August 10, 2016

Securities Code: 2131

Accordia Golf Co., Ltd.
Supplementary Materials on
FY 3/2017 First Quarter

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1. FY 3/2017 First Quarter Results

FY 3/2017 First Quarter Overview

1. First Quarter Results "Entries based on YoY, Comparison against Forecast denoted in ()"

- Golf reservations remained at a high level. The number of rounds played in the operated golf courses decreased 80,000 year on year, to 2.24 million due to the effects of the 2016 Kumamoto Earthquakes and persistent rain in western Japan, despite brisk business due to the Company's strong earnings base, with its convenient golf course locations and the provision of individual play. The Company owns only one golf course in Kyushu, and the impact of the earthquakes on the Company's business results was insignificant.
- **Operating Revenues**
  Revenues from owned golf courses were weak as a result of the sale of two golf courses in the previous fiscal year. Consigned management revenues were in line with the plan but membership revenues declined, causing total consolidated operating revenues to decrease 279 million yen, to 13,039 million yen (lower than the plan by 161 million yen).
- **Operating Profit**
  The ratio of COGS to operating revenues was unchanged year on year, with higher personnel expense offset by a fall in other expense. Because of the decline in operating revenues, operating profit decreased 177 million yen, to 2,426 million yen, and the operating margin was 18.6% (up 1.1% from the plan).
- **Recurring Profit**
  Non-operating revenues declined, reflecting change in retained earnings recorded in relation to equity in earnings of affiliates, and recurring profit was in line with plan.
- **Net Income**
  Net income increased 33 million yen, to 1,674 million yen (up 19.6% from the plan), as a result of a decrease in extraordinary loss and tax effects, despite the absence of a gain on the transfer of rights of 350 million yen associated with the transfer of the rights of the solar power generation business recorded in the same period of the previous year.
- **Status of Balance Sheets**
  Net assets were 49,162 million yen, and the shareholders' equity ratio was 32.1%, on a par with the level at the end of the previous fiscal year.

2. Results Forecasts for the First Half and Full Year

- Given the state of golf course bookings in August and September, business is judged to be progressing more or less as planned relative to the plans for the second quarter and the full fiscal year. Although there are indications of a change in business sentiment with a trend towards thrift, at the present time, the Company does not see any sign that this is noticeably pushing down bookings, etc.

FY 3/2017 First Quarter Performance Summary

(Yen millions)

	FY 3/2016 1Q	FY 3/2017 1Q (Result)	(Forecast)	(YoY)	(vs. Forecast)	(% of FY forecast achieved)
Operating Revenues	13,318	13,039	13,200	− 2.1%	− 1.2%	26.8%
EBITDA	3,635	3,489	3,500	− 4.0%	− 0.3%	30.1%
Operating Profit	2,603	2,426	2,400	− 6.8%	+ 1.1%	33.2%
Recurring Profit	2,801	2,382	2,600	− 15.0%	− 8.4%	32.6%
Extraordinary Income	383	98	−	− 74.4%	−	−
Extraordinary Losses	52	3	−	− 94.2%	−	−
Net Income before Tax Adjustments	3,133	2,477	−	− 20.9%	−	−
Net income	1,641	1,674	1,400	+ 2.0%	+ 19.6%	37.2%
EBITDA Margin	27.3%	26.8%	26.5%	− 0.5pt	+ 0.3Pt	−
Operated (Contracted) Golf Courses	138(94)	136(93)	−	−	−	−
Operated (Contracted) Driving Ranges	25(5)	26(5)	−	−	−	−
Number of Rounds Played(10,000 rounds)	232	224	231	− 8	− 7	−

Recent Business Conditions

1. Business conditions of the first quarter (Apr. – Jun. 2016)

In April: Business at operated golf courses was affected by the 2016 Kumamoto Earthquakes, but revenues at owned golf courses were unchanged from a year ago.

In May: Bookings were strong, including during Golden Week, but there was a rainy spell in mid-May.

In June: Booking were strong and business was brisk in early June but, from mid-June, the number of rounds played declined as the seasonal rain front became active.

2. Business conditions at all golf courses

	Operated golf courses (134 courses)		Held 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)
April 2016	− 0.1%	+ 2.0%	− 0.6%	+ 2.4%	− 0.3%
May	− 4.2%	− 1.1%	− 4.7%	+ 0.9%	− 4.6%
June	− 5.7%	+ 1.5%	− 6.3%	+ 2.7%	− 4.6%
July	+ 11.9%	+ 7.8%	+ 12.1%	+ 11.7%	+ 8.5%
August (Est.)	-	+ 3.7% (As of August 7)	-	+ 6.3% (As of August 7)	-

Breakdown of Operating Revenues

(Yen millions)

