



January 23, 2017

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## NOTICE OF STOCK CONSOLIDATION, ABOLITION OF PROVISION FOR SHARE UNIT, AND AMENDMENTS TO ARTICLES OF INCORPORATION

Accordia Golf Co., Ltd. (the “Company”) announces that it resolved at its Board of Directors’ meeting held today to propose items related to stock consolidation, the abolition of the provision for the share unit, and amendments to the Articles of Incorporation at an extraordinary general meeting of shareholders to be held on February 28, 2017 (the “Extraordinary Shareholders’ Meeting”). Details are as follows.

### I. Stock Consolidation

#### 1. Purpose of and Reasons for Stock Consolidation

As detailed in the Company’s press release dated January 19, 2017 titled “Notice Regarding Results of Tender Offer for Share Certificates of Accordia Golf Co., Ltd by K.K. MBKP Resort and Changes in the Parent Company and the Largest and Major Shareholder” (the “Results Press Release”), K.K. MBKP Resort (the “Tender Offeror”) conducted a tender offer (the “Tender Offer”) for the shares of common stock (the “Company’s Common Stock”) and Stock Acquisition Rights (Note) of the Company from November 30, 2016 to January 18, 2017. In the Tender Offer, no less than the minimum number of shares to be purchased (47,003,100 shares) were tendered, and the Tender Offer was concluded. Consequently, on January 25, 2017, the commencement date of settlement, the Tender Offeror is expected to hold 62,876,738 shares of the Company’s Common Stock (percentage of the number of voting rights held by the Tender Offeror to the number of voting rights of all shareholders of the Company: 89.18% (rounded to the second decimal place)).

In the calculation of the percentage of the number of voting rights held by the Tender Offeror to the number of voting rights of all shareholders of the Company in this press release, the denominator is 705,045, the number of voting rights related to 70,504,567, which is the number of shares calculated by subtracting the number of treasury shares held by the Company as of September 30, 2016, being 14,234,433 as stated in the quarterly report for the second quarter of the 38th period submitted on November 11, 2016, from the number of issued shares as of September 30, 2016 as stated in the same quarterly report, being 84,739,000.

(Note) “Stock Acquisition Rights” means the third series stock acquisition rights of Accordia Golf Co., Ltd. issued pursuant to the resolutions passed at the Company’s Board of Directors’ meeting held on

March 28, 2014 and the Company's general meeting of shareholders held on June 27, 2014. As announced in the Company's press release titled "Notice Regarding Extinguishment of Share Options" dated December 1, 2016, since the exercise period of these Stock Acquisition Rights expired on November 30, 2016, which was prior to the termination of the tender offer period, and all of them were extinguished, the Stock Acquisition Rights were not purchased in the Tender Offer.

The Tender Offeror is a stock company whose issued and outstanding shares are held entirely by Accordia Finance Company Designated Activity Company incorporated in Ireland, an investment company indirectly owned by MBK Partners Fund III, L.P., a fund to which MBK Partners K.K. or its affiliates (collectively, "MBK Partners Group") provide service.

As described in the Tender Offeror's press release titled "Notice of Commencement of Tender Offer for Share Certificates, Etc. of Accordia Golf Co., Ltd. (Stock Code: 2131)" dated November 29, 2016, MBK Partners Group made a proposal in February 2015 to conduct a detailed deliberation based on the assumption that MBK Partners Group would privatize the Company through a tender offer. Subsequently, MBK Partners Group continued to hold discussions with the Company and conducted a due diligence investigation. According to the Tender Offeror, during this process, MBK Partners Group noted that the implementation of measures for (i) "acceleration of the acquisition of golf courses and driving ranges to expand the number of golf courses that it manages," (ii) "improvement of brand value by further improving the quality of golf course management" and (iii) "acquisition of and establishment of alliances with overseas golf courses," "procurement of business from inbound (foreigners visiting Japan) demand that is expected to expand in future" is the key to improving the corporate value of the Company. Consequently, MBK Partners Group came to recognize that the privatization of the Company and making expeditious management judgment is a particularly efficient option for accelerating the decision-making for the acquisition of golf courses, etc., and coping flexibly with the changes in the market environment in the future.

