November 10, 2016

Securities Code: 2131

Accordia Golf Co., Ltd.

Analyst Meeting Materials

FY 3/2017 First Half

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1. FY 3/2017 First Half Results

Golf Market Trends and Our Strategy

Golf Course Operations

<Market trend>

- The number of rounds played on golf courses (Apr.-Aug. 2016)*1 decreased 2.5% (YoY) due to unseasonable weather in the summer.
- While the financial results of golf courses in the suburbs of large cities were strong, those located 1.5 hours or more away from large cities found it difficult to operate their businesses.*2
- Golf courses were increasingly turned into solar power plants, currentiy 2,224 courses in operation (Apr. 2016).*3

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- The number of rounds played to golf courses operated by Accordia (Apr. - Aug. 2016) decrease 0.3% (YoY).

Our Strategy

- Developed a pleasant playing environment
- Defined and improved service standards
- Implemented optimal unit price policy and improved operation
- Reformed cost structure
- Focused on urban areas in the golf course portfolio
- Promoted the use of the golf course reservation website
- Took measures to attract female golfers , child golfers, and Senior golfers

Driving Range Operations

<Market trend>

- The number of visitors to driving ranges (Apr.- Aug. 2016)*1 decreased 0.1% (YoY).
- The declining trend in the number of driving ranges nationwide continues.

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- The number of visitors to driving ranges (Apr. - Aug. 2016) increased 2.8% (YoY).

Our Strategy:

- Established a golf school business with various classes
- Held competitions organized by driving range operators at golf courses
- Looking into an urban indoor driving range business

Golf Equipment Sales

<Market trend>

- The size of the golf equipment market is 339 billion yen (in 2015; up 1.8% YoY).

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- Golf equipment sales amounted to 4.5 billion yen (FY ended March 2016; up 2.2% YoY).

Our Strategy:

- Established a merchandising technique
- Improved the services of Club Workshops

(Note) 1. Ministry of Economy, Trade and Industry, “Survey of Selected Service Industries,” Apr–Aug 2016.
2. Leisure White Paper 2016 (Japan Productivity Center)
3. Golf Tokushin, published by IKKI.

Key Profit Structure

Owned Golf Courses

Golf Course Revenues (including. restaurants and pro shops)

=

Operating Revenues: **Rounds Played** × **Revenue per Customer** (Playing Fees + Restaurants + Pro Shops)

+

Membership Revenues
- Annual Membership Dues
- Registration Fees
- Initial Membership Fees

Golf Courses under Consigned Management

Consigned Management Revenues

=

Corporate Revenues: 2,750,000 yen/month per 18 holes

+

Base Fees: 3% of Operating Revenues

+

Incentives: 5% of EBITDA

+

Other
- Incentive fees for membership income
- Use fees for the centralized purchasing system

Driving Ranges

Driving Range Revenues (including. pro shops)

=

Bay Revenues: Visitors × Revenue per Customer

+

Golf Equipment Sales
- Pro Shops
- Club Workshops

+

School Revenues
- Initial Membership Fees
- Monthly Membership Dues
- Lesson Fees

FY 3/2017 First Half Overview

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

- Golf reservations remained at a high level due to the Company's strong earnings base, with its convenient golf course locatio ns and the provision of individual play. The number of rounds played on the operated golf courses, however, decreased 50,000 year on year, to 4.4 million, due to the effects of the 2016 Kumamoto Earthquakes and unseasonable weather in the summer. The number of rounds played on the owned golf courses decreased 30,000 year on year, to 1.31 million, with the impact of the earthquakes being negligible and that of golf courses that had been sold and the unseasonable summer being considerable.
- **Operating Revenues**
  Revenues from owned golf courses were weak as a result of the sale of two golf courses in the previous fiscal year and weather factors. Consigned management revenues remained mostly at the same level as in the first half of the previous year, which, however, declined 331 million yen, to 24,699 million yen, on a consolidated basis (501 million yen below the plan).
- **Operating Profit**
  COGS decreased year on year, and SG&A expenses increased while operating expenses were kept at the same level as in the first half of the previous year. Operating profit decreased 335 million yen, to 3,123 million yen, due to a fall in operating revenues. The operating margin was 12.6% (down 177 million yen from the plan).
- **Recurring Profit**
  In addition to a decline in operating profit, non-operating revenues declined due to the consideration of tax payments for retained earnings from equity in earnings of affiliates.
- **Net Income**
  Net income decreased 185 million yen, to 2,322 million yen (up 222 million yen from the plan) as a result of a gain on the sale of shares of affiliates associated with sale of golf courses, a decrease in extraordinary loss, and tax effects, despite the absence of a gain on the transfer of rights recorded in the first half of the previous year.
- **Status of Balance Sheets**
  Net assets were 49,831 million yen and the shareholders' equity ratio was 32.9%, on a par with the level at the end of the previous fiscal year.

2. Results Forecasts for the Fiscal Year Ending March 31 2017

- The full-year forecast will not be changed, taking into account the results in October and golf course reservations for November despite the somewhat declining trend of operating revenues. 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 signs of this noticeably pushing down bookings, etc.

