

May 13, 2016



**Accordia Golf Co., Ltd.**

Securities Code: 2131

**Analyst Meeting Materials**

**Fiscal Year ended March 31, 2016**

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# 1. FY 3/2016 Results

## Full year Results (Entries based on YoY, Comparison against Initial Forecast denoted in ( ) )

- Golf course reservations remained at a high level, backed by favorable weather conditions such as a record warm winter that help to offset the effect of bad weather in summer. The number of rounds played in the operated golf course increased 260,000 to a total of 8.37 million, while at the same time, efforts were made to maintain both per-customer revenues and utilization rates in a balanced way. Owned golf courses secured greater-than-expected profits on the back of a smaller risk of unseasonable weather and greater room for improvement in profitability.
- **Operating Revenues**  
Operating revenues from golf courses decreased 11,485 million yen year on year, a decline in income equal to four months' worth of operating revenues from 90 golf courses, as a result of the Asset-light Strategy implemented in August 2014. Operating revenues from driving ranges increased 286 million yen year on year, while total operating revenues declined 15,359 million yen to 48,549 million yen (higher than the plan by 749 million yen due to greater-than-expected earnings from golf course operations).
- **Operating Profit**  
Operating expenses related to the golf courses that were transferred fell. Operating income declined 23 million yen to 7,307 million yen due to the decline in revenues, although SG&A expenses fell 1,444 million yen, year on year, to 4,006 million yen. Revenues on highly profitable consigned management contributed to an increase of 3.6 percentage points in the operating profit margin, rising to 15.1% (lower than the plan by 93 million yen due in part to increases in expenses for shareholder benefit programs and allowances for loyalty programs).
- **Recurring Profit**  
Equity in earnings of affiliates amounting to 1,963 million yen were posted, resulting in an increase of 4,606 million yen in recurring profit to 8,142 million yen (higher than the plan by 1,242 million yen due to financing expenses not being fully spent and an increase in equity in earnings of affiliates).
- **Net Income**  
Net income declined 556 million yen to 5,459 million yen (higher than the plan by 1,359 million yen), reflecting the decrease in revenues because gains from the sale of the shares of affiliated companies that had occurred in the previous year in conjunction with the Asset-light Strategy were not posted. The decrease offset an extraordinary income posted in association with the transfer of rights to the solar power generation business and the sale of golf courses.
- **Balance Sheets**  
Key factors for change included a reduction in uncollected refunds as well as the sale and acquisition of golf courses. Total assets remained almost unchanged from the previous year, standing at 152,054 million yen, and the shareholders' equity ratio was 32.7%.
- **Dividends**  
The payment of dividends of 36 yen per share is scheduled to be discussed in the agenda of appropriation of surpluses at the annual shareholders' meeting to be held on June 29.

(Note) Comparisons with the initial plan announced on May 13, 2015 are indicated, although the Company announced revisions to the earnings forecasts for fiscal year ended March 31, 2016 on April 28, 2016.

# FY 3/2016 Performance Summary

(Yen millions)

	FY 3/2015	(Result)	(Initial Forecast)	FY 3/2016 (Revised Forecast)	(YoY)	(vs. Initial Forecast)
Operating Revenues	63,908	48,549	47,800	48,540	- 24.0%	+ 1.6%
EBITDA	12,863	11,542	11,500	-	- 10.3%	+ 0.4%
Operating Profit	7,330	7,307	7,400	7,300	- 0.3%	- 1.3%
Recurring Profit	3,536	8,142	6,900	8,140	+ 130.3%	+ 18.0%
Extraordinary Income	7,121	1,023	-	-	-	-
Extraordinary Losses	177	383	-	-	-	-
Net Income before Tax Adjustments	10,481	8,782	-	-	-	-
Net Income	6,015	5,459	4,100	5,450	- 9.2%	+ 33.1%
Net Income per Share (Yen)	71.62	77.44	58.15	77.30	-	-
Dividends per Share (Yen)	41 <small>(incl. interim dividend of 5 yen)</small>	36	36	-	-	-
EBITDA Margin	20.1%	23.8%	24.1%	-	+ 3.7pt	- 0.3pt
ROA (Net income/Total assets)	2.9	3.5	2.8	-	+ 0.6pt	+ 0.7pt
ROE (Net income/Net assets)	8.6	11.3	8.8	-	+ 2.7pt	+ 2.5pt
Operating <small>(Contracted)</small> Golf Courses	138(94)	136(93)	-	-	-	-
Operating <small>(Contracted)</small> Driving Ranges	25(5)	26(5)	-	-	-	-
Number of Rounds Played (10,000 rounds)	811	837	822	-	+ 26	+ 15

(Note) Regarding the FY3/2016 Plan, the Company announced revision of its earnings forecast on April 28, 2016.

# Monthly Business Conditions at Golf Courses

## 1. Business conditions of FY3/2016

- First Quarter (Apr.-Jun.): The number of rounds played remained strong, chiefly in the Kanto area, a strong income base, with demand captured broadly during long weekends and weekdays due to favorable weather.
- Second Quarter (Jul.-Sep.): The number of rounds played did not grow as expected 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.
- Third Quarter (Oct.-Dec.): An optimum balance was secured between per-customer revenues and utilization rates because reservations were strong and per-customer revenues from owned golf course were higher than the actual results from the previous year.
- Fourth Quarter (Jan.-Mar.): Utilization rates rose on the back of strong demand for rounds due to a record warm winter.

## 2. Business conditions at all golf courses

	Operated golf courses (134 courses)		Owned golf courses (43 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	+ 7.5%	+ 4.6%	+ 9.8%	+ 5.1%	+ 8.6%
Mar	- 0.5%	+ 8.8%	- 0.5%	+ 10.3%	- 0.1%
Apr(Est.)	+ 0.8%	+ 2.0%	+ 2.7%	+ 2.4%	+ 3.3%
May(Est.)	-	- 1.1% (As of May 10)	-	+ 0.9% (As of May 10)	-

# Breakdown of Operating Revenues

(Yen millions)

	FY 3/2015	FY 3/2016	(Forecast)	(YoY)	(vs. Forecast)
Operating Revenues	63,908	48,549	47,800	- 24.0%	+ 1.6%
Golf Course Operations	40,443	28,958	28,600	- 28.4%	+ 1.3%
Restaurants	12,638	8,602	8,400	- 31.9%	+ 2.4%
Golf Equipment Sales	4,408	4,503	4,500	+ 2.2%	+ 0.1%
Other	6,418	6,485	6,300	+ 1.0%	+ 2.9%

## (Breakdown of Golf Course Operations)

Golf Course Revenues	31,427	19,460	19,100	- 38.1%	+ 1.9%
Consigned Management Revenues	3,905	6,123	6,100	+ 56.8%	+ 0.4%
Membership Revenues	5,111	3,375	3,400	- 34.0%	- 0.7%

## (Breakdown of Membership Revenues)

Annual Membership Dues	3,357	1,898	1,900	- 43.5%	- 0.1%
Registration Fees	320	223	300	- 30.3%	- 25.7%
Initial Membership Fees	1,434	1,254	1,200	- 12.6%	+ 4.5%

## Breakdown of Others)

Driving Ranges	4,677	4,963	4,800	+ 6.1%	+ 3.4%
Other	1,741	1,522	1,500	- 12.6%	+ 1.5%

## Factors for Change

### ● Impact of the Asset-light Strategy

- Impact of 90 golf courses owned by AGT (four months)  
Golf Course Revenues: 13,107 million yen,  
Membership Revenues: 1,622 million yen  
Restaurants: 4,711 million yen (reason for decrease)
- Consigned management revenues: 6,123 million yen (reason for increase)

### ● Golf Course Operations

- Contribution to consolidated results from the acquisition of one golf course in the previous year (factor for increased revenues: number of rounds played 60,000; revenues 821 million yen)
- Contribution to consolidated results from the acquisition of one golf course in November. (factor for increased revenues: number of rounds played 8,000; revenues 130 million yen)
- Non-consolidated in October due to the sale of one course (factor for decreased revenues: number of rounds played 10,000; revenues 93 million yen)
- Non-consolidated in March due to sale of one course (factor for decreased revenues: number of rounds played 4,000; revenues 21 million yen)
- Number of rounds played at operated golf courses: 8.37 million (up 3.2% year on year)
- Revenue per customer: 9,452 yen (down 0.1% year on year)

### ● Golf Equipment Sales

- Sales of golf clubs recovered and consumables remained strong.

### ● Membership Revenues

- Initial membership fees (golf membership sales and supplementary enrolment) were strong.

### ● Driving Ranges

- With demand for rounds of golf remaining strong, the advantages of existing facilities helped to attract customers.



# Breakdown of Operating Expenses

(Yen millions)

	FY 3/2015	FY 3/2016	(Forecast)	(YoY)	(vs. Forecast)
Operating Expenses	56,577	41,242	40,400	- 27.1%	+ 2.1%
COGS	51,127	37,235	36,600	- 27.2%	+ 1.7%
Personnel Expense	17,636	13,021	13,500	- 26.2%	- 3.5%
Materials Expense	8,426	6,864	6,600	- 18.5%	+ 4.0%
Other Expense	25,065	17,350	16,500	- 30.8%	+ 5.2%
SG&A Expenses	5,450	4,006	3,800	- 26.5%	+ 5.4%
Personnel Expense	1,672	1,670	1,200	- 0.1%	+ 39.2%
Other Expense	3,778	2,335	2,600	- 38.2%	- 10.2%

## 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 management of personnel expenses as variable expenses made an impact as a result of establishing standard personnel expenses based on the operating revenues of each golf course.

#### ● Materials Expense

- The increase in sales at restaurants due to increased number of rounds played and rise in the cost of food materials all had an impact.

#### ● Other Expense

- Utilities expenses (mainly electricity/gas fee, fuel oil type-A) and vehicle expenses (gasoline) declined.