	FY 3/2016 1Q	FY 3/2017 1Q	(YoY)
Operating Revenues	13,318	13,039	− 2.1%
Golf Course Operations	8,034	7,769	− 3.3%
Restaurants	2,383	2,383	+ 0.0%
Golf Equipment Sales	1,270	1,185	− 6.7%
Other	1,630	1,700	+ 4.3%
(Breakdown of Golf Course Operations)			
Golf Course Revenues	5,502	5,368	− 2.4%
Consigned Management Revenues	1,619	1,590	− 1.8%
Membership Revenues	912	811	− 11.1%
(Breakdown of Membership Revenues)			
Annual Membership Dues	475	462	− 2.7%
Registration Fees	48	51	+ 6.3%
Initial Membership Fees	388	298	− 23.2%
(Breakdown of Others)			
Driving Ranges	1,298	1,333	+ 2.7%
Other	332	367	+ 10.5%

Factors for Change

<Golf Course Operations>

- One golf course acquired in the previous year (factor for increased revenues 94 million yen) Two golf courses sold in the previous fiscal year (factor for decreased revenues 156 million yen)
- Number of rounds played at operated golf courses: 2.24 million (down 3.4% year on year)
- Revenue per customer: 9,614 yen (up 0.1% year on year)

<Golf Equipment Sales>

- Club Workshops sales were brisk, reflecting the enhancement of services, but demand for core products such as golf clubs and golf wear showed slow growth.

<Membership Revenues>

- Initial membership fees were weak, reflecting end of member recruitment drive at some newly acquired golf courses.

<Driving Ranges>

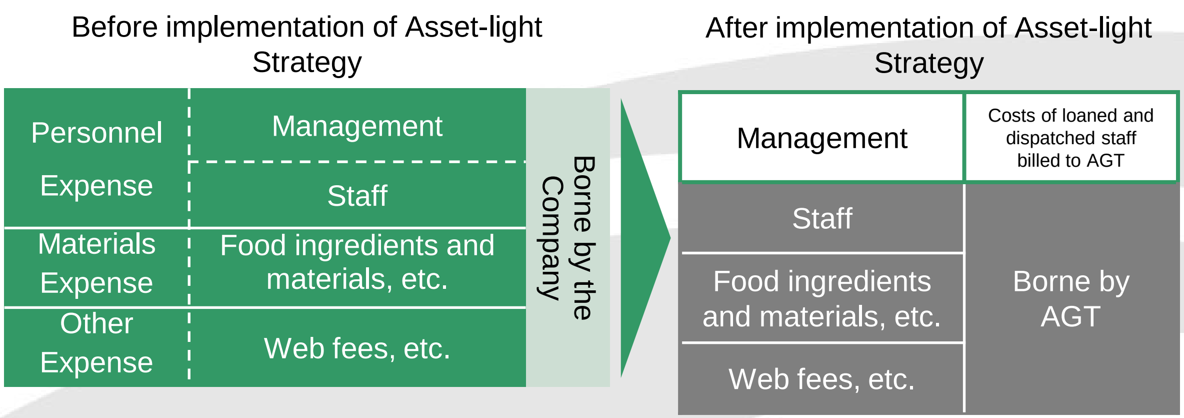
- Earnings base of existing facilities is stable due to superiority of facilities in terms of practice environment and location compared to competitors. There was marked growth in golf school business, reflecting the enhancement of services.

Breakdown of Operating Expenses

(Yen millions)

	FY 3/2016 1Q	FY 3/2017 1Q	(YoY)
Operating Expenses	10,715	10,612	− 1.0%
COGS	9,761	9,557	− 2.1%
Personnel Expense	3,364	3,412	+ 1.4%
Materials Expense	1,934	1,873	− 3.2%
Other Expense	4,461	4,271	− 4.3%
SG&A Expenses	954	1,054	+ 10.5%
Personnel Expense	413	432	+ 4.6%
Other Expense	540	622	+ 15.2%

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



Factors for Change

<COGS>

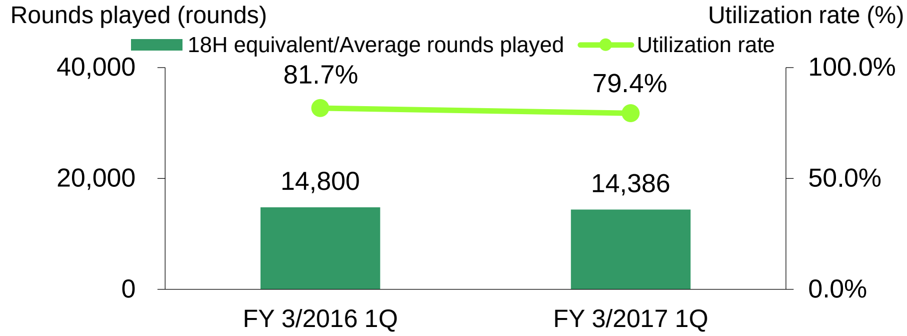
- **Personnel Expense**
  The Company implemented an irregular working system, striking a balance between controlling cost and increasing motivation to work.
- **Materials Expense**
  Materials prices for both course management and the food ingredients of restaurants, which account for a large proportion of materials expense, remained stable.
- **Other Expense**
  Utilities expenses (mainly fuel oil type-A) and vehicle expenses (gasoline) declined.
  With enhancements to the Company's own booking website, web fees of customers began to increase slightly with the end of reward points for utilization of the Company's own website introduced in the same period of the previous year.