FY 3/2017 First Half Performance Summary

(Yen millions)

	FY 3/2016 H1	FY 3/2017 H1 (Result)	(Forecast)	(YoY)	(vs. Forecast)	(% of FY forecast achieved)
Operating Revenues	25,030	24,699	25,200	− 1.3%	− 2.0%	50.7%
EBITDA	5,540	5,334	5,500	− 3.7%	− 3.0%	46.0%
Operating Profit	3,458	3,123	3,300	− 9.7%	− 5.4%	42.8%
Recurring Profit	3,811	2,961	3,500	− 22.3%	− 15.4%	40.6%
Extraordinary Income	619	236	−	− 61.9%	−	−
Extraordinary Losses	179	57	−	− 68.2%	−	−
Net Income before Tax Adjustments	4,251	3,140	−	− 26.1%	−	−
Net income	2,507	2,322	2,100	− 7.4%	+ 10.6%	51.6%
EBITDA Margin	22.1%	21.6%	21.8%	− 0.5pt	− 0.2pt	−
Operated (Contracted) Golf Courses	138(94)	135(93)	−	−	−	−
Operated (Contracted) Driving Ranges	26(5)	26(5)	−	−	−	−
Number of Rounds Played(10,000 rounds)	445	440	451	− 5	− 11	−

Recent Business Conditions

1. Business conditions of the first half (Apr. – Sep. 2016)

Apr 2016	Business at operated golf courses was affected by the 2016 Kumamoto Earthquakes, but revenues at owned golf courses were unchanged from a year ago.
May	Bookings were strong, including during Golden Week, but there was a rainy spell in mid-May.
Jun	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.
Jul	Bookings increased thanks to good weather and the sequence of holidays, and the results significantly exceeded the plan and the results in the same month of the previous year.
Aug	Cancellations increased due to unseasonable weather, resulting in lower revenue per customer.
Sep	Although bookings were at a high level, unseasonable weather including typhoons after mid-month resulted in cancellations that exceeded those in the same month of the previous year.

2. Business conditions at all golf courses

	Operated golf courses (133 courses)		Owned golf courses (42 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 2016	- 0.1%	+ 2.0%	- 0.6%	+ 2.4%	- 0.3%
May	- 4.2%	- 1.1%	- 4.7%	+ 0.9%	- 4.6%
Jun	- 5.7%	+ 1.5%	- 6.3%	+ 2.7%	- 4.6%
Jul	+ 11.9%	+ 7.8%	+ 12.1%	+ 11.7%	+ 8.5%
Aug	- 1.9%	+ 3.7%	- 1.9%	+ 6.3%	- 4.3%
Sep	- 6.2%	+ 1.3%	- 8.2%	+ 4.3%	- 5.3%
Oct (Est.)	- 1.4% (As of November 1)	+ 3.5%	+ 0.6% (As of November 1)	+ 3.3%	+ 0.4% (As of November 1)
Nov (Est.)	-	+ 0.7% (As of November 7)	-	+ 2.9% (As of November 7)	-

Breakdown of Operating Revenues

(Yen millions)

	FY 3/2016 H1	FY 3/2017 H1	(YoY)
Operating Revenues	25,030	24,699	- 1.3%
Golf Course Operations	14,901	14,579	- 2.2%
Restaurants	4,521	4,591	+ 1.5%
Golf Equipment Sales	2,325	2,211	- 4.9%
Other	3,282	3,317	+ 1.1%
(Breakdown of Golf Course Operations)			
Golf Course Revenues	10,012	9,909	- 1.0%
Consigned Management Revenues	3,101	3,071	- 1.0%
Membership Revenues	1,786	1,599	- 10.5%
(Breakdown of Membership Revenues)			
Annual Membership Dues	954	926	- 2.9%
Registration Fees	111	122	+ 9.9%
Initial Membership Fees	721	550	- 23.7%
(Breakdown of Others)			
Driving Ranges	2,548	2,566	+ 0.7%
Other	734	751	+ 2.3%

Factors for Change

<Golf Course Operations>

- One golf course acquired in the previous year (factor for increased revenues 254 million yen)
- Two golf courses sold in the previous fiscal year, and One golf course Sold in the previous year (factor for decreased revenues 322 million yen)
- Number of rounds played at operated golf courses: 4.40 million (down 1.1% year on year)
- Revenue per customer: 9,244 yen (down 0.7% year on year)

<Golf Equipment Sales>

- Club Workshops sales were brisk, but demand for high-end products such as golf clubs and golf wear remained low.

<Membership Revenues>

- Revenue from initial membership fees was weak, reflecting the end of member recruitment at some newly acquired golf courses. In view of the plan, the progress was in line with expectations.

<Driving Ranges>

- The earnings base of existing facilities is stable due to the superiority of facilities in terms of practice environment and location compared to competitors. The golf school business grew significantly after the enhancement of services.

Breakdown of Operating Expenses

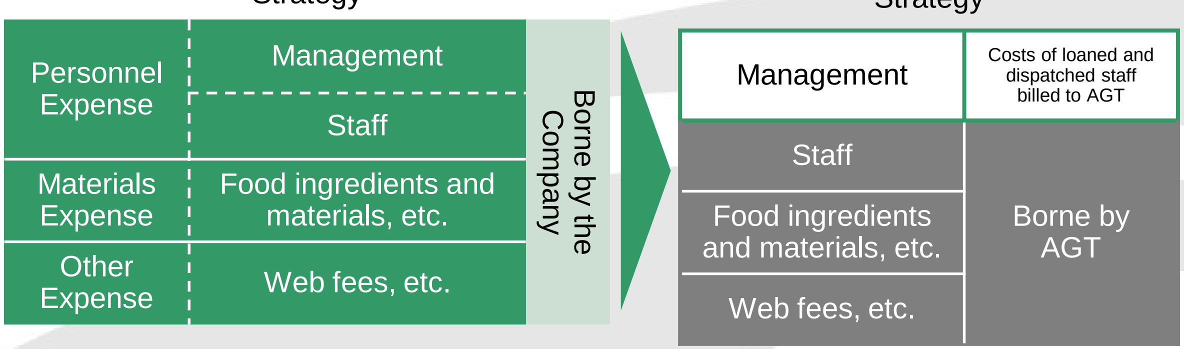
(Yen millions)