According to the Tender Offeror, to maximize the value of golf courses, while it is essential to make large-scale capital investments to improve the quality of the service and the golf courses, the implementation of these strategies may result in a decrease in profits and cash flow on a temporary basis, and thus MBK Partners Group concluded that it would be difficult to avoid temporary adverse economic effects on the existing shareholders of the Company while remaining listed and to conduct a large-scale reform of business operations in the short term while maintaining the current state.

According to the Tender Offeror, as a result of the above deliberation, MBK Partners Group submitted a preliminary letter of intent concerning a transaction for the Tender Offeror purchasing and holding all the Company's Common Stock issued, excluding the treasury stock owned by the Company, and thereby making the Company its wholly owned subsidiary (the "Transaction") on May 25, 2015 based on its belief that the key to resolving the management issues of the Company, the achievement of medium- and long-term growth and the further improvement of the corporate value of the Company is privatizing the Company and implementing the following strategies: (i) further acceleration of acquisition of golf courses and driving ranges in Japan and overseas, (ii) improving the value of the operation of the golf courses by improving the

course quality and the comfort of rounds and enforcing the point system, etc., (iii) further overseas expansion, (iv) maintenance of the treatment of the current management and employees, and (v) dispatch of directors from MBK Partners Group. Subsequently, MBK Partners Group negotiated with the Company regarding whether to implement the Transaction and regarding business strategies for the Company, and on October 31, 2016, MBK Partners Group submitted a letter of intent concerning the Tender Offer. The Company requested that MBK Partners Group reconsider the tender offer price that was proposed in the letter of intent (from 1,180 yen to 1,200 yen) and held discussions with MBK Partners Group regarding the price for the Tender Offer per share of the Company's Common Stock (the "Tender Offer Price") and other conditions.

According to the Tender Offeror, based on the results of the aforementioned discussions including the request from the Company to reconsider the Tender Offer Price, on November 23, 2016, MBK Partners Group made a final proposal to the Company to set the Tender Offer Price per share at 1,210 yen, and on November 29, 2016 MBK Partners Group and the Company decided to implement the Tender Offer as part of the Transaction.

As described in the Company's press release titled "Notice of Commencement of Tender Offer for Share Certificates of the Company by K.K. MBKP Resort and Recommendation to Tender Shares" dated November 29, 2016, the Company carefully discussed and considered the various conditions concerning the Transaction based on the valuation report concerning the Company's shares and the fairness opinion obtained from PLUTUS Consulting ("PLUTUS"), the advice obtained from Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. ("MUMSS") and Mori Hamada & Matsumoto, the opinion obtained from Kasumimon Sogo Law Offices and other related materials.

Given the current status, where the value chain of "acquisition, value adding and sale" of golf courses and driving ranges does not function sufficiently, the Company believes that it is necessary to fundamentally reform its business operation. For the purpose of this business operation reform, it is necessary that the Company not apply its cash flows to the allocation of returns to shareholders, but to the acquisition of new golf courses and driving ranges as well as to growth capital such as capital expenditure to improve services and new acquisitions. In the process of this reform, it is inevitable that changes in the policy of the allocation of returns to shareholders will cause confusion for shareholders, and since the reform will involve the implementation of an investment and business strategy from a medium- to long-term perspective, it may temporarily have an adverse effect on the Company's revenue.

However, in the event that the Company maintains the listing of its Common Stock, it is inevitable that the Company will seek short-term profit that can be returned to shareholders and that such business operation reform might not be able to be implemented as a result. In addition, in order for the Company to specialize in the business of the operation of golf courses, it needs to implement the asset-light strategy promptly, taking the market conditions into consideration. As long as the Company remains a listed company, however, it may not be able to implement the asset-light strategy promptly.