### <SG&A Expenses>

#### ● Other Expense

- A significant reduction in expenses was achieved 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

After implementation of Asset-light Strategy

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

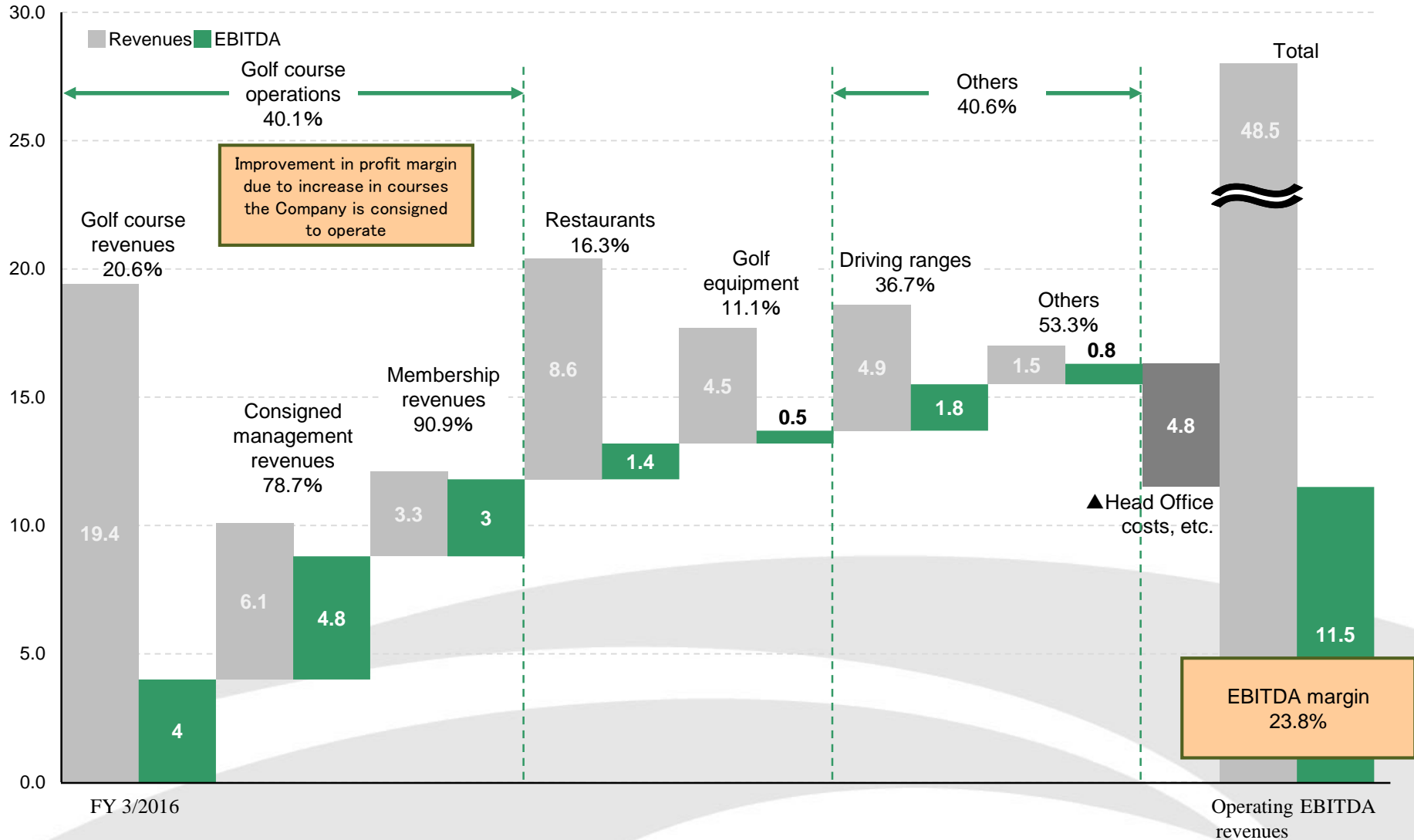
  

Management	Costs of loaned and dispatched staff billed to AGT	Borne by AGT	
Staff			
Food ingredients and materials, etc.			
Web fees, etc.			



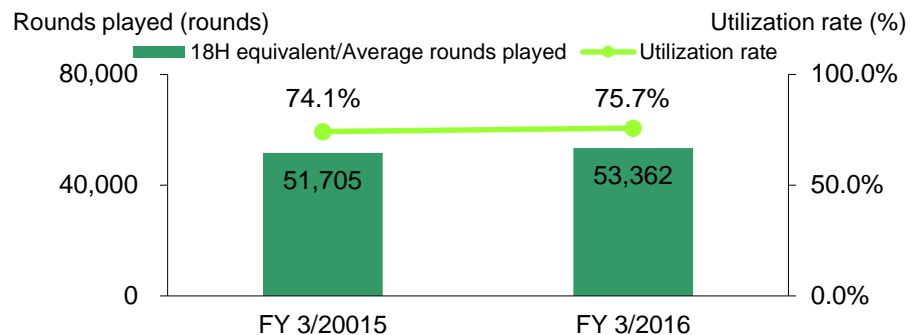
# EBITDA Margin Based on Operating Revenues

(Billions of yen)



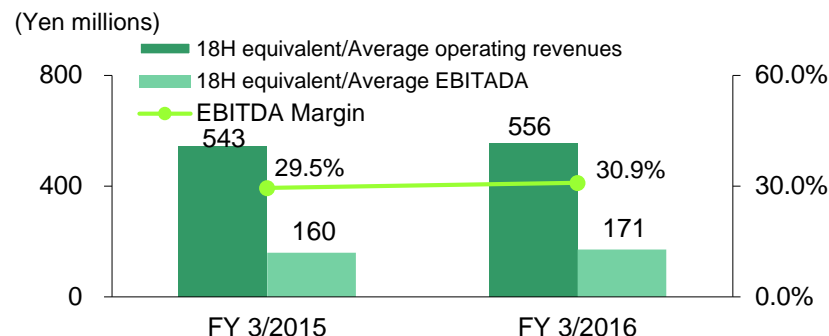
# Earnings at the 134 Operated Golf Courses

## Rounds Played / Utilization Rate



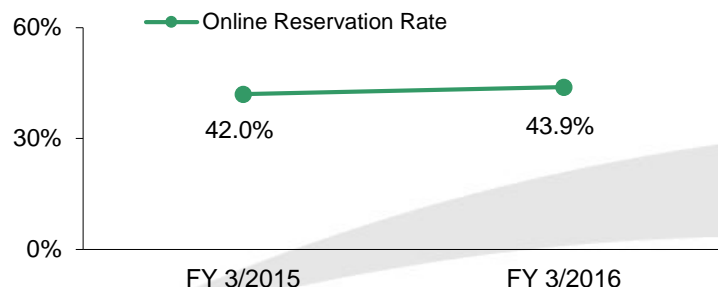
(Note) Utilization Rate = Rounds per 18 holes/business days x 200 (visitors)

## Operating Revenues / EBITDA



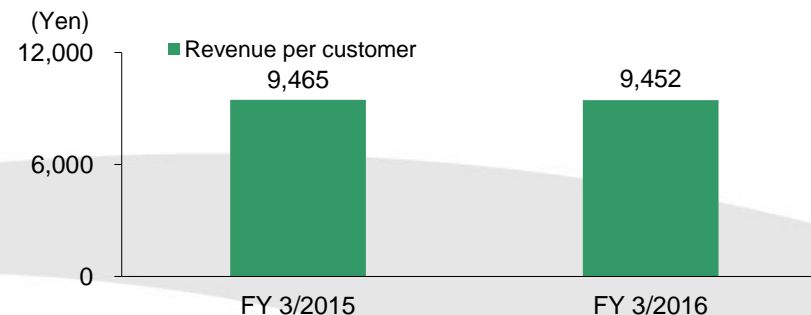
(Note) Calculated revenues from golf course operation + Restaurant sales + Sale of golf equipment based on 18 holes

## Online Reservation Rate



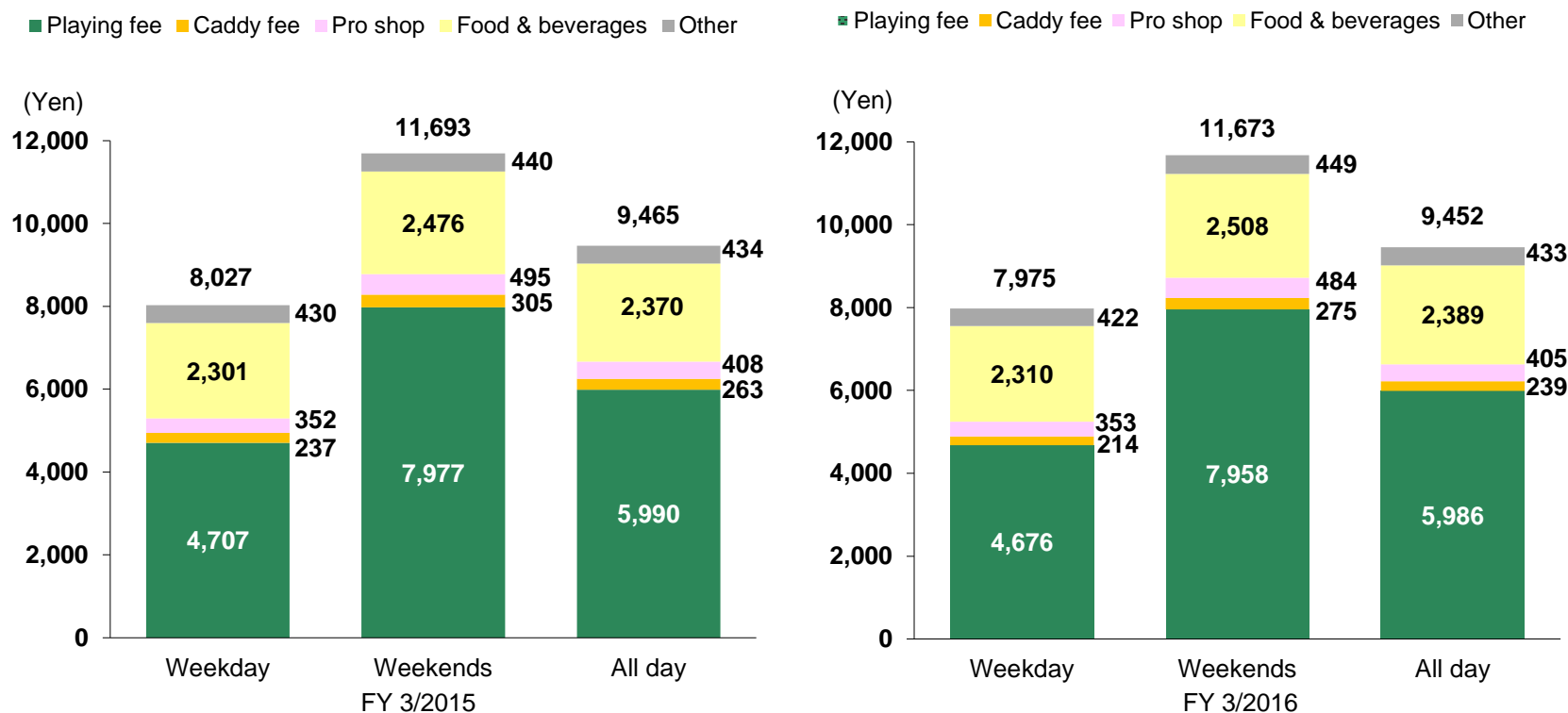
(Note) 134 golf courses that are held or in relation to which operating consignment agreements (including Golf Course Management Agreements) have been concluded (including closed golf courses)

## 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 134 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.
- FY 3/2016, the number of business days on weekends and public holidays increased 4.3% year on year.
- Play without caddies: 93.7% (up 0.8 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 9,616 yen (lower than the plan by 164 yen) for 134 golf courses in FY3/2016.

(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.

# 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	9,013	8,447	9,191	9,452
Number of Golf Courses	135	135	135	135	135	135	134	135	135	135	135	134	-

- (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).