<SG&A Expenses>

- **Other Expense**
  Advertising expenses increased as a result of changing the method of recording point expenses from the second quarter of FY3/2016.

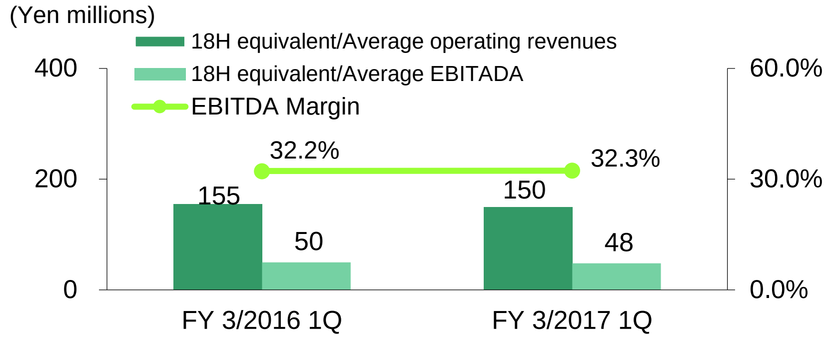
Earnings at the 134 Operated Golf Courses

Rounds Played / Utilization Rate



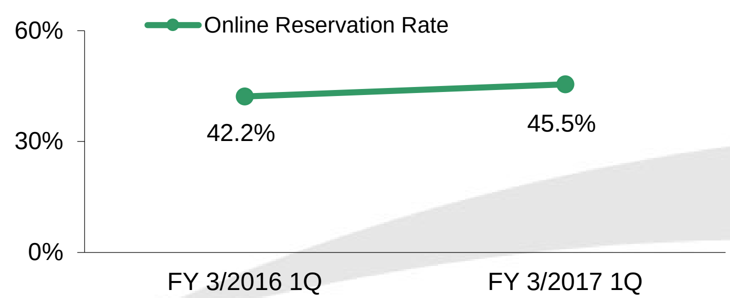
(Note) Utilization Rate = Rounds per 18 holes/business days x 200 (visitors)

Operating Revenues / EBITDA



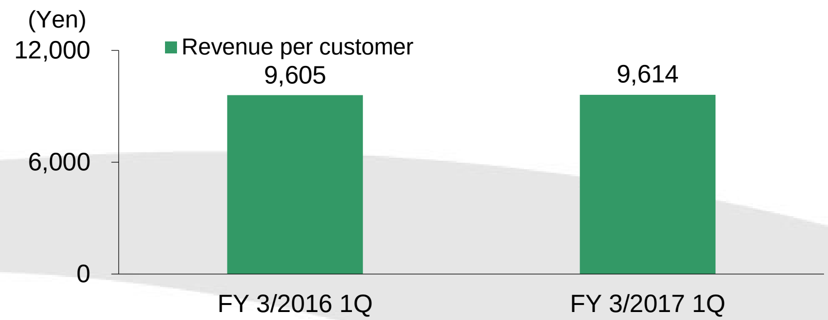
(Note) Calculated revenues from golf course operation + Restaurant sales + Sale of golf equipment based on 18 holes

Online Reservation Rate



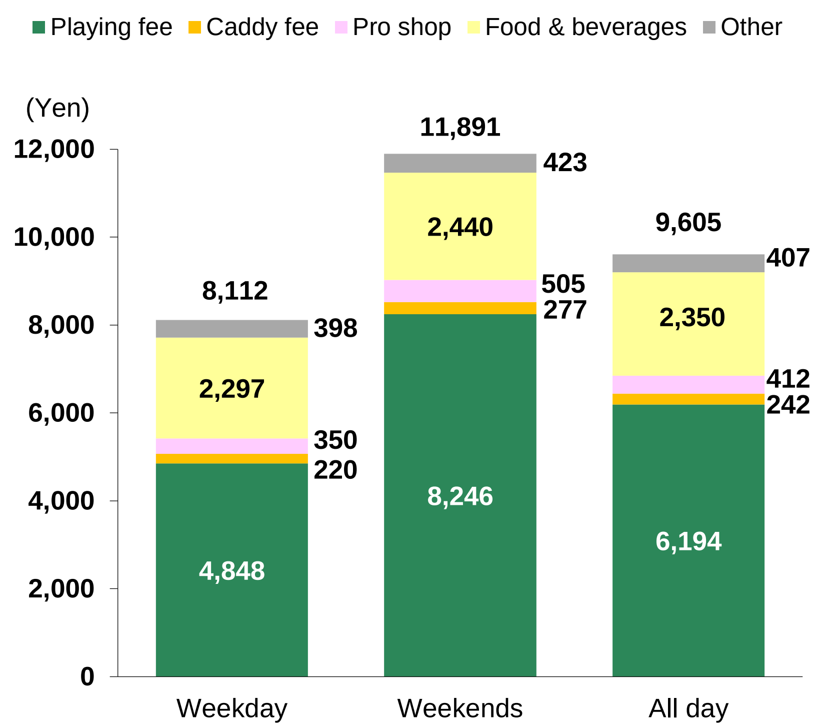
(Note) 134 golf courses that are held or in relation to which operating consignment agreements (including Golf Course Management Agreements) have been concluded (including closed golf courses)