Based on this, the Company reached the conclusion that providing the shareholders with an opportunity to convert their existing shares into cash now, delisting the Company, implementing (i) "acceleration of the

acquisition of golf courses and driving ranges to expand the number of golf courses that it manages,” (ii) “improvement of brand value by further improving the quality of golf course management” and (iii) “acquisition of and establishment of alliances with overseas golf courses,” “procurement of business from inbound (foreign tourist) demand that is expected to expand in future,” and promoting the most appropriate measures for the asset-light strategy and the Circulating Business Model from the medium- to long-term viewpoint would be the best option for the Company from the perspectives of improving its corporate value and business strategy, and the Board of Directors resolved with the unanimous approval of all the directors at a meeting held on November 29, 2016 to express an opinion in favor of the Tender Offer. The Board of Directors determined that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the Company’s shareholders and that the Tender Offer provides the Company’s shareholders with an opportunity to sell shares at a price with reasonable premiums, and resolved that it would recommend that the Company’s shareholders accept the Tender Offer.

As described above, the Tender Offer was subsequently concluded. However, the Tender Offeror was not able to acquire all of the Company’s Common Stock outstanding, excluding the treasury stock owned by the Company, in the Tender Offer. At the request of the Tender Offeror based on the results of the Tender Offer, the Company has decided to undertake procedures to make the Company a wholly owned subsidiary of the Tender Offeror as described in the Company’s press release dated November 29, 2016, taking into consideration the conclusion of the Tender Offer as part of the Transaction as described above. Specifically, the Company will conduct a consolidation of 35,252,217 shares of the Company’s Common Stock into one share subject to the approval of the shareholders at the Extraordinary Shareholders’ Meeting (the “Stock Consolidation”).

After the Stock Consolidation, the number of the Company’s Common Stock to be held by shareholders other than the Tender Offeror will be a fraction less than one share.

## 2. Outline of Stock Consolidation

### (1) Schedule for stock consolidation

(i) Date of public notice of record date for Extraordinary Shareholders’ Meeting	Wednesday, January 11, 2017
(ii) Date of resolution by Board of Directors	Monday, January 23, 2017
(iii) Record date for Extraordinary Shareholders’ Meeting	Thursday, January 26, 2017
(iv) Date of Extraordinary Shareholders’ Meeting	Tuesday, February 28, 2017 (scheduled)
(v) Date of designation as delisted stock	Tuesday, February 28, 2017 (scheduled)
(vi) Date of final purchase	Wednesday, March 22, 2017 (scheduled)
(vii) Date of delisting	Thursday, March 23, 2017 (scheduled)
(viii) Effective date of Stock Consolidation	Tuesday, March 28, 2017 (scheduled)

### (2) Description of stock consolidation

#### (i) Class of shares to be consolidated

Common stock

#### (ii) Ratio of consolidation

35,252,217 shares of the Company’s Common Stock will be consolidated into one (1) share.

#### (iii) Number of shares to be decreased

70,504,433 shares

(iv) Total number of issued shares before and after the Stock Consolidation becomes effective

Before the Stock Consolidation becomes effective: 70,504,435 shares

After the Stock Consolidation becomes effective: two (2) shares

(Note) The total number of issued shares before the Stock Consolidation becomes effective is the number of shares obtained by subtracting the treasury shares (14,234,565 shares) to be cancelled as of January 23, 2017 according to the resolution from the total number of issued shares as of September 30, 2016 (84,739,000 shares) as set forth in the quarterly report for the second quarter of the 38th period submitted by the Company on November 11, 2016.

(v) Total number of authorized shares as of the Effective Date

Eight (8) shares

(vi) Method of processing of fractions below one (1) share (if any) and amount of money expected to be issued to the shareholders upon the said processing

As stated in “1. Purpose of and Reasons for Stock Consolidation” above, upon the Stock Consolidation, the number of the Company’s common shares held by the shareholders other than the Tender Offeror will be fractions below one (1) share.