# Status of Balance Sheets

(Yen millions)

	FY 3/2015	FY 3/2016	(YoY)	Factors for Change
Current Assets	17,177	10,893	-6,284	Decrease in uncollected refunds
Non-current Assets	140,597	141,160	+563	
Property, Plant and Equipment	96,287	98,647	+2,360	Increase of one golf course and decrease of two golf courses
(of which, Golf Courses)	42,716	43,914	+1,198	
(of which, Land)	28,534	29,955	+1,421	
Intangible Assets	11,638	11,111	-527	
(of which, Consolidation Goodwill)	8,930	8,558	-372	
Investments and Other Assets	32,672	31,400	-1,272	Owning 28.9% of AGT units
Total Assets	157,775	152,054	-5,721	
Current Liabilities	30,765	58,400	+27,635	
Short-term Loans Payable	500	500	-	Utilization of short-term loan facilities
Current Portion of Long-term Loans Payable	12,410	39,623	+27,213	
Non-current Liabilities	79,847	43,608	-36,239	
Long-term Loans Payable	53,132	16,779	-36,353	Transferred to current portion of long-term loans payable
(of which, Deposits for Admission)	9,522	9,990	+468	Acquisition of one golf course
Total Liabilities	110,612	102,008	-8,604	
Net Assets (Shareholders' Equity)	47,162	50,045	+2,883	
Total Liabilities and Net Assets	157,775	152,054	-5,721	

# Status of Liabilities

(Yen millions)

	FY 3/2015	FY 3/2016	Change	Summary
Short-Term Borrowings	500	500	-	
Short-Term Portion of Long-Term Borrowings	12,410	39,623	+27,213	The 8,000 million yen allocated for withholding tax payments was repaid in July 2015 using refunds 20,000 million yen of loans with acquisition rights
Commercial paper	4,998	4,998	-	Adjustment of cash position
Long-Term Borrowings	53,132	16,779	-36,353	
Lease Obligations	8,755	7,991	-764	Sale and leaseback of driving range facilities
Interest Bearing Debt	79,795	69,891	-9,904	D/E ratio is 1.4 (net interest-bearing debt/net assets)
Net Interest-Bearing Debt	67,555	57,703	-9,852	Interest-bearing debt less cash and deposits and lease obligations
Membership Deposits	9,522	9,990	+468	Increased as a result of the acquisition of golf course

- 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 7,400 million yen  
(As of March 31, 2016)

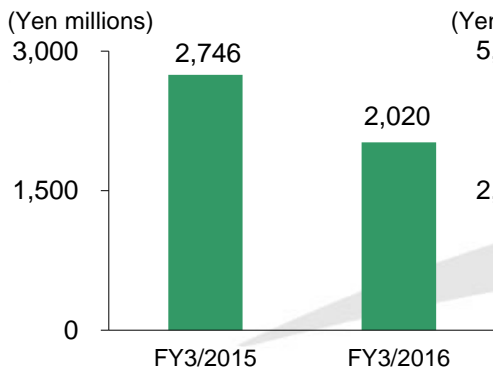
# Status of Cash Flows

	(Yen millions)		
	FY 3/2015	FY 3/2016	(YoY)
Operating Activities	Δ4,727	12,569	+ 365.9%
Investing Activities	83,968	1,097	- 98.7%
Financing Activities	Δ80,349	Δ12,954	+ 83.9%
Change	Δ1,109	712	+ 164.2%
Beginning Balance	4,594	3,485	- 24.1%
New Consolidated Subsidiaries	-	-	-
End Balance	3,485	4,197	+ 20.4%

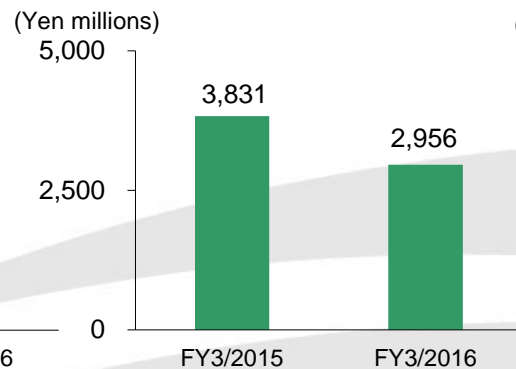
## Factors for Change

- Regarding cash flows from operating activities, 1,963 million yen were posted as equity in earnings of affiliates.
- 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

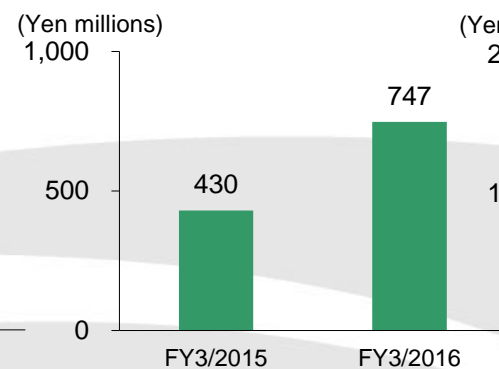
## Capital Expenditures



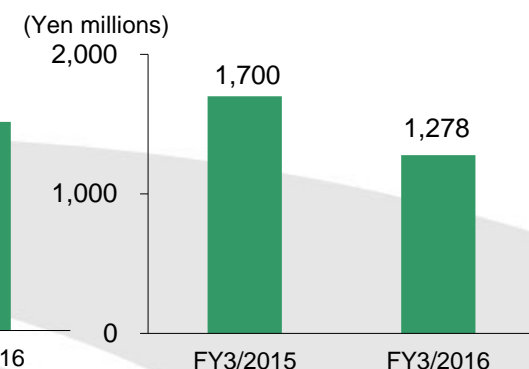
## Depreciation Expenses



## 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

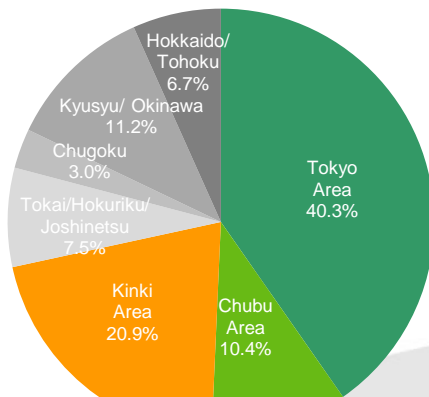
## 2. Sale

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
Suifu Golf Club	March 2016 Stock sale	Hitachiota City, Ibaraki 18	267 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.

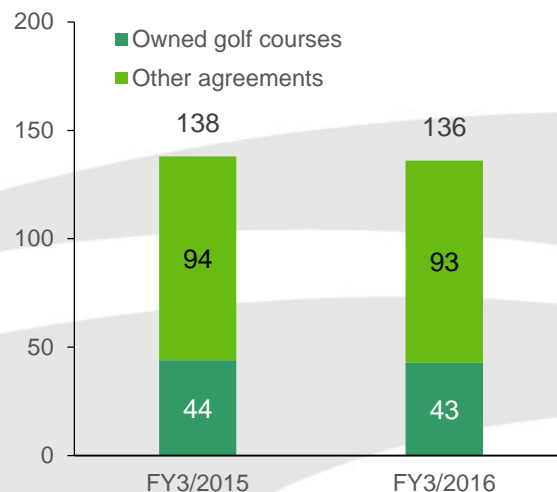
### Location of Golf Course Development



Ratio of three major metropolitan areas: 71.6%

(Notes) 1.134 Operated Golf Courses as of March 31, 2016  
2.Chubu Area consists of Aichi, Gifu and Mie prefectures

### Golf courses

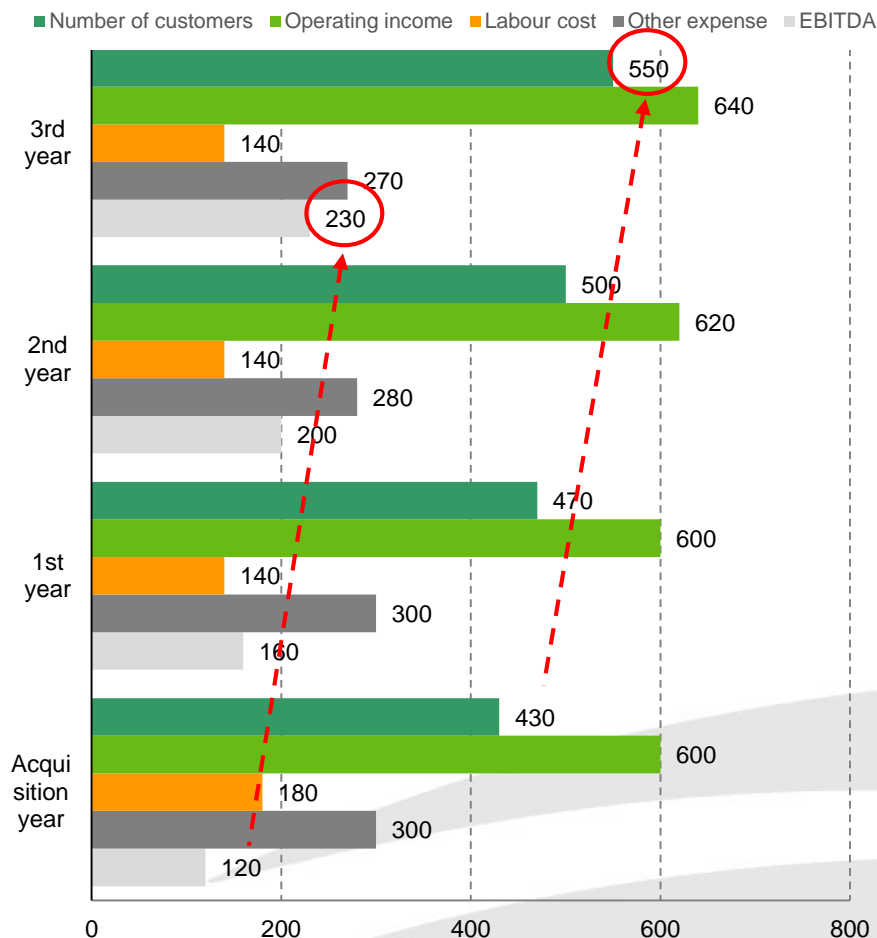


- Change in administration and legal liquidation  
In the period from Jan to Dec 2015  
Change in administration:  
54 courses (40 courses in the same period of the previous year)  
Legal liquidation:  
19 courses (14 courses in the same period of the previous year)
- Golf course ownership (as of June 30, 2015)  
Accordia Golf 134, PGM 126, ORIX 40, Seibu 28, Ichikawa Golf 27, Tokyu 26, Cherry Golf 23, Taiheiyo Club 17, Unimat 16, Chateraise 15, Akechi GC & Boso CC 10, Resort trust 13, Tokyo Tatemono 12

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

## 1. Growth after acquisition

Number of customers: 100 persons    Figures: 100 million yen



\*Average growth image of golf courses (18 holes) subject to be acquired

## 2. Main measures for increasing profitability

### Attraction of customers

- Conduct acquisition within the three largest metropolitan areas where playing demand is high
- Implement sales measures utilizing the database with approximately loyalty card members
- Expansion of playing times and playing styles
- Customer attraction generated by the "Accordia" brand
- Customer inflow from driving ranges

### Revenue per Customer

- Unit price calculated based on demand data
- Sales growth due to increase of customers

### Improved efficiency of operations

- Increase in operation efficiency by system implementation and concentration of operation to call centers
- Appropriate placement of personnel such as caddies

### Rationalization of costs

- Reduce costs by conducting integrated purchasing of various materials
- Consolidated management at the head office of asset management, personnel affairs, and accounting, etc.