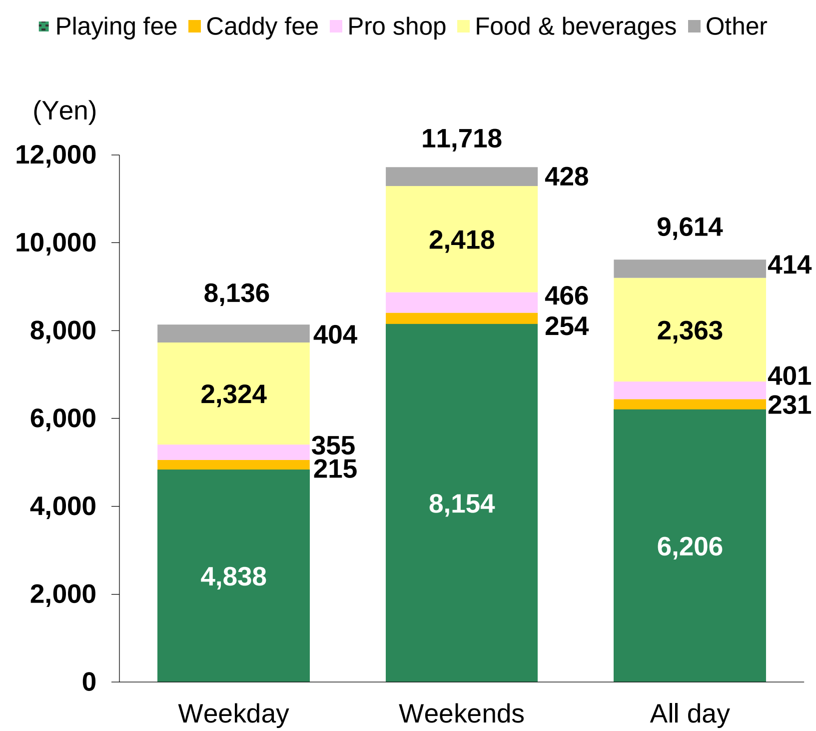
Revenue per Customer



(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.
- Unchanged year on year 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, but the result reflects response to cancellations as a result of rain.
- In the first quarter, the number of business days on weekends and public holidays decreased 0.8% year on year.
- Play without caddies: Unchanged from previous year at 93.9% (up 0.4 percentage point year on year)
- Revenue per customer (all day) is estimated at 9,653 yen (lower than the plan by 39 yen) for 134 golf courses in the first quarter.

(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 3/2013	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	-
FY 3/2017	**Apr**	**May**	**Jun**	**Jul**	**Aug**	**Sep**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**	**Average**
Revenue per Customer	9,712	9,782	9,350										-
Number of Golf Courses	134	134	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 3/2016	FY 3/2017 1Q	Change	Factors for Change
Current Assets	10,893	12,205	+1,312	Increase in advance payments-other
Non-current Assets	141,160	139,910	-1,250	
Property, Plant and Equipment	98,647	98,646	-1	
(of which, Golf Courses)	43,914	43,917	+3	
(of which, Land)	29,955	29,967	+12	
Intangible Assets	11,111	10,717	-394	
(of which, Consolidation Goodwill)	8,558	8,230	-328	Amortization of Goodwill
Investments and Other Assets	31,400	30,546	-854	Owning 28.9% of AGT units
Total Assets	152,054	152,116	+62	
Current Liabilities	58,400	58,050	-350	
Short-term Loans Payable	500	2,800	+2,300	Utilization of short-term loan facilities
Current Portion of Long-term Loans Payable	39,623	37,619	-2,004	
Non-current Liabilities	43,608	44,903	+1,295	
Long-term Loans Payable	16,779	18,495	+1,716	
(of which, Deposits for Admission)	9,990	9,909	-81	
Total Liabilities	102,008	102,954	+946	
Net Assets (Shareholders' Equity)	50,045	49,162	-883	
Total Liabilities and Net Assets	152,054	152,116	+62	

