February 10, 2016

Accordia Golf Co., Ltd. Supplementary Materials on FY 3/2016 First Three Quarters

Securities Code: 2131

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1. FY 3/2016 First Three Quarters Results

FY 3/2016 First Three Quarters Overview

1. First Three Quarters Results 〈Entries based on YoY, Comparison against plan denoted in () 〉

- While golf course reservations remained at a high level, a stable earnings environment continued despite inclement weather mainly in the summer time. A balance between maintaining the revenue per customer level and focusing on utilization resulted in a year-on-year increase of 210,000 rounds played to Accordia-operated golf courses, to a total of 6.68 million. Owned golf courses secured greater-than-expected profits as there was room for improvement, in addition to the risk of unseasonable weather having concentrated in west Japan and Kyushu, where there are few owned golf courses.

- **Operating Revenues**
  Operating revenues from golf courses decreased 11,629 million yen year on year, which was equivalent to a reduction of four months' worth of operating revenue from 90 golf courses as a result of the Asset-light Strategy implemented in August 2014. Operating revenues from driving ranges increased 284 million yen year on year, and total operating revenues were reduced by 15,723 million yen to 38,565 million yen (up 565 million yen versus plan in association with greater-than-expected earnings from golf course operations).
- **Operating Profit**
  Operating expenses, associated with the transferred golf courses, were cut. SG&A expenses also declined by 1,905 million yen, with operating profit falling by 437 million yen to 6,458 million yen in association with the decline in revenues. Consigned management revenues with high profitability contributed to an increase of 4.0 percentage points in the operating profit margin, to 16.7% (down 142 million yen versus plan in part due to an increase in shareholder benefit program expenses in association with an increase in the number of shareholders as well as an increase in sales promotion expenses.)
  Recurring Profit
  The Company posted an equity method gain of 2,089 million yen (equity method loss of 1,444 million yen posted the same period the previous year), which resulted in an increase of 4,589 million yen in recurring profit to 7,700 million yen (up 1,300 million yen versus plan due to financing expenses not being fully used and an increase in equity method gains).
- **Net Income**
  Net income declined by 779 million yen to 5,497 million yen as extraordinary income was posted in association with the transfer of rights to the solar power generation business despite the gains on the sale of affiliated companies involved in the Asset-light Strategy that occurred during the same period the previous year did not get posted, which pushed down income. (up 1,097 million yen versus plan in association with an increase in recurring profit).
- **Status of Balance Sheets**
  Key factors for change include a reduction in uncollected refunds and sales and acquisitions of golf courses. Total assets amounted to 153,568 million yen and the shareholders' equity ratio was 32.5%.

2. Results Forecasts for the First Half and Full Year

- The monthly results for January fell short somewhat due in part to the snowfall in and after the middle of the month while warm winter continued. The rate of golf reservations has remained high in February and beyond, but the full-year forecast will remain unchanged since the risk of snowfall is unpredictable.
- The year-end dividend will be 36 yen per share, which has not been changed from the initial plan.

FY 3/2016 First Three Quarters Performance Summary

(Yen millions)

	FY 3/2015 3Q	FY 3/2016 3Q (Result)	(Plan)	(YoY)	(Vs Plan)	(% of FY forecast achieved)
Operating Revenues	54,288	38,565	38,000	− 29.0%	+ 1.5%	80.7%
EBITDA	11,358	9,607	9,700	− 15.4%	− 1.0%	83.5%
Operating Profit	6,895	6,458	6,600	− 6.3%	− 2.2%	87.3%
Recurring Profit	3,111	7,700	6,400	+ 147.5%	+ 20.3%	111.6%
Extraordinary Income	7,045	666	−	− 90.5%	−	−
Extraordinary Losses	155	217	−	+ 40.0%	−	−
Net Income before Tax Adjustments	10,000	8,149	−	− 18.5%	−	−
Net income	6,276	5,497	4,400	− 12.4%	+ 24.9%	134.1%
EBITDA Margin	20.9%	24.9%	25.5%	+ 4.0pt	− 0.6pt	−
Operated (Contracted) Golf Courses	137(93)	137(93)	−	−	−	−
Operated (Contracted) Driving Ranges	25(5)	26(5)	−	−	−	−
Number of Rounds Played(10,000 rounds)	647	668	664	+ 21	+ 4	−

Recent Business Conditions

1. Business conditions for the first three quarters (Apr. – Dec. 2015)

The first quarter	Continued strong, especially centered on the Kanto area, which is a strong income base, with broad-based demand seen during long weekends and weekdays due to favorable weather.
The second quarter	Growth was sluggish due to the impact of a protracted rainy season and heavy downpours despite efforts to secure early reservations on the back of strong demand for rounds of golf.
In October	Secured optimal balance between pricing and utilization, with the rate of reservations strong and pricing at owned golf courses beating the actual results from the previous year.
In November	Amid strong reservations, growth was slow compared with the high utilization seen in actual results the same month the previous year due to an increase in the number of cancellations as a result of rain.
In December	The number of rounds played grew substantially as the rate of cancellations decreased compared with the same month last year due to the impact of a warm winter.