# Profitability of Owned Golf Courses

(Yen millions)

Owned 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 FY3/2010	4 (5.5)	1 (1.0)	561	247	38.9%
	Acquired in FY3/2011	2 (2.0)	1 (1.0)	561	206	33.3%
	Acquired in FY3/2012	3 (3.0)	1 (1.0)	518	162	29.0%
	Acquired in FY3/2013	1 (1.5)	-	563	218	36.8%
	Acquired in FY3/2014	1 (1.0)	-	564	205	31.0%
Inclusion in portfolio is being prepared		12 (12.5)	1 (1.0)	680	213	27.4%
Rights issues are being sorted out.		8 (11.5)	1 (1.0)	490	186	33.5%
Not to be included in portfolio (to be sold to third parties)		-	5 (6.0)	496	79	15.1%
Total		31 (37.0)	10 (11.0)	-	-	-

# Driving Range Performance Summary

(Yen millions)

	FY 3/2015	FY 3/2016	(YoY)
Operating Revenue	5,318	5,679	+ 6.8%
EBITDA	1,635	1,944	+ 18.9%
EBITDA Margin	30.7%	34.2%	+ 3.5pt
Rounds Played (10,000 rounds)	346	368	+ 6.4%
Number of Participants in Schools (1,000 people)	23	24	+ 4.3%
Tee Turnover	4.8	5.0	—
Number of driving ranges	25	26	—

- Profitability improved mainly due to an increase in sales especially at existing facilities in urban areas.
- The number of the student increases the school business of Driving Range.

## ● 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)

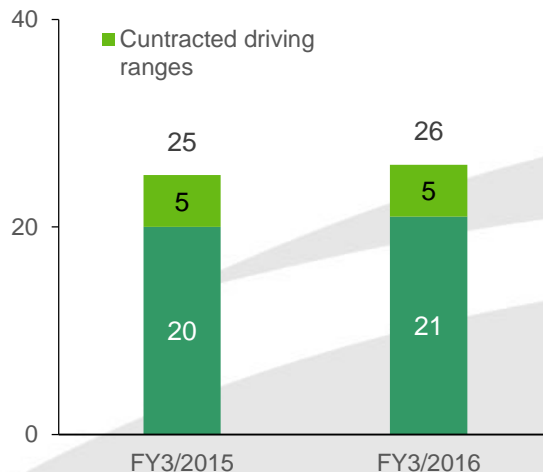
## ● Customer transportation from affiliated driving ranges

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.

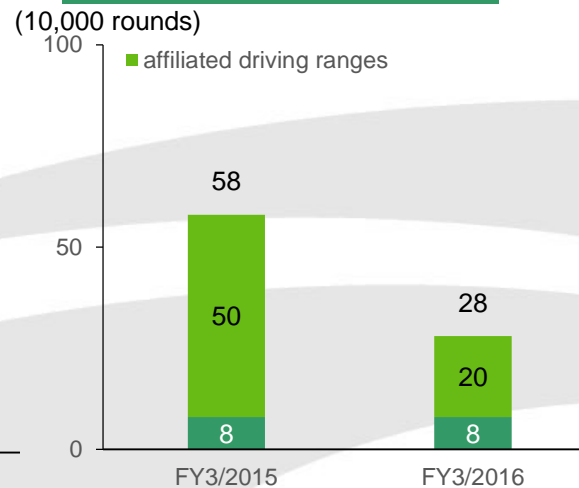
## ● Golf range operating environment

Number of domestic driving ranges: 3,278 (2015)  
Total number of visitors: 88.74 million (2015)

### Driving Ranges



### Customer Transportation to Golf Courses



## 2. FY 3/2017 Business Plan

# Assumptions on Business Plan

## Courses to be operated (year-on-year changes)

Number of operated golf courses	93 (unchanged)
---------------------------------	----------------

Number of owned golf courses	43 (a reduction of one)
------------------------------	-------------------------

- Revenues from owned golf courses
- Consigned management revenue
- **Acquisitions** of golf courses under consideration are not included.
- Sales of golf courses (asset-light programs) are not reflected.

Number of driving ranges	26 facilities (an increase of one facility)
--------------------------	---

- Asset-light programs are not reflected.

## Assumptions for quarterly metrics

- Plans were formulated based on ordinary weather factors (operating dates). Utilization rates and per-customer revenues equal to those in the previous year are projected in the first and third quarters.
- An increase of 2 percentage points in utilization rates is expected in the second quarter in comparison with the actual results from the previous year, which were affected by an unseasonable weather.
- A decrease of 1.1 percentage points in utilization rates is assumed in the fourth quarter in comparison with the actual results in the previous year that were helped by a warm winter.
- A decrease of 2 percentage points in revenues is projected for golf courses under consigned management whose business plans are also made on a quarterly basis.

## Non-operating revenues/expenses

- Net income of AGT and subsidiaries amounting to approximately 17 million yen, or units' equities of 28.9%, is posted as non-operating revenues.
- Financing expenses associated with refinancing amounting to approximately 6 million yen are projected in non-operating expenses.

## Assets/Capital

- The initial plan does not include a decline in golf course assets and interest-bearing liabilities (excluding scheduled repayments) and improvement in capital efficiency in association with an additional implementation of the Asset-light Strategy.

## Extraordinary income/loss

- No major factors for changes are included.

## Tax rate

- Approximately 42%
- Calculations are made factoring in the amortization of good will and expenses for shareholder benefit programs as deductible expenses, in addition to corporate taxes.

# FY 3/2017 Business Plan



(Yen millions)

	FY3/2016	FY3/2017	
		(Forecast)	(YoY)
Operating Revenue	48,549	48,700	+ 0.3%
EBITDA	11,541	11,600	+ 0.5%
Operating Income	7,307	7,300	- 0.1%
Ordinary Income	8,142	7,300	- 10.3%
Net Income	5,459	4,500	- 17.6%
EBITDA Margin	23.8%	23.8%	-
Net Income per Share (Yen)	77.44	63.83	-
Dividends per Share (Yen)	36	36	-
ROA (Net income/Total assets)	3.5	3.0	- 0.5pt
ROE (Net income/Net assets)	11.3	8.9	- 2.4pt
Number of Rounds Played (10,000 rounds)	837	830	-7

(Notes) 1. The Company's own 14,234,433 shares were deducted from the number of shares issued as of March 31, 2016 (84,739,000 shares).

2. ROA and ROE were calculated based on the average of the values as of the end of FY 3/2016 and the planned values for FY 3/2017.



# FY 3/2017

## Operating Revenue (Breakdown) Forecast

(Yen millions)

	FY3/2016	FY3/2017	(YoY)
Operating Revenues	48,549	48,700	+ 0.3%
Golf Course Operations	28,958	28,900	- 0.2%
Restaurants	8,602	8,700	+ 1.1%
Golf Equipment Sales	4,503	4,500	- 0.1%
Other	6,485	6,600	+ 1.8%
<b>(Breakdown of Golf Course Operations)</b>			
Golf Course Revenues	19,460	19,500	+ 0.2%
Consigned Management Revenues	6,123	6,200	+ 1.3%
Membership Revenues	3,375	3,200	- 5.2%
<b>(Breakdown of Membership Revenues)</b>			
Annual Membership Dues	1,898	1,900	+ 0.1%
Registration Fees	223	200	- 10.3%
Initial Membership Fees	1,254	1,100	- 12.3%
<b>(Breakdown of Others)</b>			
Driving Ranges	4,963	5,100	+ 2.8%
Other	1,522	1,500	- 1.4%

### Background of the Planned Values

#### ● Golf Course Operations

- Operated golf courses: 134
- Number of rounds played: 8.30 million (-0.07 million)
- Utilization rate: 76.3% (+0.6pt)
- Revenue per customer: 9,566 yen (+114 yen)
- Owned golf courses: 43
- Number of rounds played: 2.47 million (-0.01 million)
- Utilization rate: 72.6% (-0.8pt)
- Revenue per customer: 11,111 yen (+151 yen)
- Exploring tapping into inbound demand from overseas golfers

#### ● Driving ranges: 26

- Number of rounds played: 3.74 million (+0.06 million)

# FY 3/2017

## Operating Expenses (Breakdown) Forecast

(Yen millions)

	FY3/2016	FY3/2017	(YoY)
Operating Expenses	41,242	41,400	+ 0.4%
COGS	37,235	37,800	+ 1.5%
Personnel Expense	13,021	13,400	+ 2.9%
Materials Expense	6,864	6,800	- 0.9%
Other Expense	17,350	17,600	- 1.4%
SG&A Expenses	4,006	3,600	- 10.1%
Personnel Expense	1,670	1,600	- 4.2%
Other Expense	2,335	2,000	+ 14.3%