Status of Liabilities

(Yen millions)

	FY 3/2016	FY 3/2017 1Q	Change	Summary
Short-Term Borrowings	500	2,800	+2,300	
Short-Term Portion of Long-Term Borrowings	39,623	37,619	−2,004	20,000 million yen of loans with acquisition rights
Commercual paper	4998	4,998	−	Adjustment of cash position
Long-Term Borrowings	16,779	18,495	+1,716	
Lease Obligations	7,991	7,889	−102	Sale and leaseback of driving range facilities
Interest Bearing Debt	69,891	71,801	+1,910	D/E ratio is 1.46 (net interest-bearing debt/net assets)
Net Interest-Bearing Debt	57,703	59,162	+1,459	Interest-bearing debt less cash and deposits and lease obligations
Membership Deposits	9,990	9,909	−81	

- Plan to refinance long-term debt of 15 billion yen due to mature in August 2016 which is included in short-term portion of long-term borrowings. Also preparing to refinance 20 billion yen of debt due to mature in December, and the rest is loans with scheduled repayments.
- Loan with stock acquisition rights Exercise price:1,316 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 June 30, 2016)

Status of Cash Flows

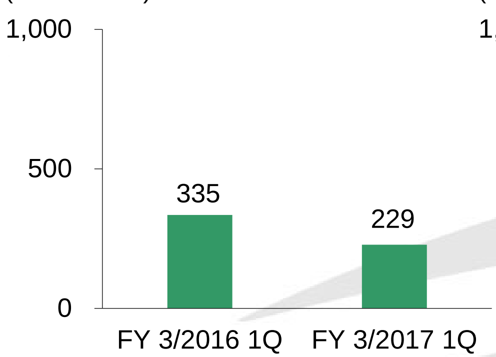
(Yen millions)

	FY 3/2016 1Q	FY 3/2017 1Q	(YoY)
Operating Activities	328	523	+ 59.5%
Investing Activities	1,490	752	− 49.5%
Financing Activities	1,572	△723	− 146.0%
Change	3,391	552	− 83.7%
Beginning Balance	3,485	4,197	+ 20.4%
New Consolidated Subsidiaries	–	–	–
End Balance	6,876	4,750	− 30.9%

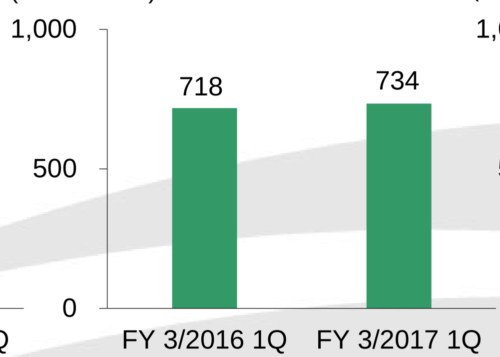
Factors for Change

- Cash flows from operating activities is the figure after deduction of tax effects on equity in earnings of affiliates.
- First-half dividends of 1,087 million yen from AGT were added to cash flows from investing activities. In the same period of the previous year, there was the special factor of recording dividends for 8 months due to the establishment of ATG in August 2014.
- 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.

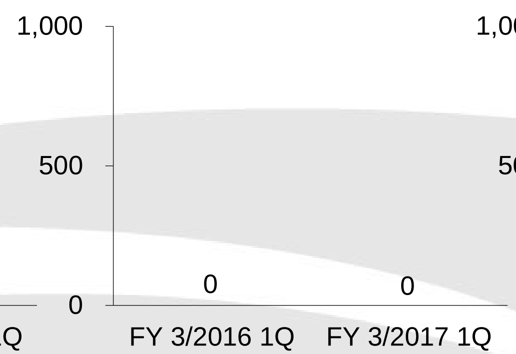
Capital Expenditures



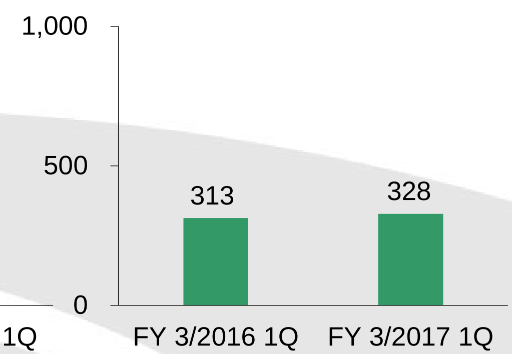
Depreciation Expenses



Acquisition Costs (Note)



Amortization of Goodwill



(Note) Calculated the sum of purchase of shares of subsidiaries, payments of long-term loans receivable, interim sponsor investments and sponsor contributions from cash flows from investing activities.