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	+ 9.3%	+ 4.0%	+ 10.1%	+ 9.0%	+ 9.1%
Nov	- 2.8%	+ 1.4%	- 2.0%	+ 4.4%	- 3.7%
Dec	+ 12.7%	+ 2.4%	+ 13.6%	+ 3.6%	+ 7.2%
Jan 2016	+ 2.9%	+ 7.2%	+ 4.4%	+9.2%	+ 2.2%
Feb (Est.)	-	+ 8.9% (As of February 8)	-	+ 10.9% (As of February 8)	-

Breakdown of Operating Revenues

(Yen millions)

	FY 3/2015 3Q	FY 3/2016 3Q	(YoY)
Operating Revenues	54,288	38,565	- 29.0%
Golf Course Operations	34,615	22,986	- 33.6%
Restaurants	11,085	6,973	- 37.1%
Golf Equipment Sales	3,520	3,596	+ 2.2%
Other	5,067	5,008	- 1.2%

(Breakdown of Golf Course Operations)

Golf Course Revenues	27,662	15,615	- 43.6%
Consigned Management Revenues	2,637	4,791	+ 81.7%
Membership Revenues	4,316	2,580	- 40.2%

(Breakdown of Membership Revenues)

Annual Membership Dues	2,888	1,433	- 50.4%
Registration Fees	269	159	- 40.9%
Initial Membership Fees	1,158	987	- 14.8%

(Breakdown of Others)

Driving Ranges	3,617	3,838	+ 6.1%
Other	1,450	1,170	- 19.3%

Factors for Change

<Impact of the Asset-light Strategy >

- Impact from the 90 courses owned by AGT (Golf Course Revenues of 13,107 million yen, Membership Revenues 1,622 million yen, Restaurants 4,791 million yen)
- Consigned management revenues of 4,791 million yen

<Golf Course Operations>

- Impact from the acquisition of a golf course in the previous fiscal year (factor pushing up revenues: number of rounds played 60,000; revenues of 821 million yen)
- Contribution to consolidated results from one golf course starting in November (factor pushing up revenues: number of rounds played 4,000; revenues 68 million yen)
- Non-consolidated starting in October due to the sale of one course (factor pushing down revenues: number of rounds played 7,000; revenues 66 million yen)
- Number of rounds played at operated golf courses: 6.68 million (up 3.2% year on year)
- Revenue per customer: 9,596 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>

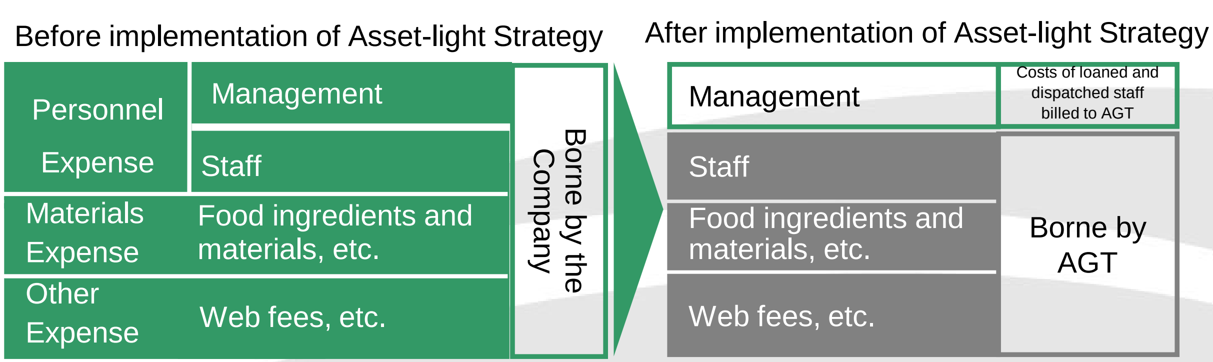
- With strong demand for rounds of golf, the advantages of existing facilities in terms of practice environment and location helped to attract customers and increase revenue.

Breakdown of Operating Expenses

(Yen millions)

	FY 3/2015 3Q	FY 3/2016 3Q	(YoY)
Operating Expenses	47,392	32,106	− 32.3%
COGS	42,448	29,066	− 31.5%
Personnel Expense	14,625	9,960	− 31.9%
Materials Expense	7,207	5,548	− 23.0%
Other Expense	20,615	13,556	− 34.2%
SG&A Expenses	4,944	3,039	− 38.5%
Personnel Expense	1,246	1,238	− 0.6%
Other Expense	3,697	1,801	− 51.3%

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



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 electricity/gas fee, 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.

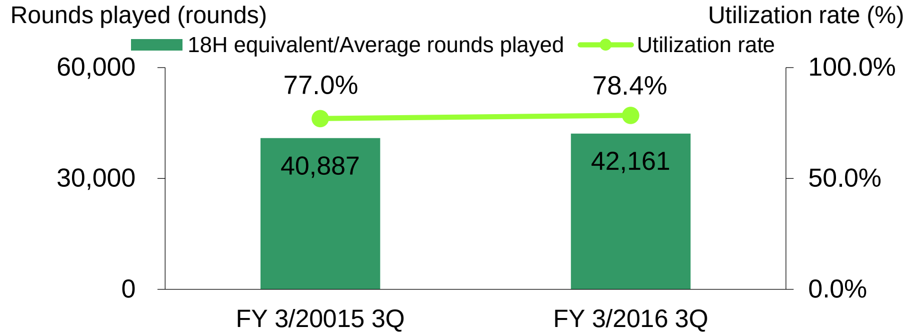
<SG&A Expenses>

●**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.

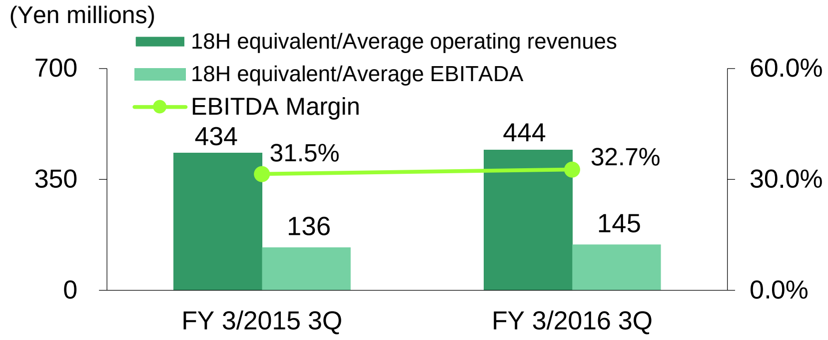
Earnings at the 135 Operated Golf Courses