### Background of the Planned Values

#### <COGS>

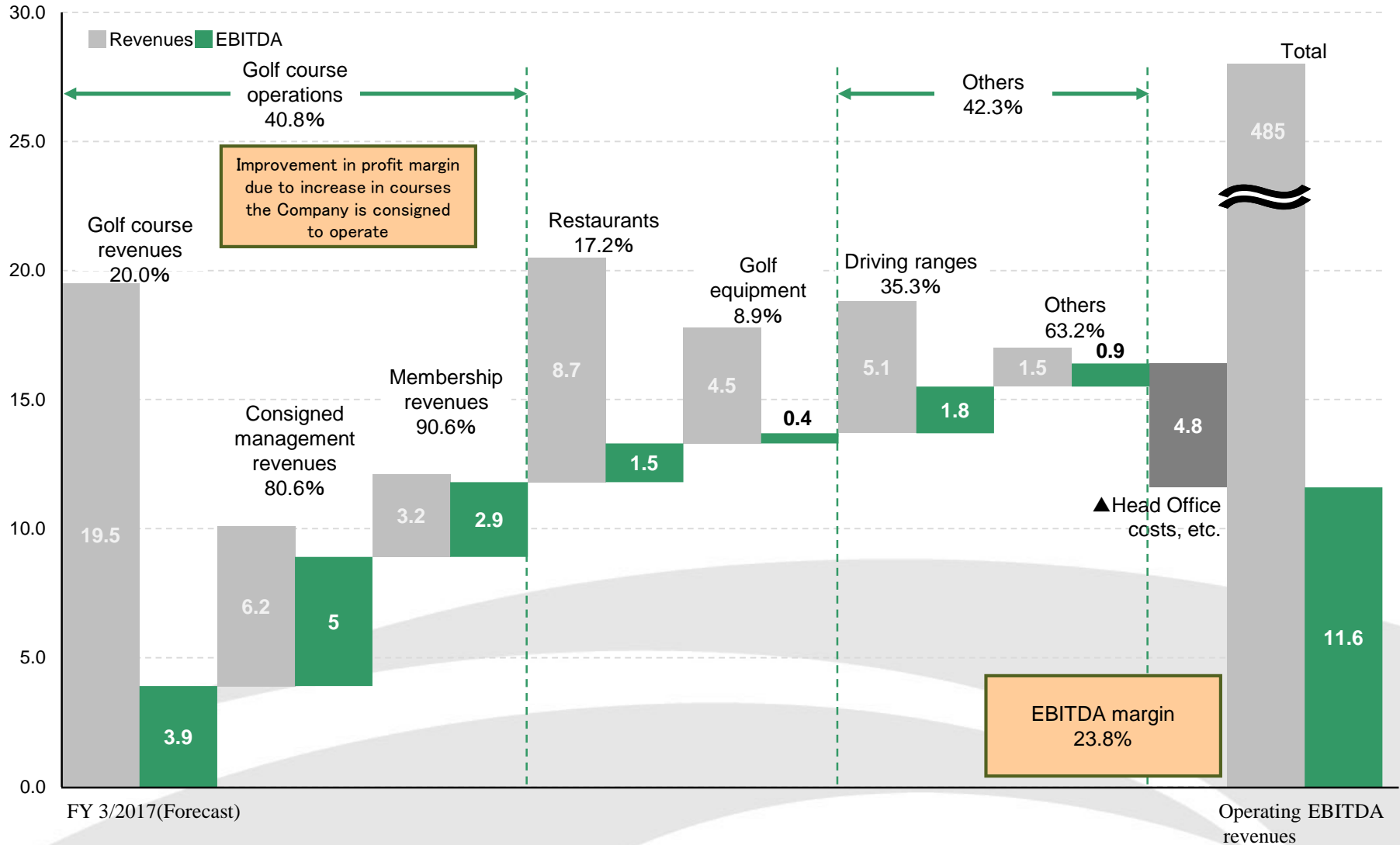
- **Personnel Expense**  
An increase in expenses for the improvement of service quality is assumed because a modified working system is being implemented.
- **Materials Expense**  
Prices of food materials, whose fluctuations have been subdued, are expected to remain almost unchanged from the previous year.
- **Other Expense**  
Fees for online attraction of customers are projected to dip slightly, while utility and vehicle expenses are expected to edge up.

#### <SG&A Expenses>

- **Personnel Expense**  
Expected to remain almost unchanged from the previous year.
- **Other Expense**  
Expenses are projected to increase due to the holding of professional golf tournaments intended to enhance the brand value, while those for other projects are expected to be reduced through a careful selection process.

# EBITDA Margin Based on Operating Revenues

(Billions of yen)



# FY 3/2017 Quarterly Targets

(Yen millions)

	FY3/2016 1Q	FY3/2017 1Q	(YOY)	FY3/2016 2Q	FY3/2017 2Q	(YOY)
Operating Revenue	13,318	13,200	- 0.9%	11,712	12,000	+ 2.5%
EBITDA	3,635	3,500	- 3.7%	1,905	2,000	+ 5.0%
Operating Income	2,603	2,400	- 7.8%	855	900	+ 5.3%
Ordinary Income	2,801	2,600	- 8.2%	1,010	900	- 10.9%
Net Income	1,641	1,400	- 14.7%	866	700	- 19.2%
EBITDA Margin	27.3%	26.5%	- 0.8pt	16.3%	16.7%	+ 0.4pt
Number of Rounds Played (10,000 rounds)	232	231	- 0.6%	213	220	+ 3.1%
Revenue per Customer (Yen)	9,610	9,653	+ 0.4%	8,998	9,041	+ 0.5%
	FY3/2016 3Q	FY3/2017 3Q	(YOY)	FY3/2016 4Q	FY3/2017 4Q	(YOY)
Operating Revenue	13,535	13,600	+ 0.5%	9,984	9,900	- 0.8%
EBITDA	4,085	4,200	+ 2.8%	1,916	1,900	- 0.8%
Operating Income	3,000	3,100	+ 3.3%	849	900	+ 0.6%
Ordinary Income	3,889	3,200	- 17.7%	442	600	+ 35.7%
Net Income	2,990	2,100	- 29.8%	-38	300	889.5%
EBITDA Margin	30.2%	30.9%	+ 0.7pt	19.2%	19.2%	-
Number of Rounds Played (10,000 rounds)	223	218	- 2.3%	169	162	- 4.1%
Revenue per Customer (Yen)	10,159	10,263	+ 1.0%	8,865	9,221	+ 3.7%

# Shareholder Returns

- Dividend per share: 36 yen (plan) for the fiscal year ending March 31, 2017. 36 yen for the fiscal year ended March 31, 2016.
- Continuation of payment of base dividends supported by stable cash flows stemming from fundamental businesses.

## Base dividends

- 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

## Implementation of additional Asset-light programs

- If cash is generated through the sale of golf courses to companies such as AGT, part of the cash flow surpluses will be appropriated to additional repayments to shareholders.

## Use of cash if Asset-light programs are implemented

- Cash generated as a result of the sale of golf courses (asset reductions) will be used as follows
  1. **Repayment of borrowings pertaining to the relevant golf courses (liability reductions)**
  2. **Repurchase of treasury shares (capital reductions) or appropriation to returns to shareholders, including dividends.**
  3. **Appropriation to projects worthy of investment**

Total payout ratio of 90%, including base dividends

## 3. Mid-Term Management Plan

# New Mid-Term Management Plan

(Yen millions)

	FY3/2106	FY3/2017 Forecast	FY3/2017 Mid-Term Plan	Major factors for changes
Operating Revenue	48,549	48,700	55,000	Acquisitions of golf courses and the increase in consigned management revenues as a result of the Asset-light programs fell short of the plan.
EBITDA	11,541	11,600	13,800	
Operating Income	7,307	7,300	8,900	The increase in consigned management revenues fell short of the plan.
EBITDA Margin	23.8%	23.8%	24.8%	
Operating Income Margin	15.1%	15.0%	16.1%	
Net Income	5,459	4,500	6,400	The increase in transfer income as a result of Asset-light programs fell short of the plan.
Interest Bearing Debt	69,891	69,000	79,600	Acquisition of golf courses.
Total Liabilities and Net Assets	152,054	150,000	157,400	



# Interim Summary of New Mid-Term Management Plan

- There is no change in the basic strategic stance of completing the plan by the fiscal year ending March 31, 2017.
- Efforts will be made to increase the number of operated golf courses and promote Asset-light programs, with a focus on consigned management.

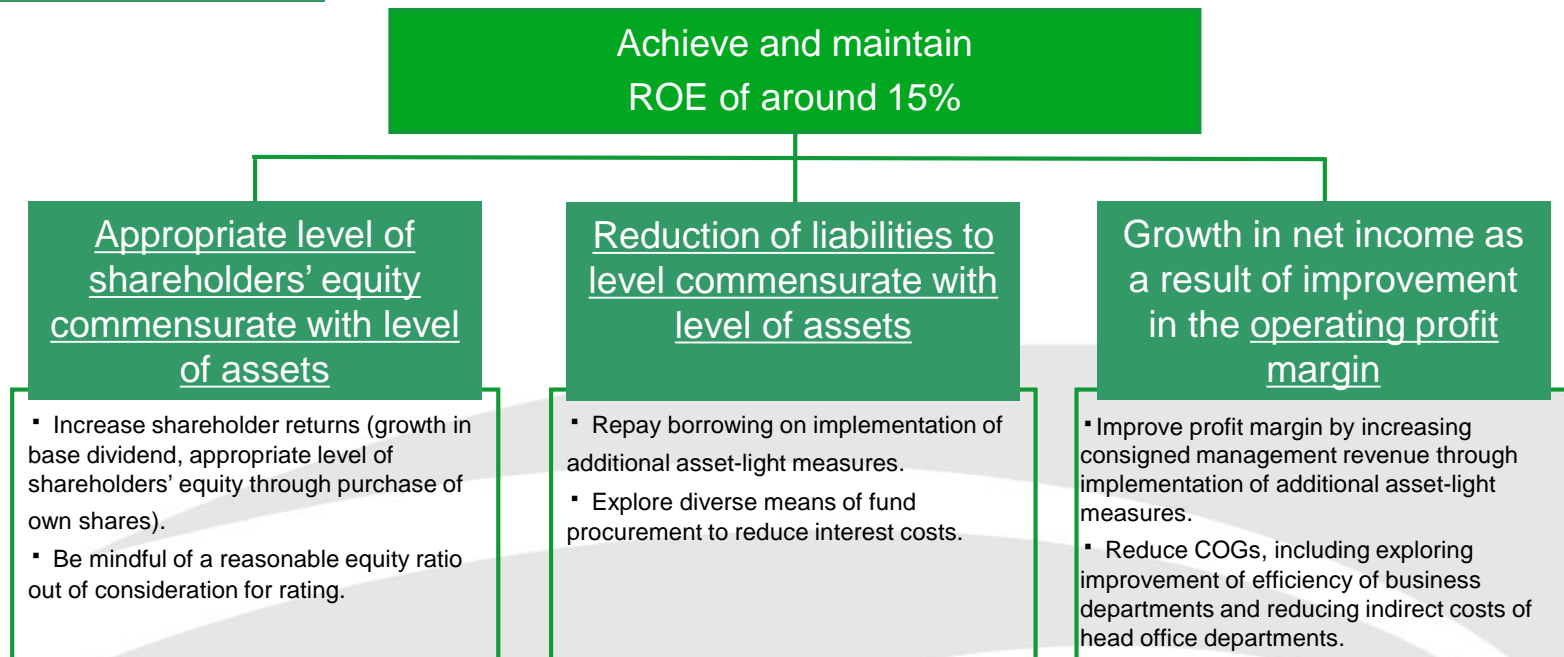
	Progress	Difference	Achievements and challenges from the perspective of comparison with the results of the fiscal year ended March 31, 2016
<b>1. Recycling-oriented business model</b>	-		
Number of golf courses acquired	×	-7	Only three courses (based on 18 holes) were acquired in Kyoto and Chiba. Investment criteria, such as profitability and locations, were strictly applied.
Improvement in profitability of owned golf courses	○	-	CAGR in EBITDA was 11.6% for the four courses acquired in the fiscal year ended March 31, 2012 CAGR in EBITDA was 13.0% for the five courses acquired in the fiscal year ended March 31, 2013
Number of golf courses sold	×	-8	Sales chiefly to AGT are being prepared. Two golf courses with low profitability will be sold.
<b>2. Expansion of consigned management business</b>	-	-	
Enhancement of Accordia brand	○	-	The ratio of the number of rounds played by core customers (more than six rounds played a year) to the total number of rounds played was up 2.7 percentage points.
Promotion of multiple brands	△	-	Utilization results of three rebranded golf courses are being examined for review.
Expansion of retail businesses	×	-	The number of stores did not increase as expected due to the delay in the expansion of operated golf courses.
<b>3. Returns to shareholders</b>	△	-	Stable payment of base dividends due to the delay in the sale of golf courses.
<b>4. Numerical targets</b>			
Operating revenue (Million yen)	×	-5,600	Delay in the acquisition of golf courses and retail businesses
Operating income (Million yen)	×	-1,100	
Total assets (Million yen)	△	-5,600	Delay in the acquisition and sale of golf courses
Shareholders' equity ratio	△	-2.6pt	Delay in the improvement of capital efficiency due to a delay in the sale of golf courses.