	FY 3/2016 H1	FY 3/2017 H1	(YoY)
Operating Expenses	21,571	21,575	+ 0.0%
COGS	19,658	19,410	- 1.3%
Personnel Expense	6,626	6,690	+ 1.0%
Materials Expense	3,652	3,548	- 2.8%
Other Expense	9,379	9,172	- 2.2%
SG&A Expenses	1,913	2,164	+ 13.1%
Personnel Expense	806	852	+ 5.7%
Other Expense	1,106	1,312	+ 18.6%

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

Before implementation of Asset-light Strategy

After implementation of Asset-light Strategy



Factors for Change

<COGS>

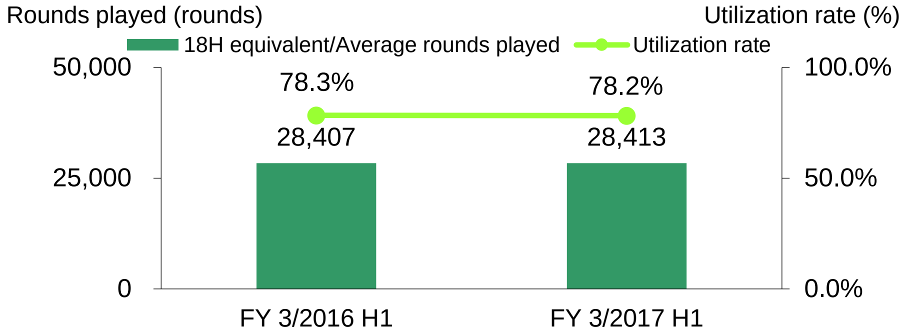
- **Personnel Expense**
  The Company implemented an irregular working system, striking a balance between controlling costs and increasing motivation to work.
- **Materials Expense**
  While some course management expenses are unpaid, centralized purchasing resulted in a year-on-year decrease in expenses for course management and restaurant food ingredients.
- **Other Expense**
  Utilities expenses (mainly electricity and fuel oil type-A) and vehicle expenses (gasoline) declined. Website visitor drawing fees began to increase slightly with the end of reward points for utilization of the Company's website launched in the same period of the previous year.

<SG&A Expenses>

- **Other Expense**
  Advertising expenses increased due to an increase in point expenses as a result of changing the method of burden ratio of COGS in the second quarter of FY3/2016 and to improve golf course brand power.

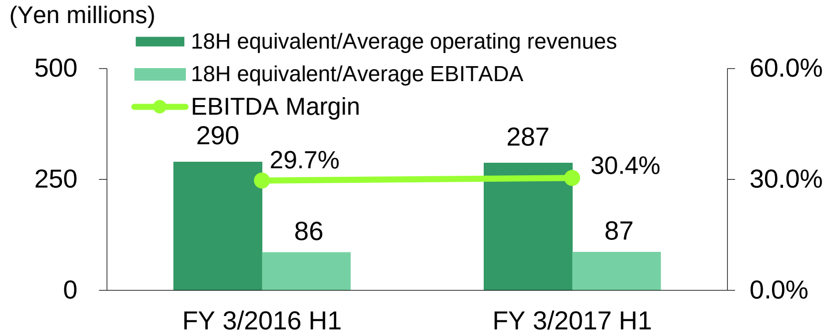
Earnings at the 133 Operated Golf Courses

Rounds Played / Utilization Rate



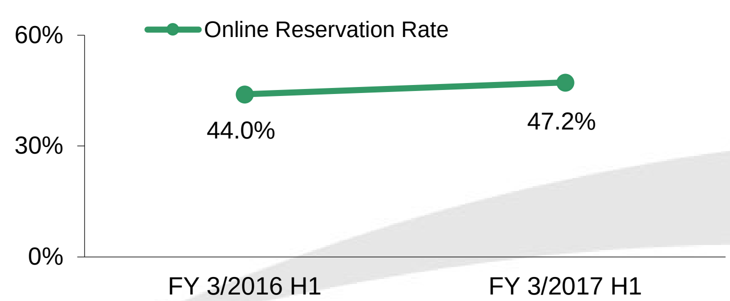
(Note) Utilization Rate = Rounds per 18 holes/business days x 200 (visitors)

Operating Revenues / EBITDA



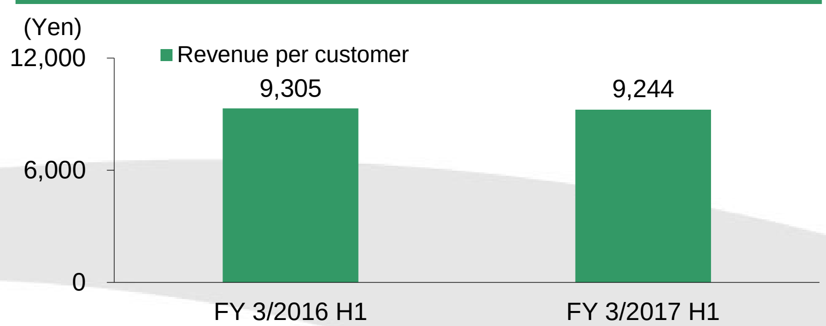
(Note) Calculated revenues from golf course operation + Restaurant sales + Sale of golf equipment based on 18 holes