Rounds Played / Utilization Rate



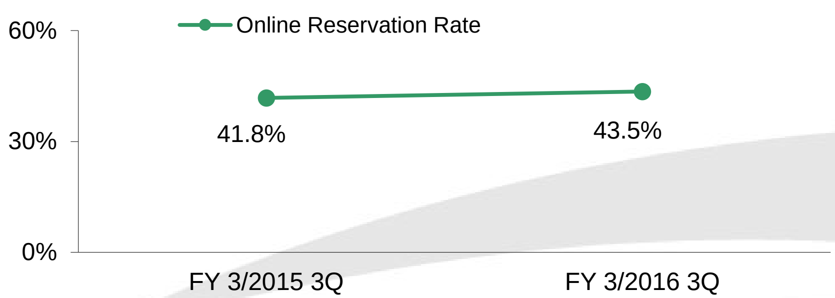
(Note) Utilization Rate = Rounds per 18 holes/business days x 200 (visitors)

Operating Revenues / EBITDA



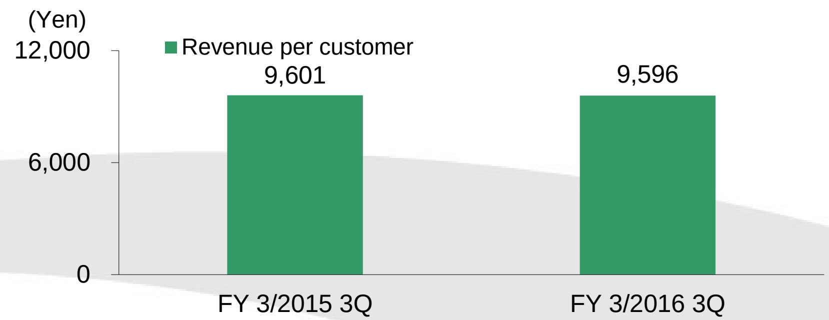
(Note) Calculated revenues from golf course operation + Restaurant sales + Sale of golf equipment based on 18 holes

Online Reservation Rate



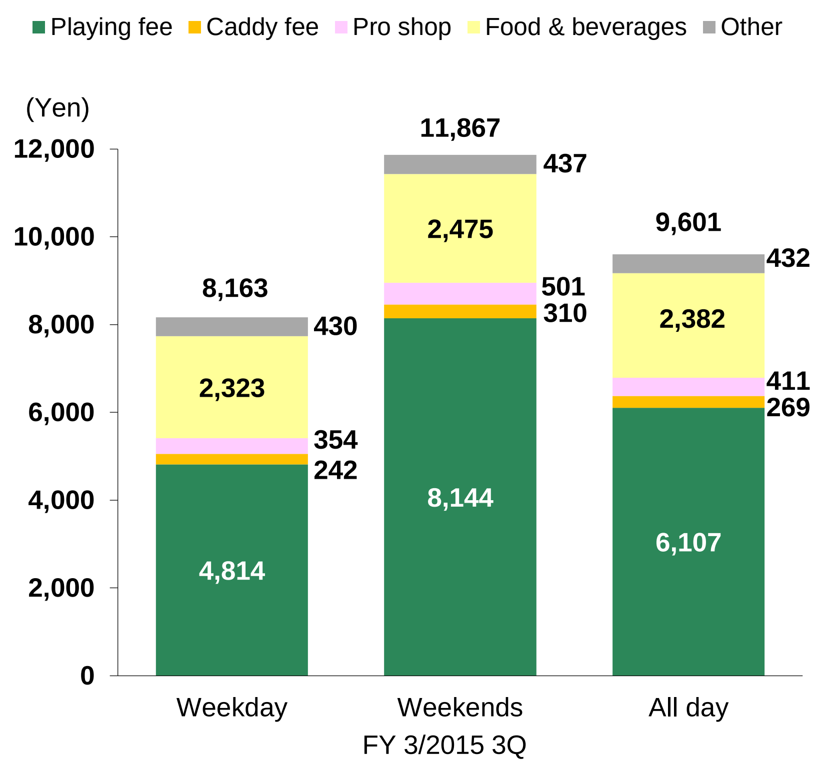
(Note) 135 golf courses that are held or in relation to which operating consignment agreements (including Golf Course Management Agreements) have been concluded (including closed golf courses)

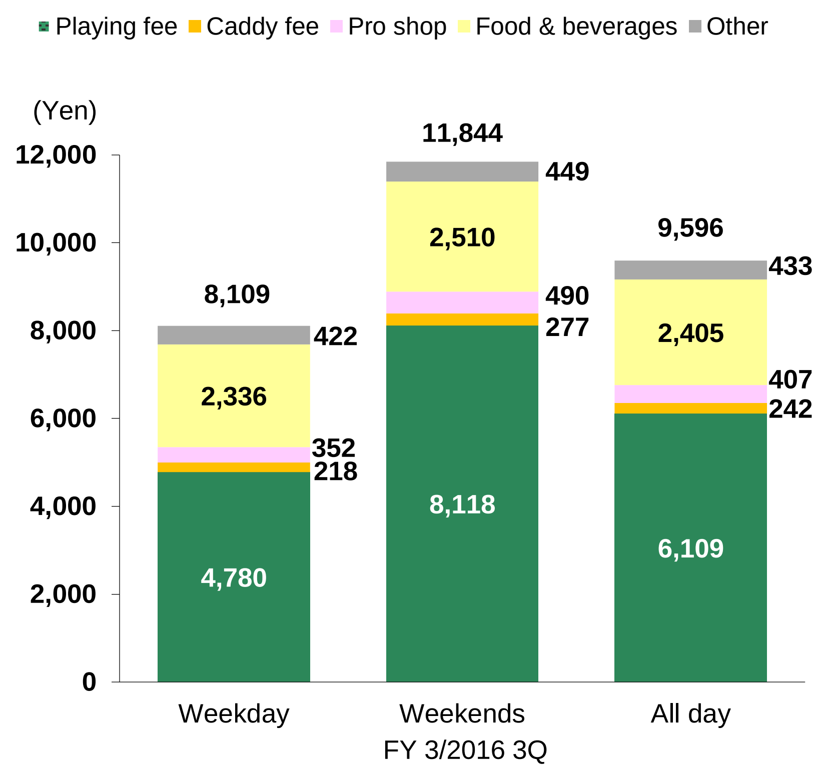
Revenue per Customer



(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





- 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 three quarters of the current fiscal year, the number of business days on weekends and public holidays increased 1.2% year on year.
- Play without caddies: 93.6% (up 0.9 percentage point year on year).
- Pro shops 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 9,646 yen for 135 golf courses in the first three quarters.