# 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



## 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**

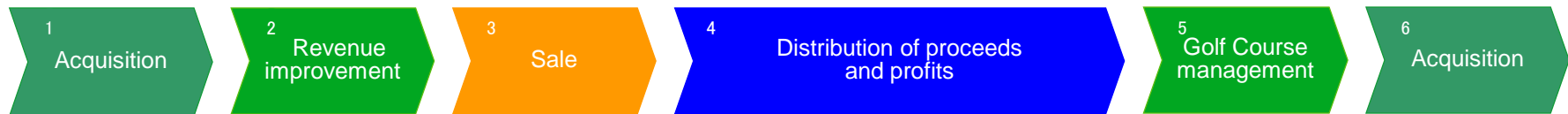
- Increase profitability • Promote securitization of stable income assets.

**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**

# 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.

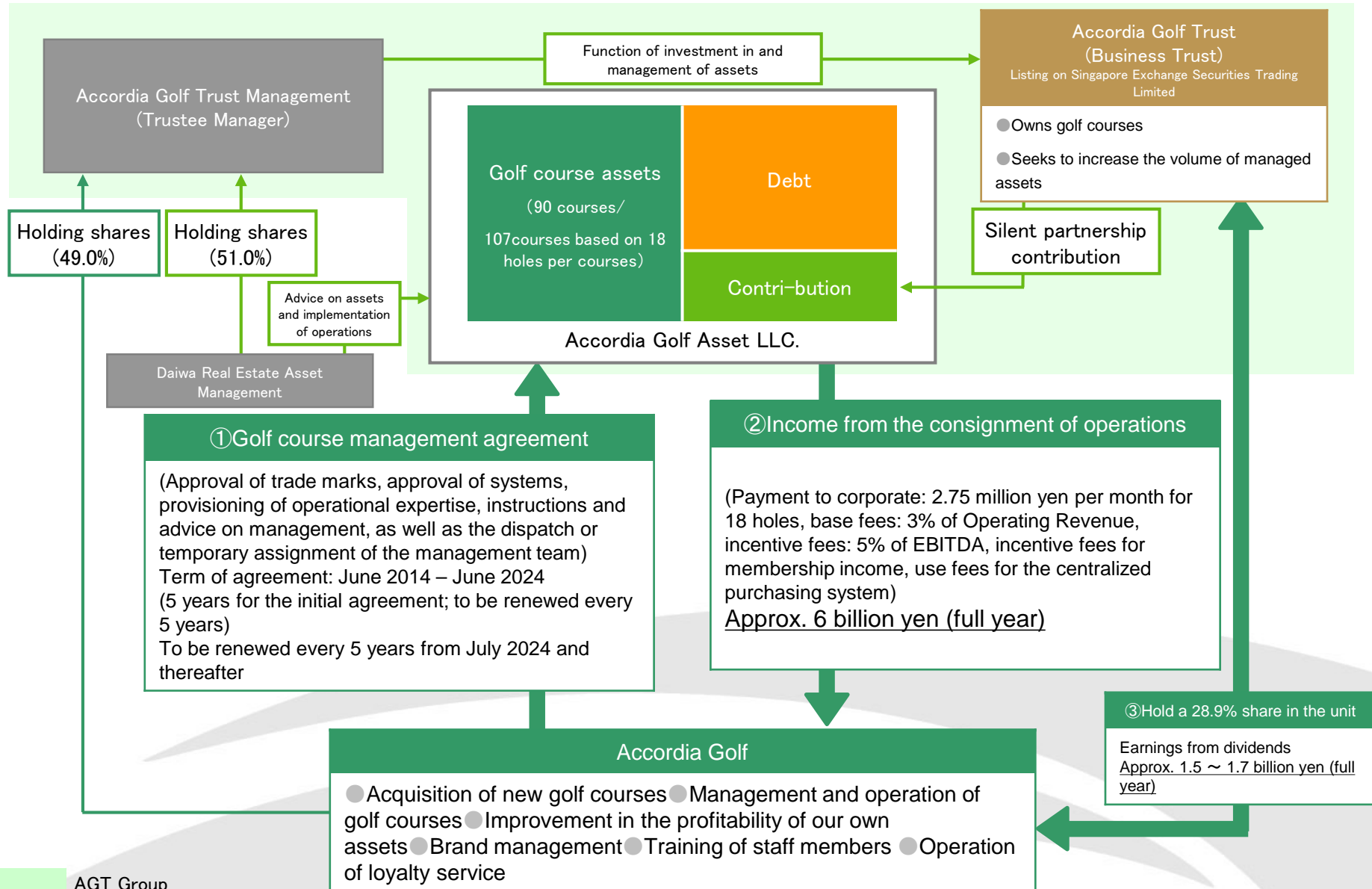
4

- 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).

# Outline of the Business Trust



## 4. Reference Material

# Operating Revenues by Year of Start of Operations - 1

Operating Revenues (Yen millions)	FY 3/2008	FY 3/2009	FY 3/2010	FY 3/2011	FY 3/2012	FY 3/2013	FY 3/2014	FY 3/2015	FY 3/2016
FY 3/2004	629	628	600	557	526	557	547	549	558
FY 3/2005	608	612	630	592	555	587	581	580	595
FY 3/2006	602	612	622	601	578	566	557	550	588
FY 3/2007	435	453	497	467	467	457	465	515	519
FY 3/2008	-	466	485	465	454	500	486	457	465
FY 3/2009	-	-	371	393	393	388	367	373	391
FY 3/2010	-	-	-	578	589	678	679	678	685
FY 3/2011	-	-	-	-	649	666	538	640	653
FY 3/2012	-	-	-	-	-	540	538	538	558
FY 3/2013	-	-	-	-	-	-	667	728	736
FY 3/2014	-	-	-	-	-	-	-	630	662
FY 3/2015	-	-	-	-	-	-	-	-	475
EBITDA (Yen millions, % of margin) before allocating the headquarter expense									
FY 3/2004	193(30.6%)	194(30.9%)	187(31.3%)	174(31.3%)	167(31.9%)	179(32.1%)	164(30.1%)	167(30.4%)	174(31.2%)
FY 3/2005	200(32.9%)	200(32.7%)	231(36.7%)	210(35.5%)	196(35.3%)	214(36.5%)	204(35.2%)	208(35.9%)	217(36.6%)
FY 3/2006	195(32.4%)	196(32.0%)	242(39.0%)	238(39.6%)	231(39.9%)	226(39.9%)	214(38.4%)	214(39.1%)	237(40.3%)
FY 3/2007	86(19.7%)	97(21.5%)	146(29.5%)	127(27.3%)	143(30.7%)	152(33.2%)	155(33.4%)	178(34.6%)	186(35.8%)
FY 3/2008	-	81(17.3%)	133(27.6%)	128(27.6%)	133(29.4%)	153(30.7%)	138(28.5%)	129(28.3%)	137(29.6%)
FY 3/2009	-	-	66(17.9%)	80(20.6%)	84(21.4%)	80(20.8%)	68(18.8%)	81(21.7%)	100(25.6%)
FY 3/2010	-	-	-	169(29.3%)	216(36.7%)	264(39.0%)	267(39.5%)	265(39.2%)	272(39.7%)
FY 3/2011	-	-	-	-	201(31.0%)	237(35.6%)	201(37.5%)	205(32.1%)	216(33.2%)
FY 3/2012	-	-	-	-	-	148(27.5%)	146(27.3%)	156(29.1%)	176(31.7%)
FY 3/2013	-	-	-	-	-	-	168(25.3%)	231(31.7%)	233(31.7%)
FY 3/2014	-	-	-	-	-	-	-	169(26.9%)	225(34.1%)
FY 3/2015	-	-	-	-	-	-	-	-	166(34.9%)



# Operating Revenues by Year of Start of Operations - 2

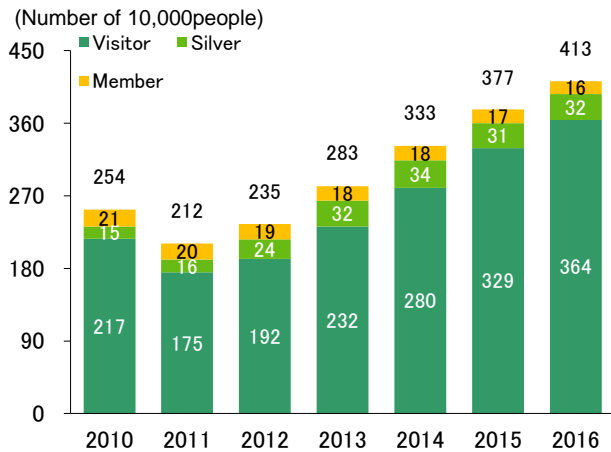
Number of rounds played	FY 3/2008	FY 3/2009	FY 3/2010	FY 3/2011	FY 3/2012	FY 3/2013	FY 3/2014	FY 3/2014	FY 3/2016
FY 3/2004	48,603	49,960	50,667	48,291	47,444	50,883	49,729	51,660	52,960
FY 3/2005	50,578	53,289	56,150	54,245	51,772	55,315	54,869	56,097	57,274
FY 3/2006	46,946	49,513	54,706	53,864	53,775	53,830	54,100	54,808	59,416
FY 3/2007	39,516	44,089	51,118	48,831	49,869	48,442	49,188	54,870	54,819
FY 3/2008	-	42,381	47,253	47,338	47,337	53,175	52,212	51,356	52,471
FY 3/2009	-	-	35,729	38,419	40,237	40,769	39,184	40,894	42,333
FY 3/2010	-	-	-	46,792	47,086	54,165	54,144	54,579	55,948
FY 3/2011	-	-	-	-	47,101	50,211	49,051	48,907	51,807
FY 3/2012	-	-	-	-	-	47,190	48,042	51,397	53,374
FY 3/2013	-	-	-	-	-	-	41,932	47,640	52,078
FY 3/2014	-	-	-	-	-	-	-	54,745	62,197
FY 3/2015	-	-	-	-	-	-	-	-	36,026
Number of subject courses									
FY 3/2004	48	48	47	47	46	44	44	44	44
FY 3/2005	35	30	29	29	29	28	27	26	25
FY 3/2006	9	9	9	9	9	9	9	9	8
FY 3/2007	10	10	10	10	10	9	8	8	8
FY 3/2008	-	21	21	21	21	19	19	19	19
FY 3/2009	-	-	4	4	4	4	4	3	3
FY 3/2010	-	-	-	8	8	8	8	8	8
FY 3/2011	-	-	-	-	4	4	4	4	4
FY 3/2012	-	-	-	-	-	4	4	4	4
FY 3/2013	-	-	-	-	-	-	5	5	5
FY 3/2014	-	-	-	-	-	-	-	1	1
FY 3/2015	-	-	-	-	-	-	-	-	1

(Notes) 1. The number of subject courses has fluctuated as we sold golf courses after the start of operations.

