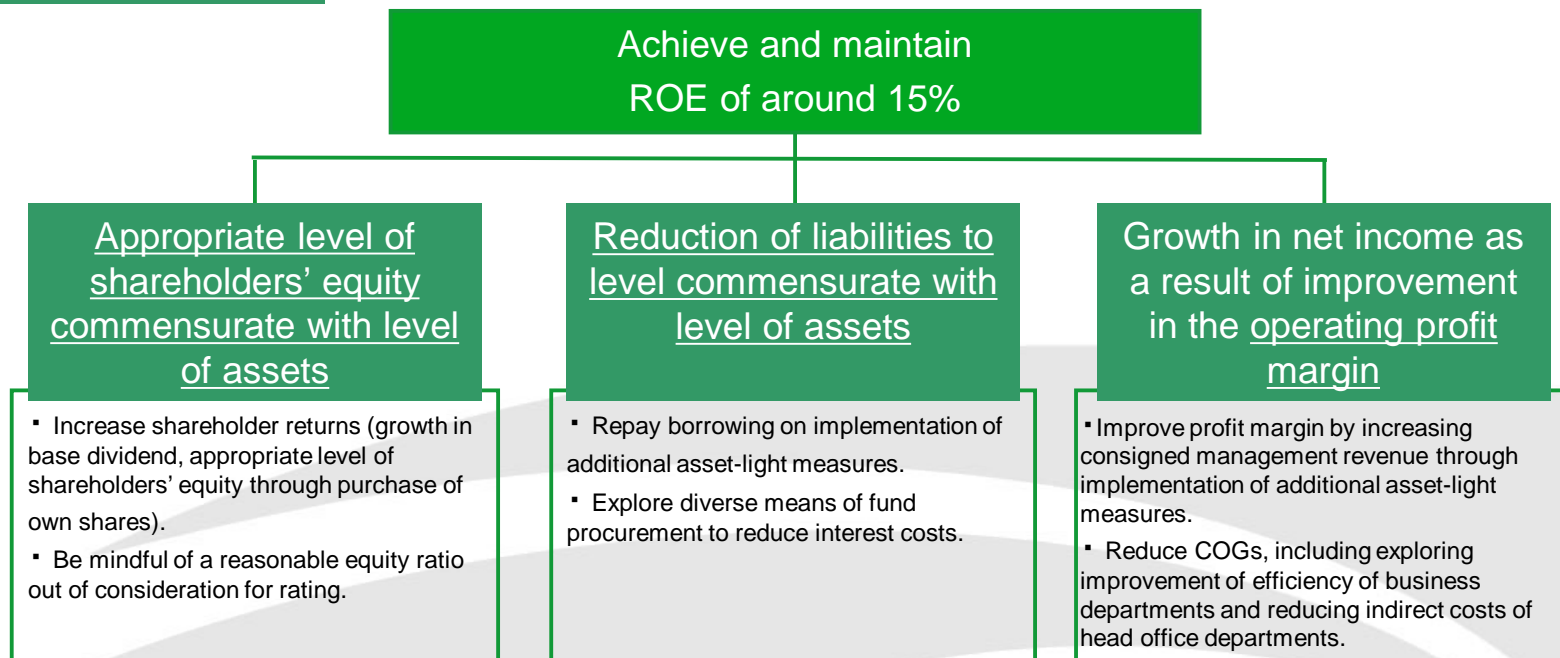
- Deemed results are calculated based on the assumption that asset-light measures for 90 golf courses were completed by the end of March 2014.
- Deemed results for the fiscal year ended March 31, 2015 are calculated with costs related to asset-light measures except for finance costs excluded.