For fractions below one (1) share resulting from the Stock Consolidation, the shares in the number equivalent to the sum of such fractions (any fractions below one (1) share that are included in the said sum will be discarded) will be disposed of and the proceeds therefrom will be issued to the shareholders proportionately according to the said fractions. For this disposal, the Company plans to sell them to the Tender Offeror with the permission of the court pursuant to the provisions of Paragraph 2, Article 234 of the Companies Act that will be applied mutatis mutandis under Paragraph 2, Article 235 of the said Act or to purchase them with the permission of the court pursuant to the provisions of Paragraph 4, Article 234 of the Companies Act that will be applied mutatis mutandis under Paragraph 2, Article 235 of the said Act.

In this case, the sale price is planned to be determined so that the money equivalent to the amount obtained by multiplying the number of the Company’s Common Stock in the possession of the shareholders by 1,210 yen, which is the same as the Tender Offer Price, may be issued to the respective shareholders, subject to the permission of the court as described above.

3. Grounds, etc. for the Amount of Money Expected to be Issued to the Shareholders upon Processing of Fractions due to the Stock Consolidation

(1) Grounds and reasons for the amount of money expected to be issued to the shareholders upon processing of fractions

(i) Matters to which attention is paid so that the interests of shareholders other than the parent company, etc. (if any) should not be impaired

Although the Tender Offeror is not the parent company, etc. of the Company at the time of the start of the Tender Offer, the Tender Offeror is expected to become the parent company of the Company as a result of the Tender Offer. Accordingly, to ensure the fairness of the Transaction including the Tender Offer, the Company and the Tender Offeror have taken the measures described in “(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest” below before the Transaction so that the interests of shareholders other than the Tender Offeror, which is the parent company of the Company,

should not be impaired.

(ii) Method of processing of fractions and the amount of money expected to be issued to the shareholders upon the said processing and the matters regarding the reasonableness of the said amount

The amount of money expected to be issued to the shareholders upon the processing of fractions arising from the Stock Consolidation will be the amount obtained by multiplying the number of the Company's Common Stock in the possession of the shareholders by the same amount as the Tender Offer Price as described in "(vi) Method of processing of fractions below one (1) share (if any) and amount of money expected to be issued to the shareholders upon the said processing" of "(2) Description of stock consolidation" of "2. Outline of Stock Consolidation" above.

With respect to the Tender Offer Price, given that (i)(a) the Tender Offer Price is higher than both the highest price of the range of calculation results derived from the discounted cash flow analysis ("DCF analysis") and the range of the calculation results derived from the market share price analysis that are the results of the calculation by PLUTUS as described in "(i) Obtaining a valuation report and a fairness opinion from an independent third-party appraiser" of "(3) Measures to Ensure the Fairness of the Tender Offer and Measures to Avoid Conflicts of Interest" below, and (b) the Tender Offer Price includes a premium of approximately 15.8% (rounded to one decimal place) on 1,045 yen, which is the regular trading closing price of the Company's Common Stock quoted on the TSE (Tokyo Stock Exchange, Inc.) on November 28, 2016 (the business day immediately preceding the announcement date of the Tender Offer), a premium of approximately 17.4% (rounded to one decimal place) on 1,031 yen (rounded to the nearest whole yen), which is the simple average regular trading closing price for the last one-month period (from October 31, 2016 to November 28, 2016), a premium of approximately 16.0% (rounded to one decimal place) on 1,043 yen (rounded to the nearest whole yen), which is the simple average regular trading closing price for the last three-month period (from August 29, 2016 to November 28, 2016), and a premium of approximately 12.5% (rounded to one decimal place) on 1,076 yen (rounded to the nearest whole yen), which is the simple average regular trading closing price for the last six-month period (from May 30, 2016 to November 28, 2016), with these premiums considered to have a certain degree of reasonableness, (ii) as a result of the Company holding a number of consultations and negotiations with MBK Partners Group, and requesting that MBK Partners Group reconsider the tender offer price, MBK Partners Group presented the Tender Offer Price as described above, (iii) although the Company has conducted a market check on a number of potential sponsors, there was no candidate that presented conditions that would be more favorable to the Company's shareholders than the terms and conditions of the Transaction including the Tender Offer Price as described in "(v) Conduct of market check" of "(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest," (iv) the Tender Offer Price has been determined after taking sufficient measures to resolve conflicts of interests as described in "(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest," the Company determined at the Board of Directors meeting held with the unanimous approval of the directors that the Tender Offer Price and other terms and conditions of the Tender Offer are reasonable for the Company's shareholders, and that the Tender Offer provides the Company's shareholders with an opportunity to sell shares at a price with reasonable premiums. In addition, the Company has confirmed at the meeting of the Board of Directors held on November 29, 2016 that it will express an opinion in favor of the Tender Offer and that