Online Reservation Rate



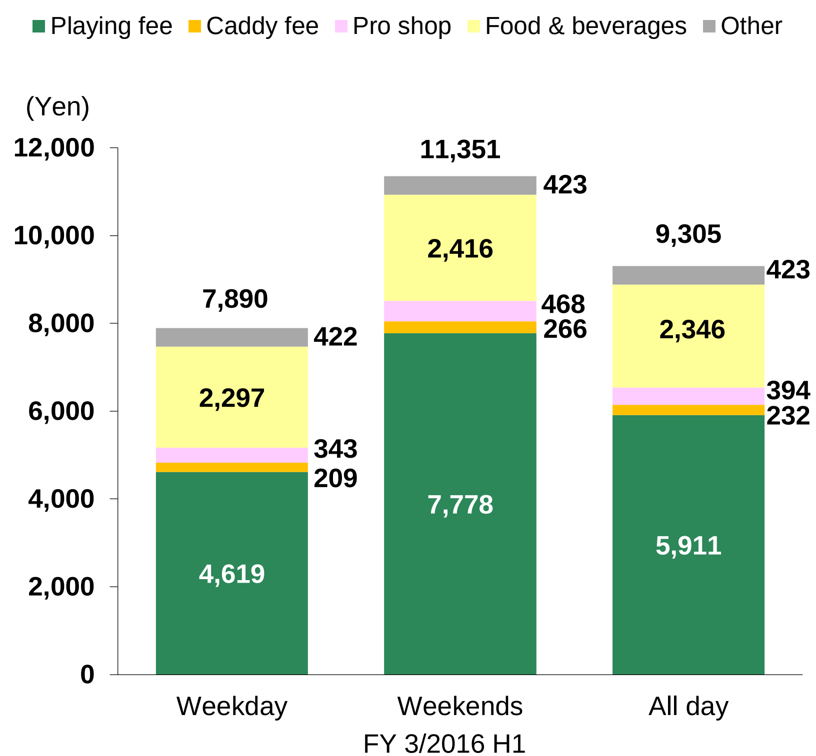
(Note) 133 golf courses that are held or in relation to which operating consignment agreements (including Golf Course Management Agreements) have been concluded (including closed golf courses)

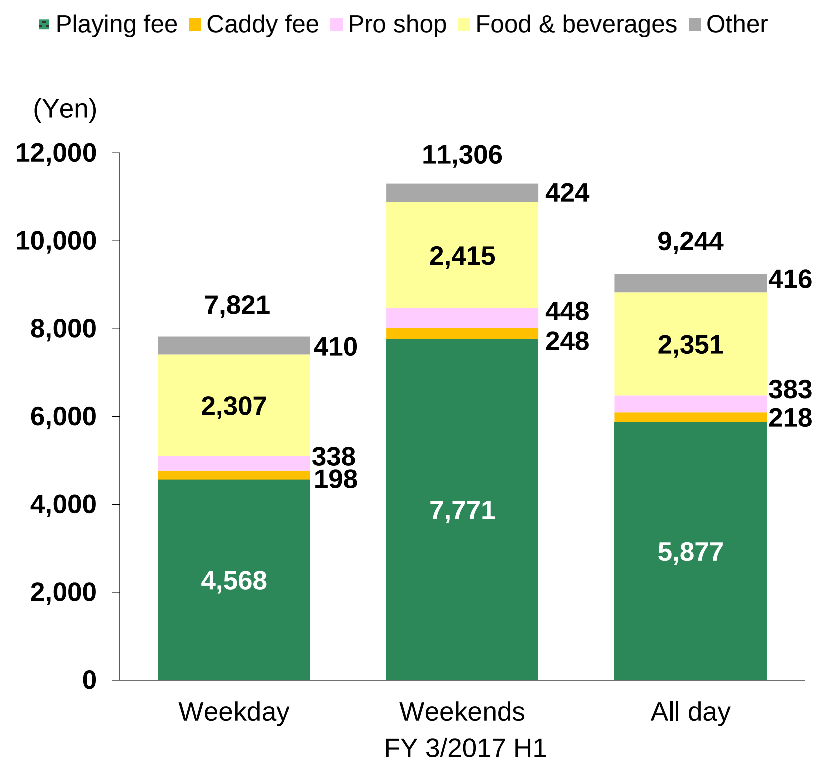
Revenue per Customer



(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 133 Operated Golf Courses





- Despite the impact of the unseasonable weather, playing fees were maintained at the same level as in the first half of the previous year by balancing pricing and utilization.
- The focus was on facility utilization by acquiring early reservations to fill the space for serving demand to play on weekdays. For weekends when the utilization rate is high, careful pricing based on demand proved successful apart from the impact of cancellations due to unseasonable weather.
- In the first half of the fiscal year, the number of business days on weekends and public holidays was mostly the same as that in the first half of the previous year (decreased 0.1%).
- Play without caddies: Unchanged from previous year at 94.3% (up 0.5 percentage point year on year)
- Revenue per customer (all day) is estimated at 9,351 yen for 133 golf courses in the first Half.

(Note) Revenue by customer is calculated from revenue from different fee structures in accordance with customers' attributes, playing styles, tee times, and whether it is a busy day or a slack day.
The above figures are calculated by dividing the sum of course revenues, sales at restaurants and sales of golf equipment by the number of rounds played at subject golf courses.