(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 3Q	(YoY)	Factors for Change
Current Assets	17,177	10,998	−6,179	Decrease in uncollected refunds
Non-current Assets	140,597	142,569	+1,972	
Property, Plant and Equipment	96,287	99,368	+3,081	Acquisition of golf courses and driving range
(of which, Golf Courses)	42,716	44,057	+1,341	
(of which, Land)	28,534	29,983	+1,449	
Intangible Assets	11,638	11,398	−240	
(of which, Consolidation Goodwill)	8,930	8,883	−47	
Investments and Other Assets	32,672	31,802	−870	Owning 28.9% of AGT units
Total Assets	157,775	153,568	−4,207	
Current Liabilities	30,765	59,114	+28,349	
Short-term Loans Payable	500	1,500	+1,000	Utilization of short-term loan facilities
Current Portion of Long-term Loans Payable	12,410	41,603	+29,193	
Non-current Liabilities	79,847	44,340	−35,507	
Long-term Loans Payable	53,132	16,433	−36,699	
(of which, Deposits for Admission)	9,522	10,287	+765	Acquisition of golf courses
Total Liabilities	110,612	103,454	−7,158	
Net Assets (Shareholders' Equity)	47,162	50,114	+2,952	
Total Liabilities and Net Assets	157,775	153,568	−4,207	

Status of Liabilities

(Yen millions)

	FY 3/2015	FY 3/2016 3Q	Change	Summary
Short-Term Borrowings	500	1,500	+1,000	
Short-Term Portion of Long-Term Borrowings	12,410	41,603	+29,193	The 8,000 million yen allocated for withholding tax payments was repaid in July 2014 using refunds 20,000 million yen of loans with acquisition rights
Commercual paper	4,998	4,998	-	Adjustment of cash position
Long-Term Borrowings	53,132	16,433	-36,699	
Lease Obligations	8,755	8,419	-336	Sale and leaseback of driving range facilities
Interest Bearing Debt	79,795	72,953	-6,842	D/E ratio is 1.5 (net interest-bearing debt/net assets)
Net Interest-Bearing Debt	67,555	60,383	-7,172	Interest-bearing debt less cash and deposits and lease obligations
Membership Deposits	9,522	10,287	+765	

- Considering refinancing, centered on a loan, for short-term portion of long-term borrowings.
- 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, 2016

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 December 31, 2015)

Status of Cash Flows

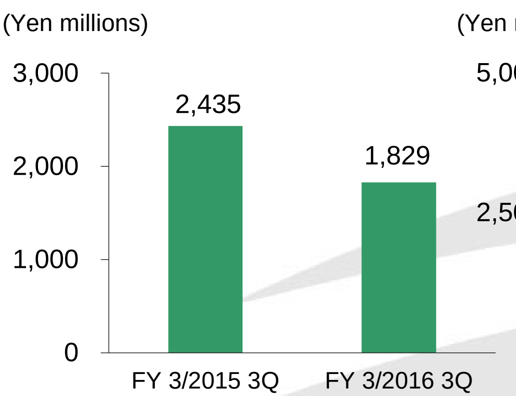
(Yen millions)

	FY 3/2015 3Q	FY 3/2016 3Q	(YoY)
Operating Activities	△8,146	9,799	+ 220.3%
Investing Activities	84,549	747	− 99.1%
Financing Activities	△76,265	△9,879	+ 87.0%
Change	136	666	+ 389.7%
Beginning Balance	4,594	3,485	− 24.1%
New Consolidated Subsidiaries	−	−	−
End Balance	4,731	4,151	− 12.3%

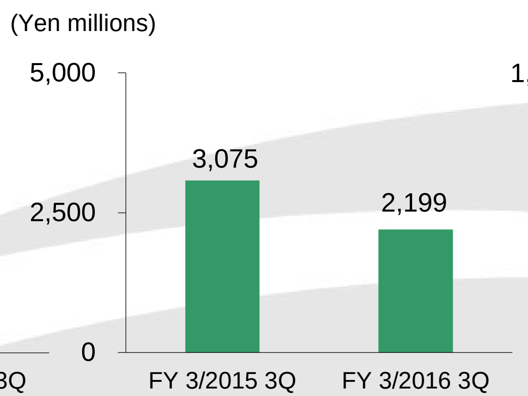
Factors for Change

- Cash flows from operating activities were affected by the implementation of the Asset-light Strategy.
- Dividends of 2,267 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.