after it resolved to recommend that the Company's shareholders accept the Tender Offer by January 22, 2017, there have not been any material changes in the terms and conditions that constitute the basis for the calculation of the Tender Offer Price.

Based on the above, the Company judges that the amount of money expected to be issued to the shareholders upon the processing of fractions is reasonable.

(iii) Disposal of important assets, burden of significant liabilities and other events that have a significant impact on the state of the Company's properties after the last day of the final fiscal year for the Company

As stated in "1. Purpose of and Reasons for Stock Consolidation" above, the Tender Offeror will conduct the Tender Offer with respect to the Company's Common Stock and the Stock Acquisition Rights for the period from November 30, 2016 to January 18, 2017 and as a result thereof, is expected to hold 62,876,738 shares of the Company's Common Stock (ownership ratio of voting rights to number of voting rights of all the shareholders of the Company: 89.18% (rounded to two decimal places)) as of January 25, 2017 when the settlement commences.

## (2) Possibility of delisting

### (i) Delisting

As described in "1. Purpose of and Reasons for Stock Consolidation" above, subject to the approval of the shareholders at the Extraordinary Shareholders' Meeting, the Stock Consolidation will be implemented and the Company will become the wholly owned subsidiary of the Tender Offeror. As a result, the Company's Common Stock is scheduled to be delisted upon the prescribed procedures in accordance with TSE's criteria for delisting shares. As for the schedule, the Company's Common Stock will be designated as delisted stock for the period from February 28, 2017 to March 22, 2017, and will then be delisted on March 23, 2017. The Company's Common Stock will not be able to be sold or purchased at TSE after delisting.

### (ii) Reasons for the purpose of delisting

As described in "1. Purpose of and Reasons for Stock Consolidation" above, the Board of Directors reached the conclusion that providing the shareholders with an opportunity now to convert their existing shares into cash, and then, delisting the Company, implementing (i) "acceleration of the acquisition of golf courses and driving ranges to expand the number of golf courses that it manages," (ii) "improvement of brand value by further improving the quality of golf course management" and (iii) "acquisition of and establishment of alliances with overseas golf courses," "procurement of business from inbound (foreigners visiting Japan) demand that is expected to expand in future," and promoting the most appropriate measures for the asset-light strategy and the Circulating Business Model from the medium- to long-term viewpoint would be the best option for the Company from the perspectives of improving its corporate value and business strategy.

### (iii) Impact on minority shareholders and views on it

As described in "(i) Obtaining a valuation report and a fairness opinion from an independent third-party appraiser" of "(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest" below, the Company obtained an opinion (a fairness opinion) from PLUTUS as of November 28,

2016 stating that the Tender Offer Price is not disadvantageous to the minority shareholders and is fair from a financial perspective.

(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest

(i) Obtaining a valuation report and a fairness opinion from an independent third-party appraiser

For the purpose of ensuring the fairness of this decision-making process, the Company requested PLUTUS, which is a third-party valuation institution that is independent from both the Tender Offeror and the Company and which does not fall under a related party either, to evaluate the Company's shares, and the Company received a valuation report concerning the Company's shares dated November 28, 2016. The valuation report concerning the said common shares states that the value per share of the Company's Common Stock ranges from 1,031 yen to 1,045 yen according to the market share price analysis and from 962 yen to 1,139 yen according to the DCF analysis.