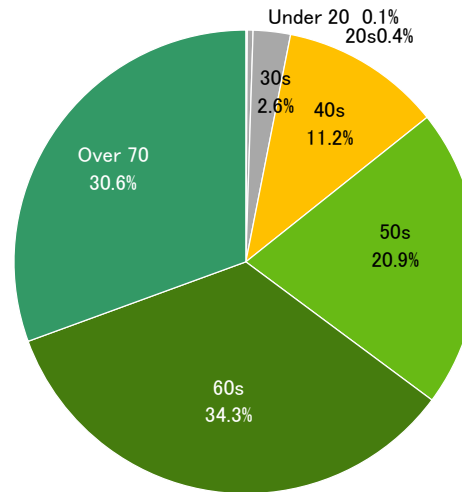
2. Converted at a rate of 18 holes/course.

# Customer Base - Member Information

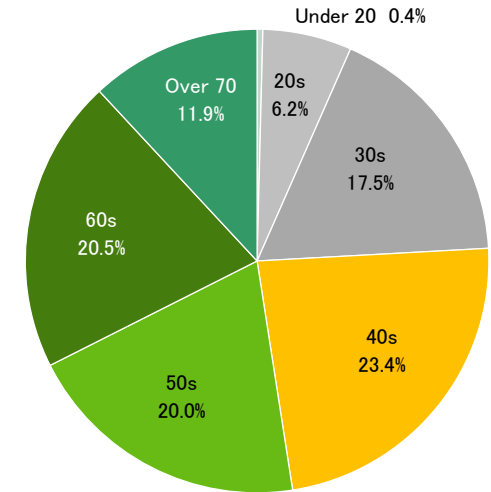
## Loyalty Cardholders



## Age Distribution of Members

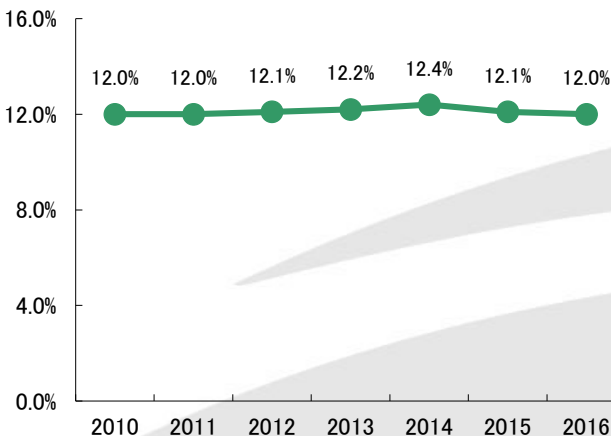


## Age Distribution of Visitors

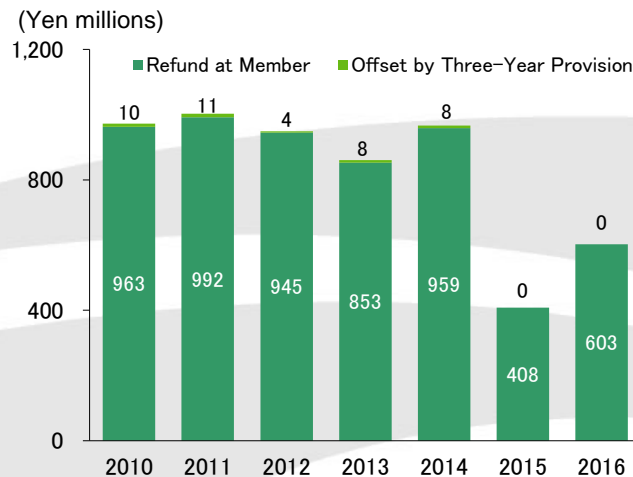


(Note) Silver cardholders and visitor cardholders

## Proportion of Female Players



## Refunded Membership Deposits



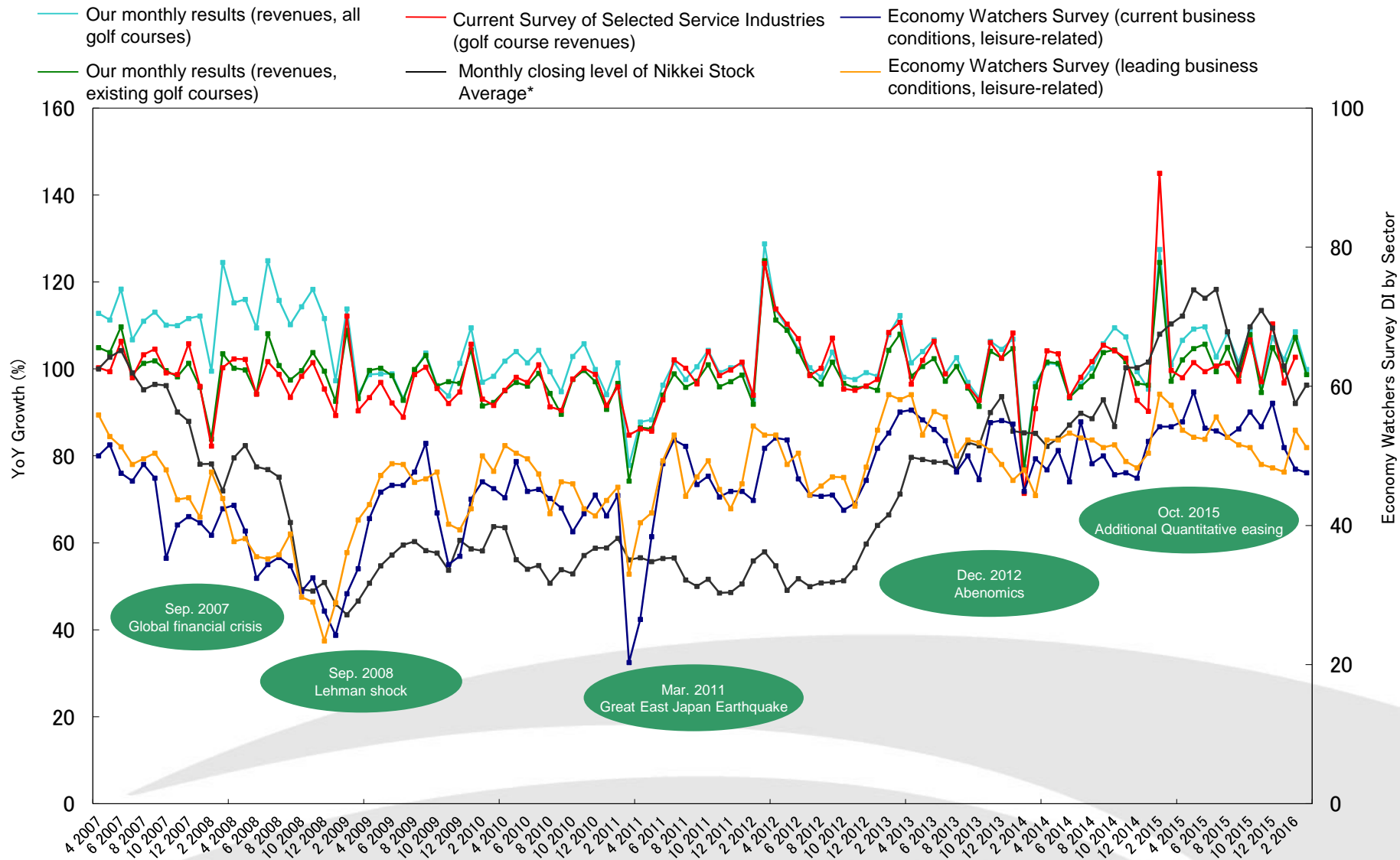
## Scheduled Refund of Membership Deposits

Year refund incurred	Amount (Yen millions)
Already arrived	6,329
2017	1,859
2018	0
2019	0
2020 thereafter	1,801
<b>Total</b>	<b>9,990</b>

(Note) Amounts are calculated, based on membership deposits as of the end of FY 3/2016.

(Note) The figures are for the consolidated fiscal years ended March 31 of each year - 37 -

# (For Reference) Our Monthly Results and Economic Environment

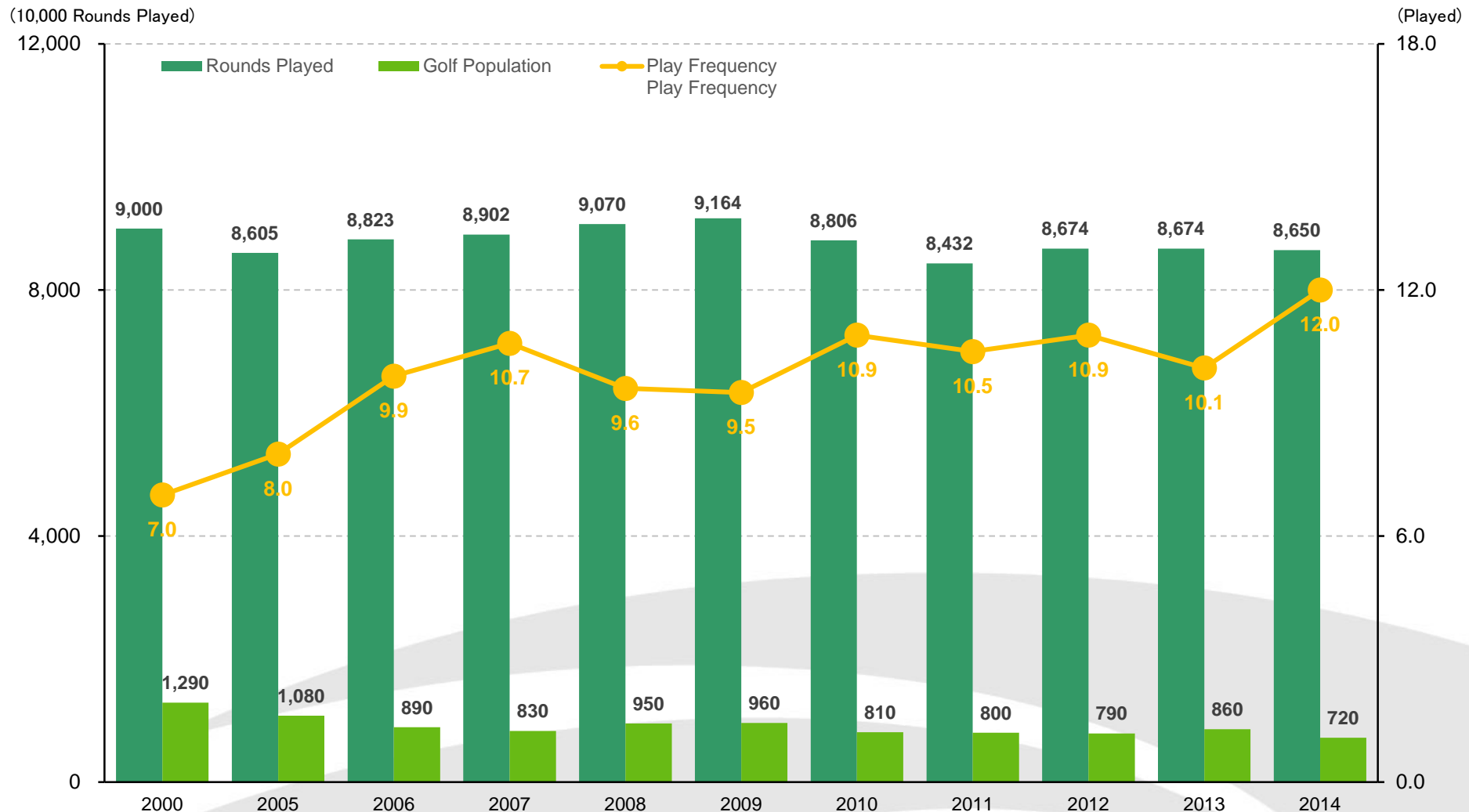


\* Closing value of Nikkei Stock Average each month is used as an index (Base date: April 2007 = 100).