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	8,998	8,414	9,187							-
Number of Golf Courses	134	134	134	134	134	133							-

(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 H1	Change	Factors for Change
Current Assets	10,893	11,180	+287	
Non-current Assets	141,160	139,727	-1,433	
Property, Plant and Equipment	98,647	98,518	-129	One golf course Sold
(of which, Golf Courses)	43,914	43,853	-61	
(of which, Land)	29,955	29,964	+9	
Intangible Assets	11,111	10,483	-628	
(of which, Consolidation Goodwill)	8,558	8,037	-521	Amortization of Goodwill
Investments and Other Assets	31,400	30,725	-675	Owning 28.9% of AGT units
Total Assets	152,054	150,907	-1,147	
Current Liabilities	58,400	44,056	-14,344	
Short-term Loans Payable	500	3,300	+2,800	Utilization of short-term loan facilities
Current Portion of Long-term Loans Payable	39,623	23,686	-15,937	Long-term refinancing of existing loans
Non-current Liabilities	43,608	57,019	+13,411	
Long-term Loans Payable	16,779	31,621	+14,842	Long-term refinancing of existing loans
(of which, Deposits for Admission)	9,990	9,653	-337	
Total Liabilities	102,008	101,076	-932	
Net Assets (Shareholders' Equity)	50,045	49,831	-214	
Total Liabilities and Net Assets	152,054	150,907	-1,147	

Status of Liabilities

(Yen millions)

	FY 3/2016	FY 3/2017 H1	Change	Summary
Short-Term Borrowings	500	3,300	+2,800	
Short-Term Portion of Long-Term Borrowings	39,623	23,686	-15,937	20,000 million yen of loans with acquisition rights
Commercial paper	4,998	4,998	-	Adjustment of cash position
Long-Term Borrowings	16,779	31,621	+14,842	
Lease Obligations	7,991	7,644	-347	
Interest Bearing Debt	69,891	71,249	+1,358	D/E ratio is 1.43 (net interest-bearing debt/net assets)
Net Interest-Bearing Debt	57,703	59,612	+1,909	Interest-bearing debt less cash and deposits and lease obligations
Membership Deposits	9,990	9,653	-337	

- 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.

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 8,400 million yen
(As of September 30, 2016)

Status of Cash Flows

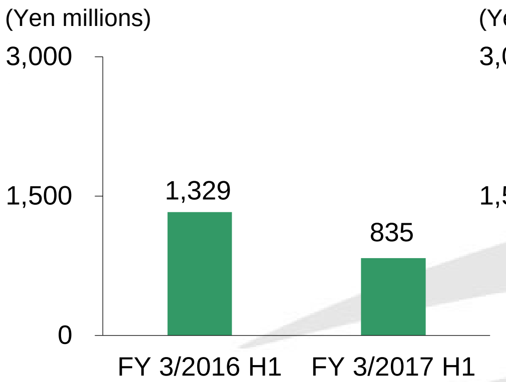
(Yen millions)

	FY 3/2016 H1	FY 3/2017 H1	(YoY)
Operating Activities	9,545	1,312	− 86.3%
Investing Activities	△231	243	+ 205.2%
Financing Activities	△8,659	△1,760	+ 79.7%
Change	654	△204	− 131.2%
Beginning Balance	3,485	4,197	+ 20.4%
New Consolidated Subsidiaries	−	−	−
End Balance	4,139	3,993	− 3.5%

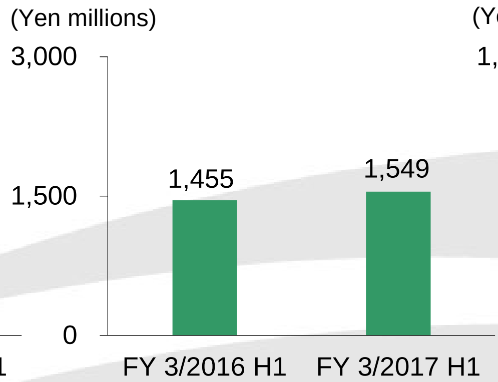
Factors for Change

- A decrease in Net Income before Tax Adjustments and Income Taxes Paid.
- 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, no income was generated from sales and leaseback and repayments of long-term loans decreased.

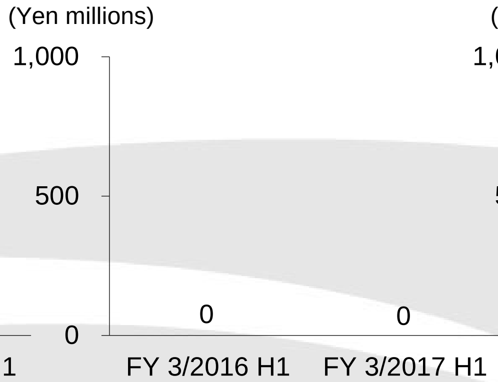
Capital Expenditures



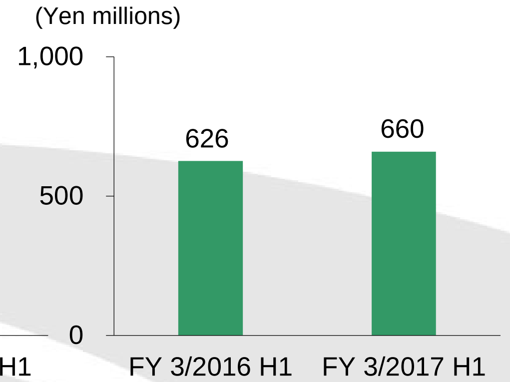
Depreciation Expenses



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

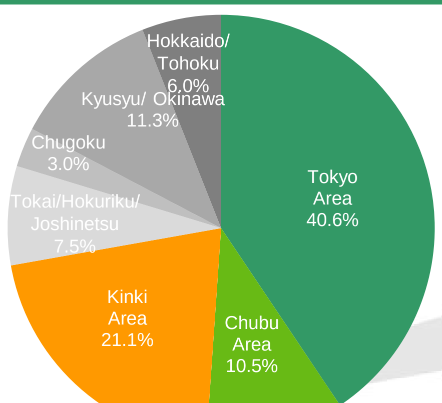
Sale

Golf Course	Date / Scheme	Location / Number of Holes	Operating Revenues (Results in the previous year)
Chitose Country Club	September 2016 Stock sale	Chitose City, Hokkaido 18	191 million yen

Acquisition policy going forward

- The number of deals brought into the Company is at an average year level. Examination found many of them failing to reach our investment standards, such as lacking the potential for growth, or being located outside the three major metropolitan areas.
- Increase data collection channels to improve the pipelines for acquiring overseas deals while focusing on deals in Japan (a few golf courses a year).
- The key issue is the implementation of the Asset-light Strategy for the golf courses owned by the Company. Sales of low-earning golf courses to third parties have ceased for now.