Moreover, the Company obtained an opinion (a fairness opinion) from PLUTUS as of November 28, 2016 stating that the Tender Offer Price is not disadvantageous to the minority shareholders and is fair from a financial perspective.

(ii) Obtaining advice from an outside financial advisor and an outside law firm

The Company has obtained advice from MUMSS, an outside financial advisor, regarding the discussions and negotiations with MBK Partners Group and consideration of the Transaction.

In addition, in order to ensure the transparency and appropriateness of the decision-making process, etc. concerning the Transaction, the Company retained Mori Hamada & Matsumoto as its outside legal advisor, and has obtained legal advice from Mori Hamada & Matsumoto in relation to the methods and procedures concerning the decision-making with respect to the Transaction and other remarks on the decision-making with respect to the Transaction.

(iii) Obtaining opinions from an outside law firm that is independent from the Company

In order to confirm that the members of the Board of Directors of the Company are not in breach of their fiduciary duties as directors regarding the decision-making process with respect to the Transaction, the Board of Directors of the Company retained Kasumimon Sogo Law Offices, a legal advisor that is independent from the Tender Offeror and the Company, and has obtained legal advice in respect of the fiduciary duties of a director. In addition, the Company has obtained an opinion from Kasumimon Sogo Law Offices as of November 28, 2016 to the effect that because there were no careless errors in the understanding of the facts on which the determination was based with respect to the approval of the Tender Offer and recommendation to the shareholders to accept the Tender Offer, and the details of the determination based on such understanding of the facts are not significantly unreasonable, Kasumimon Sogo Law Offices believes that there was no breach of fiduciary duties or breach of care as a good manager by the directors.

(iv) Deliberations and negotiations, etc. at the meeting of the Board of Directors of the Company, half of the directors of which are independent outside directors

After the receipt of the initial proposal from MBK Partners Group, the Company collected, examined and



otherwise considered information at the meeting of the Board of Directors (half of the directors of which are independent outside directors, and all four corporate auditors of the Company are independent outside corporate auditors) in terms of the effect of the Transaction on the Company's corporate value and the effect of the Transaction on the Company's shareholders' interests, and as a result of repeated discussions and negotiations with MBK Partners Group, the Company has resolved with the unanimous approval of all the directors at its Board of Directors' meeting held on November 29, 2016 to approve the Tender Offer, and to recommend that the shareholders of the Company accept the Tender Offer. In addition, all of the corporate auditors present at this Board of Directors' meeting expressed an opinion to the effect that the contents of the aforementioned resolution by the Board of Directors are lawful.

(v) Conduct of market check

After the receipt of the initial letter of intent from MBK Partners Group in May 2015, concurrently with discussions held with MBK Partners Group, the Company sounded out a certain number of sponsor candidates about the acquisition of the Company's shares and other strategic affiliations through MUMSS (i.e. conducted a so-called "market check"), and received proposals from some companies for the acquisition of the Company's shares and other matters. However, none of the proposals were of a variety that would help the Company to solve its business problems to the same degree as the proposal that MBK Partners Group had made before November 29, 2016, and there was no candidate that presented conditions that would be more favorable to the Company's shareholders than the terms and conditions of the Transaction including the Tender Offer Price and deal certainty before November 29, 2016.

(vi) Measures to ensure acquisition opportunities, etc. for other investors

The Company has never made any agreement with the Tender Offeror or any of its related parties on any matter that would restrict a competing tender offeror from approaching or performing other acts with respect to the Company, including any agreement on a transaction protection clause that would prohibit the Company from contracting any competing tender offerors, and has given consideration to ensuring the fairness of the Tender Offer by ensuring an opportunity for competing tender offers, etc.