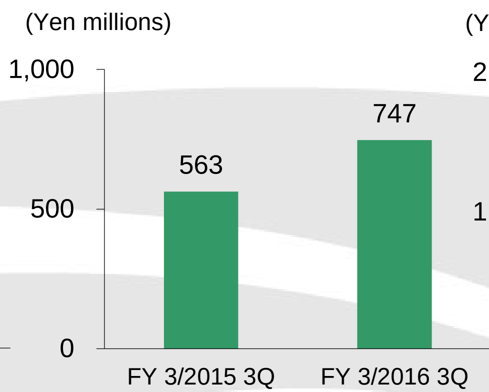
Capital Expenditures



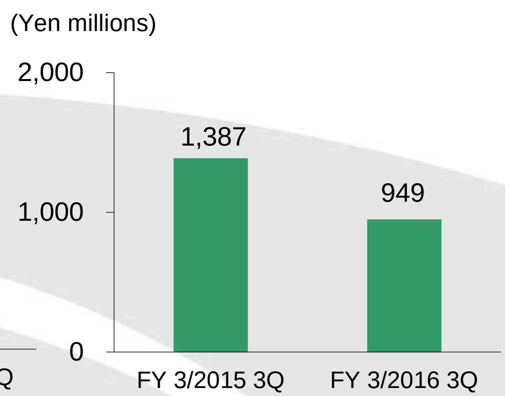
Depreciation Expenses



Acquisition Costs



Amortization of Goodwill



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

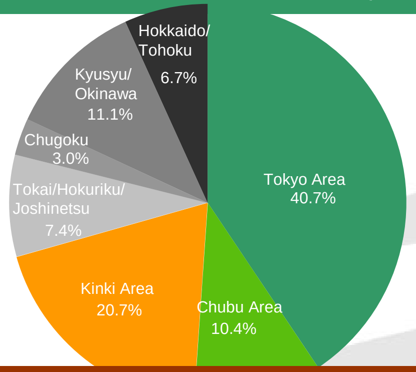
2. Sale

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 was average. 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.

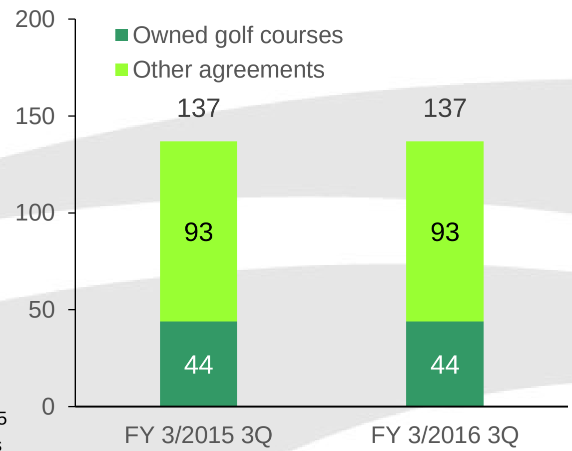
Location of Golf Course Development



Ratio of three major metropolitan areas: 71.8%

(Notes) 1.135 Operated Golf Courses as of December 31, 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 Dec 2015
  Change in administration:
  54 courses (40 courses in the same period of the previous year)
  Legal liquidation:
  19 courses (14 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

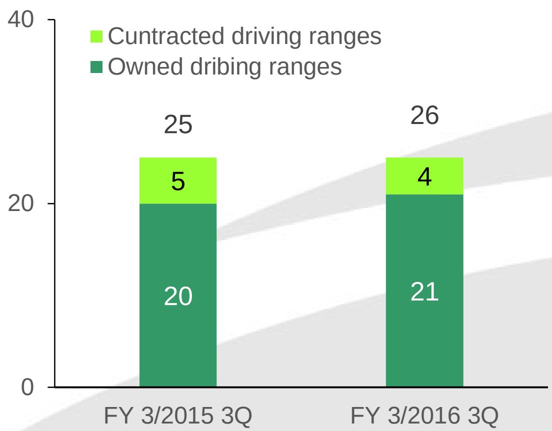
Driving Range Performance Summary

(Yen millions)

	FY 3/2015 3Q	FY 3/2016 3Q	(YoY)
Operating Revenue	4,115	4,399	+ 6.9%
EBITDA	1,315	1,583	+ 20.4%
EBITDA Margin	32.0%	36.0%	+ 4.0pt
Rounds Played (10,000 rounds)	269	285	+ 5.9%
Number of Participants in Schools (1,000 people)	17	18	+ 5.9%
Tee Turnover	4.7	5.2	–
Number of driving ranges	25	26	–

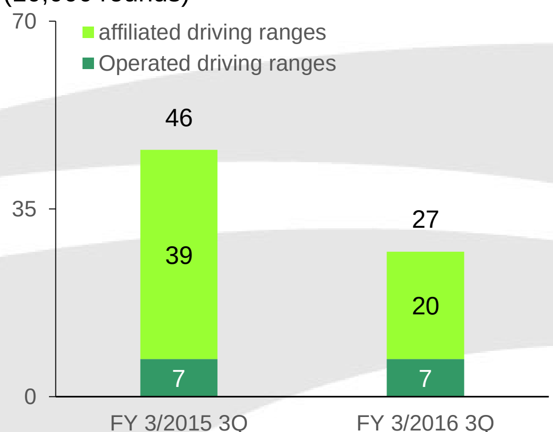
- Profitability improved mainly due to an increase in sales especially at existing facilities in urban areas.
- Actively conducted sales proposing consigned management and lease agreements for other owners' properties.

Driving Ranges



Customer Transportation to Golf Courses

(10,000 rounds)



- **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: 623
  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: 3,278 (2015)
  Total number of visitors: 88.74 million (2015)

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)

		Number of golf courses and driving ranges (Number of 18H-converted courses)		18H-converted revenues (Results for FY ending March 2015)		
Golf courses		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%
Target transferring	Acquired in the year ended March 2011	2 courses (2.0 courses)	1 course (1.0 course)	599	201	33.7%
Target transferring	Acquired in the year ended March 2012	3 courses (3.0 courses)	1 course (1.0 course)	538	156	29.1%
Target transferring	Acquired in the year ended March 2013	3 courses (3.5 courses)	-	691	250	36.2%
Target transferring	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	119	48.7%

(100 Driving areas-converted revenues)

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.

(Unchanged from the forecasts announced May 13, 2015)

2. FY 3/2016 Business Plan

FY 3/2016 Business Plan

(Unchanged from the forecasts announced May 13, 2015. The full-year forecast will remain unchanged since the risk of snowfall is unpredictable.)

(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 (incl. interim dividend of 5 yen)	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 3/2016 Quarterly Targets

(Regarding net income for the fourth quarter, the calculation for deferred tax liabilities for equity method affiliates may possibly change due to the expected cut in the corporate tax rate associated with the tax reform. The impact on cash flow will be negligible due to tax effect accounting.)