Acquisition and Sale of Golf Courses

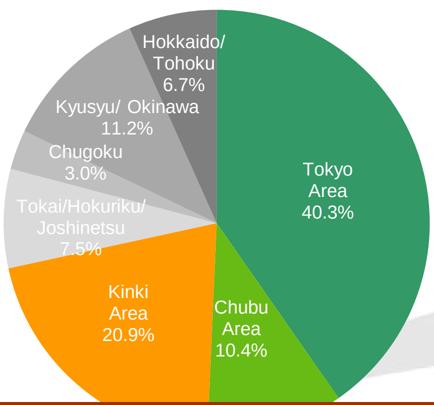
Acquisition and Sales

- Golf course acquisitions and sales did not take place in the first quarter of FY3/2017
- The Company is making preparations for asset-light strategies for golf courses with confirmed stable profitability and preparing to sell golf courses with low earnings to third parties from the second quarter.

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.

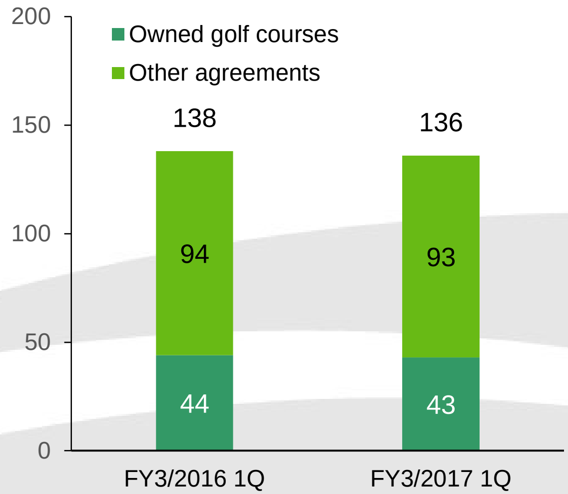
Location of Golf Course Development



Ratio of three major metropolitan areas: 71.6%

(Notes) 1.134 Operated Golf Courses as of June 30, 2016
2.Chubu Area consists of Aichi, Gifu and Mie prefectures

Golf courses



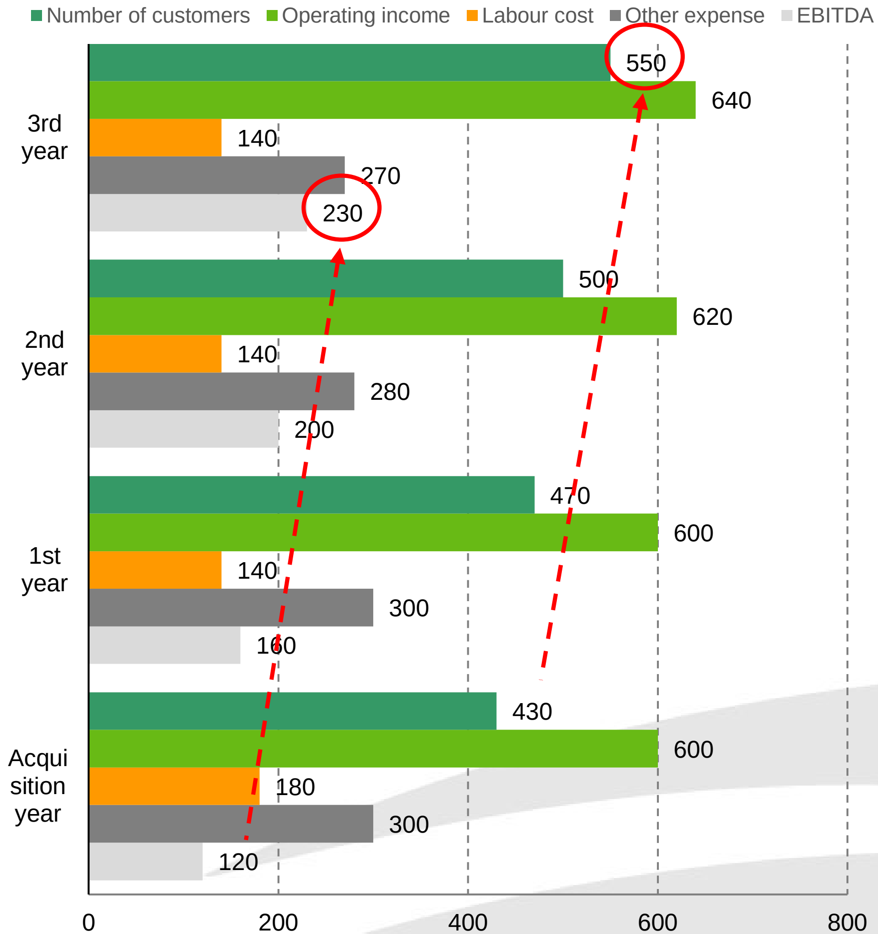
- Change in administration and legal liquidation
  In the period from Jan to Dec 2015
  Change in administration:
  54 courses (40 courses in the same period of the previous year)
  Legal liquidation:
  19 courses (14 courses in the same period of the previous year)
- Golf course ownership (as of March 31, 2016)
  PGM 133, ORIX 40, Seibu 28, Ichikawa Golf 26, Tokyu 26, Cherry Golf 22, OGI 22, Taiheiyo Club 17, Unimat 17