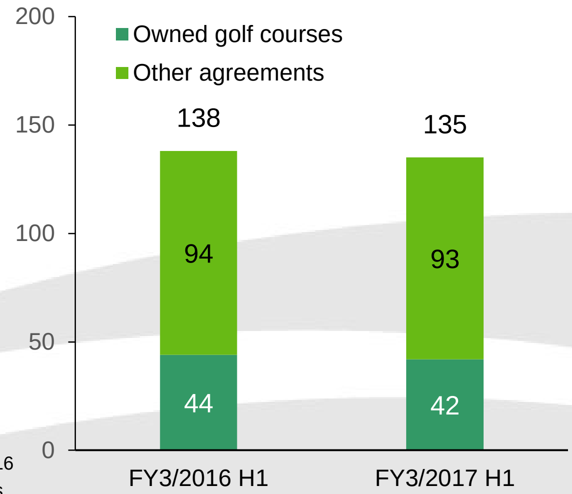
Location of Golf Course Development



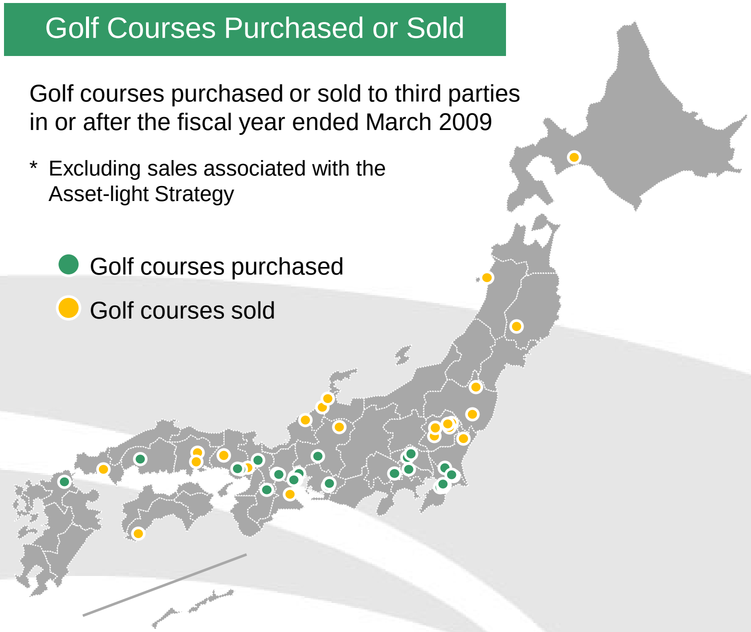
Ratio of three major metropolitan areas: 72.2%

(Notes) 1.133 Operated Golf Courses as of September 30, 2016
2.Chubu Area consists of Aichi, Gifu and Mie prefectures

Golf courses



Golf Courses Purchased or Sold



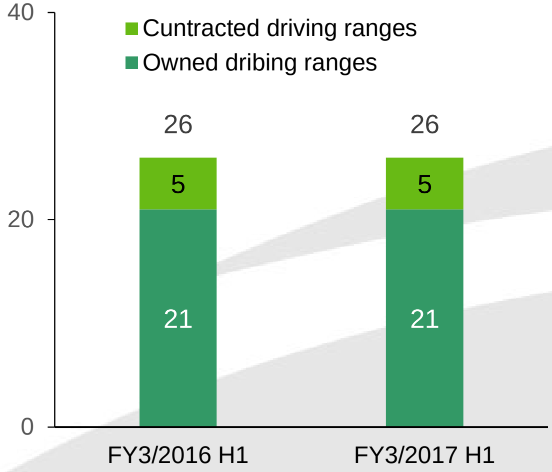
Driving Range Performance Summary

(Yen millions)

	FY 3/2016 H1	FY 3/2017 H1	(YoY)
Operating Revenue	2,903	2,955	+ 1.8%
EBITDA	1,049	1,033	- 1.5%
EBITDA Margin	36.1%	35.0%	- 1.1Pt
Rounds Played (10,000 rounds)	189	194	+ 2.6%
Number of Participants in Schools (10,000 people)	12	13	+ 8.3%
Tee Turnover	5.2	5.2	-
Number of driving ranges	26	26	-

- Profitability was unchanged from the previous year, mainly due to existing facilities in urban areas.
- 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)
  - Accordia Golf Studio Okachimachi(opened October 2016; Taito-ku, Tokyo Prefecture; 5 bays)
  - Looked into the development of the urban indoor school business
- **Customer transportation from affiliated driving ranges**
  Number of affiliated driving ranges: 623

- Golf range operating environment
  Number of domestic driving ranges: 3,278 (2015)
  Total number of visitors: 88.74 million (2015)

Strengths in Past Business Management

Strengths in Past Business Management

Established golf course operation with customer drawing power and earning power above the national average.

- Meet demand for golf as a private or family leisure activity
- Provide high-quality services based on the four principles of service
- Comprehensive golfing services with golf courses and driving ranges as the core

Build a profitable platform

2014: Launched golf course Asset-light Strategy

Shift to a revenue base focusing on consigned management revenues, increase asset efficiency

- Reduce the risk of holding assets and shift to sustainable and stable revenues from consigned management

Increase the share in the number of domestic and overseas golf courses operated by the Company

- Focus on the three metropolitan areas in Japan and seek to increase overseas assets to operate in countries where golf is popular

Increase operation share

Improvement After Asset-light Strategy

Before implementation of Asset-light Strategy
Before FY ended March 31, 2014

Operating margin and capital efficiency declined

Operating margin 14.0% (avg. of past 5 yrs.)