(Yen millions)

	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	3Q result	Vs Plan	4Q plan	Revised 4Q Plan	YoY Change
Operating Revenue	13,200	13,535	+ 2.5%	9,800	9,800	+ 1.9%
EBITDA	4,100	4,085	- 0.4%	1,800	1,900	+ 26.3%
Operating Income	3,100	3,000	- 3.2%	800	900	+ 106.9%
Ordinary Income	3,300	3,889	+ 17.8%	500	500	+ 17.6%
Net Income	1,900	2,990	+ 57.4%	-300	-700	- 168.2%
EBITDA Margin	31.1%	30.2%	- 0.9pt	18.4%	18.4%	+ 2.8pt
Number of Rounds Played (10,000 rounds)	216	223	+ 3.2%	158	158	- 3.7%
Revenue per Customer (All Golf Courses)	10,212(Yen)	10,159(Yen)	- 0.5%	9,534(Yen)	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.

3. 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 Acquisition → 2 Revenue improvement → 3 Sale → 4 Distribution of proceeds and profits → 5 Golf Course management → 6 Acquisition

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

Accordia Golf
- Acquisition of new golf courses
- Management and operation of golf courses
- Improvement in the profitability of our own assets
- Brand management
- Training of staff members
- Operation of points service

(2) ⟷ (1)

(4) ⟷ (3)

Accordia Golf Trust
- Owns golf courses
- Seeks to increase the volume of managed assets

90 golf courses
(107 courses based on 18 holes per course)

Godo Kaisha (Limited Liability Company)

(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)

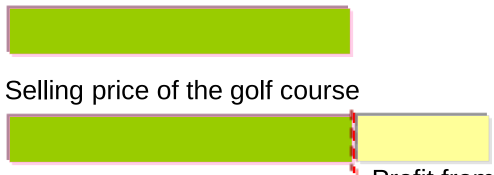
(3) Golf course management agreement
(Approval of trade marks, approval of systems, provisioning of operational expertise, instructions and advice on management, as well as the dispatch or temporary assignment of the management team)
Term of agreement: June 2014 – June 2024
(5 years for the initial agreement;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

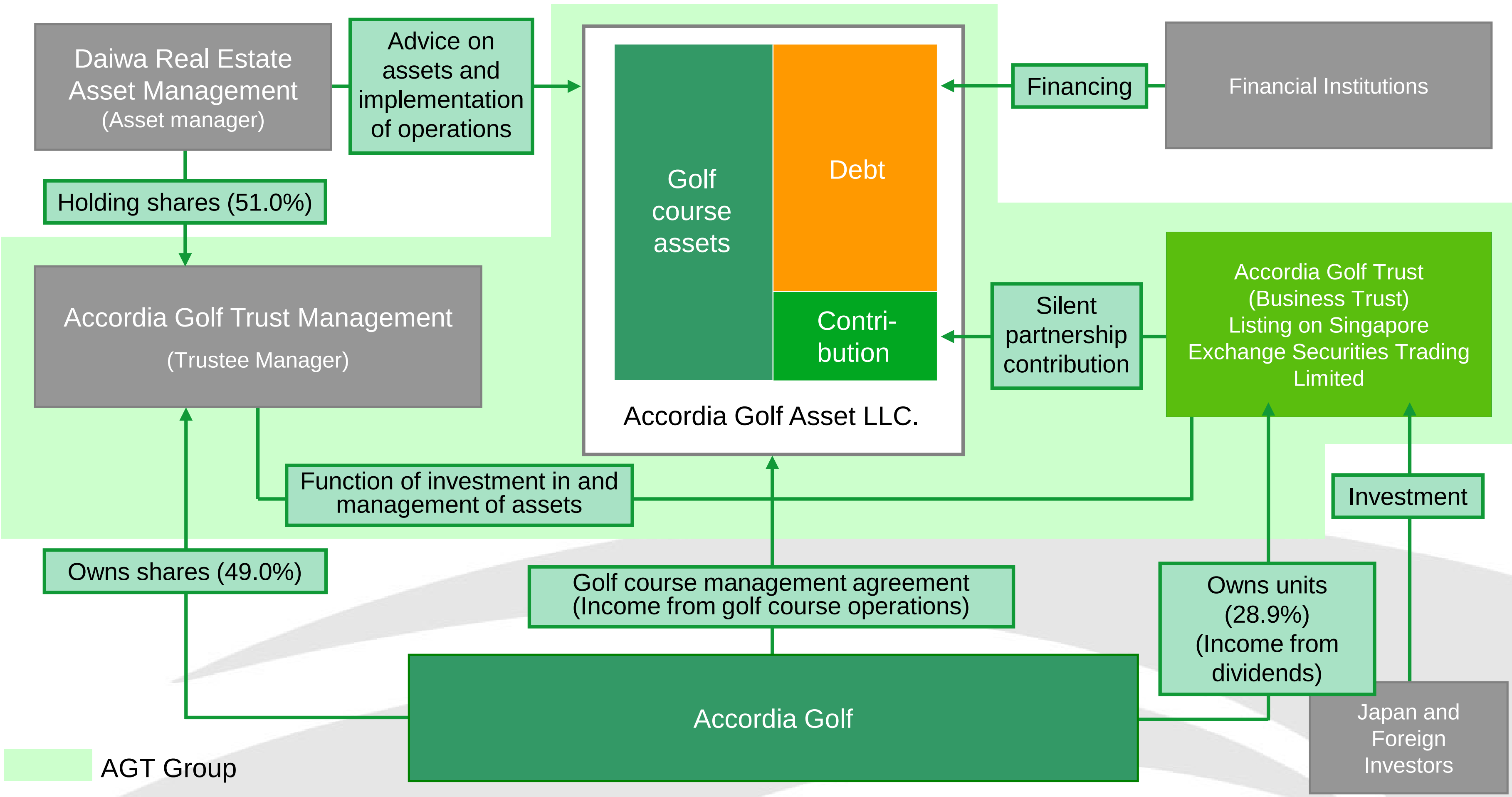


Profit from transfer

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.
- Listed on the main board on the Singapore Stock Exchange (ticker: ADQU, Bloomberg: AGT:SP)
- 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

Achieve and maintain ROE of around 15%

Appropriate level of shareholders' equity commensurate with level of assets

- Increase shareholder returns (growth in base dividend, appropriate level of shareholders' equity through purchase of own shares).
- Be mindful of a reasonable equity ratio out of consideration for rating.