Approach to Improving Return on Equity

1. Policy

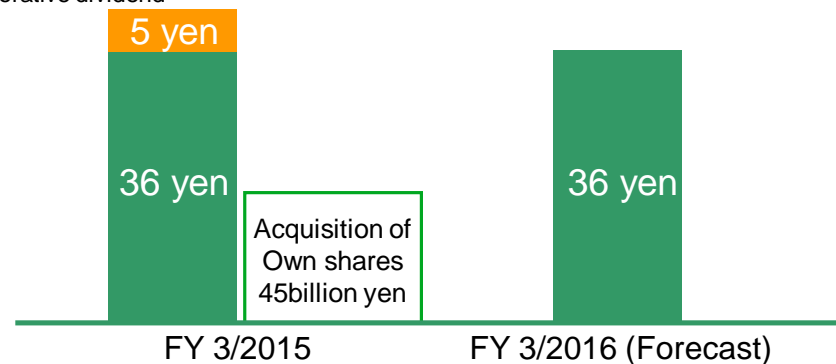
- On switching to a revenue structure centered on consigned management revenues, we aim to achieve an ROE of around 15% as an indicator of medium-to-long term management success.
- This is a transition period in which we will implement additional asset-light measures for our owned golf courses, and we will aim for optimal capital efficiency as a result of slimming down the B/S.

2. Specific Initiatives



1. Changes in Dividends

- Shareholder returns part 1 (base dividends)
- Asset-light strategy implementation commemorative dividend



2. Shareholder Returns policy going forward

Shareholder returns part 1

- Aim for dividend ratio of around 45% of the “deemed consolidated net income”

Calculation formula

- Deemed consolidated net income
= Consolidated net income - Extraordinary income/loss
+ Adjustment for corporate and other taxes associated with the extraordinary income/loss
- Target dividend
= Deemed consolidated net income × 45%



Shareholder returns part 2

- Apply part of surplus cash flows associated with transfer of golf courses
- Diligently work for shareholder returns, including acquisition of own shares and dividends, etc. while looking to repay loans relating to golf courses upon posting gains on their sales and looking to acquire additional golf courses.

Target Total Shareholder Return Ratio: 90%

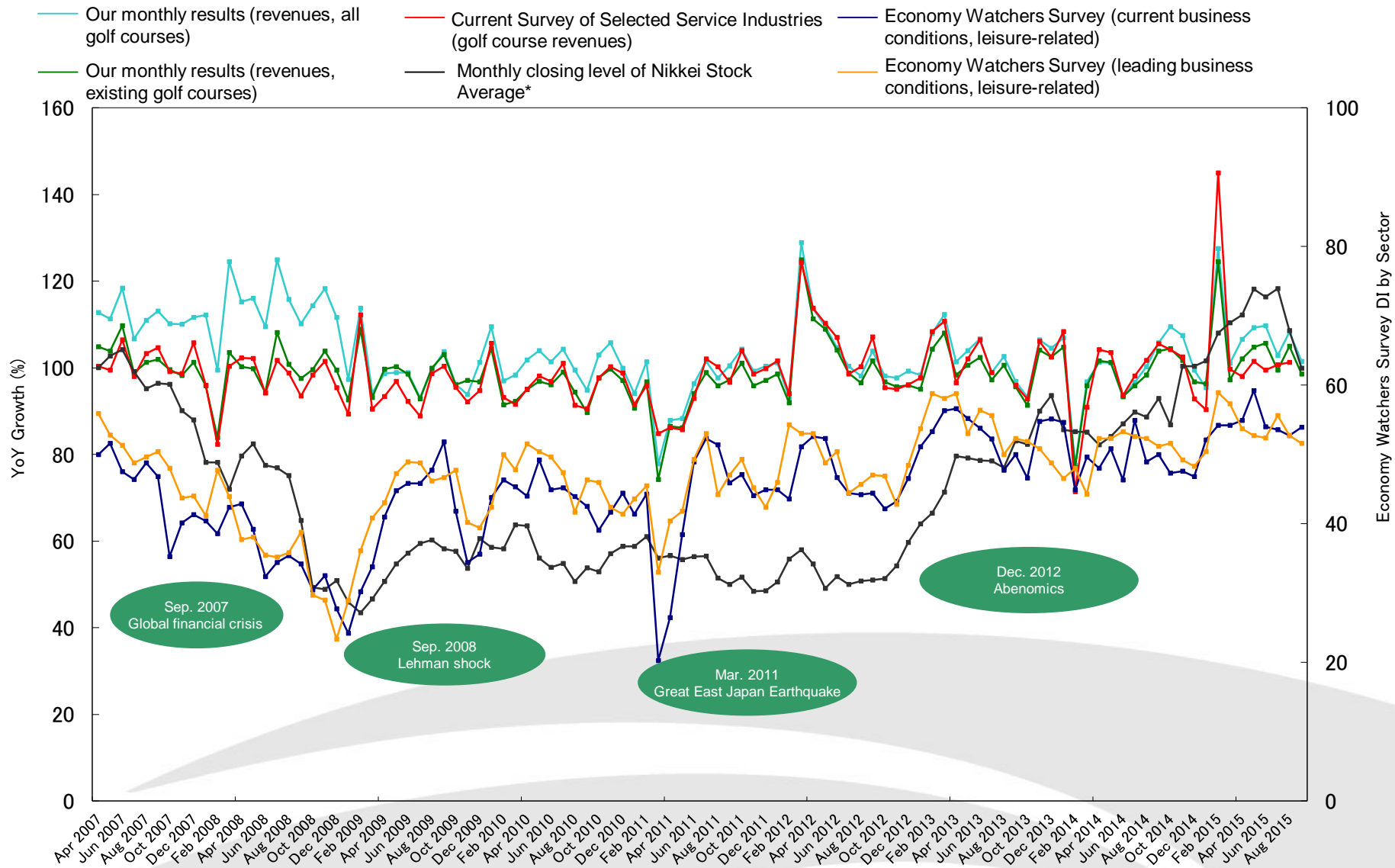
Trends in Average Revenue per Customer (Operated Golf Courses)