(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).

# Market Trends (Long term)

Number of Rounds Played , Number of Golf Population and Number of Play Frequency

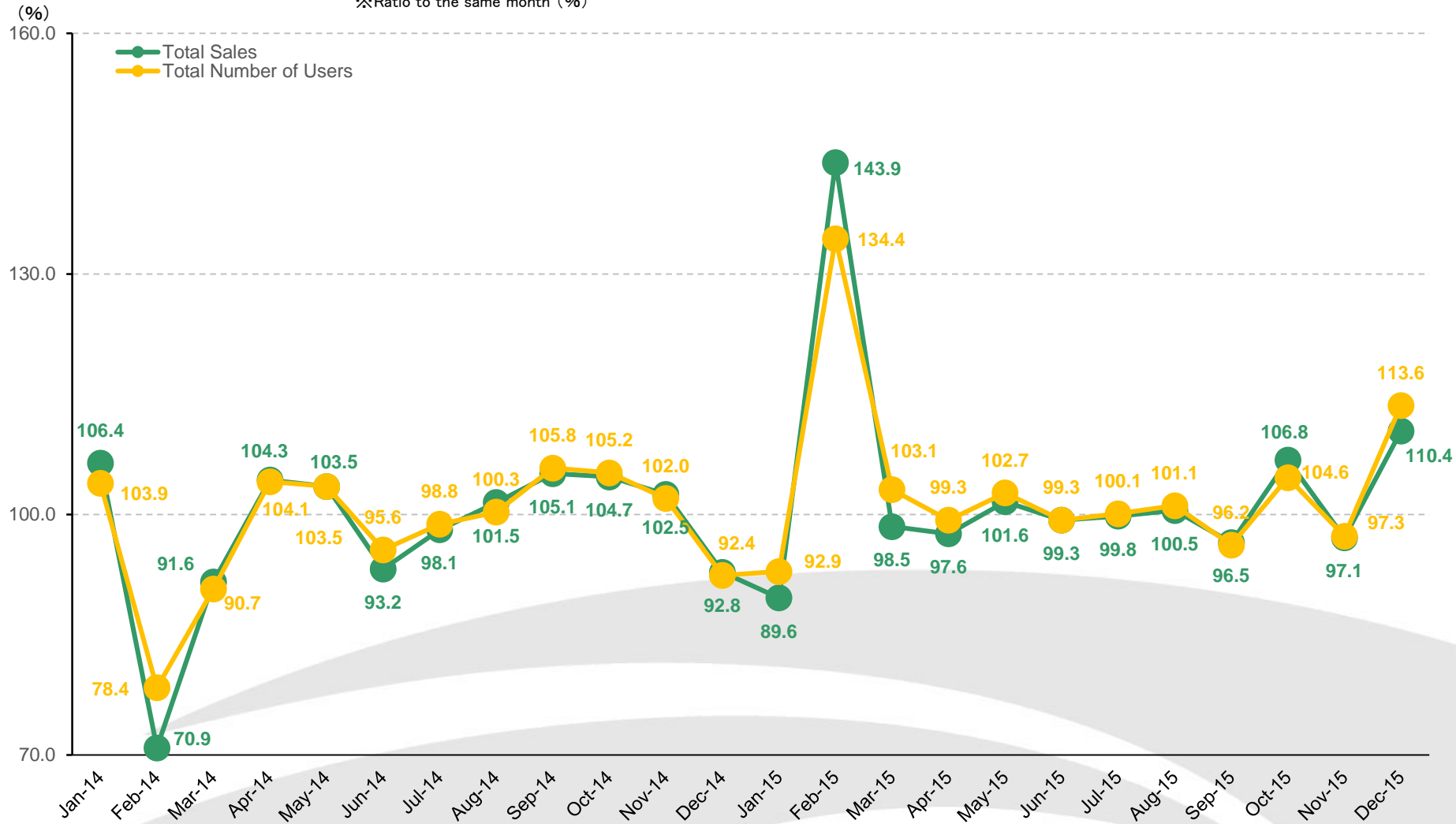


Source: NGK (for Rounds Played), Leisure whitepaper 2014(Japan productivity center), Play Frequency = Rounds Played / Golf Population

# Market Trends (Short term)

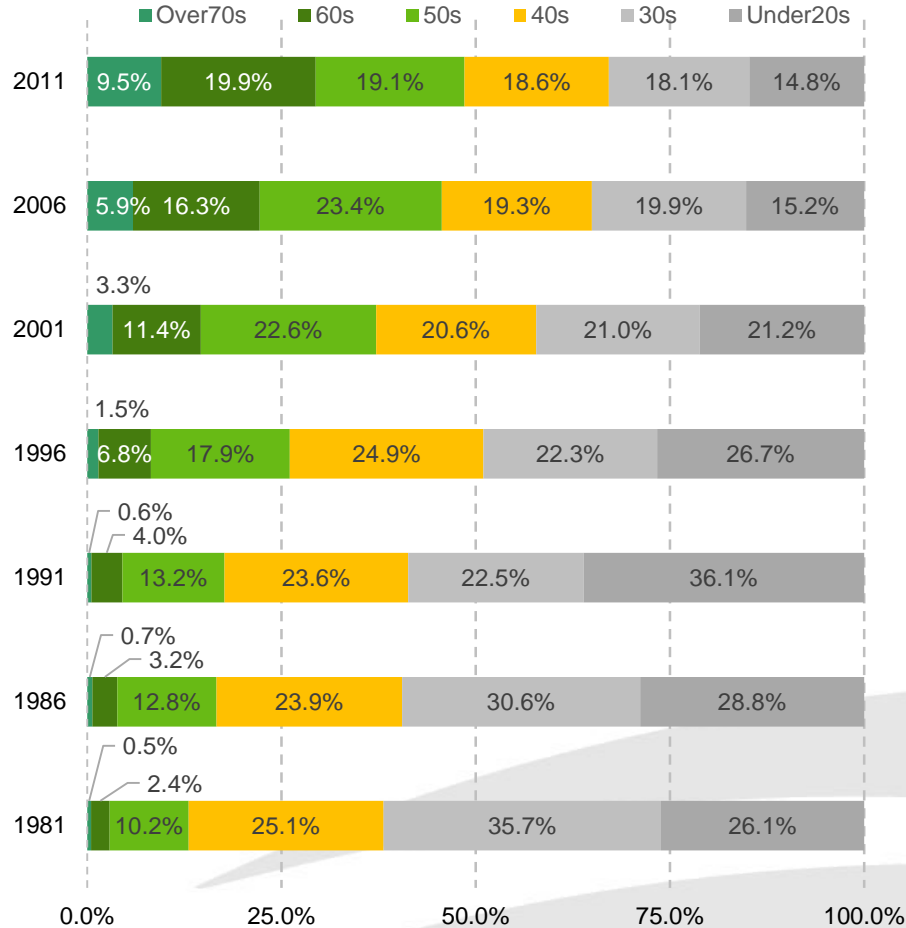
## Monthly Report of Japanese Golf Courses

※Ratio to the same month (%)



# Market Trends (Attribute)

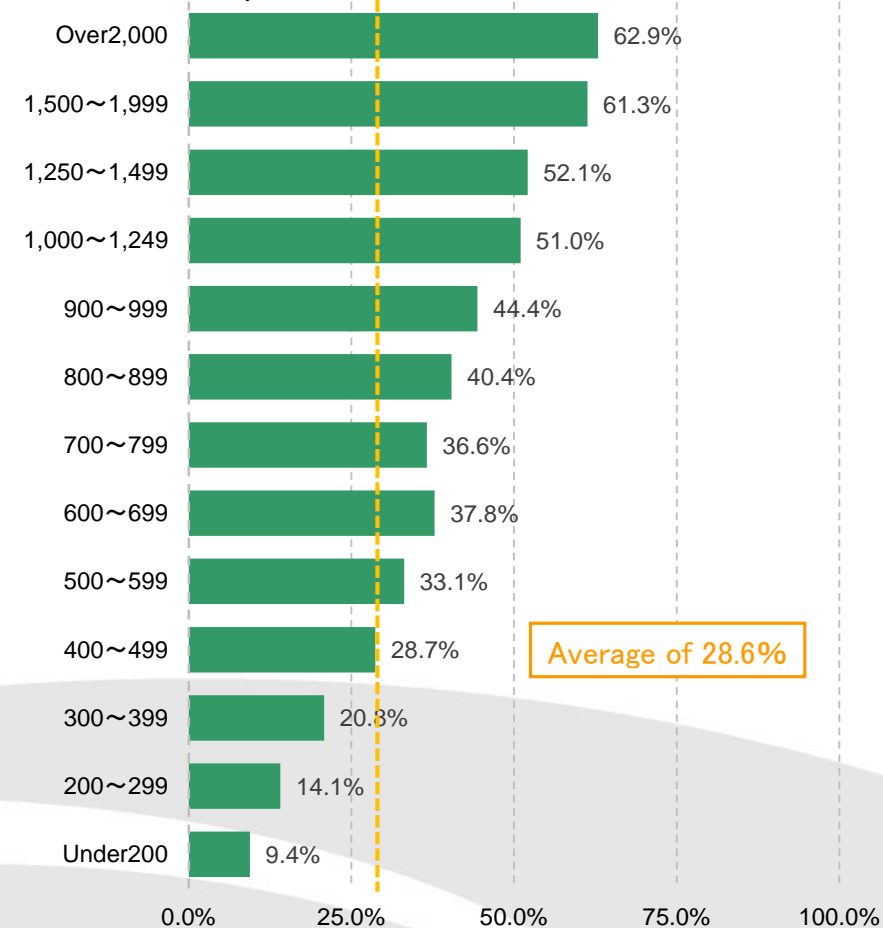
## Age Distribution of Golf Population



Source: Statistics Bureau, MIAC

## Diffusion ratio of Golf Club

【Yearly income】 (10,000yen)



Source: Statistics Bureau, MIAC