Reduction of liabilities to level commensurate with level of assets

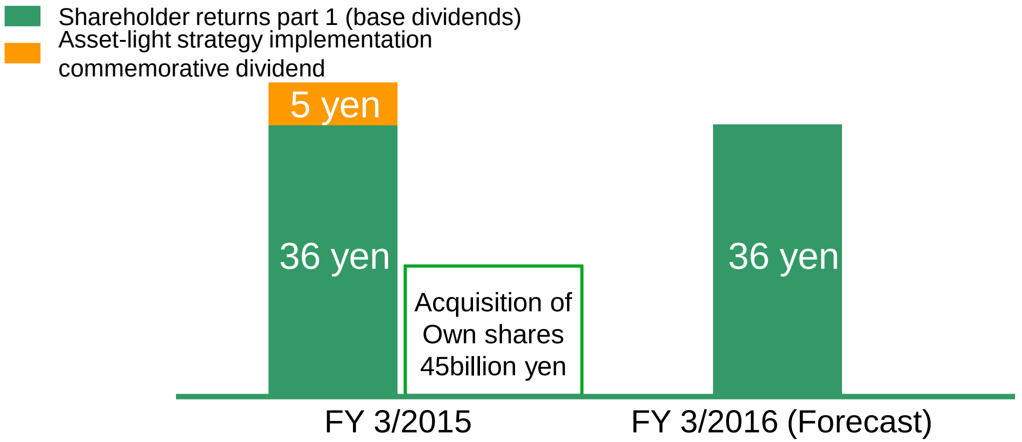
- Repay borrowing on implementation of additional asset-light measures.
- Explore diverse means of fund procurement to reduce interest costs.

Growth in net income as a result of improvement in the operating profit margin

- Improve profit margin by increasing consigned management revenue through implementation of additional asset-light measures.
- Reduce COGs, including exploring improvement of efficiency of business departments and reducing indirect costs of head office departments.