Profitability did not improve as expected as revenue growth matured in golf courses. Expenses such as fixed assets taxes rose due to the increased amount of assets held.

Increase in interest-bearing debt

107,785 million yen (FY ended March 2014)

High-level interest-bearing debt in the FY ended March 31, 2014 due to leverages as golf course assets increased.

Increase in the risk of holding assets

Disaster losses 680 million yen (avg. of past 5 yrs.)

Incurred a disaster loss of 2,927 million yen due to the Great East Japan Earthquake in the FY ended March 2011.
Posting of disaster losses due to bad weather every year.

After implementation of Asset-light Strategy
After FY ended March 31, 2015

Increase in operating margin

Operating margin 15.1% (FY ended March 2016)

Improved margins as consigned management revenues with gross profit margin of approx. 80% accounted for 67% of consolidated operating income.

Reduction in interest-bearing debt

74,962 million yen (as of September 30, 2016)

Reduced interest-bearing debt 35% from that in the FY ended March 31, 2014 by lowering leverages as more assets were sold.

Decrease in the risk of holding assets

Disaster losses 7 million yen (FY ended March 2016)

Improved the stability of cash generation by reducing the risk of disaster losses and lowering capital investments significantly as more assets were sold.

Business Scheme Going Forward

Increasing Management Capacity	
Offer new styles of golfing	• Offer golfing styles for women and older players • Create new golfers (events for experiencing golf, etc.) • Strengthen the Accordia brand (PGA Champions will be owned golf course)
Establish profit-maximizing operation	**1. Golf courses** • Renew the golf course operation through the cross-sectional optimization of golf course operation, golf course management, and restaurants. **2. Driving ranges** • Expand the golf school business and create synergy with golf courses.
Improve human resources	• Develop human resources and recruit personnel without limiting gender and nationalities
Understand the strengths of each golf course	• Re-examine the strengths of each golf course and make use of the strengths without changing the platform

Effective Investment	
Promote operational streamlining	• Seek and examine the use of IT in all operations.
Use customer database	• Develop extensive customer data and use them for full-scale marketing

Implementation of Asset-light Strategy	
Increase acquisition pipelines	• Expand all channels to develop high-quality deals
Cooperate with Accordia Golf Trust	• Improve sponsorship support and increase the corporate value of both companies