(Yen)

FY 3/2012	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Revenue per Customer	9,490	9,761	9,568	9,563	8,890	9,390	9,983	10,193	10,236	9,711	9,359	9,750	9,666
Number of Golf Courses	133	135	135	136	135	135	135	135	133	134	134	134	-
FY 3/2013	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Revenue per Customer	9,870	9,683	9,588	9,336	8,873	9,336	9,797	10,252	10,415	9,651	9,221	9,718	9,651
Number of Golf Courses	133	132	132	133	133	134	132	132	133	133	133	134	-
FY 3/2014	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Revenue per Customer	9,725	9,735	9,777	9,124	8,921	9,272	9,771	10,473	10,234	9,229	8,765	9,752	9,610
Number of Golf Courses	134	134	134	134	134	134	134	133	133	133	133	133	-
FY 3/2015	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Revenue per Customer	9,648	9,772	9,396	9,098	8,793	9,067	9,729	10,657	10,217	9,022	8,586	9,187	9,465
Number of Golf Courses	134	134	134	134	134	134	135	135	135	135	135	135	-
FY 3/2016	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Average
Revenue per Customer	9,674	9,859	9,280	9,061	8,737	9,206							-
Number of Golf Courses	135	135	135	135	135	135							-

- (Notes)
1. Average revenue per Customer is calculated as revenues minus membership revenues (initial membership fees, registration fees and annual membership dues), divided by the number of rounds played.
 2. Number of Golf Courses include owned and managed golf courses. Newly acquired/ sold or managed courses are added/subtracted in the following month after the acquisition/sale or contract (excluding gold courses under corporate reorganization).

(For Reference) Our Monthly Results and Economic Environment



• Closing value of Nikkei Stock Average each month is used as an index (Base date: April 2007 = 100).

(Sources) Company estimates based on METI's Current Survey of Selected Service Industries (personal services, amusements and hobbies) and the Cabinet Office's Economy Watchers Survey (DI by region and by sector).