In addition, the Tender Offeror states that it has set the Tender Offer Period for the Tender Offer at 30 business days, which is longer than the minimum tender offer period of 20 business days prescribed by laws and ordinances, and that by setting a relatively long Tender Offer Period, it has given due consideration to ensuring that the shareholders of the Company have an appropriate opportunity to make a decision on whether to tender their shares in the Tender Offer as well as ensuring that any party other than the Tender Offeror has an opportunity to offer to purchase the Company's share certificates, etc. as a means of guaranteeing the appropriateness of the Tender Offer Price.

#### 4. Future Outlook

Upon the Stock Consolidation, the Company's Common Stock will be delisted as described in "(i) Delisting" of "(2) Possibility of delisting" of "3. Grounds, etc. for the amount of money expected to be issued to the shareholders upon processing of fractions due to the Stock Consolidation" above.

After the Transaction, the Tender Offeror will send the majority of the directors of the Company from MBK Partners Group, and MBK Partners Group will administer the board of directors in compliance with laws and

regulations, the articles of incorporation, etc., but the directors to be sent have not yet been determined. The Tender Offeror plans that after the Transaction, the current management of the Company, mainly the current executive directors, will continue to participate in the management of the Company.

#### 5. Matters Relating to Transactions with the Controlling Shareholder

The Tender Offeror corresponds to the controlling shareholder of the Company as of today's date. For this reason, transactions concerning the Stock Consolidation correspond to transactions with the controlling shareholder.

- (1) State of compliance with guidelines concerning the policy of protecting minority shareholders in transactions with the controlling shareholder

The Company does not set forth Guidelines Concerning the Policy of Protecting Minority Shareholders in Transactions with the Controlling Shareholder in the Corporate Governance Report. However, the Company has adopted a policy of providing appropriate responses to avoid causing harm to the interests of minority shareholders by taking measures for ensuring the fairness of the details and conditions of the transaction concerned, including the acquisition of advice from lawyers, third-party organizations, etc. as needed, and by forming a decision based on careful deliberations by the Board of Directors when the Company engages in a transaction with the controlling shareholder, etc.

In executing the Stock Consolidation, the Board of Directors of the Company will take measures in accordance with the policy described above, as stated in “(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest” in “3. Grounds, etc. for the Amount of Money Expected to be Issued to the Shareholders upon Processing of Fractions due to the Stock Consolidation” above.

- (2) Matters relating to measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest

For these matters, please refer to “(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest” in “3. Grounds, etc. for the Amount of Money Expected to be Issued to the Shareholders upon Processing of Fractions due to the Stock Consolidation” above.

- (3) Summary of opinions against disadvantages to minority shareholders obtained from parties with no interest in the controlling shareholder

At the meeting of the Board of Directors held on January 23, 2017, the Company obtained opinions from all outside directors with no interest in the controlling shareholder (Note) stating that, upon comprehensive consideration in light of (i) the Transaction including the stock consolidation, as stated in “1. Purpose of and Reasons for Stock Consolidation” above, would be the best option for the Company from the perspectives of improving its corporate value and business strategy; (ii) the Transaction including the stock consolidation, as stated in “(3) Measures to ensure the fairness of the tender offer and measures to avoid conflicts of interest” in “3. Grounds, etc. for the Amount of Money Expected to be Issued to the Shareholders upon Processing of Fractions due to the Stock Consolidation” above, will be determined after fair proceedings; and (iii) as stated in “(ii) Method of

processing of fractions and the amount of money expected to be issued to the shareholders upon the said processing and the matters regarding the reasonableness of the said amount” of “(1) Grounds and reasons for the amount of money expected to be issued to the shareholders upon processing of fractions” in “3. Grounds, etc. for the Amount of Money Expected to be Issued to the Shareholders upon Processing of Fractions due to the Stock Consolidation” above, the amount of money expected to be issued to shareholders upon processing of fractions is reasonable, that the stock consolidation is not disadvantageous to minority shareholders.