Shareholder Returns

1. Changes in Dividends



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%

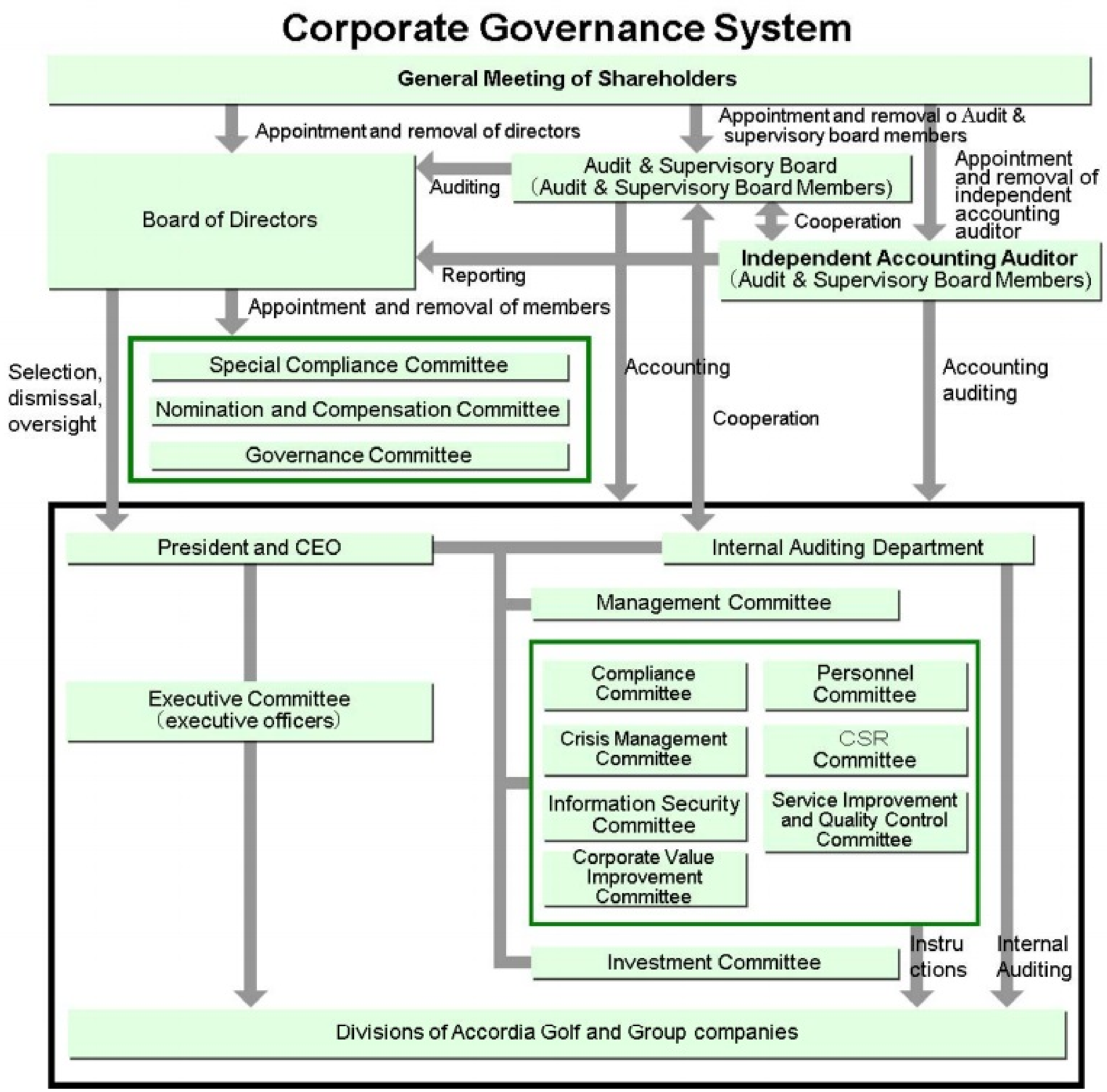
＋

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%

Corporate Governance System



Initiatives on the Corporate Governance Code

1. Explanation (Currently working on it)

- **Successor plan (Supplementary principle 4-1-3)**
  The Nomination and Compensation Committee will consider policy on nominations and appointments of successors, such as the Chief Executive Officer, the remuneration structure, among other items.
- **Incentive-based remuneration system (Supplementary principle 4-2)**
  Remuneration for management currently consists solely of cash, but will consider whether an incentive-based remuneration system should be adopted.
- **Assessment system of the Board of Directors (Supplementary principle 4-11-3)**
- An overview of the results of analyses/assessments of the overall effectiveness of the Board of Directors will be disclosed starting from fiscal 2016 (ending in March 2017)

2. Major compliance items

- **Cross shareholdings (Principle 1-4)**
  The Company does not own any cross shareholdings, but the Company proactively announced the policy for the unit holdings of Accordia Golf Trust (listed on the Singapore Stock Exchange) as they are important shareholdings. Retaining these shareholdings is critical as transactions with AGT are essential in the process of transferring assets, changing trading units, maintaining business/operational consignment transactions, among other activities.
  The Company will continued to hold over one-quarter of the units as approval from at least three-quarters of voting rights is necessary for the dismissal of trustee manager.
- **Effective use of independent outside directors (Principle 4-8)**
  The Company shall nominate outside directors among talent with a varied background, such as in law, accounting, taxes and management.
- **Standards to assess the independence of independent outside directors and their disposition (Principle 4-9)**
  The Company has established and announced the standards regarding the independence of outside directors.

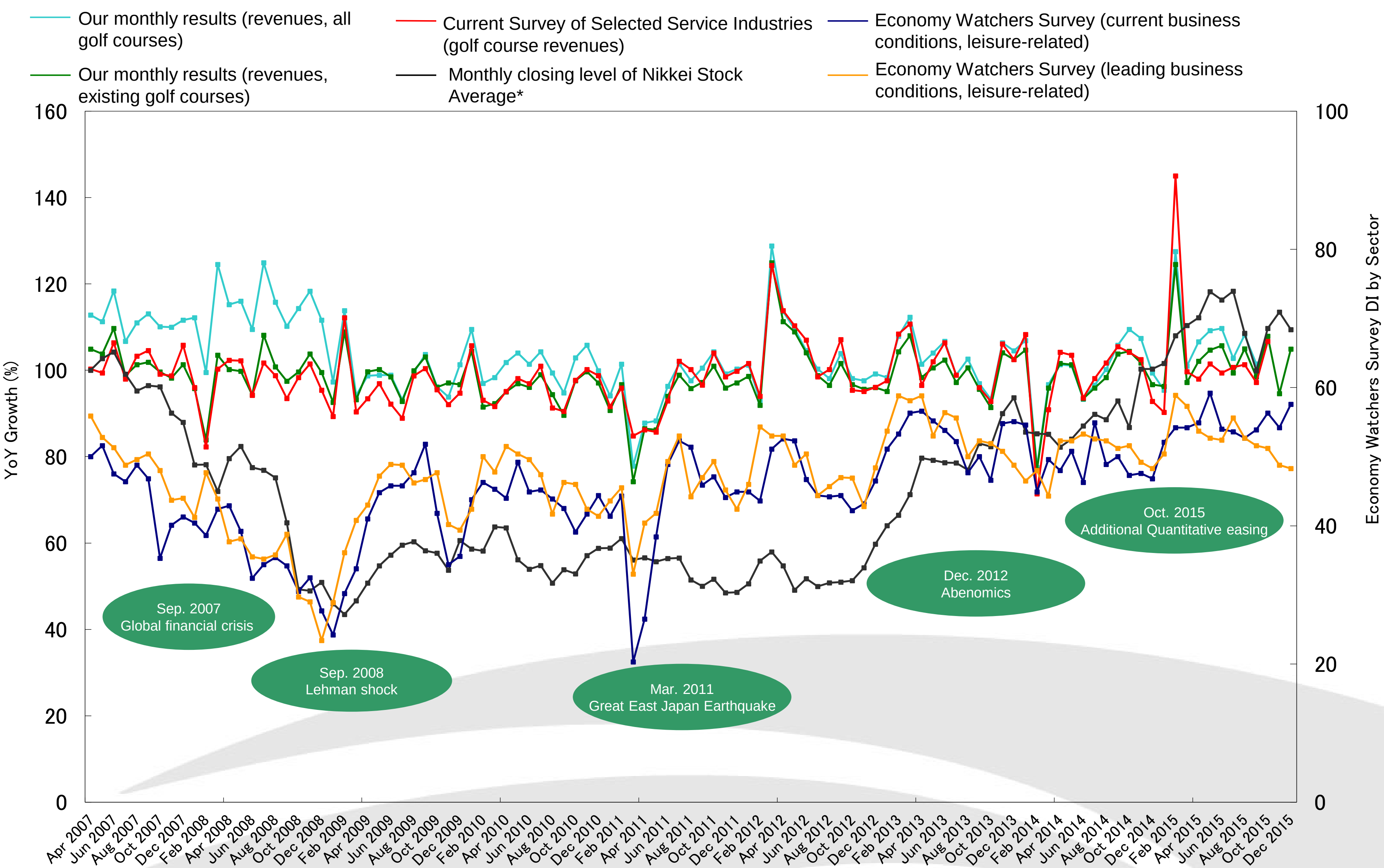
Trends in Average Revenue per Customer (Operated Golf Courses)

(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	9,904	10,571	9,964				-
Number of Golf Courses	135	135	135	135	135	135	134	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).