(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

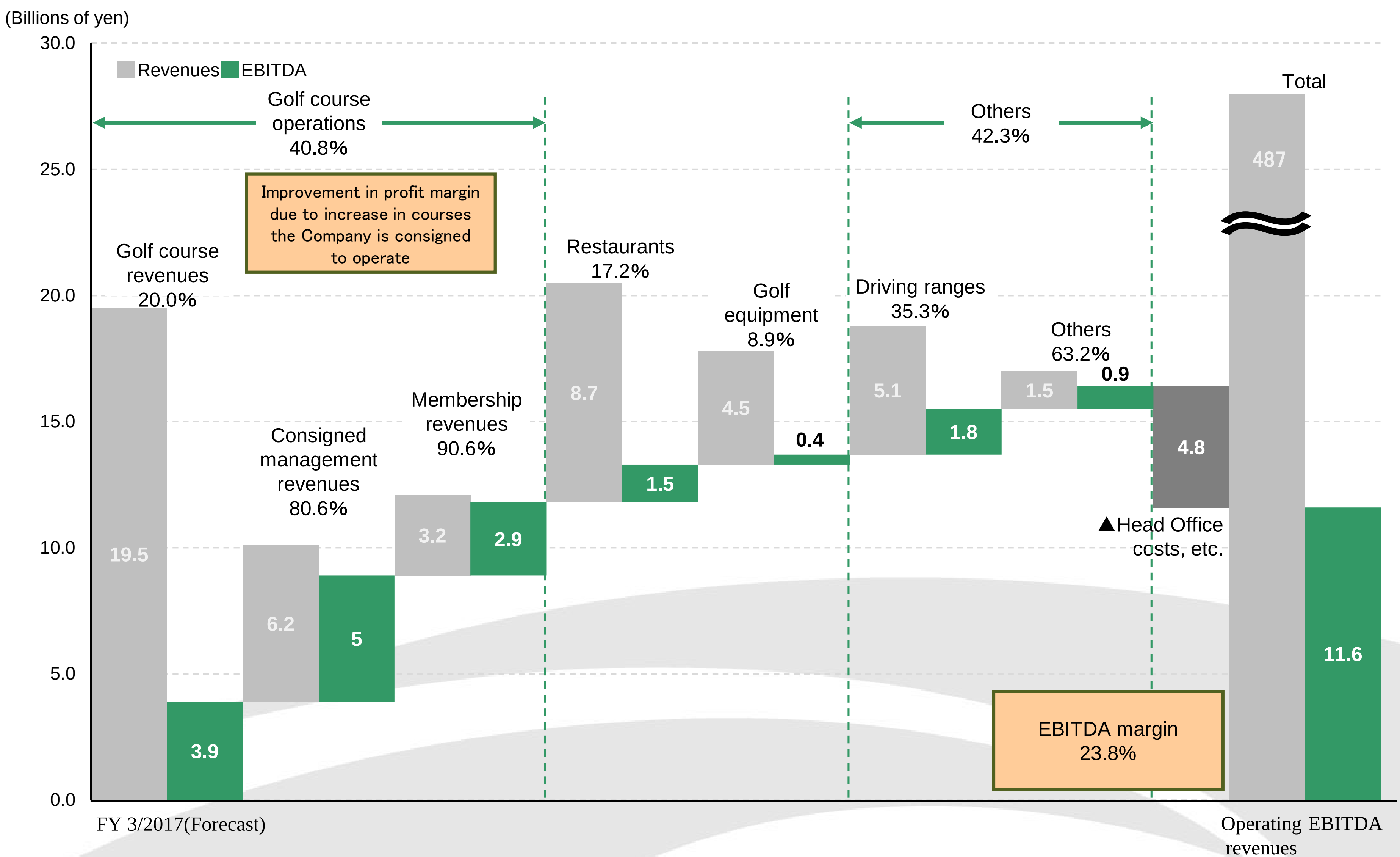
<COGS>

- **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)	FY3/2017 2Q Plan	FY3/2017 2Q Result	(vs Plan)
Operating Revenue	13,200	13,039	- 1.2%	12,000	11,660	- 2.8%
EBITDA	3,500	3,489	- 0.3%	2,000	1,845	- 7.8%
Operating Income	2,400	2,426	+ 1.1%	900	697	- 22.6%
Ordinary Income	2,600	2,382	- 8.4%	900	579	- 35.7%
Net Income	1,400	1,674	+ 19.6%	700	648	- 7.4%
EBITDA Margin	26.5%	26.8%	+ 0.3pt	16.7%	15.8%	- 0.9pt
Number of Rounds Played (10,000 rounds)	231	224	- 3.0%	220	216	- 1.8%
Revenue per Customer (Yen)	9,653	9,614	- 0.4%	9,041	8,860	- 2.0%

	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.

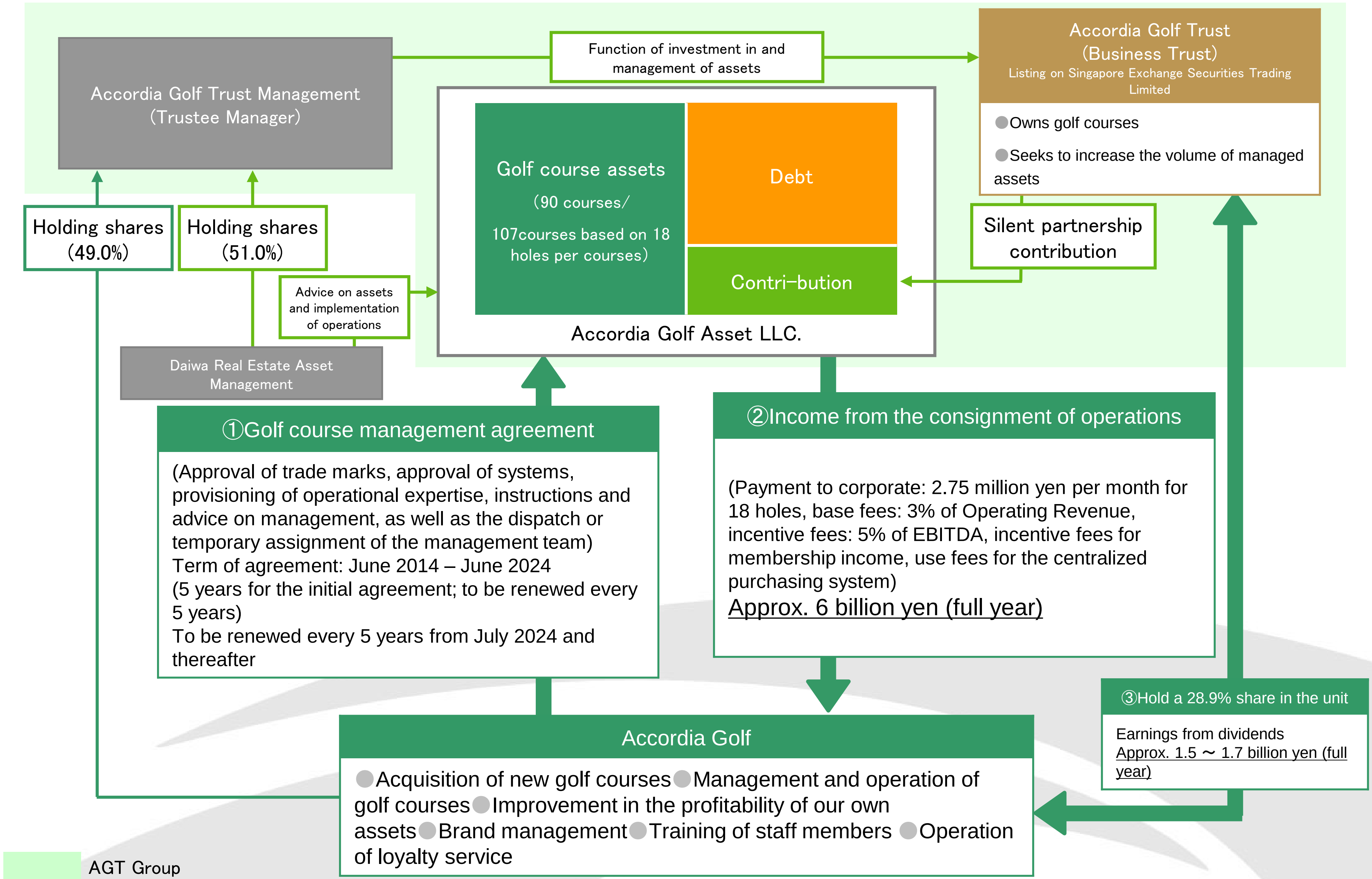
Use of cash if Asset-light programs are implemented

- 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

Outline of the Business Trust



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)	-	-	-