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

Promotion of Value-adding

1. Growth after acquisition

Number of customers: 100 persons   Figures: Yen millions



*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): 3 major metropolitan areas	Number of golf courses and driving ranges (Number of 18H-converted courses): Other	18H-converted revenues (Results for FY ending March 2016): Operating Revenue	18H-converted revenues (Results for FY ending March 2016): EBITDA	18H-converted revenues (Results for FY ending March 2016): 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)	-	-	-

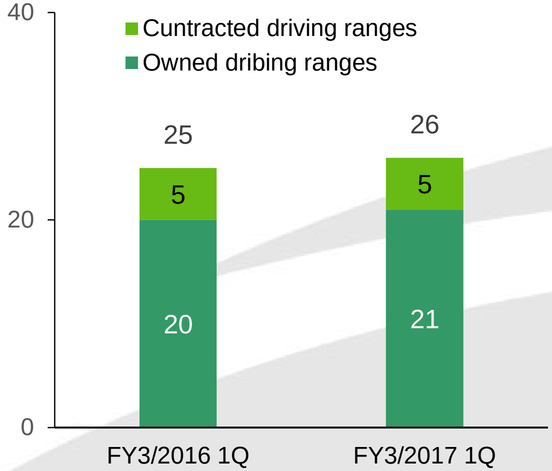
Driving Range Performance Summary

(Yen millions)

	FY 3/2016 1Q	FY 3/2017 1Q	(YoY)
Operating Revenue	1,487	1,536	+ 3.3%
EBITDA	577	573	− 0.7%
EBITDA Margin	38.8%	37.3%	− 1.5pt
Rounds Played (10,000 rounds)	96	100	+ 4.2%
Number of Participants in Schools (10,000 people)	6	6	+ 0.0%
Tee Turnover	5.5	5.4	−
Number of driving ranges	25	26	−

- Profitability was unchanged from the previous year, mainly due to existing facilities in urban areas.
- Plan to roll out urban indoor driving range to other facilities.
- In the school business, the number of students increased, reflecting the establishment of an individual lesson format to meet diverse needs.

Driving Ranges



- **Characteristics of deals for acquisition or development**
  -Accordia Golf Studio Akasaka (opened August 2016; Minato-ku, Tokyo Prefecture; 6 bays) First urban indoor driving range
- **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)

Corporate Governance

Key initiatives relating to corporate governance are summarized below.

Corporate Governance Code	System for overseeing plan for successors (Supplementary principle 4-1-3) Incentives in management remuneration (Supplementary principle 4-2) The Company implements every principle, except for two items currently under consideration.
Composition of Board of Directors	Among the 10 directors making up the Board of Directors, 5 are executive directors and 5 (half of the board) are outside directors who are sufficiently independent of the Company. The Company regards diversity as important and has two female directors.
Criteria for the Independence of Outside directors	The Company has established and published qualitative criteria and concrete quantitative criteria on the amount of transactions with the Company, etc.
Nomination and Compensation Committee	The Nomination Committee established in 2012 was reorganized into the Nomination and Compensation Committee in 2015. Among the 5 members making up the Committee, 3 are outside members such as outside directors or outside experts.
Electronic voting platform	The Company began using an electronic voting platform in 2012.
Provision of information in English	The Company prepares and publishes English versions of all its IR materials including convocation notices.
Disclosure Policy	The Company discloses matters such as the method and system of information disclosure.

(Unchanged from the forecasts announced May 12, 2016)

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 1.7 billion yen, or units' equities of 28.9%, is posted as non-operating revenues.
- Financing expenses associated with refinancing amounting to approximately 0.6 billion 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)	FY3/2017 (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%
(Breakdown of Golf Course Operations)			
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%
(Breakdown of Membership Revenues)			
Annual Membership Dues	1,898	1,900	+ 0.1%
Registration Fees	223	200	− 10.3%
Initial Membership Fees	1,254	1,100	− 12.3%
(Breakdown of Others)			
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