(Note) All outside directors of the Company (Mr. Mitsuru Maekawa, Ms. Nobuko Hirayama, Mr. Kimiaki Yamaguchi, Mr. Mitsuhiro Amitani and Mr. Toshiaki Yoshi) constitute independent directors as defined by the Tokyo Stock Exchange.

## II. Abolition of Provisions Regarding Number of Shares Constituting One (1) Unit of Stock

### 1. Reason for Abolition

The number of shares issued by the Company will total two (2) when the Stock Consolidation takes effect because the need to specify the number of shares constituting one (1) unit of stock will disappear.

### 2. Scheduled Abolition Date

March 28, 2017 (plan)

### 3. Conditions for Abolition

The abolition will be subject to the implementation of the Stock Consolidation with the approval as originally proposed in the agenda item on the Stock Consolidation and the agenda item on the partial amendment of the Articles of Incorporation for abolishing the number of shares constituting one (1) unit of stock at the Extraordinary Shareholders' Meeting.

## III. Partial Amendment of Articles of Incorporation

### 1. Purposes of Amendment

- (1) The total number of issuable shares of the Company will decrease to eight (8) pursuant to the provisions of Paragraph 2, Article 182 of the Companies Act when the Stock Consolidation takes effect with the approval as originally proposed in the agenda item on the Stock Consolidation. To clarify this point, the Company has amended Article 5 of the Articles of Incorporation (Total Number of Issuable Shares) subject to the implementation of the Stock Consolidation.
- (2) The total number of issuable shares of the Company will be two (2) when the Stock Consolidation takes effect. The need to specify the number of shares constituting one (1) unit of stock will disappear when the Stock Consolidation takes effect. In order to abolish the provisions regarding the number of shares of the Company constituting one (1) unit of stock, which is 100 shares at present, subject to the implementation of the Stock Consolidation, the Company will delete Article 6 (Number of Shares Constituting One Unit of Stock), Article 7 (Rights Concerning Shares of Less Than One Unit) and Article 8 (Purchase of Shares of Less Than One Unit) from the Articles of Incorporation, and adjust the number of articles related to the changes concerned downward.

## 2. Details of Amendment

The details of the amendment are as follows.

(Underlined portions are those to be changed.)

Current Articles of Incorporation	Planned Changes
<p>(Total Number of Issuable Shares) Article 5 The total number of issuable shares of the Company shall be <u>399,000,000</u>.</p> <p><u>(Number of Shares Constituting One (1) Unit of Stock)</u> Article 6 <u>The number of shares of the Company constituting one (1) unit of stock shall be 100.</u></p> <p><u>(Rights Concerning Shares of Less Than One (1) Unit)</u> Article 7 <u>Shareholders of the Company may not exercise rights other than those stated below regarding shares of less than one (1) unit of stock in their possession.</u> <u>(1) Rights stated in each of the items in Paragraph 2, Article 189 of the Companies Act</u> <u>(2) Right to make claims set forth in Paragraph 1, Article 166 of the Companies Act</u> <u>(3) Right to receive the allotment of offered shares and the allotment of offered stock acquisition rights in proportion to the number of shares held as shareholders</u> <u>(4) Rights to make claims set forth in the following Article</u></p> <p><u>(Purchase of Shares of Less Than One (1) Unit)</u> Article 8 <u>Shareholders of the Company may make claims for the sales of shares in a number that constitutes one (1) unit of stock when such shares are added to shares of less than one (1) unit in their possession in accordance with the provisions of the Share Handling Regulations.</u></p> <p>Article 9 to Article 50 (provisions are omitted)</p>	<p>(Total Number of Issuable Shares) Article 5 The total number of issuable shares of the Company shall be <u>eight (8)</u>.</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>(Deleted)</p> <p>Article 6 to Article 47 (the same as at present)</p>

## 3. Schedule for Amendment

March 28, 2017 (scheduled)

## 4. Conditions for Amendment

The amendment will be subject to the implementation of the Stock Consolidation with the approval as originally proposed in the agenda item on the Stock Consolidation at the Extraordinary Shareholders' Meeting.

For inquiries, please contact:

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