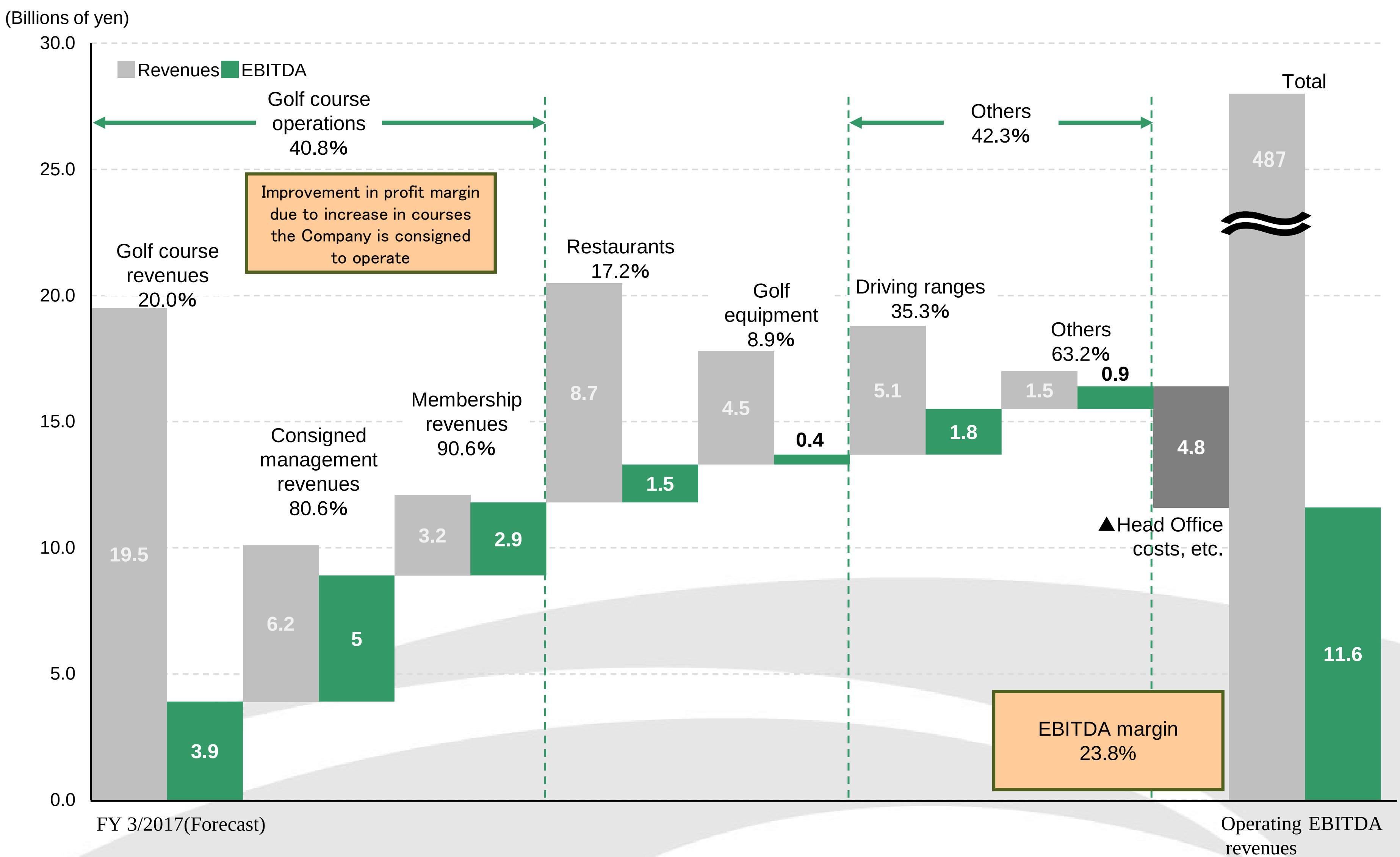
<COGS>

- **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



FY 3/2017 Quarterly Targets

(Yen millions)

	FY3/2017 1Q Plan	FY3/2017 1Q Result	(vs Plan)	FY3/2016 2Q	FY3/2017 2Q Plan	(YOY)
Operating Revenue	13,200	13,039	- 1.2%	11,712	12,000	+ 2.5%
EBITDA	3,500	3,489	- 0.3%	1,905	2,000	+ 5.0%
Operating Income	2,400	2,426	+ 1.1%	855	900	+ 5.3%
Ordinary Income	2,600	2,382	- 8.4%	1,010	900	- 10.9%
Net Income	1,400	1,674	+ 19.6%	866	700	- 19.2%
EBITDA Margin	26.5%	26.8%	+ 0.3pt	16.3%	16.7%	+ 0.4pt
Number of Rounds Played (10,000 rounds)	231	224	- 3.0%	213	220	+ 3.1%
Revenue per Customer (Yen)	9,653	9,614	- 0.4%	8,998	9,041	+ 0.5%

	FY3/2016 3Q	FY3/2017 3Q Plan	(YOY)	FY3/2016 4Q	FY3/2017 4Q Plan	(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